

OFFICIAL



Mansfield Shire

Audit and Risk Committee

Monday 27 May 2024

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 Steve Rabie (Mayor)
Cr Mark Holcombe

Officers

Kirsten Alexander, Chief Executive Officer
Melissa Crane, General Manager Infrastructure & Planning
Janique Snyder, Executive Manager People, Communications & Governance
Michael McCormack, Financial Controller
Tanya Tabone, Coordinator Communications, Governance & Risk Officer
Chelsea Young, Governance & Risk Officer
Travis Derricott, Sector Director, Financial Audit - Victorian Auditor-General's Office
Bradley Ead, AFS and Associates – Internal Auditor

Members

Peter Johnston (Chair)
Jane Watson
Moh-Lee Ng

Agenda Contents

1. Opening of the Meeting	3
2. Present	3
3. Apologies.....	3
4. Acknowledgement of Country	3
5. Disclosure of Conflicts of Interest.....	3
6. Confirmation of Minutes	3
7. Administrative Items	4
7.1. Annual Work Plan 2023-24.....	4
7.2. Action Item and Open Audit Recommendations Registers.....	6
7.3. Rural Councils Transformation Program Presentation	8
8. Financial and Performance Reporting.....	15
8.1. Quarterly Finance Report	16
8.2. Investment Schedule	20
8.3. Debt Schedule	22
8.4. Review of LGPRF Changes.....	24
8.5. Carry Forwards	27
8.6. Asset Valuations 2023-24	30
9. Internal Control Environment.....	33
9.1. Policy Register Status Update	34
10. Risk Management	37
10.1. Occupational Health and Safety Management Report	38
10.2. Risk Management Report	43
10.3. Risk Management Policy	45
10.4. Positive Duty for Employers - Sexual Harassment	47
11. Internal Audit	51
11.1. Internal Audit Status Reports.....	52
11.2. Internal Audit Completed Report - Information Privacy and Records Management.....	54
11.3. Internal Audit Completed Report - Audit and Risk Committee Performance Self-Assessment	56
11.4. Internal Audit Completed Report - Management of Council Buildings.....	59
11.5. Internal Audit Tender	61
12. External Audit.....	63
12.1. VAGO Reports.....	64
13. Compliance Management	66
13.1. Procurement Exemptions	67
14. Other Business.....	70
15. Next Meeting	70
16. Close of meeting	70

Agenda

1. Opening of the Meeting

2. Present

The Chair will call on each Committee Member and ask them to confirm verbally that they can see all Members and hear the proceedings.

3. Apologies

The Chair will call on the CEO for any apologies.

4. Acknowledgement of Country

The Chair will recite Council's Acknowledgement of Country:

"Our meeting is being held on the lands of the Taungurung people and we wish to acknowledge them as Traditional Owners. We would also like to pay our respects to their Elders, past and present, and Aboriginal Elders of other communities who may be here today."

5. Disclosure of Conflicts of Interest

The Chair will call on each member in turn and ask them to declare whether they have any conflicts of interest in relation to any agenda items.

6. Confirmation of Minutes

Recommendation

THAT the Minutes of the Mansfield Shire Council Audit and Risk Committee Meeting held on Monday 26 February 2024 be confirmed as an accurate record.

7. Administrative Items

7.1. Annual Work Plan 2023-24

File Number	E9616	Responsible Officer	Governance and Risk Officer, Chelsea Young
Purpose			

This report presents an update on 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 require the adoption of an annual work plan.

The Work Plan was adopted at the August 2023 Audit and Risk Committee (ARC) meeting and will be presented at each ARC meeting with a comment on progress and/or actions.

Key Issues

The Annual Work Plan is presented for information and any agenda papers relating to items on the work plan are noted.

Minutes for the Audit and Risk Committee are provided to the next Council Meeting following the ARC meeting; the next Council Meeting is scheduled for Tuesday 25 June 2024.

Recommendation

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

Support Attachments

1. Annual Workplan 2023-24 (May 2024) [7.1.1 - 2 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not applicable

Community Engagement

Not applicable

Collaboration

Not applicable

Financial Impact

Not applicable

Legal and Risk Implications

Not applicable

Regional, State and National Plans and Policies

Not applicable

Innovation and Continuous Improvement

Not applicable

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

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*.

7.2. Action Item and Open Audit Recommendations Registers

File Number	E9616	Responsible Officer	Financial Controller, Michael McCormack
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 11 actions closed post the 26 February 2024 meeting, 6 actions remain open (in progress with expected completion dates detailed in the register) with 3 items not yet due.

The Audit Recommendations Register is a report on progress against the recommendations from all internal and external audits. 37 items are open and progressing, with 13 items not yet due for completion.

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.

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. The register has been updated to include the Information Privacy and Records Management, and Cyber Security and Governance audit findings. Of the 37 items in progress comments are included in the update column, 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.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the Action Register and the Audit Recommendations Register as of 21 May 2024.

Support Attachments

1. Action Register as at 21 May 2024 [7.2.1 - 1 page]
2. Audit Recommendations Register as at 23 May 2024 [7.2.2 - 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

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. Rural Councils Transformation Program Presentation

File Number	E10740	Responsible Officer	Project Manager Rural Councils Transformation Program, Craig Willingham
--------------------	--------	----------------------------	---

Purpose

To provide the Audit and Risk Committee with an update on the Rural Councils Transformation Program and the material risks and issues being managed through that project.

Executive Summary

This presentation will cover the Rural Council Transformation Program, supported by Local Government Victoria, with strategic objectives set to assist with:

- Long term financial sustainability
- Efficient and effective Council operations
- Quality services and infrastructure

With \$1M funding from the Local Government Victoria’s (LGV) Rural Councils Transformation Program (RCTP), the Lower North Eastern Regional Councils Collaboration (LNERCC) is working together to transform business systems to enable reliable and sustainable service delivery as well as to enable shared services across the four Councils. Additional funding was obtained through the Business Acceleration Fund to include the Planning, Building and Regulatory Services in the program for transformation.

The specific scope of the project is to transform the way the Councils deliver the following services:

- Information Management
- Planning, Building and Regulatory Services
- Customer/Citizen Relationship Management (CRM)
- Property/Rates
- Finance

The following elements were also approved to be included from the Steering Committee, subject to approval of the program change and allocation of appropriate budget from each council:

- Human Resources
- Payroll

Council officers are also in the process of seeking additional funding through the Business Acceleration Fund to include Health Services in the program.

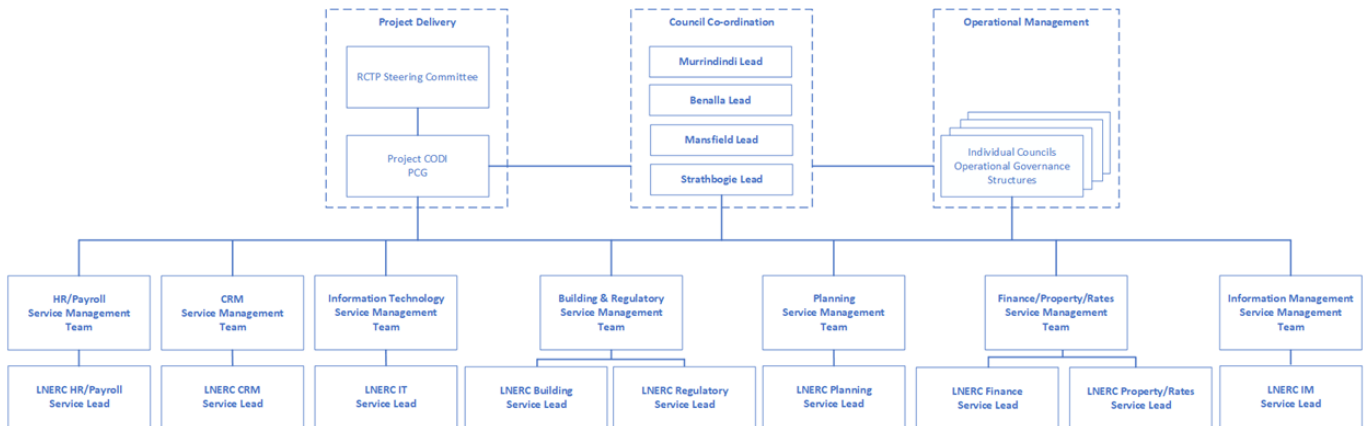
Key Issues

The Program will significantly improve service delivery and operational efficiencies. It will require Councils to invest \$4.6M over 3 years and to collaborate and transform business operations as well as implement and adopt new technologies. This undertaking poses a material risk to the consortium of Councils, to minimise this risk to a commercially acceptable level the following primary risk management controls have been implemented:

- Program Governance
- Program Management Methodology
- Financial Management
- Risks and Issues Management
- Benefits Tracking and Realisation

Program Governance

A collaborative Program governance structure has been established with all Councils well represented from all organisational levels. The table below depicts the governance structure:



The frequency of meetings is:

- Steering Committee meets monthly
- Project Control Group meets fortnightly
- Service Management Team meetings are undertaken every three weeks

All meetings are based on a presentation/agenda pack circulated prior to the meeting, ensuring meetings are structured, discussion topics are documented, and a formal record of the meeting is available.

