



Mansfield Shire

Audit and Risk Committee

Monday 15 November 2021

Agenda of Meeting Livestreamed via ZOOM

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 Mark Holcombe (Mayor)

Cr Rohan Webb

Officers

Kaylene Conrick, Chief Executive Officer

Kurt Heidecker, General Manager Community and Corporate Services

Anthony Smith, Manager Business and Performance

Moira Moss, Governance and Risk Coordinator

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Agenda

1. Opening of the meeting

2. Apologies

An apology was received from committee member Moh-Lee Ng.

3. Acknowledgement of Country

Deputy Mayor James Tehan will recite Council's Acknowledgement of Country:

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

4. Confirmation of minutes

Recommendation

THAT the Minutes of the Mansfield Shire Council Audit and Risk Committee Meeting held on 23 August 2021 be confirmed as an accurate record:

5. Disclosure of Conflict 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. Election of Chairperson

File Number	E3627	Responsible Officer	Acting Manager Business & Performance, Anthony Smith
Purpose			
The Audit & Risk Committee members are required to elect a Chairperson for the Committee on an annual basis.			
Executive Summary			
The Audit and Risk Committee Charter (Charter), adopted by Council in July 2020, requires the Chairperson to be elected from the Independent Audit and Risk Committee members. The Charter further states that a Councillor cannot be elected as the Chairperson. In the absence of the Chairperson at future meetings (once elected), the Committee may elect one of the independent members to preside as Chairperson at the meeting.			
Key Issues			
The Charter requires the Chairperson to be elected from the Independent Audit and Risk Committee members, and that a Councillor cannot be elected as the Chairperson. The role of the Chairperson (as per the Charter) shall be: <ul style="list-style-type: none"> • To chair all meetings of the Audit and Risk Committee. • To act as the liaison person between the Audit and Risk Committee and Council. • To facilitate an annual assessment of the Audit and Risk Committee's performance against the Charter, to be provided to the CEO for tabling at the next Council meeting. • To facilitate a biannual audit and risk report that describes the activities of the Committee and include its findings and recommendations, to be provided to the CEO for tabling at the next Council meeting. In the absence of the Chairperson at future meetings (once elected), the Committee may elect one of the independent members to preside as Chairperson at the meeting.			
Recommendation			
THAT the Audit & Risk Committee elect a Chairperson from the Independent Committee Members for a 12 month period commencing 15 November 2021.			
Support Attachments			
Audit and Risk Committee Charter			

Considerations and Implications of Recommendation

Sustainability Implications

There are no sustainability implications in relation to this matter.

6 Election of Chairperson continued

Community Engagement

There has been no community engagement in relation to this matter.

Collaboration

There has been no collaboration in relation to this matter.

Financial Impact

There is no financial impact in relation to this report.

Legal and Risk Implications

There are no inherent risks in relation to this matter.

Regional, State and National Plans and Policies

Not applicable

Innovation and Continuous Improvement

There are no innovation and continuous improvements in relation to this matter.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Governance - Disclosure of Conflicts of Interest

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

7. Administrative Items

No administrative items

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.

8.1.1. Finance Report: 1 July 2021 to 30 September 2021

File Number	E39	Responsible Officer	Acting Manager Business & Performance, Anthony Smith
Purpose			
<p>This report provides information on Council's financial performance against the 2021-22 Updated Budget for the period 1 July 2021 to 30 September 2021.</p> <p>Section 97 of the <i>Local Government Act 2020</i> requires quarterly reporting as soon as practicable after the end of each financial quarter, and in addition, a statement by the CEO in the second quarterly report of the financial year as to whether a revised budget is or may be required.</p> <p>This report is for noting only and no decision is required.</p>			

8.1.1 Finance Report: 1 July 2021 to 30 September 2021 continued

Executive Summary

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

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

Key Issues

Indicator	Result YTD	Budget YTD / Target	Favourable / Unfavourable	Variance
Operating surplus/(deficit)*	13,255,815	12,311,491	F	944,324
Underlying surplus/(deficit)	13,255,815	11,450,178	F	1,805,637
Capital expenditure	658,052	594,205	U	63,847
Working capital ratio	7.58	1.87	F	5.71
Cash and financial assets	16,855,963	8,420,000	F	8,435,963

Operating Finance Report

Operating Income & Expenditure Actual against Updated Budget

The year-to-date operating result is favourable (underspent) against the 2021-22 Updated Budget by \$1.2m (11%).

Major variances are summarised below.

