



Mansfield Shire

Audit and Risk Committee

Monday 28 August 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
Julie Williams, General Manager Business and Economic Development
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 29 May 2023 be confirmed as an accurate record.

7. Administrative Items

7.1. Audit and Risk Committee Annual Meeting Schedule 2023-24

File Number	E9616	Responsible Officer	General Manager Business & Economic Development, Julie Williams
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Purpose

The Audit and Risk Committee must formally set a meeting schedule for 2023-24.

Executive Summary

Audit and Risk Committee meetings are held in the months of November, February, May and August. An additional shorter meeting is held in late September to consider the Annual Financial Statements.

Meetings commence at 2:30pm for Committee members, with management in attendance from 3:00pm, and closing at 5:00pm.

As per the Audit and Risk Committee Charter meetings can be held either face-to-face or online, as agreed by the Committee.

Key Issues

The meeting schedule outlined below is for the Committee's consideration.

Proposed Meeting Schedule		
Date	Time	Location
Monday 20 November 2023	2:30pm (Executive Mgt Team attend from 3:00pm)	Council Chamber (or Zoom)
Monday 26 February 2024	2:30pm (Executive Mgt Team attend from 3:00pm)	Council Chamber (or Zoom)
Monday 27 May 2024	2:30pm (Executive Mgt Team attend from 3:00pm)	Council Chamber (or Zoom)
Monday 26 August 2024	2:30pm (Executive Mgt Team attend from 3:00pm)	Council Chamber (or Zoom)
Monday 30 September 2024	Meeting operates from 3:00pm to 4:00pm to consider the Annual Financial Statements only	Council Chamber (or Zoom)

A predetermined meeting schedule does not preclude the Committee from scheduling additional meetings from time to time if required.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE adopt a meeting schedule for the 2023-24 year (1 October 2023 to 30 September 2024).

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 8.2: Develop capacity and capability to advocate powerfully for the most important interests of the Mansfield community

Governance - Disclosure of Conflicts of Interest

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

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 were 13 actions closed at the May meeting and 2 actions removed as they are duplicated with the AFS action register, and 12 new actions were arising from the May meeting. 7 actions are completed, 8 actions are in progress and 1 is yet to commence (risk appetite statement).

The Audit Recommendations Register is a report on progress against the recommendations from all internal and external audits. There were 7 actions completed since the previous ARC meeting, 18 are in progress and 3 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 business unit presentations originally proposed for delivery at the August meeting have been deferred. The Capital Works team presentation has been deferred to November due to these early months of the financial year being critical to progress delivery of this year's capital works program, including the tendering and contracting of the works program. The Asset Accounting Policy report will be discussed at the September meeting to align with a discussion on the impacts of revaluations and the accounting results.

Audit Recommendations Register

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

The process of internal monitoring and actioning open items is being reviewed to ensure continued focus on timely completion of the recommendations.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the Action Register and the Audit Recommendations Register as of 20 August 2023.

Support Attachments

1. Audit and Risk Committee Action Register [7.2.1 - 5 pages]
2. Audit Recommendations Register [7.2.2 - 16 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.

7.3. Annual Work Plan 2023-24

File Number	E10900	Responsible Officer	GM Business and Economic Development, Julie Williams
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Purpose

This report presents a proposed 2023-24 annual work plan for the Committee to consider and adopt.

Executive Summary

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

A template work plan provided by Local Government Victoria (developed from the collaborative Act implementation process) has been used to form the base of the proposed annual work plan attached for the Committee’s consideration. The work plan has also been cross checked against the Charter and the previous Governance Schedule to ensure all the requirements have been met.

The proposed plan is consistent with the prior year work plan, except for the following:

- Inclusion of a review of Council Cyber Security (item 15)
- List of Conflict of Interest disclosures (as required) (item 46)
- Report on Related Party disclosures (as required) (item 49)
- Annual presentation to committee on Asset Valuations (item 50)
- The inclusion of a color key at the end of the workplan table.

Key Issues

The proposed work plan is attached for the Committee’s consideration.

It is proposed that the adopted Annual Work Plan be presented at each Audit and Risk Committee Meeting and progress updates provided to the Committee as part of that report.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE adopt the Annual Work Plan 2023-24.

