

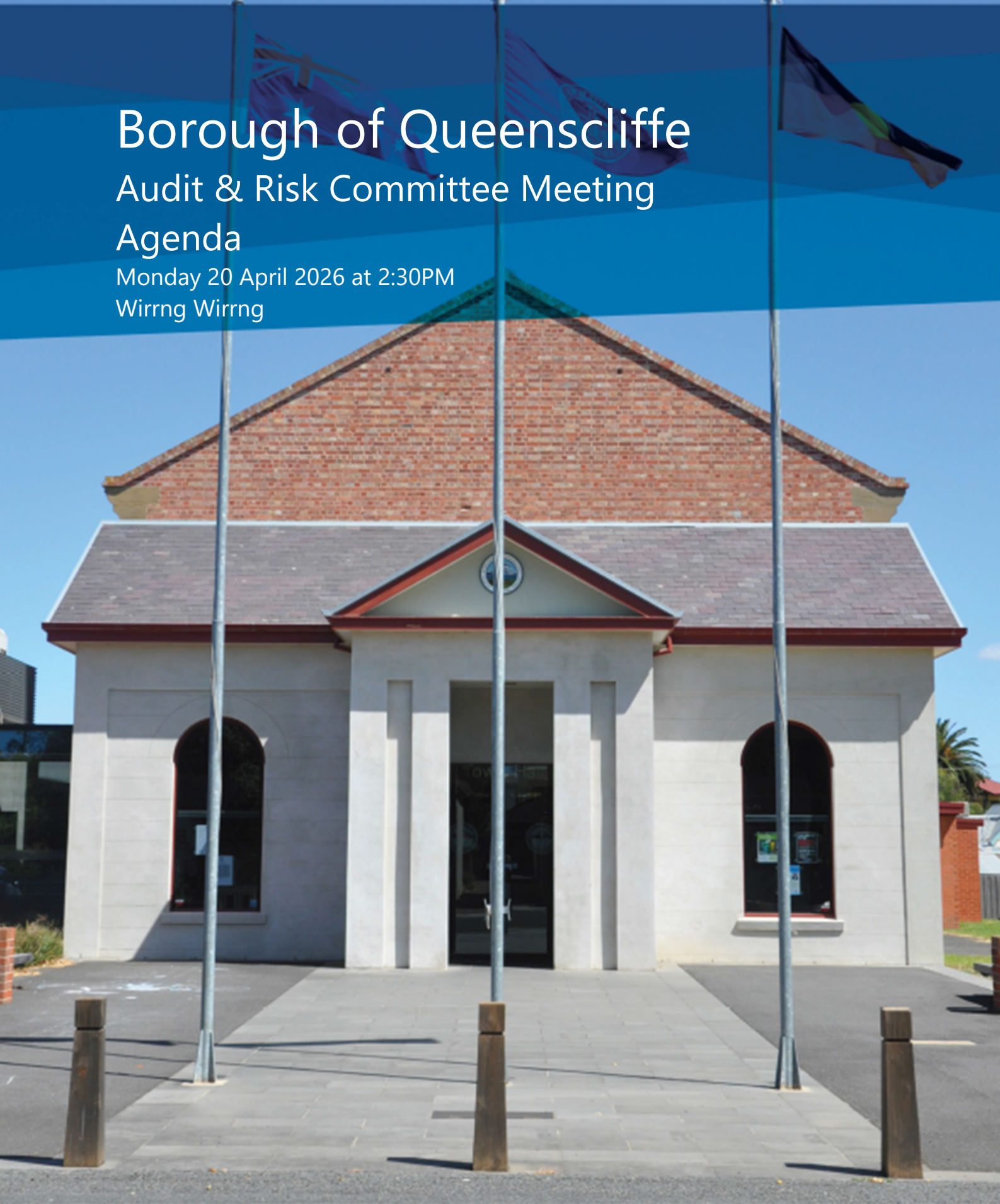
Borough of Queenscliffe

Audit & Risk Committee Meeting

Agenda

Monday 20 April 2026 at 2:30PM

Wirrng Wirrng



Borough of Queenscliffe

Queenscliff & Point Lonsdale, Victoria, Australia



Acknowledgement of Country

This meeting is being held on the traditional lands of the Wadawurrung people, we wish to acknowledge them as the traditional custodians and pay our respects to their elders past and present. We extend that respect to all members of our community.



Distribution List

Committee Members

Cr Donnie Grigau, Mayor

Cr Isabelle Tolhurst

Richard Davies (Chair)

Rebecca Brezzi

Richard Bull

Michael Tehan

Officers

Jane Grover, Chief Executive Officer

Gihan Kohobange, Manager Finance & ICT Services

Jodie Hunt, Financial Services Coordinator

Abbey Tatterson, Manager Customer Experience

Jenni Walker, HR & Governance Coordinator

Belinda Bennett, HR & Organisational Development Advisor

Paul O'Leary, Coordinator Business Systems & Transformation

Invitees

Internal Audit Provider: RDS

Kathie Teasdale, Engagement Partner

Paul Harrison, Internal Audit Manager

External Auditors: Victorian Auditor-General's Office (VAGO)

Anoja Bandara – Financial Audit



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1. Committee In-Camera Session

The Committee, along with the external and/or internal auditors meet for 30 minutes prior to the meeting in-camera, without officers.

2. Opening of Meeting

This meeting is being held on the traditional lands of the Wadawurrung people, we wish to acknowledge them as the traditional custodians and pay our respects to their elders past and present. We extend that respect to all members of our community.

3. Present & Apologies

The Chair will note who is present and call for apologies.

4. 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:

Officers:

5. Previous Audit & Risk Committee Meetings

5.1. Audit & Risk Committee Meeting 1 December 2025

A copy of the minutes from the Audit & Risk Committee Meeting 1 December 2025 is attached.

RECOMMENDATION

That the minutes of the Audit & Risk Committee Meeting 1 December 2025, as distributed, be confirmed as an accurate record.

Attachments



1. Audit & Risk Committee Meeting - 1 December 2025 - Minutes [5.1.1 - 19 pages]

5.2. Business Arising from Audit & Risk Committee Meeting on 1 December 2025

7.3	Action	Status
8 September 2025 13.2 Self Assessment	The Chair informed the meeting about ARC self-assessment feedback did not proceed given the separation of the former Chief Executive prior to review of the outcomes. The Chair, Richard Davies, and the Acting CEO, to meet and discuss this matter	Chair to provide an update.
1 December 2025 Audit & Risk Committee Meeting 8 September 2025 7.3 Scope for Internal Audit Review	Discussion was had to potentially move the cyber security review to earlier than April 2027 (possibly October 2026) in the schedule plan. This matter will be discussed further in the next meeting. It was further noted to consider the timing of the climate change review within the audit program.	Please see the update provided under 6.3 Internal Audit Plan 2026 – 2027.
1 December 2025 9.3. Business Continuity Plan & Testing Regime	There will be an out of session report circulated to all Audit & Risk Committee members on the upcoming tabletop exercise of both the Business Continuity Plan	Completed.



	(as well as the ICT Disaster Recovery Plan) that were rescheduled to 8 December 2025.	
1 December 2025 14.1. General Business	Independent members seek feedback from the Council regarding their oversight of Council activities, particularly in relation to risk management and internal control processes, as well as the performance of the Council's external and internal auditors.	To discuss during the in-camera session.

RECOMMENDATION

That the table above be confirmed as an accurate record.

