



Rural City of
Wangaratta

Minutes

For the Audit and Risk Committee Meeting
Warby Room, Municipal Offices
62-68 Ovens Street, Wangaratta **5 December 2023**
3pm

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1. Welcome

We acknowledged the traditional owners of the land on which we met. We paid our respects to their Elders past, present and emerging and to Elders from other communities who may have been here today.

2. Present/Absent/Apologies

COMMITTEE MEMBERS PRESENT

Chairperson Mr Vito Giudice (virtually)
Member Mr Matt Fagence
Member Ms Jane Watson

COUNCILLORS PRESENT

Cr Jack Herry

AUDITORS PRESENT

Brad Ead – Internal Audit (virtually)

STAFF MEMBERS PRESENT

Brendan McGrath – Chief Executive Officer
Sarah Brindley – Director Corporate and Leisure
Andrew Lovett – Interim Manager Finance and Corporate Planning and Governance Specialist
Zoe Giglio – Executive Assistant Corporate and Leisure (virtually)

APOLOGIES

Cr. Dean Rees
Member Mr Gavan Nolan
Danielle Mackenzie – External Audit Crowe

3. Confirmation of Minutes

A motion that the Audit and Risk Committee read and confirmed the Minutes of the Audit and Risk Special Committee Meeting on 19 September 2023 as a true and accurate record of the proceedings of the meeting was moved by Independent Member Jane Watson and Independent Member Matt Fagence and CARRIED.

4. Conflict of Interest Disclosure

In accordance with sections 53 and 131 of the Local Government Act 2020 a member who has a conflict of interest in respect of a matter must disclose the conflict of interest in the manner required by the Council's Governance Rules and comply with the procedures specified in the Governance Rules.

Nil conflicts of interest were disclosed.

5. Reports

5.1 CEO, Strategic & Emerging Risks report

The Strategic Risk Register (**Attachment 1**) was reviewed by senior management and was attached for reference.

AFS and Associates provided an industry update (**Attachment 2**).

An update on an ongoing legal matter was included (**Attachment 3**) - see Confidential Attachments) and whilst there were no current, reportable compliance investigations involving Council that apply this quarter, an update was provided below regarding council's breach in meeting LGPRF reporting deadlines this year for transparency.

A motion that the Audit & Risk Committee noted the CEO, Strategic and Emerging Risks report was moved by Cr Jack Herry and Independent Member Matt Fagence and CARRIED.

Discussion

- *Council Management advised:*
 - *The seasonal outlook is hot and dry therefore fire risk is likely to be high. Relevant council officers have undertaken training for Municipal Emergency Management Officers (MEMO's) and Municipal Recovery Managers (MRM's).*
 - *Capital improvements have been made to the Wangaratta Showgrounds to increase its capacity as a regional relief space in the event of an emergency.*
 - *Council has noticed improvements in recruiting in the number and quality of candidates for various roles.*
 - *Enterprise Bargaining Agreement has been approved by Fairwork and implementation is underway.*
- **Independent Member Jane questioned Council management on bushfire preparedness and if more funding was available would Council be more proactive?** *Council management responded bushfire funding isn't as much of an issue. If Council was to receive funding for floods for example, additional work would be done on levees, drainage and physical infrastructure for protection of assets whereas in the bushfire space it's around annual proactive work that is done regardless i.e. maintenance of grassed areas Council is responsible for, staff trained for an opening of an incident control centre and work with local committees for places of last resort. Council also has its risk-based inspection program in process for urban properties (doesn't apply to rural communities) based on location and length of grass combustible materials.*
- **Councillor Jack Herry asked what visibility does Council have on the use of Artificial Intelligence and have we got any concerns around that?** *Management responded that there is no current visibility on that, however it has been included in the Terms of Reference for the upcoming information management audit for 2024.*
- *The committee discussed the letter from Minister regarding the missed LGPRF deadline and general frustration at the earlier deadline. Several Council's struggled to meet the deadline due to a lack of resources and VAGO also experienced resourcing issues. Council management commented it was frustrating that Council missed the deadline given prior year*

deadlines being later, however will work on this for next year and publish its results on the website.