Standing agenda items for the Steering Committee and Project Control Group meetings are:

- Executive Summary
- Actions
- Finances
- Schedules
- Risks and Issues

Project Management Methodology

The program has adopted an agile waterfall delivery approach based on the Prince2 project management methodology. Prince 2 is 'Projects IN Controlled Environments' and focuses on managing resources and risks by dividing projects into smaller stages. Aligned with Prince2 the program has been broken down into the following stages/stream which are aligned with the Program governance structure and scope:

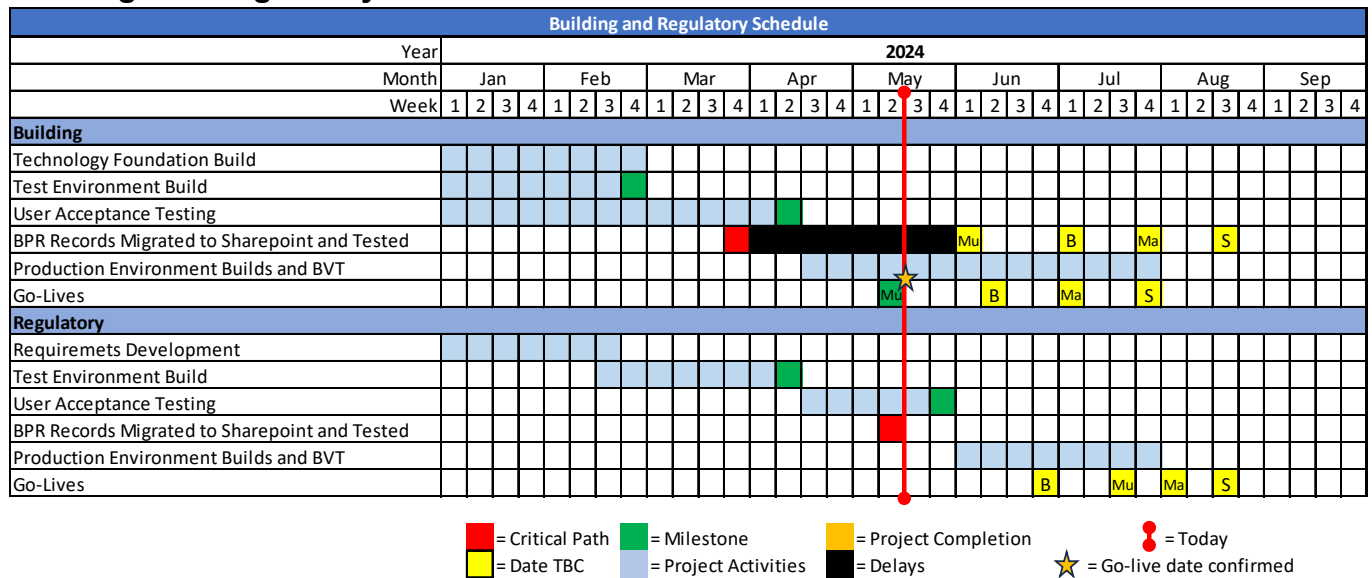
- Planning
- Building and Regulatory
- Information Management
- Information Technology

- Enterprise Resource Planning
 - Finance & Property/Rates
 - Customer Relationship Management
 - HR & Payroll

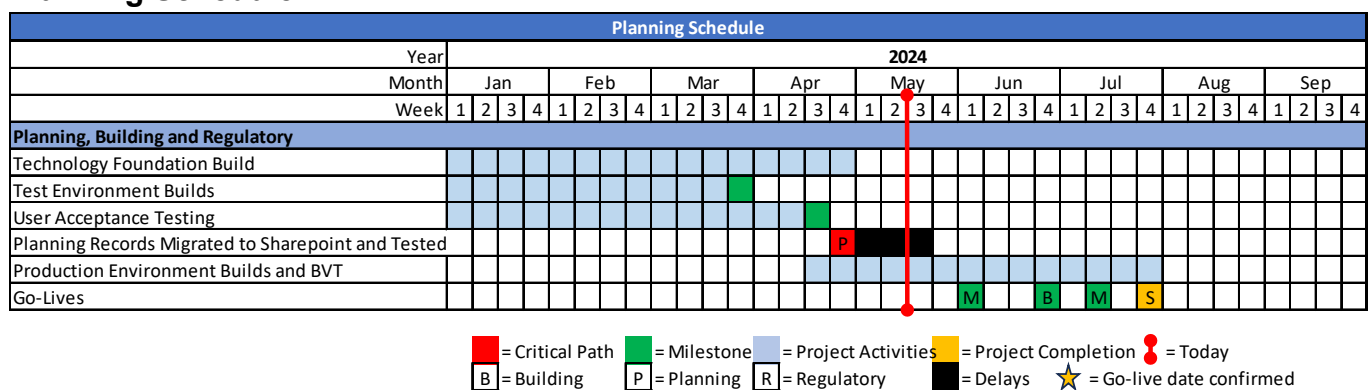
A project schedule is maintained for each stream and is used as the main point of reference and discussions in program meetings with delivery teams and vendors.

The current schedules are provided below, except for the Information Management schedule, as it is currently being replanned due to delays being experienced with data migration. Both funding bodies are aware of the schedule and are comfortable with the progress of the project.

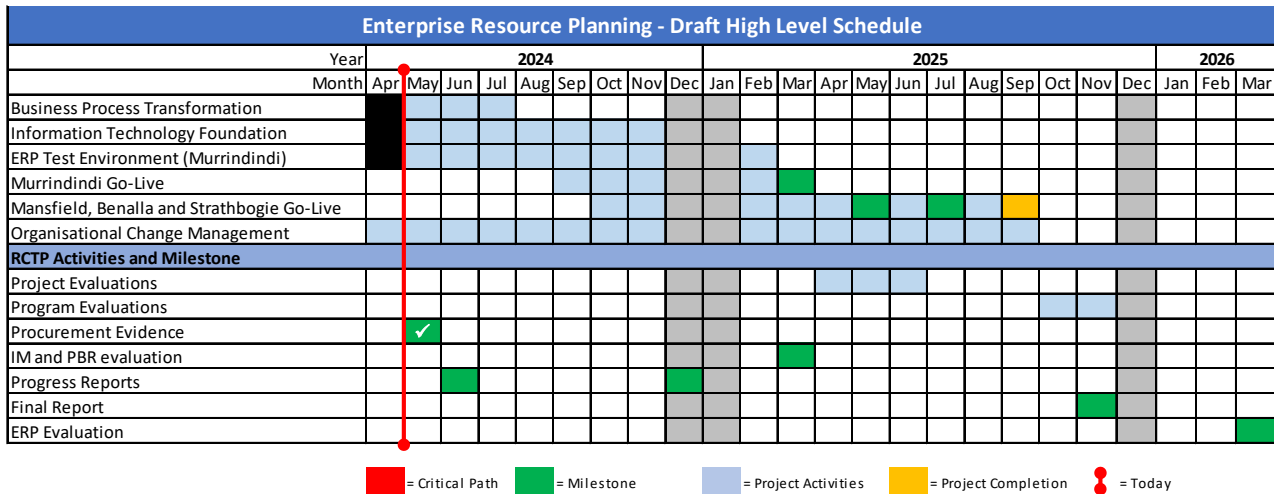
Building and Regulatory Schedule



Planning Schedule



Enterprise Resource Planning Schedule



Financial Management

A detailed budget and forecast are maintained by the Program and baselined on at least a quarterly basis. The budget and forecast are presented and discussed at every Steering Committee and PCG meeting. Additionally, the Finance Service Management Team is provided with the project financial details and Mansfield Finance team actively reviews the project implementation costs and budget.

The high-level implementation budget and forecast is contained within the table below showing a forecasted completion cost \$229k less than the allocated budget. It is expected that this current surplus will be required to address current and future program risks and issues.

Risks and Issues Management

The Program maintains risks and issues logs with open risks and issues discussed at every Steering Committee and PCG meeting. Risks are assessed and managed in accordance with Mansfield Shire Council Risk Management Policy. The diagram below provides a summary of the risks and issues currently under management by the Program governance structure:

Benefits Tracking and Realisation

As previously described the program has been established to provide the Councils with:

- Long term financial sustainability

OFFICIAL: Sensitive



Risks and Issues

Issues

- Resource Availability
 - IM Co-Ordinator capacity to complete migration mapping has created delays in data migration
 - Planning resource capacity to undertake testing creates issue that input has not been received from all Councils – solution may not meet their requirements
 - eVis capacity is insufficient to maintain schedule/quality.
- Dashboard and workflow solution cost exceeds allocated budget of \$20k. Initial estimate is that the solution will cost ~\$140k
- Essential meta data (revisions, renditions, related records, record audit trails) from Strathbogie EDRMS is currently out-of-scope for AvePoint to migrate.
 - It has been identified that Strathbogie also require workflow and task meta data to be migrated (current workflow, workflow history, current tasks, task history)
 - Cost to enhance the AvePoint tool to migrate this data is \$20k
- Murrindindi has 1.6TB of data for migration, additional 600GB of data migration will cost \$50,000

Risks

- Cost of ERP data migration may exceed the forecast
- ERP Integrations business and technical requirements have not yet been defined resulting in unknown effort/cost of these items
- Termination without Cause prior to go-live
- Legacy systems that are currently unsupported (old versions) will need to be upgraded prior to integration with Civica

- Efficient and effective Council operations
- Quality services and infrastructure

Significant time, effort and funding are being committed to the program to achieve these goals and hence it is essential to track the specific benefits that are to be obtained and accurately measure them.

The accountability for benefits tracking and realisation has been assigned to the various Service Management Teams, as these teams contain the subject matter experts for each business function and are best placed to define, implement and measure the benefits. They will also be the primary beneficiaries of the improvements achieved.

Benefits will be achieved across the following categories:

- Improved service delivery to each Council's customers/citizens
- Greater collaboration across the Councils
- Transformation of business processes through digitisation and automation

The following list provides generic details of the benefits achieved by the Program; the Service Management Teams will define the specific benefits and measurements in alignment with these.

