14.1 AUDIT AND RISK COMMITTEE BIANNUAL REPORT TO COUNCIL - 1 JANUARY TO 30 JUNE 2026

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 2026.

2. Recommendation

That Council receive the Audit and Risk Committee Biannual Report for the six-month period 1 January to 30 June 2026.

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 2026 (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 2026.

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 2026 was as follows:

- Julie Humphrey – External member and Chairperson.
- Shannon Buckley - External member.
- David Gunn – External member.
- Alan Wilson – External member (replaced Maria Carraza on 26 February 2026).
- Mayor – Cr Ali Cupper.
- Deputy Mayor – Cr Helen Healy.

For the six-months ended 30 June 2026, 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:

- The committee reviewed and recommended presentation to Council of the Audit and Risk Committee Biannual Report to Council – July to December 2025.
- The committee recommended to Council for approval changes to the Audit and Risk Committee Charter requiring newly appointed independent members to participate in an onsite induction (in addition to an online induction) and to attend at least one Audit and Risk Committee meeting per year in person in Mildura.

  These changes, which were subsequently approved by Council, are aimed at improving the local knowledge of independent members and increasing the Audit and Risk Committee's overall value to the Council.
- All independent members of the committee, except for Shannon Buckley who was unable to do so due to personal reasons, participated in an onsite induction in Mildura on 18 May 2026. The onsite induction was followed by in-person participation in the Audit and Risk Committee meeting on 19 May 2026.
- Following a recruitment process, Council approved the appointment of John Gavens as the Audit and Risk Committee's Chairperson for a three-year term, commencing on 1 July 2026.
- At its February 2026 meeting, the committee received a presentation from the General Manager Infrastructure & Assets on key areas of responsibility and risk for the Infrastructure & Assets Department.
- The Quarterly Risk Management Report was presented to the committee as a standard agenda item.

  In response to requests from the committee, Management:

  - improved the format of the Quarterly Risk Management Report to include an Executive Summary.
  - provided a follow up report to the committee explaining the circumstances surrounding an incident of accidental usage of a corporate credit card.
  - made the Strategic Risk Register available in Docs on Tap for the committee's review.
  - will provide a report to the committee's July 2026 meeting on the impacts and risks to Council associated with the current fuel shortage crisis, including the Road Transport Contractual Chain Order.

The committee also received an update from Management in the Quarterly Risk Management Report – March 2026 on the proposed renewal of Council's insurance program for 2026-2027. In response to the committee's request, Management will report back to the committee with an explanation of why two Mildura Arts Centre buildings are listed with separate building valuations in the Building Schedule for the proposed insurance renewal update presented to the committee's May 2026 meeting.

- 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.

- Commencing with the July 2026 Audit and Risk Committee meeting, the committee agreed to receive one written executive report, as opposed to individual Chief Executive Officer and General Manager Corporate Performance reports.
- Management provided an update to each Audit and Risk Committee meeting on matters relating to fraud control and emerging risks.
- 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 2025-2026.

  To enable input to the scope, the committee was provided with the internal audit planning document (IAPD) for each forthcoming internal review, prior to the IAPD being finalised, and the approved IAPD presented to the next Audit and Risk Committee for noting.
- At its May 2026 meeting, the committee reviewed and approved the Internal Audit Program 2026-2027, including budget, as presented.
- The Committee received a quarterly industry update, prepared by AFS & Associates Pty Ltd, summarising local government reports and publications of interest.

  Commencing in July 2026, the quarterly industry update report will include, as requested by the committee, a response from Management on the applicability to Mildura Rural City Council of each item in the report and the actions Mildura Rural has in place or is intending to undertake to address applicable items.
- 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.

  To prevent the need for the Audit and Risk Committee to request that all requests to extend the due dates for completion of internal audit actions come through the Audit and Risk Committee for approval, the committee requested at its February 2026 meeting that Management complete, by the date of the committee's May 2026 meeting, all six major risk development contributions planning-related actions in the Internal Audit Tracking Register that are between 12 and 24 months overdue. The committee also requested that managers be reminded of the need to prioritise the completion of major and moderate risk internal audit actions by their agreed due dates.
- At its May 2026 meeting, the committee noted a written report from Management explaining the process Management undertook to complete the six outstanding major risk development contributions planning internal audit actions, and the continuous improvement plan for the management of development contributions plans going forward. This report was provided in response to the request made by the committee at its February 2026 meeting.

