



Mansfield Shire

Audit and Risk Committee

Monday 29 May 2023

Commencing at 2:30pm for Committee | Officers attend from 3:00pm

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

Officers

Kirsten Alexander, Chief Executive Officer
Melissa Crane, General Manager Infrastructure and Planning
Nola Bales, Acting General Manager Community and Corporate Services
Tony Cooper, Manager Business and Performance
Jane Carter, Interim Governance and Risk Coordinator
Travis Derricott, Sector Director, Financial Audit - Victorian Auditor-General's Office
Bradley Ead, Partner – AFS

Members

Peter Johnston (Chair)
Jane Watson
Moh-Lee Ng

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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 27 February 2023 be confirmed as an accurate record.

7. Administrative Items

7.1. Annual Work Plan

File Number	E9616	Responsible Officer	Manager Business & Performance, Tony Cooper
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 2023 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

The Annual Work Plan will be presented at each Audit and Risk Committee (ARC) meeting with a comment on progress and/or actions.

The work plan is presented for information and any papers relating to items on the work plan are listed against the work plan item. Other information will be provided through a verbal report by the Manager Business and Performance. The following are points of note from the plan for May 2023:

- Ensure a program is in place to test compliance with systems and controls - the current program of reports provides this control environment.
- Review Council’s Insurance programme – responses to eight questionnaires have been provided to our insurance broker (JLT) through their online portal. Council has reviewed the number of assets (bridges) that it has sought to cover with insurance and has drawn this back significantly as bridge destruction would usually occur during a natural disaster and would be covered under the Natural Disaster Fund.
- Consider reports by regulatory and integrity agencies on investigations and relevance for Council – A brief on the Commission of Inquiry into Moira Shire Council is being prepared and will be provided to the Councillor Briefing on 6 June 2023.

Minutes for the Audit and Risk Committee are provided to the next Council Meeting following the ARC meeting; scheduled on 27 June 2023.

Recommendation

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

Support Attachments

1. 01 Audit Risk Committee Annual Workplan 22 23 [7.1.1 - 2 pages]
2. 02 Audit Risk Committee Annual Workplan 22 23 [7.1.2 - 3 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. Action Item and Open Audit Recommendations Registers

File Number	E9616	Responsible Officer	Manager Business & Performance, Tony Cooper
Purpose			

This report presents the Action Register and the Audit Recommendations Register for consideration by the Committee and to provide information on progress against the actions.

Executive Summary

The Action Register is generated for each Audit and Risk Committee (ARC) meeting and lists the items that require action from previous ARC meetings. There was 1 action added at the February meeting, 11 actions are complete, 6 are in progress and 1 is yet to commence.

The Audit Recommendations Register is a report on progress against the recommendations from all internal and external audits. There were 2 actions completed since the previous ARC meeting, 20 are in progress and 9 are yet to commence.

Key Issues

Action Register

This register lists the items raised at Audit and Risk Committee meetings whereupon council staff have undertaken to follow up questions/queries raised by the committee. The Action Register informs the agenda for the ARC meeting and timelines for business unit presentations to ARC.

The next business unit presentation will be delivered in August by the Capital Works team and an Asset Accounting Policy report, of the Open actions 4 are agenda items at this meeting. Items 8.3 Carry forwards, Item 11.1 Internal Audit status, Item 7.2 Action Register, Item 10.2 Policy register. The remainder Open items are in progress with proposed completion comments included.

Audit Recommendations Register

This register lists the audit recommendations related to both internal and external audits and lists the status of councils' actions in response to the recommendations. Of the 20 action items in progress comments are included in the update column for 16 May 2023 with expected completion dates. Additional recommendations will be added as audits are completed as part of our internal and external audit schedule or any additional audits that take place.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the Action Register and the Audit Recommendations Register as of 16 May 2023.

Support Attachments

1. 01 ARC Action Actions Register 16 May 2023 [7.2.1 - 4 pages]
2. 02 ARC Action Audit Reports Recommendations 16 May 2023 [7.2.2 - 17 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.

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. Mansfield Shire Council Investment Schedule

File Number	E10093	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

A report on the status of Council's investments as of 30 April 2023 is presented to the Audit and Risk Committee (ARC) for noting.

Executive Summary

Regular reporting to the ARC in relation to investments is required pursuant to Council's Investment Policy.

Key Issues

The Investment Portfolio report is attached for the Committee's information.

Council is currently compliant with its Investment Policy.

RBA Interest rates are continuing to rise, and this is having a positive flow-on effect to the interest being earned on current term deposits.

Council projected an initial budget of Interest Received of \$42,000 for 2022/23. By 30 April 2023 the amount received in interest for the 2022/23 financial year was \$292,077.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Investment Portfolio Report 30 April 2023.

Support Attachments

1. Investment Report April 2023 [8.1.1 - 2 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Excess cash is invested in order to attract greater interest income than that achievable through our operating bank account.

Legal and Risk Implications

Council's Investment Policy adheres to the requirements contained within the *Local Government Act 2020*.

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

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.

8.2. Review of LGPRF Changes

File Number	E2901	Responsible Officer	Interim Coordinator Governance & Risk, Jane Carter
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Purpose

To update the Audit and Risk Committee on changes to the Local Government Reporting Framework 2022-23.

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.

Council provides LGPRF data to Local Government Victoria annually, who publish the data to the public domain. The LGPRF data is audited by the Victorian Auditor's Office and published in Council's Annual Report.

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.

Local Government Victoria have issued Practice Note 18 listing the changes to the LGPRF for 2023-24. The changes have 2 effective dates, 1 January and 1 July 2023.

