# Minutes

**Audit & Risk Committee Meeting**

10:00 am, Thursday 26 March 2026

Richmond Town Hall

## Order of Business

# 1. Discussions without management

*This item proceeded after item 6.16 of the agenda.*

The Audit and Risk Committee Charter provides opportunities for the committee to meet with auditors or Councillors without management present. Where discussions are scheduled, they are listed here.

## Confidential Briefing Matter

This item proceeded at the beginning of the meeting.

*Item redacted as it contained confidential information in accordance with section 3(1) of the Local Government Act 2020.*

# 2. Acknowledgement of Country

*"Yarra City Council acknowledges the Wurundjeri Woi Wurrung people as the Traditional Owners and true sovereigns of the land now known as Yarra. We also acknowledge the significant contributions made by other Aboriginal and Torres Strait Islander people to life in Yarra. We pay our respects to Elders from all nations here today—and to their Elders past, present and future."*

## 3. Attendance

<u>Members</u>

| | |
|---|---|
| Kylie Maher (Chair) | Independent Member |
| Jeffrey Rigby | Independent Member |
| Lisa Tripodi | Independent Member |
| Cr Stephen Jolly | Mayor, Councillor Member |
| Cr Kenneth Gomez | Councillor Member |

<u>Auditors</u>

| | |
|---|---|
| Andrew Zavitsanos, | Partner – Internal Audit, Crowe |
| Mahesh Silva | Engagement Leader, RSD Audit |

<u>Council officers</u>

| | |
|---|---|
| Sue Wilkinson | Chief Executive Officer |
| Rose Barletta | (Acting) GM Corporate Services |
| Matt Balfe | GM Corporate Services |
| John Brockway | Chief Financial Officer |
| Phil De Losa | Manager Governance and Integrity |
| Patrick O'Gorman | Senior Governance Coordinator |
| Tamsin Achilles | Risk Coordinator |
| Ivan Cubela | ERP Program Director (joined for Quarterly ERP Update) |
| Anja Edwards | (Acting) Manager Finance (joined for item 6.5 of the agenda) |
| Shachini Dassanayake | Coordinator Financial Accounting (joined for item 6.5 of the agenda) |
| Emily Woodin | Coordinator Business Planning and Performance (joined for item 6.13 of the agenda) |
| Mark Ward | Manager Strategic Communications and Engagement (joined for item 6.13 of the agenda) |

<u>Observer</u>

| | |
|---|---|
| Cr Sharon Harrison | Deputy Mayor |

<u>Apologies</u>
Nil.

## 4. Declarations of Conflict of Interest

Note: the Mayor declared a conflict of interest in item 6.11 – Legislative Compliance Update.

## 5. Meeting Administration

A number of preliminary items are included as standing items at each meeting. They are listed here.

## 5.1. Confirmation of the Agenda

**Presenter** Kylie Maher - Chair

**RESOLUTION BY AGREEMENT**

1. That the agenda for this meeting of the Audit and Risk Committee proceed as listed, subject to the following changes:
   a) Quarterly ERP Update to proceed after item 6.1 – Report by the Chief Executive Officer
   b) Item 6.17 of the agenda – Committee/Internal Auditor meeting in the absence of management and item 7.6 – Internal Auditor Self-Assessment be deferred to the 2 July 2026 meeting.
   c) Discussions without Management item to proceed after item 6.16 of the agenda.

## 5.2. Confirmation of Minutes from the 11 December Audit and Risk Committee meeting

**Presenter** Kylie Maher - Chair

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the minutes and actions arising from the 11 December Audit and Risk Committee.

## 5.3. Annual Workplan Progress Report

**Presenter** Kylie Maher - Chair

An overview of the report was provided, noting that the deferral of items raised in item 5.1 of the agenda.

The following points were raised during discussion on the item:

- Requirement for the workplan to emphasise regular reporting on strategic risks
- The need for strategic risks to be presented on a rolling quarterly basis to reflect the requirements of the Audit and Risk Committee Charter
- Quarterly dashboard reporting that covers emerging risks, key strategic risks, and high/extreme operational risks in a single risk management report, noting actions, movements and trends

- Quality assurance review to be undertaken on committee agendas and reports.

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee:

1. note the progress against the approved annual workplan, and
2. approve changes to the annual workplan as outlined in this report.

