



Mansfield Shire

Audit and Risk Committee

Monday 16 May 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

Kaylene Conrick, Chief Executive Officer

Kirsten Alexander, General Manager Infrastructure and Planning

Dena Vlekkert, General Manager Community and Corporate Services

Anthony Smith, Manager Business and Performance

Moira Moss, Governance and Risk Coordinator

Members

Bruce Potgieter

Travis Derricott

Peter Johnston

Moh-Lee Ng

Bradley Ead

Barbara Chipwanya

Agenda Contents

1. Opening of the Meeting	3
2. Present	3
3. Apologies.....	3
4. Acknowledgement of Country	3
5. Disclosure of Conflicts of Interest.....	3
6. Confirmation of Minutes	3
7. Administrative Items	4
7.1. Annual Work Plan	4
7.2. Review of LGPRF Changes.....	6
7.3. Audit and Risk Committee Action Update.....	8
8. Financial and Performance Reporting.....	10
8.1. Sexual Harassment Self Assessment Versus VAGO Recommendations	11
8.2. Finance Report 1 January 2022 to 31 March 2022	18
9. Risk Management	22
9.1. Mansfield Shire Risk Management Report	23
9.2. Occupational Health and Safety	27
9.3. Community Health and Wellbeing Report.....	30
9.4. Cyber Attack Information	34
10. Internal Audit	37
10.1. Internal Audit Status Report.....	38
10.2. Internal Audit Performance Self-Assessment.....	40
11. External Audit	43
11.1. VAGO Audit Strategy 2021-2022.....	44
11.2. VAGO Status Report – April 2022	47
12. Compliance Management	49
12.1. Mansfield Shire Council Investment Schedule	50
13. Close of meeting	52
14. Next Meeting	52

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 Monday 21 February 2022 be confirmed as an accurate record.

7. Administrative Items

7.1. Annual Work Plan

File Number	E3627	Responsible Officer	Manager of Business & Performance, Anthony Smith
Purpose			

This report presents the Annual Work Plan for information to the Committee.

Executive Summary

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

The Plan has also been cross checked against the Charter and the previous Governance Schedule to ensure all the requirements have been documented.

Key Issues

It is proposed that the Annual Work Plan be presented at each Audit and Risk Committee Meeting.

The work plan is presented for information and all items for this meeting have been included in the Agenda apart from Item 15: Review of Council's insurance programme which is currently in progress and will be presented at the August ARC meeting.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Annual Work Plan.

Support Attachments

1. 5.1. ATTACHMENT Audit Risk Committee Annual Workplan 21 22 [7.1.1 - 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

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”

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. Review of LGPRF Changes

File Number	E2901	Responsible Officer	Coordinator Governance & Risk, Moira Moss
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Purpose

To acquaint the Audit and Risk Committee with the changes to the Local Government Reporting Framework 2021-2022.

Executive Summary

The Local Government Performance Reporting Framework (LGPRF) is a mandatory system of performance reporting for all Victorian councils. It ensures that councils are measuring and reporting on their performance in a consistent way to promote transparency and accountability in the local government sector.

The framework is made up of a range of measures, including roads, planning, animal management and waste. It is complemented by a Governance and Management checklist of 24 items, which shows the policies, plans and procedures in place at each council and is available on the Know your Council website.

Key Issues

As part of the Audit and Risk Committee workplan, changes to the LGPRF are to be reviewed at the May meeting each year.

This year the Local Government Better Practice Guide - Performance Statement has had some minor changes outlined in the attachment. These changes have been made to re-align the content with the respective changes to legislation, regulation and practice.

Key changes are:

- ▶ The annual report is no longer required to be submitted to the Minister for Local Government;
- ▶ Forecast results for four years are to be based on the Council's budget, not financial statements in the strategic resource plan;
- ▶ Commentary is to be provided in addition to an explanation; and
- ▶ The Financial Plan replaces the Strategic resource plan.

The Governance and Management Checklist remains the same per the Local Government Act 2020 and will be presented at the August 2022 Audit and Risk Committee meeting for review with the draft Performance Statement.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the changes to the Local Government Performance Reporting Framework.

Support Attachments

1. Summary-of- Changes- BP G- Performance- Statement-2021-22 [7.2.1 - 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

Regulatory Risk: Compliance with the changes to the reporting framework reduces any regulatory risk of the organisation.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Performance reporting assists councils and communities to understand their council's performance at both a local and state level, and for council's to use the measures to assist in innovation and 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.

7.3. Audit and Risk Committee Action Update

File Number	E9533	Responsible Officer	Coordinator Governance & Risk, Moira Moss
Purpose			
<p>This report relates to the Audit and Risk Committee fulfilling its obligations under the Mansfield Audit and Risk Charter as set out below:</p> <p>2. PURPOSE</p> <p>2.1 The purpose of the Committee is to:</p> <ul style="list-style-type: none"> a) monitor the compliance of Council policies and procedures with <ul style="list-style-type: none"> • 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			

Four actions were added at the 21 February 2022 Audit and Risk Committee meeting.

Of the 18 current actions, seven are complete, 11 are in progress with none outstanding yet to be commenced.

A total of 17 items have been completed and removed from the last update which had 31 Actions.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the Audit and Risk Committee Action update report.
Support Attachments
1. ARC Actions 16 May 2022 [7.3.1 - 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

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

Innovation and Continuous Improvement

Regular review and updating demonstrates continuous improvement.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations.

Government – Disclosure of Conflicts of Interest

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

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. Sexual Harassment Self Assessment Versus VAGO Recommendations

File Number	E370	Responsible Officer	People & Culture Advisor, Janique Snyder
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Purpose

At the Audit and Risk Committee Meeting held on 15 November 2021, the Committee requested a self-assessment be undertaken of Council's sexual harassment performance and procedures against the Victorian Auditor General's recommendations contained in the report "Sexual Harassment in Local Government" December 2020.

This assessment is now presented to the Committee.

Executive Summary

The office of the Victorian Auditor General (VAGO) audited five councils in 2020 and received 9,939 responses to their survey from employees and Councillors at 75 of the 79 Victorian Councils, including Mansfield Shire.