Support Attachments

Audit and Risk Committee Annual Workplan 2024

Considerations and Implications of Recommendation

Legal and Risk Implications

Section 54(3) of the *Local Government Act 2020* requires the Audit and Risk Committee to adopt an annual work program.

Adopting an annual work plan assists in project planning and mitigates the risk of non-compliance with the requirements of s54 of the Act.

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.

7.4. Audit and Risk Committee Report to Council

File Number	E10900	Responsible Officer	General Manager Business & Economic Development, Julie Williams
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Purpose

This report provides the opportunity for the Audit & Risk Committee to consider and provide input into the Committee’s biannual report to Council.

Executive Summary

The Audit & Risk Committee Charter and the *Local Government Act 2020* require the Audit & Risk Committee to present a biannual report on its activities, findings and recommendations for tabling at a Council meeting.

A proposed report has been prepared and is presented for the Committee’s review and comment.

It is anticipated that the final report will be tabled at the September 2023 Council Meeting.

Key Issues

The Audit & Risk Committee Charter and the *Local Government Act 2020* require a biannual report to Council. In accordance with the Annual Work Plan of the Committee, the report should be prepared and considered at the August (activities for the preceding year ending 30 June) and February (activities for the preceding half year ended 31 December) Committee meetings.

The Chair of the Audit and Risk Committee offers the attached report as fulfilling the requirements under section 9.4 (d) of the charter to facilitate a biannual audit and risk report that describes the activities of the Committee and includes its findings and recommendations. The attached report is for the financial year ended 30 June 2023.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE provide a report describing the activities, findings and recommendations for the financial year ended 30 June 2023 to the Chief Executive Officer for tabling at the next Council Meeting.

Support Attachments

1. Audit and Risk Committee Report to Council 22 23 chart [7.4.1 - 7 pages]

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 - 30 June 2023

File Number	E10093	Responsible Officer	General Manager Business & Economic Development, Julie Williams
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Purpose

A report on the status of Council's investments as of 30 June 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's interest on investments for the 2022-23 year was budgeted at \$42k, however actual interest income is significantly higher as a direct result of higher cash balances and higher interest rates than budgeted.

Cash balances were higher than budget throughout the year due to lower than planned capital expenditure, and operational grants received in advance that have not yet been fully expended.

Recommendation

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

Support Attachments

1. June 2023 Investment Portfolio - ARC [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.

9. Internal Control Environment

Duties and responsibilities of the Committee:

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

9.1. Policy Register Status Update

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 Interim Coordinator Governance & Risk is responsible for maintaining a register of all policies and their review dates and supporting the business units to review the policies in a timely manner.

The attached Policy Register provides details of the current review status of each Council and Organisational policy. Work is progressing on the policies that have not been reviewed by the scheduled review date and each business unit is prioritising the review of the outstanding policies. A further update will be provided at the September meeting.

Key Issues

The Commemorative Plaques and Other Markers Policy was reviewed and approved by Councillors at the 15 August Council meeting. Also, at the Council meeting a recommendation to revoke the Petitions Policy and place the Petitions Procedure on Council's website was approved.

The Governance team is undertaking a comprehensive review of Council's suite of policies to ascertain if a policy is still required, or whether a procedure or guideline is a more appropriate governance document. The attached Policy Register highlights policies that have been identified for possible revocation and replacement with a procedure or guideline.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Policy Register as of 22 August 2023.

Support Attachments

1. Policy Register as at 22 August 2023 [7.5.1 - 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. 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. 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 management, 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 2 related parties disclosures submitted this quarter from senior management as follows:

Manager Major Projects – Kurt Heidecker

- Spouse, Julie-Ann Devilee, works for Council

People & Culture Advisor, Janique Snyder

- Daughter, Layla Ellis, works for Council.

As detailed in Agenda Item 7.3 Annual Work Plan 2023-24, reporting on related party disclosures for each quarter will now be presented at each Audit and Risk Committee (item 49).

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.

10.2. 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

A WorkSafe inspector attended the Field Services Depot to investigate an accident that had occurred with the chipper where an employee had sustained injuries to his finger. The Inspector was satisfied that all work procedures were in place and being followed. He complimented the managers and staff for the reporting, follow up and documentation of the incident. No Prohibition or Improvement Notices were issued.

