



Mansfield Shire

Audit and Risk Committee

Monday 21 February 2022

Our aspiration for our Shire and its community

We live, work and play in an inclusive, dynamic and prosperous place where community spirit is strong and people are empowered to engage in issues that affect their lives.

Councillors

Cr James Tehan (Mayor)
Cr Mark Holcombe

Officers

Kaylene Conrick, Chief Executive Officer
Kurt Heidecker, General Manager Community and Corporate Services
Kirsten Alexander, General Manager Infrastructure and Planning
Anthony Smith, Manager Business and Performance
Maira Moss, Governance and Risk Coordinator

Members

Bruce Potgieter
Moh-Lee Ng
Peter Johnston
Bradley Ead
Travis Derricott
Barbara Chipwanyanya

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Agenda

1. Opening of the Meeting

2. Apologies

3. Acknowledgement of Country

The Chair will recite Council's Acknowledgement of Country:

"Our meeting is being held on the lands of the Taungurung people and we wish to acknowledge them as Traditional Owners. We would also like to pay our respects to their Elders, past and present, and Aboriginal Elders of other communities who may be here today."

4. Disclosure of Conflicts of Interest

The Chair will call on each member in turn and ask them to declare whether they have any conflicts of interest in relation to any agenda items.

5. Confirmation of Minutes

Recommendation

THAT the Minutes of the Mansfield Shire Council Audit and Risk Committee Meeting held on Monday 15 November 2021 be confirmed as an accurate record.

6. Administrative Items

6.1. Audit and Risk Committee Action Update

File Number	E9533	Responsible Officer	Coordinator Governance & Risk, Moira Moss
Purpose			
<p>This report assists the Audit and Risk Committee to fulfill its obligations under the Mansfield Audit and Risk Charter:</p> <p>2. PURPOSE</p> <p>2.1 The purpose of the Committee is to:</p> <ul style="list-style-type: none"> a) monitor the compliance of Council policies and procedures with o the overarching governance principles pursuant to s9 of the Act; and o the Act, the associated regulations and any Ministerial directions; b) monitor Council financial and performance reporting; c) monitor and provide advice on risk management and fraud prevention systems and controls; and d) oversee internal and external audit functions. 			
Executive Summary			
<p>Twenty-two actions were added at the November 2021 Audit and Risk Committee meeting. Of the 31 actions, 9 are complete, 17 are in progress and six are yet to be commenced. 5 more Actions have been completed and removed from the Update.</p>			
Recommendation			
<p>THAT THE AUDIT AND RISK COMMITTEE note the Audit and Risk Committee Action update report.</p>			
Support Attachments			
<p>1. Audit and Risk Committee Action Update [6.1.1 - 4 pages]</p>			

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

Not Applicable

Regional, State and National Plans and Policies

Is in accordance with the **Overarching Governance Principles and Supporting Principles** outlined in s9 of the *Local Government Act (Vic) 2020*

Innovation and Continuous Improvement

Regular review and updating demonstrates continuous improvement.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations.

Government – Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

6.2. Local Government Act 2020 Implementation Plan

File Number	E3627	Responsible Officer	Coordinator Governance & Risk, Moira Moss
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Purpose

This report provides an update on Council's implementation plan for the new LG Act 2020.

Executive Summary

The Act received Royal Assent on 24 March 2020 and the implementation of the Act occurred in four stages – 6 April 2020, 1 May 2020, 24 October 2020 and 1 July 2021.

Key Issues

Attached is our updated implementation plan demonstrating what has achieved so far and what remains outstanding.

Council's Coordinator Governance & Risk regularly reviews Local Government Victoria's Act 2020 website for updates regarding the implementation.

Local Government Victoria (LGV) also releases an email titled "Implementation Matters" to keep Council's informed about the upcoming legislative requirements and deadlines.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Local Government Act 2020 implementation plan update.

Support Attachments

1. Attachment ARC Local Government Implementation Update [6.2.1 - 8 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

The majority of the implementation plan has been completed within the existing resources.

Council has purchased draft documents or utilised templates where appropriate, to assist in developing some of the documents (the Councillor Code of Conduct, for example) and these

costs, as well as other resources such as consultants if required, have been factored into the Budget.

Legal and Risk Implications

The implementation plan seeks to minimise the risk of non-compliance with legislation on transition.

Regional, State and National Plans and Policies

Is in accordance with the implementation of the Act followed the guidelines provided by Local Government Victoria.

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Strategic objective 5.5: We achieve the highest standards of good governance.

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

7. Financial and Performance Reporting

Duties and responsibilities of the Committee:

- a. At least annually review significant accounting and external reporting issues, including complex or unusual transactions, transactions and balances in areas where judgement is required, changes to accounting policies, recent accounting, professional and regulatory pronouncements and legislative changes, and understand their effect on the annual financial report and the audit thereof;
- b. At least annually review changes to the Local Government Performance Reporting Framework and understand the impact of those changes on Council’s performance indicators;
- c. Review the annual financial report and annual performance statement and consider whether they are complete, consistent with information known to Committee members, reflect appropriate accounting treatments and adequately disclose Council’s financial performance and position;
- d. Review with management and the external auditors the results of the audit, including any difficulties encountered by the auditors and how they were resolved;
- e. Recommend the adoption of the annual financial report and annual performance statement to Council; and
- f. Review the appropriateness of the format and content of periodic management financial

reports
and

7.1. Fraud and Corruption Control Policy

performance statements to Council as required.

File Number	E1533	Responsible Officer	Coordinator Governance & Risk, Moira Moss
Purpose			
<p>The Fraud and Corruption Control Policy was last reviewed in 2019.</p> <p>Since the last review there has been the Mansfield Shire Internal Audit by AFS dated March 2020 and a new Australian Standard AS800:2021.</p> <p>This revised Policy addressing any new requirements and is intended to be presented to Council at the March 2022 meeting for adoption.</p> <p>The revised policy is presented to the Audit and Risk Committee for review and endorsement.</p>			
Executive Summary			

The 2022 plicy review has incorporated the following changes:

1. Inclusion of Corruption in the title and body of the Policy.
2. Inclusion of Information Technology specific responsibilities in accordance with the new AS800:2021. The updated standard has a greater focus on external fraudulent attacks via technology.

Key Issues

Since 2012 Council has had a Fraud Policy that has been periodically updated. The main change in this update is the inclusion of corruption control and update to the AS800:2021.

This Fraud and Corruption Control policy is an important component of Council's robust governance environment and intended to foster a strong Council culture of ethical behaviour.

The Fraud and Corruption Control Plan and Procedures which underpin this Policy are under development and currently out for staff comment.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE recommend the Fraud and Corruption Control Policy 2022 to Council for adoption.

Support Attachments

1. DRAFT Fraud and Corruption Control Policy (2) [7.1.1 - 8 pages]
2. DRAFT Fraud and Corruption Control Procedure 2022 (2) [7.1.2 - 17 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Community Engagement has been undertaken in accordance with the Council Community Engagement Policy by circulating the Policy to staff for comment and feedback.

Collaboration

This has been a collaboration with Mitchell Shire who shared their policy via the MAV governance forum to enable cross referencing.

Financial Impact

Fraud and Corruption by its nature is not accounted for in the Budget and could have the impact of insurance claims causing higher ongoing premiums.

This Fraud and Corruption Control Policy is intended to limit Council's exposure to suffering such financial losses and/or reputational damage due to fraud and corruption committed by Council officers.

