



Ararat Rural City



Ararat Rural City

MINUTES

Audit and Risk Committee

Tuesday 2 December 2025

Location: CEO's Office,
59 Vincent St, Ararat

Commencing at 1:00 pm

Audit and Risk Committee:

Cr Bob Sanders (Mayor)

Cr Peter Joyce

Ms Jessica Adler

Mr Greg Jakob

Ms Janet Dore

In attendance:

Dr Tim Harrison

Mr Bradley Ead

Mr Ryan Schischka

Ms Karissa Hogan (Apology)

Mrs Chandra Willmott

SECTION 1 – PROCEDURAL MATTERS.....	3
1.1 APOLOGIES	3
1.2 DECLARATION OF DISCLOSURE OF INTERESTS	3
1.3 CONFIRMATION OF MINUTES	3
1.4 CONFIRMATION OF CIRECULAR MOTION	3
SECTION 2- CEO UPDATE.....	4
2.1 CEO UPDATE – CONFIDENTIAL	4
SECTION 3- FINANCE AND PERFORMANCE REPORTING	5
3.1 MONTHLY PERFORMANCE REPORT – ENDING 31 OCTOBER 2025.....	5
SECTION 4 – INTERNAL CONTROLS	11
4.1 COUNCIL POLICY REVIEW UPDATE.....	11
SECTION 5- RISK MANAGEMENT.....	14
5.1 STRATEGIC RISK REGISTER REVIEW AND RISK REGISTER PROGRAM UPDATE	14
SECTION 6- FRAUD PREVENTION	16
SECTION 7- INTERNAL AUDIT	17
7.1 INTERNAL AUDIT – PAST ISSUES REVIEW	17
7.2 INTERNAL AUDIT – STRATEGIC INTERNAL AUDIT PROGRAM STATUS UPATE	18
7.3 INTERNAL AUDIT – DATA ANALYTICS PAYROLL	19
SECTION 8- EXTERNAL AUDIT.....	23
SECTION 9- COMPLIANCE.....	24
9.1 JLT Public Sector –Top Cyber-Security Controls Review 2025	24
SECTION 10- GENERAL BUSINESS	25
10.1 INDUSTRY UPDATE- RECENT REPORTS AND PUBLICATIONS OF INTEREST	25
SECTION 11 – FUTURE MEETINGS	26
11.1 FUTURE MEETING DATES.....	26
SECTION 12- NEXT MEETING/CHARTER ITEMS.....	27

SECTION 1 – PROCEDURAL MATTERS

1.1 APOLOGIES

No apologies

1.2 DECLARATION OF DISCLOSURE OF INTERESTS

Disclosure of Interests are to be made immediately prior to any relevant item being discussed.
Jess Adler has disclosed Board Member of GWM Water

1.3 CONFIRMATION OF MINUTES

RECOMMENDATION

That the Minutes of the Internal Audit and Risk Committee Meeting held on 09 September 2025 be received.

MOVED – Greg Jakobs
SECOND – Janet Dore

That the Minutes of the Internal Audit and Risk Committee Meeting held on 09 September 2025 be received.

1.4 CONFIRMATION OF CIRCULAR MOTION

On the 9 October 2025, a circular motion was put to the Audit and Risk Committee in relation to the Financial Statements and Performance Statement for the Year Ended 30 June 2025.

RECOMMENDATION

That the Audit and Risk Committee recommends:

1. Council authorise Cr Jo Armstrong , Cr Bob Sanders (Audit and Risk Committee Members) and Dr Tim Harrison, Chief Executive Officer to certify the Financial Statements in their final form, and
2. Council authorise Cr Jo Armstrong, Cr Bob Sanders and Dr. Tim Harrison, Chief Executive Officer to certify the Performance Statement in its final form.

MOVED: Greg Jakob
SECOND: Janet Dore

That the Audit and Risk Committee recommends:

3. Council authorise Cr Jo Armstrong , Cr Bob Sanders (Audit and Risk Committee Members) and Dr Tim Harrison, Chief Executive Officer to certify the Financial Statements in their final form, and
4. Council authorise Cr Jo Armstrong, Cr Bob Sanders and Dr. Tim Harrison, Chief Executive Officer to certify the Performance Statement in its final form.