  In response to a further request from the committee, arising at the committee's May 2026 meeting, the General Manager Corporate Performance will work with the internal auditor to ensure the inclusion in year 4 or 5 of the Strategic Internal Audit Program of a review of the effectiveness of the new development contributions management framework.
- To enable the Mildura Cemeteries Trust to respond to a request from a community group to run a tour at the cemetery at night, Management undertook, as requested by the committee, a risk assessment. In addition to the known risks

such as no lighting and rabbit holes at the cemetery, the risk assessment included benchmarking with other cemetery trusts to determine how these trusts deal with this type of request.

- At a special Audit and Risk Committee meeting on 17 March 2026, the Committee was briefed by the external auditor from RSD Audit on the audit strategy memorandum 2025-2026 for each of the following entities:

  - Mildura Rural City Council.
  - Mildura Cemeteries Trust.

  The committee accepted each audit strategy memorandum, 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 2025-2026 for each entity.

  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.

- The Quarterly Financial Management Report, as presented to Council, was reviewed by the Committee as a standard agenda item.

  The Manager Financial Services explained key variances between budgeted and actual figures in the quarterly financial management reports, as requested by the committee.

- The committee reviewed a final report from AFS & Associates Pty Ltd on the Strategic Asset Management Review – March 2026.

  The committee agreed to defer the adoption of this report pending the attendance of the General Manager Infrastructure & Assets and Manager Facilities & Assets at its next meeting in July 2026 to answer questions from the committee in relation to the due dates assigned to the Management actions in the report and to explain the report in the context of the 10-Year Forward Works Program for Roads, Footpaths, Kerb and Channel, and Stormwater Drainage, which is to be presented to the Ordinary Council Meeting in May 2026 for approval.

- In consideration of the potential impacts of climate change on Council's assets portfolio, and in response to the committee's request, a presentation will be made to the committee's July 2026 meeting to explain Mildura Rural City Council's water rights and the controls in place to mitigate the risks associated with this intangible asset.

- 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.

  To assist the committee with undertaking its annual performance assessment of the internal audit function going forward, the annual performance assessment process will be streamlined to include presentation to the committee of internal audit performance-related survey data.

- The committee noted a presentation from Management outlining the objectives and requirements for reporting under the Local Government Performance Reporting Framework (LGPRF), along with advice that significant changes to the LGPRF are scheduled to take effect in 2026-2027.

A presentation will be provided to the committee in May 2027 on the 2026-2027LGPRF changes and related updates to Council's LGPRF Policy.

- The Committee reviewed and noted the LGPRF Half-Yearly Report – 2025-2026.
- To allow Management to proceed with recommending the adoption of the draft Mildura Rural City Council Budget 2026-2027 and the draft Fees and Charges Scheduled 2026-2027 to Council's Ordinary Meeting in June 2026, the committee received a report from Management explaining the process undertaken to develop both documents to ensure compliance with relevant legislation.
- 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, the Committee noted, at its May 2026 meeting, the requirements of Mildura Rural City Council's Asset Accounting Policy OP200 with respect to non-current assets, along with a report 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 2025-2026 financial year, including the engagement of an expert valuer and key milestones.
  - the likely outcomes for the 2025-2026 financial year/reporting cycle (i.e. expected movements in fair value and resultant impact on the Annual Financial Statements).

  To assist the committee with assessing the reasonableness of the valuation and fair value assessment outcomes of non-current assets for 2025-2026, as required by the committee's charter, Management will present a report to the committee's September 2026 meeting on the actual outcomes of the revaluation of noncurrent assets for 2025-2026, along with the draft Annual Financial Statements 2025-2026.
- 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 2026 is presented in accordance with the Audit and Risk Committee Charter and the Audit and Risk Committee's Annual Work Plan/Key Performance Indicators 2026 adopted by the Committee in November 2025.