Legal and Risk Implications

Business Continuity Risk: May cause services to be impacted.

Financial Risk: Money is lost.

Regulatory Risk: May involve criminal proceedings and breach of Legislation.

Reputation Risk: Council may lose the trust and respect of the community.

Regional, State and National Plans and Policies

The proposed Fraud and Corruption Control Policy:

- ▶ Is in accordance with the National Policy evidenced in Bribery and Corruption Laws and Regulations, including but not limited to the Criminal Code Act 1992 (Cth), and the Public Interest Disclosure Act 2013 (Cth).
- ▶ Is in accordance with the State Policy as is evident from the creation of the Independent Broad-based Anti-Corruption Commission under the IBAC Act 2011.
- ▶ Is in accordance with the **Overarching Governance Principles and Supporting Principles** outlined in s9 of the *Local Government Act (Vic) 2020*

Innovation and Continuous Improvement

Regular review and updating demonstrates continuous improvement.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

7.2. Staff Code of Conduct

File Number	E752	Responsible Officer	Coordinator Governance & Risk, Moira Moss
Purpose			
The purpose of this report to the Committee is to outline the progress made on the Mansfield Shire Code of Conduct as required by the Workforce Plan.			
Executive Summary			

The Mansfield Shire Code of Conduct for Employees was signed by the CEO on 21 December 2021.

Key Issues

The Code of Conduct establishes the foundation for the behaviours and attitudes that will strengthen the staff commitment to each other and to the community. The Code applies at all times when employees are working including when they represent Mansfield Shire Council at external events or activities.

The Code is a legislative requirement under the *Local Government Act (2020)* and all Council employees, contractors, consultants, volunteers and students have a responsibility to comply. Mansfield Shire Council's values of collaboration, integrity, innovation, leadership and respect are reinforced throughout every section of this Code, whether legislated or not.

The Code underwent extensive staff consultation.

The Code is now incorporated into the onboarding process of all new Employees who must sign a copy of the Code in section 7 Code of Conduct Acknowledgement as per the Induction and Onboarding Policy 2021.

As outlined in the Code, suspected breaches will be dealt with in line with Council's Disciplinary Policy. Suspected breaches shall be treated individually and all relevant circumstances will be taken into account. Depending on the severity of the breach, formal disciplinary proceedings may be taken.

Employees must maintain discretion and confidentiality about reports and investigations to ensure the privacy and reputation of all parties are respected.

There is a positive obligation on every employee, contractor, consultant or volunteer to report any suspicion that someone may be breaching the Code, to refer the matter to their Manager immediately.

Council will take steps to protect its employees who make honest reports. Protection is also available under the *Public Interest Disclosure Act 2012*.

The Code is cross referenced with other Council policies and the *Charter of Human Rights and Responsibilities Act 2006*, the *Gender Equality Act 2020*, the *Equal Opportunity Act 2010*, the *Racial and Religious Tolerance Act 2001*, the *Child Safety and Wellbeing Act 2005*, the *Fair Work Act 2009* and of course the *Local Government Act 2020*.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the report on the Mansfield Shire Code of Conduct for Employees
Support Attachments
1. MASTER VERSION FINAL SIGNED - _ode of Conduct 2021 (December) [7.2.1 - 28 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Community Engagement has been undertaken in accordance with the Council Community Engagement Policy by internal distribution for staff input.

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

Non compliance with the principles in the Code present the following risks:

- ▶ Financial Risk,
- ▶ Information Risk,
- ▶ People Risk,
- ▶ Regulatory Risk,
- ▶ Reputation Risk,

Regional, State and National Plans and Policies

At all levels of government Codes of Conduct apply to the organisations and agencies that provide the operational capacity of the organisation.

Innovation and Continuous Improvement

Annual Review by the Audit and Risk Committee ensures the opportunity is there fore continuous improvement.

Alignment to Council Plan

Theme 1: Connected and Healthy Community Strategic Objective 1: The health and wellbeing of families and communities is maximised

Strategy 1.1 Embed health and wellbeing enablers and protections to reduce risks to our communities.

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

Strategy 6.2 Building organisational capacity through its people

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 8 A consultative Council that represents and empowers its community

Strategy 8.1 Increase community trust in Council to make informed decisions with “no surprises”

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

8. Risk Management

Duties and responsibilities of the Committee:

- a. Review annually the effectiveness of Council’s risk management framework;
- b. Review Council’s risk appetite statement and the degree of alignment with Council’s risk profile;
- c. Review Council’s risk profile and the changes occurring in the profile from meeting to meeting;
- d. Review Council’s treatment plans for significant risks, including the timeliness of mitigating actions and progress against those plans;
- e. Review the insurance programme annually prior to renewal; and
- f. Review the approach to business continuity planning arrangements, including whether business continuity and disaster recovery plans have been regularly updated and tested.

8.1. Climate Change Risk Report

File Number	E7177	Responsible Officer	Manager Planning and Environment, Melissa Crane
Purpose			
To provide the Committee with an update on the draft Climate Action Plan being prepared by Council, in accordance with the <i>Mansfield Shire Council Environment Plan 2019-2023</i> .			
Executive Summary			

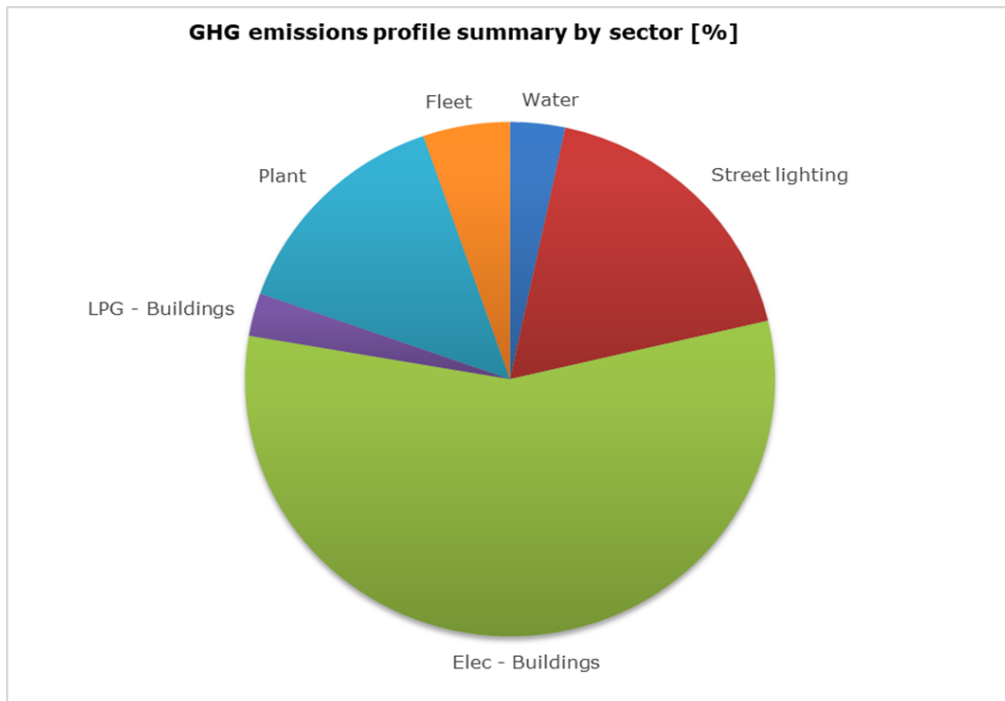
In May 2019, Mansfield Shire Council acknowledged Climate Change and passed a resolution to develop a Climate Action Plan. This action was included in the *Mansfield Shire Council Environment Plan 2019-2023* and has been prepared over the last 12 months.

