

14.1 AUDIT AND RISK COMMITTEE BIENNIAL REPORT TO COUNCIL - 1 JANUARY TO 30 JUNE 2025

Officer: General Manager Corporate Performance

1. Summary

In accordance with the requirements of the Audit and Risk Committee Charter, the Audit and Risk Committee must report to Council biannually on the Committee's operations and achievements against its agreed performance indicators. This report presents the Audit and Risk Committee's biannual report for the six-months ended 30 June 2025.

2. Recommendation

That Council receive the internal Audit and Risk Committee Biannual Report for the six-month period 1 January to 30 June 2025.

3. Background

In accordance with the Audit and Risk Committee Charter, the Audit and Risk Committee is required to meet bimonthly. Special meetings are also convened, as required.

Agenda items listed in the Audit and Risk Committee's Annual Work Plan 2025 (**copy attached**) serve as the key performance indicators against which the Committee's performance is measured.

Variations to the timing for consideration of certain agenda items shown in the Committee's Annual Work Plan are explained in the notes included within the Annual Work Plan. Delays in considering certain agenda items, while somewhat inconvenient, have not adversely impacted the Committee's performance or ability to carry out its role, as outlined in the Audit and Risk Committee Charter. Therefore, the Committee is considered to have met its key performance indicators for the six months ended 30 June 2025.

4. Consultation Proposed/Undertaken

There are no consultation requirements relating to this report.

5. Discussion

Audit and Risk Committee membership for the six months ended 30 June 2024 was as follows:

- Julie Humphrey – External member and Chairperson
- Maria Carrazza - External member
- Shannon Buckley - External member
- David Gunn – External member (replaced retiring member Max Folie on 26 April 2025)
- Mayor – Cr Helen Healy
- Deputy Mayor – Cr Ali Cupper.

For the six-months ended 30 June 2025, the Audit and Risk Committee met three times. The level of input, advice and recommendations from the Committee has been extremely beneficial to Council's operations and decision-making. A summary of the items considered by the Committee, along with key outcomes, is provided below:

- At its February 2025 meeting, the Committee noted Management's intention to undertake a recruitment process to replace Max Folie, whose retirement from the Audit and Risk Committee would take effect on 25 April 2025.

At the In Camera Council Meeting in April 2025, Council approved the evaluation panel's recommendation to appoint David Gunn to the Audit and Risk Committee for a three-year term commencing on 26 April 2025.

- At its May 2025 meeting, the Audit and Risk Committee resolved several points of difference between Management and the Committee's acceptance of the recommendations in consultant John Watson's report on the review of the structure and function of the Audit and Risk Committee.

With the objective of increasing the Audit and Risk Committee's effectiveness, functionality and overall value to the Council, the Committee agreed to implement a number of the consultant's recommendations relating to the format and content of its agenda. The Committee also requested that Management update the Audit and Risk Committee Charter to reflect the proposed implementation of a number of the consultant's recommendations. The updated Charter will be presented to the Audit and Risk Committee's July 2025 meeting seeking a recommendation from the Committee for its presentation to Council for approval.

- The Audit and Risk Committee received regular updates from the internal auditor from AFS & Associates Pty Ltd on the status of delivery of the Strategic Internal Audit Program, including the Internal Audit Program 2024-2025.

To ensure the timely presentation to the Committee of final reports on internal reviews undertaken by AFS & Associates Pty Ltd, as per the Committee's request at its February 2025 meeting, the internal auditor has updated the report to the Committee on delivery of the Strategic Internal Audit Program to include proposed dates for presentation to the Committee of internal audit reports.

- To enable input to the scope, the Committee was provided with the opportunity to review the internal audit planning document (IAPD) for each forthcoming internal review prior to the IAPD being finalised and approved.
- The Committee reviewed and approved the Internal Audit Program for the 2025-2026 financial year.
- The Committee received a quarterly industry update, prepared by AFS & Associates Pty Ltd, summarising local government reports and publications of interest.
- The Audit and Risk Committee approved the presentation to Council of the Audit and Risk Committee Biannual Report to Council – July to December 2024.
- The Committee adopted a final report from AFS & Associates Pty Ltd on the Contract Management Review – December 2024.

Given the risk exposure to the Council posed by the management of major multi-year contracts, the Committee requested Management prioritise the completion of training in VendorPanel by contract managers managing material contracts earlier than the target date assigned to this Management action in the Contract Management Review report.

- The Audit and Risk Committee monitored progress towards completion of Management actions arising from internal reviews undertaken by the internal auditor through the Internal Audit Tracking Register presented to each Committee meeting.