Changes from 1 January 2023

- Introduction of target setting – for the 23-24 financial year, Council will be required to set targets for eight of the LGPRF measures as part of the budget process.
- Amendments to the Performance Statement – three current measures will be replaced and updated in the Model Budget.

These changes have been incorporated into Council's *Proposed 2023-24 Budget*, currently available for public comment.

Changes from 1 July 2023

- New and replacement indicators – eleven changes have been made to the service and financial indicators and the Governance and Management Checklist
- Reporting on targets – actual results related to the eight measures published in the 2023-24 Budget are to be reported against the targets.
- Performance Reporting Template will be refreshed and renamed as the Local Government Model Sector Performance Report.

These changes will be reflected in future reporting.

Recommendation

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

Support Attachments

1. LGPRF- Practice- Note-18- Changes-to-the-framework-for-2023-24 [8.2.1 - 5 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 regulatory risk.

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.

8.3. Carry Forwards

File Number	E10415	Responsible Officer	Manager Community Health & Wellbeing, Nola Bales
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Purpose

The purpose of this report is to provide the committee with a report on the status of capital works carry forward projects from 2021-22 FY and provide an update on any of the current capital works projects that may not be completed in the 2022-23 FY and may need to be carried forward for completion in 2023-24 FY.

Executive Summary

The Audit and Risk Committee requested that officers report back any projects that may be problematic to complete in the 2022-23 FY.

In November 2022, Council officers provided the Audit and Risk Committee with an update on the Capital Works projects carried forward from 2021-22 FY. An update on the status of the existing carry forward projects is as follows:

Project	Carry Over Amount	Current Status
Purchase of Plant – Lawn Mower, Mulcher and Chipper	\$83,236	Completed
Bridges – Malcolm Street Culvert Renewal	\$63,300	Completed
Bridges – Structural Assessment	\$75,000	Completed
Living Libraries project	\$498,761	Completed
Shire Office Refurbishment	\$23,589	Completed
Toilet Block Refurbishment Program	\$90,336	90% Complete
Mansfield Wetlands Drainage Design	\$11,432	Completed
Water & Stormwater Management Program	\$39,690	Completed
Gadhaba Edible & Medicinal Garden Project	\$29,314	Completed
Goughs Bay Streetscape	\$50,000	Completed
Reseals	\$628,096	Completed
Reseal Preparation	\$585,398	Completed
Resheet Program	\$971,690	Completed
Heavy Vehicle Alternative Route Construction Stage 1	\$611,596	Completed
Howqua Boat Ramp	\$83,300	50% Complete
Malcolm Street Shared Path	\$27,919	In progress
Lakins Road Masterplan	\$200,000	75% Complete

The total amount approved for carry forward of capital projects at the 18 October 2022 Council meeting was \$4,072,656.

Of the \$4,072,656 approved for carry forward of capital projects from 2021-22, the majority have now been completed, and most of the carry forward amounts will be expended this financial year, with only the balance of the three grant-funded projects (shaded above) likely to be carried

forward into the 2023-24 FY. The total remaining amount for these projects is forecast to be approximately \$130,000.

Of the remaining projects, the following is advised:

Toilet Block Refurbishment Program \$90,336 is 90% complete and has experienced delays due to trade availability and supply chain issues. Council officers are still working towards project completion by 30 June 2023.

Howqua Boat Ramp \$83,300 The project went back to community for consultation due to a change in the proposed ramp location and is currently being progressed in line with the resolution from the Council meeting on 18 April 2023, as follows:

THAT COUNCIL:

- 1. Notes the community engagement outcomes and commits to further community engagement in relation to a mid-level boat ramp*
- 2. Endorses the adoption of parcel number 2\TP880936 location on Mansfield-Woods Point Road to operate between Lake Eildon's full supply level and 79% supply level.*
- 3. Notes that the detailed design will progress based on the above preferred location and will include further stakeholder consultation.*

Malcolm St Footpath \$27,919 – This tender was awarded at the Council Meeting on 16 May 2023 and work is planned to commence in late May.

Lakins Road Masterplan \$200,000 – The project has been completed for less than expected and the remaining funding (\$50,000) is being diverted to stage two which will be the planning permit stage.

Council officers have prepared the 2023-24 Budget to include proposed carry forwards for Capital projects from 2022-23 FY and this is included as an attachment to this paper to inform the committee. The proposed carry forward amount from 2022-23FY is \$6,028,000. It is acknowledged that this is higher than the 2021-22FY carry forward, but it includes several large projects that have been awarded and were anticipated to be multi-year projects as follows:

- Heritage Display Building, Station Precinct – Carry forward of \$1,263,000.
- Heavy Vehicle Alternative Route Stage 2 – Carry forward of \$1,838,000
- IMPACT Route – Carry forward of \$555,000

It is noted that with these projects removed, the remaining carry forward projects have an expected total of \$2,372,000. This will be further reviewed at the end of the financial year. The resources needed to deliver these projects have been considered as part of the 2023-24 Budget process.

Key Issues

Further to the update provided at the Audit and Risk Committee on 22 November 2022, most capital projects (nearly 90%) carried forward from the 2021–22 FY have been completed.

Carry forward projects totaling \$6m are proposed to be carried forward to 2023-24 financial year. A report on the completed projects for 2022-23 will be provided after the end of the current financial year.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE Note the carry forward information in this report for the capital projects from the 2021-22 Financial Year and the proposed carry overs for capital projects for the 2022-23 Financial Year.

Support Attachments

1. Carry forwards Capital works (1) [8.3.1 - 1 page]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Carry forwards contain the financial resources required to deliver the Council Plan and meet the obligations of grant funding agreements.

Legal and Risk Implications

There are no known legal and risk implications associated with this report.