A WorkSafe Return to Work inspector visited the municipal office on 31 July to review the Return to Work documents (General Employer Obligation documents) to ensure that Council meets the requirements of the WIRC Act legislation.

Following EMT review the following documents were distributed to all staff (including those on WorkCover) via the CEO message and email, as well as being uploaded to the [Intranet](#) and made available on noticeboards in all buildings.

- Important Return to Work information
- Issue Resolution – Ministerial Direction
- Incident Notification Report form

Workcover

No new Workers Injury Claim Forms were received this quarter.

The Victorian Work Cover Authority has increased the workplace industry classification rate from 1.5701% in 2022-23 to 2.0048% in 2023-24. This has had a significant impact on all premiums across Victoria with Councils experiencing increases of 60-70% generally, and some Councils experiencing premium increases of up to 100%.

Mansfield Shire premiums have increased from \$118,191 in 2022-23 to \$237,984 in 2023-24. (Noting that a discount of 3-5% applies if paid in full rather than instalments). Council's premium with the current insurer, Gallagher Bassett, has typically fluctuated around \$110,000 to \$130,000 in recent years.

Council currently has four open Work Cover claims (down from five), and it is anticipated that costs will continue to increase if these claims are not resolved as quickly as possible. The history of the four open claims is below:

- 1 claim was received in 2020 and will impact premiums until 2023-24.
- 3 claims were received in 2022 and will impact premiums from 2023-24 until 2026-27.

Insurance House, a workers compensation expert, has been appointed to provide expert advice and assistance in managing Council's current workers compensation program at a flat fee of \$16,000 for 2023-24, due to the complexity and workload associated with current open claims.

As the 2023-24 premium cost is above the CEO's delegation, Council approval to pay this invoice was received at the 15 August Council meeting. The invoice for \$226,084.87 (incl. GST) has now been paid.

Claim Number	Date of incident	Description	Claim status
21210001239	22 April 2021	Injury 'right medial meniscal tear, osteoarthritis' allegedly the result of twisting his knee when exiting the grader.	Employee is working full contracted hours with some minor limitations on lifting. Insurance House have suggested alterations to the PD so this claim can be closed.
21220056229	04 February 2020	Hand arm vibration syndrome claim	Gallagher Basset have taken over payments of this claim.
21220026411	01 September 2022	Mental Health	Claim ongoing.
21220053507	18 November 2022	Hearing Impairment	Council is waiting for the specialist medical determination of the impairment and its cause.

WorkSafe Articles

- Six articles from WorkSafe Victoria were issued.
- Ten articles from Safe Work Australia were issued.