The Committee requested that the General Manager Corporate Performance oversee a process of review of the outstanding actions in the Internal Audit Tracking Register to ensure the actions are still relevant. This review will consider the age overdue of each outstanding action in light of the action's risk rating and the Committee's request for high-risk actions to have due dates for completion of 12 or fewer months or a plan summarising the work to be undertaken to complete the action in various priority stages.

To allow for reporting on the completion of internal audit actions in the Audit and Risk Committee Biannual Report to Council, the Committee also requested that commencing with the July 2025 meeting, Management include in the Internal Audit Tracking Register a table/graph depicting the number of internal audit actions completed since the last meeting.

- Through discussion with Management, the Audit and Risk Committee conducted an annual assessment of the compliance effectiveness and value of service of the internal audit function and deemed both satisfactory.
- The Committee received a presentation from Management on Developer Contributions Plans (DCP). This presentation provided an overview of Mildura Rural City Council's current DCP obligations and processes for managing these obligations.
- At a special Audit and Risk Committee meeting on 4 March 2025, the Committee was briefed by the external auditor from RSD Audit on the audit strategy memorandum 2024-2025 for each of the following entities:
 - Mildura Rural City Council
 - Mildura Cemeteries Trust
 - Mildura Regional Development.

The Committee accepted the audit strategy memorandums, as presented.

- At its May 2025 meeting, the Audit and Risk Committee was briefed by the external auditor from RSD Audit on the findings and recommendations arising from the interim audits of Mildura Rural City Council and the Mildura Cemeteries Trust, as documented in the interim management letter 2024-2025 for each entity.

Given the risks associated with two information technology-related findings reported in the Mildura Rural City Council Interim Management Letter 2024-2025, the Committee recommended that Management prioritise the completion of the work to address these findings earlier than the due dates allocated for the findings in the interim management letter 2024-2025.

The External Audit Tracking Register is presented to each Audit and Risk Committee meeting to allow the Committee to monitor the progress towards completion of the open/unresolved points in each interim management letter.

- In response to Mildura Rural City Council Management Letter recommendations arising from the Victorian-Auditor-General's report titled *Results of 2022-23 Audits: Local Government* – March 2025, at its May 2025 meeting, the Committee noted the requirements of Mildura Rural City Council's Asset Accounting Policy OP200 with respect to non-current assets, along with a briefing note from Management outlining:

- Mildura Rural City Council's approach to assessing the fair value of each noncurrent asset class (infrastructure assets, intangible assets, property, plant and equipment) for the 2024-2025 financial year, including the engagement of an expert valuer and key milestones
- the likely outcomes for the respective 2024-2025 financial year/reporting cycle (i.e. expected movements in fair value and resultant impact on the financial report).
- The Committee received a presentation from Management on the purpose and requirements of the Local Government Performance Reporting Framework (LGPRF). This presentation also included details of changes to the LGPRF that took effect in the 2023-2024 financial year.
- The Committee reviewed and noted the LGPRF Half-Yearly Report – 2024-2025.
- Management provided a presentation to each Audit and Risk Committee meeting to update the Committee on the progress through to completion of the Red Cliffs Early Years Hub project.

To allow the Committee to monitor key risks associated with delivery this major project, the presentation to each Audit and Risk Committee meeting included details of the key risks associated with the project, and the budget versus actual expenditure for the project.

- The Quarterly Risk Management Report was presented to the Committee as a standard agenda item.

The Committee recommended improvements to the controls for certain risks in the Strategic Risk Register. The Quarterly Risk Management Report was also updated, as requested by the Committee, to include additional data to provide more context around credit card usage.

Due to the extension of time reported in the Quarterly Risk Management Report – March 2025 to submit documentation to Council's insurer for the renewal of Council's insurance program for 2025-2026, to ensure compliance with section 3.1.3 of the Committee's Charter, which requires the Committee to review the proposed insurance program prior to renewal and approach taken by Council to ensure that appropriate insurance arrangements are in place, Management provided the Committee with an update under separate cover on the renewal of the insurance program 2025-2026 prior to seeking Council's approval at the In Camera Council Meeting in June 2025 to renew the program.

- Management provided an update to each Audit and Risk Committee meeting on matters relating to fraud control and emerging risks.
- The Chief Executive Officer provided a verbal update to each meeting on various strategic matters.
- The General Manager Corporate reported verbally to each meeting on various operational matters.
- The Quarterly Financial Management Report, as presented to Council, was reviewed by the Committee as a standard agenda item.

