



Ararat Rural City



Ararat Rural City

MINUTES

Audit and Risk Committee

Tuesday 05 December 2023

Location: Mayors Room,
59 Vincent St, Ararat

Commenced at 1:00 pm

Audit and Risk Committee:

Cr Bob Sanders (Mayor)

Cr Jo Armstrong

Ms Jessica Adler

Mr Robert Tommasini

Mr Ryan Schischka

In attendance:

Dr Tim Harrison

Mr Bradley Ead

Ms Karissa Hogan

Mrs Chandra Willmott

Ms Josie Frawley

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SECTION 1 – PROCEDURAL MATTERS

1.1 APOLOGIES

There are no apologies.

1.2 DECLARATION OF DISCLOSURE OF INTERESTS

Disclosure of Interests are to be made immediately prior to any relevant item being discussed.

1.3 CONFIRMATION OF MINUTES

**MOVED ROBERT TOMMASINI
SECONDED JESSICA ADLER**

That the Minutes of the Internal Audit and Risk Committee Meeting held on 05 September 2023 were received.

CARRIED

2.1 CEO UPDATE – CONFIDENTIAL

The CEO’s report will be provided verbally to the Audit & Risk Committee members, as agreed upon at the September 2023 meeting.

Note: The CEO’s report is to now be provided as a written report – to ensure we are able to track progress and can refer back to it for future meetings.

Fraud & Corruption section to be included in each CEO’s update report moving forward.

RECOMMENDATION

That the CEO’s report be received.

OUTCOME

That the CEO’s report was received.

NOTED

ATTACHMENTS

There are no attachments in relation to this item.

3.1 REVIEW THE ANNUAL FINANCIAL REPORT AND ANNUAL PERFORMANCE STATEMENT

3.1 FINANCIAL STATEMENTS AND PERFORMANCE STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

EXECUTIVE SUMMARY

The financial statements and performance indicators have been prepared for the period ended 30 September 2023.

Based on the information provided by responsible officers and managers Council’s overall financial performance is in line with budget.

This report was presented to the 28 November 2023 Council Meeting.

DISCUSSION

Council must establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management.

Key Financial information:

Income Statement (Attachment 1)

The Income Statement measures how well Council has performed from an operating nature. It reports revenues and expenditure from the activities and functions undertaken, with the net effect being a surplus or deficit. Capital expenditure is excluded from this statement, as it is reflected in the Balance Sheet.

Attachment 1 shows that Council generated \$18.699 million in revenue and \$8.756 million in expenses to 30 September 2023. This has resulted in an operating surplus of \$9.943 million for the three months ended 30 September 2023.

Income

Rates and charges account for 63% of the total budgeted income for 2023/24. Rates and charges are recognised when the rates have been raised, not when the income has been received. An amount of \$17.333 million has been recognised as income for the three months ended 30 September 2023.

User fees account for 5% of the total budgeted income for 2023/24 and \$0.517 million has been received to 30 September 2023. The majority of this relates to transfer station fees, fitness centre income and commercial waste management charges.

Recurrent Operating Grants total \$0.351 million to 30 September 2023, including \$0.050 million from the Victorian Local Government Grants Commission for general purpose grants and \$0.032 million for the local roads grants.

Non-recurrent Operating Grants total \$0.248 million to 30 September 2023. Council has been successful in obtaining several grants that had not been budgeted for, as detailed in the table below. The amounts shown as unearned income will be treated as income in future accounting periods once the performance obligations of the grant have been met.

	Budget 2022/23 \$'000	Income 2022/23 \$'000	Unearned Income \$'000
Non-Recurrent Operating Grants			

New Arrivals Settlement Program	-	44	-
Pilot Coordination Grampians Workforce	-	50	-
Ararat Housing Transition	-	-	300
Digital Twin Victoria	-	-	954
Free Public WiFi Services	-	-	1,149
Rural Roads Support Program	-	-	56
Supported Playgroups	63	16	-
Power our Future!! Tatyoon Recreation Reserve	-	20	-
Natural Disaster Relief	-	24	-
Planning & Data Development	-	93	-
Other Minor Grants (under \$30,000)	6	1	20
	69	248	2,479

Non-recurrent Capital Grants have not been received in the three months to 30 September 2023, as detailed in the table below. The amounts shown as unearned income will be treated as income in future accounting periods once the performance obligations of the grant have been met.