SECTION 2- CEO UPDATE

2.1 CEO UPDATE – **CONFIDENTIAL**

The CEOs report was circulated prior to the meeting

RECOMMENDATION

That the CEO's report be received.

RECEIVED

ATTACHMENTS

CEO Confidential Report provided as Attachment 2.1

SECTION 3- FINANCE AND PERFORMANCE REPORTING

3.1 MONTHLY PERFORMANCE REPORT – ENDING 31 OCTOBER 2025

Aligns with Audit and Risk Committee Charter 5.6: Review the appropriateness of the format and content of periodic management financial reports and performance statements.

EXECUTIVE SUMMARY

The financial statements and performance indicators have been prepared for the period ended 31 October 2025.

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

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 \$21.939 million in revenue and \$12.804 million in expenses to 31 October 2025. This has resulted in an operating surplus of \$9.135 million for the four months ended 31 October 2025.

Income

Rates and charges account for 54% of the total budgeted income for 2025/26. Rates and charges are recognised when the rates have been raised, not when the income has been received. An amount of \$18.095 million has been recognised as income for the four months ended 31 October 2025.

User fees account for 5% of the total budgeted income for 2025/26 and \$0.713 million has been received to 31 October 2025. The majority of this relates to transfer station fees, fitness centre income and commercial waste management charges.

Recurrent Operating Grants total \$1.590 million to 31 October 2025, including \$0.627 million from the Victorian Local Government Grants Commission for general purpose grants and \$0.406 million for the local roads grants.

Non-recurrent Operating Grants total \$1.032 million to 31 October 2025. 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.

Non-Recurrent Operating Grants	Budget 2025/26 \$'000	Income 2025/26 \$'000	Unearned Income \$'000
Ararat Housing Transition	-	-	300
Digital Twin Victoria	-	-	950
Free Public WiFi Services	-	-	1,243
Supported Playgroups	67	23	-
Ararat Rural City Sport, Active Recreation & Open Space Strategy	-	-	36
CALD Outreach Workers Initiative	129	129	-
Tiny Towns Fund - Pomonal Community Hub	-	31	88
Natural Disaster Relief	-	158	-
Council Support Fund – Pomonal Fires	-	-	-
Engage - Youth Events Activities & Happenings	55	55	-
Centenary Park Dog Park	100	8	67
Queen Street Housing Program	-	376	5,320
Ararat Hills Adventure Sports Precinct	-	-	400
Early Career Educators	-	55	48
Ararat Active Bike Network	266	-	-
Ararat City Tennis Sports Lighting and Accessibility	-	-	280
Primary Producer Support Payment	-	125	-
Emergency Services and Volunteers Fund	-	50	-
Other Minor Grants (under \$30,000)	-	22	-
	617	1,032	8,732

Non-recurrent Capital Grants total \$0.176 million to 31 October 2025, 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.

Non-Recurrent Capital Grants	Budget 2025/26 \$'000	Income 2025/26 \$'000	Unearned Income \$'000
Pedestrian Infrastructure Program	-	-	50
Tiny Towns Fund - Buangor Recreation Reserve Pavillion Redevelopment	-	-	25
Tiny Towns Fund - Buangor Cobb & Co Stables	-	29	25
Pony Club Sports Arena	1,490	-	433
Queen Street Housing Program	-	-	1,683
Ararat Library Lighting & Exterior Upgrade	-	32	19
TAC Safe Local Roads and Streets Program	-	27	441
Jack & Jill Kindergarten Upgrade	-	50	25
Other Minor Grants (under \$30,000)	-	38	10
	1,490	176	2,711

Note

It is important to note the following:

1. The Grants Operating (recurrent) figure in the Original Budget was \$8.909 million and in the Current Budget is recorded as \$4.721 million, as \$4.188 million was paid to Council in 2024/25 by the Victorian Local Government Grants Commission (VLGGC) for the 2025/26 financial year. Council has still received the expected VLGGC income, to be spent in 2025/26, however it will be reported over two financial years.
2. Unearned revenue received in prior years has been adjusted between the Original Budget and Current Budget with an additional \$6.659 million for Grants Operating (non-recurrent), \$0.386 million for Grants Capital (recurrent) and \$2.282 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 2025/26 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 \$2.050 million to a surplus of \$3.028 million for 2025/26. The year-end variance is a deficit of \$0.325 million when the actual year to date expenses are compared to the year to date budget.

