



Mansfield Shire

Audit and Risk Committee

Wednesday 14 September 2022

Commencing at 4:30pm for Committee | Officers attend from 5:00pm

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 (Deputy Mayor)

Officers

Kirsten Alexander, Chief Executive Officer
Dena Vlekkert, General Manager Community and Corporate Services
Melissa Crane, Acting General Manager Infrastructure and Planning
Tony Cooper, Manager Business and Performance
Maira Moss, Governance and Risk Coordinator
Travis Derricott, Sector Director, Financial Audit - Victorian Auditor-General's Office
Bradley Ead, Partner – AFS
Erin Nankivell, Partner - AFS

Members

Bruce Potgieter (Chair)
Peter Johnston
Moh-Lee Ng

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Agenda

1. Opening of the Meeting

2. Present

The Chair will call on each Committee Member and ask them to confirm verbally that they can see all Members and hear the proceedings.

3. Apologies

The Chair will call on the CEO for any apologies.

4. 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."

5. 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.

6. Confirmation of Minutes

Recommendation

THAT the Minutes of the Mansfield Shire Council Audit and Risk Committee Meeting held on 16 May 2022 be confirmed as an accurate record.

7. Administrative Items

7.1. Annual Work Plan

File Number	E3627	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

This report presents a proposed annual work plan for the Committee to consider and adopt.

Executive Summary

The *Local Government Act 2020* (the Act) and the Audit and Risk Committee Charter 2020 require the adoption of an annual work plan.

A template work plan provided by Local Government Victoria (developed from the collaborative Act implementation process) has been used to form the base of the proposed annual work plan attached for the Committee's consideration. The work plan has also been cross checked against the Charter and the previous Governance Schedule to ensure all the requirements have been captured.

The proposed plan is consistent with the prior year work plan.

Key Issues

The proposed work plan is attached for the Committee's consideration.

It is proposed that the adopted Annual Work Plan will be presented at each Audit Committee Meeting and progress updates provided to the Committee as part of that report.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE adopt the Annual Work Plan 2022-23.

Support Attachments

1. Audit Risk Committee Annual Workplan 22 23 [7.1.1 - 4 pages]

Considerations and Implications of Recommendation

Legal and Risk Implications

Section 54(3) of the *Local Government Act 2020* requires the Audit and Risk Committee to adopt an annual work program.

Adopting an annual work plan assists in project planning and mitigates the risk of non-compliance with the requirements of s54 of the Act.

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. Annual Meeting Schedule

File Number	E9616	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

The Audit and Risk Committee must formally set a meeting schedule for 2022-23.

Executive Summary

Throughout the pandemic environment, the Audit and Risk Committee meetings have typically been held online in the months of November, February, May and August.

Meetings have usually commenced at 4:30pm for Committee members, with management in attendance from 5:00pm. This previously enabled Committee members to travel at a reasonable hour if they reside in Melbourne or other places of distance from Mansfield.

Given the current ways of working, with online facilitation of meetings being more commonly accepted, it is proposed that meetings commence at 2:30pm for Committee members, with management in attendance from 3:00pm.

Key Issues

Whilst, the Committee's preference is for face-to-face attendance, the pandemic environment has enabled the acceptance of online facilitation of meetings. It is proposed that meetings can be held either face-to-face or online as agreed by the Committee. The meeting times have been proposed to continue to allow for reasonable travel to and from Mansfield and for the meetings to be held within generally accepted working hours.

As such a possible meeting schedule is outlined below for the Committee's consideration.

Proposed Meeting Schedule		
Date	Time	Location
Monday 21 November 2022	2:30pm (Executive Mgt Team attend from 3:00pm)	Chambers (or Zoom)
Monday 27 February 2023	2:30pm (Executive Mgt Team attend from 3:00pm)	Chambers (or Zoom)
Monday 22 May 2023	2:30pm (Executive Mgt Team attend from 3:00pm)	Chambers (or Zoom)
Monday 28 August 2023	2:30pm (Executive Mgt Team attend from 3:00pm)	Chambers (or Zoom)

A predetermined meeting schedule does not preclude the Committee from scheduling additional meetings from time to time if required.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE adopt a meeting schedule for the 2022-23 year (1 October 2022 to 31 August 2023).

Support Attachments

1. Nil

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

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 8: A consultative Council that represents and empowers its community

Strategy 8.2: Develop capacity and capability to advocate powerfully for the most important interests of the Mansfield community

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.

7.3. Audit and Risk Committee Report to Council

File Number	E9616	Responsible Officer	General Manager Community & Corporate Services, Dena Vlekkert
Purpose			

This report provides the opportunity for the Audit & Risk Committee to consider and provide input into the Committee’s biannual report to Council.

Executive Summary

The Audit & Risk Committee Charter and the *Local Government Act 2020* require the Audit & Risk Committee to present a biannual report on its activities, findings and recommendations for tabling at a Council meeting.

A proposed report has been prepared and is presented below for the Committee's review and comment.

It is anticipated that the final report will be tabled at the September 2022 Council Meeting.

Key Issues

The Audit & Risk Committee Charter and the *Local Government Act 2020* require a biannual report to Council. In accordance with the Annual Work Plan of the Committee, the report should be prepared and considered at the August (activities for the preceding year ending 30 June) and February (activities for the preceding half year ended 31 December) Committee meetings.

The report is for the financial year ended 30 June 2022.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE provide a report describing the activities, findings and recommendations for the financial year ended 30 June 2022 to the Chief Executive Officer for tabling at the next Council Meeting.

Support Attachments

1. Audit and Risk Committee Report to Council 21 22 [7.3.1 - 7 pages]

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*.

7.4. ARC Performance Reporting Actions

File Number	E9533	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

This report relates to the Audit and Risk Committee fulfilling its obligations under the Mansfield Audit and Risk Charter as set out below:

2. PURPOSE

2.1 The purpose of the Committee is to:

- a) monitor the compliance of Council policies and procedures with
 - the overarching governance principles pursuant to s9 of the Act; and
 - 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

Three actions were added at the 16 May 2022 Audit and Risk Committee meeting. Of the 14 current actions, nine are complete, five are in progress and none outstanding yet to be commenced.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Audit and Risk Committee Action update report.

Support Attachments

1. ARC Actions Update June 2022 [7.4.1 - 3 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

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 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. 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 performance statements to Council as required.

8.1. Fixed Asset Valuations 2021-22

File Number	E10184	Responsible Officer	Senior Accountant, Belinda Langlands
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Purpose

The final valuation reports for Land, Roads and Footpaths are being presented to the Committee for review and endorsement prior to finalisation of the year end audit.

Executive Summary

Council's Asset Accounting Policy requires asset revaluations to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period (as per *AASB 116 Property Plant and Equipment*).

To achieve this, formal revaluations of each class of land, building and infrastructure assets are performed every 2-3 years.

Council has recently re-valued three categories of assets for accounting purposes applicable to the 2021/2022 financial year.