**Action 26/01:** That the Annual Workplan be amended to defer item 6.17 of the agenda – Committee/Internal Auditor meeting in the absence of management and item 7.6 – Internal Auditor Self-Assessment to the 2 July 2026 meeting.

**Action 26/02:** That the Annual Workplan be updated to include an ERP update for each quarterly meeting.

**Action 26/03:** Future quarterly risk reports to be expanded to include strategic risks, emerging risks and high operational risks to align with the requirements of the Charter.

## 5.4. Review of Outstanding Actions from Previous Meetings

| | |
|---|---|
| **Presenter** | Patrick O'Gorman – Senior Governance Coordinator |

An overview of the report was provided. In relation to action item 24/003, management clarified that a Workforce Strategy (to June 2026) exists and acknowledged the inaccuracy of the recording of the outstanding action. A new workforce strategy is currently being developed following a retrospective review, with further detail expected in future meetings.

The following points were raised during discussion on the item:

- The need for clear executive ownership of each action
- Stronger governance oversight to prevent actions rolling over without adequate explanation
- The introduction of a risk and audit module to improve workflows and tracking of outstanding actions
- Reaffirmation of outstanding Audit and Risk Committee actions as priority matters for management

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee:

1. Note the updated status of actions arising from previous meetings as set out in this report; and
2. Authorise the removal of those items marked 'complete' from future reports.

**Action 26/04:** That the Audit and Risk Committee be provided an out of session update on the tracking register on outstanding actions, including an update on outstanding actions 25/032 & 25/033

# 6. Matters for consideration

## 6.1. Report by the Chief Executive Officer

**Presenter** Sue Wilkinson – Chief Executive Officer

The Chief Executive Officer provided a verbal update on the following matters:

1. Fuel supply risks

   A cross organisational risk assessment has been prepared for fuel supply risks associated with the current geopolitical conflicts. The risk assessment covers fleet contractors, infrastructure delays, cost escalation and supply disruption.

   The following points were raised during discussion on the item:

   - Staff wellbeing considerations being addressed due to current geopolitical conflict
   - Potential future impacts to increased fuel costs
   - Monitoring of cyber security risks to be undertaken
   - Considerations being given to work from home arrangements
   - Contingency plans in place to address community aggressions towards staff, including increased security at Council buildings

2. Customer incident at Collingwood Town Hall resulting in a partial lockdown.
3. Asbestos fragments at two kindergartens were identified with remediation works completed and stakeholders notified.

   The following points were raised during discussion on the item:

   - Appropriate incident management and communication processes were acknowledged.

4. Organisational restructure

*Item redacted as it contained confidential information in accordance with section 3(1) of the Local Government Act 2020.*

### RESOLUTION BY AGREEMENT:

That the Audit and Risk Committee:

1. Note the Chief Executive Officer's report.

**Action 26/05:** Officers to provide a report in response to the Ombudsman's report on claims for injury and property damage.

## Additional item: Quarterly ERP Update

| | |
|---|---|
| **Presenter** | Ivan Cubela – ERP Program Manager |

A presentation was provided which outlined the following matters:

- ERP program engagement to date
- Executive Summary and general summary of Release 1
- High Level Risk Update
- Status Reports
- Independent Discovery Assurance January 2026
- Assurance scope
- Independent assurance outcomes
- Program components requiring attention

The following points were raised during discussion on the item:

- Members expressed increased confidence in the program's governance and management maturity
- Use of clear dashboards or traffic-light indicators showing what is tracking well and where risks remain
- Continued inclusion of ERP updates as a standing agenda item, consistent with the Committee's Annual Workplan
- Finalisation and confirmation of appointment of long-term independent assurance provider to be prioritised

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. Note the Quarterly ERP Update.

**Action 26/06:** Presentation slides and Discovery Phase Independent Assurance Report to be circulated to Audit and Risk Committee.

## 6.2. Internal Audit Status Report

| | |
|---|---|
| **Presenter** | Andrew Zavitsanos Partner – Internal Audit, Crowe |

An overview of the report was provided.

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee:

1. Receive the Internal Audit Status Report found at Attachment 1.

## 6.3. Review of Actions from Previous Internal Audits

| | |
|---|---|
| **Presenter** | Rose Barletta – (Acting General Manager Corporate Services) |

An overview of the report was provided.