Expenses

Employee Costs account for approximately 37% of the total budgeted expenditure for 2025/26. For the four months ended 31 October 2025 Council has incurred \$4.461 million in employee costs.

Materials and Services account for approximately 28% of the total budgeted expenditure for 2025/26. For the four months ended 31 October 2025, Council has incurred \$4.305 million in materials and services costs. There are a number of projects, including those carried forward from 2024/25 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 \$9.186 million in the Original Budget to \$13.357 million in the Current Budget for 2025/26. This has resulted from a carry forward amount of \$4.171 million from the 2024/25 financial year surplus and unspent grant funds which will be used to complete the projects in 2025/26.

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 31 October 2025. Comparative figures have been provided as at 30 June 2025.

Council's current assets have increased by \$13.126 million from \$17.978 million as at 30 June 2025 to \$31.104 million as at 31 October 2025. Cash and cash equivalents have increased by \$0.925 million from \$14.841 million to \$15.766 million. Trade and other receivables have increased by \$12.165 million from \$3.066 million as at 30 June 2025 to \$15.231 million as at 31 October 2025.

Total liabilities have increased from \$16.464 million in 2024/25 to \$18.127 million in 2025/26. Trade and other payables have decreased by \$0.686 million and trust funds and deposits have increased by \$0.098 million. Unearned income/revenue increased by \$2.458 million, which 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 \$14.841 million have increased by \$0.925 million to \$15.766 million as at 31 October 2025.

Net cash of \$2.749 million was provided by operating activities, \$1.563 million was used in investing activities, and \$0.261 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	30/6/2025	31/10/2025
Working capital <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	122%	189%
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	0.86%	0.43%
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	7.83%	8.91%
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	49.39%	83.28%

Indicator	30/6/2025	31/10/2025
<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>	\$4,936	\$1,713
<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>	\$2,002	\$2,038
<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 31 October 2025 the outstanding Rates Debtors totalled \$14.277 million compared to \$2.466 million as at 30 June 2025, an increase of \$11.811 million. In percentage terms 31.0% of the rates raised have been collected at 31 October 2025 compared to 21.6% up to 31 October 2024. The increased percentage at 31 October 2025 includes payments totalling \$2.491 million received under the Victorian Government’s Drought Support Package for Primary Producer Support Payments, which represents a 40% rate reduction on farm-rated properties. Outstanding rates are currently charged 10% interest. Council issues approximately 7,900 rate notices. In 2025/26 there are 2,495 assessments paying by instalments compared with 2,653 assessments in 2024/25.</p>	87.8%	31.0%
<p>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.</p>	100.75%	43.98%

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.

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

There are no economic, social or environmental implications in relation to the item

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.

Stakeholder Collaboration and Community Engagement

Council’s financial performance reports will continue to be published monthly.

MOVED Greg Jakob
SECOND Janet Dore

That the Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 October 2025 be received.

ATTACHMENTS

Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 October 2025 are provided as Attachment 3.1

ACTION: Would like to see included the restricted cash rates as well as indicator bars to show where we should be to where the Council currently is. Would like to see spilt in the rates reporting on the four rating groups

SECTION 4 – INTERNAL CONTROLS

4.1 COUNCIL POLICY REVIEW UPDATE

Aligns with Audit and Risk Committee Charter 5.7: Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment

BACKGROUND

Council policies are reviewed on an ongoing and procedure review process.
This report outlines two Administrative and Council Policies which are currently being reviewed.

DISCUSSION

Council has committed to reviewing policies through 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 Microsoft Teams, hard copies in tearooms at the Depot and Municipal Offices and on Council website.

The below table outlines all policies that will be presented to the Audit and Risk Committees as they come up for review.