The Manager Financial Services responded to questions from the Committee in relation to key variances between budgeted and actual figures in the quarterly financial management reports, as requested.

- The Committee reviewed the Fraud Control Policy, and Fraud and Corruption Control Plan, noting that these documents had been updated to align with current processes and to include requirements identified through the Fraud Risk

Framework Review undertaken by Council's previous internal auditor, BDO. The Committee was provided with advice from Management of the key controls in place at Mildura Rural City Council to minimise the risk of fraud.

While noting that fraud is a mandatory Councillor professional development topic, the Committee requested that Management consider any relevant updates to the Fraud and Corruption Control Plan to reference Councillors' responsibilities with regard to the plan, and to report back to the Committee with advice as to how the Fraud Control Policy and Fraud and Corruption Control Plan are communicated to Councillors.

- The Committee reviewed the Draft Budget 2025-2026 and Draft Fees and Charges Schedule 2025-2026, noting advice from Management of the processes Management undertook to develop the draft Budget and draft Fees and Charges Schedule to ensure compliance with relevant legislation.

To increase the community's confidence in Council's financial management practices, the Committee requested that Management emphasise in the report to Council recommending the approval of the annual Budget and annual Fees and Charges Schedule, the Audit and Risk Committee's role in reviewing the process for development of the annual Budget and annual Fees and Charges Schedule to ensure that all appropriate processes are in place and all relevant legislative aspects have been complied with.

- The Committee received a report from Management in response to its request for Management to review the current Mildura Regional Development (MRD) business operating model to determine the feasibility of bringing MRD's remaining functions in house to Mildura Rural City Council.
- The Audit and Risk Committee elected external member Julie Humphrey as its Chairperson for the 2025-2026 financial year.
- The most recently issued Quarterly Management Report was provided to the Audit and Risk Committee for review outside of the Committee's regular meetings through the Committee's Docs on Tap portal.
- The Quarterly Councillor Expenses Report presented to Council meetings was provided to the Audit and Risk Committee for review outside of the Committee's regular meetings through the Committee's Docs on Tap portal.

6. Time Frame

The Audit and Risk Committee Biannual Report for the six months ended 30 June 2025 is presented in accordance with the internal Audit and Risk Committee Charter and the Audit and Risk Committee's Annual Work Plan/Key Performance Indicators 2025 adopted by the Committee in November 2024.

7. Strategic Plan Links

This report relates to the Council Plan 2021-2025 in the Strategic Direction

Leadership

Outcome to be achieved:

- We manage organisational risk.

8. Asset Management Policy/Plan Alignment

There are no asset management implications associated with this report.

9. Implications

Policy

The items considered by the Audit and Risk Committee are in line with the oversight functions outlined in the Committee's Charter, which are briefly described below:

- Corporate governance
- Risk management including business continuity and disaster recovery, information and communications technology (ICT) governance, and fraud prevention
- Internal control framework
- Ethics and conduct
- Legislative compliance
- Internal and external reporting
- Internal and external audit.

Legal/Statutory

There are no legal/statutory implications relating to this report.

Financial

Funds for Audit and Risk Committee remuneration and consultancy (internal audit) costs incurred by the Audit and Risk Committee for the 2024-2025 financial year to date have been allocated in the Budget.

Environmental

There are no environmental implications relating to this report.

Social

There are no social implications relating to this report.

Economic

There are no economic implications relating to this report.

10. Risk Assessment

By adopting the recommendation, Council will not be exposed to any significant risk.

11. Conflicts of Interest

No conflicts of interest were declared during the preparation of this report.

Attachments

1. Audit and Risk Committee Annual Work Plan 2025 [14.1.1 - 14 pages]

Audit and Risk Committee Annual Work Plan/Key Performance Indicators 2025

The following table presents an overview of the standard agenda items to be considered at Audit and Risk Committee Meetings. This table also includes items that fall within the Committee's remit that will be circulated to the Committee for review under separate cover.

Ad-hoc issues/matters are also expected to be raised at each Audit and Risk Committee meeting. Reporting on each matter may be verbal, for information only, or subject to review and adoption, or recommendation to Council.