The following points were raised during discussion on the item:

- Concerns relating to timeliness of reporting and progress comments included
- The need for quality assurance in reporting to raise reporting standards in the action register
- Introduction of internal audit module to improve accuracy, workflow and consistency in reporting
- importance of maintaining a strong line of sight between internal audit findings, project delivery work, and formal action closure within the audit tracking process

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. notes all commentary in the list of actions arising from previous internal audits has been updated where necessary;
2. review and provide feedback to revised extension dates; and
3. notes the removal of those items marked 'complete/100%' from future reports.
4. notes manual reporting of progress against actions for internal audits during bridging period (currently estimated to be from March to September 2026) while reporting and system improvements are delivered – as part of Yarra's Internal Audit Uplift.

## 6.4. Forward Internal Audit Plan and Internal Audit Uplift

**Presenter** Tamsin Achilles – Risk Coordinator
John Brockway – Chief Financial Officer

An overview of the report was provided.

Discussion was held on the following:

- Acknowledgement that the Internal Audit Plan continues to evolve alongside broader organisational change
- Earlier engagement in audit scoping to be reviewed, with the involvement of relevant General Managers in audit scoping to provide operational context and insight
- The need to maintain a clear line of sight between audit findings, management responses, and the Audit and Risk Committee action register
- Actions arising from audits are properly tracked, with closed outcomes subject to independent validation where required, and formally closed through the Committee
- Improved alignment between management and Internal Auditor on audit finding risk ratings before matters are presented to the Committee. Completion of close-out surveys as required under the Internal Audit contract, to provide feedback on audit quality and management experience

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. Note the collaborative work undertaken by Yarra and Crowe to ensure robust alignment to Yarra's Strategic Risks and current business needs.
2. Endorsement Yarra's approach to uplift Internal Audit Process and supporting activities to maximise organisational benefits.

## 6.5. Fair Value of Council Assets March 2026 update

| | |
|---|---|
| **Presenter** | Anja Edwards – (Acting) Manager Finance<br>Shachini Dassanayake – Coordinator Financial Accounting |

An overview of the report was provided.

Discussion was held on the following:

- Report is consistent with Auditor-General sector recommendations in regard to providing visibility and assurance prior to end of year audit
- Use of CPI for contractor rate indexation in infrastructure valuations
- Noting improvements to the report and improved alignment with external audit expectations.

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. note Council's approach to assessing the fair value of its assets for the year ending 30 June 2026.
2. note the outcome of annual full fair value assessment of land and building assets.

## 6.6. External Audit - Presentation of the Audit Strategy Memorandum

| | |
|---|---|
| **Presenter** | Mahesh Silva Engagement Leader, RSD Audit |

An overview of the report was provided.

Discussion was held on the following:

- Noting of key areas of focus for the audit, including fair value assessment of non-financial assets, government grants and performance statements and risks associated with the upcoming State election.
- Sector-wide risks and recommendations that may arise from VAGO's sector reporting for 2024/25.
- Noted specific sector trends to monitor developer contributions and legacy finance matters.

### RESOLUTION BY AGREEMENT

1. That the Audit and Risk Committee receive and note the VAGO Audit Strategy Memorandum for the year ending 30 June 2026.

## 6.7. Review BCP & Disaster Recovery Plan

**Presenter** Tamsin Achilles – Risk Coordinator
John Brockway – Chief Financial Officer

An overview of the report was provided.

Discussion was held on the following:

- Progress was noted in strengthening Council's emergency incident response framework
- Concerns with lack of evidence provided that arrangements have been tested or validated, particularly in the DRP space
- The Committee continues to seek assurance testing outcomes (e.g. desktop exercises, simulations or independent review)
- Next stages to focus on testing, lessons learned and measurable capability uplift
- Progress testing of BCP and Disaster Recovery arrangements to confirm operational readiness.

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. Note the revised Yarra BCP Uplift Plan - December 2025 and progress reported on deliverables.
2. Noting that assurance testing has not been provided and remains a required next step
3. Endorsement of the Draft Incident & Emergency Response Arrangements and associated approach.

## 6.8. – Ministerial Guidelines for Payment of Rates and Charges

| | |
|---|---|
| **Presenter** | John Brockway – Chief Financial Officer |

An overview of the report was provided.