	Budget 2022/23 \$'000	Income 2022/23 \$'000	Unearned Income \$'000
Non-Recurrent Capital Grants			
Ararat East Development Zone Trunk Infrastructure Project	-	-	419
Ararat Regional Playgrounds All Abilities Redevelopment	-	-	922
	0	0	1,341

Note

It is important to note the following:

1. The Grants Operating (recurrent) figure in the Original Budget was \$7.677 million and in the Current Budget is recorded as \$0.191 million, as \$7.426 million was paid to Council in 2022/23 by the Victorian Local Government Grants Commission (VLGGC) for the 2023/24 financial year. Council has still received the expected VLGGC income, to be spent in 2023/24, however it will be reported over two financial years. Council also received \$0.060 million funding in advance for the Municipal Emergency Response Plan which has also been adjusted in the current budget.
2. Unearned revenue received in prior years has been adjusted between the Original Budget and Current Budget with an additional \$2.593 million for Grants Operating (non-recurrent), \$0.056 million for Grants Capital (recurrent) and \$0.419 million for Grants Capital (non-recurrent) included in the Current Budget on the assumption that each of the grant projects will be completed during the 2023/24 financial year.
3. These changes in the budget, plus the note reported under expenses, create a change in the reported surplus position from a projected surplus of \$1.296 million to a deficit of \$6.812 million for 2023/24. The year-end variance is a deficit of \$0.107 million when the actual year to date expenses are compared to the year to date budget.

Expenses

Employee Costs account for approximately 41% of the total budgeted expenditure for 2023/24. For the three months ended 30 September 2023 Council has incurred \$2.809 million in employee costs.

Materials and Services account for approximately 29% of the total budgeted expenditure for 2023/24. For the three months ended 30 September 2023, Council has incurred \$3.492 million in materials and services costs. There are a number of projects, including those carried forward from 2022/23 that are expected to be completed before the end of the financial year.

Note

It is important to note the following:

There has been an increase in expenditure on materials and services from \$8.035 million in the Original Budget to \$11.555 million in the Current Budget for 2023/24. This has resulted from a carry forward amount of \$3.520 million from the 2022/23 financial year surplus and unspent grant funds which will be used for additional activity in 2023/24. Additionally, there has been an increase of \$0.170 million in employee costs from \$11.134 million in the Original Budget to \$11,304 million in the Current Budget with some grant-funded projects requiring additional staffing to meet the requirements of the grant.

Balance Sheet (Attachment 2)

The Balance Sheet is one of the main financial statements and reports Council’s assets, liabilities and equity at a given date, in this case 30 September 2023. Comparative figures have been provided as at 30 June 2023.

Council’s current assets have increased by \$9.980 million from \$24.057 million as at 30 June 2023 to \$34.037 million as at 30 September 2023. Cash and cash equivalents have decreased by \$5.398 million from \$11.457 million to \$6.059 million, as \$8.000 million has been transferred to a term deposit with a six-month maturity period and is now classified as a financial asset. Trade and other receivables have increased by \$15.364 million from \$4.509 million as at 30 September 2022 to \$19.873 million as at 30 September 2023.

Total liabilities have increased from \$8.596 million in 2022/23 to \$9.407 million in 2023/24. Trade and other payables have decreased by \$0.218 million and trust funds and deposits have increased by \$0.256 million. Unearned income/revenue increased by \$0.808 million, and includes grants received by Council, where in accordance with accounting standards they are held as a liability until grant-related performance obligations have been met.

Statement of Cash Flows (Attachment 3)

The Statement of Cash Flows shows how changes in the Statement of Financial Position and Income Statement affect Cash and Cash Equivalents, and breaks down the analysis to operating activities, investing activities and financing activities.

The Cash and Cash Equivalents at the beginning of the financial year of \$11.457 million have decreased by \$5.445 million to \$6.012 million as at 30 September 2023. However, part of the decrease is due to \$8.000 million being transferred to a term deposit which is now classified as a financial asset, and no longer included in cash and cash equivalents.

Net cash of \$2.238 million was used in operating activities, \$3.132 million was used in investing activities, and \$0.075 million was used in financing activities.

Investing activities includes payments for property, plant and equipment, and infrastructure.

Financial Performance Indicators (Attachment 4)

The Local Government Performance Reporting Framework requires Councils to report various performance indicators at the end of each financial year.