Favourable Variances (underspend or increased income)

- \$875k Financial Services – \$833k income received in prior year which is required to be accounted for in 21/22. This is an accounting adjustment required under AASB1058 which was not budgeted.
- \$46k Revenue Services – Supplementary rates income and penalty interest are over budget YTD.
- \$167k Salaries & Wages Clearing – Timing only due to year end accrual adjustments and timing of public holidays.
- \$42k Building – Women in Building position remained vacant until September.
- \$70k Parks & Gardens – \$36k under budget YTD in salaries due to 2 vacancies not filled until August. Plant hire under budget 32k, however this is an internal charge only.

8.1.1 Finance Report: 1 July 2021 to 30 September 2021 continued

- \$155k Road Network Maintenance – \$78k under budget YTD in salaries due to vacancies and leave taken not backfilled. Plant hire under budget \$48k, however this is an internal charge only.
- \$69k Community Assets & Land Management – \$52k wages incorrectly allocated to engineering. Reallocation occurred in October.
- \$48k Strategic Planning – Strategic planner position was vacant throughout July & August.
- \$104k Waste Management – timing only, due to delayed invoices.

Unfavourable Variances (overspend or decreased income)

- \$43k Plant Operating – Internal charge only, offset by reduced expenditure in Parks & Gardens and Road Maintenance.
- \$43k Governance – Predominately relates to timing of consulting fees.
- \$188k Working for Victoria – Timing. Final grant payment yet to be received.

Capital Works Report

Capital Income & Expenditure Actual against Budget

The net year to date capital works variance (net of capital income) is \$354k (123%) overspent compared to the 2021-22 year to date Updated Budget. This year's capital works program is predominately in the planning stages. Works completed YTD mainly relate to carry forwards from 2020-21.

Major variances are summarised below.

Favourable Variances (underspend or increased income)

- \$89k Dual Court Indoor Sporting Stadium Carpark – Lighting and landscaping yet to be completed / invoiced.
- \$58k Vehicle Purchases – Timing of budget. No new vehicles yet purchased.
- \$591k Roads to Recovery Income – Timing only, 2021-22 R2R grant allocation was made against prior year projects.

Unfavourable Variances (overspend or decreased income)

- \$543k Living Libraries Project Income – Grant funding was paid in advance, received in prior year (2020-21).
- \$86k Kindergarten Refurbishment Program – Timing only, project paid earlier than budgeted.
- \$44k Misc Drainage Works Provision – Timing only, carry forward from prior year partly spent earlier than budgeted.
- \$50k Kerb & Channel Renewal – Timing, works carried out earlier than planned.

8.1.1 Finance Report: 1 July 2021 to 30 September 2021 continued

- \$50k View Street Upgrade – Timing only, carry forward from prior year partly spent earlier than budgeted.
- \$115k Resheets – Timing only, carry forward from prior year partly spent earlier than budgeted.
- \$317k Resheets Income - 50% of the Local Roads and Community Infrastructure grant funding was paid in advance, received in prior year (2020-21).

Overall Position YTD

Operating Variance Favourable/(Unfavourable)	\$1,235,044
Capital Variance Favourable/(Unfavourable)	(\$354,567)
Total Variance Favourable/(Unfavourable)	\$880,476

Working Capital Ratio YTD

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

WCR = 7.58 (758%)

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

Recommendation
THAT Council receives the Year to Date Finance Report for the period 1 July 2021 to 30 September 2021.
Support Attachments
Quarterly Finance Report 1 July 2021 to 30 September 2021

Considerations and Implications of Recommendation

Sustainability Implications

Not applicable.

Community Engagement

The 2021-22 budget engagement process facilitated opportunities for community input to and feedback on Council's budget. There has been no community engagement around the actual results against the budget.

8.1.1 Finance Report: 1 July 2021 to 30 September 2021 continued

Collaboration

Not applicable.

Financial Impact

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

Legal and Risk Implications

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

Regional, State and National Plans and Policies

Not applicable

Innovation and Continuous Improvement

Not applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Governance - Disclosure of Conflicts of Interest

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

8.1.2. Investment Schedule

File Number	E5001	Responsible Officer	Acting Manager Business & Performance, Anthony Smith
Purpose			
Regular reporting to the Audit and Risk Committee in relation to investments is required by Council's Investment Policy.			
Executive Summary			
A report on the status of Council's investments as at 31 October 2021 is presented to the Audit and Risk Committee (ARC) for noting.			
Key Issues			
The Investment Portfolio report is attached for the Committees information. Council is currently compliant with its Investment Policy. Due to the current economic climate, interest rates remain extremely low.			
Recommendation			
THAT the Audit and Risk Committee receive and note the Investment Portfolio Report 31 October 2021.			
Support Attachments			
Investment Portfolio report 31 October 2021.			

