

SCHEDULED MEETING OF COUNCIL - 24 MARCH 2021 ATTACHMENTS

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Councillor Representative List 2021

24 March 2021

COUNCIL COMMITTEES		
Committee Name	Number of required appointments	2020/21 Appointments
Audit and Risk Committee	2 Councillors 1 Alternate Councillor (optional)	Cr D Gallagher Cr I Gerencser
Business and Tourism Advisory Committee	Mayor (Chair) 1 Councillor	Cr S McAulay Cr K Haslam
Chief Executive Officer Performance Review Sub-Committee	All Councillors	All Councillors
Municipal Emergency Management Planning Committee	1 Councillor	Cr I Gerencser
Yea Cemetery Trust	All Councillors	All Councillors
EXTERNAL COMMITTEES – Crown Land Committees of Management		
Committee Name	Number of required appointments	2020/21 Appointments
Alexandra Racecourse & Recreation Reserve Committee of Management	1 Councillor	Cr D Gallagher
Alexandra Showgrounds & Recreation Reserve Committee of Management	1 Councillor	Cr D Gallagher
Flowerdale Community Hall Reserve Committee Inc.	1 Councillor	Cr E Lording
Murrindindi Scenic Reserve Committee of Management	1 Councillor	Cr J Walsh
Steavenson Falls Scenic Reserve Committee of Management	1 Councillor	Cr S McAulay
EXTERNAL COMMITTEES – Other		
Committee Name	Number of required appointments	2020/21 Appointments
Central Ranges Local Learning & Employment Network (CRLLEN)	1 Councillor 1 Council Officer (appointed by CEO)	Cr E Lording
Flowerdale Community House Inc.	1 Councillor 1 Council Officer (appointed by CEO)	Cr E Lording
Goulburn Broken Greenhouse Alliance	1 Councillor 1 Council Officer (appointed by CEO)	Cr J Walsh
Goulburn Valley Waste & Resource Recovery Local Government Forum	1 Councillor 1 Alternate Councillor (optional)	Cr K Haslam
Municipal Association of Victoria (MAV) Delegate	1 Councillor 1 Alternate Councillor (optional)	Cr S McAulay Cr S Carpenter
Rubicon Outdoor School	1 Councillor	Cr Damien Gallagher (proposed)
Rural Councils Victoria (RCV)	Mayor	Cr S McAulay

Title:	Councillor Gifts and Benefits Policy
Type:	Council
Adopted:	24 March 2021 (TBC)
File No:	21/17157
Attachments:	

1. Purpose

The purpose of the Councillor Gifts and Benefits Policy (the Policy) is to provide Murrindindi Shire Council's (Council) position on:

- responding to offers of gifts, benefits and hospitality; and
- disclosing offers gifts, benefits and hospitality.

The Policy provides clear guidelines to ensure Councillors are not compromised in the performance of their duties by accepting gifts or benefits which may result in a sense of obligation or could be interpreted as an attempt to influence. This helps to protect and promote public trust.

Council has issued this Policy to support standards of conduct, consistent with the Councillor Code of Conduct.

2. Rationale

Implementing a clear policy for managing the receipt and provision of gifts, benefits and hospitality is a fundamental step in developing high levels of public trust. It ensures Councillors are not compromised in the performance of their duties by accepting gifts, benefits and hospitality which may result in a sense of obligation or could be interpreted as an attempt to influence.

This Policy has been developed in line with recent recommendations from Audits of Local Government by Victorian Integrity Agencies and meets the requirements outlined in the Victorian Public Sector Commission's Gifts, Benefits and Hospitality Policy Guide.

3. Scope

This Policy sets out Council's standards and procedures for responding to gift, benefits and hospitality offers. It applies to all Councillors at Murrindindi Shire Council.

4. Definitions

Reference Term	Definition
Benefits	To receive a benefit is to gain advantage for yourself or your family. Examples of receiving a benefit are where preferential treatment is given, privileged access, loyalty programs or a promise of a new job.
Bribe	A bribe is an offer of money or other inducement made with the intention to corruptly influence a Councillor, officer or contractor in the performance of their duties. Bribery or attempted bribery of a public official is a criminal offence.
Ceremonial Gifts	Ceremonial gifts are official gifts provided as part of the culture and practices of communities and government, within Australia or internationally. Ceremonial gifts are usually provided when conducting business with official delegates or representatives from another organisation, community.

