



Ararat Rural City



Ararat Rural City

MINUTES

Audit and Risk Committee

Tuesday 3 March 2026

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

Mrs Chandra Willmott

Mr Glenn Carman

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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.
Janet Dore disclosed that she undertook an internal Building department review

1.3 CONFIRMATION OF MINUTES

RECOMMENDATION

That the Minutes of the Internal Audit and Risk Committee Meeting held on 02 December 2025 be received.

MOVED: Greg Jakobs
SECOND: Janet Dore

That the Minutes of the Internal Audit and Risk Committee Meeting held on 02 December 2025 be received.

SECTION 2- EXTERNAL AUDIT

2.1 EXTERNAL AUDIT - AUDIT STRATEGY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2026

Aligns with Audit and Risk Committee Charter 5.31 Annually review and approve the external audit scope and plan proposed by the external auditor.

BACKGROUND

The Victoria Auditor General appoints a service provider to undertake the annual financial audit. Mr Ryan Schischka of Johnsons MME has been appointed by the Victoria Auditor-General's office to undertake the annual financial audit for the year ending 30 June 2026.

DISCUSSION

An audit strategy has been prepared to communicate to Council the proposed approach to the audit of its Financial Report and Performance Statement for the year ending 30 June 2026.

The Audit Act 1994 requires the Auditor-General to form an opinion on Council's Financial Report and Performance Statement.

When undertaking the financial audit, Section 3A of the Audit Act 1994 requires the Auditor-General to also consider the issues of waste, probity, and the prudent use of public resources.

The Performance Statement contains financial and non-financial data. Financial systems are predominantly established to capture financial data. Part of the audit is to review the systems that Council has in place to capture the financial data and non-financial data to ensure compliance with legislative requirements.

Mr Ryan Schischka of Johnsons MME will attend the meeting remotely to present the draft Audit Strategy

RECOMMENDATION

That the audit strategy memorandum for the financial year ending 30 June 2026 be received.

RECEIVED

ATTACHMENTS

The draft Audit Strategy Memorandum is provided as Attachment 2.1

SECTION 3- FINANCE AND PERFORMANCE REPORTING

3.1 MONTHLY PERFORMANCE REPORT – ENDING 31 JANUARY 2026

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 January 2026.

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 \$25.677 million in revenue and \$21.556 million in expenses to 31 January 2026. This has resulted in an operating surplus of \$4.121 million for the seven months ended 31 January 2026.

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 \$18.145 million has been recognised as income for the seven months ended 31 January 2026.

User fees account for 5% of the total budgeted income for 2025/26 and \$1.084 million has been received to 31 January 2026. The majority of this relates to transfer station fees, fitness centre income and commercial waste management charges.

Recurrent Operating Grants total \$2.772 million to 31 January 2026, including \$1.253 million from the Victorian Local Government Grants Commission for general purpose grants and \$0.813 million for the local roads grants.

Non-recurrent Operating Grants total \$1.577 million to 31 January 2026. 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	-	-	1,289

Supported Playgroups	67	41	-
Ararat Rural City Sport, Active Recreation & Open Space Strategy	-	-	36
CALD Outreach Workers Initiative	129	129	-
Tiny Towns Fund - Pomonal Community Hub	-	45	74
Natural Disaster Relief	-	558	-
Council Support Fund – Pomonal Fires	-	-	-
Engage - Youth Events Activities & Happenings	55	55	-
Centenary Park Dog Park	100	8	67
Queen Street Housing Program	-	456	5,241
Ararat Hills Adventure Sports Precinct	-	-	400
Early Career Educators	-	73	30
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)	-	37	-
	617	1,577	8,667

Non-recurrent Capital Grants total \$1.425 million to 31 January 2026, 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	126	307
Queen Street Housing Program	-	-	1,683
Ararat Library Lighting & Exterior Upgrade	-	45	6
TAC Safe Local Roads and Streets Program	-	86	407
Jack & Jill Kindergarten Upgrade	-	72	3
Mount William Road Reconstruction	-	1,065	935
Footpath-Ararat Retirement Village & Sports Precinct	-	-	35
Other Minor Grants (under \$30,000)	-	2	9
	1,490	1,425	3,485

Note

It is important to note the following:

- 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.
- 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 surplus of \$1.482 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 seven months ended 31 January 2026 Council has incurred \$7.470 million in employee costs.