Considerations and Implications of Recommendation**Sustainability Implications**

Not applicable.

Community Engagement

There has been no community engagement on the matter.

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

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.

8.1.2 Investment Schedule continued

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

Governance - Disclosure of Conflicts of Interest

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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.

9.1.1. Policy Register

File Number	E3627	Responsible Officer	Coordinator Governance and Risk, Moira Moss
Purpose			
The policy register is provided to the Audit and Risk Committee for review			
Executive Summary			

The Coordinator Governance & Risk maintains a register of all polices and their scheduled review dates.

The Coordinator Governance & Risk regularly advises Senior Leadership Group (SLG) staff of upcoming revision dates to ensure there is sufficient time to complete the review process. The internal procedure for creating and reviewing policies is as follows:

- Create new draft policy or revise existing policy
- Review by Manager
- Review by Executive Management Team (EMT)
- Placed onto the Intranet for staff feedback
- Reviewed again by EMT to consider staff feedback
- Review by Advisory Committee (where required)
- For organisational policies – signed by CEO, or
- For Council Policies – presentation to a Council briefing, followed presentation to a Council meeting for adoption.
- Policy Register updated.
- Policy saved in TRIM.

9.1.1 Policy Register continued

Key Issues

Management has identified the need for several new policies, whilst other policies have been reviewed in line with the *Local Government Act 2020*.

A total of 12 new policies are being developed and 31 are under review.

New policies include:

- Gender Equality - The intended outcome is a gender equitable, inclusive, and safe workplace and community;
- Higher Duties - is to inform Mansfield Shire Council Employees of the conditions and arrangements associated with the appointment and remuneration of higher duties.
- Induction and Onboarding – The purpose of this Policy is to identify and provide to all new employees, the information, guidance and support they need to adjust to their new work environment, to develop in their role and begin productive work.

Revised policies with significant changes include:

- Complaints Handling Policy, Unreasonable Complainant Policy and Customer Service Policy were found to be overlapping and process driven. A new Service Performance and Complaints Policy has been developed with separate subordinate process documents for customer service, complaints, and how to deal with vexatious or unreasonable complainants.
- Sale of Council Land and Buildings will be renamed Sale of Assets to ensure that all Council assets are disposed of in a transparent manner that offers fair value to the community and is in line with the Council Plan. This allows for the disposal of other assets such as discontinued roads and fleet vehicles to also be included in the Policy.
- Administration of Grant Income is being revised despite not being due for review until 2023 and it will be renamed so it is clear that the policy relates to applications, administration and acquittal of grants.
- Child Safe Standards Policy will reflect the new standards that come into force in 1 July 2022.

Recommendation

THAT the Audit and Risk Committee note the Policy Register as at 5 November 2021

Support Attachments

Mansfield Shire Council Policies Register as at 5 November 2021

9.1.1 Policy Register continued

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Policies have a staff consultation and engagement period.

Collaboration

Where appropriate policies have been developed with collaboration from other Councils.

Financial Impact

Policies allow for good decision making that ensures fair value for the community.

Legal and Risk Implications

Policy is a level of law that governs decision making and actions by operations in a manner that reduces risk.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Policies are regularly reviewed to be continuously improved.

Alignment to Council Plan

The use of Policies is in line with the Council Plan Theme 3 Strategic Objective 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 **does/does 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.

10.1.1. Occupational Health & Safety Management System

File Number	E3937	Responsible Officer	Occupational Health and Safety Officer Michelle Foster
Purpose			
The purpose of this report is to provide an update on Mansfield Shire Council's Occupational Health and Safety Management System.			
Executive Summary			
Council's Occupational Health and Safety Officer continues to establish, implement and maintain Council's Occupational Health and Safety Management System, in consultation with Council's Health and Safety Representatives, and in accordance with the Occupational Health and Safety Act 2004 and the Occupational Health and Safety Regulations 2017.			
Key Issues			

Training and Induction

Council's Occupational Health and Safety Induction and COVID-19 Training continues to be undertaken.

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

Duress Falcon training was provided to 12 employees. This training was held via Microsoft Teams. The Duress Falcon 'Dashboard' training was provided to two employees. This training was held via Microsoft Teams.

The Victorian School Crossing Supervisor DVD training session was viewed by four field services employees.

Municipal Association of Victoria (MAV) and Maddocks 'Local Government and Mandatory Vaccine Issues' webinar invites were sent out to Council's Pandemic Group.

