

# Borough of Queenscliffe

## Audit & Risk Committee Meeting

### Minutes

Monday 2 September 2024 at 3:30PM

Wirrng Wirng



**Borough of Queenscliffe**

Queenscliff & Point Lonsdale, Victoria, Australia.



## Community Vision

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

## Our Values

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

## Acknowledgement of Country

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

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

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

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



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## **1. Opening of Meeting**

Richard Davies declared the meeting open at 3:32pm.

## **2. Present & Apologies**

### **Present:**

#### **Committee members**

Cr Ross Ebbels, Mayor  
Cr Donnie Grigau  
Richard Davies (Chair)  
Rebecca Brezzi  
Richard Bull

#### **Auditors**

Paul Harrison, Internal Audit Manager (Internal Audit Provider: RSD Audit)  
Lee Blashki, Manager – Financial Audit (External Auditor: VAGO) (until 4:56pm)  
Xin Yi Choo, Senior Auditor – Financial Audit (External Auditor: VAGO) (until 4:56pm)

#### **Invitees**

Mark Terrill – Cythera Cyber Security (until 4:08pm)

#### **Officers**

Martin Gill, Chief Executive Officer  
Gihan Kohobange, Manager Finance & ICT Services  
Jenni Walker, HR & Governance Coordinator  
Belinda Bennett, HR & Organisational Development Advisor  
Stuart Hansen, Manager Infrastructure & Environment  
Thomas Lindberg, Contracts & Procurement Officer  
Paul O'Leary, Coordinator Business Systems & Transformation (until 4:09pm)

#### **Apologies:**

Cr Michael Grout  
Michael Tehan  
Kathie Teasdale, Engagement Partner (Internal Audit Provider: RSD Audit)



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

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

Independent Members & Councillors: Nil.

Officers: Nil.

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

#### **4.1. Audit & Risk Committee Meeting 11 June 2024**

##### **RESOLUTION**

That the minutes of the Audit & Risk Committee Meeting 11 June 2024, as distributed, be confirmed as an accurate record.

**Moved: Cr Ross Ebbels**

**Seconded: Richard Davies**

**CARRIED**

#### **4.2. Business Arising from Audit & Risk Committee Meeting 11 June 2024**

<b>Item</b>	<b>Action</b>	<b>Status</b>
April 2024 4.2 Business Arising from Audit & Risk Committee Meeting 15 April 2024	A snapshot report on Council's investments (amount and institution) be included as a standing agenda item from now on.	100% complete  An update is provided in this agenda report
April 2024 8.2 Review of Council Policies	CP031 Rates Assistance: include references to Privacy and Data Protection Act 2014 (Vic)	100% complete



	and Council policy, CP010 Information Privacy.	
April 2024 8.5 ICT Security Review	Seek input from RSD Audit (Internal Auditors) before selecting the appropriate consultant for the planned ICT security review.	100% complete  An update is provided in this agenda report

**RESOLUTION**

That the table above be confirmed as an accurate record.

**Moved: Richard Bull**

**Seconded: Richard Davies**

**CARRIED**

**5. ICT Audit**

**5.1. ICT Audit**

**Presenter:** Manager Finance & ICT Services, and external presenter Mark Terrill, Cythera Cyber Security

Mark Terrill from Cythera Cyber Security presented an update to the Committee on the Essential Eight Maturity Assessment and the results of the penetration test conducted by Cythera Cyber Security. He emphasised key areas where the Council should focus in the short to medium term to further strengthen its cybersecurity controls.

The Committee sought clarifications from Mark Terrill on the following:

- The rating process for various strategies and comparisons between risk
- The decision process regarding the 30/60/90 day timing for actions
- Commentary of the differences between say, 'Excellent Strategies' and 'Essential Strategies.'



## RESOLUTION

That the Audit & Risk Committee notes the results and report of the ICT Audit.

**Moved: Richard Bull**

**Seconded: Cr Donnie Grigau**

**CARRIED**

*Mark Terrill, Cythera Cyber Security left the meeting at 4:08pm.*

*Paul O'Leary, Coordinator Business Systems & Transformation left the meeting at 4:09pm.*

## 6. External Audit

### 6.1. External Audit Interim Report 2023-2024 Financial Year

**Presenter:** External Auditor

Lee Blashki, Manager – Financial Audit (External Auditor: Victorian Auditor-General's Office (VAGO)) provided an update on the draft audit closing report. Based on the audit, VAGO expects to conclude that the financial report is presented fairly. They also expect to conclude that the performance statement is presented fairly.

The auditors identified that the GST component was omitted from the commitments disclosure in the financial statements, which should align with the LGV Model 2023-2024 financial statements. The Council has since corrected this disclosure note. Additionally, VAGO has stated a immaterial unadjusted difference in relation to the removal of a contract liability whereby there is no existing performance obligation imposed on the Council.