Materials and Services account for approximately 28% of the total budgeted expenditure for 2025/26. For the seven months ended 31 January 2026, Council has incurred \$7.033 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 January 2026. Comparative figures have been provided as at 30 June 2025.

Council's current assets have increased by \$9.434 million from \$17.978 million as at 30 June 2025 to \$27.412 million as at 31 January 2026. Cash and cash equivalents have increased by \$0.543 million from \$14.841 million to \$15.384 million. Trade and other receivables have increased by \$8.852 million from \$3.066 million as at 30 June 2025 to \$11.918 million as at 31 January 2026.

Total liabilities have increased from \$16.464 million in 2024/25 to \$18.290 million in 2025/26. Trade and other payables have decreased by \$1.401 million and trust funds and deposits have increased by \$0.249 million. Unearned income/revenue increased by \$3.349 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 \$0.543 million to \$15.384 million as at 31 January 2026.

Net cash of \$4.282 million was provided by operating activities, \$3.302 million was used in investing activities, and \$0.437 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	31/01/2026
<p>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</p>	122%	165%
<p>Loans and borrowings <i>Measure - Loans and borrowings compared to rates.</i> Expected values in accordance with the Local Government Performance Reporting Framework – 0% to 70% Indicator of the broad objective that the level of interest-bearing loans and borrowings should be appropriate to the size and nature of a council’s activities. Low or decreasing level of loans and borrowings suggests an improvement in the capacity to meet long term obligations</p>	0.86%	0.22%
<p>Indebtedness <i>Measure - Non-current liabilities compared to own source revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 2% to 70% Indicator of the broad objective that the level of long-term liabilities should be appropriate to the size and nature of a Council’s activities. Low or decreasing level of long-term liabilities suggests an improvement in the capacity to meet long term obligations</p>	7.83%	8.61%
<p>Rates concentration <i>Measure - Rates compared to adjusted underlying revenue</i> Expected values in accordance with the Local Government Performance Reporting Framework – 30% to 80% Indicator of the broad objective that revenue should be generated from a range of sources. High or increasing range of revenue sources suggests an improvement in stability</p>	49.39%	74.92%
<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	\$2,876

Indicator	30/6/2025	31/01/2026
<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	\$2,034
<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 January 2026 the outstanding Rates Debtors totalled \$11.492 million compared to \$2.466 million as at 30 June 2025, an increase of \$9.026 million. In percentage terms 44.5% of the rates raised have been collected at 31 January 2026 compared to 37.0% up to 31 January 2025. The increased percentage at 31 January 2026 includes payments totalling \$2.054 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%	44.5%
<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%	51.09%

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

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.

RECOMMENDATION

That the Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 January 2026 be received.

RECEIVED

ATTACHMENTS

Comprehensive Income Statement, Balance Sheet, Statement of Cash Flows and Financial Performance Indicators for the period ended 31 January 2026 are provided as Attachment 3.1.

The attachment also includes a table of Percentage of Rates Collected to 31 January 2026 by Rating Option as requested at the most recent committee meeting.

ACTIONS

Dr. Tim Harrison to supply committee with the action plan for debtors

Unrestricted cash indicators at bottom of range and whilst still in range need to keep watch.

SECTION 4 – PRESENTATIONS
4.1 CYBER SECURITY

Business Transformation will give a presentation on Cyber Security measures for Ararat Rural City Council

RECOMMENDATION

That the Cyber Security report be received.

RECEIVED

ATTACHMENTS

Cyber Security FAQs provided as Attachment 4.1

SECTION 5 – CHAIRPERSONS UPDATE

5.1 Chairpersons Report – CONFIDENTIAL

The Chairpersons report will be circulated prior to the meeting

RECOMMENDATION

That the Chairperson’s report be received.

RECEIVED

ATTACHMENTS

Chairpersons Report provided as Attachment 5.1

SECTION 6 - CEO UPDATE

6.1 CEO UPDATE – CONFIDENTIAL

The CEOs report will be circulated prior to the meeting

RECOMMENDATION

That the CEO's report be received.