Ironbark Sustainability were engaged to undertake the work, supported by Council’s Environment Officer. A background paper was prepared, and comments sought on this from the community. A copy of the background paper can be found at Attachment 1.

The plan is in two parts – Corporate Emissions and Community Emissions. For the Corporate element, Council considered the approaches of other councils and found the following:

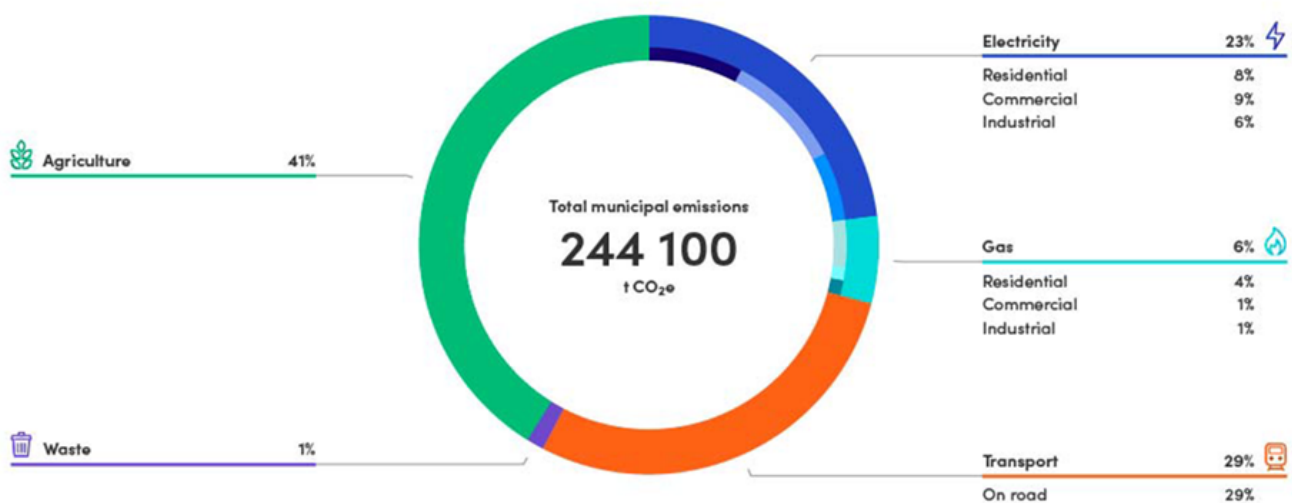
1. 76% of councils have a corporate reduction target
2. 63% are net zero by 2025
3. 1 is net zero by 2035

Council’s corporate emissions were assessed, and the following noted for the 2018/2019 financial year, with 1,033 tonnes of greenhouse gases created from the organisation.



The draft Climate Action Plan is still under development and is intended to be presented to Council for adoption in the next few months. The plan will look to set a net zero target for Council and provide an action plan on how to achieve that goal.

In terms of Community emissions, Mansfield Shire has been estimated to create 244,100 tonnes/year, with the following breakdown in how they are created:



There are limitations to how Council can impact on emissions reduction directly, however Mansfield Shire Council can provide leadership, advocacy and support to our community to help address the effect of climate change, and actions will be recommended as part of the Plan to support this reduction.

Key Issues

The Climate Action Plan will provide a plan for Council that includes the following elements for achieving a net zero target for 2023 as follows:

Action	Cost	Annual Savings	Indicative Timing
100% Renewable Electricity purchase	Within budgets	767 tonnes	1-2 years
Solar and energy efficient facilities	Within budgets (40-50k p.a. to 2030)	230 tonnes & \$40-50k	By 2030
Street Lighting change	Full external funding available	54 tonnes & \$20-30k	By June 2023
Offsets	\$5k p.a.	266 tonnes	2023 and onwards
Summary	\$5k p.a. + current budgets and external funding	1,033 tonnes & \$60-80k	Net Zero by 2023 All savings completed by 2030

The Climate Action Plan has been developed to provide for both climate action of the organisation and for the community. The organisation's actions are anticipated to be at a minimal cost to the ratepayer, with a longer-term saving anticipated from the actions as they are implemented. Costs for offsetting carbon emissions have increased and may exceed \$5,000 per annum. This will be considered in the 2022/2023 budget.

With regard to community emissions, actions will be developed in line with the different categories outlined above, as follows:

Category	Options	Possible Actions
Transport	<ul style="list-style-type: none"> Expand the EV Charging network Improve sustainable transport infrastructure Promote sustainable transport options Supporting carpooling and car share 	<ul style="list-style-type: none"> Continue to work with Capital works to support walking, cycling, etc (footpath strategy) Plan for an expanded EV Network
Residential and Commercial Energy	<ul style="list-style-type: none"> Planning for low emission buildings Community energy projects Solar and energy efficient homes and businesses 	<ul style="list-style-type: none"> Support and advocacy for community energy project and funding. Implement higher development standards through planning controls
Agriculture	<ul style="list-style-type: none"> Carbon Farming Low methane feedstock Climate Smart agriculture Regenerative agriculture 	<ul style="list-style-type: none"> Although other organisations are better placed in this, Mansfield Shire Council can support and promote this work through the GMCA and local workshops and events.

Land Use	<ul style="list-style-type: none"> • Land use planning and ESD • Improve tree cover on Council and private land • Local food production and sustainable diets 	<ul style="list-style-type: none"> • Increase urban tree cover • Increase rural road tree planting • Local food – support local producer groups.
Waste	<ul style="list-style-type: none"> • FOGO Collection 	<ul style="list-style-type: none"> • Waste education • Require all local events to be “Waste Wise” by 2025

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the update report on Council’s Climate Action Plan.

Support Attachments

1. Attachment 1 - Climate Action Plan Background Paper [8.1.1 - 113 pages]

Considerations and Implications of Recommendation

Sustainability Implications

The Climate Action Plan is being developed as an action from the *Mansfield Shire Council Environment Plan 2019-2023* and will outline Mansfield Shire Council’s commitments to mitigate climate change impacts within its own operations and to support the community to reduce municipal greenhouse gas emissions and adapt to a changing climate.

Community Engagement

The Climate Action Plan will be subject to consultation with the community prior to adoption by Council.

Collaboration

Not Applicable

Financial Impact

The Climate Action Plan is being developed as part of the Budget for the Environment Program and utilises officer time.

Council currently allocates \$43,000 per annum for the installation of solar panels on Council Buildings, and any additional actions that are recommended from the Plan that require additional financial allocation will be subject to the budget considerations or seek external funding. At this point, it is anticipated that the additional cost to Council should not exceed \$15,000 per annum.

Legal and Risk Implications

There are no risks in this report. All legal and risk implications of the Climate Action Plan will be considered when Councillors consider the adoption of the final plan.

Regional, State and National Plans and Policies

Not applicable.

