



MINUTES

Audit and Risk Committee Meeting

12.45pm Monday 16 October 2023

VENUE:

Yarriambiack Shire Council, Council Chambers, 34 Lyle Street Warracknabeal 3393

NEXT MEETING: Scheduled for 25 February 2024
Yarriambiack Shire Council Offices
34 Lyle Street, Warracknabeal

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 Corinne Heintze, Kathie Teasdale (Internal Auditor), Paul Harrison (Internal Auditor) Tammy Smith (CEO), Tony Caccaviello (COO), Michael Evans (Manager Assets & Emergency Management), Anita McFarlane (Manager Corporate Services), Bernadine Schilling (Manager People and Culture), Tim Rose (Manager Community Health), Adam Moar (Manager Development & Environmental Services), La Vergne Lehmann (Waste and Sustainability Coordinator) and Joel Turner (Manager Infrastructure and Works).

3 APOLOGIES

Cr Kylie Zanker

4 CONFLICTS OF INTEREST

Nil

5 PRESENTATION

A report on the Waste and Recycling Costs following recent completion of competitive tender process was presented to the committee to highlight the challenges associated with waste management in a rural setting.

Resolution

That the Committed noted the report.

6 ANNUAL WORK PLAN

6.1 Items Deferred to Future Meetings	Date	Outcome / Action
NIL		

6.2 Items Brought Forward	Date in AWP	Outcome / Action
NIL		

6.3 Plan Revisions	Date in AWP	Outcome / Action
Report on Committee's activities to Council	September 2023	Moved to October 2023 Refer to 18.1
Review Management Responses to any audit findings.	October 2023	Closed

7 MINUTES OF PREVIOUS MEETING

Resolution

- That the minutes from the July and September meetings were adopted by the 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 February 2024	Open
Self-Assessment Report on Regulating Food Safety VAGO audits.	Refer to 16.3	Closed
Cost and Impact assessment relating to pool inspection compliance activities	Report to be presented in February meeting	Open
Scope of the next four internal audits	Refer to 14.3 for scope of next internal audit.	Closed
Capital Work Program – progress report	Refer to 10.1	Closed
Report on Committee's activities to Council	Refer to 18.1	Closed
Review Business Continuity Planning framework and testing regime	Refer to 12.5	Closed
Updates to Committee Charter and Council Risk Appetite Statement as minuted in July 2023 meeting	Updated Charter and Risk Appetite statement to be presented to Council for adoption in December 2023 meeting.	Open

9 CEO REPORT

Refer to Confidential Audit and Risk Committee Minutes – 16 October 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. The report included a detailed update on the delivery of the capital works program following the completion of the first quarter of the financial year.

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.

12 RISK MANAGEMENT

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

A report was provided to outline the effectiveness of Council's Risk Management Framework. The report included a status of Council's Strategic Risk register following quarterly review. The report provided details of Council's High and Extreme Operational risks, along with further details on the control measurers in place for these risk.

Resolution

- That the Committee noted the report.

12.2 Lessons Learned – Water Act

A self-assessment report was provided to the committee following a case study received from Council's insurer on a multiparty proceeding that arose from the flooding of two newly constructed residential units at the rear of an existing residence. The council granted a planning permit for the units with conditions and a subdivision permit.

Resolution

- That the Committee noted the report.

12.3 Lessons Learned – Hard Sportsgrounds Self-Assessment

A self-assessment report was provided to the committee following a case study received from Council's insurer where injuries were sustained to a sporting participant on a Council ground, allegedly due to the unacceptable hard playing surface.

Resolution

- That the Committee noted the report.

12.4 Essential 8 and Digital Maturity Review

A report was presented to the committee on Council's digital maturity in reference to the Essential Eight mitigation strategies designed by the Australian Cyber Security Centre following an annual security audit by Council's ICT Managed Service Provider.

Resolution

- That the Committee noted the report.

12.5 Review business Continuity Planning Framework and Testing Regime

A report was presented to the committee to outline the effectiveness of Council's Business Continuity Plan and the review and testing process undertaken to support the objectives within the plans.

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.

Management reported no instances of fraud or corruption and no official reports of such matters to integrity bodies as of the meeting date.

Resolution

- That the Committee noted the report.

14 INTERNAL AUDIT

14.1 Update on Status of annual internal audit plan

A report on the status of the annual internal audit plan was presented. It was noted that the Risk Management audit has been completed to date.