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.

8.4. Finance Report to 31 March 2023

File Number	E39	Responsible Officer	Manager Business & Performance, Tony Cooper
Purpose			

This report provides information on Council's financial performance against the 2022-23 Updated Budget for the period 1 July 2022 to 31 March 2023.

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 CEO in the second quarterly report of the financial year as to whether a revised budget is or may be required.

This report is for noting only and no decision is required.

Executive Summary

Council adopted the budget for the 2022-23 financial year at its meeting of 28 June 2022.

Subsequently Council approved carry forward projects from the 2021-22 year which have now been included and form part of the Updated Budget 2022-23.

This report explains material variances between the year-to-date actual financial results and the Updated Budget 2022-23. 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 Updated 2022-23 Budget by \$3,009k (67%). Major variances are summarised below.

Favourable Variances (underspend or increased income):

- \$1,012 Information Technology – grant funding received for the RCTP program of \$1m of which the majority will be carried forward to 2023/24 in line with project timelines.
- \$75k Community Development – Timing of payments for outlying community infrastructure grants, with \$40k to be distributed to community groups in April 2023.
- \$114k Economic Development (Business & Industry) – Activating Outdoors & Community Assistance fund programs have not yet been fully finalised/expended.
- \$220k Aged & Disability Services – Aged care services now being delivered by the Mansfield District Hospital with most program wind-up costs having been processed to the 2021-22 year.
- \$366k Family Services & Partnerships - \$35k grant received for Central Registration & Enrolment Scheme. Project has commenced with \$3.5k spent and remainder will be carried forward to next financial year. Supported Playgroups has been funded for an additional \$77k, to run an additional 4 playgroups through Bushfire funding. The program has increased capacity and any remaining funds will be carried forward to next year. Additionally, timing of spend in relation to Family Services \$8k and Maternal & Child

Health \$25k expenses in these programs will continue to reach budget with some expected carry over of fully funded programs.

- \$294k Youth Services - \$206k Youth Bushfire Recovery Income has been received which was not budgeted. This program has commenced with expenses totalling \$44.5k. Any remaining funding will be carried forward. The Youth Services area have recently been through a restructure. Staff have now been appointed, but short-term vacancies in this area have resulted in reduced expenditure both in relation to the wages and program costs. It is anticipated that program costs will be fully expended this year. FReeZa and Engage Programs follow a calendar year funding cycle therefore any remaining funding will be carried forward.
- \$471k Emergency Management Recovery – \$500k Flood recovery funds (unbudgeted) has been received and not yet fully expended.
- \$61k Health – relates predominantly to the timing of environmental health registration fees.
- \$80k Parks & Gardens – Materials and services are currently under budget \$50k, however these costs are expected to be expended over the coming months due to street tree planting and oval maintenance. Plant hire is currently under budget \$29k, however this is an internal charge only.
- \$64k Buildings – This is a timing issue only in relation to the payment of cleaning invoices.
- \$195k Community Assets & Land Management – \$164k relates to the Goughs Bay Boat Club upgrade grant funding and Goughs Bay Progress Association contribution received in advance, which will be expended. \$55k is for the resheeting of Howqua boat ramp under the Lake Eildon Priority Boat Ramp program. Tender awarded in April. Contract to be completed in May with works expected to be completed before end of financial year.
- \$442k Engineering Services – \$121k in the additional unbudgeted income received from Developer Contributions for open space and Highton Lane construction. This also includes a \$117k grant for Goughs Bay Water-Sensitive Town Plan Feasibility Study, which has been received and not yet expended. \$70k co-funding from Goulburn Broken and North East Council group for the Integrated Waste Water Management Officer received in advance and not yet fully expended.
- \$63k Environment – \$14k is a timing variance only, with full year Weed and Pest grant funding received in advance. Services are under budget YTD as the \$10k community education program has not yet been delivered along with the \$13k tree planting program. \$15K budgeted to offset carbon emissions was not spent this year and will be undertaken in 2024-25FY in accordance with the Climate Action Plan.
- \$396k Strategic Planning – \$350k Streamlining for Growth grant funds (unbudgeted) have been received and not yet expended.

Unfavourable Variances (overspend or decreased income):

- \$339k Financial Services – \$378k variance relates to Victorian Grants Commission income which was paid 75% in advance (paid and processed in the previous financial year). This is being offset by interest income from investments which is bringing in increased income due to higher interest rates.
- \$59k Customer Service & Records - \$65k has been spent on Digitising Development Applications. Funding for the program was received during the 2021-22 year. Other

variances in this area relate to timing issues with software payments and staff leave which has required casual backfill staff (unbudgeted).

- \$268k Road Network Maintenance - Variance predominately relates to Victorian Grants Commission income which was paid 75% in advance (paid and processed in the previous financial year).
- \$51k Risk Management – Insurance costs are higher than budgeted due to increased premiums associated with increased value of assets insured (inclusion of additional bridge assets).
- \$199k Human Resources – \$189k variance relates to unbudgeted legal costs. Other variances include \$22K budgeted grant funding for traineeship not received and will not be utilised.

Capital Finance Report

Capital Income & Expenditure Actual against Budget

The net year to date capital works variance (net of capital income) is \$4,590k (51%) underspent compared to the 2022-23 Updated Budget. Major variances are summarised below.