- Improved Service Delivery (Customer/Citizen)
 - Streamlined processes improving delivery times, smoother transactions, and reduction in error/issues
 - Digital convenience through online/mobile access, electronic payments, service available at any time
 - Increase in transparency and trust by direct access to progress and status information via customer portal and automated electronic updates
 - Consistent service experience across all four Councils
 - Continually improved customer experience and adaption to changing customer

needs through continuous improvement

- Council Collaboration
 - Share resources and knowledge across Councils
 - Accurately benchmark across four Councils
 - A first step toward shared services
 - Economies of scale
 - Reduced delivery/implementation effort
- Business Transformation
 - Reduced operational management – develop/maintain in one place, distribute to four Councils
 - Consistent service delivery and experience across all four Councils
 - Standardised technology platforms
 - Modern ways of working – digital workflow, near single source of data, online and mobile access
 - Near single view of customer

Recommendation
THAT THE AUDIT AND RISK COMMITTEE receive and note the presentation on the Rural Councils Transformation Program.
Support Attachments
Nil

Considerations and Implications of Recommendation

Sustainability Implications

The program supports improved financial sustainability.

Community Engagement

Service Management Teams have the accountability of identifying the impact on the community and undertaking the appropriate engagement. The Program will support the Service Management Team through the development and implementation of an Organisational Change Management framework and training for the Service Management Teams. Changes to customer facing systems will be considered and communicated in accordance with Council’s Community Engagement Policy.

Collaboration

This program has been a collaboration with Murrindindi Shire Council, Strathbogie Shire Council and Benalla Rural City Council. One of the program’s primary objectives is to improve collaboration across the Councils to generate economies of scale and the sharing of scarce, valuable resources.

Financial Impact

Financial impact has been detailed in the various Council meetings seeking approval of the program and vendor contracts.

Legal and Risk Implications

Legal review and advice during contract preparation and negotiations has been provided by Maddocks for each of the major contracts included in the program. Contracts are based on Victorian Government eServices model contracts. A risk assessment has been completed and risks and issues are actively managed and reported through the governance structure as outlined in this report.

Regional, State and National Plans and Policies

Not Applicable.

Innovation and Continuous Improvement

The Program is aligned with Council's innovation and continuous improvement activities.

Alignment to Council Plan

Theme 3: A Trusted, Effective and Efficient Council

- Strategic Objective 6: Council possesses in-house and outsourced capability to meet community expectations
 - Strategy 6.2 Building organisational capacity through its people
- 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. 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. Quarterly Finance Report

File Number	E39	Responsible Officer	Financial Controller, Michael McCormack
Purpose			

This report provides information on Council's financial performance against the 2023-24 Budget for the period 1 July 2023 to 31 March 2024.

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 2023-24 financial year at its meeting of 28 June 2023. Subsequently Council adopted financial 2022-23 carry forwards at its meeting of 28 November 2023. The Audit and Risk Committee received detail of the carry forwards at its meeting of 27 November 2023.

This report explains material variances between the year-to-date actual financial results and the Budget 2023-24 adjusted for the approved carry forwards. Favourable variances are reported as positive values, while unfavourable variances are shown as negative values in the attached reports.

Key Issues

Operating Finance Report

Operating Income & Expenditure Actual against Budget

The year-to-date operating result is unfavourable against the 2023-24 Budget by \$733K (11%). Major variances are summarised below.

Favourable Variances:

- Cash Operating Contributions is \$39k favourable to budget due to income from events and festivals and through subdivisions and compliance.
- Interest income is \$595K favourable to the budget due to higher than budget cash investments and higher interest rates.
- Materials and Contracts is \$5k favourable to budget considering the Workcover reimbursements, library income and Youth Bushfire Recovery income.
- Other Income is \$224K higher than budget largely reflecting higher property rental income associated with Council land, reserves(\$54K), dual court stadium (\$42k), higher sundry income from the Resource Recovery Centre (\$50K), and above budget Visitor Information Centre income (\$30K).
- General rates income is \$2K higher than budget due to increased ratepayers than estimated at budget.

- User Charges income is \$83K higher than budget largely due to higher Environmental Health Services registration fees (\$28K), and higher cemetery income (\$68K), with these variances partly offset by lower than budget kerbside recycling collection income.
- Materials and contracts expenditure is \$1,596K lower than budget largely as a result of:
 - granted funded projects underspend against budget including the Digital Transformation project (\$549K), Youth Bushfire Recovery programs (\$368K), and the Social Inclusion Action Group program (\$203K)
 - lower kerbside collection expenditure contract payments (\$149K) and waste disposal expenses (\$142K)
 - lower expenditure across operations activities of strategic planning (\$278K), engineering services (\$256K), and integrated water management (\$136K)
 - lower roads expenditure largely associated with rural roads (\$81K).

Unfavourable Variances (overspend or decreased income):

- Non-recurrent operational grant income is \$994K lower than budget largely due to the net of the following variances:
 - lower than budget Youth Bushfire Recovery income (\$506K)
 - lower than budget operations income related to strategic planning (\$330K)
 - lower than budget Emergency Incident Support (\$339K)
 - lower than budget Central Registration and Enrolment Scheme (\$88K)
 - lower than budget Maternal & Child Health Enhanced Income (\$59K).
 - lower than budget Digital Transformation project revenue (\$216K)
 - lower than budget Fire service levy income (\$55K)
 - lower than budget Integrated family services income (\$21K)
 - lower than budget Goughs Bay Water Sensitive Town feasibility study (\$95K)partly offset by the following
 - higher than budget Resource Recovery Centre project income (\$71K)
 - higher than budget income recognised for the Goughs Bay Boat Club Redevelopment Project (auspice funded project) (\$513K),
 - higher than budget income recognised for the Lake Eildon priority boat ramps (\$74K)
 - higher than budget for Vic Health Local Government Partnership (\$45K)
- Recurrent operational grant income is \$1,533K lower than budget largely due to
 - lower Financial Assistance Victorian Grants Commission income (\$813K) due to 100% of the funding being received in the prior financial year compared to the 75% budget assumption.
 - lower Local Roads Operations Victorian Grants Commission income (\$751K) – as per comment above regarding receipt of income in the prior year.
 - lower Social Inclusion Action Group income recognised (\$6K).
- Employee costs unfavourable variance of \$654K reflects:
 - higher than budget Workcover expenditure (\$140K) additional resourcing required to support emergency activities, partly offset by savings arising from vacant positions
 - Higher expenditure on annual leave, sick leave and RDOs than budgeted (\$156K) (of which a portion will be expensed to the provision at year end)
 - expenditure associated with grant projects that are funded including:

- Digital Transformation Project (\$182K)
- Environmental Health Services (\$99K)
- Emergency Incident Support (\$69K).

Capital Finance Report

Capital Income & Expenditure Actual against Budget

The net year to date capital works variance (net of capital income) is \$5,000K favourable (60%) compared to the 2023-24 year to date Budget. Major variances are summarised below.

Favourable Variances:

- Materials and Contracts favourable variance of \$7,017K is the result of project timing variances including the following larger projects/programs:
 - IMPACT Route project (\$4,246K)
 - Heritage Facility (Station Precinct) project (\$1,333K)
 - Drainage works projects (\$1,022K)

Unfavourable Variances:

- Non-recurrent capital grant income is unfavourable to budget by \$617K due to Lords Reserve Oval income not yet received (\$224K), lower than budget IMPACT Route income (\$1,478K), partly offset by unbudgeted HVAR income received (\$1,070K).
- Recurrent capital grant income is unfavourable to budget by \$1,141K largely due to the Roads to Recovery income not yet received (\$1,183K), partly offset by a favourable timing variance in the Local Government Infrastructure fund income (\$116K).

Summary of Financial position compared to Budget

Operating Variance	(\$732K)
Capital Variance	\$5,000K
Total Variance	\$4,268K

*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 = 2.49(249%), as compared with 1.92 (192%) as at the end of 2022-23 financial year.

The high working capital ratio includes the quarter four rates income that was booked in August and reported as a current asset (included in Receivables \$6,183K).

CEO Statement

Based on the analysis and review of the budget, actual year to date result and other known financial factors as at 31 March 2024, it is considered that a revised budget for the purposes of s95 of the Local Government Act 2020 is not required.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the Budget Report for the period 1 July 2023 – 31 March 2024.

Support Attachments

1. Finance Report- March [8.1.1 - 7 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

The 2023-24 Budget engagement process facilitated opportunities for community input to and feedback on Council's budget.

Collaboration

Not Applicable

Financial Impact

Not Applicable

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.

8.2. Investment Schedule

File Number	E5001	Responsible Officer	Financial Controller, Michael McCormack
Purpose			

A report on the status of Council’s investments as at 30 April 2024 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 is attached for the Committee’s information.

Council is currently compliant with its Investment Policy.

The current average interest rate for investments is 5.26% (excluding cemetery trust investments). The current average interest rate and the volume of investment for 2023-24 are higher than the 2023-24 budget.

The 2023-24 budget for interest income is as follows:

Program	2023-24 Budget
Interest Income	(260,100)
Finance Investments	(200,000)
Rates - Late Payment Interest	(55,000)
Jamieson - Cemetery	(2,000)
Mansfield - Cemetery	(1,500)
Merton - Cemetery	(100)
Bonnie Doon - Cemetery	(1,500)

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Investment Portfolio Report as at 30 April 2024.

Support Attachments

1. Investment Portfolio Report [8.2.1 - 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 typically 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.

Financial Risk: 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.

8.3. Debt Schedule

File Number	E3627	Responsible Officer	Financial Controller, Michael McCormack
Purpose			

A report on the status of Council’s loans as at 30 April 2024 is presented to the Audit and Risk Committee (ARC) for noting.