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12 Feb	26-4 Mar (Special Meeting)	14-28 May	9 Jul	17 Sept ¹	19 Nov
2.4 Recruitment							
External Membership Review ² :	2.4.2 The appointment of independent members will be made by way of a public advertisement and be for a maximum term of three years, renewable at the discretion of Council.	<input checked="" type="checkbox"/>					
<ul style="list-style-type: none"> Max Folie Membership expiry/retirement date 25 April 2025 (reappointed for a second/final three-year term commencing on 26 April 2022) 							
<ul style="list-style-type: none"> Maria Carazza Membership review/expiry date 25 February 2026 (initial appointment for a three-year term effective 26 February 2023) 	2.4.4 To ensure an orderly rotation and continuity of membership despite changes to Council's elected representatives, the number of consecutive terms that an independent person may serve on the Committee will be limited to two.						
<ul style="list-style-type: none"> Shannon Buckley Membership review/expiry date 24 July 2027 (initial appointment for a three-year term effective 25 July 2024) 							
<ul style="list-style-type: none"> Julie Humphrey Membership review/expiry date 31 October 2027 (reappointed for a second/final three-year term effective 1 November 2024) 	2.4.6 An assessment panel comprised of the Mayor, Chief Executive Officer and Chairperson will assess applications for independent membership of the Audit and Risk Committee, conduct reference checks and recommend to Council for approval the appointment of a preferred candidate to the Committee.						

Commented [SY1]: Meeting rescheduled to 19 February 2025 due to Max Folie not being available on 12 February 2025.

Commented [SY3]: Meeting rescheduled due to inability to obtain a quorum.

Commented [SY2]: Meeting rescheduled to align with RSD Audit's on-site interim audit visit.

Commented [SY4]: David Gunn was appointed to the Audit and Risk Committee for an initial three-year term commencing on 26 April 2025, replacing retiring member Max Folie.

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting) ¹	14-28 May	9 Jul	17 Sept ¹	19 Nov
2.4 Recruitment							
Annual election of Chairperson ³	2.4.15 The Chairperson will be appointed in July (or the meeting scheduled closest to July) each year from the independent members of the Committee. To allow for succession planning, the Chairperson's annual term of appointment must have concluded at least six months before the expiry of their membership term. Members may vote for a change in Chairperson during the current Chairperson's term should unforeseen circumstances require it or if requested by a majority of members.			<input checked="" type="checkbox"/>			
3.1 Risk Management							
Quarterly Risk Management Report (inclusive of a report on operational and strategic risks):	The Committee will:						
<ul style="list-style-type: none"> Quarter ended 31 December 2024 	3.1.2 Monitor the process of review of Council's risk profile to ensure that material and operational risks are dealt with appropriately and receive status reports, through receipt of the Quarterly Risk Management Report, of the risk register and actions being taken to manage identified risks.	<input checked="" type="checkbox"/>					
<ul style="list-style-type: none"> Quarter ended 31 March 2024 (including details relating to the proposed renewal of Council's insurance program for 2025-2026) 			<input checked="" type="checkbox"/>				
<ul style="list-style-type: none"> Quarter ended 30 June 2025 					<input checked="" type="checkbox"/>		
<ul style="list-style-type: none"> Quarter ended 30 September 2025 	3.1.3 Prior to renewal, review the insurance program and consider the approach taken by Council to ensure that appropriate insurance arrangements are in place. 3.1.4 Monitor the progress of any significant claims or litigation by or against the Council. 3.1.5 Consider any litigation, claim or contingency, which could have a material effect on Council's financial position or operating result.						<input checked="" type="checkbox"/>

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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting)	14-28 May	9 Jul	17 Sept ¹	19 Nov
3.1 Risk Management							
Business Continuity Planning update	3.1.6 The Committee will review the approach to business continuity planning, including whether business continuity and disaster recovery plans have been regularly updated and tested.						<input checked="" type="checkbox"/>
3.2 Control Environment							
Internal audit reports	3.2.2 The Committee will review Management's and the internal auditors' reports on the effectiveness of the systems for internal financial controls, financial performance and risk management, including Council's business continuity and disaster recovery plans.	Internal audit reports will be presented to Audit and Risk Committee meetings once finalised.					
• Contract Management Review			<input checked="" type="checkbox"/>				
• Depot Operations Review					<input checked="" type="checkbox"/>		
• Emergency Management Review						<input checked="" type="checkbox"/>	
• ICT Governance, Strategy and Project Delivery Review							<input checked="" type="checkbox"/>
Related Parties and Conflict of Interest - Presentation	2.5.1 Audit and Risk Committee members are expected to be aware of their obligations under Section 53 of the Act. In addition to the conflict of interest obligations outlined in Sections 126 to 131 of the Act (and referred to in Section 2.1.3 of the Audit and Risk Committee Charter), these obligations relate to misuse of position as a member of the Committee (Section 123) and confidential information (Section 125). Details of these obligations are included in Appendix A to this Charter. 3.2.4 The Committee will monitor ethical standards and related-party transactions by determining whether the systems of control are adequate.				<input checked="" type="checkbox"/>		
Annual Customer Complaints Management Report 2024-2025	3.2.5 The Committee will consider the effectiveness of controls for handling customer complaints.						<input checked="" type="checkbox"/>