Favourable Variances (underspend or increased income):

- \$50k Lords Reserve Recreation Facilities – This is due to timing only. Updated design work is currently in the negotiation process with tenderer.
- \$108k Jamieson Hall – no expenditure against budget due to community group grant. The grant money is directly managed by Jamieson Community group, \$8800 is Council in kind donation through project management for project from Grant Agreement.
- \$90k Kindergarten Refurbishment – Project has been delayed due to contractor availability and will likely be completed in the 2023-24 financial year.
- \$1,247k Heritage Facility (Station Precinct) Expenditure – delays in expenditure due to the negotiation process with the contractor between February and April. The contract was awarded in the April Council meeting, and the contract document is ready for execution by the contractor.
- \$114k Heritage Facility (Station Precinct) Income – This is due to timing only. Mansfield Historical Society contribution has been received and not yet expended against the project.
- \$116k Digital Transformation – Project is progressing. Expenditure is occurring against operating accounts with this budget to be carried forward to 2023/24.
- \$67k Drainage Works Upgrade – This is due to timing only. Drainage improvement design is underway for Rowe St and Ailsa St.
- \$53k Drainage Works Renewal – This is due to timing only. Drainage works have commenced.
- \$435k Stormwater Drainage Works (Cnr Apollo & High St) - Initial drainage works will progress in the coming months, in parallel with design review works to integrate with works planned in the Mullum wetlands.
- \$35k Water & Stormwater Management Program (Inspect & Jet) - Project has been completed.
- \$117k Footpaths Gravel / Stone Renewal – Timing only. Project in procurement phase.
- \$206k High Street Carpark – This is due to timing only. Temporary car park works have been completed and the final design is in progress.

- \$85k Project Management Costs – Project officer costs have been costed to operating expenditure and will be reallocated to the various projects to be capitalised.
- \$44k Plant Resource Recovery Centre – Forklift has been ordered; delivery expected 19 May 2023.
- \$140k Plant Purchases – This is due to timing only for purchase of new water truck.
- \$326k Reseal Preparation Program – 2021-22 contract (budget carried forward) has been completed and 2022-23 contract has also been completed and fully invoiced.
- \$100k Rifle Butts Road – This project has been absorbed into the Impact Route project.
- \$259k Resheets - 2022-23 contract has been completed and 2021-22 contract (budget carried forward) has also been completed and fully invoiced.

Unfavourable Variances (overspend or decreased income):

- \$200k Heavy Vehicle Alternative Route (HV5 Withers, Deadhorse, Midland) Income – This is due to timing of income only. This stage of the contract is now complete and project acquittal report submitted.

Summary of Financial position compared to Budget

Operating Variance	\$3,009,449
Capital Variance	<u>\$4,590,859</u>
Total Variance	\$7,600,309

*Favourable / (Unfavourable)

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.

Current WCR = 3.27 (326%), as compared with 2.53 (253%) as at the end of 2021-22 financial year.

The working capital ratio has decreased since December by 4.06% as increased expenditure within the capital program has been achieved due to improved weather conditions enabling completion of several large projects. However, a tight construction market and increased material costs has continued to impact on project timelines.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receives the Quarterly Budget Report for the period 1 July 2022 to 31 March 2023

Support Attachments

1. Quarterly Finance Report - 31 March 2023 [8.4.1 - 8 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable.

Community Engagement

The 2022-23 Budget engagement process facilitated opportunities for community feedback on Council's budget. Regular updates are provided on the progress of projects and works included in the Budget through print and social media.

Collaboration

Not Applicable

Financial Impact

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

Legal and Risk Implications

Financial Risk: 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 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.

9. Internal Control Environment

Duties and responsibilities of the Committee:

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

No Internal Control Environment reports for May 2023 Audit and Risk Committee Meeting

10. Risk Management

Duties and responsibilities of the Committee:

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

10.1. Occupational Health and Safety Management Report and Register

File Number	E3937	Responsible Officer	Acting Occupational Health and Safety Officer, Warren Coad
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Purpose

The purpose of this report is to provide an update on Mansfield Shire Council's occupational health and safety performance.

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.

This report has been developed to provide the Audit and Risk Committee with an overview of Council's occupational health and safety performance for the previous quarter.

Key Issues

WorkSafe Victoria

Legislation Update

Council has been added to WorkSafe Victoria distribution list for updates and key communications on the proposed Occupational Health and Safety Amendment (Psychological Health) Regulations.

The proposed Occupational Health and Safety Amendment (Psychological Health) Regulations are still being considered by the State Government.

WorkSafe Visit

No WorkSafe inspections were undertaken. No Prohibition or Improvement Notices were received.

Workcover

No new Workers Injury Claim Forms were received this quarter. Attachment 2 provides an update on the status of current claims.

WorkSafe Articles

15 articles from WorkSafe Victoria, and 1 article from Safe Work Australia were issued.

