

# Borough of Queenscliffe

## Audit & Risk Committee Meeting

### Minutes

Monday 15 April 2024 at 3:30PM

Wirrng Wirrng



**Borough of Queenscliffe**

Queenscliff & Point Lonsdale, Victoria, Australia



## Community Vision

The Borough is a special and restorative place, renowned for its distinctive coast, rich living heritage and vibrant culture. Our community is caring, and welcoming to visitors. We have a deep respect for the Wadawurrung People and are taking action to protect Country.

## Our Values

1. **Integrity:** We take ownership and responsibility for our decisions and are accountable for all that we do.
2. **Respect:** We treat everyone with dignity, fairness and empathy, look out for the safety and wellbeing of others, and nurture positive and inclusive relationships.
3. **Community Focus:** We always work with our community's experience in mind and take pride in supporting our community.
4. **Sustainability:** We place climate change risks at the core of our decision-making, and take extensive action to protect our natural environment.
5. **Openness:** We actively engage with our community and are transparent in our decision-making.

## Acknowledgement of Country

*Bellawiyn* is the Wadawurrung name for the lands where the Borough of Queenscliffe is located.

Council acknowledges the Traditional Owners of these lands, waters and skies, the Wadawurrung People.

We acknowledge and respect their continuing connections to their lands, waters, skies, culture and the contribution they make to the life and spirit of our community.

We pay respect to their past and present Elders and extend this respect to all Aboriginal and Torres Strait Islander peoples.



## **1. Opening of Meeting**

Richard Davies declared the meeting open at 3:36pm.

## **2. Present & Apologies**

### **Present:**

#### **Committee members**

Cr Ebbels, Deputy Mayor

Cr Donnie Grigau

Cr Michael Grout

Richard Davies (Chair)

Rebecca Brezzi

Richard Bull

Michael Tehan

#### **Invitees**

Paul Harrison, Internal Audit Manager (Internal Audit Provider: RSD Audit)

Travis Derricott, Sector Director, Financial Audit (Internal Audit Provider: RSD Audit)

Lee Blashki, Audit Manager (Internal Audit Provider: RSD Audit)

#### **Officers**

Martin Gill, Chief Executive Officer

Gihan Kohobange, Manager Finance & ICT Services

Jodie Hunt, Financial Services Coordinator

Jenni Walker, HR & Governance Coordinator

Abbey Tatterson, Manager Customer Experience

#### **Apologies**

Kathie Teasdale, Engagement Partner (Internal Audit Provider: RSD Audit)

## **3. Conflict of Interest Disclosures**

Councillors and Members of the Audit & Risk Committee must disclose a conflict of interest in accordance with section 130 of the *Local Government Act 2020*.



Independent Members & Councillors: Nil

Officers: Nil

## **4. Summary of items to consider**

## **5. Previous Audit & Risk Committee Meetings**

### **5.1. Audit & Risk Committee Meeting on 4 December 2023**

A copy of the minutes from the Audit & Risk Committee Meeting on 4 December 2023 is attached.

See attachment

1. Minutes Audit & Risk Committee Meeting on 4 December 2023 [5.1.1 - 25 pages]

#### **RECOMMENDATION**

That the minutes of the Audit & Risk Committee Meeting on 4 December 2023, as distributed, be confirmed as an accurate record.

#### **RESOLUTION**

That the minutes of the Audit & Risk Committee Meeting on 4 December 2023, as amended, be confirmed as an accurate record.

**Moved: Michael Tehan**

**Seconded: Richard Bull**

**CARRIED**

### **5.2. Business Arising from Audit & Risk Committee Meeting on 4 December 2023**

<b>Item</b>	<b>Action</b>	<b>Status</b>
<b>April 2023</b> 10.1 ICT Security Update	Scope of the comprehensive ICT audit (including penetration testing) scheduled to be carried out	0% complete.



<b>Item</b>	<b>Action</b>	<b>Status</b>
	<p>post-implementation of new systems, to be presented to the Audit &amp; Risk Committee before selecting the appropriate service provider.</p>	<p>Staff movements are having an impact on prioritising this audit.</p> <p>Revised target completion date;</p> <ul style="list-style-type: none"> <li>- to present audit scope at June ARC meeting</li> <li>- Audit to be conducted in July – Sep 2024</li> </ul>
<p><b><u>December 2023</u></b> 5.2 Business Arising from Previous Audit &amp; Risk Committee Meetings</p>	<p>Following additional details to be included in the future status updates.</p> <ul style="list-style-type: none"> <li>• The percentage (%) completion of each outstanding action, and</li> <li>• More details on the planned activities.</li> </ul>	<p>100% complete.</p>
<p><b><u>April 2023</u></b> 6.1 Progress by Management on Open Audit Recommendations</p>	<p>The Committee noted how important it is to document the risk mitigating strategies undertaken on outstanding audit items (where they cannot be promptly closed off) and making the review of outstanding items a continual matter for the Committee and noting the progress made towards closing of the outstanding item(s).</p>	<p><b>Closed</b> as this action is replaced with the below action.</p>
<p><b><u>December 2023</u></b> 6.1. Progress on Open Audit Recommendations</p>	<p>The Committee requested an update on the medium risk rated outstanding internal audit recommendations as well and requested the following details to be captured under the planned</p>	<p>100% complete.</p> <p>Update is provided at this agenda item.</p>



