



Rural City of
Wangaratta

Minutes

For the Audit and Risk Committee Meeting
Council Chambers Municipal Offices
62-68 Ovens Street, Wangaratta **5 December 2024**

1. Welcome

The traditional owners of the land on which we met were acknowledged and respects were paid to Elders past, present and emerging and to Elders from other communities who may have been present at the meeting.

2. Present/Absent/Apologies

Committee Members

Mr Vito Giudice (chairperson) (virtual)
Mr Wilson Tang
Mr Matt Fagence (virtual)
Ms Jane Watson (virtual)

Councillors

Cr. Harvey Benton

Auditors

Brad Ead - Internal Audit
Dannielle Mackenzie – External Audit (virtual)

Staff Members

Brendan McGrath – Chief Executive Officer
Sarah Brindley – Director Corporate and Leisure
Andrew Lovett – Corporate Planning and Governance Specialist
Andrew Scoffern – Governance and Reporting Advisor

Apologies

Cr. Irene Grant

3. Confirmation of Minutes

A motion that the Audit and Risk Committee read and confirm the minutes of the Audit and Risk Committee Meeting for the Special Meeting on 17 September 2024 as a true and accurate record of the meeting was moved by Independent Member Matt Fagence and seconded by Independent Member Wilson Tang 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.

It was NOTED that no disclosures were made.

5. Reports

5.1 Climate Change Risk Management Presentation

The Environment and Sustainability Coordinator presented to the Audit and Risk Committee on how Council manages its climate change obligations and the risks associated with climate change.

A motion that the Audit and Risk Committee note the Climate Change Risk Management Presentation December 2024 was moved by Independent Member Jane Watson and seconded by Independent Member Matt Fagence and CARRIED.

Discussion

Independent Member Vito Giudice asked if Council had a wider Environmental Social Governance (ESG) strategy and noted that there has been an increase in organisations, including councils, having ESG strategies in effect. The Environment and Sustainability Coordinator confirmed that there is no wider ESG at this stage, only an Environment and Sustainability Strategy. It was noted that Council management should be aware that having an ESG in effect may be mandated at some point.

Independent Member Jane Watson and External Auditor Brad Ead noted that although there is a lot of work that needs to be done in this space, funding and cost shifting remain key issues. There is no sector specific guidance on this area but councils are proactively working to minimise the risks that arise from ESG matters.

5.2 Cybersecurity and Penetration Testing - December 2024 Update

The Manager Customer, Digital & Transformation Services presented an update to the Committee on the Cybersecurity Internal Penetration Test Summary and a motion that the Audit and Risk Committee noted the attached Cyber Security Internal Penetration Remediation Program update was moved by Independent Member Matt Fagence and seconded by Independent Member Wilson Tang and CARRIED.

5.3 Fraud Management Presentation

The Corporate Planning & Governance Specialist presented an update to the Audit and Risk Committee on Council's Fraud and Corruption risk management and a motion that the Audit and Risk Committee note this presentation was moved by Independent Member Jane Wilson and seconded by Councillor Harvey Benton and CARRIED.

Discussion

Independent Member Matt Fagence asked how fraud and corruption training is being received across the organisation and if there is a genuine interest or desire to actively engage with the content. The Corporate Planning and Governance Specialist indicated that the governance team contextualises the training and makes it specific to each business area and provide case study

examples to make the content more relatable. The training has resulted in greater reporting across the organisation, particularly in the gifts and conflict of interest declarations.

Council's governance intranet site provides information on public interest disclosures, conflict of interest, gift declarations and fraud and corruption in basic English.

5.4 CEO, Strategic, Emerging and Industry Risks Report

The purpose of the CEO Strategic, Emerging and Industry Risk report was to assist the Audit and Risk Committee to monitor Council's risk exposure, including the status of strategic and emerging risks, industry risks, major lawsuits and compliance investigations. A motion that the Audit and Risk Committee noted the report was moved by Councillor Harvey Benton and seconded by Independent Member Wilson Tang and CARRIED.

Discussion

The Audit and Risk Committee requested a report on financial sustainability to be bought back at a future meeting.

Independent Member Vito Giudice still had discomfort on whether the strategic risks are being managed within appetite and requested that an additional column be included to explain whether the risk is within risk appetite levels and a rationale for this determination. Current commentary of why a risk is increasing / decreasing is not sufficient and management to consider an approach in the future of capturing this information in the Strategic Risk Register, perhaps in an adjacent column.

The Audit and Risk Committee also flagged that the accuracy of risk 4 – information management risk should be considered as a result of the cybersecurity and artificial intelligence increase as noted in an earlier report.

Actions

Action 1: A sample of some of the operational risks to be presented bi-annually as a separate attachment in this report

Action 2: The Corporate Planning and Governance Specialist to have a look at the risk register and to discuss an approach with the Chairperson of the Audit and Risk Committee.

Action 3: Provide the financial sustainability report to the Audit and Risk Committee.