Lee also provided additional comments on the management letter, which is currently being finalised. It is expected that VAGO will confirm that three of the four previous management letter recommendations made for all 79 councils in Victoria as part of the 2022-23 audit have been successfully resolved. However, VAGO will conclude that there has been a partial resolution regarding the management letter recommendations related to open internal control weaknesses and financial reporting issues. VAGO plans to work with management to better understand the safeguarding controls in place to address the remaining open items.





VAGO complimented Borough Officers on their excellent and efficient work assisting the audit.

The Chair expressed the Committee's gratitude for the VAGO team for their thorough review of Council's financial statements.

## **RESOLUTION**

That the Audit & Risk Committee notes the update provided.

**Moved: Richard Bull**

**Seconded: Richard Davies**

**CARRIED**

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

**Presenter:** Manager Finance & ICT Services

## **RESOLUTION**

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 2023–2024 financial year.

**Moved: Richard Davies**

**Seconded: Richard Bull**

**CARRIED**



## **7.2. Annual Financial Report 2023–2024**

**Presenter:** Manager Finance & ICT Services

Following the presentation that Committee noted the variations in liquidity across financial years due to timing of earlier grant payments.

### **RESOLUTION**

That the Audit & Risk Committee recommends that Council adopt the Annual Financial Report 2023–2024 in principle.

**Moved: Richard Bull**

**Seconded: Richard Davies**

**CARRIED**

## **7.3. Draft Performance Statement 2023–2024**

**Presenter:** Manager Finance & ICT Services

### **RESOLUTION**

That the Audit & Risk Committee recommends that Council adopt the Performance Statement 2023–2024 in principle.

**Moved: Richard Davies**

**Seconded: Richard Bull**

**CARRIED**

## **7.4. Draft Governance and Management Checklist**

**Presenter:** Manager Finance & ICT Services

### **RESOLUTION**

That the Audit & Risk Committee recommends that Council adopt the Governance and Management Checklist 2023–2024.



**Moved: Richard Davies**

**Seconded: Cr Ross Ebbels**

**CARRIED**

## **8. Internal Audit**

### **8.1. Progress on open Audit Recommendations**

**Presenter:** Manager Finance & ICT Services

#### **RESOLUTION**

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

**Moved: Richard Bull**

**Seconded: Cr Ross Ebbels**

**CARRIED**

### **8.2. Internal Audit Review**

**Presenter:** Internal Auditor RSD (represented by Paul Harrison)

#### **RESOLUTION**

That the Audit & Risk Committee notes the update provided.

**Moved: Cr Donnie Grigau**

**Seconded: Richard Davies**

**CARRIED**

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

**Presenter:** Internal Auditor RSD (represented by Paul Harrison)



The Committee discussed the project scope with RSD including whether RSD would be sampling and examining previous engagement projects to assist in their understanding and review of the overall activity.

**Action:** The Committee determined that it would provide several nominated projects for review and these nominations would be provided by the Committee's Councillor representatives to the CEO on behalf of the Committee to be handed on to RSD.

### **RECOMMENDATION**

That the Audit & Risk Committee reviews and provides feedback on the scope of the upcoming internal audit review.

### **RESOLUTION**

1. That the Audit & Risk Committee notes the scope of the upcoming internal audit review.
2. Councillors Grigau, Ebbels and Grout to nominate projects on behalf of the committee and forward to the CEO to be included in the community engagement internal audit.

**Moved: Cr Donnie Grigau**

**Seconded: Richard Bull**

**CARRIED**

## **8.4. Strategic Internal Audit Plan 2025-2027 & Annual Plan 2024-2025**

**Presenter:** RSD Audit

### **RESOLUTION**

That the Audit & Risk Committee notes the update provided regarding the Annual Internal Audit Plan 2023–2024 and reviews and provides feedback on the Strategic Internal Audit Plan 2025–2027, along with the Annual Plan 2024–2025.

**Moved: Richard Davies**

**Seconded: Richard Bull**



**CARRIED**

## **9. Compliance Management**

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

**Presenter:** Manager Finance & ICT Services

#### **RESOLUTION**

That the Audit & Risk Committee notes the update provided.

**Moved: Richard Davies**

**Seconded: Cr Ross Ebbels**

**CARRIED**

### **9.2. Risk & Governance Committee Meetings 2024**

**Presenter:** HR & Governance Coordinator

#### **RESOLUTION**

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

**Moved: Cr Ross Ebbels**

**Seconded: Cr Donnie Grigau**

**CARRIED**

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

### **10.0. Council & Organisational Policies**

#### **10.1. Council Policies adopted by Council**



**Presenter:** HR & Governance Coordinator

## **RESOLUTION**

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

**Moved: Richard Bull**

**Seconded: Richard Davies**

**CARRIED**

## **10.2. Review of Council Policies**

**Presenter:** Manager Finance & ICT Services

### **ACTION**

The draft CP013 Procurement Policy to be circulated to independent members for further review and comment.