The categories revalued are:

- Land
- Roads
- Footpaths

Typically, revaluation reports are presented to the Audit and Risk Committee for review and endorsement prior to posting any adjustments in the financial system for the financial year ending 30 June. However, due to the late timing of completion of the valuations, adjustments have already been made.

Key Issues

Valuations have been performed by certified valuers. Both the Land and Roads & Footpaths valuation reports are attached for the Committee's information.

The net movement of \$15.4 million will be posted against the asset revaluation reserve accounts.

Land

The Land valuation is effective 30 June 2022 and was performed by qualified valuers, LG Valuation Services.

A summary of the impact of the valuation is as follows:

Asset category	Valuation 30 June 2022	Carrying value 30 Jun 2022	Uplift
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Land	\$32,364k	\$22,427k	\$9,937k	44%
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Roads and Footpaths

The revaluations have been performed by Council’s asset management service provider, Assetic, and are based on inspection and condition assessments of the assets. Valuations are effective 30 June 2022.

A summary of the impact of the valuations is as follows:

Asset category	Valuation 30 June 2022 (at fair value)	Carrying value 30 Jun 2022	Uplift	
Roads	\$110,548k	\$104,174k	\$6,374k	6%
Footpaths	\$6,001k	\$6,908k	-\$907k	-13%

The above values are “written down values”, not replacement value.

Detailed reports including replacement cost and accumulated depreciation movements are attached for the Committee’s information.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the valuation reports for Land, Roads and Footpaths and recommend the valuations therein are adopted for the financial statements as at 30 June 2022.
Support Attachments
1. Land Asset Valuation Report 2022 [8.1.1 - 11 pages]
2. Roads & Footpaths Valuation Report 2022 [8.1.2 - 17 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Adopting the fair value assessments will increase the total value of non-current assets and also increase the Asset Revaluation Reserve in Council’s Financial Statements for the year ended 30 June 2022.

The total adjustments resulting from revaluation will be:

Financial Statement Category	Increase / (decrease)
Non-current Assets	
Land	\$9,937k
Roads	\$6,374k
Footpaths	(\$907k)
Equity	
Revaluation reserves	\$15,404k

Legal and Risk Implications

The Victorian Auditor General has recommended that all valuations are reviewed by the Audit & Risk Committee prior to adoption of the data.

Regulatory Risk: The *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2014* require Council financial reports to be prepared in accordance with Australian Accounting Standards, and the Local Government Model Financial Report.

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 8.2 Develop capacity and capability to advocate powerfully for the most important interests of the Mansfield community

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.

8.2. Financial Statements 2021-22

File Number	E9533	Responsible Officer	Manager Business & Performance, Tony Cooper
Purpose			

The draft annual Financial Statements for the year ended 30 June 2022 are presented to the Committee for review and comment.

Executive Summary

The draft Financial Statements 2021-22 have been prepared by Council officers in line with the requirements of Sections 98 and 99 of the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The draft Financial Statements 2021-22 have been prepared in accordance with Australian Accounting Standards, and the Local Government Victoria model.

At the time of preparing this report, the Financial Statements are still passing through review by the Victorian Auditor General's Office (VAGO).

Section 99 of the *Local Government Act 2020* requires Council to pass a resolution at the September Council Meeting giving its approval in principle to the draft Financial Statements 2021-22 prior to submitting the statements to the auditor so that they may prepare their reports. The Financial Statements 2021-22 must be certified by Council after any amendments or changes requested by VAGO have been made, prior to adoption by Council.

In a change from previous requirements, Section 100 of the *Local Government Act 2020* now requires the Mayor to report on the implementation of the Council Plan by presenting the Annual Report at a Council meeting open to the public, no later than 31 October 2022. The final, signed Financial Statements will become part of the Annual Report.

Key Issues

The final, signed Financial Statements 2021-22 will become part of the Annual Report 2021-22, which will be a publicly available document.

Officer's Comments

The Financial Statements 2021-22 show the following key statistics:

- Surplus of \$4.54m for the year
- Net asset revaluation increment of \$15.4m (bridges, drainage and land under roads)
- Net assets of \$254m including \$231m in property, infrastructure, plant and equipment
- Cash of \$16.0m including term deposits

Net Asset Revaluation

For the 2021-22 Financial year, actual revaluations were undertaken on Land, Roads and Footpaths. The revaluations are in line with best practice ensuring that carrying amounts in the

accounts are relevant. These revaluations saw an increase in the Net Asset Revaluation reserve. A separate brief has been provided providing further details on this increase.

Waste Management Reserve

A Waste Management Reserve was recognised in the financial statements for the first time in 2019-20. Significant increases in landfill disposal and Environment Protection Authority (EPA) levies charged by the Victorian Government have contributed to increases in the waste charges. Landfill levies increase each year well above the cost of living and increased by 91% between 2019 and 2022.

The Waste Management Reserve should be in surplus however has been in deficit for 3 years. As at 30 June 2021 the reserve was in deficit to the value of \$425k. During 2021-22, the reserve moved by a further \$332k, to leave the reserve in deficit to the value of \$757k. The negative balance reflects that council has not been fully cost recovering the increased waste management charges from rate payers.

Through the 2022-23 Budget, Council has increased the waste charges significantly to ensure that Council recovers those increased charges.

Interest Bearing Liabilities

There has been a significant increase in interest bearing liabilities due to a March Council decision to borrow \$2.6m from Treasury Corporation Victoria to fund the completion of the Heavy Vehicle Alternative Route. The loan was received in June 2022 and will be repaid over the following ten years.

Significant accounting judgements and estimates

There have been no significant accounting judgements and estimates applied to the 2021- 22 financial statements that require specific review by the Audit and Risk Committee.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE

1. Review the draft Financial Statements 2021-22 and provide feedback to the Manager Business & Performance.
2. Receive and consider the draft VAGO Closing Report
3. Recommend the draft Financial Statements 2021-22 (subject to changes required by the Committee and the Auditors) to Council for adoption.

Support Attachments

1. DRAFT Annual Financial Statements- GPF S-2022 [8.2.1 - 61 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

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 8: A consultative Council that represents and empowers its community
Strategy 8.2: Develop capacity and capability to advocate powerfully for the most important interests of the Mansfield community

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. Performance Statement 2021-22

File Number	E3267	Responsible Officer	Manager Business & Performance, Tony Cooper
Purpose			

The draft Performance Statement for the year ended 30 June 2022 is presented to the Committee for review and comment.

Executive Summary

The Performance Statement is a required document under the Local Government Act 2020 as part of the Local Government Performance Reporting Framework. The statement is published within the Council's Annual Report and contains some of the statistics that are publicly available through the Know Your Council website managed by Local Government Victoria.

The draft Performance Statement 2021-22 has been prepared by Council officers in line with the requirements of Sections 98 and 99 of the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

The draft Performance Statement 2021-22 has been reviewed in the first instance by the Victorian Auditor General's Office (VAGO).