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 2: Vibrant Liveability

Strategic Objective 4 Clean and green: Waste and energy sustainability

Strategy 4.1 Minimise and re-use waste

Strategy 4.2 Adopt and promote energy options that are affordable, self sustaining & carbon positive

Governance - Disclosure of Conflicts of Interest

Officers providing advice in relation to this report have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

8.2. Information Technology Risk Management Report

File Number	E34	Responsible Officer	Coordinator IT, Rabindra Ranjit
Purpose			
To provide the Audit & Risk Committee with an overview of Council's Information Technology environment.			
Executive Summary			

The presentation will cover the following:

- ▶ IT Environment
- ▶ Staffing
- ▶ Applications
- ▶ Infrastructure/Hardware
- ▶ Digital Transformation Strategy
- ▶ Cyber Security

Key Issues

Council is experiencing extraordinary population growth due to the acceleration of population shift from Melbourne to regional Victoria. Customer expectations continue to rise with the increasing demand for 24/7 integrated online customer service.

Numerous inquiries have been conducted into the sustainability of rural and regional councils over the years that have highlighted:

- ▶ Competing priorities for revenue investment and digital transformation, particular in relation to metropolitan councils,
- ▶ The impact of responses to ratepayers in financial hardship impacting penalty interest and debt collection,
- ▶ Need for improvements in systemised support for procurement processes,
- ▶ Need for additional reporting and labour responses to meet requirements of the Fair Go Rates systems, and
- ▶ More effective collection and use of data relating to Council Road Management Plans.

Changes in legislation have also increased Council's responsibilities in areas such as:

- ▶ The management of roadside pests and weeds,
- ▶ flood mitigation infrastructure,
- ▶ Emergency Management, and
- ▶ waste management policy changes.

All of these will significantly impact on the Council's financial resources.

Digital transformation requires significant investment in technology and systems. This is set in an environment where revenue growth is limited, and therefore the Council has a reliance on grant funding.

To meet these challenges, Council is collaborating with neighbouring councils; Strathbogie, Benalla and Murrindindi on digital transformation. This collaboration group is named Lower Northeast Rural Councils Collaboration (LNERCC) and has submitted a joint funding application to State Government as part of the Rural Councils Transformation Program (RCTP).

The \$20 million RCTP, funded in the 2018-19 State Budget, is designed to help rural councils meet their financial and operational challenges through incentivising the implementation of regional service delivery and shared services.

LNERCC is awaiting a response from Government on its application. However, it is the intention of the Group to continue to work collaboratively, pool resources, minimise individual effort and take advantage of any other external funding opportunities to progress our collective digital transformation journeys.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive and note the presentation on Council’s Information Technology.
Support Attachments
1. Audit and Risk Committee IT (1) [8.2.1 - 19 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

LNERC project is a collaboration with Mansfield, Benalla, Strathbogie, and Murrindindi Shires.

Financial Impact

The current projects, including Agenda Management, are accounted for in the Budget.

The Lower North East Council Collaboration (LNERCC) Regional Transformation Project 2.0 Funding application, if successful, will allow Council to update key systems including Finance, Planning, Rates and Property, Payroll, Project Management, OHS/Risk Assessment.

Legal and Risk Implications

Business Continuity Risk: Adequate cyber controls are needed to prevent the risk of disruption to the provision of services by Mansfield Shire Council as required.

Change Risk: There is the risk that the project will not achieve what is required if the elements are not clearly coordinated, and collaboration does not occur.

Financial Risk: There is a risk that if systems fail to protect the digital assets that there could be major financial loss, loss from the cost of rectification, and conversely, there is a risk of blow out

of digital transformation costs.

Regulatory Risk: There are regulatory compliance requirements under the Privacy and data Protection Act (VIC) 2014, and the Privacy Act (Cth) 1988, that if there is a digital security breach would cause regulatory risk.

Strategic Risk: failure of digital security or digital innovation is that Mansfield Shire Council fails to deliver the Council Plan, Financial Plan or Community Vision.

Regional, State and National Plans and Policies

Compliance is part of both National and State Policy as evidenced by the establishment of the Office of Victorian Information Commissioner and the Australian Information Commissioner.

Innovation and Continuous Improvement

Digital systems are continually updated and promote innovation.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 8 A consultative Council that represents and empowers its community

Strategy 8.1 Increase community trust in Council to make informed decisions with “no surprises”

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

8.3. Occupational Health and Safety

File Number	E3937	Responsible Officer	OH&S Officer, Michelle Foster
Purpose			
The purpose of this report is to provide an update on Mansfield Shire Council's Occupational Health and Safety Management System.			
Executive Summary			

Council's Occupational Health and Safety Officer continues to establish, implement and maintain Council's Occupational Health and Safety Management System, in consultation with Council's Health and Safety Representatives, and in accordance with the Occupational Health and Safety Act 2004 and the Occupational Health and Safety Regulations 2017.

Key Issues

Training and Induction

Council's Occupational Health and Safety Induction and COVID-19 Training continues to be undertaken. Council's COVID-19 Training was updated in preparation for employees return to working in an office environment in 2022. The return to an office environment has not occurred with the current Omicron COVID situation.

Objection Handling Training was provided by eMatrix. This training was held via Microsoft Teams. This two-half day course provided 15 Council employees with language and strategies based on behavioural psychology to maximise outcomes by managing customer expectations and objections.

School Crossing Supervisor Training was provided by School Crossing Oz. This training was held in Chambers. This two-hour course provided 15 Council employees with the skills needed to undertake the role of School Crossing Supervisor.

Duress Falcon training was provided to four Visitor Information Centre employees. This training was held via Microsoft Teams.

Fire Warden training was provided by Fire and Safety Australia. This full-day training course was held in Chambers upskilling 11 Council employees to undertake the role of Fire Warden.

First aid training was provided to two employees. This training was held at North East Training.

Incident Summary

Four incidents were reported during the last quarter. Two incidents were property damage incidents, and two incidents were injuries.

One property damage incident involved an employee and a member of the public. This property damage incident had an actual risk rating of high and a potential risk rating of high. The other property damage incident involved an employee. This property damage incident had an actual risk rating of medium and a potential risk rating of high.

Both injuries involved employees. One injury was classified as a first aid treatment injury (FAI). The injury had an actual risk rating of low and a potential risk rating of medium. The other injury was classified as a lost time injury (LTI). This incident had an actual risk rating of medium and a potential risk rating of high.

Council still has one employee with 'no capacity for work' after sustaining a knee injury in the workplace.

Lost Time Injury Frequency Rate

As part of Council's IT digital transformation strategy, an appropriate OHSMS software system will be investigated with will provide Council with the capability to report on Lost Time Injury Frequency Rate (LTIFR).

In the meantime, without Council's payroll and HR system not accurately recording total hours worked, a lost time injury frequency rate (LTIFR) cannot be an appropriately calculated.

Incident Investigation

One incident investigation was undertaken. This investigation was undertaken in response to an incident where an excavator operator swung an excavator bucket into the front left-hand door of a member of the public's car.

Workplace Inspections

Eight workplace inspections were undertaken. These inspections were undertaken at the:

- ▶ Youth Centre
- ▶ Resource Recovery Centre (3)
- ▶ Visitor Information Centre
- ▶ Municipal Office with Contractors
- ▶ Five School Crossings with School Crossing Supervisors
- ▶ Family and Children's Centre

Risk Assessment

A risk assessment was undertaken at the Mansfield Station Precinct.

Hazard and Risks

Ninety-one hazards were raised. Fifty-six hazards were closed. Forty-five hazards remain open or overdue.