10.1.1 Occupational Health & Safety Management System continued

WorkSafe Victoria webinar invites were sent out to the appropriate employees. These webinars included:

- Incident Reporting and Review in the Healthcare and Social Assistance Industry
- WorkSafe Victoria on Creating Mentally Healthy Workplaces
- Why WorkSafe exists
- Work-related violence community care
- Workplace mental health 101: Business case study
- Using systems thinking to identify holes in your system
- Tools for HSR's: Prevent and respond to workplace gendered violence webinar
- Manual handling training: There's a better way
- Setting the trail ablaze: Insights for predicting psychological safety
- Building leaders that WorkWell webinar
- Remote and flexible working: Practical tips for employers webinar
- Silica: New regulations and what controls are best for your business
- Welding fumes: Health risk, legal obligations and controls
- Dangerous goods storage and handling: New regulations explained
- Preventing workplace harm in Victoria
- Improving return to work outcomes and support for employers webinar
- The importance of Health and Safety Representatives (HSR's) to businesses

Incident Summary

Twelve incidents were reported during the last quarter. Two incidents were near misses, eight incidents were property damage and two incidents were injuries.

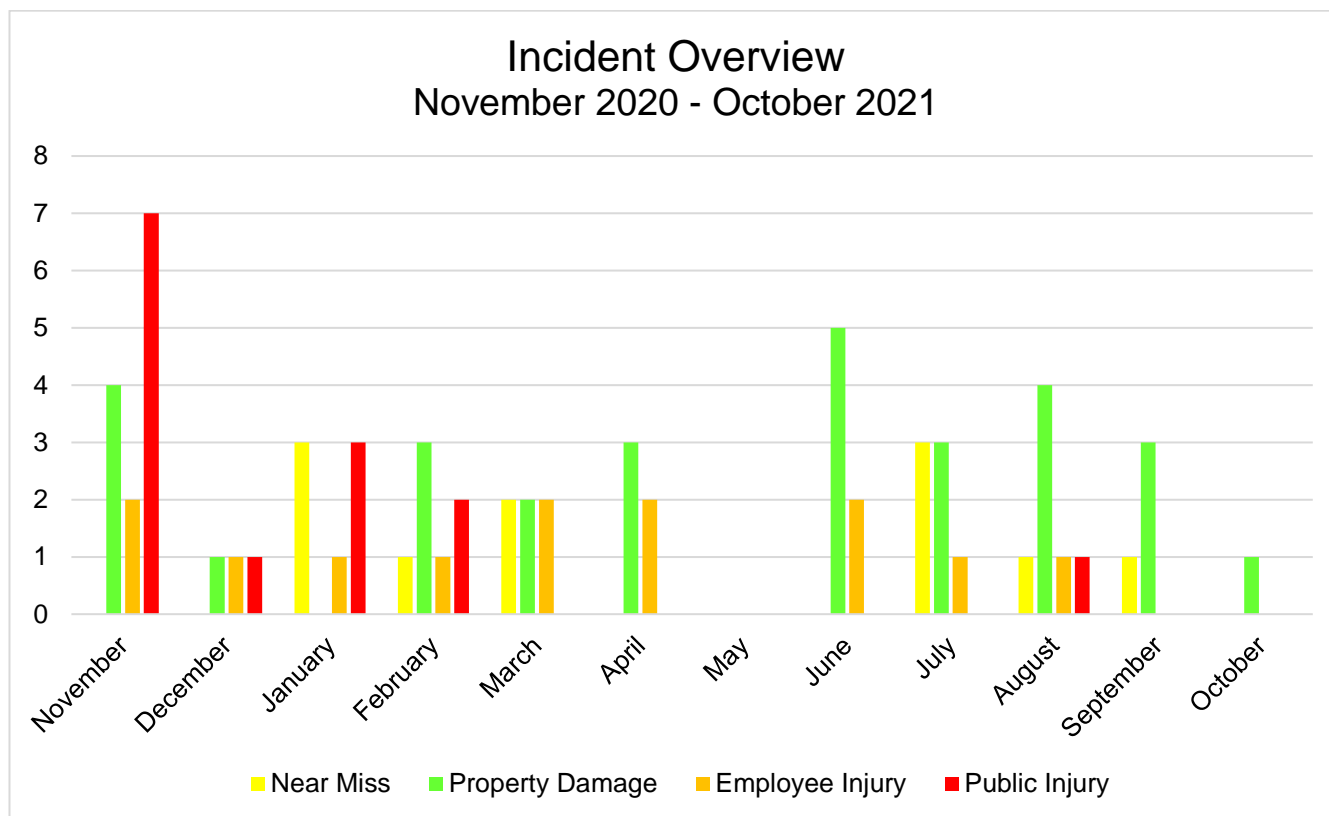
Eleven incidents involved employees and one incident involved a member of the public.