7. Strategic Plan Links

This report relates to the Council Plan 2025-2029 in the Strategic Direction

<u>Leadership</u>

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 2025-2026 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/Key Performance Indicators - 2026 [**14.1.1** - 14 pages]

Audit and Risk Committee
Annual Work Plan/Key Performance Indicators 2026

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	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15 Jul	23 Sept[1]	25 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. 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. 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.						
• David Gunn Membership review/expiry date 25 April 2028 (initial appointment for a three-year term effective 26 April 2025).							
• Alan Wilson Membership review/expiry date 25 February 2029 (initial appointment for a three-year term effective 26 February 2026)							
• Shannon Buckley Membership review/expiry date 24 July 2027 (initial appointment for a three-year term effective 25 July 2024)							
• John Gavens Membership review/expiry date 30 June 2029 (initial appointment as Chairperson for a three-year term effective 1 July 2026)							
• Julie Humphrey Membership review/expiry date 31 October 2027 (reappointed for a second/final three-year term effective 1 November 2024) Note: The need (or not) to advertise the vacancy to be created by Julie's retirement will be reviewed prior to Julie's retirement. This is in consideration of the appointment of a fifth Audit and Risk Committee member - John Gavens, Chairperson, in April 2026 (see C-20795). If required, the Committee will need to recommend to Council, via an update to its Charter, the reinstatement of the previous four-person maximum for independent Audit and Risk Committee membership.							

Commented [SY1]: In person meeting rescheduled to 19 May 2026 to allow independent members who do not live locally to participate in an onsite induction in Mildura the day prior (on 18 May 2026).

Commented [SY2]: Rescheduled to 15 July 2026 due to new Chairperson, John Gavens, not being available on 8 July 2026.

<table>
<tr><th rowspan="2">Agenda Item/Key Performance Indicator</th><th rowspan="2">Audit and Risk Committee Charter Reference/s</th><th colspan="6">2026 Meetings</th></tr>
<tr><th>11 Feb</th><th>17 Mar (Special) Meeting[1]</th><th>~~13~~ 19 May</th><th>~~8~~ 15 Jul</th><th>23 Sept[1]</th><th>25 Nov</th></tr>
<tr><td></td><td>2.4 Recruitment</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Recruitment of Audit and Risk Committee Chairperson</td><td>2.4.2 The appointment of independent members, including the Chairperson, will be made by way of a public advertisement and be for a maximum term of three years, renewable at the discretion of Council.

2.4.15 The Chairperson will be an independent member of the Committee, appointed by Council for a three-year term commencing on 1 July. Members may recommend to Council for approval a change in Chairperson during the current Chairperson's term should unforeseen circumstances require it or if requested by a majority of members.</td><td colspan="6">A report has been presented to the November 2025 Audit and Risk Committee meeting outlining proposed timelines for the recruitment of a Chairperson for a three-year term, prior to Julie Humphrey's annual term as Chairperson expiring on 30 June 2026. A recommendation to appoint the preferred applicant as Chairperson of the Audit and Risk Committee is to be presented to the In-Camera Council meeting in March 2026 for Council's approval.</td></tr>
<tr><td></td><td>3.1 Risk Management</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Quarterly Risk Management Report (inclusive of a report on operational and strategic risks):
• Quarter ended 31 December 2025</td><td rowspan="4">The Committee will:

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.

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.</td><td>☑</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>• Quarter ended 31 March 2026 (including details relating to the proposed renewal of Council's insurance program for 2026-2027)</td><td></td><td></td><td>☑</td><td></td><td></td><td></td></tr>
<tr><td>• Quarter ended 30 June 2026</td><td></td><td></td><td></td><td></td><td>☑</td><td></td></tr>
<tr><td>• Quarter ended 30 September 2026</td><td></td><td></td><td></td><td></td><td></td><td>☑</td></tr>
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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15 Jul	23 Sept[1]	25 Nov
	3.1 Risk Management						
	3.1.5 Consider any litigation, claim or contingency, which could have a material effect on Council's financial position or operating result.						
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.						☑
	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.						
• Strategic Asset Management Review				☑			
• Data Analytics – Payroll Review (Manager People to attend for this item.)						☑	
• Occupational Health, Safety and Wellbeing4 (Manager People to attend for this item.)						☑	
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.				☑		