The Occupational Health and Safety Hazard and Risk Register as of 1 February 2022 is included as an attachment to this report.

Occupational Health and Safety Committee

An Occupational Health and Safety Committee Meeting was held 10 November 2021 in Council Chambers.

An extraordinary Occupational Health and Safety Committee Meeting was held 14 December 2021 to discuss the Bushfire Season Workplace Protocol and the Plan for Staff Returning to the Office 2022.

The next Occupational Health and Safety Committee Meeting is scheduled for 2 March 2022.

COVID-19

Individual hand sanitisers, pump pack hand sanitisers and face masks continue to be distributed. Alcohol wipes, disinfectant spray and paper towels continue to be replenished.

Added employee resources continues to be deployed to help support other employees with the sanitisation and cleaning requirements by Safe Work Australia at each facility.

COVIDSafe Plans continue to be updated to meet State Government directions.

A COVID register continues to be maintained to meet State Government directions.

Council's Pandemic Group continue to meet on a fortnightly basis.

A COVID-19 incident notification report for 33 Highett Street, Mansfield was completed and submitted to WorkSafe Victoria on 18 November 2021. The legislative requirement to report COVID positive cases to WorkSafe Victoria has since been revoked.

WorkSafe Victoria

Four WorkSafe Alerts were issued, "Don't let the holiday rush lead to tragedy", "Death of a weed spraying contractor who was thrown from a side-by-side vehicle at a She Oaks farm", "WorkSafe investigates road workers death" and "Worker dies after fall from truck".

Internal Reports / Documents

The Occupational Health and Safety Quick Links tab on Council's Intranet was updated with:

- ▶ Contractor OHS Management Procedure
- ▶ Contractor Pre-Qualification Form
- ▶ Contractor Register
- ▶ Contractor Inspection Checklist
- ▶ Contractor Evaluation Form
- ▶ Bushfire Season Workplace Procedure
- ▶ Bushfire Safety for Workers

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive and note the OH&S Report <i>-do-not-remove}</i>
Support Attachments
1. OH&S Hazard Risk Register as at 1 February 2022 [8.3.1 - 16 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

Not Applicable.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Strategic Objective 5.3 Our organisation transparently reports on its performance through a comprehensive reporting and audit framework.

Strategic Objective 5.5 We have a strong framework in place to proactively mitigate risk.

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

8.4. Business Continuity Plan

File Number	E3934	Responsible Officer	Coordinator Governance & Risk, Moirra Moss
Purpose			
The purpose of this report is to present the draft Mansfield Business Continuity Plan for the Committee to review and advise on, prior to presentation to Council.			
Executive Summary			

As the pandemic has demonstrated, Council needs a Business Continuity Plan (BCP) so that services can be delivered efficiently when there has been a disruptive event.

This plan was initially devised in 2016 but not adopted formally. It has been revised and updated in line with the current standards: AS ISO22301:2020 'Security and Resilience – Business Continuity Management Systems Requirements' and AS/NZS 31000:2018 'Risk Management – Guidelines'.

The sub-plans have been revised and updated.

The most recent test of the BCP was in January when the Resource Recovery Centre had a positive case of COVID and staff went into isolation. All tests of the Draft BCP have been successful, proving it to be an effective risk management tool.

Key Issues

Mansfield Shire Council (Council), in common with most Local Government organisations, has wide-ranging responsibilities to provide community support and maintain services to its residents and ratepayers. This plan has been developed to ensure an orderly and effective response to any incident that *significantly* disrupts Council operations and service delivery.

Council is in the service business and consequently it is important that in the event of an interruption, we have, and be seen to have, an effective Business Continuity Plan (BCP). Getting back to 'business as usual' (BAU) quickly is vital as an inefficient response could provide disruption for the community and an inability to fulfil key obligations.

The BCP includes subplans:

Appendix C:

1. Emergency Management;
2. Delivered Meals;
3. Aged Care;
4. Out of Hours Call Outs;
5. School Crossing Supervision;
6. Customer Service;
7. Payroll;
8. It Helpdesk;
9. Local Laws Animal Control

- 10. Maternal & Child Health Initial Home Visit & Enhanced Home Visiting;
- 11. EM Recovery;
- 12. Environmental Health Waste Water, Food Service & Infectious Disease Intervention;
- 13. Dial Before You Dig;
- 14. Call Outs;
- 15. Contract/Project Supervision;
- 16. Cemetery Burials;
- 17. Plant Maintenance;

Appendix D – IT Disaster Recovery Plan.

In Appendix E there are Forms and Checklists.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE recommend the BCP to be adopted by the Shire of Mansfield Council at the 15 March 2021 meeting.
Support Attachments
1. Final DRAFT Business Continuity Plan 03 February (1) [8.4.1 - 77 pages]

Considerations and Implications of Recommendation

Sustainability Implications

The Business Continuity Plan is inherently designed to increase the potential Economic and Social sustainability of the Shire.

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

Business Continuity Risk: The Business Continuity Plan directly ameliorates the risk of a negative impact on the delivery of services by the Shire of Mansfield in response to a disruptive event.

Regional, State and National Plans and Policies

Is in accordance with the National Standard AS ISO22301:2020 'Security and Resilience – Business Continuity Management Systems Requirements, and AS/NZS 31000:2018 'Risk Management – Guidelines

Innovation and Continuous Improvement

The regular review of this plan on an annual basis will ensure that it is continuously improved.

Alignment to Council Plan

Theme 1: Connected and Healthy Community Strategic Objective 1: The health and wellbeing of families and communities is maximised

Strategy 1.3 Contribute to efforts that ensure essential community services exist locally.

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

Strategy 6.2 Building organisational capacity through its people

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 8 A consultative Council that represents and empowers its community

Strategy 8.1 Increase community trust in Council to make informed decisions with “no surprises”

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

8.5. Mansfield Shire Risk Management Report

File Number	E709	Responsible Officer	Coordinator Governance & Risk, Moira Moss
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Purpose

The purpose of this report is to provide the Audit and Risk Committee with an update on Council's Risk Register and any other areas of interest.

Executive Summary

The Audit Committee oversee the risk exposure of Council by advising management on appropriate risk management processes and adequate risk management systems to assure alignment of the Risk Management Framework with ISO 31000. ISO 31000 (2018) are best practice principles and guidelines that cannot be certified to.

There has been only one additional risk added to the Risk Register since the previous review by the Committee at the Audit and Risk Committee November 2021 meeting. This is due to the identification of land assets held in the title of Mansfield Shire Council through a GIS review that includes unmanaged reserves. An effective management program is being developed at EMT level with the first step being to identify each asset and the inherent risks, if any. It may be there are land assets that can be divested as a means of completely removing the risks. For example, some assets are land received in lieu of rates and named a reserve by the Valuer General, some land under Lake Eildon, and other reserves dedicated to the Shire as part of a remnant subdivision pre the Subdivision Act 1988. For this reason, the risk is identified in the Register, but the risk rating is yet to be assessed and quantified.

The Committee is receiving specific reports in addition to this report on the Risk Management relating to Information Technology, Climate Change, Business Continuity and Occupational Health and Safety.

Key Issues

As the Mansfield Shire Council Risk Management Strategy states, the Council is committed to the process of identifying, quantifying and managing risk to minimise the effect of risk on the objectives of the Council.

Understanding the Risk Matrix

At the November 2021 ARC meeting the Committee requested assistance with the workings of the Risk Matrix.