<b>Item</b>	<b>Action</b>	<b>Status</b>
	actions for high and medium risk rated recommendations. <ul style="list-style-type: none"> <li>• The percentage (%) completion,</li> <li>• Planned / outstanding actions, target completion date, and</li> <li>• Current risk mitigation actions in place until planned actions are complete.</li> </ul>	
<b><u>December 2023</u></b> 8.2.Reports from the Risk and Governance Committee	1.The Committee requested minutes of the Risk and Governance Committee meetings to capture more details of the action items such as the percentage (%), completion, target completion date, and details of outstanding activities to complete the action and Responsible Officer.	100% complete.  Minutes of the Risk and Governance Committee have been updated to capture additional details requested, and now include a separate document on the outstanding action items.
<b><u>December 2023</u></b> 8.2.Reports from the Risk and Governance Committee	2.Further, the Committee requested operational risk registers to be shared with the Committee once the ongoing review process has been concluded.	100% complete.  The latest versions of the operational risk registers are available in the Audit & Risk Committee library on the Docs On Tap application.
<b><u>December 2023</u></b> 9.1.2. Status Update on Council Policies	The Committee requested officers to include details of actions required to update/review policies passed review date, in future updates.	100% complete.  Update is provided in this report.
<b><u>December 2023</u></b> 9.2.Strategic Risk Register	The Committee requested officers to include additional details in future updates regarding the assessment of each risk item against the	100% complete.  The format of the Strategic Risk Register has been updated to





<b>Item</b>	<b>Action</b>	<b>Status</b>
	Council's risk appetite and re-arranging of risk items in line with portfolios identified in the Council Plan.	capture these additional details.
<b>December 2023</b> 9.4.Reports on any Instances of Unethical Behaviour, Fraud and Corruption	The Committee suggested to include "Integrity" to this standard agenda item to assess the culture of the organisation in the context of integrity.	100% complete.  Standard agenda item has been updated to reflect this change.

## **RESOLUTION**

That the table above be confirmed as an accurate record.

**Moved: Rebecca Brezzi**

**Seconded: Richard Bull**

**CARRIED**

## **6. External Audit**

Council’s annual budget provides for two external audit reviews to be conducted each year, to meet all legislative requirements with respect to the annual financial and performance reports.

An interim audit is conducted in April/May each year, which includes a review of policies, processes and to review progress on actions required to be completed as part of the current year’s financial report.

A final audit of Council’s annual financial statements (including financial report and performance statement) is completed in August of each year, with the external auditor reporting through to management and the Audit & Risk Committee at a scheduled meeting in September of each year.



## 6.1. Draft External Audit Strategy Memorandum (ASM) for Financial Year Ending 30 June 2024

Council's external auditor, the Victorian Auditor General's Office (VAGO), has provided Council with the draft Audit Strategy Memorandum (ASM) for the 2023–24 year end audit.

An update about the ASM will be provided at the meeting by the VAGO.

See attachment

1. External Audit Strategy Memorandum 2023-24 [6.1.1 - 23 pages]

### RESOLUTION

That the draft Audit Strategy Memorandum (ASM) for financial year ending 30 June 2024, be noted along with any comments or feedback.

**Moved: Michael Tehan**

**Seconded: Rebecca Brezzi**

**CARRIED**

## 7. Internal Audit

Council's annual budget provides for two internal audit reviews to be conducted during the year, with the internal audit service provider reporting through to management and the Audit & Risk Committee at scheduled meetings in June and December of each year.

### 7.1. Progress on Open Internal Audit Recommendations

A summary of the current outstanding internal audit recommendations was provided as per the table below. Council has not been able to close any of the outstanding internal audit recommendations since the last Audit & Risk Committee meeting. However, amidst staff resourcing challenges Council has continued its focus on its risk management practices reviewing strategic and operational risk registers and reviewing/updating several policies since the last Audit & Risk Committee.





