

MINUTES

Audit and Risk Committee Meeting

12.30pm Monday 17 July 2023

VENUE:

Online Meeting – Microsoft Teams

NEXT MEETING: Scheduled for 25 September 2023
Special Meeting to Consider Financial Statements
Online

ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

We acknowledge that the activities of Yarriambiack Shire Council are held under the traditional skies and in the waterways and lands of the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagulk people and Council pays respects to their Elders past, and present.

1 WELCOME

Welcome by Bruce Potgieter Chairperson

2 PRESENT

Bruce Potgieter, Michael Ulbrick, Peter Johnston, Cr Kylie Zanker, Cr Corinne Heintze, Kathie Teasdale (Internal Auditor), Tammy Smith (CEO), Tony Caccaviello (Director Business Strategy and Performance), Michael Evans (Director Assets and Operations), Gavin Blinman (Director Community and Wellbeing), Anita McFarlane (Manager Corporate Services) and Bernadine Schilling (Manager People and Culture).

Ben Zika (Victorian Ombudsman's Office) attended virtually for items 1 to 5.

3 APOLOGIES

Nil

4 CONFLICTS OF INTEREST

Nil

5 PRESENTATION

A report on Victorian Ombudsman's review of compliant handling practices and procedures at Yarriambiack Shire Council was presented to the committee by Ben Zika.

Actions

- Findings from the Victorian Ombudsman's review be included in the audit actions register

Resolution

- That the Committee noted the report.

6 ANNUAL WORK PLAN

6.1 Items Deferred to Future Meetings	Date	Outcome / Action
Review of Committee Charter	July 2023	Attachment to this report included for discussion

6.1 Items Deferred to Future Meetings	Date	Outcome / Action
<p>Action: The Committee recommend the Audit and Risk Committee Charter have the following updates: - Section 1 (f) be updated to: <i>Council's performance with regard to compliance with its policies and procedures with the overarching governance principles and the Local Government Act and the regulations and any ministerial directions.</i></p> <p>- Section 2(b) be updated to: <i>Approve internal and external audit plans for adoption by Council at the next meeting of Council as contained in the minutes of the meeting of the Audit and Risk Committee. This includes audit plans with an outlook of greater than one year</i></p>		
Review of Council's risk appetite	June 2023	Attachment to this report included for discussion
<p>Action: The Committee Recommended the following changes:</p> <ul style="list-style-type: none"> • Innovation – administrative changes to direction of symbols on acceptable levels. • Corporate Governance – a number of risk tolerances to be detailed that are currently blank • Financial Risk – a note be added to statement that amounts in addition acceptable tolerance be approved by Council with specific reference to the current cost escalation and challenging market conditions. • Corporate Governance, Security and Technology, environmental sustainability - Acceptable tolerance and unacceptable tolerance that currently mention 0 instances for both be clarified including a less than 1 or greater than 0. 		
2.5 Review Business Continuity Planning framework and testing regime –	October 2023	Defer to October Meeting Currently reviewing and implementing actions from BCP IA.

6.2 Items Brought Forward	Date in AWP	Outcome / Action
Nil		

6.3 Plan Revisions	Date in AWP	Outcome / Action
Nil		

6.4 Adopt Annual Work Plan

The work plan for 2023-24 financial year of the committee was presented for discussion.

Resolution

- That the Committee adopt the Annual Work Plan for 2023-24

7 MINUTES OF PREVIOUS MEETING

Resolution

- That the minutes from the June meeting were adopted by the Audit and Risk Committee

8 BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETING

8.1 Schedule of Matters Carried Forward	Update / Outcome	Status
Asset Management System Presentation	To be presented in October 2023.	Open
Self-Assessment Report on Regulating Food Safety VAGO audits.	Regulating Food Safety VAGO audit tabled 20 June 2023. Self-Assessment to be reported in October 2023.	Open
Long term financial Assumptions	Refer to 10.2	Closed
Strategic Risk Likelihood Assessment	Refer 12.1	Closed
Cost and Impact assessment relating to pool inspection compliance activities	Report to be presented in October meeting	Open
Scope of the next five internal audits	Refer to 14.3 for scope of next internal audit. Remaining scopes to be provided in October meeting	Open
Capital Work Program – progress report	Report to be presented in October meeting as part of the Financial and Non Financial Report update	Open

9 CEO REPORT

Refer to Confidential Audit and Risk Committee Minutes – 17 July 2023.

10 FINANCIAL AND PERFORMANCE REPORTING RESPONSIBILITIES

10.1 Financial and Non-Financial Performance Report

A report was provided that presented both the Financial and Non-Financial Performance indicators as adopted in Council's Performance Management Framework and Risk Appetite.

Resolution

- That the Committee noted the Financial and Non-Financial Performance Report.

10.2 Long Term Financial Plan

A report was provided present the Long Term Financial Plan (LTFP) and it's underlying assumptions.

Action

- That consideration be given to slightly increasing Rates and Charges and Grants Commonwealth assumptions to 2.5% increase per annum and 3.5% increase per annum.
- Council consider presenting the annual review of the Long Term Financial Plan in line with the timing of the annual budget process.