Section 99 of the Local Government Act 2020 requires Council to pass a resolution at the September Council Meeting giving its approval in principle to the draft Performance Statement 2021-22 prior to submitting the statements to the auditor so that they may prepare their reports. The Performance Statement must be certified by Council after any amendments or changes requested by VAGO have been made, prior to adoption by Council.

In a change from previous requirements, Section 100 of the *Local Government Act 2020* now requires the Mayor to report on the implementation of the Council Plan by presenting the Annual Report at a Council meeting open to the public, no later than 31 October 2022. The final, signed Performance Statement will become part of the Annual Report.

Key Issues

The final, signed Performance Statement 2021-22 will form part of the Annual Report 2021-22 which will be a publicly available document.

The information on the Performance Statement 2021-22 will also be publicly available via the Know Your Council website.

The information in this report has been submitted to Know Your Council (through Local Government Victoria) for review.

Officer's Comments

The draft Performance Statement 2021-22 is attached for the Committee's review. The draft Performance Statement 2021-22 has been reviewed in the first instance by the Victorian Auditor General's Office (VAGO).

Any material changes required after the Committee's review will be reported explicitly to Council in October.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE 1. Review the draft Performance Statement 2021-22 and provide feedback to the Manager Business & Performance. 2. Recommend the draft Performance Statement 2021-22 (subject to any changes required by the Committee and the auditors) to Council for adoption.
Support Attachments
1. Mansfield Shire Council Draft- Performance- Statement-2021-22 [8.3.1 - 18 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

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

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.

8.4. Governance and Management Checklist 2021-22

File Number	E9533	Responsible Officer	General Manager Community & Corporate Services, Dena Vlekkert
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Purpose

The draft Governance and Management Checklist for the year ended 30 June 2022 is presented to the Committee for review and comment.

Executive Summary

The Governance and Management Checklist is a required document under the Local Government Act 2020 as part of the Local Government Performance Reporting Framework. The checklist is published within Council's Annual Report and through the Know Your Council website managed by Local Government Victoria.

The draft Governance and Management Checklist 2021-22 has been prepared by management and reviewed by Local Government Victoria. The checklist is not audited.

The Governance and Management Checklist 2021-22 must be signed by Councillors by 30 September 2022 for inclusion in the Annual Report.

Key Issues

The final signed Governance and Management Checklist 2021-22 will become part of the Annual Report 2021-22 which will be a publicly available document.

The information on the Governance and Management Checklist 2021-22 will also be publicly available via the Know Your Council website.

The draft Governance and Management Checklist 2021-22 is attached for the Committee's review.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE

1. Review the draft Governance and Management Checklist 2021-22 and provide feedback to the Coordinator Governance & Risk.
2. Recommend the draft Governance and Management Checklist 2021-22 (subject to any changes required by the Committee) to Council for adoption.

Support Attachments

1. Governance and Management Checklist 2021-22 [8.4.1 - 3 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

There are no significant risks in relation to this matter.

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 8.2: Develop capacity and capability to advocate powerfully for the most important interests of the Mansfield community

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.	Insurance Program 2022-23 Report
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File Number	E10150	Responsible Officer	Risk Management Officer, Tania Graham
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Purpose

This report provides an overview of Mansfield Shire Council’s insurance program for 2022-23 period.

Executive Summary

Council’s insurance program is coordinated through JLT Public Sector (JLT), which is a division of Jardine Lloyd Thompson Pty Ltd which is part of the Marsh Group of Companies. JLT Public Sector has been delivering specialist services to local authorities since 1972.

JLT arrange several insurance policies on our behalf.

The JMAPP Policy listed below covers all of Council assets including buildings, vehicles, machinery and artworks.

MAV Insurance provide our cover for our Public and Products Liability and Professional Indemnity.

Our insurance policies for 2022-23 are as follows:

Policy	Insured	Cost of cover incl GST
Community Liability Pack	Various uninsured Hirers of council owned or controlled facilities	\$1,785.74
Commercial Crime	Commercial crime insurance	\$3,190.12
Motor Vehicle	All Motor Vehicles and Trailers owned, mortgaged under Hire Purchase Agreement hired or leased by the Insured as declared and defined in the policy.	\$48,858.11
Personal Accident (Volunteers)	For committee members and voluntary workers	\$471.02
Personal Accident	The Mayor, Chairpersons, Elected Members, Councillors, Commissioners, Directors of the Policyholder	\$1,277.69
Travel	Cover applies whilst a covered person is on a journey.	\$127.31
Cyber Liability	<ul style="list-style-type: none"> • Incident response • Business Interruption • Data systems Recovery 	\$21,013.13

	<ul style="list-style-type: none"> • Cyber Extortion • Privacy and Network Security Liability • Media Liability • Consumer Redress Fund • Payment Card Loss • Regulatory Fines • Emergency Incident response • Betterment Costs • Cyber Crime • Reward Expenses • Telecommunication Fraud • IT Hardware Replacement 	
Councillors and Officers Liability	<ul style="list-style-type: none"> • Councillors' and Officers' Liability • Council Reimbursement • Employment Practices Liability • Council Statutory Liability • Council Supplementary Legal Expenses • Council Defamation, Libel and Slander • Council Liability 	\$21,646.42
JMAPP Discretionary Trust	<ul style="list-style-type: none"> • Insured risks of physical loss, destruction or damage to property not specifically excluded in the policy wording; and • Resultant Consequential Loss (Business Interruption) • Artwork / Heritage Items / Museum Items 	\$185,327.53
Public and Products Liability and Professional Indemnity	Legal liability to third parties for injury and/or Damage to Property caused by an occurrence in connection with the Insured's business.	\$148,195.30

Key Issues

All policies are now in place for the period commencing 1 July 2022.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Insurance Program 2022-23 Report.

Support Attachments

1. Pages for signing Insurance renewal [8.5.1 - 3 pages]
2. MAV Insurance - Tax Invoice 09 8 and renewal letter 2022-2023 [8.5.2 - 7 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not applicable

Community Engagement

Not applicable

Collaboration

Not applicable

Financial Impact

In addition to the above costs for our policies, JLT also charge a fee for service of \$27,500.00.

Legal and Risk Implications

There are no statutory requirements.

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.

9. Internal Control Environment

Duties and responsibilities of the Committee:

- a. Review the adequacy and effectiveness of key policies, systems and controls for providing a sound internal control environment. This should be done on a rotational basis over a three to four year period;
- b. Determine whether systems and controls are reviewed regularly and updated where required;
- c. Monitor significant changes to systems and controls to assess whether those changes significantly impact Council's risk profile;
- d. Ensure that a programme is in place to test compliance with systems and controls;
- e. Assess whether the control environment is consistent with Council's Governance Principles.

9.2. Mansfield Shire Council Investment Schedule

File Number	E5001	Responsible Officer	Senior Accountant, Belinda Langlands
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Purpose

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

Executive Summary

Regular reporting to the ARC in relation to investments is required by Council's Investment Policy.

Key Issues

The Investment Portfolio report is attached for the Committees information.

Council is currently compliant with its Investment Policy.