The purpose of VAGO's audit was to assess whether councils are fulfilling their obligations under the *Equal Opportunity Act 2010* to provide a workplace that is free from sexual harassment.

This report contains the self-assessment conducted by Mansfield Shire's Governance and People and Culture departments as to how our policies, training, communication and complaint handling procedures measure up against the eleven recommendations and findings contained in the VAGO report.

The report and ancillary documents can be found at <https://www.audit.vic.gov.au/report/sexual-harassment-local-government?section=>

Key Issues

The table below contains the VAGO recommendations and Mansfield Shire's status against these recommendations which were accepted by Mansfield Council in 2020.

VAGO Recommendation	Mansfield Shire
1. Use findings from the Victorian Auditor-General's 2020 Sexual Harassment in Local Government survey to identify and act on risk factors for council employees and workplaces	Demonstrated by conducting this assessment. Audit recommendations have also been used in developing Council's first Gender Equality Action Plan
2. Collect information about the prevalence and nature of sexual harassment at least once every two years by: <ul style="list-style-type: none"> conducting workplace surveys reviewing complaints information 	Council's biennial staff satisfaction/employee engagement survey will be conducted in late 2022. This survey will incorporate relevant questions and gather base data to determine staff experience of sexual harassment in the workplace, reporting mechanism and the management of any complaints.

	<p>While there were no complaints of sexual harassment in the previous two years, the People Matter Survey results from June 2021, showed that 2% of respondents had experienced sexual harassment in the workplace.</p> <p>In respect of the Workplace Sexual Harassment indicator in the recently developed Gender Equality Action Plan, we have expanded this indicator to consider workforce experience of how safe people of all genders feel at work. Outcomes and actions have been identified to address such behaviour.</p> <p>A priority of our Gender Equality Action Plan 2021-2025 is a zero tolerance for discrimination, bullying, sexism and nepotism, with all staff empowered to recognise, address and respond to instances of such behaviour. Actions to address this priority include:</p> <ul style="list-style-type: none"> • Develop an employee training program and tools (including Contact Officer training) that clearly articulate what bullying, sexism and discrimination look like and how to call out/prevent it in the workplace. • Ensure all staff undertake bystander action training. • Regular updates and refresher training tracked in Council's e-learning system. • Actively encourage increased participation in the People Matter and Staff Satisfaction/Employee Engagement survey. • Develop leader's capability in responding to reports by delivering tailored training. • Review processes and implement changes as required to enable employee and/or bystander to report any unwanted or offensive behaviour within the workplace.
<p>3. Address the risk of sexual harassment by members of the public by:</p> <ul style="list-style-type: none"> • ensuring sexual harassment policies, procedures and training explicitly cover sexual harassment from the public • regularly communicating to customers and staff that the council does not tolerate any form of sexual harassment from the public 	<p>Council's current Discrimination, Harassment and Bullying Policy briefly mentions the public in the context of harassment from the public being unacceptable. However, it is not explicit.</p> <p>The next scheduled review of Council's Discrimination, Harassment and Bullying Policy will include updating the policy to include process for addressing instances of sexual harassment by members of the public.</p> <p>Council's Customer Service Policy refers to Unacceptable Actions of individuals including aggressive or abusive behaviour and how such behaviour is managed. For example, staff will end phone calls if they consider the caller aggressive, abusive or offensive. In extreme situations, we will advise the person in writing that we will not permit any personal contact from the offender and contact will be limited to either written communication or through a third party.</p>

<p>Recommendation 4 is not applicable</p>	<p>For state government</p>
<p>5. Introduce a standalone sexual harassment policy that:</p> <ul style="list-style-type: none"> • aligns with the Victorian Equal Opportunity and Human Rights Commission's Guideline: Preventing and responding to workplace sexual harassment—Complying with the Equal Opportunity Act 2010 and the Victorian Public Sector Commission's Model Policy for the Prevention of Sexual Harassment in the Workplace • includes clear links to relevant council policies and procedures • covers the applicability of council policies to different roles and workplace settings, including councillors, customer-facing staff and members of the public • is searchable on council intranet sites or cloud software, and available in hard copy to all staff 	<p>Council does not currently have a standalone sexual harassment policy but its Discrimination, Harassment and Bullying Policy will be expanded to include reference to the prevention and response to any work-related sexual harassment.</p> <p>The current Gender Equality Policy includes bystander action when hearing or seeing sexism, harassment discrimination or violence. Its scope mandates leadership and action on sexism, harassment, discrimination and violence against women.</p> <p>The current Equal Opportunity and Human Rights Policy explicitly includes Sexual Harassment.</p> <p>The current Complaints Handling Policy addresses harassment by members of the public by way of unreasonable conduct.</p> <p>Discrimination Harassment and Bullying policy will be expanded to cover bystander interventions and online harassment.</p>
<p>6. Introduce mandatory training on sexual harassment, or improve existing training, so that at a minimum it:</p> <ul style="list-style-type: none"> • includes face-to-face or live online sessions for all staff and councillors at least once every two years (in addition to online modules) • covers safe strategies for bystander interventions • is tailored to the council's policies, procedures and workplace risk factors 	<p>Training in Discrimination and Harassment was provided to Council Contact Officers as detailed in the Annual Report 2020-2021.</p> <p>Council has a new e-learning system that includes this which we will tailor to include Council's policies, procedures and workplace risk factors.</p> <p>As identified in Council's Gender Equality Action Plan, training will be rolled out to all staff and Councillors in 2022.</p>
<p>7. Communicate a culture of respect in the council by ensuring leaders model respectful behaviour at all times and communicate to all staff at least annually that the council does not tolerate sexual harassment</p>	<p>Council's leaders do model respectful behaviour.</p> <p>Council has not explicitly communicated to staff that we do not tolerate sexual harassment on a regular basis however with the new values and behaviour work to be rolled out in 2022, there is an opportunity to incorporate conversations about respectful and appropriate behaviour and zero tolerance for sexual harassment.</p> <p>Zero Tolerance of sexual harassment will be part of the roll out of new compulsory e-learning modules.</p>
<p>8. Encourage reporting of inappropriate behaviour by:</p> <ul style="list-style-type: none"> • promoting formal and informal complaint channels • allowing for anonymous complaints 	<p>Council's Complaints Handling Policy and Process and Public Interest Disclosures Policy and Process both allow anonymous complaints and alternate routes for complaints.</p>
<p>9. Improve record keeping of sexual harassment complaints by:</p> <ul style="list-style-type: none"> • keeping complete records of all interactions relating to a complaint • documenting decisions to not investigate complaints or to stop investigations, including 	<p>Council's Complaints Handling Policy and process ensures we keep all records and document decisions.</p>