5.2 Working with vulnerable people risk presentation

The Manager Community Services presented to the committee a summary of how Council works with Vulnerable people and associated risk mitigation strategies.

A motion that the Audit & Risk Committee noted the Working with vulnerable people risk presentation within the enclosed presentation report was moved by Independent Member Jane Watson and Cr. Jack Herry and CARRIED.

Discussion

- *Discussion occurred amongst Committee members regarding the Vulnerable Persons Register that is primary for police to use in an emergency. Council undertakes a 6 monthly update of the register ensuring the information is current and up to date by checking in with the Aged and Community Care Team. Primary Care Providers can populate and add people on to the register noting consent must be obtained from the person. The information is managed by those agencies. Suggestion was made to check in with Children's Services whether there are vulnerable families that could be added to the register. Discussion centred around linguistically diverse communities and how they are captured in the register. Council works with Northeast Multicultural Association. Additionally, a program through Gateway Health exists that covers the Ovens and Murray area called the Ovens and Murray Regional Area Partnership (OMRAP) that specifically works with these communities.*
- **Cr. Jack Herry enquired how confident are we with the extended maternal child health service percentage of participation rates is this something we can track given our SEIFA scores?** Management responded that Council is notified of every birth noting it doesn't capture people moving to the area which is harder to track.

5.3 OHS Roadmap and Prioritisation

This report was presented to the Audit & Risk Committee and provided a brief on the proposed OHS Roadmap and prioritised actions resulting from the recommendations of the Occupational Health and Safety (OHS) Healthcheck conducted for the Rural City of Wangaratta by BL Management Consultants.

A motion that the Audit & Risk Committee noted the findings of the independent OHS Healthcheck, receives the OHS Roadmap and prioritisation summary within the enclosed presentation and provides any feedback or advice was moved by Cr Jack Herry and Independent Member Jane Watson and CARRIED.

Discussion

- *Chairperson Vito requested a report for noting to future Audit and Risk Committee meetings on the monitoring and progression on this item.*

Action

- *Executive management monthly minutes to be attached to future Audit and Risk Committee agendas to form part of regular reporting for noting.*

5.4 Public Interest Disclosure Policy Compliance Analysis

Under section 54(2)(a) of the *Local Government Act 2020* (Vic), Council's Audit and Risk Committee must have had oversight over Council's policies to ensure each policy satisfies the key principles of the *Local Government Act 2020* (Vic), including the overarching governance principles, any associated Regulations or Ministerial Directions. A compliance analysis of Council's Public Interest Disclosure Policy 2023 had been conducted and the results followed.

Recommendation:

A motion that the Audit & Risk Committee noted the Public Interest Disclosure Policy Compliance Analysis was moved by Independent Member Jane Watson and Cr. Jack Herry and CARRIED.

Discussion

- *Chairperson Vito suggested for consistency to articulate the roles and responsibilities various committees have in section 4 of the policy and similarly in the risk policy framework for further clarity.*

5.5 Committee Action Items and Annual Work Plan

This report provided the newly consolidated audit action status update, as requested by the Committee.

A motion that the Audit & Risk Committee noted the exceptions to the Committee's Annual Work Plan; and notes the completion and closure of audit actions 85, 119, 126, 140, 141, 142, 182, 183, 184, 185, 188 and accepts the extension of deadlines for actions 69, 106, 107, 121, 154 was moved by Independent Member Jane Watson and Cr Jack Herry and CARRIED.