The Reserve Bank Australia (RBA) have increased interest rates by 2.25% since May 2022. This has had a flow on effect and new term deposits are now attracting higher interest rates.

Recommendation

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

Support Attachments

1. Attachment - Investment Report July 2022 [9.2.1 - 2 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Excess cash is invested in order to attract greater interest income than that achievable through our operating bank account.

Legal and Risk Implications

Council's Investment Policy adheres to the requirements contained within the *Local Government Act 2020*.

Financial Risk: Regular oversight mitigates the risk of lost income or lost working capital as a result 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

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"

Strategy 8.2 Develop capacity and capability to advocate powerfully for the most important interests of the Mansfield community

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. 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.

10.1. Waste Management

File Number	E9985	Responsible Officer	Coordinator Waste Management, Shaun Langlands
Purpose			

To provide the Audit and Risk Committee with an overview of the waste management area, including current processes and future plans.

Executive Summary

This presentation will cover the following:

- Kerbside Waste and Recycling Collections
- Kerbside Transition (separation of Food Organics and Garden Organics (FOGO) and Glass)
- Mansfield Resource Recovery Centre and Woods Point Transfer Station
- Visitor Economy and Public Place Bin Systems
- Management of the Waste Reserve
- Waste Management Strategy 2020-2025

Key Issues

The Waste and Resource Recovery area is responsible for the safe, cost-effective and environmentally responsible collection and disposal of waste and recyclable materials. The team also manage the delivery of initiatives contained in Council's Waste Strategy to improve waste and recycling services and undertake community education and engagement with the aim of reducing waste to landfill.

The increasing costs of providing the waste service are of importance to Mansfield Shire Council and community, given that this area makes up around 26% of Council's annual expenditure. Increasing costs for collection and disposal, EPA levies and fuel prices have all had a significant budgetary impact on the waste management sector. Waste services operate on a full cost recovery model, with the costs associated with providing the service recovered through charges to ratepayers.

Mansfield Shire Council contracts Cleanaway to collect residual household waste from over 6,500 properties in the Shire. As Mansfield Shire does not have an active landfill site, residual waste is transported to the Benalla Landfill from kerbside collection and from the Mansfield Resource Recovery Centre (MRRC), a 126km return trip.

In the 2021/2022 financial year, 4330 Tonnes of residual waste was sent to the Benalla Landfill, an increase of 650 Tonnes from the previous year. This was due to an increase in resident ratepayers, combined with an increase in waste taken at the Mansfield Resource Recovery Centre. The increase in waste taken was due to the MRRC not being open to the public for extended periods due to the COVID-19 pandemic lockdowns. When it reopened, there was a backlog of waste to be dealt with.

The charges for waste are separated into Community Waste, Kerbside Garbage and Kerbside Recycling services.

The adopted charges for waste services in the 2022/2023 Financial Year are as follows:

Service	Charge
Kerbside Rubbish Collection – 80L	\$174.75
Kerbside Rubbish Collection – 120L	\$259.75
Kerbside Rubbish Collection – 240L	\$504.89
Kerbside Recycling Collection – 240L	\$154.84
Community Waste	\$81.31

A standard service for waste is a 120L garbage bin, a 240L recycling bin and the community waste charge, at a total of \$495.90 per ratepayer.

A description of the different services and programs is provided below to assist the Audit and Risk Committee understand the extent of service provision and projects being undertaken in this area.

Kerbside Waste and Recycling Collections

Mansfield Shire Council has an obligation to provide waste services across the municipality, and currently provide kerbside garbage and recycling collection services to the bulk of the municipality. The Waste team are responsible for management of some of the largest contracts within Council.

Under the current contract, Cleanaway Pty Ltd is responsible for collecting kerbside waste services within the shire. Mansfield Shire operates on a two-bin system – residual waste (the red-lidded wheelie bins) and co-mingled recyclable waste (the yellow-lidded wheelie bins). Residual waste bins come in a standard size of 120 litres but are also available in an 80L or a 240L option. The recyclable bin comes in a 240L size only.

The size of the municipality is such that not all properties can be provided with a kerbside service. For the Woods Point district beyond Tunnel Bend, no kerbside service is provided, however residents in these areas use the transfer station at Woods Point. The Woods Point Transfer Station, and relevant issues in relation to this site are discussed below.

Kerbside Transition

In February 2020, the Victorian Government released its 10-year plan for *Recycling Victoria: A new economy*, to reduce pollution and boost economic growth and jobs. Reforms to household recycling are a key component of this plan and require that councils implement:

1. Separate glass collection (by 2027)
2. Co-mingled recycling for plastic, paper and metals
3. Collection service for Food Organics and Garden Organics (FOGO) (by 2030)
4. Residual waste collection.

Council is currently undertaking a deliberative engagement process to determine the best ways to separate Food Organics and Garden Organics (FOGO) and Glass from the existing waste streams.

There are some non-negotiable elements to these reforms. Part 5 Division 5 paragraph 60 (1) of the *Circular Economy (Waste Reduction and Recycling) Act 2021* mandates provision of the following:

(a) a municipal recycling service (other than for glass or for food organics and garden organics material) to land in its municipal district that is used primarily for residential purposes;

(c) a municipal recycling service for glass to land in its municipal district that is used primarily for residential purposes;

(d) on and from a prescribed date—a municipal food organics and garden organics service to land in its municipal district that is used primarily for residential purposes;”

The Act does not define “used primarily for residential purposes”.

The Act also has potentially resource intensive, however not yet defined, requirements for data collection, reporting, information sharing, procurement and service standards as well as powerful enforcement and penalty provisions. Council officers are working with Recycling Victoria to understand and comply with the relevant requirements.

Council is also part of a collaborative procurement process with 10 other local councils and two Alpine Resort boards for the provision of waste services, including both existing services and future services.

Mansfield Resource Recovery Centre and Woods Point Transfer Station

Mansfield Shire Council assumed management of the Mansfield Resource Recovery Centre (MRRC) located at 163 Monkey Gully Road in June 2019. The site is usually open on Monday, Wednesday, Friday, Saturday and Sunday, with operations expanded to seven days a week during the peak summer period.

A Master Plan has been prepared and adopted by Council detailing how the MRCC site can be upgraded and expanded to accommodate existing and future service requirements. The redevelopment of the site is proposed to be done in three stages to minimise disruption to service provision and will be staged as funds become available either through waste charges or grant funding.

A re-sale shop is located at the MRCC for sale of suitable items to MRCC customers and has recently reopened after COVID-19 restrictions were lifted. This has been well received by community members and the Waste team plans to also promote higher value items for sale on social media to increase MRCC revenue.

A Schedule of Fees is set for waste items accepted at the MRCC each financial year. The fees are set to encourage as much as possible the separation of recyclable and recoverable items (such as glass, hard plastics, paper, aluminium cans, cardboard) from residual waste.

Council purchased a commercial-quality baler in 2021. This investment allows cardboard and some soft plastics to be baled up and sold as a commodity instead of being a cost. Maximising the use of the baler will help to reduce the costs of waste disposal.