Conflict of interest	<p>"Conflict of Interest" has the same legal definition as it has in Division 2 – Sections 126 to 131 of the <i>Local Government Act 2020</i>.</p> <p>"a relevant person has a conflict of interest if the relevant person has—</p> <p>(a) a general conflict of interest within the meaning of section 127; or</p> <p>(b) a material conflict of interest within the meaning of section 128."</p> <p>"relevant person has a general conflict of interest in a matter if an impartial, fair-minded person would consider that the person's private interests could result in that person acting in a manner that is contrary to their public duty." (section 127 of the <i>Act</i>)</p> <p>"a relevant person has a material conflict of interest in respect of a matter if an affected person would gain a benefit or suffer a loss depending on the outcome of the matter." (section 128 of the <i>Act</i>)</p>
Council	<p>"Council" is a public body and has the same meaning as it has in section 3(1) of the <i>Local Government Act 2020</i>.</p>
Gift	<p>Section 3 of the Local Government Act 2020 defines gift as being:</p> <p>"Means any disposition of property otherwise than by will made by a person to another person without consideration in money or money's worth or with inadequate consideration, including—</p> <p>(a) the provision of a service (other than volunteer labour); and</p> <p>(b) the payment of an amount in respect of a guarantee; and</p> <p>(c) the making of a payment or contribution at a fundraising"</p> <p>A gift is anything of monetary or other value that is offered by an external organisation or individual to a Councillor, Officer or contractor as a result of their role with the agency. It includes free or discounted items or services, benefits or hospitality that exceeds common courtesy. Examples include:</p> <ul style="list-style-type: none"> • Tickets to sporting events • Gift Voucher • Corporate hospitality at a corporate facility • Discounted products for personal use • Use of a holiday home • Free or discounted travel • Free training excursions
Gift Disclosure Threshold	<p>A disclosable gift means any gift valued at or above \$500 or a higher prescribed amount that a relevant person received in the preceding five years if:</p> <ul style="list-style-type: none"> • the relevant person was a Councillor, member of Council Staff or member of a delegated committee at the time the gift was received, or • the gift was an election campaign donation. <p>If multiple gifts are received from a person, they must be treated as a single gift with an aggregate value.</p> <p>A gift includes any good or service (other than volunteer labour) that is provided for free or at an inadequate price. It includes a payment or contribution at a fundraising function.</p> <p>A failure to comply is an offence that can be prosecuted in court. If found guilty a fine of up to 60 penalty units may be imposed, the value of the gift</p>

	must be paid to the Council and the Councillor may be required to pay the costs of the prosecution.
Gift Register	Means a register that captures all offers of gifts, benefits and hospitality, irrespective of value, or whether received, accepted or declined by Councillors.
Hospitality	<p>Means the friendly reception and entertainment of guests. Hospitality may range from light refreshments at a business meeting to expensive restaurant meals and sponsored travel and accommodation.</p> <p>Hospitality is considered a gift unless the hospitality was reasonable and you were attending the function or event in an official Council capacity.</p> <ul style="list-style-type: none"> • <u>Reasonableness test</u>: the hospitality must be of a standard and type that an independent observer would consider appropriate and not excessive. • <u>Official capacity test</u>: it must clearly be your duty as a Councillor to attend the relevant function or event. <p>Hospitality that <u>exceeds</u> common courtesy includes:</p> <ul style="list-style-type: none"> • A 'fine dining and wines' working lunch at another organisation's premises • An offer to pay for a working lunch at a café • An offer of a free spot on an industry golf day <p>Hospitality that does <u>not</u> exceed common courtesy and is therefore <u>not</u> a gift includes:</p> <ul style="list-style-type: none"> • Sandwiches and pastries over a lunchtime meeting • A cup of coffee or tea at another organisations premises
Internal Gifts	<p>Gifts received by Councillors from Murrindindi Shire Council are not covered by this Policy and do not need to be declared.</p> <p>For e.g. recognition gifts after the end of the Mayoral or Councillor term</p>
Legitimate business benefit	<p>Means if it furthers the conduct of official business or other legitimate Council goals.</p> <p>The following are <u>not</u> legitimate business reasons:</p> <ul style="list-style-type: none"> • 'it would have been impolite to refuse' • 'Refusal would offend' (except in compelling circumstances that are in the public interest, for example accepting a gift onstage at an official ceremony) • 'Networking' • 'Maintaining stakeholder relationships'
Non-token offer	Means an offer of a gift, benefit or hospitality that is, or may be perceived to be by the recipient, the person making the offer or by the wider community, of more than inconsequential value. The monetary value of non-token offers is \$50 or more.