6. Internal Audit

Background

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.

6.1. Progress on Open Audit Recommendations

Presenter: Manager Finance & ICT Services

A summary of the current outstanding internal audit recommendations is provided below:

Review	Period	No. in the original	Audit Recommendations			
			Dec 2025	New	Complete	April 2026



	IA report					
Management, Oversight and Monitoring of Outsourced Service Provider	May-2021	3	2	-	-	2
Initial Risk Assessment	May-2023	7	2	-	(2)	0
Asset Management	Aug-2024	9	4	-	(1)	3
Community Engagement	Nov - 2024	4	1	-	(1)	0
Project Management	Sep - 2025	9	9	-	(3)	6
Service Planning	Dec - 2025	7		7	-	7
Total			18	7	(7)	18
Analysis based on the risk rating			Dec 2025	New	Complete	April 2026
High			-			
Medium			4	5	(4)	5
Low			14	2	(3)	14
Total			18	(7)	(7)	18

Since the last Audit & Risk Committee meeting, four medium-risk outstanding internal audit recommendations have been successfully addressed.

Three completed medium-risk internal audit items relate to the internal review undertaken in September 2025, which focused on project management processes, including contract management.

One of the key recommendations highlighted the need for appropriate training and awareness for staff responsible for managing projects. Officers involved in project delivery have recently completed formal project management training delivered by



Swinburne Edge. A formal assessment of the training outcomes will be provided by Swinburne Edge and shared with the Committee at a future meeting.

Five outstanding medium-risk audit recommendations relate to the recently concluded internal review on service planning.

In February 2026, Council approved the scope of the planned service review process. A service planning framework and service plans for key service areas will be developed as part of this process, with support from external expertise.

A summary of outstanding internal audit recommendations assessed as medium risk (with no high-risk items identified) is included in the attachment.

The risk ratings presented in the summary reflect the assessments at the time each internal review was finalised.

RECOMMENDATION

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

Attachments

1. Outstanding Internal Audit Recommendations (High Risk and Medium Risk Rated) [6.1.1 - 1 page]

6.2. Internal Audit Review

Presenter: Internal Auditor

Discussion

The fieldwork for the internal audit review of Financial Sustainability is currently underway, in accordance with the review scope previously endorsed by the Committee. The final Internal Audit Review Report will be presented to the Audit & Risk Committee at its June 2026 meeting.

RECOMMENDATION

That the Audit & Risk committee notes the update provided.



Attachments

Nil

6.3. Strategic Internal Audit Plan 2027 - 2029

Presenter: Internal Auditor

Discussion

Council is in the process of finalising its Risk Management Policy and Strategic Risk Register, informed by the new Council Plan adopted in October 2025.

The previous independent assessment of risk management practices of Council was conducted in March 2023 as the first internal review by RSD Audit.

Based on feedback provided by RSD Audit through the internal audit review, significant improvements have been made to Council's risk management practices. Considering the new Council Plan and the proper approach to identifying future internal audit areas, it is appropriate for Council to undertake another risk assessment as the next internal review. In addition, Council's Internal Audit Charter identifies the conducting of independent risk assessments every three years as best practice.

Based on input provided by management, RSD Audit has proposed the attached Strategic Internal Audit Plan 2027–2029, including the Internal Audit Annual Plan for 2026–2027. However, audit topics beyond the 2026–2027 financial year will be reviewed once the outcomes of the risk management internal review are known.

There has not been an internal audit covering key finance processes in recent years. As a result, an internal review of Payroll and Human Resource Management is proposed as the second internal review for 2026–2027.

Council has recently implemented new systems to manage payroll and human resources processes, and this proposed review will help ensure that adequate system controls are in place within these new systems.



In addition to the two planned internal reviews per year, Council will also undertake separate cyber security and data security reviews, working collaboratively with other partnering councils, as outlined in the ICT Update to the Audit and Risk Committee.

The Internal Audit Status Report prepared by RSD is also attached to this report.

RECOMMENDATION

That the Audit & Risk committee;

1. Review and provide feedback on the proposed Internal Annual Plan 2026–2027; and
2. Endorse the Internal Annual Plan 2026–2027.

Attachments

1. Strategic Internal Audit Plan BoQ - 2027-29 (draft- V 1) [6.3.1 - 18 pages]
2. IA Status Report - April 2026 - Borough of Queenscliffe [6.3.2 - 3 pages]

6.4. Internal Audit Charter

Presenter: Manager Finance & ICT Services

Discussion

One of the legislated responsibilities of the Audit and Risk Committee is to oversee the Council's Internal Audit function.

LOCAL GOVERNMENT ACT 2020 - SECT 54

Audit and Risk Committee Charter

- (1) A [Council](#) must prepare and approve an [Audit and Risk Committee](#) Charter.
- (2) The [Audit and Risk Committee](#) Charter must specify the functions and responsibilities of the [Audit and Risk Committee](#) including the following—
 - (a) monitor the compliance of [Council](#) policies and procedures with—
 - (i) the [overarching governance principles](#); and
 - (ii) this Act and the regulations and any Ministerial directions;
 - (b) monitor [Council](#) financial and performance reporting;
 - (c) monitor and provide advice on risk management and fraud prevention systems and controls;
 - (d) [oversee internal and external audit functions](#).

The Internal Audit Charter (IAC) is a formal document that establishes the purpose, authority, responsibilities, and position of the internal audit function within the organisation. Initially approved by the Audit and Risk Committee in December 2020, the IAC has now been reviewed as part of the regular review cycle.



As part of the review process, Council sought input from RSD Audit, who assessed the Charter against the Institute of Internal Auditors' assessment checklist. The updated IAC was discussed at the April 2025 and June 2025 Audit & Risk Committee meetings.

The updated Charter provided as an attachment to this agenda item has been further revised to include the following changes:

Page 1

3.2 Accountability

Internal audit will formally report to the Audit and Risk Committee.

The Audit and Risk Committee provides the Chief Executive Officer with ~~recommendations~~ feedback for appointment of an outsourced Internal Auditor and the process to measure the effectiveness of the Internal Auditor.

Page 2

3.8 Review of the internal audit function

The Audit and Risk Committee will ~~annually review the~~ oversee internal audit provider's performance, its authority, the adequacy of its resources and the proposed allocation of those resources.

RECOMMENDATION

That the Audit & Risk Committee endorses the updated Internal Audit Charter.

Attachments

1. Draft Bo Q_ Internal Audit Charter [6.4.1 - 4 pages]

7. External Audit

Background

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.

7.1. External Audit Strategy Memorandum (ASM)

Presenter: External Auditor

Discussion

Council's external auditor, the Victorian Auditor General's Office (VAGO) will provide an update about the attached draft Audit Strategy Memorandum (ASM) for the 2025–2026 yearend audit at the meeting.

RECOMMENDATION

That the draft Audit Strategy Memorandum (ASM) for financial year ending 30 June 2026, be noted along with any comments or feedback.

Attachments

1. 2025-26 Borough of Queenscliffe DRAFT Audit Strategy Memorandum [7.1.1 - 24 pages]

8. Control Framework & Risk Management

Background

Council and officers review Council policies and internal organisational policies on a regular basis; those policies with a financial and risk management focus are also reviewed by the Audit & Risk Committee.

8.1. Council Policies Adopted by Council

Presenter: HR & Governance Coordinator

Discussion

Council has adopted the following policies since the last Audit & Risk Committee meeting on 1 December 2025.