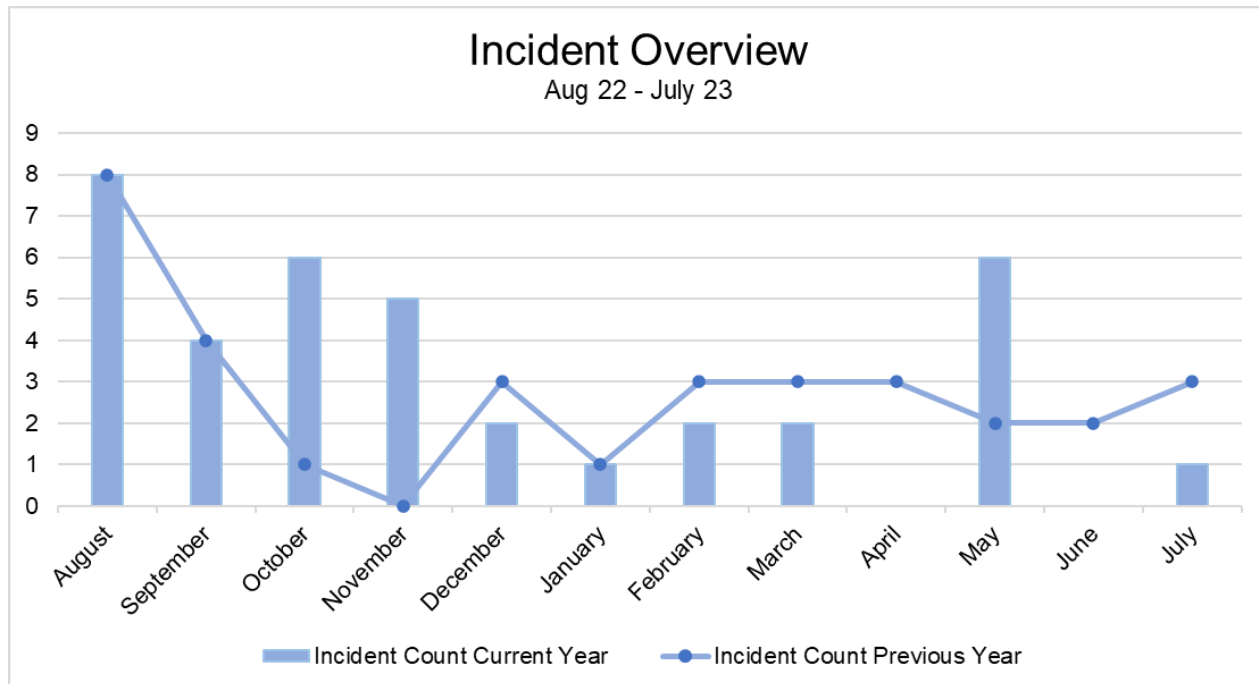
Incidents

Incident Summary

Eight incidents were reported for the period May to July 2023. Two incidents resulted in property damage, five incidents in injury and one incident in a near miss.

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

One incident investigation was undertaken as reported above for the chipper incident.

Workplace Inspections

Four workplace inspections were undertaken.

- 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. 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:

- One Health and Safety Representative completed the Health and Safety Representative Initial OHS Training.
- The Cancer Council Victoria held two Standard UV safety training sessions. The first session was held in Council Chambers. The second session was held at the Depot.
- Depot staff undertook spotter training.
- First aid updates and White Card training was held in June.

Occupational Health and Safety Committee

One Occupational Health and Safety Committee Meeting was held in August. A new checklist has been developed for use by teams in monitoring their OHS performance and was reviewed at this meeting, then approved for use by EMT. The next Occupational Health and Safety Committee Meeting is scheduled for October 2023 in Council Chambers.

Internal Reports / Documents

Five updates were made to Council's occupational health and safety management system and intranet.

- Occupational Health and Safety Committee Meeting Minutes – August 2023.
- If you are injured at work poster updated.
- Important return to Return to Work information.
- Ministerial Direction, Return to Work.
- Incident Notification Report.

COVID-19

Face masks, hand sanitiser and alcohol wipes continue to be distributed as needed.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note and receive this 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 5.3 Our organisation transparently reports on its performance through a comprehensive reporting and audit framework.

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

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.

10.3. Risk Management Report

File Number	E3937	Responsible Officer	Interim Coordinator Governance & Risk, Jane Carter
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Purpose

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

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 with the Risk Management Framework with ISO 31000. ISO 31000 (2018).

The Mansfield Shire Council Risk Management Strategy states that the Council is committed to the process of identifying, quantifying, and managing risk to minimise the effect of risk on the objectives of the Council.

Key Issues

The Risk Register is in Council's records management system – TRIM. The updated register is attached to this report.

Since the last Risk Register report, an additional risk has been identified relating to the insurance of bridges. The risk relates to no purchased insurance cover in 2023-24 for minor bridges following a comprehensive review of the bridge assets requiring insurance; being those bridges within the region that have no alternate routes and/or bridges that are not covered under the Victorian Disaster Recovery fund in the event of a natural disaster. The Risk Register will be updated to incorporate this risk and the associated rating as part of a broader review of Insurance-related risks.

Insurance Claims

Below is an overview of current insurance claims:

New Insurance Claim - Toilet Block, View Street Mansfield

The toilet block in View Street, Mansfield sustained severe graffiti damage to the value of \$5,750.

Update - Claim 340 Dead Horse Lane

On 10 August 2023, Council met with Municipal Association of Victoria (MAV) insurance representatives to discuss working collaboratively with the claimant to reach an out of Court settlement. MAV is progressing an accounting impact assessment to define the claimant’s financial impact as a result of their inability to progress development of the site.