RECEIVED

ATTACHMENTS

CEO Confidential Report provided as Attachment 6.1

SECTION 7 – INTERNAL CONTROLS

7.1 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 26	Dec 26
Community Engagement Policy	Jan 30	Dec 29
Complaints Handling Policy	Jan 30	Dec 29
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-29	Sept 29
Election Period 2020 Policy	Apr 28	Mar 28
Fraud and Corruption Policy	Dec 26	Dec 26
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 29	Sept 29
Risk Management Policy	Dec 25	Mar 26
Social Media Policy	Feb 28	Dec 27
Valuation Policy - Major Asset Classes	May-26	Jun 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	Jun-26
Disposal and sale of minor assets policy	Sep-25	Mar 26
Equal Employment Opportunity Policy	Mar-26	Jun 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	Sept 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	Jan 30	Dec 29
Staff Gift Policy	Jan 30	Dec 29
Staff Grievances Policy	Sept-27	Sept-27
Vehicle Policy	July 25	Mar 26
Workplace Anti-Discrimination & Harassment Policy	Jun 26	Jun 26

There are five policies / frameworks being presented for review at this meeting which are:

- Privacy Policy
- Disposal of minor assets
- Asset Management Policy
- Injury Management Policy
- Municipal Emergency 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
Council	Asset Management Policy	15 February 2011	March 2026	March 2030
Council	Privacy Policy	19 January 2021	March 2026	March 2030
Administrative	Disposal & sale of minor assets Policy	14 September 2021	March 2026	March 2030
Administrative	Injury Management Policy	14 September 2021	March 2026	March 2030
Administrative	Municipal Emergency Policy	5 May 2021	March 2026	March 2030

The Privacy Policy has been updated to align the Health Privacy Principles (HPP) and the Information Privacy Principles (IPP) as well as making administrative changes.

The Asset Management Policy needed quite a few changes, mainly administrative as it had been many years since it was last reviewed but to also align with the current Council Plan and the Council Asset Plan.

The other three policies have all been reviewed with only minor changes to roles and responsibilities.

The other change which Council has made to their outward facing policies is to change the formatting to a more engaging format as well as a two page fact sheet / quick guide to accompany it.

RECOMMENDATION

That the Council Policy Review Update be noted.

NOTED

ATTACHMENTS

- Draft review of Privacy Policy as Attachment 7.1.1
- Draft review of Disposal of minor assets as Attachment 7.1.2
- Draft review of Asset Management Policy as Attachment 7.1.3
- Draft review of Injury Management Policy as Attachment 7.1.4
- Draft review of Municipal Emergency Management Policy as Attachment 7.1.5

SECTION 8 - RISK MANAGEMENT

8.1 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 mostly up to date Procurement and Emergency Management this month.

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
November 2025	IT Infrastructure	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
February	Local Laws, Municipal Building Services, Planning, Environmental Health, Environmental Management and Sustainability
March	Risk Management, Governance, Emergency Management, Insurance Management
April	Design and Project Management, Information Technology, Asset Management, Records Management, Graphic Information Systems,
May	Maternal & Child Health, Occupational Health and Safety,
June	Sport and recreation, Tourism, Economic Development
July	Depot, Contracts and Procurement, Finance, Property Rates and Valuation,
August	Library Service, Events, Human Resource, Customer Services, Waste management
September	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

ACTION

Major Grants to be added on to the Strategic Risk Register

SECTION 9- FRAUD PREVENTION

No Report Table

SECTION 10- INTERNAL AUDIT

10.1 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
- Past Issues Review
- Proposed change to the 2025/26 Internal audit program

Topic	Current Timming	Proposed Timing
Long term Financial Planning	24 August – 1 September 2026	28 September – 6 October 2026
Economic Development	28 September – 6 October 2026	24 August – 1 September 2026

Commencing 4 May 2026, we will also be conducting a review of the current SIAP in consultation with management to maintain it as a four-year rolling program. We will present proposed revisions to the program to the 2 June 2026 meeting of the ARC for your review and endorsement.

RECOMMENDATION

The Strategic Audit Program Status Update be received

RECEIVED

ATTACHMENTS

The Strategic Internal Audit Program Status Update as Attachment 10.1

10.2 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 5 items which have been completed. Progress has increase due to engaging in an external consultant to help undertake some work in this area, and there is now 26 items sitting at 50% completed or greater once these have been completed, then works will begin on the outstanding items.

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 10.2

10.3 INTERNAL AUDIT – AUDIT AND RISK COMMITTEE SELF ASSESSMENT

Aligns with Audit and Risk Charter 5.28 Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations of its work

BACKGROUND

Council appointed AFS & Associates from Bendigo as Council's Internal Auditors. AFS distributed a survey to the four members of the Audit and Risk Committee (ARC) and to the CEO to self-assess the Committee's performance against Ararat Rural City Council's Audit and Risk Committee Charter. Four responses were received. AFS has independently collated the responses of the survey and present the results in the attachment provided. The ARC last undertook a self-assessment of performance in 2023.