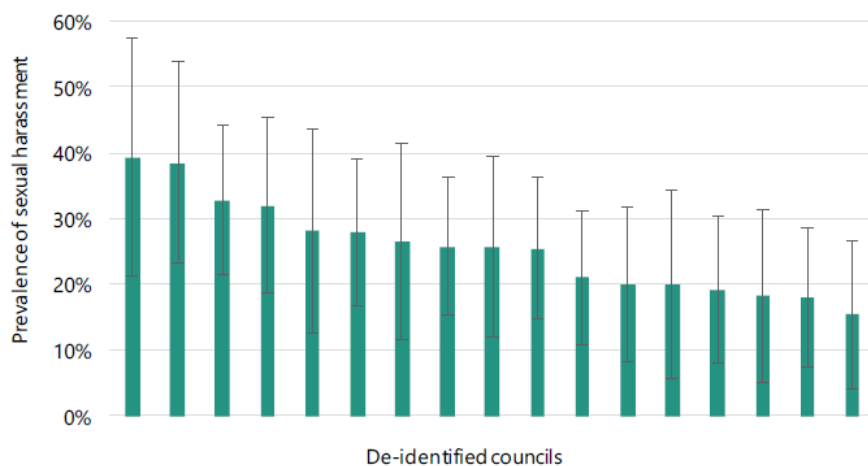
<p>the rationale for the decision and the name and role of decision makers</p>	
<p>10. Review complaint procedures to ensure they include:</p> <ul style="list-style-type: none"> • a requirement to inform the complainant of the outcome of the complaint • guidance on how investigators can support reluctant complainants 	<p>Council’s Complaints Handling Policy and process include the requirement to inform the complainant.</p> <p>They do not give guidance on how investigators support reluctant complainants.</p> <p>The Council Public Interest Disclosures Policy, Process and Officer which allow for these complaints to be made anonymously and in protecting the complainant, ensure they are not victimised.</p>

It is important to note that the VAGO survey results show **that whilst Council may not have received complaints**, there may still be unlawful acts committed against staff. This conclusion can be drawn from two factors.

Firstly, of the 28% of respondents who stated they experienced workplace sexual harassment, 90% stated it happened during day-to-day work and 23% said they were harassed by a member of the public but **only 2% made a formal complaint to their council**.

Secondly, in the table below of the rates in deidentified small shires, which includes Mansfield, we note that **there are no shires with no complaints, contradicting Mansfield’s records**. In other words, there may have been some sexual harassment at Mansfield Shire, however it was never reported, and therefore not managed.

FIGURE F5: **Small shire council prevalence of sexual harassment**



Note: Error bars represent the margin of error.
 Source: VAGO LG Survey 2020.

The VAGO survey also found that the most common types were:

- ▶ intrusive questions about respondent’s personal life or appearance
- ▶ sexually suggestive comments or jokes that made them feel offended
- ▶ inappropriate staring or leering that made them feel intimidated.

The report states that “Regardless of the context, sexual harassment could have harmful impacts on those who experienced it:

- ▶ 25 per cent of respondents who experienced sexual harassment said it negatively impacted their mental health.

- ▶ 21 per cent said it lowered their self-esteem and confidence.”

Whilst Harassers were most likely to be a co-worker at the same or more senior level, for Customer service staff such as aged care workers, library and pool attendants and front counter staff, nearly 50% of complaints stated the harassment came from members of the public.

Recent Legislative Changes

On 10 September 2021 the Federal Government passed the *Sex Discrimination Act (Respect at Work) Amendment Bill 2021* in response to the Australian Sex Discrimination’s Commissioner’s report, Respect@Work recommendations.

This made the following legislative changes that impact on Council:

- ▶ makes sexual harassment unlawful conduct, and has now become grounds for termination of employment under the Fair Work Act 2009
- ▶ has been widened to include professions not previously bound by the legislation. The Act is now extended to include members of parliament, judges and all state and territory public employees.
- ▶ The timeframe to make a complaint of sexual harassment has increased from six months to 24 months. This means a complainant will now have 24 months to lodge a complaint with the Australian Human Rights Commission.
- ▶ The concept of “worker” has been extended to incorporate all workers whether paid or unpaid. This has led to protection for categories of “workers” who were previously excluded under the Sex Discrimination Act 1984, such as volunteers.
- ▶ Matters relating to sexual harassment within the workplace can now be considered in both civil and criminal jurisdictions. This allows for any person, who suffers any threat or retaliation due to making a complaint to the Australian Human Rights Commission, can now make a civil claim as a result of such threat or retaliation.
- ▶ The Fair Work Commission can now make orders to stop sexual harassment in the workplace. These orders provide a quick and financially viable option for workers to address inappropriate conduct and are considered similar to the ‘stop bullying orders’ which the Fair Work Commission currently issues. The stop sexual harassment application for orders came into effect on 21 November 2021.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE

- ▶ Receive and note the self-assessment report
- ▶ Notes the intention to expand Council’s Discrimination, Harassment and Bullying Policy at next review to include specific reference to the prevention and response to any work-related sexual harassment.
- ▶ Roll out mandatory annual Sexual Harassment e-learning training for all Councillors, staff and volunteers.

