



MANSFIELD SHIRE COUNCIL

Audit and Risk Committee

15 February 2021

Council Chamber, 33 Highett Street, Mansfield

4.30pm meeting for Committee.

Council Officers will be attending from 5.00pm

UNCONFIRMED MINUTES

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15 February 2021
Meeting held via Zoom.

MINUTES

4.30PM

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

1. OPENING OF THE MEETING

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

PRESENT

External Members: Mr Peter Johnston
Bruce Potgieter
Moh-Lee Ng

Councillors: Cr Mark Holcombe
Cr Rohan Webb

IN ATTENDANCE

General Manager Community & Corporate: Chris Snook
Manager Business & Performance: Mandy Kynnersley
Coordinator Governance and Risk: Michelle Kain
AFS and Associates – Internal Auditor Bradley Ead

2. APOLOGIES

Chief Executive Officer: Kaylene Conrick

3. CONFIRMATION OF MINUTES

Recommendation:

That the Minutes of the Audit and Risk Committee Meeting held on 7 December 2020 be confirmed as an accurate record.

Carried

4. DISCLOSURE OF CONFLICTS OF INTEREST

Nil



5. ADMINISTRATIVE ITEMS

5.1 Annual Work Plan

Coordinator Governance and Risk to arrange a meeting between Chair, GRC and GM Community and Corporate Services.

Debt Management and Borrowing Policy to be listed for review at May A&RC meeting.

5.2 ARC Performance Reporting Actions

Noted.



6. FINANCIAL AND PERFORMANCE REPORTING

Duties and responsibilities of the Committee:

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

6.1 Finance Report: 1 July 2020 to 31 December 2020

Recommendation:

THAT the Audit & Risk Committee receives the Year to Date Finance Report for the period 1 July 2020 to 31 December 2020.

Carried

MBP to clarify detail about the '()' Re: Planning and Environment.

Chair, Bruce Potgieter, to provide MBP with another Council Dashboard Analysis.

6.2 Council Plan Performance Reporting Q2 20-21

Recommendation:

THAT the Audit and Risk committee receive and note the Council Plan Performance Report as at 31 December 2020.

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 Update

Recommendation:

That the Audit and Risk Committee note the Policy Register as at 2 February 2021.

Carried

Update to be provided on the status of the Working Remotely Policy.

ARC expressed concern about the number of out of date Policies. CGR to report to SLG and prioritise high risk out of date Policies for review.

7.2 Investment and Borrowings Policies

Recommendation:

That the Audit & Risk Committee:

- 1. Review the Mansfield Shire Council Investment Policy 2018 and provide any feedback to the Manager Business & Performance for incorporation into the 2021 Policy update.**
- 2. Note that Council do not currently have a Debt Management or Borrowing Policy.**

Carried



7.3 Mansfield Shire Council Investment Schedule

Recommendation:

THAT the Audit and Risk Committee receive and note the Investment Portfolio Report 31 January 2021.

Carried

7.4 Mansfield Shire Council Gifts, Benefits and Hospitality Annual Report

Recommendation:

That the Mansfield Shire Audit and Risk Committee receive and note the Gifts, Benefits and Hospitality Annual Report 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 Mansfield Shire Council Risk Register

Recommendation:

THAT the Audit and Risk Committee receive and note the Risk Register as at 2 February 2021.

Carried

NB: Defer detailed discussion until May meeting.

8.2 Occupational Health and Safety

Recommendation:

That the Audit and Risk Advisory Committee receive this report.

Carried

GMCC to work with OH&S Officer to improve the reporting and matrix.



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. receive and note the Internal Audit Program Status Update presented by AFS & Associates; and**
- 2. receive and note the Audit Actions Performance Report.**

Carried

All future internal audit scopes to include assessment of governance principles and compliance with Policies.

MBP to update 'Management' comments in ICT Internal Audit Report and recirculate.



9.2 Fraud Prevention Systems and Controls

Recommendation:

That the Mansfield Shire Audit and Risk Committee provide advice in respect of the Fraud and Prevention Control Policy and Plan 2019.

Carried

9.3 Internal Audit Charter

Recommendation:

That the Audit and Risk Committee receive and review the draft Internal Audit Charter 2021.

Carried

9.4 Review of the effectiveness of the Internal Audit Function

Recommendation:

That the Audit and Risk Committee receive and note the review of the effectiveness of the internal audit function.

Carried



10. EXTERNAL AUDIT

Duties and responsibilities of the Committee:

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

No reports



11. COMPLIANCE MANAGEMENT

Duties and responsibilities of the Committee:

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

11.1 Procurement Exceptions

Recommendation:

That the Audit and Risk Committee note the Procedural Exception Memorandum/s authorised by the Chief Executive Officer between 1 November 2020 and 25 January 2021.

Carried

11.2 Vested Benefits Index Update

Recommendation:

That the Audit and Risk Committee note the VBI update from Vision Super, dated 23 December 2020.

Carried

11.3 Reports by Regulatory and Integrity Agencies

Received and noted.



12. OTHER BUSINESS

12.1 Foreign Investment

Any commentary required here Michelle given it is 'other business' and no context?

13. NEXT MEETING

The next meeting of the Audit and Risk Advisory Committee will be held on Monday, 17 May 2021 in the Council Chamber commencing at 4.30 pm for Committee members with officers attending from 5.00 pm.

14. CLOSURE OF MEETING

There being no further business the meeting concluded at 6.48 pm.

CONFIRMED this **Seventeenth** day of May 2021.

_____ Chair