Token offer	Means an offer of a gift, benefit or hospitality that is of inconsequential or of trivial value to both the person making the offer and the Council representative. The monetary value of token offers is less than \$50.
Value	Value means the face value or estimated retail value.

5. Policy

Murrindindi Shire Council is committed to building a culture of integrity and transparency whereby Councillors will uphold the principles that apply to this Policy.

Further to that, Councillors have an obligation with the community to ensure ratepayers funds are managed with probity and consideration of Council's resources.

5.1 Prohibited Gifts

In accordance with the *Local Government Act 2020*, section 137, Councillors are prohibited from accepting a gift, benefit or hospitality that equals or exceeds the gift disclosure threshold unless they know the name and address of the person making the offer. If for any reason a Councillor finds themselves in possession of a gift when they don't know the name and address of the person who gave the gift, the Councillor can give the gift to the Council within 30 days to avoid committing an offence.

Further to the requirements under the Act, Councillors will not:

- a) seek or solicit gifts, benefits or hospitality for themselves or others
- b) accept bribes or inducements and will report such acts to the Public Interest Disclosure Coordinator (Director Corporate and Shared Services) as soon as possible.

Regardless of the value, Councillors will not accept gifts, benefits or hospitality that:

- a) could bring them, Council or the public sector into disrepute
- b) are money, or used in a similar way to money, or something easily converted to money – this includes vouchers and gift cards
- c) is alcohol
- d) is likely to influence them, or be perceived to influence them, in the course of their duties or that raise an actual, potential or perceived conflict of interest
- e) is made by a person or organisation about which Council will likely make or influence a decision (this also applies to processes involving grants, sponsorship, regulation, enforcement or licensing), particularly offers:
 - I. made by a current or prospective supplier
 - II. made during a procurement or tender process by a person or organisation involved in the process
 - III. made by an individual or group that may be involved with a regulatory process that is underway
- f) could be perceived as endorsement of a product or service, or acceptance would unfairly advantage the sponsor in future procurement decisions;
- g) extends to their relatives or friends;
- h) are made by a person or organisation with a primary purpose to lobby elected members of Council; or
- i) are made in secret.

5.2 Consequence of accepting prohibited gifts

Accepting a prohibited gift may constitute misuse of a Councillors position and a breach of this Policy may result in serious misconduct allegations for Councillors. Should the gift be perceived as being offered in return for some thing or act then accepting it may constitute a bribe, or corruption and lead to criminal prosecution.

5.3 Attempts to Bribe

A Councillor who receives a gift, benefit or hospitality offer that they believe is an attempted bribe must refuse the offer. They must:

- Immediately notify the Public Interest Disclosure Coordinator (Director Corporate and Shared Services)
- Lodge a gift declaration form (see section 5.7), so their refusal can be properly recorded
- A Councillor who believes another person within the Council may have solicited or been offered a bribe which they have not reported, must report the matter to the Public Interest Disclosure Coordinator (Director Corporate and Shared Services).

5.4 Management of the offers of gifts, benefits or hospitality

Deciding whether to accept an offer, Councillors should first consider if the offer could be perceived as influencing them in performing their duties or lead to reputational damage. The more valuable the offer, the more likely that a conflict of interest or reputational risk exists.