The Woods Point Transfer Station is provided for residents who do not have a kerbside collection service. The transfer station currently has two large skip bins that are used for disposal of domestic residual waste. There is also a green waste pile for disposal of green

waste material which is then burnt under the guidance of DELWP and the local CFA. A recycling service has been recently introduced at the Woods Point Transfer Station in response to community feedback, which will reduce the amount of waste going to landfill from this area. This recyclable skip bin will be transported to the MRRC for separation and processing as required.

The Woods Point Transfer Station is prone to dumping of unacceptable, and sometimes illegal and dangerous, waste material. Options for better management of this site are currently under consideration to mitigate this issue.

Visitor Economy and Public Bin Systems

Tourism is a significant component of the Mansfield Shire economy, however periods of high seasonal visitation in the winter snow season and during summer school holidays and long weekends do create issues requiring management with the increased waste volumes.

Camping waste is a cause of ongoing concern for residents and ratepayers, with campers using public and private bins to dispose of waste when leaving the area. Council promotes the state government “Carry In/Carry Out” program which encourages all tourists, in particular campers, to take their rubbish (both residual waste and recyclables) home with them to dispose of in the normal manner; or alternatively take their rubbish directly to the Mansfield Resource Recovery Centre for disposal (fees may apply). To support this program and discourage illegal dumping of waste, the MRRC is opened for extended trading hours during the peak camping period over summer.

However, even with these measures in place, campers and other tourists continue to dispose of waste via the public bin system, in residents’ kerbside bins, or by leaving it at the campsite or along road reserves. Council often receives complaints that household kerbside bins have had rubbish from non-residents dumped in them. The public bin system also gets inundated at certain times of the year with dumped rubbish piling up on top of the bins and next to them. This has required Council placing additional public bins in Mansfield and some outlying townships during these peak times.

Council recently undertook an audit of the public bins in the municipality, and found that while the services provided were adequate, there was room for improvement. More particularly, it was recommended that council look to increase the number of recycling bins in the public realm to assist in diversion of waste from landfill. In response to this, Council has allocated additional funds in the 2022/2023 budget to provide additional recycling bins where needed.

Management of the Waste Reserve

Council’s waste management services are funded on a cost recovery basis from the waste management fees levied against Council’s ratepayers, in accordance with the *Local Government Act 1989*. Council’s Waste Management Reserve accumulates the annual over, or under, recovery of waste management service costs. The Waste Management Reserve was instigated as part of the Financial Strategy 2018 and is reported in the Annual Report.

Financial reserves are typically used to retain cash for future use and do not normally have a negative value. The Waste Management Reserve has been retained to provide public transparency of the cost recovery for waste management services, and to provide for future improvements required to the Mansfield Resource Recovery Centre (MRCC).

In developing the 2022/2023 Budget, waste charges were reviewed and adjusted to allow for the increasing costs of waste service provision and to address the deficit in the waste reserve arising from under-recovery of waste costs over the last 3 years. The budget has been structured to contribute over \$550,000 into the waste reserve this financial year, based on the forecast waste income and expenditure. Council officers are also pursuing additional cost saving measures to improve the position of the waste reserve, with the aim for the reserve to be in a surplus situation in future years. When this is achieved, the additional funds will be able to be used to implement the upgrade works at the MRRC.

Waste Management Strategy 2020-2025

In consultation with RM Consulting Group, a Waste Management Strategy was developed in 2019 in consultation with the community, including a five-year implementation plan from 2020 to 2025.

Key aspirations of this Strategy are as follows:

- To be innovative and creative in the way we use and manage resources;
- Keep organic material within the Shire;
- Maximise re-use of resources within the community; and
- Create a well-educated community.

Some of the opportunities and ideas arising from the Strategy were:

- Create higher diversion targets from landfill;
- Create a FOGO collection service;
- Contain as much waste as possible within the Shire;
- Continue and expand the re-sale shop where possible;
- Add more opportunities for recycling;
- Increase waste separation;
- Collaborate with other Councils to maximise recovery of materials;
- Promote “zero tolerance” on takeaway coffee cups.

Some of the challenges identified in the Strategy are as follows:

- Communication with tourists, residents, non-resident ratepayers and visitors;
- Education to all sectors of the community;
- Getting community ownership of waste;
- Climate change;
- Future restrictions on what can be sent to landfill;
- Finding the balance between local and regional solutions (i.e. economies of scale);
- Resourcing new ideas and opportunities; and
- Managing visitor waste.

The *Waste Management Strategy* can be found in full as an attachment to this report. In 2021 Council employed a Project Officer to help implement the actions in this strategy.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the presentation on Council's Waste Department.

Support Attachments

1. waste-management-strategy-2020-2025 [10.1.1 - 33 pages]

Considerations and Implications of Recommendation

Sustainability Implications

The waste and resource recovery area has a direct influence on environmental sustainability, with diversion from landfill the key indicator of success. Maximising diversion of waste from landfill and recovery of resources from the waste streams has a positive effect on both financial and environmental sustainability.

Community Engagement

Community Engagement is undertaken in accordance with Council's Community Engagement Policy. Council officers are currently undertaking a deliberative engagement process for the kerbside transition requirements to separate FOGO and glass from the existing disposal streams.

Collaboration

Council officers and elected members have collaborated with their counterparts in neighbouring shires for many years as members of the North East Waste and Resource Recovery Group (NEWRRG). With the formation of Recycling Victoria, these groups no longer exist and other mechanisms for regional collaboration will be required.

A collaborative procurement process is currently underway for the provision of future waste services, as mentioned earlier in this report.

Financial Impact

Waste services operate on a cost recovery model, through the operation of a Waste Management Reserve. Council's Waste Management Reserve accumulates the annual over, or under, recovery of waste management service costs. Any deficit is recovered through annual adjustment of the waste charges to ratepayers.

The rising cost of fuel, landfill disposal charges and EPA levies all have financial impacts, as will the requirement to introduce additional waste management services for FOGO and glass. New obligations for reporting and compliance under the Circular Economy (Waste Reduction and Recycling) Act 2021 are also likely to have a financial impact on Council ratepayers.

Legal and Risk Implications

The waste and resource recovery area has legal obligations under the Environment Protection Act 2020 and the Circular Economy (Waste Reduction and Recycling) Act 2021. Council's Resource Recovery centres are registered with the EPA and must comply with the conditions on these registrations.

Regional, State and National Plans and Policies

The State Government's 10-year plan *Recycling Victoria: A new economy*.

Innovation and Continuous Improvement

Community aspirations, potential innovation and opportunities for improvement are outlined in Council's Waste Management Strategy attached.