A full list of financial performance indicators is included in Attachment 4.

Indicator	30/6/2023	30/9/2023
<i>Working capital</i>	322%	411%

<p><i>Measure - Current assets compared to current liabilities.</i> Expected values in accordance with the Local Government Performance Reporting Framework 100% to 400% Indicator of the broad objective that sufficient working capital is available to pay bills as and when they fall due. High or increasing level of working capital suggests an improvement in liquidity</p>		
<p>Loans and borrowings <i>Measure - Loans and borrowings compared to rates.</i> Expected values in accordance with the Local Government Performance Reporting Framework – 0% to 70% Indicator of the broad objective that the level of interest-bearing loans and borrowings should be appropriate to the size and nature of a council’s activities. Low or decreasing level of loans and borrowings suggests an improvement in the capacity to meet long term obligations</p>	7.07%	6.85%
<p>Indebtedness <i>Measure - Non-current liabilities compared to own source revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 2% to 70% Indicator of the broad objective that the level of long-term liabilities should be appropriate to the size and nature of a Council’s activities. Low or decreasing level of long-term liabilities suggests an improvement in the capacity to meet long term obligations</p>	5.47%	6.19%
<p>Rates concentration <i>Measure - Rates compared to adjusted underlying revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 30% to 80% Indicator of the broad objective that revenue should be generated from a range of sources. High or increasing range of revenue sources suggests an improvement in stability</p>	51.46%	92.70%
<p>Expenditure level <i>Measure - Expenses per property assessment</i> Expected values in accordance with the Local Government Performance Reporting Framework \$2,000 to \$10,000 Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of expenditure suggests an improvement in organisational efficiency</p>	\$4,616	\$1,191
<p>Indicator - Revenue level <i>Measure - Average residential rate per residential property assessment</i> Expected values in accordance with the Local Government Performance Reporting Framework - \$700 to \$2,000 Indicator of the broad objective that resources should be used efficiently in the delivery of services. Low or decreasing level of rates suggests an improvement in organisational efficiency</p>	\$2,006	\$2,005
<p>Indicator – Percentage of total rates collected The internal audit conducted in 2019 on Rates Revenue and Rate Debtor Management found no routine or regular reporting of large and long outstanding rates debtors. The outstanding Rates Debtors is reported in the Annual Financial report. As at 30 September 2023 the outstanding Rates Debtors totalled \$16.649 million compared to \$1.955 million as at 30 June 2023, an increase of \$14.694 million. In</p>	90.2%	14.9%

percentage terms 14.9% of the rates raised have been collected at 30 September 2023 compared to 13.8% up to 30 September 2022. Outstanding rates are currently charged 10% interest. Council issues approximately 7,900 rate notices. In 2023/24 there are 2,640 assessments paying by instalments compared with 2,843 assessments in 2022/23.		
Indicator – Asset Renewal & Upgrade <i>Measure - Asset renewal & Upgrade compared to depreciation</i> Expected range in accordance with the Local Government Performance Reporting Framework – 40% to 130% Assessment of whether council assets are being renewed or upgraded as planned. It compares the rate of spending on existing assets through renewing, restoring, replacing or upgrading existing assets with depreciation. Ratios higher than 1.0 indicate there is a lesser risk of insufficient spending on Council’s asset base.	90.93%	103.49%

The Local Government Performance Reporting Framework provides “Expected ranges” for each indicator. The framework has been developed to consider results at the end of the financial year so some results during the year are outside the expected range due to the timing of receipts and payments.

Explanations are provided in Attachment 4 for those indicators that are outside the “expected ranges”.

KEY CONSIDERATIONS

Alignment to Council Plan Strategic Objectives

6 Strong and Effective Governance

We will work hard to build models of governance that place delivering public value at the centre through effective financial management; well measured risk management; and implementation of effective community engagement practices

6.1 Deliver responsible budget outcomes, linked to strategy, that deliver value, innovation, and rating fairness

Budget Implications

Council’s financial performance is in line with expectations. Council’s cash position was expected to reduce in the first quarter to pay for the outstanding accounts at year end.