Council is progressing a valuation of the site to assess the value with and without the potential contamination impact. Council officers also had a productive meeting with a consulting hydrogeologist who, based upon the site’s likely groundwater flows and the known waste

locations, has provisionally located three groundwater monitoring bores at 340 Dead Horse Lane to monitor for potential contamination of groundwater flows.

Targeted Risk Assessment – Resource Recovery Centre – July 2023

A targeted Risk Assessment was conducted with the Risk Consultant from JLT, together with the Risk Officer, Asset Management Coordinator, Project Officer Waste, Contract Coordinator Waste, Team Leader RRC with the objective to identify potential liability exposures and implement improvements. Detail of the outcomes of the assessment will be provided to the Audit and Risk Committee at the November meeting.

Future Planned Targeted Risk Assessments

Further targeted Risk Assessments are planned for Council’s library and the Visitors Information Centre.

Business Continuity Plan

Council is working towards our objective of conducting a Test Run of the Business Continuity Plan under the guidance of the Risk Consultant from JLT. This is a free service the insurers offer.

Fraud & Corruption Training

Initial discussions have been held with JLT and Marsh for costings to conduct the necessary annual training.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note the information contained in this briefing.
Support Attachments
1. Corporate Risk Register August 2023 [10.3.1 - 7 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Individual assessments may have cost implications to address each risk.

Legal and Risk Implications

The Risk Management Framework is Council's overarching control that covers:

1. Asset Risk
2. Business Continuity Risk
3. Change Risk
4. Environmental Risk
5. Financial Risk
6. Information Risk
7. People Risk
8. Regulatory Risk
9. Reputation Risk
10. Safety Risk
11. Social Risk
12. Strategic Risk

Regional, State and National Plans and Policies

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

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

Innovation and Continuous Improvement

Quarterly review and reporting to the Audit and Risk Committee incorporates continuous innovation and improvement initiatives in the Risk Management area.

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 does not have a conflict of interest to declare in this matter, in accordance with the *Local Government Act 2020*.

11. Internal Audit

Duties and responsibilities of the Committee:

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

11.1. Internal Audit Status Reports

File Number	CM1819.030	Responsible Officer	General Manager Business & Economic Development, Julie Williams
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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 commenced work on the Information Privacy and Records Management audit through review of documentation provided by Council and interviewing relevant staff. The final audit report is planned to be available for the November Audit and Risk Committee meeting.

AFS have submitted their reports on Cyber Security Strategy and Infrastructure Asset Management which council officers are considering and will provide feedback to AFS.

The Procurement Internal Audit Planning document has been completed and is included as Attachment 3.

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. 2061121 1- Status Update [11.1.1 - 4 pages]
2. 2061125 1- Industry Update [11.1.2 - 9 pages]
3. 2018601 1- Internal Audit Planning Document - Procurement [11.1.3 - 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 - 2023-04 Audit and Risk Committee Performance Self-Assessment

File Number	CM1819.030	Responsible Officer	General Manager Business & Economic Development, Julie Williams
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Purpose

To provide the Audit and Risk Committee with an annual self-assessment report on the performance of the Audit and Risk Committee.

Executive Summary

Section 9.4(c) of the Audit and Risk Committee charter indicates that it is the role of the Committee chairperson “to facilitate an annual assessment of the Committee’s performance against this Charter, to be provided to the CEO for tabling at the next Council meeting.”

The chairperson has facilitated the annual assessment report through Mansfield Shire's internal auditors AFS.

It is tabled at the Audit and Risk Committee meeting of 28 August 2023 for discussion and will be presented to the 19 September 2023 Council meeting as part of the Audit and Risk Committee papers.

Key Issues

The self-assessment report detailed an overall performance score of 4.11 out of a possible score of 5. The previous year's score was 4.34, so there is a slight decrease in the rating over the period. Even with the decrease this is still considered a strong result for the committee.

This year’s report was sent to 9 people, with 7 responding (78%). The previous year's report was sent to 5 people with 4 responding (80%).

AFS have highlighted the following in the Executive summary of the report:

Areas of strength for FY2022/23

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

- Committee members have attended meetings on a regular basis
- Meetings have been conducted in accordance with the agenda issued
- Meetings have been conducted to allow for full participation by all members
- Meetings have allowed Committee members to raise any issue they believe relevant.