Council Policy	Due	Audit and Risk Committee
Asset Management Policy	Jan-15	Mar 26
Audit and Risk Committee Charter	Dec 25	Dec 25
Community Engagement Policy	Feb-25	Jun 25
Complaints Handling Policy	Mar-25	Jun 25
Compliance Framework and Policy	Jan 27	Dec 26
Council Expenses and Support Policy	Jul 28	Jun 28
Councillor Code of Conduct	Dec 28	Dec 28
Councillor Gifts Policy	Sept-25	Sept 29
Election Period 2020 Policy	Apr 28	Mar 28
Fraud and Corruption Policy	Dec 25	Dec 25
International and Interstate Travel Policy	Mar-28	Mar 28
Investment Policy	Feb-25	Mar 26
Prevention of Sexual Harassment Policy	Sept-24	Mar 26
Privacy Policy (<i>prev Privacy & Data Protection & Health Records Policy</i>)	Jan-25	Mar 26
Procurement Policy	Jun- 28	Jun 28
Public Transparency Policy	Sept 25	Sept 29
Risk Management Policy	Dec 25	Mar 26
Social Media Policy	Feb 28	Dec 27
Valuation Policy - Major Asset Classes	May-26	Mar-26

Administration Policy		
Conflict of Interest Policy	Nov 28	Sept 28
Corporate Purchase Card Policy	Oct 27	Dec 27
Disposal and Sale of Items at Transfer Station Policy	Mar-26	Mar-26
Disposal and sale of minor assets policy	Sep-25	Mar 26
Equal Employment Opportunity Policy	Mar-26	Mar-26
Equity, Diversity and Inclusion Policy	Nov 28	Sept 28
Essential Safety Measures Policy	Mar-24	Sept 25
Health and Wellbeing Policy	Aug 25	Sept 29
Injury Management Policy	Sep-25	Mar 26
Municipal Emergency Policy	May-25	Jun 25
Occupational Health and Safety Policy	Sept 26	Sep 26
OHS Workplace Emergency Evacuation Policy	Nov-25	Mar 26
Prevention of Sexual Harassment in the Workplace	Aug 25	Sept 28
Public Interest Disclosures Procedure	Oct 25	Mar 26
Risk Management Framework	Dec 25	Mar 26
Staff Code of Conduct	Aug-25	Sep-25
Staff Gift Policy	Sep-25	Sep-25
Staff Grievances Policy	Sept-27	Sep-27
Vehicle Policy	July 25	Mar 26
Workplace Anti-Discrimination & Harassment Policy	Jun 26	Jun 26

There are six policies / plans being presented for review at this meeting which are:

- Staff Code of Conduct
- Staff Gift Policy
- Audit and Risk Committee Charter
- Community Engagement Policy
- Fraud and Corruption Policy and Plan
- Complaints Handling Policy

The table below provides a list of the reviewed policies noting the main changes and a copy of the policies with track changes are attached.

Administrative / Council	Policy Title	Last review and adopted	Current Review Date ready for Adoption	Next Review
Administrative	Staff Code of Conduct	December 2021	December 2025	August 2029
Administrative	Staff Gift Policy	September 2021	December 2025	September 2029
Council	Audit and Risk Committee Charter	18 May 2021	September 2025	September 2029
Council	Community Engagement Policy	21 July 2020	September 2025	September 2029
Council	Fraud and Corruption Policy and Plan	30 April 2024	January 2026	December 2026
Council	Complaints Handling Policy	16 March 2021	January 2026	December 2029

The Staff Code of Conduct is currently out for review. Changes to this policy are minimal with some changes to language, removal or repeats and for the policy to flow better.

The Staff Gift Policy has been reviewed with the main changes were to include the roles and responsibilities of CEO, Officers and managers to report and monitor gifts ARCC giving of gifts externally and the gifts to officers for personal celebrations such as birthdays and anniversaries. Both of these additions were identified in an internal audit as a recommendation.

The Audit and Risk Charter is reviewed annually to identify any changes in the annual work plan. Other than position changes there are no other changes but have put to the Audit and Risk Committee to view and identify any changes necessary.

The Community Engagement Policy has been reviewed and benchmarked against like policies that have been displayed on the Local Government Inspectorate website as model policies. Main changes were in the introduction to use more welcoming language and not to have such a strong legislative tone

The Fraud and Corruption Policy and Plan have been reviewed and the main changes in to incorporate and reference conflicts of interest, risks connected to gifts, benefits and hospitality, increase emergency and cyber fraud as recommended in internal audits. Other changes are to change the language to be more inclusive and position changes.