Discussion

- ***Independent Member Jane Watson enquired in relation to the overdue Business Continuity Disaster Recovery Audit – what has happened with this item?*** *The Corporate Governance and Planning specialist advised that the training material had been developed and ready to roll out across the organisation through the Learning Management System. Due to the Learning and Development Advisor leaving the organisation, we've been unable to progress any further. We are waiting on a new advisor to be appointed or alternatively we will train relevant people through the Governance team.*
- *Chairperson Vito commented on the Terms of Reference for the committee and asked how often a review is undertaken and if it was required be reflected in the workplan. Corporate Planning and Governance Specialist to investigate and advise.*

5.6 Internal Audit Program

Council's internal auditor AFS and Associates sent through the updated internal audit program and was considered by the Committee (**Attachment 1**). This included upcoming audits on Data Analytics – Payroll and Asset Management.

A motion that the Audit & Risk Committee endorsed the updated internal audit program was moved by Independent Member Jane Watson and Independent Member Matt Fagence and CARRIED.

Discussion

- *Discussion was held on the previous update provided to the committee from the Manager Customer Service and Digital Transformation services on the cyber security training program and PEN testing completed within the organisation.*

Action

- *Recommendation from Chairperson Vito to include IT controls and Cyber Security PEN testing as part of internal audit work program.*

5.7 Data Analytics - Supplier Payments Internal Audit Final Report

This report was presented to the Audit and Risk Committee and noted the findings presented in the final report of the Project Management Internal Audit conducted by Council's internal auditors AFS and Associates.

A motion that the Audit & Risk Committee noted the findings and actions arisen in the Data Analytics – Supplier Payments Internal Audit Final Report was moved by Independent Member Jane Watson and Independent Member Matt Fagence and CARRIED.

Discussion

- *Discussion from the Committee occurred on the internal audit and findings. Council management responded and acknowledged that the migration of data to the cloud-based system during the time of the audit added to the challenge of meeting the supplying the relevant data on time. All items have been added into audit action tracker to monitor. Since the completion of the audit, the Finance team have made significant improvements in controls have been noted already. By the next audit meeting we are confident we will be able to close some more of those items.*
- *Independent member Jane Watson noted some concern around Suppliers and reimbursement of staff for GST purposes. Management advised that employee reimbursements had been split out of that process, acknowledging more work will need to be done.*
- **Independent Member Jane Watson asked does the Audit and Risk Committee see any Procurement reporting?** *Management responded, there is no reporting currently to the Audit and Risk meeting, however recently a suite of Procurement reporting has been*

developed for our executive management team. Cr Herry added that Councillors do see reports for procurement that has been undertaken through delegation.

- **Independent Member Matt Fagence enquired in relation to the payment of the business owned by a council employee. Are Council comfortable on the probity processes that were used for the selection of their business to undertake council business and were conflicts of interest considered?** Internal auditor Brad Ead responded no probity of the procurement was investigated for this case.

Action

- Undertake a follow up audit on past issues audit to confirm recommendations implemented or addressed June / July 2024 work with the internal auditor offline and e-mail around a proposed audit date.
- Provide Procurement reporting to next ARC meeting on progress with audit actions and key supplier metrics. Provide assurance regarding past payment to employee that appropriate probity procurement processes in place.

5.8 Past Issues Internal Audit - Final Report

This report was presented to the Audit and Risk Committee and noted the findings presented in the Past Issues Review – Final Report.

A motion that the Audit & Risk Committee noted the finding for the past issues review internal audit report was moved by Independent Member Matt Fagence and Jane Watson and CARRIED.

5.9 2022/23 Management Letter & External Audit Action Status

The Final Management Letter (**Attachment 1**) had been finalised since the last committee meeting noting:

- Resolution of three prior period issues
- Carry over of three prior period issues
- Three new items to be added to the audit actions register

A motion that the Audit & Risk Committee noted the 2022/2023 Final Management Letter and External Audit Actions Status was moved by Independent Member Jane Watson and Independent Member Matt Fagence and CARRIED.

5.10 Annual Committee Performance Assessment - Results

This report was presented to the Audit and Risk Committee who reviewed the results of the Annual Committee Performance Assessment survey.