Executive Summary

Borrowing can be an effective way to fund important Council priorities, including capital works investments. When used responsibly, loans help spread the burden of large investments across the generations that will benefit from those investments.

Council loan activities are governed by Council’s Borrowing and Debt Management Policy. Regular reporting to the ARC in relation to Council borrowings is considered good governance practice.

Key Issues

The loan portfolio as at 30 April 2024 is presented in the table below:

Loan No.	Lender	Loan Type	Start date	Loan Amount	Loan Balance 30/04/2024	Weighted Average Interest Rate	Maturity Date	Purpose of Loan
15	NAB	Amortising Principal	30/05/2014	\$2,200,000	\$991,806	5.780%	30/05/2029	Family and Children's Centre / Superannuation Liability
16	NAB	Amortising Principal	27/03/2015	\$800,000	\$381,445	4.190%	27/03/2030	Capital Works Program incl. Mansfield Recreation Reserve Redevelopment
17	TCV	Amortising Principal	27/06/2022	\$2,632,000	\$2,254,721	4.655%	27/06/2032	Heavy Vehicle Alternative Route
18	TCV	Amortising Principal	3/04/2023	\$600,000	\$550,450	4.120%	3/04/2033	High Street Car Park
Total				\$6,232,00	\$4,178,423	4.817%		

The total outstanding loan balance at 30 April 2024 of \$4,178,423 is below the Treasury Corporation of Victoria (TCV) 2023-24 annual borrowing limit of \$4,968,000. Refer to the Sustainability Implications consideration below for further detail.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receive and note the Loan Portfolio report as at 30 April 2024.

Support Attachments

Nil

Considerations and Implications of Recommendation

Sustainability Implications

Treasury Corporation of Victoria (TCV) 2023-24 annual borrowing limit effective November 2023 is \$4,968,000 (TCV Borrowing Limit).

This limit represents the total amount that can be financed from TCV (including loans approved under the Community Sports Infrastructure Loan and Community Infrastructure Loan Schemes) or other financial institutions.

The TCV Borrowing Limit is based on a credit assessment of Mansfield Shire Council by the Department of Treasury and Finance. The credit assessment is completed annually based on end of financial year results. The prior year borrowing limit was \$4,910,000.

Community Engagement

Not applicable

Collaboration

Not applicable

Financial Impact

The 2023-24 interest expense budget is \$227,833. Cash interest payments in 2023-24 are \$210,794.

Legal and Risk Implications

Interest rates on the loans are fixed, mitigating Council's financial risk to higher borrowing interest rates.

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

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*.

8.4. Review of LGPRF Changes

File Number	E2901	Responsible Officer	Executive Manager Community Health & Wellbeing, Nola Bales
--------------------	-------	----------------------------	--

Purpose

To update the Audit and Risk Committee on changes to the Local Government Reporting Framework 2023-24.

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

Changes from 1 January 2023

1. 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. These measures are:
 - G2 - Governance – Consultation and engagement
 - SP2 - Statutory Planning – Service standard
 - R2 - Roads – Condition
 - WC5 - Waste management – Waste diversion
 - E2 - Financial efficiency – Expenditure
 - S1 - Financial stability – Rates concentration
 - L1 - Financial liquidity – Working capital
 - O5 - Financial obligations – Asset renewal
2. Amendments to the Performance Statement – three current measures were replaced and updated in the Model Budget as follows:

Current	Replacement
G5 - Governance - Satisfaction	G2 - Governance – Consultation and engagement
SP4 - Statutory Planning – Decision making	SP2 - Statutory Planning – Service standard
R5 - Roads – Satisfaction	R2 - Roads - Condition

These changes were incorporated into Council's *Budget 2023-24*.

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.
- Name change for the Reporting Template – Performance Reporting Template will be refreshed and renamed as the Local Government Model Sector Performance Report.

There are no further changes flagged in the Local Government Better Practice Guide for Preparing Council’s Annual Report and the Local Government Performance Indicator Guide 2024-25, and all future reporting will be based on the measures listed above.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE notes the changes to the Local Government Performance Reporting Framework for 2023-24.
Support Attachments
1. LGPRF- Practice Note 18 - Changes-to-the-framework-for-2023-24 [8.4.1 - 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.

8.5. Carry Forwards

File Number	E10415	Responsible Officer	General Manager Infrastructure & Planning, Melissa Crane
Purpose			

The purpose of this report is to provide the Committee with a report on the status of capital works carry forward projects from 2022-23 FY and provide an update on any of the current capital works projects that may not be completed in the 2023-24 FY and may need to be carried forward for completion in 2024-25 FY.

Executive Summary

The Audit and Risk Committee requested that officers report back any projects that may be problematic to complete in the 2023-24FY.

In November 2023, Council officers provided the Audit and Risk Committee with an update on the Capital Works projects carried forward from 2022-23 FY. An update on the status of the existing carry forward projects is as follows:

Project	Carry Over Amount	Current Status
Mullum Wetland Rejuvenation	\$100,000	Completed
Jamieson Drainage Upgrades	\$87,000	Completed
Gooleys Bridge Barrier Replacement	\$67,000	In progress, due to be complete June 2024
Station Precinct Heritage Museum	\$1,358,000	In progress, multi-year project, due for completion August 2024
Mansfield Kindergarten	\$80,000	In progress, due to be complete July 2024
Depot Washbay Roof	\$39,850	Complete
Lords Reserve Pavillion Design	\$16,709	Complete
Jamieson Mathew Reserve Walking Track	\$10,015	Complete
Mary Street Jamieson Footpath	\$12,000	Complete
High Street Carpark Construction	\$498,000	In progress, due to be complete June 2024
Woods Point Open Space works	\$45,000	Complete
Woods Point Playground	\$4,500	Complete
Bonnie Doon Streetscape works	\$45,810	Complete
Roundabout Beautification Works	\$41,748	Complete
Howqua Boat Ramp Inlet	\$53,110	In progress, due to be complete June 2024
HVAR HV6	\$1,838,000	Complete
Apollo Street Drainage	\$813,000	In progress, due to be complete June 2024
Malcolm Street Shared Path	\$237,000	Complete
Impact Route	\$555,000	In progress, multi year project

The total amount approved for carry forward of capital projects at the 28 November 2023 Council meeting was \$5,901,742.

Of the \$5,901,742 approved for carry forward of capital projects from 2022-23, the majority have now been completed (\$2,477,632), and most of the carry forward amounts will be expended this financial year (\$1,511,110), with only the balance of the two 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 \$372,315 (\$40,000 for the Kinder and \$332,315 for the Station Precinct).

Of the remaining projects, the following is advised:

Gooleys Bridge Barrier Replacement is currently under construction on site and due to be completed by 30 June 2024.

Howqua Boat Ramp Final concept plans are due 31 May 2024, which will mark completion of the project.

High Street Carpark Construction has commenced with forecast completion by 30 June 2024.

Apollo Street Drainage Works have commenced and progressed significantly. Completion is pending approval from GVW to relocate a water main that was not on GVW asset database. Estimated completion date is 21 June 2024.

Council officers have prepared the 2024-25 Budget to include proposed carry forwards for Capital projects from 2023-24 FY. The proposed carry forward amount from 2023-24FY is \$5,104,000. This is less than the 2023-24FY carry forward, and is predominantly impacted by project funds used as the Council contribution to grant applications and several large projects that have been awarded and were anticipated to be multi-year projects as follows:

- IMPACT Route – Carry forward of \$3,961,000 (78% of the total carry forward)
- Lords Reserve (co-contribution for Pavillion Grant now awarded) - \$470,000
- Mansfield Emergency Resilience Centre - \$246,000
- Station Precinct Projects (used for Precinct Programs Grant co-contribution) - \$239,000
- Mansfield Flood Study - \$188,000

It is noted that with the IMPACT Route removed, the remaining carry forward projects have an expected total of \$1,143,000. 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 2024-25 Budget process.

Key Issues

Most capital projects carried forward from the 2022-23 FY have been completed.

Carry forward projects totaling just over \$5m are proposed to be carried forward to 2024-25 financial year. A report on the completed projects for 2023-24 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 2022-23 Financial Year and the proposed carry overs for capital projects for the 2023-24 Financial Year.

Support Attachments

1. Carry Forward 2024-25 Budget [8.5.1 - 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.

8.6. Asset Valuations 2023-24

File Number	E11037	Responsible Officer	Financial Controller, Michael McCormack
--------------------	--------	----------------------------	---

Purpose

The following reports are being presented to the Committee for review and endorsement prior to finalisation of the financial statements:

- Valuation reports for Bridges and Culverts
- Indexation report covering Buildings, Drainage, Footpaths and Cycleways, and Roads.

Executive Summary

Council's Asset Accounting Policy requires fair value assessments of assets to be made annually to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period (as per *AASB 116 Property Plant and Equipment*).

Scheduled Revaluations

To ensure compliance with AASB 116, Council performs a comprehensive accounting revaluation of each asset every 2-3 years.

Council engaged Brightly Assetic to complete scheduled comprehensive revaluations of the Bridges & Culverts asset class for the 2023-24 financial year.

Managerial Revaluations

Council engaged Brightly Assetic to conduct a managerial revaluation to determine valuation movements between the last scheduled comprehensive revaluation date and the current financial period for the following asset classes:

- Buildings
- Drainage
- Footpaths & Cycleways
- Roads
- Off Street Carparks
- Recreational, Leisure and Community

Key Issues

Scheduled Asset Revaluations

The scheduled comprehensive revaluations have been performed by Brightly Assetic certified valuers, in accordance with AASB 13 Fair Value Measurement.

The valuation report for bridges and culverts is attached for the Committee's information.

A net increase of \$5.155 million in the fair value of this asset class will be posted against the asset revaluation reserve accounts within the draft financial statements.