DISCUSSION

The over all average response score from Audit and Risk Committee Members on a scale of 1 to 6 was 4.95 (2023: 5.08) No area received a weighted score below 4.5 in the current assessment. This is a very strong result.

Of the 23 questions asked in the survey requiring a 1 (less than adequate) to 6 (more than adequate) rating, 14 achieving a weighted average score of 5.00 or more.

The highest rating area of performance (rating average score of 5.50) were:

- Q2 – ensuring reliable financial reporting and management information
- Q3 – reviewing and resolving issues raised by external auditors
- Q4 – Providing appropriate oversight and having knowledge of the internal control systems.
- Q16 – Reviewing VAGO findings and recommendations and monitoring ARCC responses.
- Q20 – Receiving reports from management on the findings of any examinations by regulatory or integrity agencies
- Q21 – Providing meeting minutes and relevant information to Councillors that is easy to understand and relevant for decision-making
- Q22 – Monitoring and evaluating performance and reporting opportunities for improvements through to Council

The Areas of responsibility receiving the lowest weighted average score of 4.5 were:

- Q5 – ensuring a program is in place to test compliance with systems (2023: 5.00)
- Q19 – reviewing processes for monitoring compliance with Councils Employee Code of Conduct by employees and contractors (2023: 4.50)
- Q25 – reviewing the adequacy of the ARC Charter (2023: 5.50)

The ARC continues to demonstrate strong performance. Notwithstanding, there were three areas where performance was deemed to have improved since the 2023 assessment and 2 areas where the performance rating had declined.

The area with the largest increase in performance (0.5):

- Q7 – determining the level and suitability of the Business Continuity and Disaster Recovery Planning
- Q9 – having oversight over risk areas and controls through the Fraud Control Plan
- Q22 – Monitoring and evaluating performance and reporting opportunities for improvement through to Council

The performance score decreased 1.00 and 0.75 respectively in the following:

- Q14 – reviewing and approving the external audit scope and plan (-0.75)
- Q25 – reviewing the adequacy of the ARC Charter (-1.00)

RECOMMENDATION

The Audit and Risk Committee Performance Self-Assessment report be received

RECEIVED

ATTACHMENTS

The Audit and Risk Committee Performance Self Assessment results included as Attachment 10.3

ACTION

Committee to review the Charter at the June meeting

SECTION 11- GENERAL BUSINESS

11.1 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 15 recent articles and reports, covering a range of different topics from sources such as: IBAC, IIA, and OVIC etc.

RECOMMENDATION

That the Industry Update report be noted.

NOTED

ATTACHMENTS

The industry Update report is provided as Attachment 11.1 (March)

SECTION 12 – FUTURE MEETINGS

12.1 FUTURE MEETING DATES

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

- Tuesday 2 June 2026 1pm
- Tuesday 15 September 2026 1pm
- Tuesday 21 December 2026 1pm
- Tuesday 2 March 2027 1pm

SECTION 13- NEXT MEETING/CHARTER ITEMS

June 2026	
Ref. from Charter	
5.12	View annually the effectiveness of Council’s risk management framework
5.13	Review Council’s risk appetite statement and the degree of alignment with Council’s risk profile
5.14	Review Council’s risk profile and the changes occurring in the profile from meeting to meeting
5.15	Review Council’s treatment plans for significant risks
5.16	Review the insurance program annually prior to renewal
5.17	Review the approach to business continuity planning arrangements.
5.19	Receive reports from management about actual or suspected instances of fraud or corruption (as required)
5.20	Review reports by management about the actions taken by Council to report such matters to the appropriate integrity bodies (as required)
5.23	Review progress on delivery of annual internal audit plan
5.24	Review and approve proposed scopes for each review in the annual internal audit plan (as required)
5.25	Review reports on internal audit reviews, including recommendations for improvement arising from those reviews.
5.26	Meet with the leader of the internal audit function at least annually in the absence of management
5.27	Monitor action by management on internal audit findings and recommendations.
5.28	Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations of its work
5.29	Ensure that the Committee is aware of and appropriately represented regarding any proposed changes to the appointment of the internal audit service provider. (as required)