To seek feedback, from the internal auditors before presenting the draft policy to Council for approval.

## **RESOLUTION**

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

**Moved: Richard Bull**

**Seconded: Rebecca Brezzi**

**CARRIED**

## **10.3. Strategic Risk Register**

**Presenter:** Manager Finance & ICT Services



## **RESOLUTION**

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

**Moved: Richard Bull**

**Seconded: Richard Davies**

**CARRIED**

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

**Presenter:** HR & Governance Coordinator

## **RESOLUTION**

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

**Moved: Cr Donnie Grigau**

**Seconded: Cr Ross Ebbels**

**CARRIED**

## **10.5. Reports on any instances of unethical behaviour, fraud, corruption & lack of integrity**

**Presenter:** HR & Governance Coordinator

## **RESOLUTION**

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

**Moved: Richard Davies**

**Seconded: Richard Bull**

**CARRIED**



## **10.6. Insurance Arrangements 2024-2025**

**Presenter:** Manager Finance & ICT Services

In response to a query, the Manager Finance and ICT Services confirmed independent members of the Committee are covered under the Borough's **Professional Indemnity Insurance.**

### **RESOLUTION**

That the Audit & Risk Committee notes the 2024–2025 insurance arrangements.

**Moved: Richard Davies**

**Seconded: Richard Bull**

**CARRIED**

## **10.7. Investment in Term Deposits**

**Presenter:** Manager Finance & ICT Services

### **RECOMMENDATION**

That the Audit & Risk Committee notes the update provided and offers feedback on the proposed option.

### **RESOLUTION**

That the Audit & Risk Committee notes the update provided on the proposed option.

**Moved: Richard Bull**

**Seconded: Richard Davies**

**CARRIED**

## **11. Chief Executive Officer Update**

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





**Presenter:** Chief Executive Officer

The Chief Executive Officer provided verbal update about the following matters;

- Successful completion of the CORE project (implementation of new ICT systems across three Councils), marking it as the first Rural Councils Transformation Program (RCTP) funded initiative to reach completion since the program began in 2017–2018;
- Council Election – CEO Roll (The voters’ list of ratepayers prepared by the CEO as required by s 248 of the Local Government Act 2020);
- Councillor Induction – post election;
- Murray Road claim; and
- VAGO’s Reporting on local government performance: follow-up engagement.

## **RESOLUTION**

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

**Moved: Cr Ross Ebbels**

**Seconded: Richard Davies**

**CARRIED**

## **12. Information to Note**

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

#### **Discussion**

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

- Local Government Internal Audit Update – Q4 FY2024 (RSD Audit)
- Reimbursement of expenses of Councillors and members of a delegated committee for 2023–2024 financial year.

## **RESOLUTION**

That the Audit & Risk Committee notes the information provided.



**Moved: Richard Bull**

**Seconded: Richard Davies**

**CARRIED**

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

### **13.1. Self-Assessment**

**Presenter:** Chair ARC

The Committee reviewed the assessment results and noted:

1. We need improved access to advice for independent members;
2. The Charter needs reviewing to improve clarity in some sections;
3. There is good cooperation within the Committee, and improved probing of management;
4. Management's commitment to, and support of the Committee is appreciated.

Note: The Committee noted its thanks to Borough Officers, particularly Jenni Walker, for their assistance with the self-assessment and the quality of the process.

#### **RESOLUTION**

That the Audit & Risk Committee notes and confirms the results of the Annual Assessment.

**Moved: Rebecca Brezzi**

**Seconded: Richard Davies**

**CARRIED**

### **13.2. Report to Council**

**Presenter:** Chair ARC

#### **RESOLUTION**

That the Audit & Risk Committee approves the Committee's report to Council.

**Moved: Cr Ross Ebbels**

**Seconded: Richard Bull**



**CARRIED**

## **14. General Business**

The Chair called for General Business items; none were provided.

## **15. Meetings Schedule**

### **15.1. Meeting Schedule**

The revised schedule change of Audit & Risk Committee meeting from 2 December 2024 to 9 December 2024 was proposed to allow for extended induction timing for new Councillors.

#### **RECOMMENDATION**

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

#### **RESOLUTION**

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

**Moved: Cr Ross Ebbels**

**Seconded: Cr Donnie Grigau**

**CARRIED**

## **16. Close of Meeting**

The Committee noted its appreciation for the contribution and support of Councillors Ebbels, Grigau and Grout to the Audit & Risk Committee, noting that this is the last Committee meeting prior to the 2024 Council election.

Richard Davies declared the meeting closed at 5:56pm.