- Commented [SY5]:** Annual Work Plan 2025 updated in response to action item 7.1.2 of Audit and Risk Committee Meeting 4/2024-2025 on 19 February 2025 to include Audit and Risk Committee meeting dates for presentation of internal audit reports.
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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting)	14-28 May	9 Jul	17 Sept ¹	19 Nov
	3.2 Control Environment						
Internal Control Environment Register – Annual Report on Compliance with Review Timeframes ⁴	3.2.7 The Committee will review over a four-year rotational basis, the adequacy and effectiveness of Council's compliance with the review of policies, systems and controls for providing a sound internal control environment.						<input checked="" type="checkbox"/>
Compliance Framework – Annual Report	See 3.2.7 above.					<input checked="" type="checkbox"/>	
	3.3 Fraud Prevention Systems and Control						
Fraud Control Policy, and Fraud and Corruption Control Plan – Review	3.3.1 At least every two years, the Committee will review and consider the effectiveness of Council's Fraud Control Policy, and Fraud and Corruption Control Plan, for preventing and detecting fraud, and supporting protected disclosures, and assess whether these are adequate and effective.			<input checked="" type="checkbox"/>			
Fraud Control and Emerging Risks Update	3.3.2 The Committee will receive status reports from Management of occurrences of fraud and suspected cases of fraud, corruption or serious misconduct impacting Council and review the outcomes of, and monitor any subsequent recommendations and Management responses to, independent investigations into these matters.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting) ¹	14-28 May	9 Jul	17 Sept ¹	19 Nov
3.4 Compliance Management							
Procurement Dashboard – Annual Presentation (including briefing on Procurement of Goods, Services & Works Policy obligations)	3.4.2 The Committee will review tendering arrangements to ensure transactions are conducted on an arms-length basis and are otherwise in accordance with Council policy.	To be circulated under separate cover in July 2025.					
Councillor Expenses Report: ⁵	3.4.3 The Committee will review for compliance with Council policy the Councillor expenses report presented to the previous Council meeting, challenging any unusual or unexpected results.	To be circulated under separate cover in February 2025.					
• Quarter ended 31 December 2024		To be circulated under separate cover in May 2025.					
• Quarter ended 31 March 2025		To be circulated under separate cover in August 2025.					
• Quarter ended 30 June 2025		To be circulated under separate cover in November 2025.					
• Quarter ended 30 September 2025							
3.5 Financial and Performance Reporting							
Quarterly Financial Management:	3.5.1 Financial Reporting to Council 3.5.1.1 The Committee will review Council's financial position via receipt of Council's Quarterly Financial Management Report as presented to Ordinary Council meetings, and other supporting financial reports, seeking explanations of any unusual or unexpected results.		<input checked="" type="checkbox"/>				
• Quarter ended 31 December 2024				<input checked="" type="checkbox"/>			
• Quarter ended 31 March 2025					<input checked="" type="checkbox"/>		
• Quarter ended 30 June 2025							<input checked="" type="checkbox"/>
• Quarter ended 30 September 2025							<input checked="" type="checkbox"/>
Quarterly Management Report (previously titled the Monthly Management Report)	3.5.1 Financial Reporting to Council 3.5.1.3 The Audit and Risk Committee will review issues relating to National Competition Policy, financial reporting by Council branches and comparative performance indicators.	To be circulated under separate cover in February 2025.					
• Quarter ended 31 December 2024		To be circulated under separate cover in May 2025.					
• Quarter ended 31 March 2025		To be circulated under separate cover in August 2025.					
• Quarter ended 30 June 2025		To be circulated under separate cover in November 2025.					
• Quarter ended 30 September 2025							