The Risk Matrix was developed in 2019 as part of the Risk Management Strategy there are nine areas identified in the Risk Matrix where Council objectives may be impacted:

- ▶ Reputation – complaint level, disruption to partnership or relationships, media or image impact or impact on social or community expectations.
- ▶ Outcome – objectives regarding the outcome or output itself or to the timeliness of the outcome or output. Includes the impact on quality or community outcomes.

- ▶ Asset management – ensuring suitable, maintainable and sustainable assets are in good condition into the future.
- ▶ Project Management – projects are delivered to a quality standard, on time and with value for money.
- ▶ Financial – the cost operationally of achieving the outcome and the long term financial viability or strategic impact
- ▶ Council Policy
- ▶ Governance – in line with Acts or on a regulatory basis
- ▶ People – impact on people in a safety, wellbeing or as resources for the organisation
- ▶ Environment – impact on flora or fauna, air quality, water quality or land impact
- ▶ Risk Aversion – how risk perception will affect the decision-making process on future outcome

Risks are categorised as Low, Medium, High and Extreme based on consequence and the likelihood of the consequence occurring. The level of risk will define the intervention level and control required:

- ▶ Extreme – Activities with a residual risk rating of Extreme are unacceptable and should cease until suitable controls are put in place to lower the risk, or CEO approval is obtained.
- ▶ High - Activities with a residual risk rating of High require authorisation by Senior Executive staff. The activity must be aligned with the Council Plan. Senior Executive staff will closely monitor the activity with clearly defined responsibilities for the relevant department.
- ▶ Medium - Activities with a residual risk rating of Medium are acceptable with manager approval or documented knowledge.
- ▶ Low - Activities with a residual risk rating of Low are acceptable subject to routine management of controls

Controls are implemented to mitigate the risk using the hierarchy of control.

A worked example has been added to the Risk Matrix to assist with understanding the Register. This Matrix is also used in individual item risk assessments.

Potential Claim

As advised at the August and November 2021 meetings the Council has been engaged in legal correspondence relating to the development of the land at 340 Dead Horse Lane.

Having assessed Maddocks legal advice, and exhausted all avenues of negotiation, including the CEO and Coordinator Governance and Risk meeting the claimants onsite, the CEO has notified the insurers that whilst Council does not agree that there is any liability on Council's part, there may yet be a claim files and Council's lawyers served.

The insurers and their panel lawyers have agreed in writing that Council has exhausted the tools of notification and logged it as a formal notification of a potential claim pending the serving on Council of an initiating application.

Maddocks have written a final letter confirming to the developers that Council does not believe it has responsibility and that the potential claimants have misread a planners email for which Council cannot be held responsible.

Investigations have shown that Council did comply with all laws and procedures current at any given time since the closure of the Mansfield tip on adjoining land in 1963. If proceedings are

issued then a formal claim on the Professional Indemnity insurance due to the actions of a statutory planner will be lodged and an excess of \$20,000 will be payable. This may increase the insurance premium moving forward.

Risk Assessment Program

The Risk Management Officer and the Coordinator Governance and Risk are developing with an internal budget reallocation a program of rolling risk assessments within the Reliansys Monitor program. The aim is to set up a reminder system to ensure assessments are done at appropriate regular intervals.

Digital Risk Management

As part of the Digital transformation it is hoped that an OHS and other Risk Assessment and Incident reporting software will be implemented that will allow assessments to be done online anywhere using the Risk Matrix. A demonstration using the Reliansys add on module to the current delegations system proved the incident reporting to be effective however the risk assessment not so. A Digital Transformation Request has been lodged for the Digital Transformation group within Council to consider “Elumina” as a potential element of the Digital Transformation. Both the OHS and Risk Council networks recommended this program.

Risk Training for Staff

JMAPP was scheduled to conduct staff risk management training so they can understand the principles behind Risk Management for staff on 31 January 2022. However this has been rescheduled to a date to be advised due to the ongoing Covid restrictions.

Child Safe Audit

The Child Safe Audit recommendations have been in the main addressed as previously advised. The updated policy with all new 11 standards is expected to be adopted by Council at the March meeting in time for the 30 June 2022 deadline.

Doc Assembler and Docs on Tap

The implementation of Doc Assembler and Docs on Tap has significantly enhanced our data security, reporting and tracking of actions and reduced the risk to business continuity disruption.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive and note the Risk Management Report
Support Attachments
1. Risk Register Feb 2022 - Matrix [8.5.1 - 1 page]
2. Attachment Risk Management Report ARC Feb 22 - Risk Register [8.5.2 - 4 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

The Risk Management Framework is Council's overarching control that cover

- ▶ Asset Risk
- ▶ Business Continuity Risk:
- ▶ Change Risk:
- ▶ Environmental Risk:
- ▶ Financial Risk:
- ▶ Information Risk:
- ▶ People Risk:
- ▶ Regulatory Risk:
- ▶ Reputation Risk:
- ▶ Safety Risk
- ▶ Social Risk
- ▶ Strategic Risk

Regional, State and National Plans and Policies

The Risk Management Framework is in line with National and International standards and legislative requirements.

It is also in line with the Mansfield Shire Risk Management Policy 2019.

Innovation and Continuous Improvement

Quarterly review and reporting to the Audit and Risk Committee has created a process that ensures continuous innovation and improvement.

Alignment to Council Plan

Theme 1: Connected and Healthy Community Strategic Objective 1: The health and wellbeing of families and communities is maximised

Strategy 1.1 Embed health and wellbeing enablers and protections to reduce risks to our communities.

Theme 1: Connected and Healthy Community Strategic Objective 2: Activities that promote connection and fitness of our people and visitors

Strategy 2.2 Create an environment where community and clubs can recreate, socialise and contribute to the health and wellbeing of the community

Theme 2: Vibrant Liveability Strategic Objective 3 Future focused: Intelligent land use and infrastructure

Strategy 3.1 Protect natural vistas and farmlets

Strategy 3.3 Improve roads, drainage and footpaths

Theme 2: Vibrant Liveability

Strategic Objective 4 Clean and green: Waste and energy sustainability

Strategy 4.2 Adopt and promote energy options that are affordable, self sustaining & carbon positive

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 8 A consultative Council that represents and empowers its community

Strategy 8.1 Increase community trust in Council to make informed decisions with “no surprises”

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

9. Internal Audit

Duties and responsibilities of the Committee:

- a. Review the Internal Audit Charter regularly to determine that it provides an appropriate functional and organisational framework to enable Council's internal audit function to operate effectively and without limitations;
- b. Review and approve the three year strategic internal audit plan, the annual internal audit plan and any significant changes to them;
- c. Review progress on delivery of annual internal audit plan;
- d. Review and approve proposed scopes for each review in the annual internal audit plan;
- e. Review reports on internal audit reviews, including recommendations for improvement arising from those reviews;
- f. Meet with the leader of the internal audit function at least annually in the absence of management;
- g. Monitor action by management on internal audit findings and recommendations;
- h. Review the effectiveness of the internal audit function and ensure that it has appropriate authority within Council and has no unjustified limitations on its work;
- i. Ensure that the Committee is aware of and appropriately represented with regard to any proposed changes to the appointment of the internal audit service provider, including being appropriately briefed on the need for any proposed change;
- j. Recommend to Council, if necessary, the termination of the internal audit contractor.