Other initiatives currently being progressed include:

- Kerbside Reform – Council officers are currently working on the transition plan for separation of FOGO and Glass from existing waste streams;
- Local processing of FOGO - options are being explored, with Council officers currently preparing a business case for this service in collaboration with Murrindindi Shire Council using a State Government grant;
- Expansion of the re-sale shop located at the Mansfield Resource Recovery Centre, through use of social media for sale of recovered items.
- Investigation of soft plastic recycling options, including the addition of drop-off bins in strategic places to assist the community in disposing of this waste material in a more environmentally friendly way;
- Submission of a grant application to purchase and install skip bins specifically designed for glass drop-off points in key areas to help tourists and visitors dispose of their glass waste;
- The State Government implementation of a Container Deposit Scheme (CDS), with collection points coming online in 2023;

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

Strategy 3.1 Protect natural vistas and farmlets

Strategy 3.2 Enhance township character

Theme 2: Vibrant Liveability

Strategic Objective 4 Clean and green: Waste and energy sustainability

Strategy 4.1 Minimise and re-use waste

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. Mansfield Shire Occupational Health and Safety Risk Management Report

File Number	E9533	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. This report has been developed to provide the Audit and Risk Advisory Committee with an overview of Council's occupational health and safety performance for the previous quarter.

Key Issues

WorkSafe Victoria

Legislation Update

Council has been added to WorkSafe Victoria distribution list for updates and key communications on the proposed Occupational Health and Safety Amendment (Psychological Health) Regulations.

WorkSafe Visit

A WorkSafe Inspector entered the Municipal Office as part of WorkSafe Victoria's proactive intervention program to provide guidance and assess and enforce compliance with specific health and safety laws. The focus of the inspection was on psychosocial and manual handling hazards. An Inspection Report was issued. No Prohibition or Improvement Notices were received.

One notifiable incident was reported to WorkSafe Victoria. This incident involved a Council Contractor and the operation of a plant roller. The Contractor received two entry reports and two improvement notices. Council's Operations & Capital Works team worked closely with the OHS Officer and the Contractor concerned to ensure that the appropriate notification and documentation was provided to WorkSafe in a timely way. No injuries arose from the incident, which was considered a near miss, and WorkSafe have inspected the vehicle.

WorkCover

Two Workers Injury Claim Forms were received from Council employees for a previous knee injury requiring surgery and a psychosocial claim.

WorkSafe Articles

Thirteen articles from WorkSafe Victoria were issued.

WorkSafe Factsheets

WorkSafe Victoria's new psychological hazard fact sheets were issued.

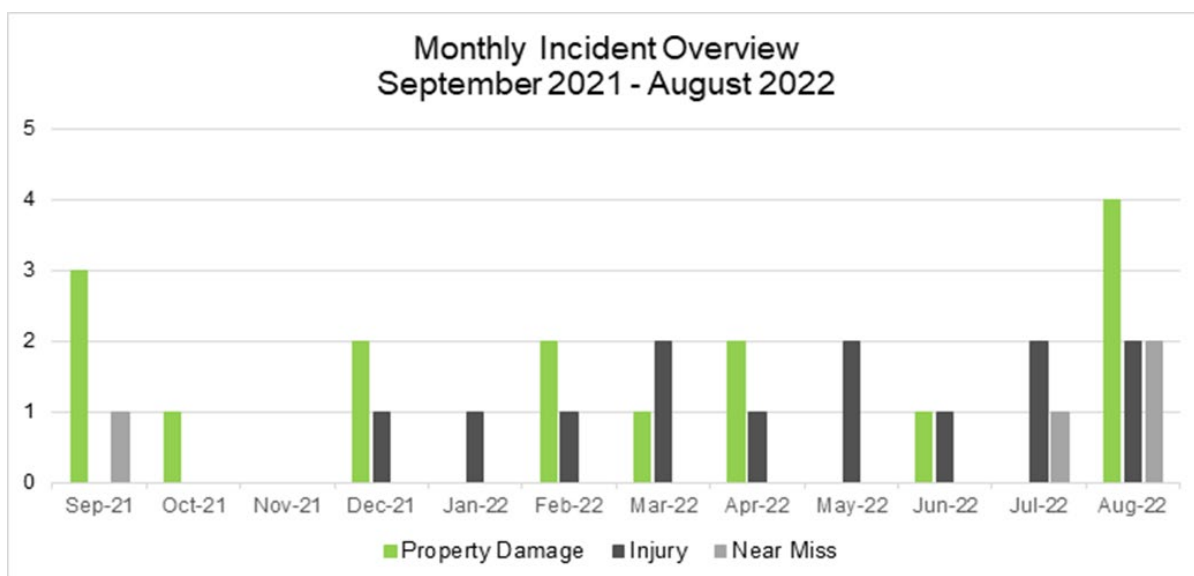
Incidents

Quarterly Summary

Thirteen incidents were reported during the last quarter. Five incidents resulted in property damage, five incidents resulted in injuries and three incidents were near misses. Two injuries were report only (RO) and three injuries were classified as first aid injuries (FAI). The Council employee with 'no capacity for work' after sustaining a knee injury in the workplace has returned to pre-injury duties.

Annual Incident Overview

The graph below depicts the number of incidents per month over a 12-month period. Incidents are classified into property damage, injury and near miss.



Incident Investigation

One incident investigation was undertaken.

Workplace Inspections

Five workplace inspections were undertaken as follows:

1. at the Resource Recovery Centre
2. at the Pound
3. with the Environmental Health Officer
4. with a Contractor (Tectonic Civil)
5. with a Contractor (Country Wide)

Border Lifting inspected the lifting equipment at the Lakins Road depot and the height safety equipment at the Family and Children's Centre, the Performing Arts Centre, and the Municipal Office.

Risk Assessment

One risk assessment was undertaken at the library. This risk assessment was undertaken to determine safe access and egress for members of the public during the library refurbishment.

Hazard and Risks

Seven hazards were raised. Six hazards were closed during the month. Five hazards remain outstanding. The Occupational Health and Safety Hazard and Risk Register as of 30 August 2022 is included as an attachment to this report.

Training and Induction

OHS Induction

Occupational Health and Safety Inductions continue to be undertaken as required.

Training

Council's COVID Training module was updated and added to Council's new training platform MOOC.

Other training included:

- Mental Health First Aid training was held in Council Chamber.
- Duress Falcon Training was held via Zoom.
- Four-wheel drive training was held at Metropolitan Traffic Education Centre.

Webinars

Five webinar links were shared with employees.

Health Monitoring

Audiometric testing was undertaken on site by Statewide Hearing.

Occupational Health and Safety Committee

One OHS Committee Meeting was held. The next OHS Committee Meeting is scheduled for Wednesday 7 December 2022 at 12.00pm in Council Chambers.