The asset fair values pre and post the 30 June 2024 valuation and the revaluation movement for the asset class are summarised below.

Asset Class	Pre Valuation 30 June 2024			Revaluation 30 June 2024			
	Replacement Value (\$'000)	Accumulated Depreciation (\$'000)	Written Down Value (\$'000)	Replacement Value (\$'000)	Accumulated Depreciation (\$'000)	Written Down Value (\$'000)	Impact on Fair Value (\$'000s)
Bridges	32,332	14,655	17,677	42,658	19,826	22,832	5,155

No assets were found to be damaged or impaired post data collection for the revaluations and therefore no assets were identified to be held in excess of their recoverable amount.

Asset Indexations

The managerial revaluations have been performed by Brightly Assetic, in accordance with AASB 13 Fair Value Measurement. Cumulative indexation rates from the last comprehensive revaluation have been applied to assess the change in the asset fair values.

An indexation report is attached for the Committee’s information. The Roads, Footpaths & Cycleways and Drainage asset classes are assessed as having a material movement in fair value with the cumulative rate increases above 10%. Hence, a combined increase of \$19.89 million in the fair value of the asset classes will be posted against the asset revaluation reserve accounts within the draft financial statements.

A summary of the indexation assessment is provided in the table below.

Asset Class	Last Comprehensive Revaluation	Next Comprehensive Valuation	Cumulative Rate including current year	Current Year Rate	Impact on Fair Value (\$'000)
Bulidings	2022/2023	2025/2026	7.72%	7.72%	1,871
Drainage	2020/2021	2024/2025	28.08%	9.37%	1,876
Footpaths & Cycleways	2021/2022	2024/2025	12.81%	5.53%	854
Off Street Car Parks	2022/2023	2025/2026	6.71%	6.71%	202
Recreation, Leisure and Community Facilities	2022/2023	2025/2026	6.16%	6.16%	245
Roads	2021/2022	2024/2025	14.19%	6.71%	17,160

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Bridges and Culverts revaluation report and the Indexation report, and note that the recommended revaluations will be adopted for the financial statements as at 30 June 2024.

Support Attachments

1. DRAFT Mansfield Shire Council - Infrastructure Valuation Indexation Statement 2024 [8.6.1 - 2 pages]
2. DRAFT Mansfield - Bridges Valuation Report 30 June 2024 [8.6.2 - 1 page]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Adopting the fair value revaluation assessments and the indexation of assets will increase the total value of non-current assets and also increase the Asset Revaluation Reserve in Council's Financial Statements for the year ended 30 June 2024.

Legal and Risk Implications

The Victorian Auditor General has recommended that all valuations are reviewed by the Audit & Risk Committee prior to adoption of the data.

The *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2014* require Council financial reports to be prepared in accordance with Australian Accounting Standards, and the Local Government Model Financial 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 8.2 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.

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	Governance and Risk Officer, Chelsea Young
Purpose			

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

Executive Summary

The Governance & Risk Officer is responsible for maintaining a register of all policies and their review dates. The policies register 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 Governance & Risk Officer has reviewed and updated the current register based on feedback obtained from the relevant managers on progress against the review dates.

The Policy Register incorporates comments to accurately reflect the status of each policy. There are 9 policies not reviewed by the due date, down from 14 at the last Audit and Risk Committee (ARC) meeting.

The Fraud Corruption and Control Plan has been developed following endorsement of the Policy and a copy is attached for information.

The documents and policies below were endorsed by Council since the February 2024 ARC meeting:

1. Customer Service Charter
2. Fair Access Policy
3. Rates and Charges Financial Hardship Policy
4. Fraud Corruption and Control Policy
5. Audit and Risk Committee Charter
6. Statutory Planning Applications – Referral to Council Policy
7. Investment Policy

The below policies were revoked at the March 2024 Council meeting:

1. Waste Management Services Policy
2. Public Spaces Trading Policy
3. Purchasing Card Policy

The Council policies below are planned for presentation to Councillors prior to the next Audit and Risk Committee Meeting in August. Policies identified as being for endorsement by Council may also require community consultation to seek feedback on amendments made to the policy.

	Policy Title	Proposed Action
1.	Community Engagement	Endorsement
2.	Public Interest Disclosures	Endorsement
3.	Special Rates and Charges	Endorsement
4.	Acknowledgement of Traditional Custodians of Land	Endorsement
5.	Property Leasing and Licensing	Endorsement
6.	Volunteer	To become an organisational policy
7.	Equal Opportunity & Human Rights	Endorsement
8.	Media and Communications	Endorsement
9.	CEO Employment & Remuneration Policy	Endorsement
10.	Council Expenses Policy	Endorsement

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the Policy Register as of 22 May 2024.

Support Attachments

1. Policy Register as at 22 May 2024 [9.1.1 - 2 pages]
2. Fraud and Corruption Control Plan 2024 [9.1.2 - 24 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Community engagement is undertaken over specific policies as required.

Collaboration

Not Applicable

Financial Impact

All work to review and update policies has been undertaken internally by Council Officers within existing staff resources.

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. Occupational Health and Safety Management Report

File Number	E10666 (2023) E11408 (2024)	Responsible Officer	Occupational Health and Safety Officer, Richard Howie
Purpose			

This report provides an update on Mansfield Shire Council's Occupational Health and Safety Management System.

Executive Summary

Council's Occupational Health and Safety Officer continues to maintain Council's Occupational Health and Safety (OHS) management system including an OHS Incident Register, OHS Risk Register, Workplace Inspections, Hazard Identification, Risk Assessments, and the Investigation of Incidents.

The OHS Officer works 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 the Council's Occupational Health and Safety performance for the previous quarter.

Key Issues

On review of all incidents received and recorded during the reporting period, trips by members of the public on council property were identified as a concern this period, with notifications of 4 instances of tripping reported via email or phone call to Council. All were investigated.

Two of the falls reported by members of the public were associated with work by Council contractors, including a female member of the public tripping on the leg of a road closed sign on Station Street on 15 February and a female member of the public slipping on wet concrete after the cleaning of council bins outside of the Mansfield Post Office on 18 March. Injuries were reported as being minor scrapes and bruises to knees. The contractors were advised and have amended their work practices to prevent future occurrences.

Two other falls were associated with uneven footpath and verge surfaces within the Mansfield town centre (in High Street on 15 April and Highett Street on 29 February). Field Services staff inspected both sites and identified the likely trip hazards as described, which were deemed within the required tolerance but were repaired promptly.

WorkSafe Victoria

Legislation Update

There have been no amendments to the Occupational Health and Safety Act 2004 since October 2022.

WorkSafe Visit

No WorkSafe Inspections have been conducted and no Prohibition or Improvement Notices were issued.

WorkCover

4 workcover claims were closed during the reporting period. Although these claims have been closed, they will continue to impact premiums for several years and have contributed to a change in the risk profile used to calculate Mansfield Shire Council premiums.

One Workers Injury Claim remains open and is being managed with no lost work time and the treatment provided is not likely to exceed the excess amount. This claim was received in 2024 and will impact premiums from 2023-24 until 2026-27.

WorkCover Expert – Safescope

Safescope, a workers compensation expert, were 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 workload and complexity associated with managing some of the claims. This has assisted Council officers with resolution of several claims.

WorkSafe Articles

- 38 articles from WorkSafe Victoria were issued for this period.
- 7 articles from Safe Work Australia were issued for the period.
- Articles of significance to council employees are distributed to work teams for information.

Incidents

Incident Summary

21 incident reports were received and recorded during February - April.

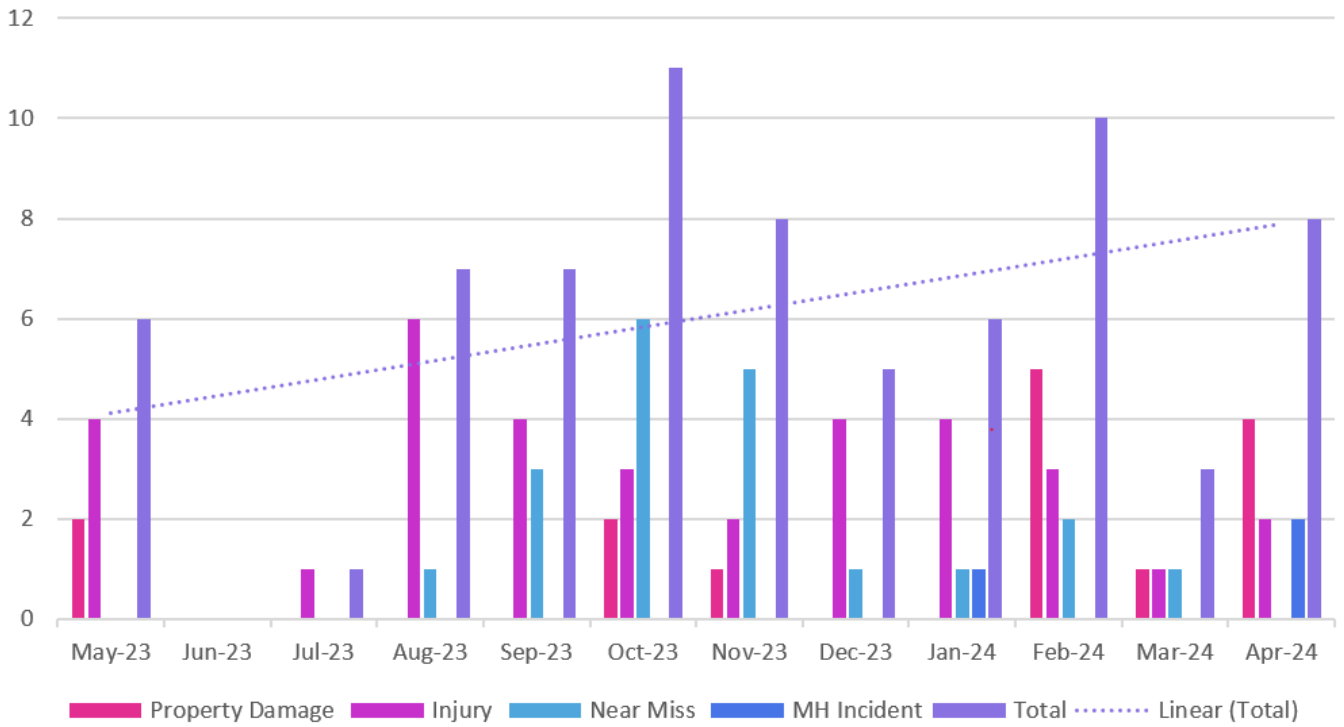
- Ten incidents resulted in property damage
- Six incidents resulted in injury
- Three incidents were near miss incidents
- Two incidents were reported as potential psychosocial (Mental Health) incidents, which were investigated and resolved internally.