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12 19 Feb	26 4 Mar (Special Meeting)	14 28 May	9 Jul	17 Sept ¹	19 Nov
3.5 Financial and Performance Reporting							
Draft Budget 2024-2025	3.5.2 Annual Budget 3.5.2.1. The Committee will review the draft Annual Budget to assess that all appropriate processes (eg community engagement) are in place and all legislative aspects have been complied with, prior to recommending it to Council for adoption.			☑			
Local Government Performance Reporting Framework – Half-Yearly Report	3.5.3 Annual Financial Statements and Annual Performance Statement 3.5.3.2 The Committee will, at least annually, review changes to the Local Government Performance Reporting Framework and understand the impact of those changes on Council's performance indicators. 3.5.3.3 The Committee will review the half-yearly Local Government Performance Reporting Framework report, seeking assurance in regard to the accuracy and completeness of the information reported.			☑			
Valuation of Non-Current Assets (Property, Infrastructure Assets, Plant and Equipment) – Annual review prior to 30 June of: <ul style="list-style-type: none"> policy and position paper on valuing non-current assets report on the likely outcomes of the revaluation of non-current assets for the financial year 	3.5.3 Annual Financial Statements and Annual Performance Statement 3.5.3.1 The Committee will review and understand the effect of the following on the preparation and audit of the draft Annual Financial Statements and draft Annual Performance Statement: <ul style="list-style-type: none"> Accounting policies and practices, including any changes to these. For example, to assist the Committee with 			☑			

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting ¹)	14-28 May	9 Jul	17 Sept ¹	19 Nov
	<p>assessing the reasonableness of the valuation and fair value assessment outcomes relating to non-current assets, prior to 30 June each year the Committee will review a position paper outlining the requirements of the Council's accounting policy with respect to the valuation of non-current assets (property, infrastructure assets, plant and equipment) and the Council's approach to assessing the fair value of each non-current asset class, along with a report on the likely outcomes for the respective reporting cycle (expected movements in fair value and resultant impact on the Annual Financial Statements).</p> <ul style="list-style-type: none"> • The process used in making significant accounting estimates • Related party transactions • Significant adjustments to the Annual Financial Statements (if any) arising from the audit process. For example, those involving the valuation of assets and liabilities, environmental liability and other commitments and contingencies. • Compliance with accounting standards and other reporting requirements including recent accounting, professional and regulatory pronouncements and legislative changes 						

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting ¹)	14-28 May	9 Jul	17 Sept ¹	19 Nov
	<ul style="list-style-type: none"> Significant changes to the content of the reports, the operating results, financial position and performance indicators in comparison with the previous year. 						
	3.5 Financial and Performance Reporting						
Annual Assessment of the Reasonableness of the Valuation and Fair Value Assessment Outcomes of Non-Current Assets (Property, Infrastructure Assets, Plant and Equipment) (Note: This assessment will include presentation of a report on the <i>actual outcomes</i> of the revaluation of non-current assets for the financial year. The assessment is to be undertaken in conjunction with the review of the Draft Annual Financial Statements to allow the Committee to consider the resultant impact of the valuation on the Financial Statements.)	See 3.5.3.1 (bullet point 1) above.					<input checked="" type="checkbox"/>	
Draft Annual Financial Statements 2024-2025	<p>3.5.3 Annual Financial Statements and Annual Performance Statement</p> <p>Refer 3.5.3.1 (bullet point 1) above.</p> <p>3.5.3.4 The Committee will review the draft Annual Financial Statements and draft Annual Performance Statement and consider whether they are consistent with information known to Committee members, reflect appropriate accounting treatments and adequately disclose Council's financial performance and position.</p> <p>3.5.3.5 The Committee will recommend to Council the in-principle adoption of the draft Annual Financial Statements and draft Annual Performance Statement, and review any significant changes and the reasons for the changes that may arise subsequent to any</p>					<input checked="" type="checkbox"/>	