CP019 Conservation Covenant Incentive

The purpose of this policy is to determine circumstances when Council will offer a rate incentive via a Conservation and Land Management Rebate.

Apart from minor wording changes, the key changes were:

- Update to include a footnote that the 1989 Local Government Act is still the relevant legislation.
- Update to remove the name 'Fire Services Property Levy' and replace it with the name 'Emergency Services and Volunteers Fund'.
- Amend the reviewing period to be at a minimum of every four years rather than being required to be reviewed within the first year of each new Council term as there is no requirement to do so and gives Council greater flexibility.

[cp019-conservation-covenant-incentive-adopted-26112025.pdf](#)

Guideline: Councillors Standing for State or Federal Elections

The purpose of this Council Guideline is to prescribe clear and consistent guidance for when a Councillor of the Borough of Queenscliffe stands as a candidate in a State or Federal election.

This guideline is new to the Borough, and is in-line with the MAV guidelines on Councillors standing for election. Note Council adopted this as a guideline and not a Council policy.

[council-guideline-councillors-standing-for-state-or-federal-elections-adopted-25-february-2026.pdf](#)

RECOMMENDATION

That the Audit & Risk Committee notes the policy and guideline recently adopted by Council.

Attachments

Nil

8.2. Review of Council Policies



Presenter: Manager Finance & ICT Services

Discussion

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.

CP017 Risk Management

Background

The Audit & Risk Committee, at its September 2025 meeting, reviewed and endorsed changes proposed by officers to the Risk Management Policy as part of the regular review process.

Councillors and officers discussed the proposed changes to the Risk Management Policy and the Council's risk appetite at an Assembly of Council held in January 2026, aligning these with the new Council Plan adopted at the October Council meeting.

In addition, a further workshop was held in March as part of the March Assembly of Council to continue the review of the Council's risk appetite.

Discussions

Key changes incorporated into the policy based on discussions with Councillors are summarised below:

- An additional risk category, Built Environment (including heritage), has been introduced.
- Some other risk categories have been renamed for clarity.
- Risk appetite statements for all risk categories have been reviewed and updated, including benchmarking with selected Councillors.

The Council's risk consequence matrix has also been updated to reflect the proposed changes, with these updates incorporated into the revised Risk Management Framework presented as a separate agenda item.

The draft policy with tracked changes from the version presented to the Committee in September 2025 is given as an appendix to this agenda item.



RECOMMENDATION

That the Audit & Risk committee notes and endorses the proposed changes to the risk management policy.

Attachments

1. CP017 Risk Management DRAFT [8.2.1 - 4 pages]

8.3. Strategic Risk Register

Presenter: Manager Finance & ICT Services

Background

The Strategic Risk Register articulates risks that could impact Council's strategic objectives. It is presented at each Audit & Risk Committee meeting, and the minutes of the Audit & Risk Committee are then tabled at the following Ordinary Meeting of Council.

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

Discussion

Councillors and officers reviewed the Council's strategic risk items in January 2026, in alignment with the new Council Plan adopted at the October 2025 Council meeting.

Key changes discussed are summarised below:

- No changes have been proposed to the template, as RSD Audit (Council's internal auditors).
- Several risk items and control measures have been expanded and renamed, with all key changes highlighted in red font.
- Risk items have been categorised according to the key risk categories outlined in the Risk Management Policy (version presented to the Committee in September 2025 and will be revised subject to Council approval of the proposed changes), rather than by Council Plan themes, as most risks apply across multiple themes.
- Column "Council Plan Priorities" now references the Council Plan priorities that may be impacted by each risk item.



- A new section titled “Link to Council Plan” has been added to the document, outlining the alignment between each risk item and the relevant Council Plan priorities.
- The total number of risk items has been reduced from 11 to 8 by consolidating overlapping risks where appropriate and prioritising risks in line with the new Council Plan. A summary comparison of the risk items in each register is provided below.

Current Risk Register	Updated Risk Register	Comment
Impacts of Climate Change	Impacts of Climate Change	
Community and Stakeholder Engagement (Expectation)	Service Gap	
Financial Sustainability of Council	Financial Sustainability of Council	
Major Disasters		This is more of an operational risk item. It was particularly relevant when the current risk register was first developed, as the community was emerging from the impacts of COVID. The current residual risk rating is 8.
Failure to Ensure Safety at Public Places and at Workplace	Public Safety	
ICT Failure (including Cyber risk)	Cybersecurity and ICT Failure	
Government Political and Policy Changes	Transferred Control of Crown Land	Impact of unfunded service, program, and policy obligations imposed by the state



Current Risk Register	Updated Risk Register	Comment
		government covered under "Financial Sustainability of Council"
Poor Project Management		Covered under "Service Gap"
Failure to Close Asset Management Gap	Inadequate Management of Council Assets	
Inadequate Risk Management and Governance practices	Governance and Legislative Compliance Failure	Combined under "Governance and Legislative Compliance Failure"
Legislative Compliance	Governance and Legislative Compliance Failure	Combined under "Governance and Legislative Compliance Failure"

The analysis within the "Link to Council Plan" section also highlights the most significant risk items of the Council.

- Service Gap and Stakeholder Relationship Breakdown
- Financial Sustainability of Council
- Inadequate Asset Management Practices
- Impact of Climate Change

Based on the due dates of the potential control measures presented at the previous Audit and Risk Committee meeting, Council has successfully completed all identified controls that were due by the April 2026 Committee meeting, except for achieving and maintaining at least Level 1 cyber maturity in line with the Essential Eight maturity model issued by the Australian Cyber Security Centre (ACSC). A separate update on this matter is provided under the ICT Update item on this agenda.

RECOMMENDATION

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

Attachments

1. BoQ Strategic Risk Register [**8.3.1** - 7 pages]



8.4. Risk Management Framework

Presenter: Manager Finance & ICT Services

Discussion

The Audit and Risk Committee, at its September 2025 meeting, reviewed and endorsed changes proposed by officers to the Risk Management Framework.

However, further changes as stated below have since been proposed to the "Consequence Criteria" of the framework to provide greater clarity and to align it with the changes proposed to risk categories in the revised Council policy, CP017 – Risk Management (Draft).

- The format of the consequence matrix has been amended to enhance clarity.
- The consequence matrix has been updated with percentage based risk thresholds for recurring expenses. The %s imply the below values based on the current year budget

% of cash operating expenses	1 Year impact (\$)	10 Years cumulative impact (\$)
0.75	93,000	930,000
0.5	62,000	620,000
0.2	25,000	250,000
0.1	12,500	125,000
0.05	6,000	60,000

- Value based thresholds have been defined for one-off financial losses.
- The service risk consequence statement has been reworded, drawing on the West Wimmera Shire Council approach, as the current BoQ wording may imply a higher tolerance.
- A new Built Environment consequence statement has been developed.

Further, the risk categories previously specified on page 10 have been removed and instead are referenced from the Risk Management Policy to ensure consistency and accuracy.



The draft framework with tracked changes from the version presented to the Committee in September 2025 is given as an appendix to this agenda item.

RECOMMENDATION

That the Audit & Risk Committee review and endorse the revised Risk Management Framework.