The Complaints Handling Policy has been reviewed and benchmarked against like policies that has been displayed on the Local Government Inspectorate website as model policies. This policy has had some major changes to the wording to make it more accessible to the general public for use and whilst covering the legislative requirements, reducing the bureaucratic jargon.

RECOMMENDATION

That the Council Policy Review Update be noted.

RECEIVED

ATTACHMENTS

- Draft review of Staff Code of Conduct is attached as Attachment 4.1.1
- Draft review of Staff Gift Policy is attached as Attachment 4.1.2
- Draft review of Audit and Risk Committee Charter is attached as Attachment 4.1.3
- Draft review of the Community Engagement Policy is attached as Attachment 4.1.4
- Draft review Fraud & Corruption Control Plan is attached as Attachment 4.1.5
- Draft review Fraud & Corruption Control Policy is attached as Attachment 4.1.6
- Draft review Complaints Handling Policy is attached as Attachment 4.1.7

ACTION: Feedback provided for policies from the committee to be incorporated. Also would like a report on Freedom of Information with themes or trends.

SECTION 5- RISK MANAGEMENT

5.1 STRATEGIC RISK REGISTER REVIEW AND RISK REGISTER PROGRAM UPDATE

Aligns with Audit and Risk Committee Charter 5.14: Review Council's risk profile and the changes occurring in the profile from meeting to meeting and 5.15 Review Councils treatment plans for significant risks

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.

The Chief Executive Officer has a yearly plan for viewing strategic risks with Ararat Rural City Council. The suggest program is outlined below which focuses on the highest risk areas earlier on in the program. Strategic risk reviews are currently up to date.

July 2025	Fraud and Corruption; Cyber Attack	January 2026	Legislative Compliance
August 2025	Asset Management	February 2026	Workforce Planning
September 2025	Business Continuity	March 2026	Procurement; and Emergency Management
October 2025	Financial Sustainability	April 2026	Waste Management; and Occupational Health and Safety, Staff Safety
November 2025	IT Infrastructure & Business Continuity Plan	May 2026	Strategic Leadership and Advocacy
December 2025	Governance	June 2026	Climate Change; and Records Management

The Chief Operating Officer continues to work with service owners to review the operational risks and set ongoing review dates. The table below outlines the timeframe for each of these reviews to take place over the next 6 months and continuing training for key service providers in using the system. Reviews have been completed up to the end of November.

Month	Service Area
June	Local Laws, Municipal Building Services, Planning, Environmental Health, Environmental Management and Sustainability
July	Risk Management, Governance, Emergency Management, Insurance Management
August	Design and Project Management, Information Technology, Asset Management, Records Management, Graphic Information Systems,
September	Maternal & Child Health, Occupational Health and Safety,
October	Sport and recreation, Tourism, Economic Development
November	Depot, Contracts and Procurement, Finance, Property Rates and Valuation,
December	Library Service, Events, Human Resource, Customer Services, Waste management
January	Art Gallery / TAMA, Town Hall, Media and Communications

RECOMMENDATION

That the Strategic Risk Review and Update Report be received.

RECEIVED

ATTACHMENTS

The Strategic Risk Register is provided as Attachment 5.1

ACTIONS: To create a separate strategic risk of loss of key staff from council and a separate focus between external OHS and Internal OHS

SECTION 6- FRAUD PREVENTION

No reports tabled at this meeting

SECTION 7- INTERNAL AUDIT

7.1 INTERNAL AUDIT – PAST ISSUES REVIEW

Aligns with Audit and Risk Committee Charter 5.25 Review reports on internal audit reviews, including recommendations for improvement arising from those review and aligns with Audit and Risk Committee Charter 5.27 Monitor action by management on internal audit findings and recommendations.

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 Recommendation Action Plan was developed to capture the recommendations highlighted in the various internal audits conducted by AFS.

Each year, AFS, as the internal auditors, conducts a review of the actions taken by management and confirm that they have been addressed the risks raised by the internal auditors. The next review will take place in May 2026, however this report is a progress report of those actions to date. Since the late Audit and Risk Committee meeting, there have been another 7 items which have been completed. By the next Audit meeting we are endeavouring to have another 16 items completed.