Review	Period	Audit Recommendations			
		No. in the original IA report	Dec 2023	Complete	Apr 2024
Records Management	May-2018	9	4	-	4
IT Network and Security (including Cyber Security)	Oct-2018	9	1	-	1
Capital Works Framework	Nov-2019	20	3	-	3
Business Continuity Planning and Disaster Recovery	Nov-2019	7	3	-	3
Human Resources Management	Nov-2019	11	-	-	-
Strategic Procurement	May-2020	21	5	-	5
Review of the Management, Oversight and Monitoring of Outsourced Service Provider	May-2021	3	2	-	2
Initial Risk Assessment	May-2023	7	3	-	3
A comprehensive review of Council's Tourist Park operations	Aug-2023	10	6	-	6
<b>Total</b>			<b>27</b>	-	<b>27</b>
<b>Analysis based on the risk rating</b>					
High			2	-	2
Medium			19	-	19
Low			6	-	6
<b>Total</b>			<b>27</b>	-	<b>27</b>

A summary of outstanding internal audit recommendations considered as high and medium risk was provided in attachment.. The 2 High risk items are 80% complete.

Management noted that the closure timeframe of 30/6 required for some items would be achieved.



1. Outstanding Internal Audit Recommendations - High and Medium Risk Rated [7.1.1 - 5 pages]

### Action:

The future updates to include the following changes:

1. Exact date of any internal audit reports were issued; and
2. Track changes to proposed timeline to implement process improvements / changes as per the internal audit recommendations.

### RESOLUTION

That the Audit & Risk Committee notes the progress on the outstanding actions from previous internal audit recommendations.

**Moved: Richard Bull**

**Seconded: Rebecca Brezzi**

**CARRIED**

## 7.2. Internal Audit Review

Council's internal auditors, RSD Audit, conducted an internal audit on the review topic of Procurement. Officers have since reviewed and provided management comments, where appropriate, in response to the internal audit recommendations.

Auditors have identified one high risk, three (3) medium risk and eight (8) low risk areas of audit findings. Furthermore, internal auditors have highlighted one area of opportunities for improvement.

Council has already implemented the audit recommendation in relation to the high-risk audit observation in the recent tender that Council has issued.

The following issues were discussed, and clarifications sought from management:

1. Page 22, Item 9 of the report noted forms (*tender specification approval form*) are in place but not being filled out by staff;
2. Page 15 of the report re: Quotation Exemptions in place. 50% of sample size secured an insufficient number of quotes as required by the



procurement policy. It was noted that this process could be considered onerous by staff, if there were limited options for multiple quotations.

See attachment

1. Internal Audit Report - Procurement [**7.2.1** - 38 pages]

## **RESOLUTION**

That the Audit & Risk committee notes the update provided.

**Moved: Richard Bull**

**Seconded: Michael Tehan**

**CARRIED**

## **7.3. Scope for Internal Audit Review**

The Committee considered the Internal Audit Plan for 2023–2026 at its December 2023 meeting.

The Committee considered documentation prepared by RSD Audit outlining the scope of the next internal audit review scheduled for April/May 2024, covering the review topic, Asset Management (including the Management of Tree Assets).

Officers have provided as a separate attachment an update against the Strategic Internal Audit Plan 2024-2027, compiled by RSD Audits.

See attachment

1. DRAFT Internal Audit Scope - Asset Management [**7.3.1** - 6 pages]
2. Internal Audit Status Report - April 2024 [**7.3.2** - 3 pages]

## **RESOLUTION**

That the Audit & Risk Committee endorses the audit scope as provided.

**Moved: Michael Tehan**

**Seconded: Rebecca Brezzi**

**CARRIED**



## 8. Compliance Management

### 8.1. Reports from the Victorian Auditor General's Office (VAGO)

The Victorian Auditor-General's Office (VAGO) provides in its Annual Plan for a range of performance audits to be conducted each financial year. These performance reports typically include state government departments as well as a sample of local councils selected for audit.

The Borough of Queenscliffe was last included in the performance audit conducted in 2018–19 in relation to reporting on Local Government.

- **Results of 2022–23 Audits: Local Government**

Link to the report– [Report](#)

VAGO published this report on 4 March 2024 covering the result of 2022–23 audits of the local government sector.

Financial reports and performance statements:

Twenty of the 79 Victorian councils had not finalised their financial report and performance statement by 31 October 2023 (the BoQ was one of the fifty-nine councils that did comply). This meant they could not present their annual report at a council meeting open to the public by the legislative date. Shortage of finance and accounting professionals and staff turnover have been stated as key reasons for many councils not meeting these legislative timelines.

Key observations:

- errors in council financial reports and performance reports
- disconnect between finance teams and other internal teams; key stakeholders not clearly understanding their information needs and timelines in the production process of a financial report or performance statement
- sector continued to experience staff turnover at a rate higher than pre-pandemic levels
- quality of the local government model report



Key recommendations:

All councils

- arrange for training or briefing sessions to be held with key internal stakeholders before 30 June 2024 to enhance their understanding of the financial reporting process and their legislative obligations,
- assess the adequacy of their financial reporting plan given their legislative obligations, namely:
  - o task allocation and timelines
  - o the nature and timing of liaison with other business units
  - o quality assurance processes
- critically assess whether they have the resources and expertise to fulfil their financial reporting obligations throughout the year and, if not, that they consider engaging an external party.