Discussion was held on the following:

- The potential sector-wide impact of repayment arrangements on cash flow.
- Impact of changes to how and when Council can charge interest, and the potential impact on revenue
- Broader risk associated with overdue or outdated policies and reputational implications
- Clear articulation of strategic and operational risks included in future reporting
- Assurance included in the updated policy reporting that the Guidelines do not materially impact Council's cash-flow position
- Assurance that the updated policy will be updated in the planned timeframe and reported to Council once completed.

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the update on the Ministerial Guidelines for Councils relating to the payment of rates and charges.

## 6.9. Quarterly Risk Review - March 2026

| | |
|---|---|
| **Presenter** | Tamsin Achilles – Risk Coordinator<br>John Brockway – Chief Financial Officer |

An overview of the report was provided.

The following points were raised during discussion on the item:

- Expectations outlined earlier that quarterly risk reporting should present emerging, key strategic and high & very high operational risks
- Concerns regarding the adequacy of assurance provided in the reporting
- Preference for an agile list of emerging risks rather than a detailed report
- Implementation of CAMMS risk module for reporting uplift
- Future reports to present controls, treatment effectiveness or trend analysis for strategic risks
- Importance of linking risk reporting to Council's risk appetite
- Executive ownership of risks for reporting quality
- It was suggested that consideration be given to mapping the Three Lines model to the various reporting components in the draft risk reporting framework

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. Acknowledge the effort underway to uplift risk management practices
2. Note that it is not yet in a position to be assured that all key strategic and operational risks are current, complete and appropriately managed.

**Action 26/07:** A report to be provided to the July 2026 meeting providing an updated strategic risk reporting, including controls, control effectiveness and trend analysis.

## 6.10. High & Very High Operational Risk Review

| | |
|---|---|
| **Presenter** | Tamsin Achilles – Risk Coordinator<br>John Brockway – Chief Financial Officer |

This report was presented in conjunction with item 6.9. An overview of the report was provided.

The following points were raised during discussion on the item:

*Item redacted as it contained confidential information in accordance with section 3(1) of the Local Government Act 2020.*

- Need for more clarity in reporting, for instance, the need for risk registers to articulate current status, inherent and residual risk rating, key controls in place, and assessment of the effectiveness of controls.
- Implementation of CAMMS risk module for reporting uplift
- Very high and high risks to be prioritised for reporting
- Executive ownership of risks for reporting quality
- Due consideration to be given to the reporting approach, including ensuring that reviews of very high and high risks are undertaken and appropriately reported to the Committee

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. Determine that the report does not provide sufficient assurance
2. Receive a further report updating information on controls and mitigation at this time.

## 6.11. Legislative Compliance Update

| | |
|---|---|
| **Presenter** | Patrick O'Gorman – Senior Governance Coordinator<br>Phil DeLosa – Manager Governance and Integrity |

Cr Jolly declared a conflict of interest in the item due to matters related to him contained in Attachment one and left the meeting prior to the item being discussed.

An overview of the report was provided.

The following points were raised during discussion on the item:

- Clarification on an infringement-related matter where the outcome was not clearly stated
- VCAT directions hearing, noting that the matter remains ongoing with further hearing dates likely extending into mid-2026
- Child safety legislation to be framed as a high operational risk by Council

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee note the progress on the implementation of the Compliance Program and its alignment to the risk management framework.

**Action 26/08:** Outcome of Ombudsman Infringement matter dated 5/11/2025 to be provided.

## 6.12. Audit and Risk Committee Biannual Activity Report July - December 2025

**Presenter** Patrick O'Gorman – Senior Governance Coordinator
Phil DeLosa – Manager Governance and Integrity

Cr Jolly returned to the meeting at 1.15pm.

An overview of the report was provided. Proposed amendments to the Biannual Report were circulated highlighting the following matters:

- the Committee continues to identify material gaps in assurance relating to Business Continuity and Disaster Recovery and risk management maturity and reporting
- concerns relating to the workforce planning action now two years overdue
- noting the enhanced reporting framework with strengthened legal, compliance and serious matters oversight through the compliance framework

The following points were raised during discussion on the item:

- the Biannual report to be provided to the Chair prior to publication in the agenda for members to provide comments
- noting management comments relating to the overdue action in relation to the workforce strategy that this matter is not included as an addition to the Biannual report.
- Minor administrative amendments to be made for date references

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. Approve the additional changes to be made to the Biannual Activity Report; and
2. Endorse the revised Biannual Activity Report out of session prior to tabling at the next available Council meeting.