Internal Reports / Documents

Council's occupational health and safety management system and intranet were updated with:

1. First Aid Officers – Version 11
2. Evacuation Plan – Resource Recovery Centre – May 2022
3. If you are injured at work poster – Version 2
4. Wardens – Version 16
5. Mental First Aid Officers – Version 4
6. Health and Safety Representatives – Version 15
7. Occupational Health and Safety Policy – August 2022

COVID-19

Face masks, hand sanitiser and alcohol wipes continue to be distributed as required. Density limit signage and QR code check in signage was removed from all Council owned and operated facilities. Updated COVID signage was displayed.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive this report.
Support Attachments
1. Occupational Health and Safety Hazard and Risk Register as of 31 August 2022. [10.2.1 - 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

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 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”
Strategy 8.2 Develop capacity and capability to advocate powerfully for the most important interests of the Mansfield community

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. Risk Management Report

File Number	E3937	Responsible Officer	General Manager Corporate and Community Services, Dena Vlekkert
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.

The Mansfield Shire Council Risk Management Strategy states that 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.

One additional risk has been added to the Risk Register since the previous report presented to the Committee at the May 2022 meeting. The risk of damage to property or life from trees growing on Council owned and managed land has been identified as a risk in the Risk Register with mitigating controls and an action plan to further mitigate this risk. One risk has been removed from the Risk Register, being Image Consent, which has been incorporated into Copyright Infringement.

The Committee is receiving a specific report on Waste Services, in addition to updates provided in this report on Risk Management issues including a claim made against Council for repair of vehicle damage, and Freedom of Information requests made in relation to two other matters.

Key Issues

Claim against Council for vehicle damage

A customer's vehicle was struck by a Council excavator in December 2021 at the Mansfield Resource Recovery Centre. The completion of repairs was delayed pending the submission and approval of a quote for the repairs from the vehicle owner, who was away from home for a period of time. The quote was received from the vehicle owner on 5 September 2022 for the amount of \$2,715.63 and is currently being processed for approval to undertake the repairs.

Personal Injury - Telstra pit cable exposed

On 9 May 2022, a community member sustained substantial injuries when she tripped and fell over a cord/cable left exposed on the surface outside a Telstra pit in High St, Mansfield. A Freedom of Information application was made by Telstra legal representatives as the community member has lodged a claim for damages with Telstra. Council has responded to the requests for information.

Subpoena for 3 Rosella Street Sawmill Settlement

A Senior Associate from Maurice and Blackburn submitted a Freedom of Information Request for 3 Rosella Street, Sawmill Settlement on the 12 April 2022. The legal representative advised that they were engaged by a community member who has terminal cancer in the form of mesothelioma and is attempting to prove his illness is due to the renovation works he conducted at 3 Rosella Street, Sawmill Settlement.

Council's Coordinator Governance and Risk sent the following documents to Maurice and Blackburn on 19 May 2022:

- Cover letter for Building Permit Application for 3 Rosella Street, Sawmill Settlement, dated 14 October 1974 including specification of materials used and history of the build;
- Building permit application October 1974;
- Building permit issued October 1974;
- Scan in two parts of the building plan for 3 Rosella Street;
- Colour photos of the building dated 2003; and
- Application for building and planning permit for extension and renovation of 3 Rosella St, 2003.

Subsequent requests for information pertaining to 3 Rosella Street, Sawmill Settlement post 2003 were received on 30 June 2022, on 15 July 2022 and again on 18 August 2022.

A Supreme Court of Victoria Subpoena for Production to the Prothonotary was served on Council on 22 August 2022 by the Defendant. Documents were delivered to the Prothonotary via email on 7 September 2022.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive and note the Risk Management Report
Support Attachments
1. Risk Matrix as at 5 September 2022 [10.3.1 - 1 page] 2. Risk Register Sep 2022 [10.3.2 - 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 covers:

1. Asset Risk
2. Business Continuity Risk
3. Change Risk
4. Environmental Risk
5. Financial Risk
6. Information Risk
7. People Risk
8. Regulatory Risk
9. Reputation Risk
10. Safety Risk
11. Social Risk
12. 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 incorporates continuous innovation and improvement initiatives in the Risk Management area.

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 3.2 Enhance township character

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.

11. 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.

11.1. Internal Audit

File Number	CM1819.030	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

This report provides a status update on Council's Internal Audit program.

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, reviews undertaken in 2021-22 were as follows:

1. Project management processes regarding capital projects, and
2. Contract management processes and alignment to better practice.

It is proposed that the following reviews be undertaken in 2022-23:

1. Statutory Planning
2. Procurement
3. Infrastructure Asset Management
4. Information Privacy and Records Management
5. Cyber security Strategy and Governance (replacing Home and Community Care).

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receives and notes the Internal Audit Program Status Report and Industry Update – Recent Reports and Publications of Interest.

Support Attachments

1. 1883166 1- Industry Update - 14.09.22 [11.1.1 - 10 pages]
2. 1883141 4- Status Update - 14.09.22 [11.1.2 - 4 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.

12. External Audit

Duties and responsibilities of the Committee:

- a. Annually review and approve the external audit scope and plan proposed by the external auditor;
- b. Discuss with the external auditor any audit issues encountered in the normal course of audit work, including any restriction on scope of work or access to information;
- c. Ensure that significant findings and recommendations made by the external auditor, and management's responses to them, are appropriate and are acted upon in a timely manner;
- d. Review the effectiveness of the external audit function and ensure that the Victorian Auditor General's Office (VAGO) is aware of the Committee's views;
- e. Consider the findings and recommendations of any relevant performance audits undertaken by VAGO and monitor Council's responses to them; and
- f. Meet with the external auditor at least annually in the absence of management.

12.1. VAGO Audit Strategy 2022-2023

File Number	E10025	Responsible Officer	Manager Business & Performance, Tony Cooper
Purpose			

VAGO provide monthly activity status report updates – this report is for August 2022.

Executive Summary

The Committee note the content of the status report update.

Key Issues

N/A

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the VAGO Status Report for August 2022.

Support Attachments

1. VAGO status report August 2022 [12.1.1 - 22 pages]
2. Mansfield Shire Council Closing Report 2021 22 draft t [12.1.2 - 24 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

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.

13. 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.

13.1. Procurement Exemptions

File Number	E5332	Responsible Officer	Community and Corporate Services Directorate Support, Chloe Schlemitz
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Purpose

Council's Procurement Policy provides specific circumstances under which exceptions to the policy are allowable. This report provides details of any Procedural Exemptions that have occurred between 1 January 2022 to 30 June 2022.

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 to clearly demonstrate a procedural exemption exists.

Key Issues

There have been seven procedural exemption memorandums authorised by the CEO since the previous Audit and Risk Committee meeting in February 2022.