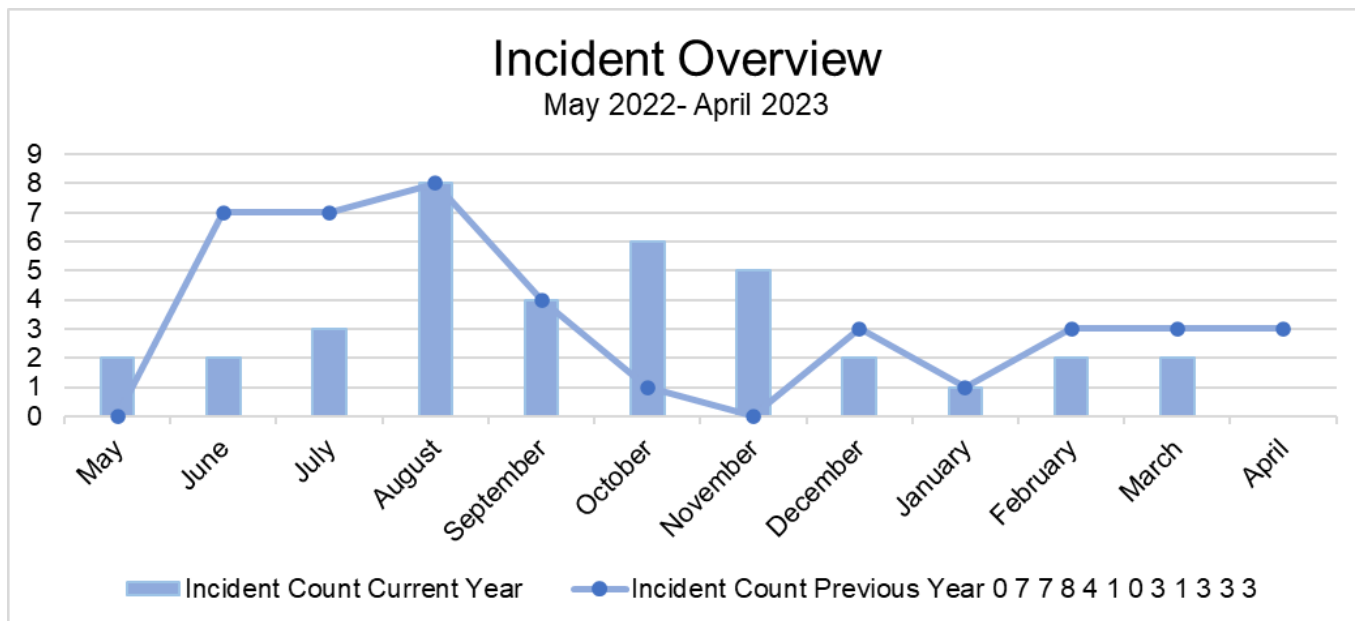
Incidents

Incident Summary

Five incidents were reported for the period January 2023 to March 2023. Attachment 1 includes details of these incidents.

Annual Incident Overview

The graph below depicts the total number of incidents per month over the last 12 months. The graph also illustrates the total number of incidents per month for the previous 12 months.



Incident Investigation

No incident investigations were undertaken.

Workplace Inspections

Four sites were inspected during this quarter at the following locations:

- Resource Recovery Centre
- Youth Centre
- Visitor Information Centre
- Family and Children Centre (Currently Underway)

Inspections are planned for the following locations in the next quarter:

- Depot
- Municipal Office
- Northeast Civil Constructions (contractors)
- Additional contractors when required

Risk Assessment

No risk assessments were undertaken.

Hazard and Risks

No hazards were raised. Three hazards were closed. No hazard remains open.

Training and Induction

OHS Induction

Council's Occupational Health and Safety Inductions continue to be undertaken.

Training

The following training was undertaken this quarter:

- Those employees who participated in Restoring Calm Training were invited to attend the EMatrix Engaging with your Keyboard Workshop (Session 2) via webinar in January 2023.
- Duress Falcon training completed on 28 March 2023.

- Contact Officer Refresher training completed on 15 March 2023.
- Fire Warden training was completed on 16 February 2023.

Occupational Health and Safety Committee

One Occupational Health and Safety Committee Meeting was held. The next Occupational Health and Safety Committee Meeting is scheduled for Wednesday 29 May 2023 in Council Chambers.

Internal Reports / Documents

The following documents were completed:

- Four monthly reports were made to Council's occupational health and safety committee and EMT.
- If you are injured at work poster.
- Alcohol and Drug Policy was endorsed.

COVID-19

Face masks, hand sanitiser and alcohol wipes continue to be distributed as needed and vaccinations offered to all staff.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note and receive this report.
Support Attachments
1. Appendix 1 – Incidents [10.1.1 - 1 page] 2. Appendix 2 – Current Claims Status [10.1.2 - 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

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

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. Policy Register

File Number	E3627	Responsible Officer	Interim Coordinator Governance & Risk, Jane Carter
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Purpose

To present the updated Policy Register to the Audit and Risk Committee.

Executive Summary

The Governance and Risk Coordinator is responsible for maintaining a register of all policies and their review dates. The internal procedure for creating and reviewing policies is attached. The Governance team aims to advise managers of upcoming revision dates, approximately four months ahead, to allow time to comply with the review process.

Key Issues

The Interim Governance and Risk Coordinator has reviewed and updated the current register based on feedback obtained from the relevant managers on progress against the review dates.

There are 19 policies that are currently under review or overdue for review. The Policy Register incorporates comments to accurately reflect the current status of each policy. Extended leave of the Governance and Risk Coordinator, staff turnover and changes to the organisational structure have contributed to the delay in the completion of these policies, however they have been given increased priority to ensure that policy reviews are completed in a timely way. Policies currently overdue will be reviewed and updated by the September Council meeting.

The IT Policy and Procedures have been reviewed and will be finalised as soon as possible for presentation at the August Audit and Risk Committee meeting.

The Policy Register has been included as a Standing Item for review at the monthly internal Senior Leadership Group (SLG) meetings with the next meeting being held on 20 June 2023.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Policy Register as of 1 May 2023.

Support Attachments

1. Policy Register as at 6 May 2023 [10.2.1 - 3 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

A robust review and policy management process minimises the risk of out-of-date policies and non-compliance with policies.

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.

10.3. Risk Register

File Number	E3937	Responsible Officer	Manager Business & Performance, Tony Cooper
Purpose			

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

Executive Summary

The Audit and Risk Committee oversees 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 Risk Management Strategy states that Council is committed to the process of identifying, quantifying, and managing risk to minimize the effect of risk on the objectives of Council.

Key Issues

During the 27 February 2023 meeting Committee members requested review of two items:

1. **Aged Care Services** was added as a risk in the January review and the committee requested further explanation as to whether the risk of reputational damage from the relinquishment of aged care services was in fact a risk to Council as it was no longer the service provider. Council relinquished its service agreement to provide Home and Community Care services for Mansfield Shire as of June 30, 2022.