Support Attachments

1. Public Interest Disclosures - POLICY [8.1.1 - 4 pages]
2. Complaints Handling - 1. POLICY [8.1.2 - 15 pages]
3. 13.4.2 - Attachment - DRAFT Gender Equality Policy [8.1.3 - 6 pages]
4. Guide for preventing workplace sexual harassment - for publishing [8.1.4 - 22 pages]
5. 20201209- Sexual- Harassment- L G- VAGO report [8.1.5 - 102 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Future legal claims and costs for defending and or settlement of them, are not accounted for in the Budget and will have the impact of reducing the services Council can provide to the community.

Legal and Risk Implications

- People Risk: There is a risk that organisations that do not appropriately deal with complaints and have strong mechanisms in place against sexual harassment will lose staff.
- Regulatory Risk: Sexual harassment is covered by the Work Health and Safety Act 2011 (Cth), Occupational Health and Safety Act 2004 (Vic), the Equal Opportunity Act 2010 (Vic), Work Sex Discrimination Act 1984 (Cth), and the Fair Work Act (Cth) as it is a workplace hazard that risks physical and mental health. Some acts of sexual harassment are also covered by the Crimes Act 1958;
- Reputation Risk: Other councils that have had sexual harassment allegations made against Councillors and Staff have had their reputations tarnished in the press;
- Safety Risk: It is known that Mental and Physical Health are impacted negatively; and
- Social Risk: sexual harassment is outlined in the VAGO report as a serious risk to the positive work environment.

Regional, State and National Plans and Policies

Managing the risk of sexual harassment is in accordance with the National Policy.

The Federal Government on 10 September 2010 made six changes to legislation in response to recommendations in the Respect@work Report. The current amendments are widely considered to be a substantial step closer to not only establishing equality within the workplace but also negating the existence of sexual harassment and the culture in which it exists as evidenced in the National Legislation and development of Codes of Conduct by Safework Australia, and Code of Practice by the Australian Human Rights Commission.

It is also in accordance with similar State Policy which is expressed in the legislation and Codes of Conduct.

Innovation and Continuous Improvement

Self-assessments are a useful tool to ensure that there is continuous improvement.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

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

8.2. Finance Report 1 January 2022 to 31 March 2022

File Number	E39	Responsible Officer	Manager of Business & Performance, Anthony Smith
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Purpose

This report provides information on Council's financial performance against the 2021-22 Updated Budget for the period 1 January 2022 to 31 March 2022.

Section 97 of the *Local Government Act 2020* requires quarterly reporting as soon as practicable after the end of each financial quarter, and in addition, a statement by the Chief Executive Officer in the second quarterly report of the financial year as to whether a revised budget is or may be required.

Executive Summary

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

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

Key Issues

Operating Finance Report

Operating Income & Expenditure Actual against Updated Budget

The year-to-date operating result is favourable (underspent) against the 2021-22 Updated Budget by \$2.3m (49%). Major variances are summarised below.

Favourable Variances (underspend or increased income)

- ▶ \$1,014k 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.
- ▶ \$127k Salaries & Wages Clearing – Timing only due to year end accrual adjustments and timing of public holidays.
- ▶ \$508k Economic Development – Business & Industry – Activating Outdoor Dining unbudgeted Grant of \$300K received and the Council Assistance Fund underspent \$165k.
- ▶ \$136k Building – Employment of Contract staff underspent and grant received earlier than anticipated.
- ▶ \$366k Road Network Maintenance – \$179k under budget YTD in salaries due to vacancies and leave taken not backfilled. Material under budget \$122k. Plant hire under budget \$68k, however this is an internal charge only.
- ▶ \$115k Strategic Planning – Strategic planner position was vacant and consultants under spent \$53k.
- ▶

Unfavourable Variances (overspend or decreased income)

- ▶ \$108k Plant Operating – Internal charge only, offset by reduced expenditure in Parks & Gardens and Road Maintenance.
- ▶ \$186k 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 \$6.021m (80%) underspent compared to the 2021-22 year to date Updated Budget. This year's capital works program is in the planning stages. Works completed YTD relate to carry forwards from 2020-21. Major variances are summarised below.

Favourable Variances (underspend or increased income)

- ▶ \$1.596m Dual Court Indoor Sporting Stadium – Project yet to be invoiced.
- ▶ \$419k Plant, Machinery & Equipment – Timing of budget. No new vehicles or plant yet invoiced \$300K YTD and Plant Sales Income received \$118k.
- ▶ \$2.85k Heavy Vehicle Alternative Route – Timing, project yet to be completed/invoiced. Noting stage 2 will be carried forward to 2022/23.
- ▶ \$666k Drainage Works – Drainage works for Apollo and High Streets to be completed in 2022/23.
- ▶ \$298k Heritage Facility (Station Precinct) - project not yet commenced.
- ▶ \$286k Living Libraries Project – project yet to be completed/invoiced.

Unfavourable Variances (overspend or decreased income)

- ▶ \$543k Living Libraries Project Income – Grant funding was paid in advance, received in prior year (2020-21).
- ▶ \$24k Kerb & Channel Renewal – Timing, works carried out earlier than planned.
- ▶ \$789k Resheets – Timing only, carry forward from prior year spent earlier than budgeted.
- ▶ \$78k Resheets Income - 50% of the Local Roads and Community Infrastructure grant funding was paid in advance, received in prior year (2020-21).
- ▶ \$130k High Street Mansfield – Unbudgeted land purchase

Overall Position YTD

Operating Variance Favourable/(Unfavourable) \$2,323,692

Capital Variance Favourable/(Unfavourable) \$6,020,802

Total Variance Favourable/(Unfavourable) \$8,344,494

Working Capital Ratio YTD

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

WCR = 6.25 (625%)

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 THE AUDIT AND RISK COMMITTEE receives the Year-to-Date Finance Report for the period 1 January 2022 to 31 March 2022.
Support Attachments
1. Quarterly Finance Report - 31 March 2022 [8.2.1 - 8 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

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

Collaboration

Not Applicable

Financial Impact

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

Legal and Risk Implications

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

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 7 Financial sustainability and value for money

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

Governance - Disclosure of Conflicts of Interest

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

9. 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.