## 6.13. Lifecycle Framework for Policies, Plans and Strategies

| | |
|---|---|
| **Presenter** | Emily Woodin – Coordinator Business Planning and Performance<br>Mark Ward – Manager Communications and Engagement |

An overview of the report was provided by officers.

The following points were raised during discussion on the item:

- Acknowledgment of the work undertaken to identify and catalogue existing policies, plans and strategies
- Ensuring the framework aligns with the overarching governance principles outlined in the Local Government Act 2020 and that these principles are embedded in policy development
- Application of a risk-based prioritisation, particularly for policies relating to child safety, community services and statutory compliance
- Externally facing, legislated or higher risk policies appropriate for Committee oversight
- Potential use of AI solutions to assist with identifying legislative misalignment
- Utilisation of the framework to prevent policies becoming materially overdue

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee:

1. Note and receive the Lifecycle Framework for Policies, Plans and Strategies (Lifecycle Framework).
2. Note the attachments outlining compliance details for Council Policies, Plans and Strategies.

**Action 26/09:** The Committee to receive a workplan list of policies to be reported to the Audit and Risk Committee.

## 6.14 IT Compliance Cybersecurity Update March 2026 - Cyber Security Dashboard

This item was taken as read.

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee:

1. Note this report.

## 6.15. Results of annual Audit and Risk Committee self-assessment questionnaire

**Presenter** Patrick O'Gorman – Senior Governance Coordinator

A brief overview of the report was provided.

The following points were raised during discussion on the item:

- overall results indicate a generally satisfactory level of performance, based on self-assessment
- Greater management participation for future reports to provide balanced feedback and insight into how the Committee is perceived by officers supporting and interacting with the Committee
- Lower ratings in some areas (notably risk management, fraud oversight, and business continuity) reflect known gaps in assurance at the time the questionnaire was completed
- Translating self-assessment results into clear improvement actions
- Tracking performance over time, including comparison with prior years' self-assessment results
- Separating results by respondent group (Committee members vs management)
- Use of self-assessment results to identify and track actions for improvement

### RESOLUTON BY AGREEMENT

That the Audit and Risk Committee note this report.

## 6.16. Effectiveness of Internal Audit

| | |
|---|---|
| **Presenter** | John Brockway – Chief Financial Officer |

Management was not present for this item, with the exception of Acting General Manager Corporate Services, Chief Financial Officer and Senior Governance Coordinator

The following points were raised during discussion on the item:

- The need for a formal management paper assessing Internal Audit's effectiveness and performance, including self-assessment results (as provided under Item 7.6), management review and response, close out survey outcomes, value add assessment and continuous improvement opportunities, and assessment of compliance with contractual requirements and obligations.
- Process of communicating the Committee's feedback back to Internal Auditors
- Confirmation of monthly contract meetings with Internal Auditors

### RESOLUTION BY AGREEMENT

That the Audit and Risk Committee note the discussion about the effectiveness of the internal audit program.

## 6.17. Committee/Internal Auditor meeting in absence of management

**RESOLUTION BY AGREEMENT**
That this item be deferred to the July Audit and Risk Committee meeting.

# 7. Information Only Reports

Items listed here are provided for the Committee's information only. Discussion of these items will be by exception.

## 7.1. Report on Gifts, Benefits, Hospitality and Councillor Expenses

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the report on Councillor gifts, benefits, hospitality and expenses.

## 7.2. Management Response to Recent Reports and Publications

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the management responses provided in the report.

## 7.3. Child Safe Compliance Progress Report

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the annual Child Safety Compliance Report.

## 7.4. Q2 2025 2026 OHS Update

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the Quarter 2 OHS Report

## 7.5. – Ministerial Guidelines for Service Rates and Charges (Waste Charges)

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the update on the Ministerial Good Practice Guidelines for Local Government Service Rates and Charges.

## 7.6. Internal Auditor Self-Assessment

**RESOLUTION BY AGREEMENT**

That this item be deferred to the July Audit and Risk Committee meeting.

## 7.7. Update on changes to the Local Government Performance Reporting Framework

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note changes to the Local Government Performance Management framework for the 2026/27 financial year.

## 7.8. Financial Sustainability Strategy update

**RESOLUTION BY AGREEMENT**

That the Audit and Risk Committee note the update on the Financial Sustainability Strategy, and the Financial Sustainability Advisory Committee.

# 8. Meeting Close

The meeting closed at 1.43pm.