Eleven incidents had an actual risk rating of low and one incident had an actual risk rating of high. Nine incidents had a potential risk rating of low, one incident had a potential risk rating of medium and two incidents had a potential risk rating of high.

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

An incident overview for the previous 12 months is on the following page.

10.1.1 Occupational Health & Safety Management System continued



Lost Time Injury Frequency Rate

Council does not have an occupational health and safety management system (OHSMS) software system. Council’s payroll software system and human resources software system does not record accurate total hours worked. Without accurate total hours worked, a lost time injury frequency rate (LTIFR) cannot be an appropriately calculated. As part of Council’s IT Strategy, an appropriate OHSMS software system will be determined and LTIFR’s will be provided.

Incident Investigation

No incident investigations were undertaken.

Workplace Inspections

Two workplace inspections were undertaken. A workplace inspection was undertaken at the Visitors Information Centre with the Supported Playgroup Facilitator and a Visitors Information Services Officer; and a workplace inspection was undertaken at the Library with the Coordinator Library Services.

10.1.1 Occupational Health & Safety Management System continued

Risk Assessment

A risk assessment was undertaken at the skate park 12 August in response to an incident that occurred on 7 August.

In addition to the internal risk assessment undertaken at the skate park 12 August in response to an incident that occurred on 7 August, an additional risk assessment was undertaken by an external party, Neil Thornton, Principal Consultant, Hutchinson Parks Services.

Two risk assessments were undertaken in response to two employees having a State Government exemption to not wear a face mask. One assessment was undertaken with Field Services. One assessment was undertaken with Customer Services.

Hazard and Risks

Thirty four CRMS's were raised, thirty nine CRMS's were closed and one CRMS was reopened during the last quarter. Ten CRMS's remain overdue.

The Occupational Health and Safety Hazard and Risk Register as at 5 November 2021 is included as an attachment to this report.

Audits

A health and safety review was held via Microsoft Teams. This review was part of the HSS and NSDS Maintenance Review for Integrated Family Services.

Occupational Health and Safety Committee

An Occupational Health and Safety Committee Meeting was held 4 August in Council Chambers.

The next Occupational Health and Safety Committee is scheduled for Wednesday 10 November at 12.00pm.

COVID-19

Employee COVID-19 screening questions were provided at each facility.

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

An employee continues to help support other employees with the sanitisation and cleaning requirements as determined by Safe Work Australia at each facility.

An exercise identifying secondary contacts was undertaken.

10.1.1 Occupational Health & Safety Management System continued

WorkSafe Victoria

Two WorkSafe Alert were distributed, “Charges Laid over Hotel Quarantine” and “Two workers have tragically died in forklift incidents”.

Internal Reports / Documents

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

- If You Are Injured at Work Poster
- Workers Injury Claim Form
- Employers Injury Claim Form
- First Aid Officers
- Warden Contact Details
- Mental Health First Aid Officers
- Health and Safety Representatives

Business Continuity

The Cemetery Burial Sub Plan of the Business Continuity Plan was reviewed. This Sub Plan has been returned to Governance for approval and additional into the Business Continuity Plan.

Duress Alarms

Council introduced and provided Duress Falcon duress alarms to the:

- Family and Children’s Centre
- Youth Centre
- Environmental Health
- Local Laws
- Domestic Waste Water
- Planning and Development
- Visitors Information Centre
- Municipal Office
- Library

The Duress Falcon duress alarms provide mobility, 2 way communications, live video and audio streaming, live GPS tracking, SMS notifications, fall detection, internal notifications, and welfare check in and are discrete.

Council’s Working Alone Procedure has been updated to reflect the Duress Falcon duress alarms.

10.1.1 Occupational Health & Safety Management System continued

Recommendation
THAT the Audit and Risk Advisory Committee receive this report.
Support Attachments
Occupational Health and Safety Hazard and Risk Register as at 5 November 2021.

Considerations and Implications of Recommendation

Sustainability Implications

Not applicable.

Community Engagement

Not applicable.

Collaboration

Not applicable.

Financial Impact

Not applicable.

Legal and Risk Implications

Not applicable.

Regional, State and National Plans and Policies

Not applicable.

Innovation and Continuous Improvement

Not applicable.