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting)	14-28 May	9 Jul	17 Sept'	19 Nov
	such recommendation but before the draft Annual Financial Statements and draft Annual Performance Statement are signed.						
	3.5 Financial and Performance Reporting						
Draft Annual Performance Statement 2024-2025	See 3.5.3.4 and 3.5.3.5 above.					<input checked="" type="checkbox"/>	
Draft Governance and Management Checklist 2024-2025	3.5.4 Governance and Management Checklist 3.5.4.1 The Committee will review the completeness of corporate governance processes, as prescribed in the draft Governance and Management Checklist of the <i>Local Government (Planning and Reporting) Regulations 2020</i> , prior to recommending the draft Governance and Management Checklist to Council for in-principle adoption.					<input checked="" type="checkbox"/>	
Mildura Rural City Council Draft Annual Report 2024-2025	3.5.5 Annual Report 3.5.5.1 The Committee will review for completeness the disclosures to be included in Mildura Rural City Council's Draft Annual Report regarding the Council's activities and performance. 3.5.5.2 The Committee will review the information included in Mildura Rural City Council's Draft Annual Report to ensure it is consistent with the draft Annual Financial Statements.					<input checked="" type="checkbox"/>	
	3.6 Internal Audit						
Internal Audit Tracking Register	3.6.2 The Committee will review internal audit reports and monitor, through receipt of the organisation's Internal Audit Tracking Register, the implementation of recommendations by Management, assessing reasons for non-implementation of any recommendations.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting)	14-28 May	9 Jul	17 Sept ¹	19 Nov
	3.6 Internal Audit						
Internal Audit Function – Annual Performance Assessment ⁶	3.6.8 The Committee will assess, annually, both the compliance effectiveness and value of service of the internal audit function.			<input checked="" type="checkbox"/>			
Delivery of Strategic Internal Audit Plan (including Annual Internal Audit Program 2024-2025) – Quarterly Progress Report	3.6.5 The Committee will, through the receipt of regular status reports from the internal auditor, monitor the implementation of the annual internal audit plan.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Internal Audit Plan 2025-2026 and budget estimate	3.6.4 The Committee will review and approve the annual Internal Audit Plan, including any significant changes to it, having regard to the four-year Strategic Internal Audit Plan and Council's budget and objectives.			<input checked="" type="checkbox"/>			
	3.7 External Audit						
External Audit Strategy: <ul style="list-style-type: none"> Mildura Rural City Council Mildura Cemetery Trust Mildura Regional Development 	3.7.1 (Bullet point 1) The Committee will meet confidentially with the external auditor at the commencement of each year's audit process to discuss the audit engagement and the overall external audit strategy of the Victorian Auditor-General's Office (VAGO). During this meeting, the Committee will ask the external auditor about pressures on Management that may have an impact on the quality of financial reporting, such as performance measures. The Chairperson will also communicate to the external auditor the expectation that the external auditor will contact the Committee where necessary.		<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>				

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting)	14-28 May	9 Jul	17 Sept ¹	19 Nov
3.7 External Audit							
Interim Management Letter: <ul style="list-style-type: none"> Mildura Rural City Council Mildura Cemetery Trust Mildura Regional Development 	3.7.3 The Committee will review and discuss with Management and the external auditor all significant Management Letter items and the potential impact of those on Council's system of internal control.			<input checked="" type="checkbox"/>			
External Audit Closing Report: <ul style="list-style-type: none"> Mildura Rural City Council Mildura Cemetery Trust Mildura Regional Development 	3.7.1 (Bullet point 2) The Committee will meet with Management and the external auditor following the release of the VAGO Closing Report to review and discuss the results of the audit, including any audit issues encountered in the normal course of work, restriction on scope of work or access to information.					<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
Final Management Letter: <ul style="list-style-type: none"> Mildura Rural City Council Mildura Cemetery Trust Mildura Regional Development Mildura Airport Pty Ltd 	See 3.7.3 above.					<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
External Audit Management Letter Issues – Status Report	3.7.4 The Committee will monitor the implementation of Management Letter recommendations through the receipt of regular status reports provided by Management.	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
Local Government Reports and Publications of Interest – Quarterly Industry Update	3.7.5 The Committee will consider the findings and recommendations of local government performance audits and other specific audits undertaken by the Victorian Auditor-General's Office and where relevant monitor Management's responses to them.	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Commented [SY6]: Josh Porker from RSD Audit confirmed on 15 April 2025 that due to the entity's small size, an interim management letter for Mildura Regional Development will not be prepared.

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12-19 Feb	26-4 Mar (Special Meeting)	14-28 May	9 Jul	17 Sept ¹	19 Nov
3.8 Other Relevant Matters							
Mildura Cemetery Trust Annual Report	3.8.1 The Committee will consider and note the Annual Report and Management Letter for: <ul style="list-style-type: none"> • Mildura Cemetery Trust • Mildura Rural City Council's subsidiaries⁷: <ul style="list-style-type: none"> ○ Mildura Airport Pty Ltd ○ Mildura Regional Development. 						☑
Mildura Airport Pty Ltd Annual Update ⁷	See 3.8.1 above.						☑
Chief Executive Officer Update	3.8.4 The Committee will receive updates on major projects and other matters impacting on the organisation's operations.	☑		☑	☑	☑	☑
General Manager Corporate Performance's Update on Operational Matters	3.8.5 The Committee will receive operational updates from the General Manager Corporate Performance.	☑		☑	☑	☑	☑
Major Project Update – Red Cliffs Early Years Project – Presentation	3.8.4 The Committee will receive updates on major projects and other matters impacting on the organisation's operations.	☑		☑	☑	☑	☑
4.1 Meetings							
Annual Schedule of Presentations to the Audit and Risk Committee	4.1.8 An annual schedule of presentations will be developed and agreed to by members for the purposes of continuing education and assisting the Committee to fulfil its responsibilities, as outlined in this Charter.					☑	
Audit and Risk Committee Bi-Annual Report to Council	4.3.3 The Audit and Risk Committee's Chairperson will report to the Council on the Committee's activities, including its findings and recommendations, on a bi-annual basis.	☑			☑		