Attachments

1. Risk Management Framework April 2026 DRAFT **[8.4.1 - 19 pages]**

8.5. 2026 - 2027 Insurance Renewal

Presenter: Manager Finance & ICT Services

Background

Council has engaged JLT Public Sector (JLT), a division of JLT Risk Solutions Pty Ltd, which is part of the Marsh Group of Companies, as its insurance broker. This engagement is made under an agreement between JLT Risk Solutions Pty Ltd and the Municipal Association of Victoria (MAV).

All of Council's insurance policies commence on 1 July each year.

Discussion

During the initial insurance renewal discussions between Council officers and JLT representatives, it was confirmed that no adjustments were required to the existing insurance coverages. The review placed particular emphasis on the Council's claims history, which showed total net claims of approximately \$172,695 over the past 15 years to 31 March 2026, with most claims relating to motor vehicles. This figure excludes the anticipated reimbursement of defence costs associated with the Murray Road land sale dispute. Based on this assessment, Council officers agreed to maintain the current levels of coverage for all policies under consideration.

There was a 2% increase in the premium for the 2025–2026 renewal period (excluding income protection cover) compared with the previous year.



A confidential attachment provides a summary of the current insurance coverage and outlines the recent claims experience for each policy type

Attachments

1. Insurance Summary for ARC Apr 26 **[8.5.1 - 2 pages]**

RECOMMENDATION

That the Audit & Risk committee notes the update provided by Council officers, with respect to proposed 2026–2027 insurance arrangements.

8.6. Business Continuity Plan & Testing Regime

Presenter: HR & Governance Coordinator

Background

Business Continuity Management refers to risk management systems put in place by an organisation to allow it to continue to perform its critical functions in the event of a significant incident impacting on the organisation's normal capacity. The key instrument in the system is the Business Continuity Plan.

Discussion

Council's Business Continuity Plan (BCP) was essentially re-written following the COVID-19 pandemic and reviewed against the Australian Standard *AS ISO 22301:2020 Security and resilience—Business continuity management systems—Requirements standard* (which is an identical adoption of the international standard ISO 22301:2019).

Since the re-writing of the BCP, it has been tested in table top exercises held on 12 August 2024 and 15 December 2025. An out of session report was provided to the Audit & Risk Committee following the December 2025 test.

A table top exercise will again be conducted of the BCP in 2026.

RECOMMENDATION

That the Audit & Risk Committee notes the summary provided by officers, with respect to Business Continuity Planning and Testing regime.



Attachments

Nil

8.7. ICT update

Presenter: Coordinator Business Systems & Transformation

Discussion

An update regarding ongoing developments undertaken by the Council to enhance ICT capabilities and strengthen the security of its ICT systems is included as a confidential attachment to this agenda paper. The attachment is classified as confidential as it contains information related to the Council's ICT security measures.

RECOMMENDATION

That the Audit & Risk committee notes the update provided.

Attachments

1. Quarterly ICT Report [8.7.1 - 6 pages]

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

Presenter: Manager Finance & ICT Services

Discussion

The Victorian Auditor-General's Office (VAGO) tabled its report Results of 2024–25 Audits: Local Government on 30 March 2025.

The report can be accessed via the below link.

[Results of 2024–25 Audits: Local Government](#)

Key highlights of the report are;

- VAGO notes that councils can improve capital budgeting practices and the management and delivery of capital projects. In 2024–2025, sector-wide actual capital expenditure totalled \$3.370 billion, representing an underspend of \$0.820 billion (19.6%). Over the past five years, many councils have not



generated sufficient operating surpluses to fund their capital programs and have instead relied on capital grants and existing reserves.

- The report also highlights ongoing financial pressures faced by some small councils, with deteriorating financial outcomes indicating potential structural deficits. These pressures are attributed to limited rate bases and a high reliance on government funding, increasing longer-term financial sustainability risks.
- Timeliness of financial reporting remains an issue across the sector. In 2024–25, 34 of 79 councils (43%) submitted their draft financial reports and performance statements within agreed audit timelines. This represents a modest improvement on the prior year (39%), with only 7 of the 19 small councils meeting the timelines.
- VAGO continues to identify internal control weaknesses that affect the reliability of financial reporting. Several high- and moderate-risk issues identified in previous audits remain unresolved.

Recommendation to all Councils

- Review capital expenditure budgeting processes to better understand the causes of underspending, strengthen key assumptions, and revise asset management plans as required.
- Strengthen senior management and Audit & Risk Committee oversight to ensure timely implementation of agreed audit recommendations, noting that unresolved issues expose councils to ongoing financial and operational risks.

In the context of the Borough of Queenscliffe

- The Borough of Queenscliffe was one of seven small councils that submitted its financial and performance statements within agreed audit timelines, meeting all statutory reporting requirements for the 2024–2025 financial year.
- In relation to capital projects:
 - Council delivered \$19.1 million of the \$25.4 million budgeted capital expenditure over the past five financial years, representing a 76% delivery rate.



- Capital project performance is monitored through quarterly financial and project reporting.
- Council has an established project management framework.
- Internal Audit completed a review of Council's project management practices in June 2025. All medium-risk recommendations have been implemented, with no high-risk recommendations identified.
- Officers involved in project delivery have recently completed formal project management training delivered by Swinburne Edge.

RECOMMENDATION

That the Audit & Risk Committee notes the update provided.

Attachments

Nil

8.9. Victorian Ombudsman - Outsourcing Small Claims Handling

Presenter: Manager Finance & ICT Services

Discussion

Victorian Ombudsman tabled a report in Parliament titled Outsourcing small claims handling: How councils manage fairness and responsibility in Parliament. The report followed an investigation into how councils manage under-excess claims handling. The report is now available on our website.

The report can be accessed from the below link.

[Outsourcing small claims handling: How councils manage fairness and responsibility | Victorian Ombudsman](#)

The Borough of Queenscliffe engages Echelon Claims Services, a division of Echelon Australia Pty Ltd (operating as JLT Risk Solutions Pty Ltd) and part of Marsh McLennan Companies (MMC), to manage its small claims handling process. Given the absence of in-house claims assessment expertise and the low volume of claims received, outsourcing this function remains the most efficient and practical approach for Council. JLT Risk Solutions is a licensed claims handler under an Australian



Financial Services Licence and ensures compliance with all relevant claims management guidelines and regulatory requirements.

The agreement between Council and Echelon Claims Services is based on a fixed fee for each claim referred, along with any other pre-agreed expenses where applicable. The outcome of the claim assessment has no impact on the fee payable to Echelon Claims Services. Since 1 July 2023, the Council has referred three claims to Echelon, and none have attracted any reimbursement beyond the fixed fee.

Considering the relatively low volume of claims referred, and aside from implementing recommendations for managing any future claims, particularly regarding communication with impacted parties, no further changes are recommended to the current process at this stage.

RECOMMENDATION

That the Audit & Risk Committee notes the update provided.

Attachments

Nil

9. Compliance Management

9.1. Risk & Governance Committee Meetings

Presenter: HR & Governance Coordinator

The Risk & Governance Committee met on:

- 27 November 2025;
- 15 December 2025
- 17 February 2026; and
- 17 March 2026.

Officers have attached a confidential report on matters arising from these meetings of the Risk & Governance Committee that require the attention of the Audit & Risk Committee.



This report includes, if applicable, any reported or suspected cases of unethical behaviour, fraud and/or corruption, or lack of integrity reported or suspected since the last Audit & Risk Committee meeting.

RECOMMENDATION

That the Audit & Risk Committee notes the report from the Risk & Governance Committee.