Alignment to Council Plan

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

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

Governance - Disclosure of Conflicts of Interest

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

10.1.2. Risk Framework

File Number	E709	Responsible Officer	Coordinator Governance & Risk, Moira Moss
Purpose			
This report provides documentation related to Mansfield Shire Council's risk framework including policy and procedure reviews, risk matrix and risk register for review by the Audit and Risk Committee.			
Executive Summary			
Council's Risk Management Framework was adopted by Council in June 2019 and in line with the Audit and Risk Committee's annual work plan, this framework is due for review at the Committee's December meeting.			
Key Issues			

Risk Management Framework

- Council's risk framework is due for annual review by the Audit and Risk Committee. Council's policy states that the Committee oversees Council's risk exposure by advising Council's management on appropriate risk management processes and adequate risk management systems. Hence input is sought from the Committee on the effectiveness of Council's documentation, and whether Council's current risk appetite is appropriate.
- The COVID-19 pandemic has delayed the implementation of Council's risk identification template for staff and a responsive ad hoc system continues to be used. To assist with implementation of the new risk identification template, the position of Risk Management Officer was created and was first advertised in January 2021. In August 2021 a Risk Management Officer was finally appointed. This officer is developing this template and it is scheduled to be implemented before the next Committee meeting.
- The Risk Management Officer is also developing a schedule of risk assessments for all Council departments that includes both internal and external risk assessments. For high risk Council assets such as the Skate Park, this risk assessment program will include quarterly Council officer risk assessments and bi-annual external risk assessments.
- The risk assessments program will also include Council venues, assets, Child Safe standards, IT – Cyber and fraud, planning and compliance. The Risk Management Officer will ensure that these assessments are completed in a timely manner and identified risks are addressed.

10.1.2 Risk Framework continued

Risk awareness training

- At the Committee’s March 2020 meeting, Council officers noted that a JLT workshop on “Basic Concepts of Risk Management for Key Staff” would be conducted in April 2020. This session was cancelled due to COVID-19.
- The Coordinator Governance & Risk has been liaised with JLT and it is intended this training will take place early in 2022.

Risk Register

- Council’s risk register has been reviewed and new risks added. These new risks include the lack of a central contractor register, statutorily non-compliant road register, copyright infringement and lack of consent for publishing of photographs. The Coordinator Governance & Risk has begun to implement amelioration measures for these risks.
- Progress has also been made with the workforce planning, review of policies, and statutory compliance related risks.

Business Continuity Plan (BCP)

- The BCP was drafted by Echelon (a subsidiary of Council’s insurers JLT) in June 2016, however, Council has not yet formally adopted the Plan. Council Officers have reviewed and updated his draft Plan and all its sub-plans and the BCP is now proposed to be reviewed by the Executive Management Team and then presented for Council adoption in February 2022

Municipal Pandemic Management Plan

- Council enacted its Municipal Pandemic Management Plan following the declaration of a COVID-19 State of Emergency on 16 March 2020.

Recommendation
THAT the Audit and Risk Committee receive and note the Risk Management Report and the Risk Register as at 5 November 2021
Support Attachments
<ol style="list-style-type: none"> 1. Mansfield Shire Council Risk Register as at 5 November 2021 2. Mansfield Shire Council Risk Matrix as at 5 November 2021 3. ARC Actions Nov Qtr 2021

10.1.2 Risk Framework continued

Considerations and Implications of Recommendation

Sustainability Implications

Risk mitigation inherently increases economic sustainability.

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

One of the overarching governance principles in section 9 of the Local Government Act 2020 is that the ongoing financial viability of the council is to be ensured. Reducing our risks and regular risk assessments ensures that large unexpected payouts or expenses do not arise.

External Risk assessments on a schedule may need to be considered in the budget planning.

Legal and Risk Implications

Our policy (section 1.5 Monitor and Review) requires the risk register to be reported to the Audit and Risk Committee on a quarterly basis.

Regional, State and National Plans and Policies

Not applicable

Innovation and Continuous Improvement

Regular assessments allow for areas of continuous improvement to be identified

Alignment to Council Plan

Theme three: A trusted effective and efficient Council

- Possesses in-house and outsourced capability to meet community expectations
- Financial sustainability and value for money

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report **does/does 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.

11.1.1. Internal Audit Status Report

File Number	E34	Responsible Officer	Acting Manager Business & Performance, Anthony Smith
Purpose			
This report provides a status update on our Internal Audit Programs.			
Executive Summary			
Council's Risk Management Strategy requires the management of risk in accordance with best practice and compliance with Standard AS/NZS 31000 2009. Under the Standard, a risk management process follows a systematic application of policy, procedures and practices to the tasks of context identification, analysis, evaluation, treatment, monitoring and communication. The internal audit process is an essential tool in this process.			