Policy/Relevant Law

Section 97 – Quarterly Budget Report of the Local Government Act 2020 states:

- 1 As soon as practicable after the end of each quarter of the financial year, the Chief Executive Officer must ensure that a quarterly budget report is presented to the Council at a Council meeting which is open to the public.
- 2 A quarterly budget report must include—
 - (a) a comparison of the actual and budgeted results to date; and
 - (b) an explanation of any material variations; and
 - (c) any other matters prescribed by the regulations.
- 3 In addition, the second quarterly report of a financial year must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

Sustainability Implications

This report does not raise any sustainability implications.

Risk Assessment

Council is required to establish and maintain a budgeting and reporting framework that is consistent with the principles of sound management and this report assists Council in meeting that requirement.

Innovation and Continuous Improvement

The content of the Quarterly report is continually reviewed to ensure meaningful data is provided.

Stakeholder Collaboration and Community Engagement

Council's financial performance reports are published quarterly.

RECOMMENDATION

That the Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 30 September 2023 be received

OUTCOME

That the Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 30 September 2023 was received.

NOTED

ATTACHMENTS

The Draft Financial Statements and Draft Performance Statements are included as Attachment 3.1

SECTION 4 – INTERNAL CONTROLS

4.1 REVIEW THE ADEQUACY AND EFFECTIVENESS OF KEY POLICIES, SYSTEMS AND CONTROLS FOR PROVIDING A SOUND INTERNAL CONTROL ENVIRONMENT

4.1.1 COUNCIL POLICY REVIEW UPDATE

OFFICER DIRECT OR INDIRECT CONFLICT OF INTEREST:

Officers providing advice to Council must disclose any conflict of interest.

No person involved in the preparation of this report has a conflict of interest requiring disclosure.

BACKGROUND

Council policies are reviewed on an ongoing policy and procedure review process.

This report outlines the several Administrative and Council policies which have been reviewed.

DISCUSSION

Council has committed to reviewing policies through a review process to ensure that all Council policies meet legislative requirements and established internal processes

All Council policies are accessible to Councillors, Audit and Risk Committee and staff through Council’s website.

The table below provides a list of the policies that are overdue for review. These policies will be review and out for consultation between the December 2023 Audit & Risk Committee meeting and the March 2024 meeting, and will be reviewed since September 2022, noting the main changes made to the documents.

Copies of the policies listed below can be provided to you via email, in order for you to add your contributions.

Administrative/ Council	Policy Title	Last Reviewed and Adopted	Next review
Council	Asset Management Policy	15 February 2011	January 2025
Council	Council especnse and Support Policy	21 July 2020	July 2022
Council	Election Period 2020 Policy	25 August 2020	October 2023
Council	Faud and Corruption Policy	16 March 2021	February 2023
Council	Risk Management Policy	28 February 2022	June 2023
Administration	Occupational Health and Safety Policy	19 January 2021	November 2022
Administration	Risk Management Framework	28 June 2022	June 2023
Administration	Vehicle Policy	14 September 2021	September 2023

RECOMMENDATION

That the Council Policy Review Update be received.

OUTCOME

That the Council Policy Review Update be received.

NOTED

ATTACHMENTS

Copy of the policy register is provided as Attachment 4.1.1

Note: Fraud & Corruption Plan & Policy will be reviewed in August 2024 – during the internal audit

Action: Business Continuity Plan to be presented to the March 2024 Audit & Risk Committee meeting

4.2 PRESENTATION OF POWER BI- COUNCIL DASHBOARD

The Councillor Dashboard was presented by Melanie Roberts – Organisational Transformation.

SECTION 5- RISK MANAGEMENT

5.1 REVIEW COUNCIL’S RISK PROFILE AND THE CHANGES OCCURRING IN THE PROFILE

5.1.1 STRATEGIC RISK REGISTER REVIEW AND RISK REGISTER PROGRAM UPDATE

BACKGROUND

Council’s Strategic Risk Register is reviewed by the Chief Executive Officer on a regular basis and is presented to the Audit and Risk Committee.

DISCUSSION

The Chief Executive Officer ensures that strategic risks are identified and assessed, treatment options are prioritized and implemented, actions are assigned, and performance is monitored and reviewed.