9.1. Extension of Internal Audit Contract

File Number	E34	Responsible Officer	Acting Senior Accountant, Peter Smith
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Purpose

To present the option of extending the current Internal Audit Contract for a further two years.

Executive Summary

The current Internal Audit Contract CM1819/030 expires on 30 June 2022.

The Contract was for a 3-year period commencing 1 September 2019 to 30 June 2022, with an optional 2-year extension.

It is proposed that the optional 2-year extension be exercised.

Key Issues

In accordance with the Mansfield Shire Council Internal Audit Charter (2021) the Council's Internal Audit function is outsourced to independent professional contractors. This service is provided under the terms of a three-year contract and subject to review by the Audit and Risk Committee.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE recommend to Council that Contract CM1819/030, awarded to AFS & Associates, be extended for a further 2 years commencing on 1 July 2022.

Support Attachments

1. Signed Contract Internal Audit Services ASF and Associates [9.1.1 - 121 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Funding for the implementation of the Internal Audit program is provided for in the 2021 – 2022 Annual Budget and supplemented with projections to 2024-25.

Legal and Risk Implications

Legal and Risk Implications: Internal Audit is identified in Council's Risk Framework as a key risk management initiative.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

The objectives of the Mansfield Shire Council Internal Audit Charter (2021) are to foster awareness of risk and internal control, encouraging a management culture that seeks continual improvement in the management of risks and the effectiveness of internal controls established within business processes.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 8 A consultative Council that represents and empowers its community

Strategy 8.1: Increase community trust in Council to make informed decisions with “no surprises”

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

9.2. Internal Audit Status Report

File Number	E34	Responsible Officer	Manager of Business & Performance, Anthony Smith
Purpose			
This report provides a status update on our Internal Audit Programs.			
Executive Summary			

Council's Risk Management Strategy requires the management of risk in accordance with best practice and compliance with Standard AS/NZS 31000 2009. Under the Standard, a risk management process follows a systematic application of policy, procedures and practices to the tasks of context identification, analysis, evaluation, treatment, monitoring and communication. The internal audit process is an essential tool in this process.

Key Issues

Refer to the Internal Audit Program Status Update provided by AFS & Associates – Council's Internal Audit providers.

In accordance with Mansfield Shire Council's Internal Audit Program, a review is to be undertaken:

- of project management processes regarding capital projects, and
- to assess contract management processes and alignment to better practice.

The Internal Audit to assess contract management processes and alignment to better practice is in lieu of the Rates Revenue and Rates Debtor Management.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receives and notes the

1. Internal Audit Program Status Report;
2. Internal Audit Scoping documents for Capital projects and Contract Management; and
3. Industry Update – Recent Reports and Publications of Interest.

Support Attachments

1. AFS Status Update - ARC 21.02.22 [9.2.1 - 4 pages]
2. AFS - Industry Update - ARC 21.02.22 [9.2.2 - 4 pages]
3. Internal Audit Planning Document - Project Management - Capital Projects [9.2.3 - 6 pages]
4. Internal Audit Planning Document - Contract Management [9.2.4 - 8 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Is accounted for in the Budget under Internal Audit.

Legal and Risk Implications

Legal and Risk Implications: The Internal Audit process is part of Council's Risk Management Framework.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

Strategy 6.2 Building organisational capacity through its people

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

10. Compliance Management

Duties and responsibilities of the Committee:

- a) Review the systems and processes implemented by Council for monitoring compliance with relevant legislation and regulations and the results of management's follow up of any instances of non-compliance;
- b) Review the processes for communicating Council's Employee Code of Conduct to employees and contractors and for monitoring compliance with the Code;
- c) Obtain briefings on any significant compliance matters; and
- d) Receive reports from management on the findings of any examinations by regulatory or integrity agencies (whether related to investigations at Council or other agencies), such as the Ombudsman, IBAC, Victoria Government Inspectorate, etc. and monitor Council's responses.

10.1. Mansfield Shire Council Investment Schedule

File Number	E5001	Responsible Officer	Manager of Business & Performance, Anthony Smith
Purpose			
This report satisfies the requirement under Council's Investment Policy to regularly report to the Audit and Risk Committee in relation to investments.			
Executive Summary			

A report on the status of the Council's investments as at, 31 January 2022 is presented to the Audit and Risk Committee (ARC) for noting.

Key Issues

The Investment Portfolio report is attached for the Committees information.

The Council is currently compliant with its Investment Policy.

Due to the current economic climate, interest rates remain extremely low.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Investment Portfolio Report 31 January 2022.

Support Attachments

1. Investment Report January 2022 [10.1.1 - 2 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

It is accounted for in the Budget as Interest Income on an annual basis. Excess cash is invested to attract greater interest income than that achievable through our operating bank account.

Legal and Risk Implications

Legal and Risk Implications: Regular oversight mitigates the risk of lost income or lost working capital because of poor investment management strategies or non-compliance with Council policy.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 7 Financial sustainability and value for money

Strategy 7.1 Increase Council's financial resilience by utilising opportunities to derive own-source of funding income and optimising costs of delivering services

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

10.2. Procurement Exceptions

File Number	E5332	Responsible Officer	Coordinator Governance & Risk, Moira Moss
Purpose			
Council's Procurement Policy provides specific circumstances under which exceptions to the policy are allowable. This report provides details of any Procedural Exceptions that have occurred during the last quarter.			
Executive Summary			

There may be, from time to time, exceptional circumstances that arise where the provisions of the Procurement Policy cannot be satisfied.

Section 4.2 of the procedures attached to the Policy provides a list of these circumstances where approval from the CEO is required prior to proceeding with the purchase.

Thorough documentation and evidence must accompany any request to utilise this provision that clearly demonstrates a procedural exception exists.

There have been three procedural exception memorandums authorised by the CEO since the previous Audit and Risk Committee meeting in August 2021.

Key Issues				
Item	Exemption Category	Value	Department	COVID-19 Related
Doc Assembler and Docs on Tap	Sole supplier or insufficient quotes	\$32,900	Governance & Risk	No
Business & Performance Manager	Sole supplier or insufficient quotes	\$68,000	Community & Corporate Services	No
Records Document Scanner	Sole supplier or insufficient quotes	\$20,986	Records & Customer Service	No

Recommendation
THAT THE AUDIT AND RISK COMMITTEE notes the Procedural Exception Memorandum/s authorised by the Chief Executive Officer between October and December 2021.
Support Attachments
<ol style="list-style-type: none"> Signed Procedural Exemption - Doc Assembler Agenda System [10.2.1 - 3 pages] Procedural Exceptions Memorandum - CT Management Anthony Smith 9 November 2021 [10.2.2 - 2 pages] Signed Procedural Exemption - Scanner for Planning and Records Project [10.2.3 - 2 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

Legal and Risk Implications: The procedural exceptions process allows for a controlled variation to standard procurement requirements.

Financial Risk: Exemptions to the general requirements of Council's Procurement Policy can lead to additional costs to Council as they typically revolve around removing the competition requirements of the policy.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 8 A consultative Council that represents and empowers its community
Strategy 8.1 Increase community trust in Council to make informed decisions with "no surprises"

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

10.3. Finance Report 1 July 2021 to 31 December 2021

File Number	E39	Responsible Officer	Manager of Business & Performance, Anthony Smith
Purpose			
<p>This report provides information on Council's financial performance against the 2021-22 Updated Budget for the period 1 July 2021 to 31 December 2021.</p> <p>Section 97 of the <i>Local Government Act 2020</i> requires quarterly reporting as soon as practicable after the end of each financial quarter, and in addition, a statement by the Chief Executive Officer in the second quarterly report of the financial year as to whether a revised budget is or may be required.</p>			
Executive Summary			

Council adopted the budget for the 2021-22 financial year at its meeting of 22 June 2021. Subsequently Council approved carry forward projects from the 2020-21 year which have now been included and form part of the Updated Budget 2021-22.