This assessment was conducted by a survey which was circulated to members of the Committee separately.

A motion that the Audit & Risk Committee noted the results of the Annual Performance Assessment was moved by Independent Member Matt Fagence and Independent Member Jane Watson and CARRIED.

Discussion

- *The committee outlined suggestions moving forward for the future Audit and Risk meetings and future reporting considerations.*

Action

- *Corporate Planning and Governance Specialist to meet with Chairperson Vito offline to finalise actions and deadlines.*

5.11 2024 Annual Work Program and Meeting Schedule

This report was presented to the Audit and Risk Committee to adopt the proposed 2024 Audit and Risk Committee Annual Work Plan and Meeting Schedule.

A motion that the Audit & Risk Committee endorsed the proposed 2024 Audit and Risk Committee Annual Work Plan; advised on any operational areas they would like to receive future 'risk presentations' on; and endorsed the proposed meeting schedule for 2024 was moved by Independent Member Matt Fagence and Cr. Jack Herry and CARRIED.

Action

- *Risk presentation topics to be incorporated into the 2024 workplan included Procurement to be scheduled for the first meeting in March 2024, followed by Cyber security, PEN testing updates and Climate Change.*
- *ARC Charter to be added to the workplan with Terms of Reference to be reviewed and adopted by August 2024.*
- *Reschedule meeting scheduled for December 2024 to alternative date.*

5.12 Quarter 1 Finance Report and Aged Debtor Status

This report was presented to the Audit and Risk Committee and provided an update of Council's year to date financial performance and projected full year financial position.

A motion that the Audit & Risk Committee received and noted the :

1. 2023/24 Quarter 1 Forecast Review, including:
 - a. The decrease to accounting surplus by \$584k to \$9.64m;
 - b. The increase to capital works expenditure by \$2.97m to \$35.43m.

2. The status of Aged Debtors as at 30 September 2023 was moved by Independent Member Jane Watson and Independent Member Matt Fagence and CARRIED.

5.13 Councillor and CEO expenses

Councillor reimbursements had been made for appropriate purposes in accordance with Council policy.

CEO credit card expenditure had been made for appropriate purposes.

A motion that the Audit & Risk Committee noted the Councillor and CEO expenses report was moved by Independent Member Jane Watson and Independent Member Matt Fagence and CARRIED.

Discussion

- *Director Sarah Brindley advised the committee that following the November Scheduled Council meeting, Councillor Dean Rees had been re-elected for a final term as Mayor and Councillor Harvey Benton had been appointed as Deputy Mayor.*
- *Discussion followed on Councillor training and consideration of a training program. Council management advised that a training budget allocation has been available for councillors to access as part of their training.*

5.14 Council Plan Performance - Quarter 1 (2023-24)

This report was to present the quarter 1 Council Plan Strategic Indicators and Actions update for 2023/24.

A motion that the Audit & Risk Committee noted the Council Plan Performance Quarter 1 2023-24 report was moved by Independent Member Matt Fagence and Cr. Jack Herry and CARRIED.

5.15 Risk Management Policy and Framework and Operational Risk Register

This report was presented to the Audit and Risk Committee and presented a revised Risk Management Policy and Risk Policy Framework for recommendation to Council endorsement and a summary of Council's Operational Risk Register.

A motion that the Audit & Risk Committee held over a decision on the Risk Management Framework and Risk Management Policy and recommended the Policy's presentation to Council for formal endorsement; and noted the Operational Risk Register update was moved by Independent Member Jane Watson and Independent Member Matt Fagence and CARRIED.

Action

- *Chairperson Vito provided additional commentary to council officers.*

6. Other Business

On behalf of the Audit and Risk Committee Vito thanked outgoing Audit and Risk Committee Member Councillor Harry Bussell for his services to the Audit and Risk Committee.

7. Next Meeting

Tuesday 5, March 2024.

8. Closure of Meeting

The meeting closed at 5:05pm.