The Audit Recommendation Outcomes Action Plan, list the recommendations and subsequent outcomes and projected completion dates.

RECOMMENDATION

The Audit Recommendation Outcome Updates report be received

RECEIVED

ATTACHMENTS

The Audit Recommendation Outcomes Update Action Plan in included as Attachment 7.1

7.2 INTERNAL AUDIT – STRATEGIC INTERNAL AUDIT PROGRAM STATUS UPATE

Aligns with Audit and Risk Committee Charter 5.23 Review progress of annual internal audit plan

BACKGROUND

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. This report outlines the audit program that was presented and accepted at the last Audit and Risk Committee meeting with the current status.

DISCUSSION

AFS & Associates have provided the internal Audit Program Review document which outlines the forward rolling four-year program for Council.

This Status Update includes:

- The current status of SIAP
- Status of previous Strategic Internal Audit Program

RECOMMENDATION

The Strategic Audit Program Status Update be received

RECEIVED

ATTACHMENTS

The Strategic Internal Audit Program Status Update as Attachment 7.2

7.3 INTERNAL AUDIT – DATA ANALYTICS PAYROLL

Aligns with Audit and Risk Committee Charter 5.24 Review and approve proposed scopes for each review in the annual internal audit plan

BACKGROUND

In accordance with Ararat Rural City Council's Internal Audit Program, an internal audit is to be undertaken to the rates revenue function and associated internal controls.

DISCUSSION

The objective is to identify any significant adverse pay incidents or potential fraud within the payroll functions through the use of data analytics.

The attached document, outlines the scope and the approach on how this audit will be delivered as well as what is excluded from the scope.

The timeframe for this audit is scheduled for 16 February 2026 and the results to be presented to the June 2026 Audit and Risk Committee

RECOMMENDATION

That the Internal audit planning document for the Data Analytics to be received.

RECEIVED

ATTACHMENTS

The AFS & Associate Internal Audit Planning document for the Data Analytics - Payroll t is provided as Attachment 7.3.

7.4 INTERNAL AUDIT – INTERNAL AUDIT REPORT: WASTE MANAGEMENT

Aligns with Audit and Risk Committee Charter 5.25 Review reports of internal audit reviews, including recommendations for improvement arising from those reviews.

BACKGROUND

In accordance with Ararat Rural City Council's Internal Audit Program, an internal audit was undertaken of Waste Management

DISCUSSION

The objective of this internal audit was to examine how and to what extent Council is ensuring water management services are delivering value for money for ratepayers

The audit concluded there were 3 areas of strength and 1 moderate, 4 minor findings and 1 opportunity identified. All recommendations suggested to management have been agreed to. An update on the progress of the agreed to action items will be provided at the March 2026 Audit & Risk Committee meeting.

RECOMMENDATION

That the findings from the Waste Management audit be received.

RECEIVED

ATTACHMENTS

The AFS & Associate Audit of Waste Management report is provided as Attachment 7.4

7.5 INTERNAL AUDIT – INTERNAL AUDIT REPORT: ENVIRONMENTAL HEALTH SERVICE REVIEW

Aligns with Audit and Risk Committee Charter 5.25 Review reports of internal audit reviews, including recommendations for improvement arising from those reviews.

BACKGROUND

In accordance with Ararat Rural City Council's Internal Audit Program, an internal audit was undertaken of Environmental Health

DISCUSSION

The objective of this internal audit was to assess the effectiveness of Council's management and enforcement of compliance with relevant Environment Health legislation and regulations.

The report acknowledge that Council is fulfilling its statutory obligations through the outsourced EH functions. The partnership with Kernow Environmental Services has enabled consistent delivery of core services.

The audit concluded there were 13 areas of strength, 5 minor findings and 1 opportunity identified. All recommendations suggested to management have been agreed to. An update on the progress of the agreed to action items will be provided at the March 2026 Audit & Risk Committee meeting.

RECOMMENDATION

That the findings from the Environmental Health – Service review audit be received.

RECEIVED

ATTACHMENTS

The AFS & Associate Audit of Environment Health Service Review report is provided as Attachment 7.5

7.6 INTERNAL AUDIT – INTERNAL AUDIT REPORT: RATES REVENUE & DEBTOR MANAGEMENT

Aligns with Audit and Risk Committee Charter 5.25 Review reports of internal audit reviews, including recommendations for improvement arising from those reviews.