Incident Investigation

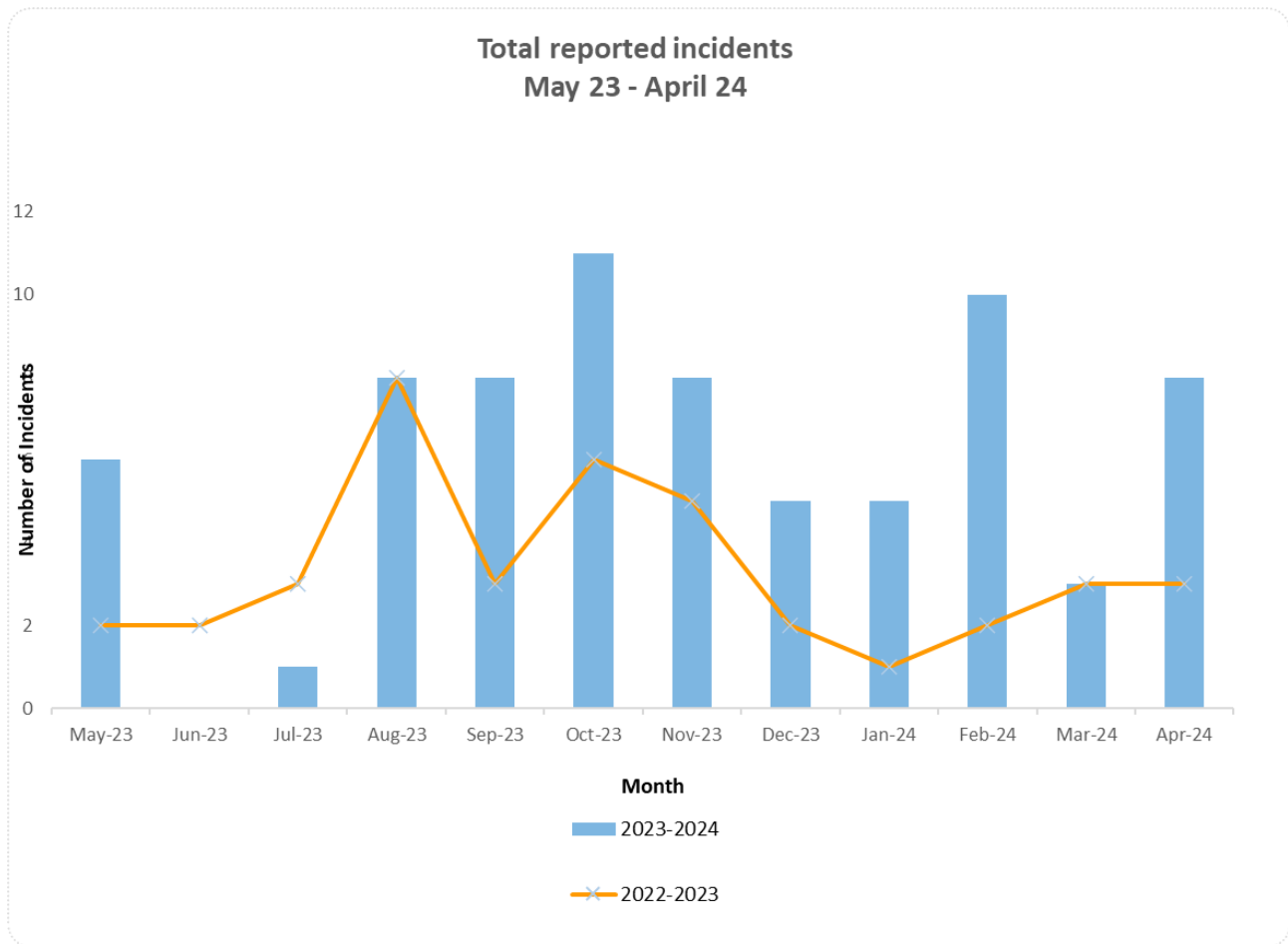
Two incident investigations were undertaken regarding members of the public tripping on council verges and paths.

Annual Incident Overview

The graph below depicts the breakdown of incidents reported including near misses, injuries, mental health incidents and property damage per month over the last 12 months.



The below graph illustrates the total number of incidents per month over the past 12 months compared with the previous 12-month period.



Workplace Inspections

Six OHS workplace inspections were undertaken:

- High and Highbett Street footpaths and garden beds
- The Municipal Office reception area
- New building at the Resource Recovery Centre
- Civil works on High and Station Streets
- Depot plumbing contractor works

Risk Assessment

4 Risk Assessments were completed:

- Risk of tripping on garden bed edging in High Street
- Travelling to remote communities
- Woods Point Resource Recovery Centre
- Library rear access points

Hazard and Risks

5 hazards were raised. No hazard remains open.

Training and Induction

OHS Induction

Council's Occupational Health and Safety Inductions continue to be undertaken for all staff commencing in a position at Council. Six inductions were undertaken during the reporting period.

Training

Training conducted included First aid updates for engineering staff.

Occupational Health and Safety Committee

1 Occupational Health and Safety Committee Meeting was held on 2 May 2024. The next Occupational Health and Safety Committee Meeting is scheduled for 1 August 2024 in the Council Chambers.

Internal Reports / Documents

Updates were made to the Council's Occupational Health and Safety Management System and OHS policy documents:

- Occupational Health and Safety Committee Meeting Minutes – May 2024
- Incident Notification and Investigation Procedure
- Travelling in Remote Communities Procedure
- Alcohol and Other Drugs Procedure

COVID-19 / Influenza

Hand sanitiser and alcohol wipes continue to be distributed.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE 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 2: Vibrant Livability

Strategic Objective 5: Prosperous Industries, businesses, and workforces of the future

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

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

Theme 3: 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.

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. Risk Management Report

File Number	E3937	Responsible Officer	Governance and Risk Officer, Chelsea Young
--------------------	-------	----------------------------	---

Purpose

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

Executive Summary

The Audit 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.

Mansfield Shire Council's 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 Council.

Key Issues

A quarterly review of the Risk Register has been completed and a copy as of May 2024 is attached to this report.

Since the last Risk Register update to the Committee no additional risks have been identified.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the information contained in the updated Risk Register.

Support Attachments

1. Corporate Risk Register 2024 [10.2.1 - 6 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 Council Risk Management Policy.

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

10.3. Risk Management Policy

File Number	E1533	Responsible Officer	Governance and Risk Officer, Chelsea Young
Purpose			

To discuss Council’s Risk Management Policy with the Audit and Risk Committee.

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 (2018).

The Mansfield Shire Council Risk Management Policy applies to all service and functional areas. Risk management is not a stand-alone function separate from the main activities and processes of Council. It is an integral part of all organisational processes, including strategic planning, project, and change management.

The reviewed Policy was presented to the Audit and Risk Committee in November 2023 and subsequently presented to Council for endorsement on 28 November 2023. The Policy has been re-listed for this meeting to seek any further feedback from the Committee for consideration by Council Officers.

Key Issues

The existing Policy was first implemented in 2019 to address recommendations made by an Internal Audit undertaken in July 2018. The policy provides direction to staff in the management, identification, assessment and reporting of risk.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the endorsed Risk Management Policy and provide any further feedback to Council Officers.

Support Attachments

1. Risk Management Policy [10.3.1 - 5 pages]

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

Work to review the Risk Management Policy is undertaken internally by Council Officers within existing staff resources.

Legal and Risk Implications

The Risk Management Policy sets the overarching parameters for the management of risk to Council and aims to minimise risk organisation wide.

Regional, State and National Plans and Policies

Is in accordance with the National Policy Risk Management Framework with ISO 31000 – 2018.

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. Positive Duty for Employers - Sexual Harassment

File Number	E10900	Responsible Officer	People & Culture Advisor, Janique Snyder
Purpose			

To provide the committee with detail on Council’s obligations under the revised Sex Discrimination Act 1984 that introduced a positive duty on employers to eliminate workplace sexual harassment, sex discrimination and sex-based harassment.

Executive Summary

In December 2022, a new positive duty on employers and persons conducting a business or undertaking (PCBUs) to eliminate workplace sex discrimination and harassment commenced.

The Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Act 2022 (Cth) amended the Sex Discrimination Act 1984 (Cth), introducing a positive duty on employers and PCBUs to eliminate workplace sexual harassment, sex discrimination and sex-based harassment including;

- conduct that amounts to subjecting a person to a hostile workplace environment on the ground of sex; and
- certain acts of victimisation.