9.1. Mansfield Shire Risk Management Report

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

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

Executive Summary

The Audit Committee oversee the risk exposure of Council by advising Management on appropriate risk management processes and adequate risk management systems to assure alignment of the Risk Management Framework with ISO 31000. ISO 31000 (2018) are best practice principles and guidelines.

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.

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

There has been only one additional risk added to the Risk Register since the previous report presented to the Committee at the February 2022 meeting. Over the past few months work has focused on completing the Gender Equity Audit and developing the Gender Equality Action Plan. As part of this work and from the Council's *People Matters Survey 2020* it has been identified that there is potentially an issue with non-reporting of bullying with some references to bullying mentioned in the survey results. For this reason, the risk is identified in the Register with new mitigation controls added.

The Committee is receiving a specific report on Family and Community Services, in addition to this report on Risk Management.

Key Issues

Legal Claim Six Star Developments v Mansfield Shire Council

As advised at the August and November 2021 meetings, and in the February 2022 meeting, the Council has been engaged in legal correspondence relating to the development of the land at 340 Dead Horse Lane. Having exhausted all avenues of resolving this matter themselves, Council notified its insurers who accepted it as a formal notification of a potential claim pending the serving on Council of an initiating application.

Council has now been served with a writ and this has been passed to the Insurers for their assessment. The writ is consistent with the issues already addressed by Council's lawyer Mark Hayes of Maddocks, and it is his advice that whilst it is not a "lay down misère", he does not believe Council is liable for the claims made.

An excess of \$20,000 may be payable. This may increase the insurance premium moving forward. The Committee will be updated as things proceed.

Closed Council Landfills

This issue previously advised regarding the error of identification of the Mansfield Tip is now finalised. North East Waste and Resource Recovery Group (NEWRRG) have advised Council that the risks and mitigation processes outlined in their report, and as advised to this Committee at the August Meeting relating to the old Mansfield Tip, has now been transferred to apply to the correct tip site of 342 Dead Horse Lane Mansfield. No further risk assessment of this site is required by the NEWRRG consultant. Mansfield Shire closed landfills including that at 342 Dead Horse Lane will need to be managed in line with the recommendations of their report.

Register Migration Program

The Coordinator Governance and Risk has received approval for reallocation of budget funds for the migration of the Governance Registers including the Risk Register, and a Regular Risk Assessment program onto a digital platform with reminders set for regular review by assigned officers. This will ensure a more efficient updating and keeping of records and the registers. It is hoped that this project will be finalised by the end of this financial year.

Tree Risk Management

Strathbogie Council has shared their draft Tree Management plan, a plan that they have been working on over the last seven years with Mansfield Shire. The State Coroner's findings into the death of Ms Sime at Ruffy Lake handed down in February 2022 states that all councils need to have a Tree Management plan in place.

Like the Road Management Plan, a Tree Management Plan assists Council in managing its risks and liabilities including from non-feasance, by identifying and communicating to the public in a transparent manner what work Council will and will not do within its available resources.

Risk Awareness Training for Staff

JMAPP provided in person training at the end of February that was well received. Staff were given the tools to proactively work together to identify possible hazards and understand how that translates into a risk, and the use of mitigation controls.

Child Safe Audit

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

The Statement of Commitment Posters are on display at all Council offices and online and are designed to ensure children and their parents understand that Council has a zero tolerance of child abuse and who to contact if they need to.

Compliance with Local Government Inspectorate Policy request.

All required policies identified as needed for compliance with the Local Government Act 2020 have been passed by Council and uploaded to the Local Government Inspectorate.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Risk Management Report

Support Attachments

1. Risk Register Feb 2022 - Matrix [9.1.1 - 1 page]
2. Risk Register May 2022 [9.1.2 - 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

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

Regional, State and National Plans and Policies

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

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

Innovation and Continuous Improvement

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

Alignment to Council Plan

Theme 1: Connected and Healthy Community

Strategic Objective 1: The health and wellbeing of families and communities is maximised

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

Theme 1: Connected and Healthy Community

Strategic Objective 2: Activities that promote connection and fitness of our people and visitors

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

Theme 2: Vibrant Liveability

Strategic Objective 3 Future focused: Intelligent land use and infrastructure

Strategy 3.1 Protect natural vistas and farmlets

Strategy 3.3 Improve roads, drainage and footpaths

Theme 2: Vibrant Liveability

Strategic Objective 4 Clean and green: Waste and energy sustainability

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

Theme 3: A Trusted, Effective and Efficient Council

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

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

Governance - Disclosure of Conflicts of Interest

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

9.2. Occupational Health and Safety

File Number	E3937	Responsible Officer	OH&S Officer, Michelle Foster
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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.

Emergency Management in Facilities training was held.

Duress Falcon User training was held.

Incident Summary

Nine incidents were reported during the last quarter. Five incidents were property damage incidents, and four incidents were injuries.

Three injuries were classified as a report only (RO) and one injury was classified as a first aid treat (FAI).

The Council employee with 'no capacity for work' after sustaining a knee injury in the workplace now has a certificate of capacity to return to work.

Incident Investigation

No incident investigations were undertaken.

Workplace Inspections

Two workplace inspections were undertaken with Field Services - Roads.

Risk Assessment

Ergonomic assessments were undertaken in the Development and Planning Department and in the Infrastructure Department.

Hazard and Risks

Five hazards were raised. Forty-seven hazards were closed. Four hazards remain open or overdue. The Occupational Health and Safety Hazard and Risk Register as of 30 April 2022 is included as an attachment to this report.

Occupational Health and Safety Committee

One OHS Committee Meeting was held. The next OHS Committee Meeting is scheduled for Wednesday 1 June 2022.

COVID-19

Face masks, hand sanitiser and alcohol wipes continue to be distributed. Rapid antigen tests are now distributed. COVIDSafe Plans continue to be updated to meet State Government directions. Council's Pandemic Group continue to meet on a regular basis.