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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15 Jul	23 Sept[1]	25 Nov
	3.2 Control Environment						
	3.2.4 The Committee will monitor ethical standards and related-party transactions by determining whether the systems of control are adequate.						
Annual Customer Complaints Management Report 2025-2026	3.2.5 The Committee will consider the effectiveness of controls for handling customer complaints.						☑
Internal Control Environment Register – Annual Report on Compliance with Review Timeframes[3]	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.						☑
Compliance Management Framework – Annual Report	See 3.2.7 above.					☑	
	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.	Fraud Control Policy, and Fraud and Corruption Control Plan are next due for review in May 2027.					
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.	☑		☑	☑	☑	☑

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	13 19 May	8 15 Jul	23 Sept[1]	25 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.					
Councillor Expenses Report:[5] • Quarter ended 31 December 2025	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 2026.					
• Quarter ended 31 March 2026		To be circulated under separate cover in May 2026.					
• Quarter ended 30 June 2026		To be circulated under separate cover in August 2026.					
• Quarter ended 30 September 2026		To be circulated under separate cover in November 2026.					
	3.5 Financial and Performance Reporting						
Quarterly Financial Management: • Quarter ended 31 December 2025	**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.		☑				
• Quarter ended 31 March 2026				☑			
• Quarter ended 30 June 2026						☑	
• Quarter ended 30 September 2026							☑
Quarterly Management Report: • Quarter ended 31 December 2025	**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 2026.					
• Quarter ended 31 March 2026		To be circulated under separate cover in May 2026.					
• Quarter ended 30 June 2026		To be circulated under separate cover in August 2026.					
• Quarter ended 30 September 2026		To be circulated under separate cover in November 2026.					

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15Jul	23 Sept[1]	25 Nov
	3.5 Financial and Performance Reporting						
Mildura Rural City Council Annual Budget Process	**3.5.2 Annual Budget** 3.5.2.1 Prior to Management recommending the draft Annual Budget to Council for adoption, the Committee will assess that all appropriate processes (eg community engagement) are in place and all legislative aspects have been complied with.			☑			
Local Government Performance Reporting Framework – Update on Changes	**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.			☑			
Local Government Performance Reporting Framework – Half-Yearly Report	**3.5.3 Annual Financial Statements and Annual Performance Statement** 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.			☑			

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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15 Jul	23 Sept[1]	25 Nov
	3.5 Financial and Performance Reporting						
Valuation of Non-Current Assets (Property, Infrastructure Assets, Plant and Equipment) – Annual review prior to 30 June of: • 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: • Accounting policies and practices, including any changes to these. For example, to assist the Committee with 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).			☑			

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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15 Jul	23 Sept[1]	25 Nov
	3.5 Financial and Performance Reporting						
	• 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 • Significant changes to the content of the reports, the operating results, financial position and performance indicators in comparison with the previous year.						

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	13 19 May	8 15 Jul	23 Sept[1]	25 Nov
	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 *actual outcomes* 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 above.					☑	
Draft Annual Financial Statements 2025-2026	**3.5.3 Annual Financial Statements and Annual Performance Statement** Refer 3.5.3.1 above. 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. 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 such recommendation but before the draft Annual Financial Statements and draft Annual Performance Statement are signed.					☑	

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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15 Jul	23 Sept[1]	25 Nov
	3.5 Financial and Performance Reporting						
Draft Annual Performance Statement 2025-2026	See 3.5.3.4 and 3.5.3.5 above.					☑	
Draft Governance and Management Checklist 2025-2026	**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 *Local Government (Planning and Reporting) Regulations 2020*, prior to recommending the draft Governance and Management Checklist to Council for in-principle adoption.					☑	
Mildura Rural City Council Draft Annual Report 2025-2026	**3.5.5 Annual Report** 3.5.5.1 The Committee will review Mildura Rural City Council's Draft Annual Report to ensure the Report of Operations is consistent with the draft Annual Financial Statements and draft Performance Statement.					☑	
	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.	☑		☑	☑	☑	☑
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.			☑			
Delivery of Strategic Internal Audit Plan (including Annual Internal Audit Program) – 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.	☑		☑	☑	☑	☑