The capacity of the new provider, Mansfield District Hospital (MDH), to offer timely home and community care services to the growing community is currently of concern to Council officers. The main reasons are staff shortages, which are industry-wide, together with an increase in the population over 65 years old and the introduction of a changed model of care from what was previously provided.

The latest Profile ID data shows that the overall resident population increased by 1438 or 16.5% between 2016 and 2021. Of the new residents, the largest increases were in the senior community, with residents aged 60-69 years increasing by 341 or 23%, 70–84 years increasing by 433 or 39% and the 85 and over cohort by 32 or 15%. This increase in a demographic that has high expectations and needs for services is new to the shire and comes at a time when the service provider and system is adjusting to the recent changes and requires extra support.

Council provides the Regional Assessment Service (RAS) and currently the RAS Officer is completing assessments for 20 new clients per month, which are then referred to MDH, and apart from high-risk clients, others are currently waiting for services. Clients have been reporting some difficulty in contacting the new provider and have been in contact with the RAS Officer when this has occurred. This feedback has been passed onto the new provider

for action, however given the increase in demand and change in service provision this is not unexpected.

Council was a trusted provider of home and community care for many years and community members are likely to continue to raise issues regarding their care with Council and seek Council advocacy in this area. This is a reputational risk at least for the initial few years following the transition to the new provider. It is recommended that this risk remain on the register until 30 June 2024.

2. 340 Dead Horse Lane

Council officers were asked to review the Closed Landfills risk on the risk register and consider whether 340 Deadhorse Lane should have a specific listing. Following review, it has been added as a separate risk register item as it has risks associated with legal action that are not relevant to all landfills. Updates on this site have been previously reported to the Audit and Risk Committee, and it is currently being handled by Council’s insurers and their legal representatives. When there is a resolution of this matter it is expected these risks will revert to the general Closed Landfills item.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the information contained in the updated Risk Register
Support Attachments
1. Corporate Risk Register May 2023 [10.3.1 - 6 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 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 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.

10.4. Related Parties Disclosures

File Number	E9616	Responsible Officer	EA Mayor & CEO, Chelsea Young
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Purpose

To update the Audit and Risk Committee on related party disclosures submitted within the last quarter.

Executive Summary

From 1 July 2016, local governments ('Councils') must disclose related party relationships, transactions and outstanding balances, including commitments, in their annual financial statements.

The objective of the Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

Council's related parties include the Mayor, Councillors, Chief Executive Officer, senior executives, their close family members and any entities that they control or jointly control. Any transactions between Council and these parties, whether monetary or not, may need to be identified and disclosed.

Key Issues

There were 3 related parties disclosures submitted this quarter from Senior Management as follows:

Chief Executive Officer - Kirsten Alexander

- Her husband's place of employment Tonkin Consulting was contracted by Council to undertake design services on the Heavy Vehicle Alternate Route Stage 2 final design.

Interim Coordinator Governance & Risk - Jane Carter

- Spouse Mark Carter, and daughter Kayla Carter, work for Council.

Manager Field Services - Ari Croxford-Demasi

- Parents own Henry the Third, who complete liquid waste removal services for Council.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the related party disclosures report.

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

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.

10.5. Special Review of Cleaning Contract

File Number	CM1819.030	Responsible Officer	Manager Community Health & Wellbeing, Nola Bales
Purpose			

To present the completed Special Review Audit Report on Cleaning Contract and discuss the recommendations.

Executive Summary

The objective of the internal audit was to confirm appropriate application of Mansfield Shire Council's:

- Procurement Framework
- Contract Management Framework
- Instrument of Delegations and approvals process, including across contract variations.

Key Issues

The focus of the audit was the process of a contract variation for cleaning services at the Dual Court Stadium following its construction to the Mansfield Shire Councils existing Cleaning Contract with Melbourne Kleaning Solutions (MKS).

The Audit was conducted by AFS chartered accountants and during the course of their work and procedures undertaken, they found no evidence of fraudulent or corrupt activity (e.g., collusion with supplier).

The summary findings of the procedures undertaken are:

- *The Dual Court Stadium variation was executed:*
 - *without sufficient formal documentation of the basis for decision, including:*
 - *a comparison of service costs against contracted rates*
 - *the additional usage by community groups to demonstrate the need for increased cleaning services*
 - *a calculation of the user fees expected to be derived (beyond a lump sum estimate)*
- *We also identified controls were not operating as intended which led to:*
 - *invoices and payments made which did not match contracted amounts*
 - *payments agreed to within the Joint User Agreement had not been invoiced to Mansfield Secondary College, no payment had been received at the time of this review*

It is noted that while the auditor noted that the memo requesting approval of the variation did not include a specific comparison in their opinion, it was demonstrated that value for money had been achieved and that the variation was a reasonable extension of the contract. The Contract Management Policy does not require this to be done specifically. In addition, in relation to the second point, the discrepancies found were small and in the favour of Mansfield Shire Council, and invoicing has commenced to address the oversight, including invoicing for the arrears.

When assessing if the variation was done in accordance with Council’s policy and procedures, it was demonstrated that the variation had been done in accordance with the Contract Management Policy. However, the auditors felt that there was an opportunity to improve the policy and as such, there is a recommendation to review Council’s Procurement and Contract Management Policies to strengthen them to provide more certainty to individuals undertaking procurement processes. The auditors also recommend reviewing these documents in conjunction with the Delegated Officer Authorised Purchasing Limits table to ensure the current guidance is sufficient to support robust controls for the approval of variations.