WorkSafe Victoria

Five articles from WorkSafe Victoria were issued

- "Company fined \$210,000 after truck tragedy"
- "\$275,000 fine for pipe manufacturer after worker's death"
- "School fined \$140,000 after tree branch death"
- "New laws to improve workplace safety"
- "Abattoir fined \$55,000 after worker hit by forklift load"

One article from WorkSafe Queensland was issued:

- "Workers struck by moving vehicles"

Internal Reports / Documents

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

- First Aid Procedure – Version 4
- Evacuation Plan - Municipal Office – March 2022
- OHS Committee Meeting Minutes – March 2022
- OHS Committee Charter – Version 3

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive this report.

Support Attachments

1. Occupational Health and Safety Hazard Risk Register as at 30 April 2022 [9.2.1 - 1 page]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

Not Applicable.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

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

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

Governance - Disclosure of Conflicts of Interest

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

9.3. Community Health and Wellbeing Report

File Number	E9963	Responsible Officer	Manager Community Health & Wellbeing, Nola Bales
Purpose			

To provide the Audit and Risk Committee with an overview of the Community Health and Wellbeing Department, its programs and activities.

Executive Summary

The presentation will cover the following:

- ▶ Maternal and child health
- ▶ Integrated family services
- ▶ Youth services
- ▶ Financial counselling
- ▶ Community health and quality
- ▶ Aged care services

Key Issues

The Community health and wellbeing Department provides advocacy, strategic direction, and service provision to the community with the aim to promote and deliver optimal health outcomes.

The programs, services and activities are varied across each service and are susceptible to the impact of changes in government funding and strategic direction. The unit receives core funding with additional grants that respond to individual events or circumstances and grants and funding that focus on the most vulnerable in the community.

Some activities are legislated to be provided, such as Maternal and child health, and others are highly regulated such as Youth and Integrated family services. All programs and activities are reliant on the support and collaboration with the wider community and stakeholder organisations and groups.

The most common risks are related to:

- Staff recruitment and retention: Most staff in community health and wellbeing require tertiary qualifications and registration with professional bodies.
- Funding: Government funding makes up most of the income for the services we deliver and whilst secure service agreements are in place they can be open to variation.
- Compliance with regulatory authorities: Health and Community services operate under strict frameworks and guidelines and are regulated to provide service to a standard. Assessment, monitoring and accreditation are required for many of the services we provide along with ongoing quality improvement processes

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive and note the presentation on Council’s Community health and wellbeing business unit.
Support Attachments
1. Audit and risk powerpoint (1) [9.3.1 - 13 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Economic Social - programs can be reliant on relationships within the community and as personnel change the programs can be impacted.

Community Engagement

Community engagement is built into all strategies and plans

Collaboration

Collaboration with stakeholders is achieved through networks and partnerships.

Financial Impact

Is accounted for in the Budget 2021/2022

Program	Budget	Funding/Grants/Fees	Council contribution
MCH	450701	\$ 308,323.00	\$ 81,141.00
Integrated family service	450126	\$ 290,748.00	\$ -
Youth services	450136	\$ 94,100.00	\$ 216,726.00
Financial counselling	450121	\$ 19,298.00	\$ 17,561.00
Community Health and Quality	450131	\$ 22,000.00	\$ 71,815.00
Aged care services			
Assessment	450301	\$ 67,902.00	\$ -
Community Buss	450360	\$ 1,560.00	\$ 1,647.00
HACC Operations	450306	\$ 484,980.00	\$ -
HACC Administration	450304	\$ 36,106.00	\$ 222,242.00
Meals	450326	\$ 85,813.00	\$ -
Planned activity groups	450379	\$ 153,061.00	\$ -
Property maintenance	450321	\$ 26,846.00	\$ -
Seniors	450336	\$ 3,600.00	\$ -
Volunteer coordination	450381	\$ 10,308.00	\$ -
		\$ 1,604,645.00	\$ 611,132.00

Legal and Risk Implications

Business Continuity Risk: Provision of essential services to Maternal and child health, aged care, and Integrated family services

Financial Risk: Funding agreements, changes of government direction and reform could impact income

Information Risk: Requirements under Health Records Act 2001 and Privacy and Data Protection Act 2014 VPDSS

Regulatory Risk: Regulatory responsibility for Maternal and child health, Integrated family services and Youth with compliance to standards and accreditation. Child safe standards responsibilities

Reputation Risk: Working closely with the community and direct service provision for families, children and the aged in particular, those with vulnerabilities and disadvantage.

Safety Risk: Service provision to Aged care and Maternal and child health sole practitioners

Regional, State and National Plans and Policies

Is in accordance with the National Policy

- ▶ Safe and supported: The National framework for protecting Australia's children
- ▶ New aged care system

Is in accordance with the State Policy

- ▶ Child safe standards
- ▶ Reportable conduct scheme
- ▶ Victorian Youth Strategy
- ▶ Victorian Data Protection

Innovation and Continuous Improvement

Service reviews have been undertaken on

- ▶ Aged care services Review, 2021
- ▶ Early years infrastructure and services plan 2021, and
- ▶ Youth services Review 2021.

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.

Strategy 1.2 Connect, develop and support children and young people.

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

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

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.

9.4. Cyber Attack Information

File Number	E37	Responsible Officer	Coordinator IT, Rabindra Ranjit
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Purpose

To provide the Audit and Risk Committee with the information requested on Cyber attacks.