Attachments

1. Risk and Governance Committee - Report to ARC April 2026 meeting [**9.1.1** - 4 pages]

9.2. Report on Gifts, Benefits and Hospitality

Presenter: Manager Finance & ICT Services

A report on gifts, benefits and hospitality for the period 1 July 2025 to 31 December 2025 is attached.

RECOMMENDATION

That the Audit & Risk Committee notes the report on gifts, benefits and hospitality for the period 1 July 2025 to 31 December 2025.

Attachments

1. Gift Register - BoQ - 1 July 2025 to 31 Dec 2025 [**9.2.1** - 1 page]

10. Council Financial & Performance Reporting

10.1. 2025 – 2026 Quarterly Financial Report at 31 March 2026

Presenter: Manager Finance & ICT Services

Discussion

The Quarterly Financial Report as at 31 March 2026, provided as an attachment highlights the changes between the second quarter yearend forecast and the quarter three yearend forecast, with detailed explanations provided for all material variances.



The projected accumulated cash result for 2025–2026 shows a surplus of \$825,000 after removing unrealised efficiency gains and allocating \$50,000 as Council’s final contribution toward renewal works at 29 King Street. The project was delivered by QMF Pty Ltd under Council oversight, with a total project allocation of \$250,000.

To support a sustainable operating result, Council adopted a target recurring underlying surplus of \$376,000 for the 2025–26 financial year as part of the Financial Plan approved in October 2025. This target assumed the achievement of \$262,000 in efficiency gains arising from a service (organisational efficiency) review. Excluding these efficiencies, the Financial Plan projected a recurring underlying surplus of \$114,000.

As the efficiency review has not yet commenced (the scope of the review was approved by Council in February 2026), the Q3 year-end forecast now anticipates only \$86,000 in achievable savings, primarily from staff restructuring. The remaining unrealised savings have therefore been removed from the forecast.

Under the LGPRF definition, Council’s adjusted underlying result is a deficit of \$596,000 (-4.4%), reflecting the removal of unrealised efficiencies and the addition of a one-off project to uplift formal parks. By contrast, the Council Plan measure, excluding unrealised efficiencies, projects an underlying surplus of \$200,000.

Council continues to operate debt-free and remains well within Victorian Government prudential ratio limits. As at 30 June 2026, Council is projected to hold \$1.46 million in the general reserve, \$1.96 million in the asset replacement reserve, and \$5.00 million across other specific-purpose reserves, all fully cash-backed.

The 2025–2026 projected year-end result meets all financial sustainability indicators specified in the Council Plan 2025–2029.

The Quarter 3 report will be presented at the Council meeting scheduled for 22 April 2026.

RECOMMENDATION



That the Audit & Risk Committee notes the 2025– 2026 Quarterly Financial Report as at 31 March 2026.

Attachments

1. 2025-26 Q3 Finance Report [**10.1.1** - 26 pages]

10.2. Draft Financial Budget 2026 – 2027

Presenter: Manager Finance & ICT Services

Discussion

Council is currently developing the 2026–2027 Draft Budget in accordance with the requirements of the Local Government Act 2020. Councillors and officers have worked collaboratively over recent months to ensure the Draft Budget reflects the needs and aspirations of the community.

As part of the development process, pre-budget community engagement was undertaken between December 2025 and January 2026. Community feedback and budget submissions were subsequently presented at an Assembly of Council in February 2026.

The Draft Budget will be discussed with the members of the Finance Committee on 13 May 2026.

The Draft Budget will be considered at the Ordinary Council Meeting scheduled for 22 April 2026 and will be placed on public exhibition until 21 May 2026 to receive further feedback from the community. Council intends to adopt the 2026–2027 Final Budget at its Ordinary Council Meeting scheduled for 24 June 2026.

A summary of the key aspects of the Draft Budget 2026–2027 is provided below.

Rates and Charges

Based on provisional figures from the Valuer General Victoria, overall property values have declined by an average of 2.4%, mainly due to a 2.5% drop in residential property values.



Property valuations across the Borough have not changed evenly. Queenscliff recorded a small reduction while relatively larger decreases were seen in Point Lonsdale and Springs.

The table below summarizes valuation movements over the past five year period. The recent years' reductions indicate that the market is still undergoing a valuation correction following the exponential growth recorded in the post COVID period.

Table1: Average change in residential property valuations

Ward	2026-27	2025-26	2024-25	2023-24	2022-23	Cumulative Change
Queenscliff	-0.2%	-0.2%	5.1%	3.7%	25.2%	35.9%
Springs	-2.5%	-6.6%	-0.6%	2.0%	51.0%	39.4%
Point Lonsdale	-3.0%	-12.2%	1.4%	8.0%	36.9%	27.6%
Overall						33.0%

Note: The start-of-year valuation details have been used, and impacted due to subsequent subdivisions and changes to properties

However, movements in property valuations do not impact Council's total rates income; rather, they only affect the distribution of rates between individual properties.

In summary, for the 2026–27 rating year:

- If a property's value has decreased by 2.4%, in line with the average across the municipality, it will see a 2.75% increase in rates for 2026–2027.
- If a property's value has decreased by more than 2.5%, it will experience less than a 2.75% increase in rates, or possibly a reduction.
- If a property's value has decreased by less than 2.5%, it will experience a rate increase greater than 2.75%.
- Properties that have increased in value may see a more substantial increase in rates for the 2026–2027 financial year.
- Overall, a rates increase of more than 2.75% for some properties will be offset by smaller increases or reductions for others, ensuring that Council's total rates income remains unchanged apart from the 2.75% increase allowed under the rate cap.



A separate attachment is provided summarising valuation movements by property and ward, and outlining the impact on rate increases or decreases. Approximately 46% of properties across the municipality have not recorded a change in value and, as a result, each will experience a 5.3% increase in rates for the 2026–2027 financial year.

Draft Budget 2026–2027

Key challenges

- **Ongoing global uncertainty may mean inflation remains higher for longer than anticipated**, which could place additional pressure on Council's budget. Council has limited capacity to absorb cost increases beyond the economic assumptions already built into the draft budget. These assumptions will be reviewed and updated through quarterly budget reviews during the financial year.
- Council has healthy **general and asset renewal reserves, which help protect against short-term inflationary pressures**. At the same time, Council needs to remain careful and disciplined in managing its expenditure.
- The current Enterprise Bargaining Agreement (EBA) expires at the end of the current financial year, and negotiations for a new agreement have recently commenced. As the outcome of these negotiations may not be known prior to the adoption of the final budget in June 2026, there is a degree of uncertainty. Given Council's limited capacity for ongoing income growth, any **EBA outcomes above the rate cap would present a significant financial risk**.