A revised Strategic Risk Register was presented to the Audit and Risk Committee on the 1 March 2022 which identified review dates for each of the risk identified in the Strategic Risk Register that was going to be conducted over a 12-month period. Due to a change in personnel in the Risk Management role and the development of a new Risk Management program these reviews were not conducted as scheduled and have revised the review dates as:

February 2024	Fraud and Corruption; Cyber Attack	July 2024	Legislative Compliance
March 2024	Asset Management	August 2024	Business Continuity
April 2024	Workforce planning	September 2024	Procurement; and Emergency Management
May 2024	Waste Management; and Occupational Health and Safety	October 2024	Financial Sustainability
June 2024	IT Infrastructure	November 2024	Strategic Leadership and Advocacy
July 2024	Governance	December 2024	Climate Change; and Records Management

The new Risk Program is still being developed. A first prototype was developed and trialed to understand the workings and issues identified are currently being worked on including the reporting capabilities. This program is being designed through Microsoft Power Apps and the reporting through Power BI.

Once the Risk Program is operational, the Governance and Risk Lead will work with Service owners to review the operational risks and set ongoing review dates. The below table outlines the timeframe for each of these reviews to take place over the next 6 months and training for key service providers in using the system.

Month	Service Area
February	Local Laws, Municipal Building Services, Planning, Environmental Health, Environmental Management and Sustainability
March	Depot, Waste management, Contracts and Procurement, Finance, Property Rates and Valuation,
April	Design and Project Management, Information Technology, Asset Management, Records Management, Graphic Information Systems,
May	Maternal & Child Health, Occupational Health and Safety, Library Service, Events, Human Resource, Customer Services

June	Art Gallery / TAMA, Sport and recreation, Tourism, Town Hall, Media and Communications, Economic Development
July	Risk Management, Governance, Emergency Management, Insurance Management

RECOMMENDATION

That the Strategic Risk Review and Update Report be received.

OUTCOME

That the Strategic Risk Review and Update Report was received.

NOTED

ATTACHMENTS

The Strategic Risk Register is provided as Attachment 5.1.1

Risk, Incident and OHS System.

Council is developing a risk, incident and OH&S system, utilising mature technology platforms within Microsoft M365.

The solution will comprise of three key fundamental design pillars.

- Risk and Incident data entry interface - Using Microsoft Power Apps the platform will be available for all council employees to use on both PC and mobile platforms allowing staff on the go to identify log and submit risks and incidents including capturing images.
- Risk and Incident reporting interface - Using Microsoft Power Bi the reporting dashboard will facilitate reporting to occur at all levels facilitating drill down mechanics for a more granular view of specific risks right up to rolled up visualisations and metrics across risk and incident categories.
- Risk and Incident workflow and automation mechanics - Using Microsoft Power Automate the sophistication of how risks and incidents are processed including elements such as alerting services, approvals, notifications are all programmed and processed using rules that ensure alignment to council policy and risk framework.

The data captured by the system will all be hosted within Councils Microsoft Azure Data Lake ensuring legislative compliance to onshore data requirements and proven security around information that has the potential to contain personal information. Council will continue development of the system in 2022 with expected system release in early 2023.



SECTION 6- FRAUD PREVENTION

Nil.

SECTION 7- INTERNAL AUDIT

7.1 MONITOR ACTION BY MANAGEMENT ON INTERNAL AUDIT FINDINGS AND RECOMMENDATIONS

7.1.1 INTERNAL AUDIT- AUDIT REVIEW OUTCOMES UPDATE

BACKGROUND

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. Council has reviewed the recommendations made by the Internal Auditor in relation to the internal audit reviews and these are presented as an attachment to this report.

DISCUSSION

An Audit Review Outcomes Action Plan was developed to capture the recommendations highlighted in the various internal audits conducted by AFS.

The Audit Review Outcome Action Plan lists the recommendations and subsequent outcomes and projected completion dates.

RECOMMENDATION

The Audit Review Outcomes Update report be received.

OUTCOME

The Audit Review Outcomes Update report was received.

NOTED

ATTACHMENTS

The Audit Review Outcomes Update report is included as Attachment 7.1.1.

Note: Spreadsheet to be circulated with the agenda to allow enough time for the committee to review the actions.

7.2 STRATEGIC INTERNAL AUDIT PROGRAM STATUS UPDATE

BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. This report outlines the audit program that AFS has undertaken over the past three years.

DISCUSSION

AFS & Associates have provided the current status of the Internal Audit Program.

The Review of forward Internal Audit Program was marked complete as of November 2023.