Local Government Victoria

- Local Government Victoria enhanced the structure and layout of its local government model performance statement for the 2023–24 financial year.

Local Government Victoria and the Municipal Association of Victoria

- deliver a governance training program, which may include tailored resource material, to support councillors and their Audit & Risk committee members throughout their term of appointment.

Relevance to BoQ:

According to the reports presented during the Audit & Risk Committee meetings in September 2023 and December 2023, the VAGO has issued unmodified audit opinions regarding the financial reports and performance statements of the BoQ. Despite facing challenges with staff resources, the BoQ successfully met all reporting deadlines for the 2022–23 financial year.

The BoQ has recently implemented a new finance system, marking the 2023–24 financial year as its first period under this system. Additionally, the parental leave arrangements of certain key finance staff members may potentially affect the timelines for financial reporting in the 2023–24 financial period. In response, the Council intends to collaborate with the VAGO audit team to address these anticipated challenges when establishing the audit and financial reporting schedules for 2023–24.



The Committee discussed with Officers the risk of workload and reporting dates slipping due to the current status of HR levels.

## **RESOLUTION**

That the Audit & Risk Committee notes the update provided.

**Moved: Richard Bull**

**Seconded: Michael Tehan**

**CARRIED**

## **8.2. Risk & Governance Committee Meetings held from November 2023 to March 2024**

A copy of the minutes from the Risk and Governance Committee meetings held from November 2023 to March 2024 was distributed under separate cover.

See attachment

1. Risk and Governance Committee MINUTES - 28 Nov 2023 [**8.2.1** - 2 pages]
2. Risk and Governance Committee MINUTES - 23 Jan 2024 [**8.2.2** - 3 pages]
3. Risk and Governance Committee MINUTES - 27 Feb 2024 [**8.2.3** - 2 pages]
4. Risk and Governance Committee MINUTES - 21 March 2024 [**8.2.4** - 2 pages]
5. Risk and Governance Committee - Outstanding Action Items 2024 [**8.2.5** - 3 pages]

From the above minutes the Committee sought clarification on the following:

1. The timing of Public Liability insurance renewal, and at what stage does current coverage cease.
2. Risk levels to BoQ arising from a public health and safety incident (Item 6, Minutes of 21/3/24)

### **Action:**

Future minutes to include more details about sequence of activities in relation to items captured in the meeting minutes and in the outstanding action register.

## **RESOLUTION**





That the Audit & Risk Committee notes the minutes of the Risk and Governance Committee meetings held from November 2023 to March 2024 and the outstanding action register.

**Moved: Rebecca Brezzi**

**Seconded: Cr Ross Ebbels**

**CARRIED**

## **9. Control Framework & Risk Management**

### **9.0. Council & Organisational Policies**

Council policies are reviewed by officers and adopted by Council on a rolling basis, with most policies scheduled for review every three years. It is preferred that policies with a financial and risk management focus be reviewed by the Audit & Risk Committee prior to being forwarded to Council for adoption; however, this is dependent on the timing of scheduled Audit & Risk Committee meetings and the allocation of staff resources to undertake the policy review work.

Organisational policies are important for several reasons. They help communicate values and expectations for how things are done at the organisation. Policies also help organisations to operate effectively and successfully by increasing compliance, improving internal processes, and enabling consistent processes and structures.

They provide a set of guidelines for decision-making in everyday situations that employees can follow. Additionally, policies document and implement best practices appropriate to the organisation.

Council reviews its organisational policies on a regular basis and organisational policies with a financial and risk management focus are reviewed by the Audit & Risk Committee.

### **9.1. Status Update on Council Policies**

Currently, there are 43 policies adopted by Council to provide guidance and direction in the decision-making process. Further these policies play a very important role in



ensuring consistency in the decision-making process while confirming compliance with relevant regulatory requirements.

Most of these 43 policies are within their review date; those that are overdue will be reviewed this year (2024). Please see the attached schedule for further details.

The Committee noted that there are 11 Policies outside their renewal dates, and although they vary from those noted in December, the actual number of policies requiring review is not decreasing. Officers took on notice a query from the Committee regarding the ability of Council to catch up backlog.

See attachment

1. Status Update Council Policies - April 2024 [9.1.1 - 1 page]

## **RESOLUTION**

That the Audit & Risk Committee notes the update provided in relation to the status of Council policies.