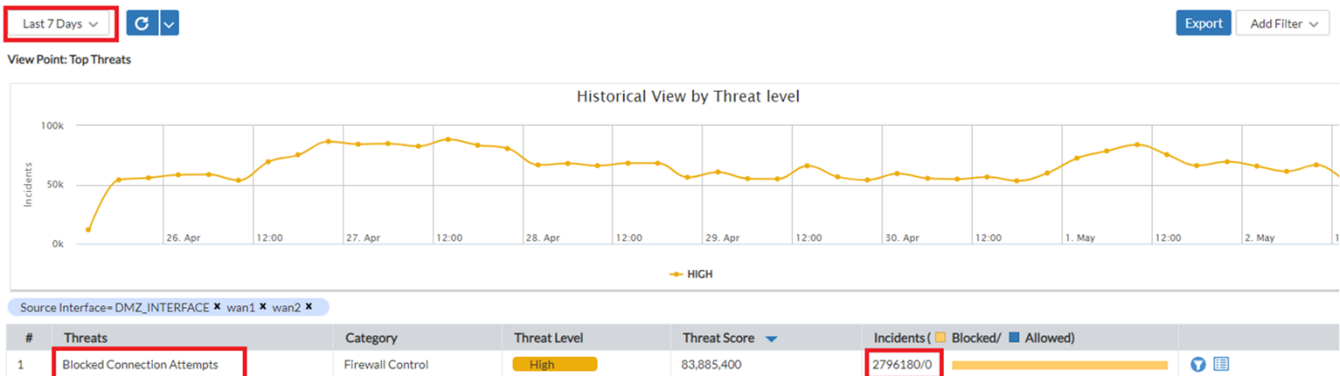
Executive Summary

The Audit and Risk Committee requested the provision of this information as an action at the May 2021 meeting. Council’s IT department has recently installed a new firewall that allows this information to be gathered and provided to the Committee.

Key Issues

Threats

The new firewall blocks thousands of intrusions every day. For the seven-day period from 26 April to 2 May 2022, 2 million hits were blocked by the firewall.



Microsoft Secure Score

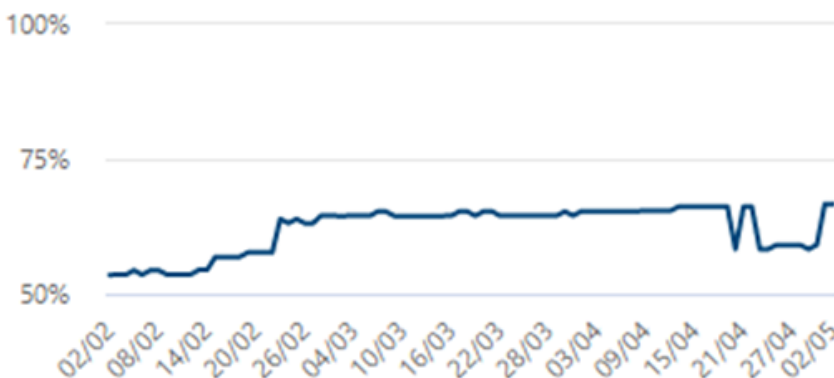
Microsoft Secure Score is a representation of the organisation's security posture, and its opportunity to improve it. As can be seen from the chart below the security score has been improving.

Your secure score

Include ∨

Secure Score: 66.67%

86.67/130 points achieved



Breakdown points by: Category ∨

Identity 49.11%



Apps 82.19%



■ Points achieved ■ Opportunity

Some features that increase Microsoft Security Score can only be implemented by having higher cost licenses. For example, Council currently have E3 and E1 licenses. Features of E5 licenses, when enabled, increase the security score.

Council's Information Technology Department worked hard to increase this security score without impacting the user experience as there is a balance that must be struck between having the highest score which simply locks everything, and the best user experience.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Cyber Attack information requested.

Support Attachments

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

A major Cyber attack will include potential Business Continuity Risks, Financial Risks, and Strategic Risks. It is important that this risk be managed. The firewall is effectively preventing millions of attacks.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

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

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

Governance - Disclosure of Conflicts of Interest

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

10. 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.

10.1. Internal Audit Status Report

File Number	E34	Responsible Officer	Manager of Business & Performance, Anthony Smith
Purpose			

This report provides a status update on Councils Internal Audit program.

Executive Summary

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

Key Issues

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

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

- ▶ of project management processes regarding capital projects (in progress), and
- ▶ to assess contract management processes and alignment to better practice.

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. Status Update 16 May 2022 [10.1.1 - 4 pages]
2. Industry Update 16 May 2022 [10.1.2 - 15 pages]
3. AFS Project Management - Capital Projects [10.1.3 - 17 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Is accounted for in the Budget under Internal Audit.

Legal and Risk Implications

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

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

Strategy 6.2 Building organisational capacity through its people

Governance - Disclosure of Conflicts of Interest

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

10.2. Internal Audit Performance Self-Assessment

File Number	E34	Responsible Officer	Manager of Business & Performance, Anthony Smith
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Purpose

To present the Internal Audit Report – Audit and Risk Committee Performance Self-Assessment.

Executive Summary

The Audit and Risk Committee Charter requires the completion of an Audit and Risk Committee Performance Self-Assessment. The assessment should review the performance of the Committee against the Charter and be provided to Council to inform their annual performance review of the Committee.

Key Issues

AFS provided the survey to all five members of the Audit and Risk Committee to self-assess the Committee’s performance against the Audit and Risk Committee Charter.

Four Audit and Risk Committee members responded.

AFS have collated the responses of the survey and present the results in the attached document.

The overall average response score from Audit and Risk Committee members on a scale of 1 to 5 was 4.58. This is a strong positive result with a slight increase from last year’s average response of 4.42. Of the 33 survey questions, there was an increase in rating across 15 of the questions and a decrease across 12 areas.

Based on the highest scores in the survey, the areas of strength (rating of 4.5 and above) for the Committee are as follows:

- The Committee has annually approved the Internal Audit Program and rolling three-year plan.
- The Committee has reviewed and approved the Audit & Risk Committee Annual Plan.
- Committee members attend meetings on a regular basis.
- Meetings have been conducted in accordance with the agenda issued.
- Meeting agendas and supporting papers have been well structured and written.
- Meetings have been conducted to allow for full participation by all members.
- Meetings have allowed Committee members to raise any issue they believe relevant.
- Meetings have been conducted to allow for open, frank, and robust discussion of all matters raised.
- The Audit & Risk Committee Charter supports the functions of the Committee.
- The composition of the independent members has sufficient skills and experience to support the functions of the Audit & Risk Committee.