This important change requires employers and PCBUs to shift their focus to actively preventing workplace sex harassment and discrimination, rather than responding only after it occurs. The new positive duty imposes a legal obligation on employers to take proactive and meaningful action to prevent workplace sexual harassment, sex discrimination, sex-based harassment, conduct that amounts to subjecting a person to a hostile workplace environment on the ground of sex and victimisation from occurring in the workplace or in connection to work.

New regulatory powers have been conferred on the Australian Human Rights Commission to investigate and enforce compliance with the positive duty. Recognising that employers will need time to make changes to ensure that they comply with their new legal obligations, the Commission’s compliance powers commenced in December 2023.

The Australian Human Rights Commission (AHRC) has established seven standards to assist Directors in fulfilling the positive duty:



Figure 1: Australian Human Rights Commission seven standards Framework.

New legislation requires that Council take initiative-based action to eliminate workplace sexual harassment, sex discrimination and sex-based harassment. The new legislation focuses on preventing hostile workplace environments.

The Australian Human Rights Commission (AHRC) has been granted expanded regulatory and investigative powers to ensure employers meet their obligations. They are allowing some time before using their compliance powers to allow organisations sufficient time for necessary adjustments.

The legislation referred to is the Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Act 2022. It represents a transformative legal shift by amending the Sex Discrimination Act 1984. Now all employers or a person conducting a business or undertaking (PCBU) in Australia have existing obligations under the Sex Discriminations Act 1984

Key Issues

Council currently undertakes the following measures under each of the seven standards in the framework to assist with the prevention, identification and reporting of sexual harassment, sex discrimination and sex-based harassment:

1. Leadership

The Executive Management Team (EMT) and the Senior Leadership Group (SLG) already take a proactive approach to prevent and address workplace sexual harassment. Council’s leadership team is committed to gender equality that has enhanced efforts to prevent and address sexual harassment by implementing the necessary policies and processes and leading by example by consistently behaving respectfully, fairly, and ethically.

2. Culture

Council's established values of Leadership, Collaboration, Integrity, Respect, and Innovation collectively contribute to actively prevent bullying, discrimination, and sexual harassment. By upholding these principles in day-to-day functions and decision-making processes, Council is dedicated to fostering an inclusive, diverse, and respectful environment for all its members. Our comprehensive onboarding process for new team members encompasses both online modules and face-to-face training sessions. This approach not only familiarises them with our code of conduct but also actively promotes our organisational values. The approach not only familiarises but integrates these values into our organisational culture.

3. Knowledge

We have a strong system for transparent complaints handling in relation to sexual harassment, discrimination, and bullying. Preventative discussion items are regularly taken to the Employee Consultative Committee. The harassment, bullying and discrimination procedure was recently reviewed and shared with all staff in person and on email. All staff have been offered bystander training over the past two years.

4. Risk Management

Regular quarterly meetings of the Occupational Health and Safety Committee with representative from each division in the organisation to discuss any WHS issues that occur throughout the period including any reports of sexual harassment. This includes identifying and managing risks. Hazards, near misses and incidents are reported through to the Executive Management Team monthly.

5. Support

Our staff benefit from access to an Employee Assistance Provider (EAP), offering confidential support and advice on both work-related and personal matters. To further promote a safe and inclusive workplace, each building is represented by a designated Contact Officer. These officers are pivotal in fostering an environment free from discrimination, harassment, and bullying. Additionally, they play a crucial role in supporting the Council's commitment to meeting its obligations, particularly in ensuring that victims of family violence receive the necessary support within the workplace.

Notably, the People and Culture team places a strong emphasis on maintaining high levels of confidentiality for both formal and informal issues. This commitment ensures that employees feel secure when raising concerns and are assured that appropriate steps will be taken to address their concerns and find a way forward.

6. Reporting and Response

Through bystander training and internal information about how to report, which is shared at induction and has been communicated internally, there are clear pathways for staff to report experiencing or witnessing sexual harassment. Reports of sexual harassment are currently handled confidentially with no regular reporting. This is appropriate for our organisation. Council has completed two staff surveys that include questions of sexual harassment. The Gender Equity Action Plan (GEAP) requires reporting on sexual harassment and includes a progress audit and survey with reporting and response metrics and strategies.

7. Monitoring, Evaluation and Transparency

The People and Culture team provides formal and informal reports on harassment, bullying and discrimination to the EMT regularly for the organisation to meet its positive duty.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note Council's Positive Duty regarding sexual harassment and the work conducted internally to date.
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 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.

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	Financial Controller, Michael McCormack
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

Refer to the Internal Audit Program Status and Industry update reports provided by AFS & Associates, Council’s Internal Audit providers.

AFS’s contract for Internal Audit services is due to expire in June 2024. As a result, AFS have deferred the Risk Assessment and Strategic Internal Audit Program (SIAP) Development topic from the current program.

The proposed scope and approach for the following topics are included in Attachment 1:

- Past Issues Review
- Occupational Health, Safety & Wellbeing Risk Management
- Human Resources Management (incl. Gender Equality).

Relating to 2022-23, AFS have issued a draft Data Analytics – Procurement and Accounts Payable report. For 2023-24, AFS have issued a Final Procurement report (attached) and a draft Information Privacy and Records Management report.

The following reviews are planned for 2023-24:

- Management of Council Buildings (complete)
- Human Resources Management (incl. Gender Equality)
- Occupational Health, Safety & Wellbeing Risk Assessment
- Past Issues Review (to be confirmed).

AFS have submitted their report on Data Analytics - Procurement and Accounts Payable which Council Officers are currently reviewing and will provide feedback to AFS to enable this report to be finalised.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE receives and notes the Internal Audit Program Status Report and Industry Update.

Support Attachments

1. AFS Status Update [11.1.1 - 9 pages]
2. AFS Industry Update [11.1.2 - 12 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 do 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 - Information Privacy and Records Management

File Number	E34	Responsible Officer	Financial Controller, Michael McCormack
Purpose			

To present the completed Internal Audit Report on Information Privacy and Records Management and discuss the recommendations.

Executive Summary

The Information Privacy and Records Management audit identified nine strengths in the current processes, and seven findings that will strengthen Council's existing procurement processes. Five improvement findings were identified as minor and two as moderate.

Council has accepted all AFS improvement recommendations.

Key Issues

AFS identified the following areas of strength:

- Freedom of information
- Privacy and data protection
- Digital Transformation Strategy
- Accesses
- Disposal policy
- Physical storage
- Risk register
- Management of data breaches
- Backup and testing

AFS identified the following improvement findings:

- Information Management Strategy and Recordkeeping Framework
- Back-up testing
- Data security
- Outsourced arrangements
- Information privacy and records management training
- Storage room restrictions
- Managing record categories

All risks were identified as minor except the first two listed above which were identified as moderate.

All recommendations regarding areas for improvement have been accepted by management and actionable responses detailed in the report.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE notes the AFS Information Privacy and Records Management report and identified action items
Support Attachments
1. AFS Internal Audit Report - Information Privacy and Records Management [11.2.1 - 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.

11.3. Internal Audit Completed Report - Audit and Risk Committee Performance Self-Assessment

File Number	CM1819.030	Responsible Officer	Financial Controller, Michael McCormack
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 27 May 2024 for discussion and will be presented to the 25 June 2024 Council meeting as part of the Audit and Risk Committee papers.

Key Issues

The self-assessment report detailed an overall performance score of 4.42 out of a possible score of 5. This is up from the previous year's score of 4.11.

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

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

Areas of strength

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:

- considering reliable financial reporting and management information
- ensuring effective relationship with external audit functions
- providing appropriate advice to Council on the annual financial accounts and performance statement
- promoting and fostering an ethical environment
- having made recommendations to address control deficiencies
- having annually approved the Strategic Internal Audit Program and rolling three-year plan
- regular meeting attendance
- meetings being conducted in accordance with the agenda issued
- meetings have been conducted to allow for full participations by all members
- meetings have allowed Committee members to raise any issue they believe relevant

- meetings have been conducted to allow for open, frank and robust discussion of all matters raised.

Promoting and fostering of an ethical environment and ensuring effective relationship with external audit functions had the highest ratings of 4.86.

Constructive suggestions for improvement

There were no scores with a weighted average of 3.75 or below, compared to last year where 2 questions received a score of 3.75 or below.

The following area has been decreasing in performance for two or more years and therefore may require additional focus for 2024/25:

- Meeting agendas and supporting papers have been well structured and well written.

In response to the survey results, Council officers sought further feedback from the Chair and propose for discussion the timing of the meeting agendas and papers and any other matters that Committee members would like to discuss.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE note and discuss the Audit and Risk Committee Performance Self-Assessment report.
Support Attachments
1. 2200150 1- Audit and Risk Committee Performance Self- Assessment [11.3.1 - 10 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.

11.4. Internal Audit Completed Report - Management of Council Buildings

File Number	E34	Responsible Officer	Financial Controller, Michael McCormack
Purpose			

To present the completed Internal Audit Report on Management of Council Buildings and discuss the recommendations.

Executive Summary

The Management of Council Buildings audit identified 7 strengths in the current processes, and two findings (both minor) and one opportunity that will strengthen Council’s existing processes in managing Council buildings. Council has accepted all AFS improvement recommendations.

Key Issues

AFS identified the following areas of strength:

- Buildings, Recreation, and Community Leisure Asset Management Plan
- Renewal and programmed maintenance planning
- Asset data and condition information
- Facility Inspection Checklist
- Proactive maintenance
- Logging maintenance tickets
- Essential Safety Measures compliance

AFS identified the current Framework for managing Council owned and managed buildings could be further strengthened through:

- Developing procedures, guidance, and checklists for building maintenance tasks to reduce key person risk
- Using functionality within Assetic to support scheduling maintenance tasks and building inspections, to ensure a single source of truth.

