



MANSFIELD SHIRE COUNCIL

Audit and Risk Committee

MONDAY, 7 DECEMBER 2020
VIA ZOOM

Unconfirmed Minute Summary

4.30pm meeting for Committee.
Council Officers will be attending from 5.00pm

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MINUTES

7 December 2020
VIA ZOOM
4.30PM

4.30pm meeting of the Committee.
Council Officers will be attending from **5.00pm**

1. OPENING OF THE MEETING

Bruce Potgieter, Chairperson, opened the meeting at 5.00 pm.

PRESENT

External Members:

Mr Peter Johnston
Bruce Potgieter
Moh-Lee Ng

Councillors:

Cr Mark Holcombe
Cr Rohan Webb

IN ATTENDANCE

Chief Executive Officer:

Kaylene Conrick

General Manager Community & Corporate:

Chris Snook

General Manager Infrastructure & Planning:

Kirsten Alexander

Manager Business & Performance:

Mandy Kynnersley

Coordinator Governance and Risk:

Michelle Kain

AFS and Associates – Internal Auditor

Bradley Ead

2. APOLOGIES

Nil

3. CONFIRMATION OF MINUTES

Recommendation:

That the Minutes of the Audit and Risk Committee Meeting held on 31 August 2020 be confirmed as an accurate record.

Received

4. DISCLOSURE OF CONFLICTS OF INTEREST

Nil



5. ADMINISTRATIVE ITEMS

5.1 Chair's Report - Audit and Risk Committee Report to Council

Recommendation:

That the Audit & Risk Committee provide a report describing the activities, findings and recommendations for the year ended 30 June 2020 to the Chief Executive Officer for tabling at the next Council Meeting.

Received

A&R Committee thanked MBP for her assistance.

ACTION: Amend report to indicate thanks for previous members, Crs. Westendorp and Attley and Katie Lockey.

5.2 Annual Work Plan

Provided for information.

ACTION: "NA" used when no report is needed against a particular item.

ACTION: High level annual report on what new legislation may impact on Council, eg: manslaughter legislation, and how are they being addressed.

Received

5.3 ARC Performance Reporting Actions

Provided for information.

Received



6. 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.

6.1 Finance Report

Recommendation:

That the Audit and Risk Committee receive and note the Finance Report.

Received

ACTION: In the Capital Program, provide more commentary around each project, their purpose and funding allocation.

6.2 Council Plan Performance Report – Quarter 1 2021

Recommendation:

THAT the Audit and Risk Committee receive and note the Council Plan Performance Report as at 30 September 2020.

Received

Note: On track except for those out of Council control.



6.3 COVID-19 Impact on Business as Usual

Recommendation:

That the Audit & Risk Committee receive and note this report.

Received

ACTION: Report required to cover cyber security including metrics.

ACTION: Rolling schedule of departmental briefings for ARC.

6.4 Overarching Governance Principles

Recommendation:

That the Audit and Risk Committee receives and notes the Overarching Governance Principles Report.

Received

ACTION: Update to be provided at February meeting.

7. 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.

7.1 Policy Register Status Update

Recommendation:

That the Audit and Risk Committee note the Policy Register as at 23 November 2020.

Received



7.2 Employee Expense Reimbursement Policy

Recommendation:

That the Audit & Risk Committee receive and note the Council Expenses Policy 2020.

Received

7.3 Mansfield Shire Council Investment Schedule

Recommendation:

THAT the Audit and Risk Committee receive and note the Investment Portfolio Report 31 October 2020.

Received

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 Risk Management Framework

Recommendation:

THAT the Audit and Risk Committee receive and note the Risk Management Report and the Risk Register as at 23 November 2020.

Received

ACTION: Review of register to be presented to February meeting.

8.2 Occupational Health and Safety

Recommendation:

That the Audit and Risk Advisory Committee receive this report.

Received

ACTION: Statistics on lost time injuries and how many incidents had progressed to a Worksafe Investigation to be included in report.

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 Internal Audit

Recommendation:

That the Audit and Risk Committee:

1. receives and notes the Internal Audit Program Status Update presented by AFS & Associates; and
2. receives and notes the Audit Actions Performance Report.

Received

ACTION: In May 2021, review of the 3 year Audit Plan to be a rolling three year program.

ACTION: Prepare an appendix showing what topics have been covered by Internal Audit in the past 6 years.

ACTION: Inset into the report a table covering:

- What has been cleared
- What is outstanding
- What is news

ACTION: Bruce to provide example from another Council to assist with the above.

10. 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.

No reports

11. 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.

11.1 Procurement Exceptions

Recommendation:

That the Audit and Risk Committee notes the Procedural Exception Memorandum/s authorised by the Chief Executive Officer between 1 August 2020 and 31 October 2020.

Received

11.2 Local Government Act 2020 Implementation Plan Update

Recommendation:

THAT the Audit and Risk Committee receive and note the *Local Government Act 2020* implementation plan update.

Received

11.3 Reports by Regulatory and Integrity Agencies

Recommendation:

That the Audit & Risk Committee receives and notes the self-assessment against integrity reports.

Received



12. OTHER BUSINESS

13. NEXT MEETING

The next meeting of the Audit and Risk Advisory Committee is scheduled for 15 February 2021.

14. CLOSURE OF MEETING

There being no further business the meeting concluded at 6.35 pm.

CONFIRMED this **Fifteenth** day of February 2021.

_____ **Chair**