BACKGROUND

In accordance with Ararat Rural City Council's Internal Audit Program, an internal audit was undertaken of Rates Revenue and Debtor Management.

DISCUSSION

The objective of this was to assess the reliability and effectiveness of the current internal controls operating within the rate revenue and rates debtor management functions.

The audit found that ARCC has established a well-controlled and transparent framework for managing rates and revenue debtors. Furthermore, that the internal controls over the rating process are robust and consistently applied.

The audit concluded there were 9 areas of strength and 2 minor findings.

All recommendations suggested to management have been agreed to. An update on the progress of the agreed to action items will be provided at the March 2026 Audit & Risk Committee meeting.

RECOMMENDATION

That the findings from the Rates Revenue and Debtor Management audit be received.

RECEIVED

ATTACHMENTS

The AFS & Associate Audit of Rates Revenue and Debtor Management report is provided as Attachment 7.6

SECTION 8- EXTERNAL AUDIT

No reports tabled at this meeting

Ryan Schischka gave a verbal update on the end of 24-25 Financials and the issues that have occurred with VAGO which has seen a delay in the annual report to be presented at Council.

SECTION 9- COMPLIANCE

9.1 JLT Public Sector –Top Cyber-Security Controls Review 2025

Aligns with Audit and Risk Committee Charter 5.40 Receive reports from management on the findings of any examination by regulatory or integrity agencies and Aligns with Audit and Risk Committee Charter 5.9 Annual review of significant changes to key systems and consider impact of changes on Councils risk profile

BACKGROUND

Cyber risk is a highly dynamic environment and has been regularly identified by Local Government CEO's in the annual JLT Public Sector Risk Survey report as a top two risk. JLT Public Sector has created a laser-focused analysis of 12 Key Controls to assist in setting priorities within the Council.

DISCUSSION

There are 12 key controls assessed in which five of them scored great than 80% meaning the adequate controls are in place across all or most categories of the specified area. While some controls may require attention or development, implementation has been largely achieve to an acceptable level.

Three of the key controls scored between 50-80% referring that, adequate controls are in place across some categories of the specified area. Numerous controls required further attention and priority to achieve an acceptable level of implementation.

The other four key controls rated below 50% suggest that there are inadequate controls are in place across all or most categories of the specified area. Significant attention and development are required to achieve acceptable levels of implementation.

RECOMMENDATION

JLT Public Sector – Top Cyber-Security Controls Review 2025 be received

RECEIVED

ATTACHMENTS

The JLT Top Cyber-Security Controls Review 2025 is provided as Attachment 9.1

ACTIONS: Would like a report on coordinate recovery and what this may look like. Patch management vulnerability, and which risk we are focusing on.

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 21 recent articles and reports, covering a range of different topics from sources such as: IBAC, VAGO and OVIC etc.

RECOMMENDATION

That the Industry Update report be noted.

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 3 March 2026 1pm
- Tuesday 2 June 2026 1pm
- Tuesday 15 September 2026 1pm
- Tuesday 1 December 2026 1pm

SECTION 12- NEXT MEETING/CHARTER ITEMS

March 2026	
Ref. from Charter	
5.10	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
5.18	Review Council's Fraud Prevention policies and controls, including the Fraud Control Plan and fraud awareness programs.
5.19	Receive reports from management about actual or suspected instances of fraud or corruption
5.20	Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies
5.21	Review the Internal Audit Charter regularly
5.22	Review and approve the three-year strategic internal audit plan, the annual internal audit plan
5.24	Review and approve scopes for each review 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
5.29	Ensure that the Committee is aware of and appropriately represented with regard to any proposed changes to the appointment of the internal audit service provider.
5.30	Recommend to Council, if necessary, the termination of the internal audit contractor.
5.31	Annually review and approve the external audit scope and plan proposed by the external auditor
5.37	Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations
5.38	Review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code
5.39	Obtain briefings on any significant compliance matters
5.40	Receive reports from management on the findings of any examinations by regulatory or integrity agencies
6	Biannual report to Council