Based on the lowest scores in the survey (rating of 3.75 and below), constructive suggestions for improvement exist around the following:

- The Audit and Risk Committee reviews the accountability for the Council’s corporate governance.
- The Committee reviews reports outlining measures to ensure the Council’s compliance with legislation.

The overall average response score from Audit & Risk Committee members on a scale of one to five was 4.34. This is an overall improvement from the previous score of 4.24.

This is a positive result and is a strong indication the Audit & Risk Committee continues to be effectively fulfilling its role.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive and note the Internal Audit Report – Audit and Risk Committee Performance Self-Assessment.
Support Attachments
1. Internal Audit Report Audit and Risk Committee Performance Self- Assessment [10.2.1 - 11 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”

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. 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.

11.1. VAGO Audit Strategy 2021-2022

File Number	E9550	Responsible Officer	Manager of Business & Performance, Anthony Smith
Purpose			

To present the Audit Strategy Memorandum from the Victorian Auditor-General's Office (VAGO) for the financial year ending 30 June 2022.

Executive Summary

The Audit Strategy Memorandum (ASM) provides an overview of the planned approach to the annual audit of the financial report and performance statement of Council.

The ASM covers matters considered significant in the context of financial audit work.

The ASM will be discussed at the Audit and Risk Committee meeting to be held 16 May 2022.

VAGO representatives will present the ASM.

Key Issues

The ASM outlines the planned approach to the audit of the Mansfield Shire Council financial report, performance statement and known acquittals for the financial year ending 30 June 2022.

The scope of the audit consists of:

Financial Report

The Audit Act 1994 requires the Auditor-General to:

- ▶ Form an opinion on whether your financial report presents fairly in accordance with the *Local Government Act 2020*, the Local Government (Planning and Reporting) Regulations 2020 and the Australian accounting standards and to provide an audit report to Council
- ▶ Provide a copy of the auditor's report to the Minister responsible for Councils financial report and where a modified audit opinion is provided, VAGO must provide a copy to the Assistant Treasurer.

Performance Statement

The *Local Government Act 2020* requires the Auditor-General to:

- ▶ Form an opinion on whether Councils performance statement presents fairly in accordance with the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020
- ▶ Provide a copy of the auditor's report on the Council's performance statement to the Council and Minister.

Acquittals

Roads to Recovery Program

The *National Land Transport Act 2014* requires the Council to provide the Minister responsible for the Roads to Recovery Program with an audited financial statement detailing funds received, spent and carried forward as at the end of that year. The Auditor-General will:

- ▶ Form an opinion on whether the financial statement in all material respects is presented in accordance with the Roads to Recovery Funding Conditions, is based on and in agreement with proper accounts and records and that the reported expenditure was used solely for the funded project.

Local Roads and Community Infrastructure Program

The Commonwealth Department of Infrastructure, Transport, Regional Development and Communications requires the Council to provide an audited financial statement detailing receipts and expenditure with respect to the Local Roads and Community Infrastructure Program. The Auditor-General will:

- ▶ Form an opinion on whether the financial statement in all material respects is presented in accordance with the Local Roads and Community Infrastructure Guidelines, is based on and in agreement with proper accounts and records and that the reported expenditure was used solely for approved projects.

Key risks and areas of focus

VAGO have identified the following financial statement balances/disclosures/areas pose a higher risk of material misstatement to Council’s financial report. The key risks and areas of audit focus include:

- Valuation of property, infrastructure plant and equipment, and investment property,
- Impact of COVID-19 on financial report,
- Accounting for government grants, and
- Key personnel changes.

VAGO have identified that the following area poses a higher risk of material misstatement to the Council’s performance statement:

- The performance statement may not be prepared in accordance with applicable legislative requirements.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the Audit Strategy Memorandum for the financial year ending 30 June 2022 from the Victorian Auditor General’s Office.
Support Attachments
1. Mansfield Shire Council ASM 30 June 2022 - Final [11.1.1 - 23 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”

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.

11.2. VAGO Status Report – April 2022

File Number	E9550	Responsible Officer	Manager of Business & Performance, Anthony Smith
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Purpose

To provide the Audit & Risk Committee with an overview of the Victorian Auditor-General's Office (VAGO) activity for Mansfield Shire Council.

Executive Summary

The Audit Strategy Memorandum for 2021-22 was formally issued on 13 April 2022, which indicates that VAGO's interim testing of selected controls will commence 30 May 2022, in preparation for the auditing of the 2021 –22 financial report and performance statement.

Key Issues

The Model financial report for 2021 –22 was issued on 25 February 2022 by Local Government Victoria.

There are no current or proposed performance audits that include Mansfield Shire Council directly however recommendations from these performance reports may have an impact MSC.

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

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

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the Victorian Auditor-General's Office status report for April 2022.

Support Attachments

1. VAGO Status Report April 2022 [11.2.1 - 27 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.

Legal and Risk Implications

Not Applicable.

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations

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

Governance - Disclosure of Conflicts of Interest

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

12. 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.

12.1. Mansfield Shire Council Investment Schedule

File Number	E5001	Responsible Officer	Manager of Business & Performance, Anthony Smith
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Purpose

This report satisfies the requirement under the Council's Investment Policy to regularly report to the Audit and Risk Committee in relation to investments.

Executive Summary

A report on the status of the Council's investments as of 30 April 2022 is presented to the Audit and Risk Committee for noting.

Key Issues

The Investment Portfolio report is attached for the Committees information.

The council is currently compliant with its Investment Policy.

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

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Investment Portfolio Report 30 April 2022.

Support Attachments

1. Investment Report April 2022 [12.1.1 - 2 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 as interest income on an annual basis. Excess cash is invested to attract greater interest income than that achievable through Councils operating bank account.

Legal and Risk Implications

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

Regional, State and National Plans and Policies

Not Applicable

Innovation and Continuous Improvement

Not Applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

Strategic Objective 7: Financial sustainability and value for money

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

Governance - Disclosure of Conflicts of Interest

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

13. Close of meeting

14. Next Meeting

The next meeting of the Audit and Risk Advisory Committee will be held in the Mansfield Shire Council Chambers on Monday 22 August 2022.