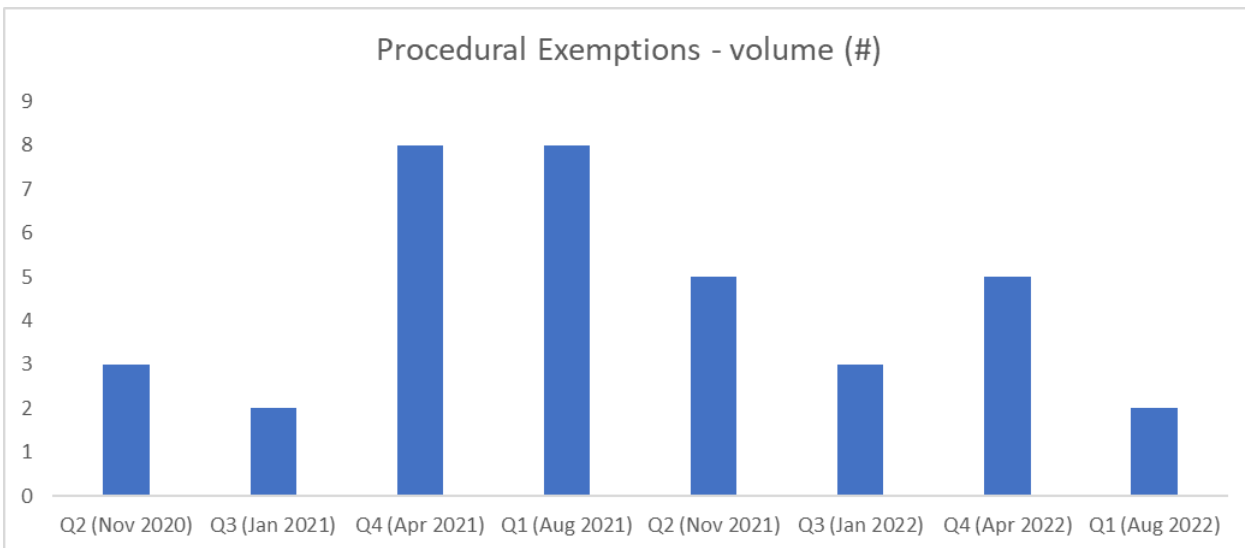
Item	Date	Exemption Category	Value	Department	COVID-19 Related
Repair and resurfacing Bonnie Doon Recreation Reserve Netball/Tennis Courts	3 February 2022	Advantageous time-limited conditions	\$29,279	Capital Works	No
Project Officer Road Infrastructure	18 March 2022	Sole supplier or insufficient quotes	\$34,392	Capital Works	No
Air Purification Units for Council Buildings	24 February 2022	Sole supplier or insufficient quotes and Advantageous time-limited conditions	\$73,762	Operations	Yes
Offset Mulcher	5 April 2022	Sole supplier or insufficient quotes	\$27,750	Field Services	No

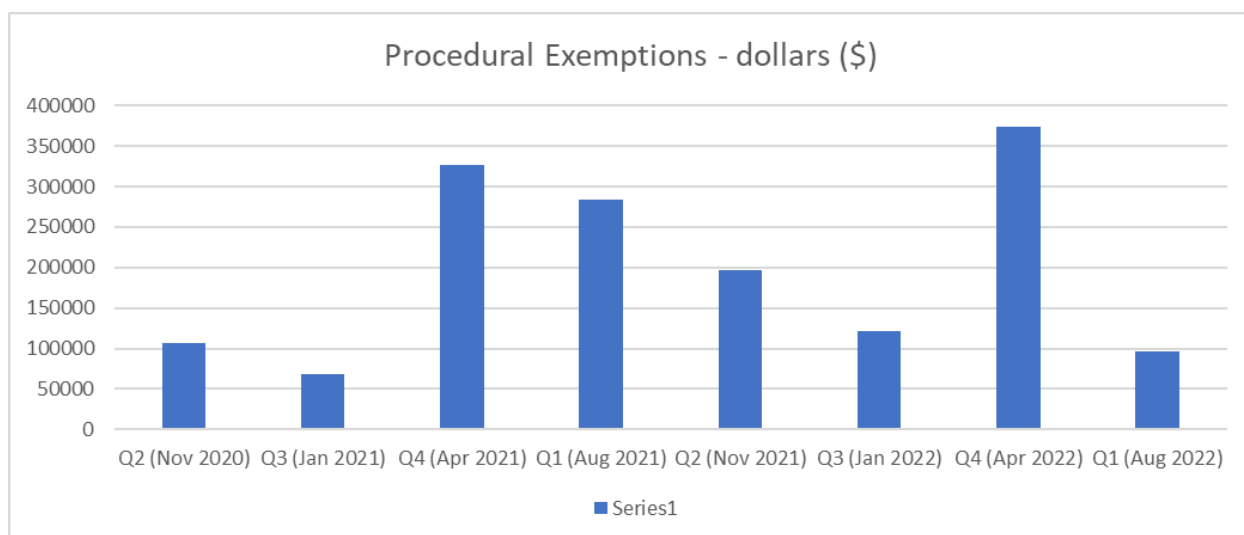
Digital Asset Management System	17 February 2022	Sole supplier or insufficient quotes	\$31,890	Economic Development	No
Acting Manager Business & Performance	18 March 2022	Sole supplier or insufficient quotes	\$204,120	Business & Performance	No
Installation of groundwater monitoring bores and background gas monitoring bores at closed landfills	30 May 2022	Sole supplier or insufficient quotes	\$68,691	Waste	No

The number of procedural exemptions for this last 6 months is seven.

Biannual STATS	Volume	Value
	Number	\$
Procedural exemptions	7	\$469,884
Total purchase orders raised	163	\$3,168,120
Total purchase transactions	2,616	\$9,200,586

Trend analysis over the last 24 months is shown below.





The full memorandums are attached for the Committee’s information.

Attachments

Procedural Exception Memorandums:

- Repair and resurfacing Bonnie Doon Recreation Reserve Netball/Tennis Courts
- Project Officer Road Infrastructure
- Air Purification Units for Council Buildings
- Offset Mulcher for Field Services
- Digit Asset Management System – Image library for Council
- Acting Manager Business and Performance
- Installation of groundwater monitoring bores and background gas monitoring bores at closed landfill sites

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the Procedural Exemption Memorandums authorised by the Chief Executive Officer between 1 January 2022 and 30 June 2022.

Support Attachments

1. Signed Procedural Exemption - Manager Business & Support Recruitment [13.1.1 - 2 pages]
2. Signed Procedural Exemption - Project Officer Road Infrastructure Recruitment [13.1.2 - 5 pages]
3. Signed Procedural Exemption - Supply, Deliver and Installation of Offset Mulcher [13.1.3 - 2 pages]
4. Signed Procedural Exemption Form - Groundwater and Gas Monitoring bores at closed landfills [13.1.4 - 3 pages]
5. Signed Procedural Exemption - Air Purification System [13.1.5 - 2 pages]
6. Signed Procedural Exemption - Bonnie Doon Recreation Reserve Netball Courts Resurfacing [13.1.6 - 4 pages]
7. Signed Procedural Exemption - Digital Asset Management System CANTO [13.1.7 - 2 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

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.

Legal and Risk Implications

The procedural exemptions process allows for a controlled variation to standard procurement requirements.

Procedural Exemptions approved by the CEO are considered to be compliant with 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

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.

14. Other Business

15. Next Meeting

The next meeting of the Audit and Risk Advisory Committee will be held 21 November 2022 at 2:30pm with Executive Mgt Team attend from 3:00pm on ZOOM

16. Close of meeting