11.1.1 Internal Audit Status Report continued

Key Issues

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

All audit actions arising from Internal Audits are recorded in Council's corporate reporting system (OMNI) and the status of progress to implementation is reported against each quarter via the Audit Actions Performance Report. A summary is shown below, and the full report is attached for the Committee's information.

Green (in progress and on track)	Amber (in progress but delayed)	Total outstanding deliverables	Deliverables overdue (past estimated completion date)
21	8	29	19 (65%)

Recommendation

That the Audit & Risk Committee:

1. Receives and notes the Internal Audit Program Status Report.
2. Receives and notes the Audit Actions Performance Report; and
3. Receives and notes the Industry Update – Recent Reports and Publications of Interest.

Support Attachments

1. Internal Audit Program Status Report
2. Audit Actions Performance Report
3. Industry Update – Recent Reports and Publications of Interest

Considerations and Implications of Recommendation

Sustainability Implications

Not applicable.

Community Engagement

There has been no community engagement in relation to this matter.

Collaboration

Not applicable.

Financial Impact

There is no direct financial impact in relation to this report. The cost of the internal audit is included within the Council budget.

11.1.1 Internal Audit Status Report continued

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

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report does 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.

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.

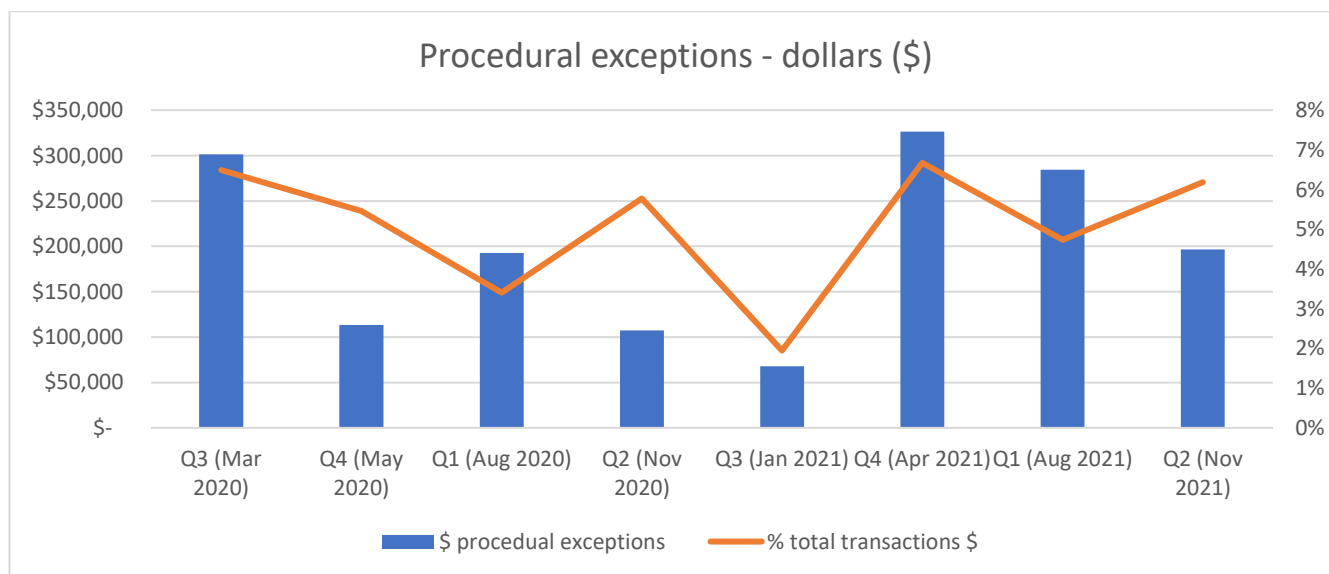
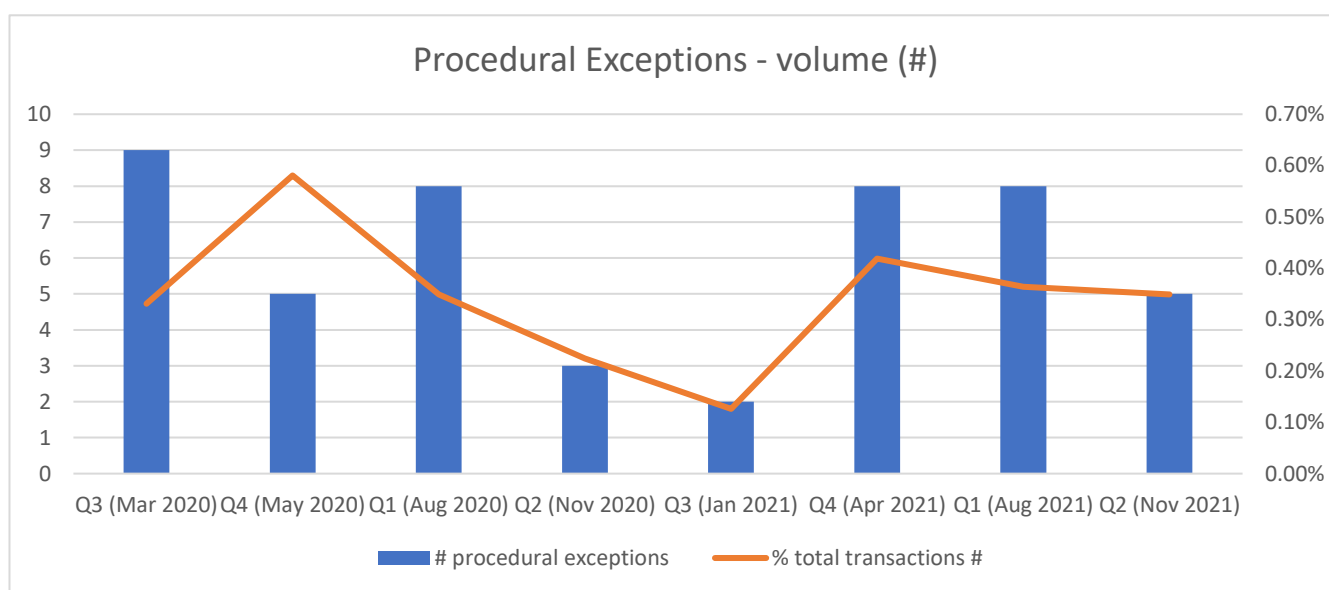
13.1.1. Procurement Exceptions

