



MANSFIELD SHIRE COUNCIL

Audit and Risk Committee

31 August 2020
VIA ZOOM

UNCONFIRMED MINUTES

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

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MINUTES

31 August 2020
VIA ZOOM
4.30PM

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

1. OPENING OF THE MEETING

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

PRESENT

External Members:

Mr Peter Johnston
Katie Lockey
Bruce Potgieter

Councillors:

Cr Marg Attley
Cr Harry Westendorp

IN ATTENDANCE

Chief Executive Officer:

GM Infrastructure & Planning

Finance Manager:

Governance & Risk Coordinator:

AFS and Associates – Internal Auditor:

Johnsons MME – External Auditor:

Kaylene Conrick
Kirsten Alexander
Mandy Kynnersley
Michelle Kain
Bradley Ead
Ryan Schischka

2. APOLOGIES

Nil

3. CONFIRMATION OF MINUTES

Recommendation:

That the Minutes of the Audit and Risk Advisory Committee Meeting held on 18 May 2020 be confirmed as an accurate record.

Carried

4. DISCLOSURE OF CONFLICTS OF INTEREST

Katie Lockey declared a direct Conflict of Interest as her husband is the Director of LG Valuations who are the valuers appointed by Council to conduct valuations of Council's land assets.

5. ADMINISTRATIVE ITEMS

5.1 Annual Work Plan

Recommendation:

That the Audit and Risk Committee adopt the Annual Work Plan 2020.

The Annual Work Plan 2020 was adopted as presented, subject to the action items listed below.

ACTION: Move items 11, 12, and 16 from February to December meeting.

ACTION: Item 10: Consider at the December meeting how the A&RC will ensure Council is making decisions in accordance with the principles in the Act (s9 Governance Principles).

5.2 Annual Meeting Schedule

Recommendation:

That the Audit and Risk Committee adopt a meeting schedule for the 2020-21 year (1 September 2020 to 31 August 2021).

The following meeting schedule was adopted.

Proposed Meeting Schedule		
Date	Time	Location
Monday 7 December 2020	4:30pm (mgt from 5:00pm)	Chambers (or zoom if State pandemic restrictions require it)
Monday 15 February 2021	4:30pm (mgt from 5:00pm)	Chambers (or zoom if State pandemic restrictions require it)
Monday 17 May 2021	4:30pm (mgt from 5:00pm)	Chambers (or zoom if State pandemic restrictions require it)
Monday 23 August 2021	4:30pm (mgt from 5:00pm)	Chambers (or zoom if State pandemic restrictions require it)



6. FINANCIAL AND PERFORMANCE REPORTING

Duties and responsibilities of the Committee:

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

6.1 Financial Statements 2019-20

Recommendation:

That the Audit and Risk Committee:

- 1. review the draft Financial Statements 2019-20 and provide feedback to the Finance Manager.**
- 2. receive and consider the draft VAGO Closing Report**
- 3. recommend the draft Financial Statements 2019-20 (subject to changes required by the Committee and the auditors) to Council for adoption.**

Carried, subject to the following actions

NB: Appreciation and thanks given to Finance Manager, Mandy Kynnersley and Auditor, Ryan Schischka for the audit process.

ACTION: Management to chase up bank confirmations.

ACTION: Management to perform a subsequent events review.

ACTION: FM to update wording Re: High Country Library Network.



6.2 Performance Statement 2019-20

Recommendation:

That the Audit and Risk Committee:

- 1. Review the draft Performance Statement 2019-20 and provide feedback to the Finance Manager.**
- 2. Recommend the draft Performance Statement 2019-20 (subject to any changes required by the Committee and the auditors) to Council for adoption.**

Carried, subject to the following actions.

ACTION: FM to clarify the commentary on Food Safety (31%) and advise Committee via email and adjust statements accordingly.

6.3 Governance and Management Checklist 2019-20

Recommendation:

That the Audit and Risk Committee:

- 1. review the draft Governance and Management Checklist 2019-20 and provide feedback to the Finance Manager.**
- 2. recommend the draft Governance and Management Checklist 2019-20 (subject to any changes required by the Committee) to Council for adoption.**

Carried



7. INTERNAL CONTROL ENVIRONMENT

Duties and responsibilities of the Committee:

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

7.1 Policy Register Status Update

Recommendation:

That the Audit and Risk Committee note the Policy Register as at 14 August 2020.

Carried

7.2 Mansfield Shire Council Investment Schedule

Recommendation:

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

Carried

8. RISK MANAGEMENT

Duties and responsibilities of the Committee:

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

8.1 Risk Register Report

Recommendation:

THAT the Audit and Risk Committee receive and note the Risk Management Report and the Risk Register as at 14 August 2020.

Carried

ACTION: Risk Management Workshop with Committee to be listed on December Agenda.

ACTION: Revise ‘Recession’ Inherent risk to reflect current government announcement of an official recession in Australia.

ACTION: ARC Chair to meet with Governance and Risk Coordinator to discuss risk framework.



8.2 Occupational Health and Safety

Recommendation:

That the Audit and Risk Advisory receive this report.

Carried

ACTION: Management to advise Committee what Council's OH&S responsibility is for Councillors working from home.

8.3 Insurance Program 2020-21 Report

Recommendation:

THAT the Audit and Risk Committee receive and note the Insurance Program 2020-21 Report.

Carried

9. INTERNAL AUDIT

Duties and responsibilities of the Committee:

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

9.1 Internal Audit

Recommendation:

That the Audit and Risk Committee:

1. receives and notes the Strategic and Service Level Planning internal audit report;
2. receives and notes the Past Issues Review internal audit report;
3. receives and notes the Internal Audit Program Status Update presented by AFS & Associates; and
4. receives and notes the audit actions performance report.

Carried

NB: Committee acknowledged staff input on the completion of the 'past issues' review.

ACTION: Committee requested a report to December meeting covering:

- How COVID-19 has impacted the internal control environment (IT, OH&S, Finance and HR)
- What does Business As Usual look like beyond COVID-19

ACTION: Revise the scope of the Governance Internal Audit to be an assurance map over how the Committee receives assurance that control frameworks are functioning appropriately.



10. EXTERNAL AUDIT

Duties and responsibilities of the Committee:

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

No reports



11. COMPLIANCE MANAGEMENT

Duties and responsibilities of the Committee:

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

11.1 Procedural Exceptions

Recommendation:

That the Audit and Risk Committee notes the Procedural Exceptions Memorandum/s authorised by the Chief Executive Officer between 5 May 2020 and 18 August 2020.

Carried

11.2 Local Government Act 2020 Implementation Plan update

Recommendation:

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

Carried

ACTION: Circulate the attachment (the Implementation Plan) to the Committee via email.

NB: Committee thanked staff for their efforts in the implementation planning and meeting statutory deadlines.

11.3 AFS Accountants Industry Update

Provided for information.

ACTION: IBAC or similar reports to be used to 'cross-check' and benchmark our performance.



12. OTHER BUSINESS

NB: Committee thanked Katie Lockey and Cr. Attley for their valuable contribution to the Committee over the past 12 months.

13. NEXT MEETING

The next meeting of the Audit and Risk Advisory Committee will be held 7 December 2020.

14. CLOSURE OF MEETING

There being no further business the meeting concluded at 6.32 pm.

CONFIRMED this **Seventh** day of December 2020.

_____Chair