5.5 Committee Action Items and Annual Work Plan

This report was presented to the Audit and Risk Committee to review the status of the Committee Annual Work Plan and monitor outstanding Audit and Risk Committee, internal and external audit action items. A motion that the Audit and Risk Committee noted the report was moved Independent Member Jane Watson and seconded by Independent Member Matt Fagence and CARRIED.

Discussion

Independent Member Wilson Tang questioned whether we needed to have an external sight over the overdue policy audit action given the complexity and breadth of services. The Corporate Planning and Governance Specialist confirmed that the governance team was managing this action by auditing each business area to determine policies that are in effect and not in Council's policy register.

Independent Member Vito Giudice also questioned the depth and granularity of the OHS actions as presented to the Committee.

Actions

Action 4: A scaled back, summarised version of these actions to be presented at future committee meetings.

5.6 Internal Audit Program and Status Update

A motion that the Audit and Risk Committee note the updated internal audit program and status update was moved by Independent Matt Fagence and seconded by Independent Member Wilson Tang and CARRIED.

5.7 Strategic Internal Audit Program

A motion that the Audit and Risk Committee endorse the updated strategic internal audit program was moved by Independent Member Matt Fagence and seconded by Independent Member Wilson Tang and CARRIED.

Internal Auditor Brad Ead explained that the Strategic Internal Audit Program is a static program and is designed to be flexible to satisfy any areas that the Audit and Risk Committee, Council or Council management consider require attention.

Independent Member Wilson Tang queried whether the proposed child safety audit was in response to any concerns or purely an assessment on the 12 Child Safe Standards. Council management confirmed that as Council has recently undertaken a lot of work in this area, this is purely an independent, third party review to determine any blind spots or areas of further improvement.

Independent Member Matt Fagence stated that although comfortable with the proposed Strategic Internal Audit Program, with a new Council in place, they should have oversight on the program, particularly new Councillors.

The Audit and Risk Committee noted that there were very few financial audits in the first year of plan but the Director Corporate and Leisure responded by explaining that given the significant number of audits in this area in the past couple of years and given the IT uplift in the program, the preference was to have other areas of the business prioritised.

5.8 Data Analytics Payroll Internal Audit - Final Report and 5.9 Data Mining – Accounts Payable and Procurement

A motion that the Audit and Risk Committee note the findings and actions arising in the Data Analytics - Payroll Internal Audit Final Report, note the findings of the Data Mining – Accounts Payable and Procurement Final Report and note the findings presented in the Road Asset Management Internal Audit – Final Report was moved by Councillor Harvey Benton and seconded by Independent Member Matt Fagence and CARRIED.

Discussion

Internal Auditor Brad Ead stated the main area of focus was the hygiene of where some Council staff had multiple positions and the potential of this creating fraud risk and Council management confirmed that the actions arising from the audit in relation to this risk were already complete.

Independent Member Wilson Tang questioned the accuracy of the excessive leave balances recommendation and the implementation of this action. Council management confirmed that there has been much progress in this area in the past 18 to 24 months but risks remain and continue to be monitored.

5.10 Road Asset Management Internal Audit - Final Report

Discussion

Internal Auditor Brad Ead noted that there was little evidence of intervention levels being demonstrably met and this created a risk of greater levels of litigation pertaining to injuries and damage to vehicles. Council is benchmarking lower than other councils in road asset management maintenance.

Council management noted that despite these findings, technology has been improved in recent times and this has helped mitigate these risks. Council expects a significant improvement in the next 6 to 12 months in this area.

Actions

Action 5: Director Community and Infrastructure to present on progress of findings regarding this audit at a future meeting.

5.11 2023/24 Management Letter & External Audit Action Status

The Final Management Letter was finalised since the last Audit and Risk Committee meeting, noting the resolution of five prior period issues and the addition of five new items to the audit actions register.

A motion that the Audit and Risk Committee notes the 2023/2024 Final Management Letter and External Audit Actions Status was moved by Independent Member Matt Fagence and seconded by Independent Member Jane Watson and CARRIED

5.12 Quarter 1 Finance Report and Aged Debtors Status

This Finance Report and Aged Debtors was presented to the Audit and Risk Committee to provide an update of Council's Quarter 1, 2024/2025 financial performance and projected full year financial position.

A motion that the Audit and Risk Committee:

- received and noted the 2024/2025 Quarter 1 Forecast Review, including the decrease in the projected full year accounting surplus by \$485k to \$13.42m and the increase in capital works expenditure by \$1.55m; and
- Received and noted the status of Aged Debtors as 30 September 2024

was moved by Councillor Harvey Benton and seconded by Independent Member Matt Fagence and CARRIED.

5.13 Corporate Card Review

This report was presented to the Audit and Risk Committee to note the findings of the Corporate Card Review. A corporate card dashboard has been created to monitor and report, on a bi-annual basis, compliance with some high-risk components of the Corporate Card Policy ('the Policy').