Overall outlook

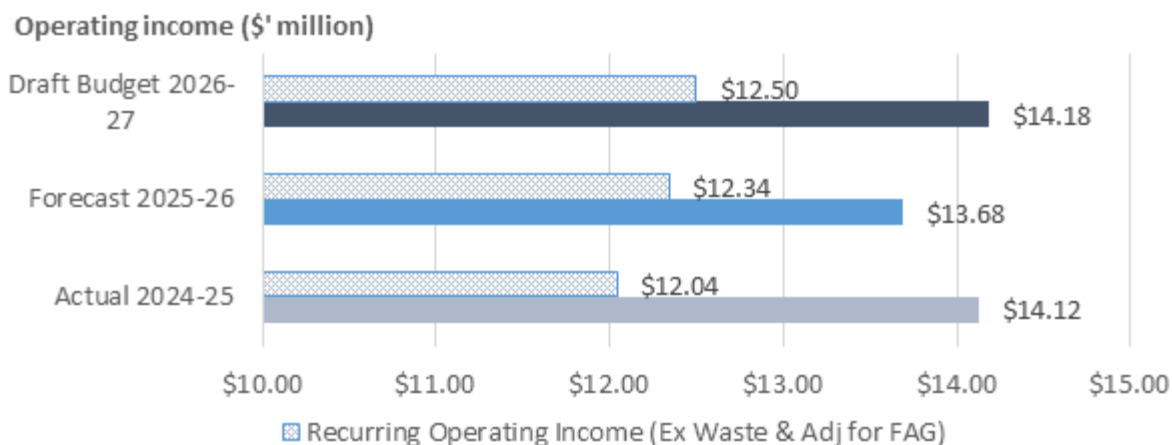
- On a cash basis, the **Budget is balanced** and maintains **a zero debt** position, including a transfer of \$336,000 to the general reserve for future use. Despite higher costs for materials, goods and services, the Budget does not rely on drawing down existing reserves. Looking only at ongoing income and ongoing expenses, the Budget forecasts a small surplus of \$70,000, which is close to breakeven.



- As the planned service review has not yet commenced (with the scope approved by Council in February 2026), **no additional efficiency savings** targets have been factored into the draft budget.

Operating Income

- Total recurring income (excluding waste management charges) is projected to reach \$12.50 million, reflecting a **1.2% increase** compared to the 2025–2026 forecast when adjusted for Financial Assistance Grant timing.
- Income from **tourist parks** is expected to see a modest increase of \$33,000 compared to the 2025–26 forecast, **representing a 1.7% rise**, bringing the total to \$1.95 million.

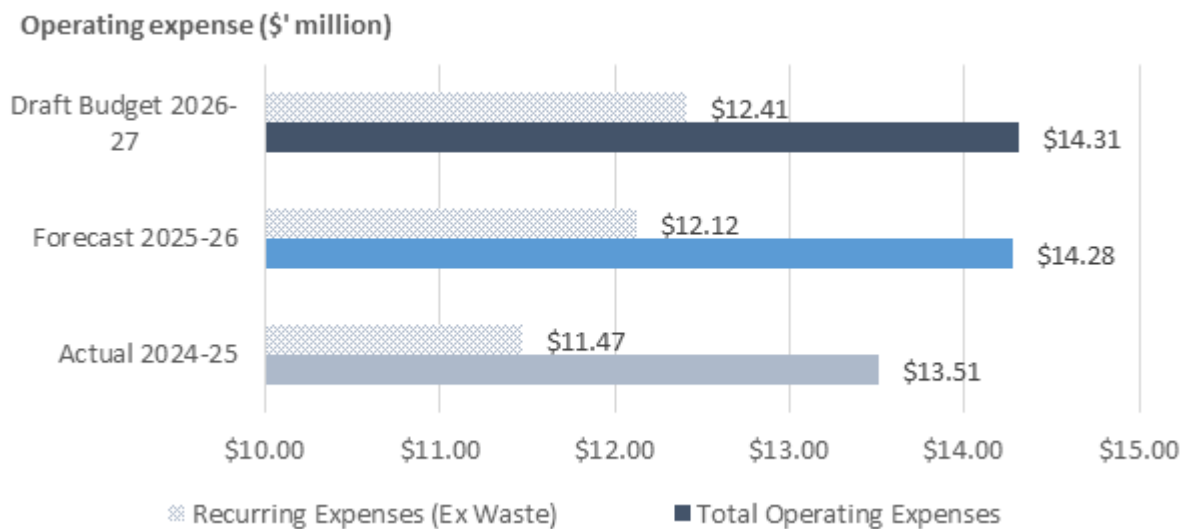


Operating Expenses

- Recurring operating expenses** (excluding waste management) are project to **increase by 2.4%**, or \$288,000, to \$12.4 million compared with the 2025–26 forecast, which is **below the assumed CPI and EBA increases of 3.5%**.
- Assuming **full staffing levels for both financial years**, and excluding temporary staff, **employee costs are projected to decrease by 0.3% in 2026–27 despite projected EBA increase of 3.5%**.
- Excluding waste management costs and non-recurring operating expenses, **recurring material and service expenses** are expected to **increase**



by 5.1% (\$235,000) compared to the 2025–26 forecast, bringing the total to \$4.9 million.



Operating projects

Project	Cost (\$)	Funding Source
Statement of Planning Policy Implementation Review Collaboration with the City of Greater Geelong (CoGG)	100,000	Council funded
Stormwater Quality Monitoring	60,000	80% grant funded
Planning Scheme Amendment to Implement Heritage Study – Hesse Street Commercial Precinct	20,000	Council funded (100% reserve)
OHS Audit Recommendations Implementation	20,000	Council funded
Community Consultation – Point Lonsdale Traffic and Pedestrian Congestion Management	15,000	Council funded
Total	215,000	

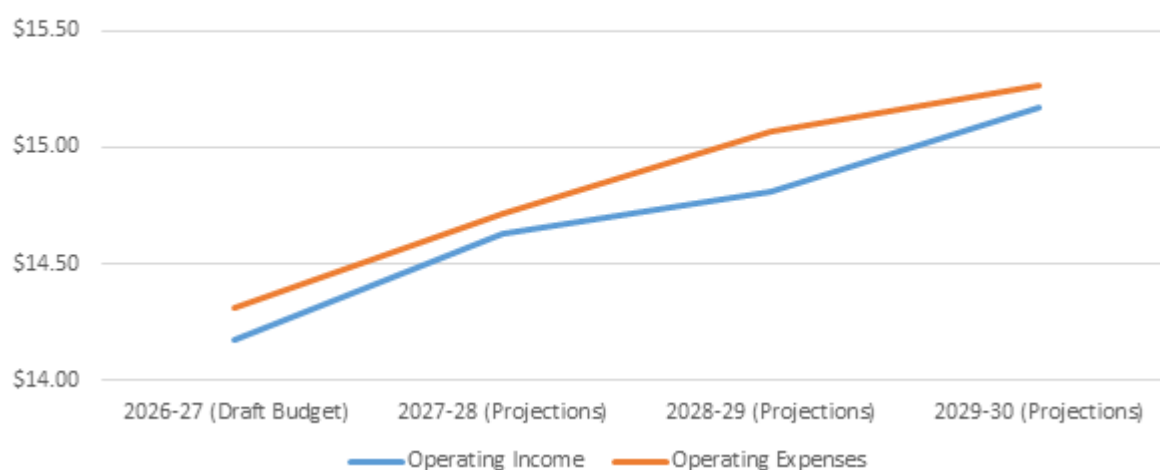
Results

Results	Forecast 2025-26 \$'000	Draft Budget 2026-27 \$'000
Surplus / (deficit) for the year	(364)	2,619
Adjusted underlying surplus / (deficit) - LGPRF	(596)	(133)



Results	Forecast 2025-26 \$'000	Draft Budget 2026-27 \$'000
Adjusted underlying surplus / (deficit) – Recurring / Council Plan	200	70

Trend in operating income and operating expenses (\$ millions):



The chart above shows the forecasted trends in total operating income and total operating expenses over the next four financial years.