Developed by the Victorian Public Sector Commission, the GIFT test (Table 1) is a good example of what to think about when deciding whether to accept or decline a gift, benefit or hospitality.

Table 1 - GIFT test

G	Giver	Who is providing the gift, benefit or hospitality and what is their relationship to the Councillor? <ul style="list-style-type: none"> • Consider regulatory processes currently underway, potential or current suppliers, potential grant applicants. • Could the person or organisation benefit from a decision Council makes?
I	Influence	Are they seeking to gain an advantage or influence Council decisions or actions? <ul style="list-style-type: none"> • Has the gift, benefit or hospitality been offered to Councillor/s publicly or privately? • Is it a courtesy or a token of appreciation or a valuable non-token offer? • Does its timing coincide with a decision Council is about to make?
F	Favour	Are they seeking a favour in return for the gift, benefit or hospitality? <ul style="list-style-type: none"> • Has the gift, benefit or hospitality been offered honestly? • Has the person or organisation made several offers over the last 12 months? • Would accepting it create an obligation to return a favour?
T	Trust	Would accepting the gift, benefit or hospitality diminish public trust? <ul style="list-style-type: none"> • How would the public view acceptance of this gift, benefit or hospitality? • What would ratepayers think?

5.5 Token and Non-Token Gifts

Gifts, benefits or hospitality offers of **up to \$50** in value are considered to be a token gift. Councillors may accept a token gift, once they have given consideration to the GIFT test and Section 5.1 – 'Prohibited Gifts'.

The combined total of offers from a single source in a 12 month period must not exceed \$500
Token gift offers must be disclosed in accordance with section 5.7

5.6 Non-token gifts

Gifts, benefits or hospitality offers valued at **\$50 and over** should not be accepted unless there is a legitimate business benefit and the offer has been approved in writing by the Chief Executive Officer.

In the event where there is no opportunity to seek written approval from the Chief Executive Officer prior to accepting a gift, for example, a wrapped gift that was later identified as being a non-token offer, the Councillor must notify and handover the gift (if applicable) to the Chief Executive Officer as soon as practicable but no more than 7 days after receipt.

The Chief Executive Officer should evaluate if there is a legitimate business benefit and decide whether the gift is accepted by Council or returned.

All non-token gift offers must be disclosed in accordance with section 5.7.

5.7 Disclosure

- a) All gifts, benefits or hospitality offers regardless of their value or whether accepted must be declared via a gift declaration form. Councillors must lodge the form with the Chief Executive Officer within 7 days of the offer and the details are to be included in the register.
- b) Gifts valued at \$50 or more (non-token gifts) remain the property of Council (held by the CEO) unless otherwise determined.
- c) A Councillor must disclose any gift valued at \$500 or more in their biannual personal interest return unless the gift is from a family member.
- d) A Councillor who has a conflict of interest as a result of receiving a gift or gifts from a person must disclose the conflict of interest in accordance with the procedures outlined in the **Governance Rules 2020**.
- e) Gifts above the gift disclosure threshold that are election campaign donations must be disclosed in an election campaign donation return.
- f) Accepted gifts, benefits or hospitality must also be disclosed in the Gift Register.

Gift declaration form

The following are some examples of acceptable and unacceptable levels of detail to be included in the gift declaration form when recording the business reason:

- a) Acceptable level of detail
 - "Councillor A is responsible for evaluating and reporting on the outcomes of the Council's sponsorship of Event A. Councillor A attended Event A in an official capacity and reported back to Council on the event."
 - "Councillor B presented to a visiting international delegation. The delegation presented the individual with a cultural item worth an estimated \$200. Declining the gift would have caused offence. The gift was accepted on behalf of Murrindindi Shire Council and ownership transferred to Council".

- b) Unacceptable level of detail
 - “Networking” (with no further explanation)
 - “Maintaining stakeholder relationships” (without further details such as why, who, when)

Gifts Register

The Governance and Risk Department maintain the Gift Register for all gift disclosures (Councillors, Staff and Contractors). Details of all non-token gifts received or offers (equal to or exceeding \$50) will be made publicly available on Council’s Website, in accordance with the Public Transparency Principles and Policy.