**Moved: Cr Ross Ebbels**

**Seconded: Rebecca Brezzi**

**CARRIED**

## **9.2. Council Policies Adopted by Council**

Council has adopted the following policies since the last Audit & Risk Committee meeting in December 2023.

### **CP022 Event Sponsorships**

The purpose of this policy is to provide for good governance and a robust framework around Council sponsorships.

Key changes included:

- Changed to remove 'major events' (events seeking sponsorship over \$10,000 will have a different process outside this policy)
- Changed from a biannual program to an annual sponsorship program
- Program timeline, including the application process, to be in line with the community grants program



- Insert new point regarding Reference Groups, to be in line with the community grants program
- Insert that religious organisations may apply provided event is open to all community members
- Insert political organisations are ineligible to apply
- Insert that officers to provide feedback to unsuccessful applicants if sought

[CP022 Sponsorships Policy Adopted 280224 \(queenscliffe.vic.gov.au\)](https://www.queenscliffe.vic.gov.au/CP022-Sponsorships-Policy-Adopted-280224)

### **CP004 Community Grants**

The purpose of this policy is to provide a Community Grants Program that aims to enable community groups to further meet the needs of the wider community in a partnership relationship with Council.

Key changes included:

- Insert overarching explanation of the Events and Community Grants program and explain types of financial contribution
- Insert political organisations are ineligible to apply

[cp004-community-grants-adopted-280224.pdf \(queenscliffe.vic.gov.au\)](https://www.queenscliffe.vic.gov.au/cp004-community-grants-adopted-280224.pdf)

### **CP021 Election Period**

The *Local Government Act 2020* states that Council must include an election period policy in its Governance Rules. Council must actively maintain its election period policy.

Key changes included:

- Provide further clarity on the context of the policy
- Emphasise the purpose of the policy
- Remove definition and all references to 'inappropriate decisions'
- Insert two new points regarding Councillor use of position and use of title
- Further clarify re: use of Council resources
- Confirmation that the CEO (or their delegate) is Council's only spokesperson
- during the caretaker period

[cp021-election-period-policy-adopted-280224.pdf \(queenscliffe.vic.gov.au\)](https://www.queenscliffe.vic.gov.au/cp021-election-period-policy-adopted-280224.pdf)



### **CP053 CEO Employment and Remuneration**

The *Local Government Act 2020* states that Council must have a CEO Employment and Remuneration policy.

Key changes included:

- Remove requirement for six month performance review (annual twelve month performance review remains)
- Provide further guidance on the appointment of an Acting CEO
- Amend the timing around the options available to Council regarding the expiry of a CEO contract of employment

[cp053-ceo-employment-and-remuneration-adopted-280224.pdf](#)  
([queenscliffe.vic.gov.au](http://queenscliffe.vic.gov.au))

### **CP050 Public Transparency**

CP050 Public Transparency policy was first adopted in August 2020 and was a requirement of the new *Local Government Act 2020*. The purpose of this policy is to give effect to the Public Transparency Principles as prescribed in the *Local Government Act 2020*, and describe the ways in which Council Information will be made publicly available and describe the categories of Council information that may be unavailable, or unavailable to the public.

Key changes included:

- Adding that when officers are making decisions under delegation or authorisation of the Council under the Act or any other legislation, they must have regard to the public transparency principles in the Act  
Amend wording to provide for greater flexibility in the provision of information to our community and better cater to the community's needs as to how they wish to receive information.

The Committee queried the terminology above on '...provide for greater flexibility...' and what this meant regarding risk of inadequate or lesser information being made available which might be at odds with transparency principles. Officers advised the policy wording was considered too prescriptive in stating that certain information would only be available on the internet; the proposed change was around flexibility regarding the delivery method of the information and not the provision of information.



[cp050\\_public-transparency.pdf \(queenscliffe.vic.gov.au\)](#)

## **RESOLUTION**

That the Audit & Risk committee notes the revised policies recently adopted by Council.

**Moved: Michael Tehan**

**Seconded: Richard Bull**

**CARRIED**

### **9.3. Review of Council Policies**

The following policies with a financial and risk management focus are to be reviewed by the Audit & Risk Committee prior to being forwarded to Council for adoption.

#### **Revised Council Policy CP011: Investment of Available Funds**

This policy was first adopted in November 2008 and last revised in July 2021. The main purpose of this policy is to specify the Borough of Queenscliffe's approach to maximising return on Council funds while maintaining an acceptable level of risk.

Apart from minor wording changes, the key changes proposed in the revised draft policy are summarised below:

Section 6 – The Borough of Queenscliffe has been granted approval as a participating authority under the *Treasury Corporation of Victoria Act 1992*. Participating authorities collaborate with TCV to oversee financial matters, ensuring stability and implementing prudent risk management measures for the State of Victoria. As a participating authority, the Council is enabled to place term deposits and overnight deposits at competitive rates with TCV. The policy has been updated to reflect this arrangement.