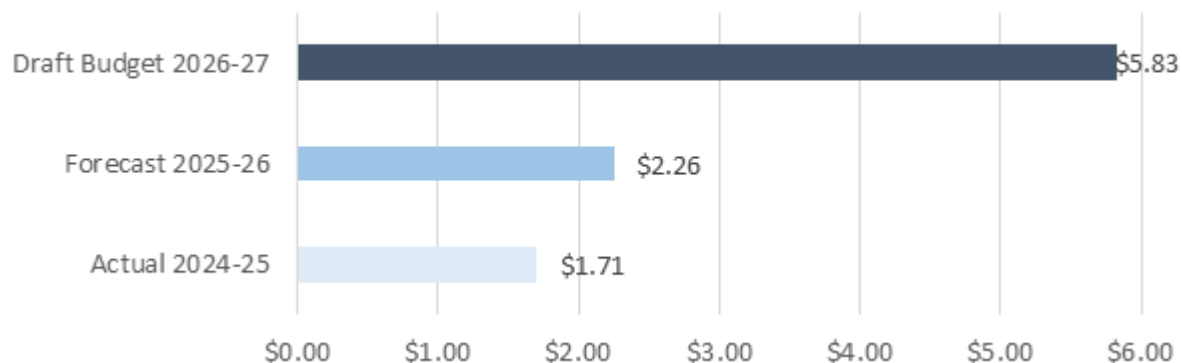
Overall, based on the assumptions used, an average underlying deficit of around \$142,000 per year on an LGPRF basis and an average underlying deficit of around \$38,000 per year on a recurring basis are projected across the four-year period, mainly due to the projected decline in interest income.

Capital expenditure

- **Asset renewal ratio of 2.65**, exceeding the target of greater than 1.0.



Capital Expenditure (\$' million)



Capital Projects	Cost (\$)	Investment Type	Funding (Source)
Projects Carried Forward from Previous Years			
Point Lonsdale Maritime & Defence Precinct	647,600	New	100% grant funded
*SLRSP King and Swanston Streets - Roundabout	503,000	New	100% grant funded
SLRSP Stokes and Stevens Streets - Roundabout	402,500	New	100% grant funded
SLRSP Primary and Aloysius' Schools - Crossings	377,000	New	100% grant funded
Queenscliff Community Resilience Battery	360,000	New	100% grant funded
SLRSP Gellibrand Street - Safety Improvements	262,000	New	100% grant funded
Toch H toilet renewal	171,400	Renewal	Council funded (100% reserve)
Sub Total - Projects Carried Forward	2,723,500		
New Projects			
Recreation Reserve New Tow Premium Cabins	1,000,000	New	Council funded (100% reserve)
Weeroona Parade Public Toilet Renewal Including Changing Place Facility	574,000	New & Renewal	35% grant funded & Council funded (7% reserve)
Town Hall Roof Reinforcement	200,000	Renewal	Council funded



Capital Projects	Cost (\$)	Investment Type	Funding (Source)
South Hesse Street Revitalisation	180,000	Renewal & Upgrade	Council funded (100% reserve)
Royal Park BBQ Shelter Installation	125,000	New	Council funded (100% reserve)
Solar Panels at QTP** Amenities Block	30,000	New	Council funded
Fellows Road Crossover	20,000	New	Council funded
Sub Total - New Projects	2,129,000		
Annual Asset Renewal Program: Note 1	840,000	Renewal	Council funded
Staff Cost to Capitalise	140,000	New, Renewal & Upgrade	Council funded
Total Capital Expenditure	5,832,000		

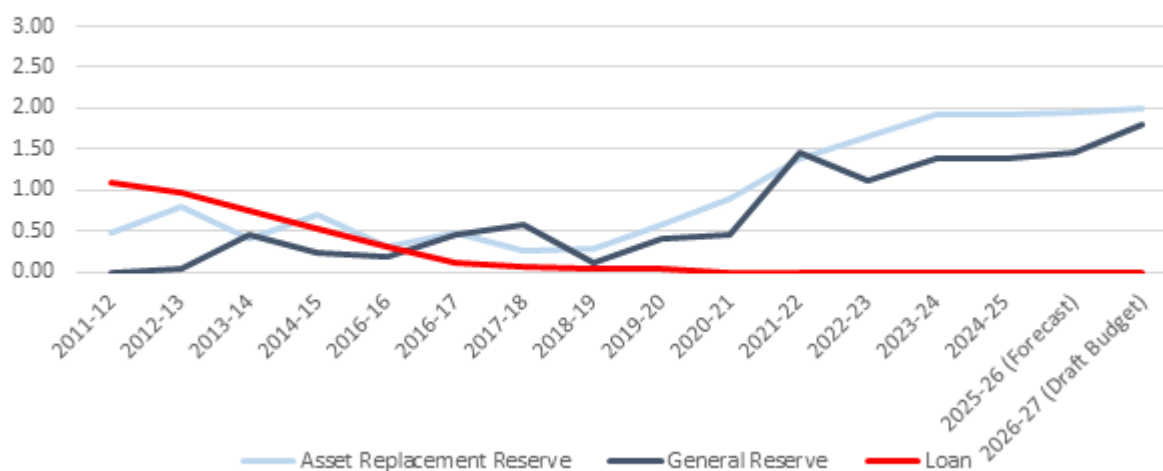
* SLRSP - Safe Local Roads and Streets Program

** QTP – Queenscliffe Tourist Park

Note 1: Includes \$30,000 Maternal and Child Health building refurbishment.

Borrowings vs Key Reserve Funds

Borrowings vs key reserve funds (\$'million)





Financial policy statement (Financial sustainability indicators)

- Draft budget **meets all financial sustainability indicators** identified in the Council Plan.

Key extracts from the draft budget are provided in an attachment.

RECOMMENDATION

That the Audit & Risk Committee notes the update provided and provides feedback on the 2026–2027 Draft Budget.

Attachments

1. Draft Budget 2026-27 ARC [**10.2.1** - 100 pages]

10.3. Property, Plant, Equipment, and Infrastructure Assets - Fair Value Assessments

Presenter: Manager Finance & ICT Services

Discussion

VAGO recommended the following actions for the Audit & Risk Committees of all 79 Councils in Victoria in its report to Parliament on the audit of local government entities for the 2022–2023 financial year.

“Asset valuations - Audit & Risk Committee oversight

We recommend that Audit & Risk Committees:

- prior to balance date, review the finance team’s accounting paper
- after balance date and at the time of reviewing the draft financial report:
 - determine whether there have been any changes to circumstances that would indicate that key assumptions behind the finance team’s initial advice and key judgements no longer hold true
 - assess the reasonableness of the valuation and fair value assessment outcomes.
- update their annual work plan to include the above tasks.”



The position paper provided as an attachment to this agenda item, outline the approach Council will adopt to assess whether a material difference exists between the carrying amount and the fair value of its physical assets as at 30 June 2026, in accordance with the relevant accounting standards.

RECOMMENDATION

That the Audit & Risk Committee notes the update provided by Council officers, with respect to the fair value assessment of Property, Plant, Equipment, and Infrastructure assets for the 2025–2026 financial year.

Attachments

1. FV 30 June 2026 Position paper April ARC [**10.3.1** - 6 pages]

10.4. Significant changes to accounting policies, standards and reporting requirements

Presenter: Manager Finance & ICT Services

Discussion

A summary of changes that may impact the Local Government reporting requirements are summarised below.