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	13 19 May	8 15 Jul	23 Sept[1]	25 Nov
	3.6 Internal Audit						
Internal Audit Plan 2026-2027 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 Strategic Internal Audit Plan and Council's budget and objectives.			☑			
	3.7 External Audit						
External Audit Strategy: • Mildura Rural City Council • Mildura Cemetery Trust	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.		☑ ☑ ☑				
Interim Management Letter: • Mildura Rural City Council • Mildura Cemetery Trust	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.			☑ ☑			

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	13 19 May	8 15 Jul	23 Sept[1]	25 Nov
	3.7 External Audit						
External Audit Closing Report: • Mildura Rural City Council • Mildura Cemetery Trust	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.					 ☑ ☑	
Final Management Letter: • Mildura Rural City Council • Mildura Cemetery Trust • Mildura Airport Pty Ltd	See 3.7.3 above.					 ☑ ☑ ☑	
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.	☑			☑		☑
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.	☑		☑	☑	☑	☑
	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:
	• Mildura Cemetery Trust
	• Mildura Rural City Council's subsidiaries[7]:
	  ○ Mildura Airport Pty Ltd
	  ○ Mildura Regional Development.
							☑

Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	13 19 May	8 15 Jul	23 Sept[1]	25 Nov
	3.8 Other Relevant Matters						
Mildura Airport Pty Ltd Annual Update and Presentation of Mildura Rural City Council subsidiaries' annual reports	See 3.8.1 above.	The Mildura Airport Pty Ltd annual update and presentation of Mildura Rural City Council subsidiaries' annual reports will form part of a special briefing to Councillors and the Audit and Risk Committee in October/November 2026 – date to be confirmed.					
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.	☑		☑	☑	☑	☑
	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.					☑	
Infrastructure & Assets Department – Departmental Presentation on Key Areas of Responsibility and Risk	See 4.1.8 above.	☑					
Healthy Communities Department – Departmental Presentation on Key Areas of Responsibility and Risk	See 4.1.8 above.			☑	☑		
Corporate Performance Department - Departmental Presentation on Key Areas of Responsibility and Risk	See 4.1.8 above.					☑	
Strategy & Growth Department – Departmental Presentation on Key Areas of Responsibility and Risk	See 4.1.8 above.						☑
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 [SY3]: Presentation deferred to July 2026 meeting due to general manager presentations on key service areas forming part of onsite induction for independent members on 18 May 2026.

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Agenda Item/Key Performance Indicator	Audit and Risk Committee Charter Reference/s	2026 Meetings					
		11 Feb	17 Mar (Special) Meeting[1]	~~13~~ 19 May	~~8~~ 15 Jul	23 Sept[1]	25 Nov
	4.4 Audit and Risk Committee Performance Review						
Audit and Risk Committee Annual Work Plan/KPIs for 2027 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.						☑
Audit and Risk Committee Annual Self-Assessment Process for Financial Year ended 30 June 2026: • 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.				☑	☑	
	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.	☑					

Note:

1. Meeting dates are subject to change pending confirmation of dates for the interim and final audits for Mildura Rural City Council (MRCC) and its subsidiaries. An update on audit timelines will be provided to the Special Meeting in March 2026. 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.
2. 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.
3. See separate register of key documents comprising Council's Internal Control Environment.
4. The meeting date for presentation of the final report on the Occupational Health, Safety and Wellbeing Review, which is a Year 3/2026-2027 review, will be subject to the Audit and Risk Committee's approval of the proposed annual Internal Audit Program 2026-2027.
5. 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.
6. The Internal Audit Function – Annual Performance Assessment will be considered confidentially by Management and the Audit and Risk Committee.