The recommendations that have been accepted by management, from all the recently complete audits. Recommendations from the following audits will be presented at the March 2024 Audit & Risk Committee meeting:

- Procurement
- Review of forward Internal Audit Program
- Services Performance – measuring, reporting, and monitoring

RECOMMENDATION

The Strategic Internal Audit Program Status Update report be received.

OUTCOME

The Strategic Internal Audit Program Status Update report was received.

NOTED

ATTACHMENTS

The Strategic Internal Audit Program Status Update report is provided as Attachment 7.2

Action: Brad Ead to circulate the Procurement Audit report to committee members

7.3 INTERNAL AUDIT – MATERNAL HEALTH & CHILD CARE

BACKGROUND

AFS & Associates are Council’s Internal Auditors and have recently conducted an audit on Ararat Rural City Councils Maternal Health & Child Care department.

DISCUSSION

The objective of the review was to of this internal audit was to ensure risks are identified surrounding this function and internal controls are established and applied to appropriately prevent adverse events or respond to them to minimise any associated consequences.

The audit concluded there were 4 areas of strength and 5 areas rated as minor risks. The definition of a minor risk is low likelihood and/or consequence – attention within 12 months.

Not all recommendations suggested to management have been agreed to, of the 12 recommendations, 8 were agreed to. An update on the progress of the agreed to action items will be provided at the March 2024 Audit & Risk Committee meeting.

RECOMMENDATION

That the Maternal Health & Child Care report be received.

OUTCOME

That the Maternal Health & Child Care report was received.

NOTED

ATTACHMENTS

The AFS & Associates Audit of the Maternal Health & Child Care report is provided as Attachment 7.3.

Action: Include recommendations from the Maternal Health & Child Care Audit report into the action’s spreadsheet. Items that were not agreed to do not have to be included in the spreadsheet.

Ensure that wording such as “as above” and “finding tool” in recommendations is clarified throughout the spreadsheet.

7.4 INTERNAL AUDIT- PERFORMANCE SELF ASSESSMENT

BACKGROUND

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. The self-assessment survey was distributed to Audit & Risk Committee members in October 2023.

DISCUSSION

The self-assessment was distributed to the four members of the Audit & Risk Committee, all four members responded. The aim of this assessment was to self-assess the Committee's performance against ARCC Audit & Risk Committee Charter.

The overall average response score from Audit & Risk Committee members on a scale of 1 to 6 was 5.08, comparing to 2021: 5.12. Based upon the lowest scores in the survey and comments for improvement for Audit & Risk Committee members, suggestions for improvement exist around the Audit & Risk Committee reviewing the following:

- Q9 – overseeing risk areas and controls through the Fraud Control Plan or equivalent and any fraud awareness programmes (4.25)
- Q6 – reviewing and monitoring the Council's Risk Management Framework and risk profile, including risk appetite statements as set by Council (4.50)
- Q7 – determining the level and suitability of the Business Continuity and Disaster Recovery Planning (4.50)
- Q10 – keeping up to date with any actual or suspected instances of fraud and corruption (4.75)
- Q18 – reviewing Council's approach to compliance, including review of any reported non-compliances (4.75)
- Q19 – reviewing processes for monitoring compliance with Council's Employee Code of Conduct by employees and contractors (4.50)
- Q22 – monitoring and evaluating ARC performance (4.75)

RECOMMENDATION

That the AFS & Associates November 2023 Self-Assessment report be received.

OUTCOME

That the AFS & Associates November 2023 Self-Assessment report be received.

NOTED

ATTACHMENTS

2023 Audit & Risk Committee Self-Assessment Survey results report is provided as 7.4.



SECTION 8- EXTERNAL AUDIT

8.1. QUARTERLY REVIEW VICTORIAN AUDITOR GENERAL'S OFFICE (VAGO) REPORTS TO ASSESS THE IMPACTS ON COUNCIL

Nil.

8.2 EXTERNAL AUDIT – PROTECTIVE DATA SECURITY PLAN INSIGHTS REPORT - ARARAT RURAL CITY COUNCIL

BACKGROUND

The Protective Data Security Plan Insights report was distributed to Council in June 2023. The report provides insights drawn from the 2022 PDSP submissions. It compares data from the 2020 submissions that were made by Council.

DISCUSSION

Please find attached Ararat Rural City Council's 2022 Protective Data Security Plan (**PDSP**) Insights Report.