- The Long Term Financial Plan and underlying assumptions be presented to the committee for an update at the January 2024 meeting.

Resolution

- That the Committee noted the Long Term Financial Plan and underlying assumptions

10.3 Review changes in significant accounting policies and disclosures

A report was presented to assess the impact of from the changes to Accounting Standards.

Resolution

- That the Committee noted the report.

10.4 Review Local Government Performance Reporting Framework Changes

A report to inform the Audit and Risk Committee of changes to the LGPR framework and an assessment on the impact of these changes was reported.

Resolution

- That the Committee noted the report.

11 INTERNAL CONTROL ENVIROMENT

11.1 Significant Changes to Key Systems and Risk Profile Considerations

A report was provided that identified key changes to systems that may impact Council's strategic and operational risks.

Resolution

- That the Committee noted the report.

11.2 Review of Policies and Procedures consistent with Governance Rules

A report was provided to assess the process of reviewing policies and procedures, that aligns with the Local Government Act 2020, Governance Principles

Resolution

- That the Committee noted the report.

12 RISK MANAGEMENT

12.1 Review Council's Risk Profile, Treatment Plans and Risk Register Reports

A report was provided is to outline the effectiveness of Council's Risk Management Framework and present an analysis of the likelihood of occurrence of strategic risks after controls.

Resolution

- That the Committee noted the report.

12.2 Lessons Learned – Drag Racing Injuries - Mick

Case Summary: Drag Racing Injury-Warracknabeal Aerodrome-Drag Racing Events

A self-assessment report was provided to the committee following a case study received from Council's insurer involving a drag racing injury from another unnamed Council. This report was provided as

The council has approved in the past, drags events to occur on the main sealed runway at the Council owned Warracknabeal Aerodrome. The last event occurred in 2018 with the last programmed event being cancelled due to COVID in 2019.

Resolution

- That the Committee noted the report.

12.3 Insurance Review

A report was presented to outline Council's insurance policy coverage and any areas where insurance coverage may be limited or increases Council's risk exposure.

Resolution

- That the Committee noted the report.

13 FRAUD PREVENTION SYSTEMS AND CONTROLS

In accordance with section 54 (2) (c) of the *Local Government Act 2020* the Audit and Risk Committee is to monitor and provide advice on risk management and fraud prevention systems and controls. A report was presented on the systems and controls in place

Resolution

- That the Committee noted the report.

14 INTERNAL AUDIT

14.1 Update on Status of annual internal audit plan

Nil

14.2 Reports on completed reviews.

Nil

14.3 Scope of Planned Reviews

The scope for the internal audit of Risk Management was provided

Resolution

- That the Committee endorsed the scope of the Risk Management internal audit.

15 REGISTER OF OPEN AUDIT ACTIONS (INTERNAL & EXTERNAL)

Report on status of Open Audit Actions

A report was presented to update the Committee on the status of Open Internal and External Audit Actions and recommend actions for close out.

There are a twenty audit actions open, 9 classified as overdue. A report was presented seeking to amend the due date for six of these actions that relate to the Business Continuity and Disaster Recovery action items to September 2023. The remaining overdue items are expected to be completed by the next meeting of this committee.

Five audits were recommended for close out with evidence provided to support these recommendations.

Resolution

- That the Committee approved the actions presented in the report be marked as closed.
- That the Committee endorsed the implementation timeframe change as presented.

16 COMPLIANCE MATTERS

Review of Systems and Process to Monitor Compliance with Legislation and Regulations

A report was provided to outline managements compliance with legislative frameworks. To provide an update on overdue policies and procedures.

Resolution

- That the Committee noted the report and accept the Agreed completion dates as assigned in the report.

16.2 RSD Update – Hot Topics

A report was provided to summarise integrity agency and governing body reports that may impact on Local Government.

Resolution

- That the Committee noted the report.

16.3 Review reimbursements of expenses to CEO, Councillors and members of delegated committees

Purpose

A report was provided identifying the expense reimbursements made to the CEO, Councillors and Members of Delegated Committees.

Resolution

- That the Committee noted the report.

17 OTHER MATTERS

17.1 Review ICT, Business Strategy and Transformation Strategy KPIs

A report was presented provide an update to the Committee on the status of ICT projects identified in the ICT and Business Transformation Strategy.

Council has commenced 43 of the 45 actions aligned with the strategy and has completed 18 actions with 11 classified as ongoing and 12 classified as partially complete.

Resolution

- That the Committee noted the report

18 GENERAL BUSINESS

18.1 Meeting Schedule April 2024 and June 2024

Action

- Circularise of proposed dates via email for committee to provide availability

19 REFLECTION ON MEETING OUTCOMES

Nil

20 AGENDA FOR NEXT MEETING

- Cyber Security Governance Principles Assessment – Self Assessment
- MAV Insurance – Lessons from Claims - Water Act – Self Assessment

21 DATE OF NEXT MEETING

Monday, 25 September 2023 – Special Meeting - 1.00pm - Online

22 MEETING CLOSE

The meeting was closed at 2.03pm