Section 7 – It has been proposed to grant authority to the Financial Services Coordinator in addition to the Manager Finance and ICT Services for the day-to-day management of Council's investment portfolio.



The draft policy with tracked changes is given as an appendix to this agenda item.

### **Revised Council Policy CP040: Borrowings**

This policy was first adopted in October 2017 and last revised in February 2021. The main purpose of this policy is to establish objectives and principles that outline when it is appropriate for Council to undertake borrowings.

Apart from minor wording changes, the key changes proposed in the revised draft policy are summarised below:

Policy principles – Included as a key principle of the requirement for proposed borrowings to be included the budget or a revised budget.

Section 3.1 – Removed references to defunct Local Government Funding Vehicle (LGFV).

Section 3.1 – As a participating authority with the TCV, the Council is able to borrow from Treasury Corporation Victoria, within the framework established by Local Government Victoria. The policy has been updated to reflect this arrangement.

The draft policy with tracked changes is given as an appendix to this agenda item.

### **Revised Council Policy CP036: Valuation and Revaluation**

CP036 Fixed Assets: Valuation and Revaluation was first adopted in July 2017 and last revised in May 2023. The purpose of this policy is to specify the Borough of Queenscliffe's approach, in accordance with relevant Australian Accounting Standards and other legislative requirements and State Government guidelines, to undertake financial valuations and subsequent revaluations of non-current physical assets of Council.

Though the policy is still within the regular review cycle, officers have suggested some changes to ensure that Council's policies in relation to non-current physical assets covers all key stages of an asset's life cycle.

Apart from minor wording changes, the key changes proposed under the section 1 in the revised draft policy are summarised below:





- Guidelines to determine types of costs to be included in the initial recognition of an asset in the financial statements;
- Introduction of a materiality level for the initial recognition of value of non-current physical assets in the financial statements;
- Guidelines to manage low value and high risk of theft, portable assets; and
- Assets depreciation method and average depreciation period (useful life) for each class of asset.

The draft policy with tracked changes is given as an appendix to this agenda item.

See attachment

1. DRAFT CP011 Investment of Available Funds [9.3.1 - 10 pages]
2. DRAFT CP040 Borrowings [9.3.2 - 7 pages]
3. DRAFT CP036 Fixed Assets Valuation and Revaluation [9.3.3 - 10 pages]

## **RECOMMENDATION**

That the Audit & Risk committee notes and endorses the proposed changes to the Council policies.

### **Action:**

Proposed revisions to clause 7 of council policy, CP011 Investment of Available Funds, are suggested to change to reflect delegation of authority to the Financial Services Coordinator only in the absence of the Manager of Finance and ICT Services. The updated policy will then be circulated for out-of-session endorsement.

## **RESOLUTION**

That the Audit & Risk committee:

- a) Notes and endorses the proposed changes to the Council policies; and
- b) Requests minor amendments to CP011 Investment of Available Funds and recirculate the revised policy.

**Moved: Rebecca Brezzi**

**Seconded: Richard Bull**

**CARRIED**



## **9.4. Strategic Risk Register**

The Strategic Risk Register is reviewed as a standard agenda item at the internal Risk & Governance Committee meeting held each month.

The following changes have been made to the Strategic Risk Register since the last Audit & Risk Committee meeting. Further the feedback received from the new Audit & Risk Committee has been included into the updated version.

Format – The order of the risk items have been rearranged aligning risk items under each portfolio of the Council Plan.

HW01 (Failure to Ensure Safety at Public Places and at Workplace)

- Council has targeted a grant to undertake an audit of the beach access signage across Crown land managed by Council. The Grant was scheduled to be announced in early 2024; however, this has not occurred to date (March 2024). The due date has been revised accordingly from 30/6/24 to 31/10/24.
- The due date for the develop and implement periodic refresher training to all relevant staff members on OH&S management processes has been revised from 31/12/2023 to 30/06/2024 due to other work priorities.

HW02 (Major Disasters) – The due date for the comprehensive review of Council's Business Continuity Plan and regular response drills/testing exercise has been revised from 31/12/2023 to 30/06/2024 due to other work priorities.

EN02 (Not Managing Trees) – The tree management system has been developed within Konect system which is currently undergoing preliminary testing with both inspecting arborists and tree works arborists. It is anticipated that the system will be integrated into Council's annual audit process beginning October 2024. The expected completion date for system and procedures has been revised from 31/12/2023 to 30/6/2024.

The Committee sought clarification on any issues that might prevent the annual audit process referred above commencing in October 2024. Officers noted this timing would allow Council to rectify high risk issues prior to commencement of peak tourist season in 2024/2025.