These recommendations will be added to the Open Audit Recommendations Register.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the final report from AFS on the Special Review of Cleaning Contract
Support Attachments
1. 2014779 4-2023-01 Cleaning contract of council buildings FINAL [10.5.1 - 20 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 audit of the cleaning contract extension and variation has demonstrated that was no evidence of fraudulent or corrupt activity.

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. Internal Audit

Duties and responsibilities of the Committee:

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

11.1. Internal Audit Status Reports

File Number	CM1819.030	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

This report provides a status update on Council’s Internal Audit program.

Executive Summary

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

Key Issues

The Internal Audit Program Status and Industry Update reports provided by AFS & Associates, Council’s Internal Audit providers are provided as Attachment 1 and 2.

AFS have submitted their report on Cyber Security Strategy and Governance which council officers are currently considering and will formally respond to AFS by the end of May.

AFS have commenced work on the Infrastructure Asset Management audit through interviewing relevant staff.

AFS have now finalised their report on Statutory Planning. This report has been included in this agenda as item 11.2.

AFS have submitted the “Special Review - Cleaning Contract of Council Buildings Review.” to council officers. The report has been included in this agenda as item 10.5.

Three Internal Audit Planning documents have been completed and are included in section 11.3. These are for:

- Procurement and Accounts Payable
- Information Privacy and Records Management
- Past Issues Review

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. 2010223 2- Status Update 22.05.23 [11.1.1 - 5 pages]
2. 2010224 1- Industry Update 22.05.23 MSC comm's [11.1.2 - 7 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 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 does not have a conflict of interest to declare in this matter, in accordance with the *Local Government Act 2020*.

11.2. Internal Audit Completed Report - Statutory Planning

File Number	CM1819.030	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

To present the completed Internal Audit Report on Statutory Planning and discuss the recommendations.

Executive Summary

The Statutory Planning audit identified a number of strengths in the current processes and provided a number of recommendations to strengthen the process. All recommendations were identified as moderate (1) or minor (4).

Council has accepted all recommendations with a plan to address these over the next 15 months.

Key Issues

In summary AFS identified a number of strengths including:

- Planning applications are only processed once payment of the requisite fee is paid.
- Application completion rate within the 60-day limit is better than the rural average.
- There is appropriate monitoring and tracking of timelines and application approvals.
- PPARS1 Reporting obligations are being consistently met.
- Performance is measured and reported against Key Performance Indicators (KPI).
- Performance against the KPIs is provided to Council.
- Closing the loop processes are occurring for clear communication with customers regarding complaints received.
- Informal monitoring over high-risk applications occurs.
- A detailed process exists for managing and monitoring planning permit and enforcement complaints.
- Conflicts of Interest are appropriately considered and managed.

AFS identified that there are gaps and additional controls required to mitigate the following statutory planning risks:

- No formalised policies and procedures in place to support application of key controls across the planning function.
- No formalised methodology for defining permit complexity.
- No service level plan in place.
- Planning application risks not considered within risk register.
- Efficiency improvement regarding online payment platform for planning applications.

All risks were identified as minor except the first one which was identified as moderate.

A summary table is also attached (refer Attachment 2) and will be used to provide updates on the implementation of the audit recommendations.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the AFS Statutory Planning report and the reporting tool for providing updates on the implementation of the recommendations.

Support Attachments

1. 1999434 1-2022-04 Statutory Planning FINAL [11.2.1 - 16 pages]
2. ARC Action Stat Planning May 2023 [11.2.2 - 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

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.

11.3. Internal Audit Planning Documents

File Number	CM1819.030	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

To provide the Internal Audit Planning Documents for two upcoming audits for information.

Executive Summary

AFS and Mansfield Shire Council develop a list of internal audits that are carried out by AFS during the cycle of the internal audit contract. The list is adjusted from time to time in consultation between AFS, Mansfield Shire Council and other interested parties such as the Audit and Risk Committee.

Key Issues

AFS has provided the internal audit planning documents for the next three audits to be undertaken.

The internal audit planning documents are attached for:

- Procurement and Accounts Payable
- Information Privacy and Records Management
- Past Issues Review

Council officers have requested the Past Issues Review to be deferred from June 2023 to August 2023 due to workload pressures on staff at the end of financial year. This request has been approved.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Internal Audit Planning documents for the Procurement and Accounts Payable, Information Privacy and Records Management and Past Issues Review.

Support Attachments

1. 2002200 1 Internal Audit Planning Document Data Analytics [11.3.1 - 7 pages]
2. 2002787 1 Internal Audit Planning Document Information Pr [11.3.2 - 7 pages]
3. 2005635 1 Internal Audit Planning Document Past Issues Re [11.3.3 - 6 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 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

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.

12. External Audit

Duties and responsibilities of the Committee:

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

12.1. VAGO Reports

File Number	E10025	Responsible Officer	Manager Business & Performance, Tony Cooper
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Purpose

VAGO has provided its status report for consideration and noting.

Executive Summary

VAGO have provided the following document:

- Status Report for April 2023
- Audit Strategy Memorandum 2022-23

Key Issues

VAGO Status Report for April 2023:

VAGO highlighted the Ombudsman’s report “Councils and complaints: Glen Eira City Council’s approach to contractor work” delivered on 26 April 2023. They observed:

- The Council’s handling of the complaint was contrary to the spirit of its own policy, not to mention the Local Government Act, both of which adopt a broad definition of complaint.
- The Victorian Ombudsman investigation found widespread inconsistency in the way councils across the state handle complaints about the services they outsource to third-party contractors.

Council officers will review the report.