14.2 Reports on completed reviews

The Risk Management Internal Audit Final Report with management actions outlined to address each finding was presented to the committee. It was noted that the internal audit team was satisfied with management responses to findings.

Resolution

- That the Committee noted the report.
- That the identified findings in the Risk Management Internal Audit Report be included on Council's Audit Action List.
- That, in future internal audit reports, where management does not fully agree with an internal audit recommendation, internal audit provides a comment as to the adequacy of the management comment in addressing the risk.

14.3 Scope of Planned Reviews

The scope of two upcoming internal audits on Budget Management and Social Media, System Access and IT Controls was presented and discussed. The scope of the upcoming Child Safety Standards audit was included in the initial distribution of information but was not discussed in detail at the meeting.

Resolution

- That the Audit and Risk Committee endorsed the scope of the Budget Management audit and Social Media, Systems Access and IT Controls audit.
- The Child Safety Standards audit be replaced in the internal audit program by an engagement to compile an Assurance Plan for YSC to inform future internal audit activities.

- The timeline of the Budget Management Audit be reviewed and aligned to the budget process for 2024-25.

Actions

- A scope for the Assurance Map be circulated out of session prior to the next meeting in February (RSD & Management).
- Review timeline of Budget Management internal audit and communicate timeline to internal auditor (Management).

15 REGISTER OF OPEN AUDIT ACTIONS (INTERNAL & EXTERNAL)

A report was presented to update the Committee on the status of Open Internal and External Audit Actions and recommend 9 actions for close out.

At the meeting date there were 11 audit actions open, 2 classified as overdue, a reduction from nine overdue items at the last meeting. Management noted that the overdue items are expected to be completed by the next meeting of this committee.

The report included an update on the voluntary assessment of Council's pound facility against codes of practice by Animal Welfare Victoria. The assessment resulted in the creation of a workplan to address non-compliances identified.

Resolution

- That the Committee approved the actions presented in the report be marked as closed.
- That the Committee approve the addition of the Animal Welfare Victoria – Completion of Workplan to the register of audit actions.

16 EXTERNAL AUDIT**16.1 Review Performance of External Auditor**

The Chairperson facilitated a discussion on this item, with a listing of questions agreed upon to measure performance.

Actions

- Circulate questionnaire to Committee for completion before the February 2024 meeting (Management).

16.2 VAGO Reports Impacts on Council

A report was presented that included VAGO's Local Government Status Reports at 30 September 2023. The committee were also presented with self-assessments on recently completed VAGO reports on Food Safety and Cyber Security.

Resolution

- That the Committee noted the report.
- That the Committee recorded its appreciation of the very good work performed by the Finance team in preparing the financial statements and receiving a clean Closing Report from the auditors with no management letter comments.

17 COMPLIANCE MATTERS

17.1 Management Reporting

A report was provided the committee providing updates for each department on the delivery of the Council Plan objectives, Council's other adopted strategies and compliance and legislative obligations across the organisation.

Resolution

- That the Committee noted the report.

17.2 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.

18 REPORTING TO COUNCIL

18.1 Report on Committee's activities to Council

In accordance with the Local Government Act 2020, The Audit and Risk Committee must:

- a) Undertake an annual assessment of its performance against the Charter and it must be tabled at the following Council meeting, and
- b) Prepare a bi-annual report that describes the activities of the Audit and Risk Committee and include findings and recommendations.

A report was circulated by the Chair to the committee outlining the activities of the committee, with the last report presented to Council in February 2023.

Resolution

- That the Committee endorse the report to be presented at the next Council Forum meeting.

19 OTHER MATTERS

Nil

20 GENERAL BUSINESS

The committee agreed to formally recognise their congratulations to management for their efforts on completing the external audit process with no items raised for management to consider.

21 REFLECTION ON MEETING OUTCOMES

The committee members noted the approach of distributing meeting papers as a single document was their preference, and that a consistent page numbering across all items be explored.

22 AGENDA FOR NEXT MEETING

- Assurance Map – scope to be circulated out of session.
- Review of Performance External Auditor – questionnaire to be circulated and completed prior to next meeting.
- Management to provide an update report on NHVR and Chain of Responsibilities.

23 DATE OF NEXT MEETING

Monday, 19 February 2024 -- 12.00pm

24 MEETING CLOSE

2.25pm