This report explains material variances between the year-to-date actual financial results and the Updated Budget 2021-22. Favourable variances are reported as positive values, while unfavourable variances are shown as negative values.

Key Issues

Operating Finance Report

Operating Income & Expenditure Actual against Updated Budget

The year-to-date operating result is favourable (underspent) against the 2021-22 Updated Budget by \$1.5m (9%). Major variances are summarised below.

Favourable Variances (underspend or increased income)

- \$947k Financial Services – \$833k income received in prior year which is required to be accounted for in 21/22. This is an accounting adjustment required under AASB1058 which was not budgeted.
- \$103k Salaries & Wages Clearing – Timing only due to year end accrual adjustments and timing of public holidays.
- \$129k Art, Culture & Library – Timing only due to grant income received in full and contributions/sponsorships yet to occur.
- \$348k Economic Development – Business & Industry – Activating Outdoor Dining unbudgeted Grant of \$300K received.
- \$73k Building – Employment of Contract staff underspent.
- \$253k Road Network Maintenance – \$139k under budget YTD in salaries due to vacancies and leave taken not backfilled. Plant hire under budget \$82k, however this is an internal charge only.
- \$52k Strategic Planning – Strategic planner position was vacant.
- \$106k Waste Management – timing only, due to delayed invoices.

Unfavourable Variances (overspend or decreased income)

- \$48k Plant Operating – Internal charge only, offset by reduced expenditure in Parks & Gardens and Road Maintenance.
- \$191k Working for Victoria – Timing. Final grant payment yet to be received.

Capital Works Report

Capital Income & Expenditure Actual against Budget

The net year to date capital works variance (net of capital income) is \$2.933m (72%) underspent compared to the 2021-22 year to date Updated Budget. This year's capital works program is in the planning stages. Works completed YTD relate to carry forwards from 2020-21. Major variances are summarised below.

Favourable Variances (underspend or increased income)

- \$1.629m Dual Court Indoor Sporting Stadium – Project yet to be completed/invoiced.
- \$390k Plant, Machinery & Equipment – Timing of budget. No new vehicles or plant yet purchased \$316K YTD and Plant Sales Income received \$112k.
- \$995k Heavy Vehicle Alternative Route – Timing, project yet to be completed/invoiced.
- \$591k Roads to Recovery Income – Timing only, 2021-22 R2R grant allocation was made against prior year projects.
- \$266k Drainage Works – Timing only YTD, works yet to commence.

Unfavourable Variances (overspend or decreased income)

- \$543k Living Libraries Project Income – Grant funding was paid in advance, received in prior year (2020-21).
- \$114k Kerb & Channel Renewal – Timing, works carried out earlier than planned.
- \$365k Resheets – Timing only, carry forward from prior year partly spent earlier than budgeted.
- \$317k Resheets Income - 50% of the Local Roads and Community Infrastructure grant funding was paid in advance, received in prior year (2020-21).
- \$1.014m Dual Court Indoor Sporting Stadium – Grant income yet to be received.

Overall Position YTD

Operating Variance Favourable/(Unfavourable) \$2,249,009

Capital Variance Favourable/(Unfavourable) \$2,932,756

Total Variance Favourable/(Unfavourable) \$5,181,765

Working Capital Ratio YTD

The working capital ratio (WCR) compares current assets to current liabilities and is an indicator of Council's capacity to meet its immediate debts when they fall due. A WCR of more than 1:1 (or 100%) is considered healthy.

WCR = 6.88 (688%)

The high working capital ratio is reflective of the full year rates income being raised in August and reported as a current asset (debtors). The first instalment of rates is due 30 September 2021.

Chief Executive Officer Statement

Based on the analysis and review of the budget, actual year to date result and other known financial factors as at 31 December 2021, it is considered that a revised budget for the purposes of s95 of the Local Government Act 2020 is not required.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receives the Year-to-Date Finance Report for the period 1 July 2021 to 31 December 2021.
Support Attachments
1. Quarterly Finance Report - 31 December 2021 [10.3.1 - 7 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Community Engagement has been undertaken in accordance with the Council Community Engagement Policy in relation to the budget engagement process. There has been no community engagement around the actual results against budget.

Collaboration

Not Applicable

Financial Impact

Is accounted for in the Budget and there is no direct budgetary impact in relation to this report. The financial reports attached provide the opportunity for regular monitoring of Council's financial position to ensure compliance with budgets.

Legal and Risk Implications

Legal and Risk Implications: Regular financial reporting is part of Council's financial strategy to ensure budgets are complied with and the short to medium term financial sustainability of Council is maintained.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 7 Financial sustainability and value for money

Strategy 7.1 Increase Council's financial resilience by utilising opportunities to derive own-source of funding income and optimising costs of delivering services

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

10.4. VAGO update

File Number	E9550	Responsible Officer	Manager of Business & Performance, Anthony Smith
Purpose			
To provide the Audit & Risk Committee with an overview of the Victorian Auditor-General's Office (VAGO) activity for Mansfield Shire Council.			
Executive Summary			

The Victorian Auditor-General's Office (VAGO) will be the new external auditors for Mansfield Shire Council from 2021-22.

At this stage, the planned approach for new audits coming in-house are:

- Before 10 December 2021: Meet with management (CFO/Finance Manager) – Completed.
- January 2022 to early February 2022: Prior year audit file review.
- Week commencing 14 February 2021: Planning visits of new in-house audits. Mansfield Shire Council interim audit tentatively scheduled to commence 7 March 2022.

Key Issues

The Council has held discussions with VAGO representatives and the planning for the year end audit is underway.

Audit & Risk Committee dates for 2021-22 were provided and meeting invitation for VAGO representatives issued.

Tentative dates for VAGO to receive the following information (based on the 2020/21 audit timeframes) provided:

- 2021-22 shell financial report & performance statement (a date before 30 June 2022).
- First draft financial report and performance statement for audit (typically before our scheduled final audit visit date)
- ARC date to consider financial report and performance statement and VAGO closing report.
- Council date for adoption of financial report and performance statement.

The attached VAGO Status report provided information in relation to the following topics:

- VAGO news,
- VAGO annual plan,
- VAGO Financial Audit – update,
- VAGO Performance Audit – proposed audits,
- VAGO Performance Audit – audits in progress,
- VAGO recently tabled Parliamentary reports,
- Other Victorian Integrity and Local Government related bodies, and
- Other Australian audit offices.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the Victorian Auditor-General's Office status report for February 2022.
Support Attachments
1. VAGO status report February 2022 (Mansfield) [10.4.1 - 24 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Is accounted for in the Budget in 2021/22 under External Audit.

Legal and Risk Implications

Not Applicable.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

Strategy 6.1 Use and gain knowledge of our community to make good decisions

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report do not have a conflict of interest to declare in this matter, in accordance with the Local Government Act 2020.

11. Next Meeting

The next meeting of the Audit and Risk Advisory Committee will be held on Monday 16 May 2022.

12. Close of meeting