Consideration will be given to maintaining reasonable confidentiality in situations where public disclosure will prejudice a proposed development or business venture, legal advice or legal proceedings.

The Manager Governance & Risk is to monitor the Gifts Register and report to the Executive Team on any identified systematic pattern of gifts offered and accepted to ensure that unacceptable cultures do not develop within sections of the Council. A report is to be presented annually to the Audit & Risk Committee.

5.7 Gestures (not considered gifts)

Councillors may accept gestures without approval or declaring the offer on the Gift register. To qualify as a gesture it must not give rise to a conflict of interest or lead to reputational damage.

Examples of gestures are:

- a) A bunch of fresh cut flowers from someone’s garden when a Councillor visits
- b) General hospitality when meeting with a group – for example cake offered to all in attendance
- c) A souvenir received from attending a function or seminar so long as the Councillor was not paid to appear
- d) Raffle prizes where the Councillor personally purchases the ticket

Examples of where it would not be considered a gesture and should be treated as a gift:

- a) A thank you gift for hosting an event
- b) Applicant for a planning permit bakes cookies for Councillors as a gift for visiting the proposed site
- c) Door prize associated with the Council paid attendance

5.8 Official gifts to the Council

Official/Ceremonial gifts are gifts provided as part of the culture and practices of communities and governments, within Australia or internationally. Official/Ceremonial gifts are the property of Murrindindi Shire Council, irrespective of value, and should be accepted by individuals on behalf of Council and given to the Chief Executive Officer as soon as practicable.

6 Related Policies, Strategies and Legislation

- *Independent Broad-based Anti-corruption Commission Act 2011*
- *Local Government Act 2020*
- Victorian Public Sector Commission’s Gifts, Benefits And Hospitality Policy Guide
- Governance Rules 2020
- Councillor Code of Conduct
- Fraud and Corruption Control Policy
- Public Interest Disclosure Policy

7 Council Plan

This Policy relates to the Council Plan 2017-2021 Our Promise strategic objective to ensure we deliver the best possible outcomes in all that we do.

8 Management and Review

Review of this Policy is to be conducted every 4 years from the date of endorsement.

The Director Corporate and Shared Services and the Manager Governance & Risk are responsible for ensuring this Policy is reviewed and presented to Council for endorsement.

9 Consultation

Community consultation was not required in the development of this Policy.

10 Human Rights Charter

This policy has been developed with consideration of the requirements under the [Charter of Human Rights and Responsibilities](#).

Audit and Risk Committee Biannual Report, December 2020

Purpose

This report describes the activities of the Audit and Risk Advisory Committee and includes Committee findings and recommendations in accordance with the Local Government Act 2020, Section 54 (5a).

Recommendation

That Council receive and note the report.

Background

The Audit and Risk Committee provides biannual reports to Council to acquit its responsibilities in accordance with Section 6, Review and Reporting of the Charter adopted by Council 22 July 2020. This is the first of the newly mandated biannual reports from the Audit & Risk Committee and covers the period July-December 2020.

Discussion

This report seeks to avoid repeating the content of minutes already received by Council. Instead, it seeks to highlight developments, achievements or risks of principal current concern to the Committee.

- The Committee has followed a schedule of activity that reflects the Committee's obligations documented in the Charter and in accordance with the agreed Annual Plan, Internal Audit Plan and External Auditors program. In addition, it regularly scans the activities of audit matters across the public sector throughout Australia for potential or emerging risks.
- The Committee monitors Council's implementation of responses to audits and in addressing the specific risks identified in the strategic and operational risk registers. The workload is significant and progress may at times have appeared slow but the Committee is satisfied that the major findings and risks have received priority and sound progress is being made. In particular, the Committee is particularly pleased to see the impact of a management culture that is positive in the face of identified risks, is quick to respond to audit findings or identified risks and which builds on openness.
- Of particular note is Council's continued work on business continuity planning. The issues thrown up by the Covid19 pandemic and Council's quick and positive response would appear to demonstrate a significantly improved risk management culture.
- While much of the Committee's work includes oversight of Council governance and operations and may appear procedural, the willingness of Council to act upon the Committee's recommendations is particularly satisfying.