Audit Strategy Memorandum - For the financial year ending 30 June 2023:

In the previous meeting it was noted that VAGO and Mansfield Shire Council needed to meet to finalise the dates of the final audit in September. This meeting occurred on 5 May, with agreement that the final audit would occur the week of 11 - 15 September. This is reflected in the attached Audit Strategy Memorandum.

Council is required to approve the Annual Report including Financial Statements and the Performance Reporting Framework prior to the 31 October. Prior to council approving both the Financial Statements and the Performance Reporting Framework, these reports require endorsement by the Audit and Risk Committee – these reports will not be ready in time for the August Audit and Risk meeting; therefore, an additional meeting will be required prior to the Council meeting on 17 October 2023 to endorse these reports to Council. The next ARC meeting is scheduled for November 2023.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE :

1. Note the VAGO Status Report for April 2023.
2. Confirm a date for an additional Audit and Risk Committee meeting in late September or early October to review the 2022/23 Financial and Performance Statements.

Support Attachments

1. VAGO - LG status report - May 2023 [12.1.1 - 12 pages]
2. Mansfield Audit Strategy Memorandum 2022-23 [12.1.2 - 25 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 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 does not have a conflict of interest to declare in this matter, in accordance with the *Local Government Act 2020*.

13. Compliance Management

Duties and responsibilities of the Committee:

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

13.1. Procurement Exemptions

File Number	E5332	Responsible Officer	Depot Administration Officer, Kathy Stone
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Purpose

To provide details of any Procedural Exemptions that have occurred between 1 January 2023 to 31 March 2023.

Executive Summary

Council’s Procurement Policy provides specific circumstances under which exceptions to the policy are allowable.

There may be, from time to time, exceptional circumstances that arise where the provisions of the Procurement Policy cannot be satisfied.

Section 4.2 of the procedures attached to the Policy provides a list of these circumstances where approval from the CEO is required prior to proceeding with the purchase.

Thorough documentation and evidence must accompany any request to utilise this provision to clearly demonstrate a procedural exemption exists.

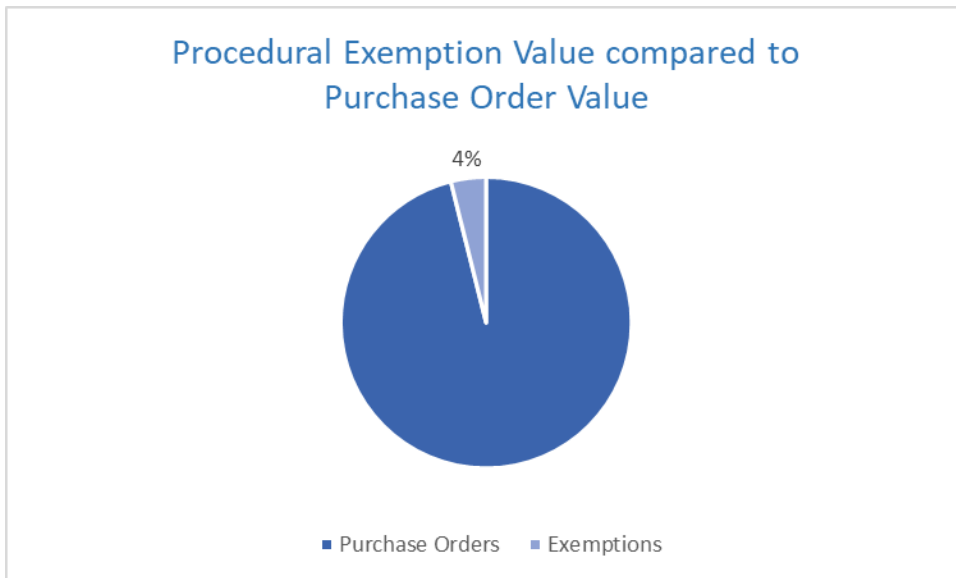
Key Issues

The following procedural exemptions have been authorised by the CEO since 1 January 2023:

Item	Date	Exemption Category	Value	Department	COVID-19 Related
Raeco Pty Ltd	31/1/2023	Sole supplier or insufficient quotes	\$53,914.50	Capital Works	No
Alpine Civil	27/3/2023	Emergency	\$26,950.00	Capital Works	No
Waratah Constructions	28/3/2023	Emergency	\$29,937.60	Capital Works	No

The procedural exemptions approved by the CEO are attached for the Committee’s information. The number of procedural exemptions for the last 3 months is three, this equates to 4% of the total value of Purchase orders raised for the quarter.

Biannual STATS	Volume	Value
	Number	\$
Procedural exemptions	3	\$110,802.10
Total purchase orders raised	133	\$2,719,198.10



Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the Procedural Exemption Memorandums authorised by the Chief Executive Officer between 1 January 2023 and 31 March 2023.

Support Attachments

1. Procurement Procedural Exempti colm Street Culvert Guardrails [13.1.1 - 2 pages]
2. Sideling - procedural - exemption - form final [13.1.2 - 2 pages]
3. Shelving Procedural-exemption- _aeco Pty Ltd Mansfield Library [13.1.3 - 2 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Exemptions to the general requirements of Council’s Procurement Policy may lead to additional costs to Council as they typically revolve around removing the competition requirements of the policy. However, the procedural exemptions process aims to mitigate this risk and minimise the number of purchases exempt from the policy.

Legal and Risk Implications

The procedural exemptions process allows for a controlled variation to standard procurement requirements. Procedural Exemptions approved by the CEO are considered to be compliant with 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

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.

14. Other Business

15. Next Meeting

The next meeting of the Audit and Risk Advisory Committee will be held on Monday 28 August at 2.30pm (Executive Management team to attend from 3.00pm).

16. Close of meeting