File Number	E5332	Responsible Officer	Acting Manager Business & Performance, Anthony Smith		
Purpose					
Council's Procurement Policy provides specific circumstances under which exceptions to the policy are allowable. This report provides details of any Procedural Exceptions that have occurred during the last quarter.					
Executive Summary					
There may be, from time to time, exceptional circumstances that arise where the provisions of the Procurement Policy cannot be satisfied.					
Section 4.2 of the procedures attached to the Policy provides a list of these circumstances where approval from the CEO is required prior to proceeding with the purchase.					
Thorough documentation and evidence must accompany any request to utilise this provision that clearly demonstrates a procedural exception exists.					
There have been five (5) procedural exception memorandums authorised by the CEO since the previous Audit and Risk Committee meeting in August 2021.					
Key Issues					
Item	Exemption Category	Value	Department	COVID-19 Related	
E Learning & Onboarding	Sole supplier or insufficient quotes	\$44,836	People & Culture	No	
Economic Development Unit Review	Advantageous time-limited conditions	\$20,000	Community & Economic Development	No	
Steelflex White Steel Posts	Sole supplier or insufficient quotes	\$33,189	Infrastructure & Planning	No	
Repair to Mansfield Skate Park	Emergency	\$40,040	Infrastructure & Planning	No	
Community Care Home Maintenance	Emergency	\$20,000	Community & Economic Development	No	

13.1.1 Procurement Exceptions continued

QUARTER 2 STATISTICS	Volume		Value	
	Number	%	\$	%
Procedural exceptions	5		\$196,735	
Total purchase orders raised	131	12%	\$1,691,640	12%
Total purchase transactions	1,434	0.35%	\$3,178,793	6%

Trend analysis over the last 24 months is shown below.



13.1.1 Procurement Exceptions continued

Recommendation
THAT the Audit & Risk Committee notes the Procedural Exception Memorandum/s authorised by the Chief Executive Officer between June and October 2021.
Support Attachments
<ol style="list-style-type: none"> 1. LMS System 2. Economic Development Unit Review 3. Delnorth Pty Ltd Supply Steelflex Posts 4. E9419 Mansfield Skate Park 5. Community Services Property Maintenance

Considerations and Implications of Recommendation

Sustainability Implications

Not applicable.

Community Engagement

There has been no community engagement on the matter.

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 exceptions process allows for a controlled variation to standard procurement 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

Governance - Disclosure of Conflicts of Interest

The author of this report and officers providing advice in relation to this report does 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 on Monday 21 February 2022 at 5.00pm.

16. Closure of Meeting