HPI01 (Poor Project Management) – Project Management Framework (PMF) is 90% complete as at March 2024. PMF implementation has begun on selected projects to assist in its completion. The expected completion date has been revised from 31/12/24 to 31/5/24 for full implementation.

GF01 (Financial Sustainability of Council) – Continue to invest in cost efficiencies (ICT transformation projects) has been moved to existing controls measures from planned control measures as 80% of the ICT transformation project is complete to date (March 2024).

GF03 (Inadequate Risk Management and Governance practices) and GF05 (Legislative Compliance) – The due date for the implementation of regular/comprehensive staff training / awareness sessions on policies and procedures has been revised from 31/12/2023 to 30/06/2024 due to other work priorities.

GF04 (ICT Failure (including cyber risk))

- Captured under existing controls; system that are now hosted by vendors.
- Updated the planned control in relation to transitioning from BOQ's on-premises hosted applications to vendor-hosted application, highlight the only system that will continue to operate on BoQ's inhouse servers. The due date has been revised from 31/12/2023 to 30/06/2024 to complete transition to Microsoft Teams calling (vendor hosted phone system).
- The due date for the implementation of a full set of ICT policies and procedures (including a data breach response plan) and regular staff awareness programs, has been revised from 30/06/2024 to 31/12/2024 due to other work priorities.

See attachment

1. Strategic Risk Register - April 2024 [9.4.1 - 5 pages]

## **RESOLUTION**

That the Audit & Risk Committee notes the update provided by Council officers, with respect to the Strategic Risk Register.

**Moved: Michael Tehan**

**Seconded: Rebecca Brezzi**

**CARRIED**



## **9.5. Operational Risk Register**

The operational risk register serves as a tool to identify and document risks and controls (controls aligned with the Council's risk appetite) within each business unit or area. It is the responsibility of the Head of each directorate to ensure the operational risk register's accuracy, completeness, and timeliness. Oversight of the operational risk registers for each business unit is conducted by the Risk and Governance Committee, an internal committee.

Council's internal auditors have conducted reviews of operational risk registers and provided feedback. They have particularly emphasised the importance of identifying preventive controls for identified risk items and categorising/identifying risk items based on the key activities of each directorate.

The Heads of each directorate are currently in the process of reviewing their respective operational risk registers in light of the feedback from internal auditors. Some operational risk registers have already been updated to incorporate this feedback.

The latest versions of the operational risk registers are available in the Audit & Risk Committee library on the Docs On Tap application.

### **RESOLUTION**

That the Audit & Risk Committee notes the update provided by Council officers, with respect to the Operational Risk Register.

**Moved: Richard Bull**

**Seconded: Rebecca Brezzi**

**CARRIED**

## **9.6. Business Continuity Plan & Testing Regime**

Council's Business Continuity Plan (BCP) and the Disaster Recovery Plan (DRP) were last formally reviewed and updated in October 2019. In September 2021 a review of the Business Continuity Plan was conducted following the real-life business



interruption of the COVID-19 pandemic. This review highlighted the plan was too prescriptive and that real life scenarios require a more nuanced approach. As a result, the plan has been substantially re-written.

The final two steps of this review, still to be finalised, are reviewing all Business Impact Assessments (ie short, detailed summaries of business impacts in the event of a disruption) and evaluating the revised plan against Australian business continuity standards. Officers plan to complete this work before end of June 2024.

## **RESOLUTION**

That the Audit & Risk Committee notes the summary provided by officers, with respect to business continuity planning and testing regime.

**Moved: Richard Bull**

**Seconded: Rebecca Brezzi**

**CARRIED**

## **9.7. Reports on any instances of unethical behaviour, fraud, corruption and lack of integrity**

Officers provided a verbal update to the Audit & Risk Committee on matters of unethical behaviour, fraud and/or corruption, or lack of integrity reported or suspected since the last Audit & Risk Committee meeting.

## **RESOLUTION**

That the Audit & Risk Committee notes the update provided by Council officers, with respect to unethical behaviour, fraud, corruption and lack of integrity.

**Moved: Richard Bull**

**Seconded: Rebecca Brezzi**

**CARRIED**

## **10. Council Financial & Performance Reporting**

### **10.1. 2023–24 Quarterly Financial Report as at 31 December 2023**



The 31 December 2023 quarterly financial report was presented to Council at its Ordinary Meeting on 28 February 2023 which can be accessed via the following link.

[2023–24 Quarterly Financial Report](#)

The expected cash surplus by the end of the 2023-24 year is predicted to reach \$217,000, marking a decrease of \$86,000 compared to the previous forecast. This reduction is primarily attributed to the additional \$30,000 allocated for the Hesse Street streetscape project and an uptick in recurring operating expenses.