One opportunity was identified to capture Council’s high level approach to building maintenance and management responsibilities between Council and user groups within policy.

All recommendations regarding areas for improvement have been accepted by management and actionable responses detailed in the report.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE notes the AFS Management of Council Buildings report and identified action items

Support Attachments

1. 2244586 1-2023-08 Management of Council Buildings FINAL [11.4.1 - 13 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 1.3 Contribute to efforts that ensure essential community services exist locally.

Theme 2: Vibrant Liveability Strategic Objective 5 Prosperous: Industries, businesses and workforces of the future

Strategy 5.1 Create conditions that enable local businesses

Strategy 5.2 Enable land use and base infrastructure that stimulates commercial activity

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

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.

11.5. Internal Audit Tender

File Number	CM2324.047	Responsible Officer	Financial Controller, Michael McCormack
Purpose			

To provide the Audit and Risk Committee with an update on the award of a tender for the provision of internal audit functions.

Executive Summary

In accordance with the *Local Government Act Section 54(2)(d)*, the Audit and Risk Committee must oversee the internal and external audit functions. Also, under Section 4.5(i) of the Audit and Risk Committee Charter; the Committee must be 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.

The current contract with AFS for the provision of Council's Internal Audit Services was awarded for a term of three years to 30 June 2022, with an optional two-year extension to 30 June 2024.

Consistent with Council's Procurement Policy and procedures, the provision of internal audit services was tendered for the period commencing 1 July 2024 to 30 June 2027, with an option for a 2-year extension.

Council received 3 submissions which have been assessed by the tender evaluation panel.

Key Issues

The tender, publicly advertised via Tenderlink, closed on 14 May 2024 and the results were evaluated by the panel consisting of:

- Financial Controller – Michael McCormack
- Procurement Officer – Kathy Stone
- Governance & Risk Officer – Chelsea Young

Tenders were evaluated based on the following criteria:

- Financial Benefit (Price) – 40% weighting
- Experience – 20% weighting
- Personnel, Capability and Capacity (Resources) – 20% weighting
- Service Quality and Client Engagement – 20% weighting

Tenders that provide some form of contribution to the local economy are assessed as having an advantage over those tenders that do not, where all other factors remain equal.

Based on the evaluation panel's assessment, the award of the tender has been recommended to the CEO. The contract is within the CEO's delegation and can be executed without the need for referral to Council.

Recommendation
THAT THE AUDIT AND RISK COMMITTEE notes the update provided on the award of a tender for the provision of internal audit services.
Support Attachments
Nil

Considerations and Implications of Recommendation

Sustainability Implications

Not Applicable

Community Engagement

Not Applicable

Collaboration

Not Applicable

Financial Impact

The cost to Council of awarding the Internal Audit contract to the recommended provider can be accommodated within existing budget parameters.

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

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	E10841	Responsible Officer	Financial Controller, Michael McCormack
Purpose			

VAGO has provided its status report for consideration and noting.

Executive Summary

VAGO have provided the following:

- Status Report for April 2024

Key Issues

VAGO Status Report for April 2024

The April 2024 VAGO Local Government Update is attached for reference.

Recommendation

THAT THE AUDIT AND RISK COMMITTEE note the VAGO Status Report for April 2024.

Support Attachments

1. VAGO - LG status report - April 2024 [12.1.1 - 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 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.

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 Officer, Kathy Stone
--------------------	-------	----------------------------	----------------------------------

Purpose

To provide details of any Procedural Exemptions that have occurred between 1 January 2024 - 31 March 2024.

Executive Summary

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

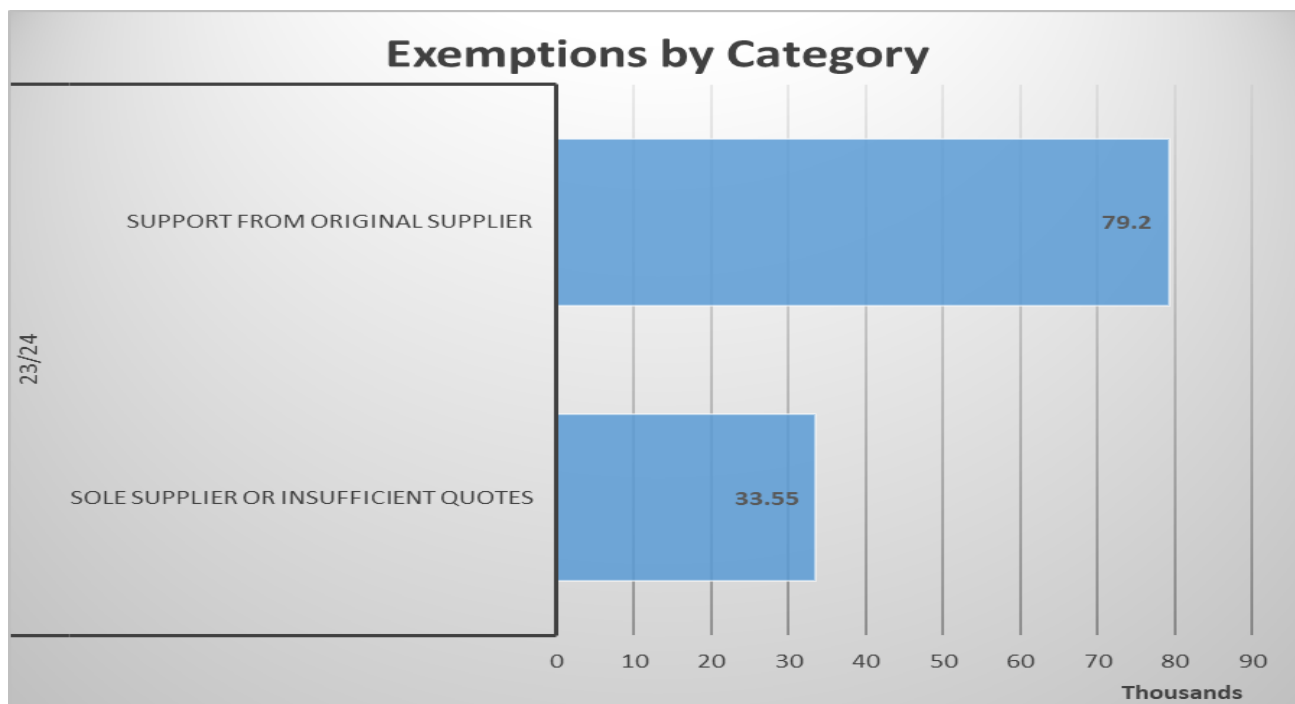
There may be, from time to time, exceptional circumstances that arise where the provisions of the Procurement Policy cannot be satisfied. Section 4.2 of the procedures attached to the Policy provides a list of these circumstances where approval from the CEO is required prior to proceeding with the purchase.

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

Key Issues

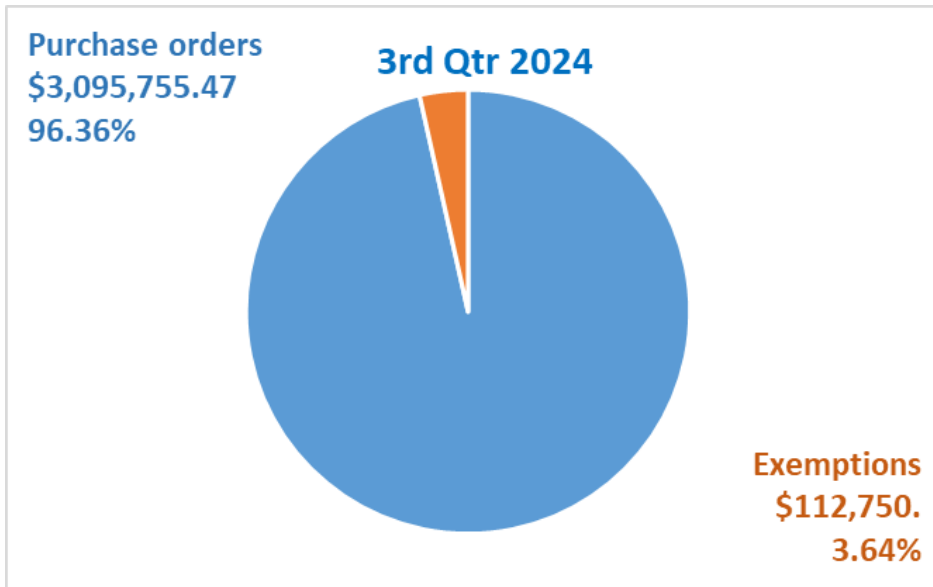
There were two procedural exemptions authorised by the CEO in the third quarter of 2023-24.

Item	Date	Exemption Category	Value	Department
Steel Flex Guideposts	29/01/2024	Sole Supplier	\$33,500.00	Depot
Information Management Transformation	12/02/2024	Support from Original Supplier	\$79,200.00	CODI Project



The procedural exemptions approved by the CEO are attached for the Committee’s information. The number of procedural exemptions for the last quarter is two, or 3.64% of the total purchase order value.

Quarterly STATS	Volume	Value
	Number	\$
Exemptions	2	\$112,750.00
Purchase Orders	152	\$3,095,755.47



Recommendation
THAT THE AUDIT AND RISK COMMITTEE notes that two Procedural Exemptions were authorised by the Chief Executive Officer between 1 January 2024 to 31 March 2024.
Support Attachments
<ol style="list-style-type: none"> 1. Procedural Exemption - Delnorth - Supply Steel Flex Guideposts - December 2023 [13.1.1 - 2 pages] 2. Logicalis IM Lead Agreement procedural exemption request [13.1.2 - 4 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. Only two 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 Monday 26 August 2024 online via ZOOM.

16. Close of meeting