Changes to Accounting Standards (AASB)

Standard	Core Requirement	Impact on BoQ
AASB 2023-5 Amendments – Lack of Exchangeability	Assess and disclose when foreign currency exchangeability is restricted	Not applicable
AASB 2024-4 Amendments – Effective Date Changes to AASB 10 & 128	Defers equity accounting-related amendments to AASB 10 & 128	Not applicable
AASB 2026-1 Disclosures About Uncertainties in	Expanded disclosures about uncertainty and estimation	No impact, BoQ already provides sufficient disclosures



Standard	Core Requirement	Impact on BoQ
the Financial Statements		regarding uncertainties,
AASB S2 – Climate-related Disclosures.	<p>AASB S2 requires entities to disclose information about:</p> <ul style="list-style-type: none"> • Climate-related risks and opportunities that could affect cash flows, access to finance, or cost of capital • Governance over climate risks • Strategy and financial impacts • Risk management processes • Metrics and targets, including Scope 1, Scope 2, and Scope 3 emissions 	<p>Not applicable,</p> <p>AASB S2 is a mandatory climate-related financial disclosure standard that applies only to entities captured under the Corporations Act 2001, such as large public and private corporations.</p>
AASB 17 – Insurance Contracts (Public Sector) – Effective 2026–27	Introduces a new measurement model for insurance liabilities in the public sector.	Not applicable

Overall, it is not expected that the standards applying to the local government sector in 2025-2026 will have any significant impact on council annual report disclosures or accounting policies.

Local Government Performance Reporting Framework (LGPRF)

There were no significant changes to the LGPRF reporting requirements for the 2025–2026 financial year.

The LGPRF undergoes a comprehensive review every three years. In 2024, with the support of the Minister for Local Government and the Local Government Performance Reporting Steering Committee (LGPRSC), Local Government Victoria (LGV) completed a review of the framework.



This review has resulted in several significant changes to reporting requirements, which will take effect from the 2026–2027 financial year onwards. BoQ has undertaken an initial assessment of these new requirements and considers that existing data sources will be sufficient to meet the revised reporting obligations, although the process may require additional effort and time from Council staff.

Accounting Policies

There have been no changes anticipated for accounting policies in the 2025-2026 year.

RECOMMENDATION

That the Audit & Risk committee notes the update provided.

Attachments

Nil

11. Chief Executive Officer update

11.1. Chief Executive Officer Update

Presenter: Chief Executive Officer

Discussion

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

- Planned Service Review
- Finance Committee (three independent members appointed)

RECOMMENDATION

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

Attachments

Nil



12. Information to Note

12.1. Other Information to Note

Presenter: Manager Finance & ICT Services

Discussion

The following additional information is attached for the Audit & Risk Committee's reference.

- Credit Cards Transactions – Chief Executive Officer, 1 July 2025 to 31 December 2025 (recommendations from the Victorian Auditor-General's Office following the Performance Audit on Fraud and Corruption Control in Local Government)
- Expense reimbursement, Councillors and all members of delegated Committees (note: Council does not have any delegated committees)
 - Local Government Inspectorate (LGI) guidance requires councils to publicly report councillor expenses in their annual reports, and Council has met this obligation by including the required information in the 2024–25 Annual Report.
 - In addition, Requirements of the Local Government Act 2020 (Section 40), A Council must provide details of all reimbursements under this section to the Audit and Risk Committee.
 - Due to an administrative oversight, the councillor expense reimbursement details for the 2024–25 financial year were not presented at the September Audit & Risk Committee meeting. Details for the 2024-25 financial year is provided as an attachment to this agenda item.
- Summary of investment of term deposits
- RSD Industry Update Report - Q3 FY26 - Local Government
- VAGO status report - Local Government update

RECOMMENDATION



That the Audit & Risk Committee notes the information provided.

Attachments

1. CEO Credit Card Transactions 1 July 2025 to 31 December 2025 [**12.1.1** - 1 page]
2. Reimbursement of expenses of Councillors [**12.1.2** - 1 page]
3. Summary of investment of term deposits [**12.1.3** - 1 page]
4. RSD Industry Update Report - Q 3 F Y 26 - Local Government [**12.1.4** - 13 pages]
5. VAGO - LG status report - March 2026 [**12.1.5** - 13 pages]

13. Audit & Risk Committee

13.1. Report to Council

Presenter: Chair ARC

Discussion

The report from the Audit & Risk Committee to Council, covering the first six (6) months of the 2025 –2026 financial year was included in the Chief Executive Officer's Report to Council and tabled at the January 2026 Ordinary Meeting of Council.

RECOMMENDATION

That the Audit & Risk Committee notes the update provided.

Attachments

Nil

13.2. Audit & Risk Committee independent membership

Presenter: HR & Governance Coordinator

Council appointed all four independent members of the Audit & Risk Committee at its Ordinary Meeting on 25 October 2023 for a three-year term expiring on 25 October 2026.



The Audit & Risk Committee's Charter allows for an independent member to be re-appointed without public advertisement for a maximum of one additional three-year term.

In preparation for the October 2026 expiration of the appointment term of independent members, officers are planning to bring a report to the 26 August 2026 Ordinary Meeting of Council. The Council Report at that time is not seeking to make any appointments; it is a report to provide the options available to Council in anticipation of the appointments and provides enough time for public advertisement to occur (if that is the decision of Council). The actual appointment recommendation will be via a separate (confidential) report to be presented at the October 2026 Ordinary Meeting of Council.

The options that will be presented to Council in August 2026 are:

- Reappoint all four independent members for one further term without public advertisement;
- Appoint four independent members following public advertisement of all four positions; and
- Reappoint two independent members for one further term without public advertisement, and appoint two independent members following public advertisement of two positions.

The officer recommendation will be that Council reappoint two independent members for one further term without public advertisement, and appoint two independent members following public advertisement of two positions.

The rationale behind the officer recommendation is that it was an anomaly in 2023 that all four positions were advertised. The practice had been that the independent member terms rotated every three years with two positions being re-appointed without advertisement and two positions appointed following public advertisement. This allowed for both continuity of independent membership as well as opportunity for new membership (and allowing sitting members to re-apply).

Officers note that the June 2026 meeting of the Audit & Risk Committee will provide opportunity for the independent members to give feedback regarding the pending appointment process.



RECOMMENDATION

That the Audit & Risk Committee notes the officer comments regarding the pending expiration of the terms of the four independent Committee members.

Attachments

Nil

14. General Business

14.1. General Business

The Chair will call for General Business items:

RECOMMENDATION

That the Audit & Risk Committee notes general business items.

15. Meetings Schedule

15.1. Meeting Schedule

Background

Audit & Risk Committee meetings are scheduled to occur at least one week prior to an Ordinary Council Meeting, in order for the Minutes of the Audit & Risk Committee meeting to be finalised and included in the Agenda for the Ordinary Council Meeting, for acceptance by Council.

All meetings of the Audit & Risk Committee will commence at 3:00pm (in-camera session at 2:30pm).

The September meeting of the Audit & Risk Committee each year is for the specific purpose of reviewing the draft financial statements and recommending that Council consider adoption of the financial statements, in principle, at its Ordinary Council Meeting in September.



Audit & Risk Committee Meeting
Monday 20 April 2026
Monday 15 June 2026
Monday 14 September 2026
Monday 7 December 2026

RECOMMENDATION

That the Audit & Risk Committee notes the proposed meeting schedule.

16. Close of Meeting

The meeting will be declared closed.