According to the Local Government Performance Reporting Framework (LGPRF) definition, the underlying result indicates a deficit of \$865,000, exceeding the previous quarter's projected annual deficit by \$38,000. When considering the underlying result on a recurring basis, there is a projected surplus of \$62,000.

However, this projection indicates a decrease of \$77,000 from the previous quarter's projected annual surplus, highlighting a noticeable increase in recurring operating expenses, primarily due to the rise in costs associated with providing Municipal Building Surveyor (MBS) services.

**RESOLUTION**

That the Audit & Risk Committee notes the 2023–24 Quarterly Financial Report as at 31 December 2023.

**Michael Tehan / Richard Bull**

**CARRIED**

**10.2. Draft 2024-25 Financial Budget and Financial Plan**

Council is in the process of developing the 2024–25 Draft Budget in accordance with the requirements of the *Local Government Act 2020*. Councillors and officers have worked together over the past months in developing the Draft Budget to ensure it meets the needs and aspirations of our community.

A summary of the 2024–25 Draft Budget, which is still subject to changes, will be provided in the lead up to the meeting.





Once the draft report is finalised, the Committee will receive a copy of the Draft Budget in the format proposed by Local Government Victoria.

The Draft Budget will be considered at the Ordinary Council Meeting scheduled for 24 April 2024 and will be placed on public exhibition until 24 May 2024. Council is intending to adopt the 2024–25 Final Budget at its Ordinary Council Meeting scheduled for 26 June 2024.

## **RESOLUTION**

That the Audit & Risk Committee notes the update provided in relation to the 2024–25 draft budget and provide feedback that can be incorporated into the 2024–25 final budget on or before 24 May 2024.

**Moved: Richard Bull**

**Seconded: Rebecca Brezzi**

**CARRIED**

## **11. Chief Executive Officer update**

### **11.1. Chief Executive Officer Update**

The Chief Executive Officer provided a verbal update in relation to the following areas at the meeting:

- Follow-up update on staff resources, current recruitment and staff vacancies etc;
- Complaints and comments by local residents, community groups and members of the community;
- Petition to relocate electric vehicle charging stations from Learmonth Street; and
- Cove Estate development on Murray Road, formerly owned council land.

## **RESOLUTION**

That the Audit & Risk Committee notes the Chief Executive Officer update.



**Moved: Michael Tehan**

**Seconded: Richard Bull**

**CARRIED**

## **12. Information to Note**

### **12.1. Other Information to Note**

Recent reports & publications of interest update collated by RAD Audits.

See attachment

1. RSD Audit Report for 2024 - Local Government [**12.1.1** - 11 pages]

#### **RESOLUTION**

That the Audit & Risk Committee notes the information provided.

**Moved: Rebecca Brezzi**

**Seconded: Michael Tehan**

**CARRIED**

## **13. Audit & Risk Committee**

### **13.1. Report to Council**

The report from the Audit & Risk Committee to Council, covering the first six (6) months of the 2023–24 financial year is provided as an attachment to this paper. The report will be included in the Chief Executive Officer's Report to Council and tabled at the next Ordinary Meeting of Council.

See attachment

1. Audit & Risk Committee Mid-Year Report 2023-24 [**13.1.1** - 13 pages]

#### **RESOLUTION**



That the Audit & Risk committee approves the report by this Committee to Council.

**Moved: Richard Bull**

**Seconded: Michael Tehan**

**CARRIED**

## **14. General Business**

The Chair called for General Business items:

1. The Committee inquired about the process Council has followed to approve a contingent financial contribution to Ballara Historical Site

**Action:**

At the 28 February 2024 Ordinary Meeting of Council, Notice of Motion 2024/590 'Funding request to preserve the historic Ballara Deakin Estate', was moved and carried unanimously. In response to a question around the process of this Notice of Motion and conditional funding commitment by Council of \$300,000, the CEO shall distribute relevant reports to the Audit & Risk Committee including the briefing document from Ballara family members to Councillors.

The Committee highlighted the risk associated with limited capacity in the management team and in the workforce (limited opportunities for effective back up plan for key areas) with respect to the management of the Ballara funding if required and the legal status of the funds and management of the property in any future legal format or entity.

## **15. Meetings Schedule**

### **15.1. Meeting Schedule**

The Committee reviewed the proposed ongoing meeting schedule as outline below:

<b>Audit &amp; Risk Committee Meeting</b>	<b>Ordinary Meeting of Council</b>
Tuesday 11 June 2024	Wednesday 26 June 2024
Monday 2 September 2024	Wednesday 18 September 2024
Monday 2 December 2024	Wednesday 11 December 2024



## **RESOLUTION**

That the Audit & Risk Committee notes the meeting schedule.

**Moved: Rebecca Brezzi**

**Seconded: Michael Tehan**

**CARRIED**

## **16. Close of Meeting**

Richard Davies declared the meeting closed at 5:36pm.