A motion that the Audit and Risk Committee noted the findings of the Corporate Card Review was moved by Independent Member Matt Fagence and seconded by Independent Member Wilson Tang and CARRIED.

Discussion

Independent Member Wilson Tang noted that incomplete transactions were still quite high and if there were any identifiable root causes. Council management noted that finance working with relevant stakeholders to ensure these transactions are complete. Finance has begun cancelling cards for repeat offenders and have worked with Council's financial institution to find a real time solution to 'zero out cards' for repeat offenders.

The Audit and Risk Committee noted that Council management had to work on communicating with repeat offenders and working on changing the culture of these offenders.

5.14 Mayor, Councillor and CEO expenses

A motion that the Audit and Risk Committee noted the report was moved by Independent Member Matt Fagence and seconded by Independent Member Wilson Tang and CARRIED.

5.15 Council Plan Performance - Quarter 1 (July - September 2024)

This report was presented to provide the Quarter 1 2024/25 Council Plan Strategic Indicators and Actions update for 2024/25 as required under the *Local Government Act 2020* (Vic). A motion that the Audit & Risk Committee noted the report was moved by Independent Member Jane Watson and seconded by Independent Member Matt Fagence and CARRIED

5.16 Update on Annual Committee Performance Assessment - Results

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

A motion that the Audit and Risk Committee noted the results of the Annual Performance Assessment and has determined independent members will perform an additional Annual Committee Performance Assessment Survey was moved by Independent Member Matt Fagence and seconded by Councillor Harvey Benton and CARRIED.

Discussion

The Committee questioned whether management could provide some feedback on the success or otherwise of the Audit and Risk Committee and any areas for improvement or strength.

Actions

Action 6: Council management to organise a further survey performance assessment.

5.17 2025 Annual Work Program and Meeting Schedule

This report is presented to the Audit and Risk Committee to adopt the proposed 2025 Audit and Risk Committee Annual Work Plan and Meeting Schedule. A motion that the Audit and Risk Committee endorse the proposed 2025 Audit and Risk Committee Annual Work Plan, consider any specific policy compliance analyses for inclusion in the Annual Work Plan, advise on any operational areas they would like to receive future risk presentations and endorse the proposed meeting schedule for 2025 was moved by Independent Member Matt Fagence and seconded by Independent Member Wilson Tang and CARRIED.

Discussion

The Audit and Risk Committee would like the Child Safety Policy presented and considered by the Committee before the proposed internal audit (including reportable conduct).

The Audit and Risk Committee also indicated a desire to have an artificial intelligence operational risk report, alongside an update on the accompanying policy, presented in 2025.

Actions

Action 7: Council management to present the Child Safety Policy to the Audit and Risk Committee.

The meeting closed at 5:09pm.

Action Tracker

	13 September 2023 CMT	<ul style="list-style-type: none"> Council to undertake an audit of all existing council policies and procedures to determine policies that are missing and no longer required. 	Andrew Scoffern	Open	Work has commenced with this action but has not been high priority. Governance is expecting to complete this action and present a report to that affect to CMT for closure in the first quarter of 2025.
20240806-03	5.5 CEO, Strategic, Emerging and Industry Risks	<ul style="list-style-type: none"> Corporate Governance and Planning Advisor to review residual risks with risk appetite with Council management and develop a report for the next meeting. 	Andrew Lovett	Open	This has not progressed due to resource constraint.
5 December 2024	5.4 CEO, Strategic, Emerging and Industry Risks	<ul style="list-style-type: none"> A sample of some of the operational risks to be presented bi-annually as a separate attachment in this report 	Andrew Lovett/Andrew Scoffern	New	
5 December 2024	5.4 CEO, Strategic, Emerging and Industry Risks	<ul style="list-style-type: none"> The Corporate Planning and Governance Specialist to have a look at the Register and to discuss an approach with the chairperson of the Committee 	Andrew Lovett	New	
5 December 2024	5.4 CEO, Strategic Emerging and Industry Risks Report	<ul style="list-style-type: none"> Provide the financial sustainability report to the Audit and Risk Committee 	Anthea Sloan	New	
5 December 2024	5.5 Committee Actions and Work Plan	<ul style="list-style-type: none"> A scaled back OHS actions summary to be presented at future ARC meetings 	Zoe Giglio	New	
5 December 2024	5.10 Road Asset Management Internal Audit	<ul style="list-style-type: none"> The Director Community and Infrastructure to present an update on the actions and findings of this audit at a future meeting. 	Lauren Malins/Marcus Goonan	New	

5 December 2024	5.16 Update on Annual Committee Performance Assessment - Results	<ul style="list-style-type: none">Council management to organise a further survey performance assessment.	Andrew Scoffern	New	
5 December 2024	5.17 2025 Annual Work Program and Meeting Schedule	<ul style="list-style-type: none">Council management to present the Child Safety Policy to the Audit and Risk Committee	Andrew Scoffern	New	