These areas of strength have remained from the 2022 self-assessment survey. Conducting meetings in accordance with the agenda issued was the highest score of 4.71.

Constructive suggestions for improvement for FY2022/23

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

- Providing advice on the level and effectiveness of appropriate Business Continuity and Disaster Recovery Planning

- The Audit and Risk Committee being able to gain a level of assurance that systems are in place within Council to identify high risks.

The following area has been decreasing in performance for two or more years and therefore may require additional focus for 2023/24:

- The Audit and Risk Committee reviews the accountability of Council's corporate governance.

Council response to the survey results will include:

- Scheduled annual work plan review in November 2023 of the Business Continuity framework and testing review, will also cover Council's Disaster Recovery Planning.
- The risk policy and procedure will be provided at the November 2023 committee meeting, and review of Council's systems to identify high risks will be highlighted for discussion.
- Details of accountability of Council's corporate governance will be provided for Audit and Risk Committee review in February 2024.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note and discuss the 2023-04 Audit and Risk Committee Performance Self-Assessment report.

Support Attachments

1. 2047504 1-2023-04 Audit and Risk Committee Performance Self- Assessment FINAL [11.2.1 - 11 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

The performance assessment results provide an opportunity for improvement in Council's risk assessment and management.

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.

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	General Manager Business & Economic Development, Julie Williams
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Purpose

VAGO have provided their Status Report for Local Government entities for 2023 for consideration and noting.

Executive Summary

VAGO have provided the following documents:

- Status Report for July 2023
- Better Normal: A New Way of Working Together: May 2023

Key Issues

VAGO Status Report for July 2023

VAGO's Annual Plan 2023-24 was tabled in Parliament on 27 June 2023. As part of this plan, VAGO have indicated their upcoming Financial Audit of Local Governments including Mansfield Shire will focus on:

- Impact of flooding during the period October to December 2022 on council operations and infrastructure assets
- Valuation of land, buildings and infrastructure assets
- Government grants including the timing and amount of the Financial Assistance Grants
- Developer contributions
- Landfill provision
- Council information technology controls.

The results of the audits will be tabled in Parliament during November 2023.

The report highlights IBAC held public hearings during 2019 and 2020 into allegations of serious corrupt conduct in relation to planning and property development decisions at the City of Casey council (Operation Sandon). The IBAC report has recently been released. Council will review the outcome of this investigation to determine the impact of any recommendations on Mansfield Shire Council operations.

Better Normal: A New Way of Working Together: May 2023

This is a document detailing VAGO's new way of working and interacting with their clients.

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

VAGO will attend Mansfield Shire's offices in the week commencing 11 September 2023 as part of their audit of Council's Annual Financial and Performance Statements.

An additional Audit and Risk Committee meeting is schedule for 25 September 2023, at 3pm to discuss the Annual Financial Statements in preparation for them being tabled at the Council meeting on 18 October 2023.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE:

1. Note the VAGO Status Report, July 2023
2. Note the Better Normal: A new Way of Working Together publication
3. Note an additional Audit and Risk Committee meeting has been scheduled for 25 September at 3pm to discuss the 2022-23 Annual Financial Statements.

Support Attachments

1. VAGO - LG status report - July 2023 [12.1.1 - 12 pages]
2. VAGO Better Normal- Information for FA clients (May 2022) [12.1.2 - 4 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Not Applicable

Legal and Risk Implications

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	Procurement/Depot Admin Officer, Kathy Stone
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Purpose

To provide details of any Procedural Exemptions that have occurred between 1 April 2023 to 30 June 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

There have been no procedural exemptions authorised by the CEO in the last quarter of 2022-23.

As there were no procedural exemptions approved by the CEO, none are attached for the Committee’s information.

Quarterly STATS	Volume	Value
	Number	\$
Procedural exemptions	0	\$0.00
Total purchase orders raised	148	\$1,918,364.32

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes that no Procedural Exemption Memorandums were authorised by the Chief Executive Officer between 1 April 2023 and 30 June 2023.

Support Attachments

Nil

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. No Procedural Exemptions were required during this quarter.

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 25 September at 3.00pm.

16. Close of meeting