Commented [SY7]: Due to the project having been completed and an official opening tentatively scheduled for 3 July 2025, the last presentation on the Red Cliffs Early Years Project was made to the Audit and Risk Committee on 28 May 2025.

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2025 Meetings					
		12 19 Feb	26 4 Mar (Special Meeting)	14 28 May	9 Jul	17 Sept	19 Nov
	4.4 Audit and Risk Committee Performance Review						
Audit and Risk Committee Annual Work Plan/KPIs for 2026 Calendar Year (including Internal Control Environment Register – Four-Year Rolling Plan)	4.4.1 The Committee, together with the Chief Executive Officer, develop the Committee's performance indicators each year and then present these to Council.						<input checked="" type="checkbox"/>
Audit and Risk Committee Annual Self-Assessment Process for Financial Year ended 30 June 2025: <ul style="list-style-type: none"> • Presentation of self-assessment tool/questionnaire • Report on findings of self-assessment process 	4.4.2 The Committee will participate in an annual self-assessment process, facilitated by Council's internal auditor. The Committee's performance will be measured against this charter and key performance indicators developed annually for the Committee.				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	4.5 Charter Review						
Audit and Risk Committee Charter Review	4.5.1 The Audit and Risk Committee will review its Charter annually and recommend to Council for approval any changes required.			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
<p>Note:</p> <ol style="list-style-type: none"> Meeting dates are subject to change pending confirmation of dates for the Mildura Rural City Council (MRCC) interim and final audits. An update on MRCC audit timelines will be provided in the External Audit Strategy, which is to be presented to the Special Meeting in March 2025. In accordance with the requirements of the Audit and Risk Committee Charter, the Special Meeting with the external auditors will include a confidential component without the presence of Management. In accordance with Section 4.4.5 of the Audit and Risk Committee Charter, as part of the process of exiting the Audit and Risk Committee, Audit and Risk Committee members will be requested to complete the Audit and Risk Committee Self-Assessment Process questionnaire prior to their resignation/retirement from the Audit and Risk Committee becoming effective. In accordance with Section 2.4.5 of the charter, to facilitate the recruitment process, the Committee, with the exception of the retiring member, will undertake a skills gap assessment using the Skills Matrix. At Audit and Risk Committee Meeting 2/2024-2025 on 11 September 2024, Julie Humphrey was appointed Audit and Risk Committee Chairperson for the period 26 October 2024 (following the conclusion of Max Folie's current term as Chairperson on 25 October 2024) to 30 June 2025. At Audit and Risk Committee Meeting 6/2024-2025 on 28 May 2025, Julie Humphrey was re-elected Chairperson for the 2025-2026 financial year. See separate register of key documents comprising Council's Internal Control Environment. As the Councillor Expenses Report is not presented to Council until two months after the quarter's end reported on, to ensure the timely presentation of the Report to the Audit and Risk Committee, the Report will be uploaded to Docs on Tap for the Audit and Risk Committee's review following its presentation to Council. <p><u>6</u> The Internal Audit Function – Annual Performance Assessment will be considered confidentially by Management and the Audit and Risk Committee.</p>							

Commented [SY8]: Charter review deferred to July 2025 to allow for final review at Audit and Risk Committee Meeting 6/2024-2025 on 28 May 2025 of Management's response to the recommendations in consultant John Watson's report on the structure and function of the Audit and Risk Committee.

Consultant's recommendations to increase the value, effectiveness and functionality of the Audit and Risk Committee will be recommended to Council for approval in the updated Audit and Risk Committee Charter to be presented to Audit and Risk Committee Meeting 1/2025-2026 on 9 July 2025 for review.

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7. The Mildura Airport Ptd Ltd (MAPL) Annual Update and presentation of subsidiaries (MAPL and Mildura Regional Development) Annual Reports will form part of a special briefing to Council and the Audit and Risk Committee in November 2024 – date to be confirmed.