This report reflects the organisation's two most recent PDSP submissions with a comparative analysis of the average response across the Whole of Victorian Government and sectors (where applicable).

To develop your PDSP Insights Report, the Information Security Unit (**ISU**) conducted quantitative and qualitative analysis of all submissions.

This report provides an opportunity for broader discussion across the organisation (including any relevant third parties – such as the Audit & Risk Committee) on the status of your information security.

RECOMMENDATION

That the Protective Data Security Plan Insights Report be received.

OUTCOME

That the Protective Data Security Plan Insights Report was received.

NOTED

ATTACHMENTS

The Protective Data Security Plan Insights report is provided as Attachment 8.2.

Action: IT Audit presented to the March 2024 Audit & Risk Committee meeting.
Report to identify high risk areas of IT.

SECTION 9- COMPLIANCE

Nil

SECTION 10- GENERAL BUSINESS

10.1 INDUSTRY UPDATE- RECENT REPORTS AND PUBLICATIONS OF INTEREST

BACKGROUND

AFS & Associates (AFS) are Council's Internal Auditors. AFS have provided an Industry Update report to be included in the agenda. The Industry Update report lists recent reports and publications that may be of interest to Ararat Rural City Council.

DISCUSSION

The Industry Update report lists 16 recent articles and reports, covering a range of different topics from sources such as: IBAC, IIA, and VAGO etc.

RECOMMENDATION

That the Industry Update report be received.

OUTCOME

That the Industry Update report was received.

NOTED

ATTACHMENTS

The Industry Update report is provided as Attachment 10.1.

SECTION 11 – FUTURE MEETINGS

11.1 FUTURE MEETING DATES

Future meetings of the Audit and Risk Committee are scheduled as follows:

- Tuesday 5 March 2024 1pm
- Tuesday 4 June 2024 1pm
- Tuesday 3 September 2024 1pm
- Tuesday 3 December 2024 1pm

Action: Send meeting invitations to the Audit & Committee members for the above meeting dates

Final Management Letter – recommendation that was disagreed to, is to be included in the spreadsheet

SECTION 12- NEXT MEETING/CHARTER ITEMS

December 2023		
Ref. from Charter		
5.6	Review the appropriateness of the format and content of periodic management financial reports and performance statements	3.1
5.7	Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment*	4.1
5.8	Determine whether systems and controls are reviewed regularly and updated where required*	Nil
5.9	Annual review of significant changes to key systems and consider impact of changes on Council's risk profile	5.1.1
5.14	Review Council's risk profile and the changes occurring in the profile	5.1.1
5.23	Quarterly report to review progress on delivery of annual internal audit plan	7.2
5.24	Quarterly review and approve proposed scopes in the annual internal audit plan	7.2
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews	7.3
5.27	Monitor action by management on internal audit findings and recommendations	7.1
5.33	Quarterly review to ensure that managements responses to any external audit findings are acted upon in a timely manner	7.1.1
5.34	Quarterly review Victorian Auditor General's Office (VAGO) reports to assess the impacts on Council	Nil
5.35	Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them	Nil
7	Annual performance evaluation	7.4

NEXT MEETING- MARCH 2024

March 2024	
Ref. from Charter	
5.10	Annual review to ensure that a program is in place to test compliance with systems and controls
5.11	Assess whether the control environment is consistent with Council's Governance Principles
5.14	Review Council's risk profile and the changes occurring in the profile
5.17	Review the approach to business continuity planning framework
5.18	Annually review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs
5.21	Review the Internal Audit Charter regularly
5.22	Review and approve the strategic internal audit plan, the annual internal audit plan
5.23	Quarterly report to review progress on delivery of annual internal audit plan
5.24	Quarterly review and approve proposed scopes in the annual internal audit plan
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews
5.27	Monitor action by management on internal audit findings and recommendations
5.31	Annually review and approve the external audit scope and plan proposed by the external auditor
5.33	Quarterly review to ensure that managements responses to any external audit findings are acted upon in a timely manner
5.34	Quarterly review Victorian Auditor General's Office (VAGO) reports to assess the impacts on Council
5.37	Review the systems and processes implemented by Council to monitor compliance with legislation and regulations. Management to report any instances of non-compliance

5.38	Annually review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code
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Action: Include presentation of risk register at the March 2024 Audit & Risk Committee meeting

The meeting closed at 2:47pm.