The Committee has identified no areas where it believes Council should have heightened concern in regard to increased risk or deficiencies resulting from inadequate application of the risk management framework.

Council Plan/Strategies/Policies

The *Council Plan 2017-2021* includes an 'Our Promise' strategy to "represent and advocate for our community in a transparent and equitable way". The role of the Audit and Risk Committee supports this objective.

This report is a requirement of the Audit and Risk Committee Charter adopted by Council 22 July 2020.

Relevant Legislation

The Audit and Risk Committee is established by Council in accordance with the requirements of the Local Government Act 2020. Members of the Audit and Risk Committee is governed by a Charter adopted by Council.

Financial Implications and Risk

This report identifies no further risks than are identified by Council officers and as reported regularly as part of the minutes of the Audit and Risk Committee Minutes.

Conflict of Interest

There are no declared conflicts of interest by Audit and Risk Committee members in relation to this report.

Community and Stakeholder Consultation

No external community or stakeholder consultation was undertaken or required for this report.

Claude Baxter
Chair, Audit & Risk Committee
For and on behalf of the Audit & Risk Committee

Endorsed 4 March 2021



MINUTES
of the
AUDIT AND RISK COMMITTEE MEETING
Thursday 4 March 2021
at
Murrindindi Shire Council
Zoom
Virtual Meeting
Videoconference
3:00 PM

This Audit and Risk Committee was conducted virtually
(as per *COVID-19 Omnibus (Emergency Measures) Act 2020*,
passed by Victorian Parliament on 23 April 2020)

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1 APOLOGIES AND REQUEST FOR LEAVE OF ABSENCE

Apologies:

Cr Sandice McAulay (Mayor- Non-Voting), Kathie Teasdale (RSD Audit)

Present:

Claude Baxter (Chair), Ian McKaskill, Craig Nisbet, Cr Damien Gallagher, Cr Ilona Gerencser

In attendance:

Acting Chief Executive Officer: Michael Chesworth

Acting Director Corporate and Shared Services: Marilyn Kearney

Director Assets and Development: Vito Albicini

Manager Business Services: Graham Haylock

Manager Governance and Risk: Tara Carter

Kapil Kukreja: HLB Mann Judd

Mark Holloway: HLB Mann Judd

2 DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST

Nil.

3 CONFIRMATION OF MINUTES

3.1 Confirmation of Minutes

Minutes of the Audit and Risk Advisory Committee Meeting held on 10 December 2020.

Officer Recommendation

That the Minutes of the Audit and Risk Advisory Committee Meeting held on 10 December 2020 be confirmed.

RESOLUTION

I McKaskill / C Nisbet

That the Minutes of the Audit and Risk Advisory Committee Meeting held on 10 December 2020 be confirmed.

CARRIED

4 REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES

Nil.

5 RISK MANAGEMENT

5.1 CEO's Questionnaire

Attachment(s):

1. Audit and Risk Committee - CEO Questionnaire to Directors - 28 February 2021 [5.1.1 - 3 pages]

The Chief Executive Officer presented the Questionnaire at the meeting.

Officer Recommendation

That the Audit and Risk Committee note the Chief Executive Officer's Questionnaire to Directors February 2021.

RESOLUTION

Ian McKaskill / Cr D Gallagher

That the Audit and Risk Committee note the Chief Executive Officer's Questionnaire to Directors February 2021.

CARRIED

5.2 CEO's Update

Attachment(s): Nil

The Chief Executive Officer provided a verbal update on the following matters:

- COVID response – third lockdown
- Unauthorised music event, breach of Planning Scheme
- Compliance with New Local Government Act.

Officer Recommendation

That the Audit and Risk Committee note the Chief Executive Officer's update.

RESOLUTION

Cr D Gallagher / I McKaskill

That the Audit and Risk Committee note the Chief Executive Officer's update.

CARRIED

5.3 Review Risk Register

Attachment(s): Nil

Purpose

The purpose of this report is to provide the Audit and Risk Committee with an update on the management of Council's Strategic and Operational Risk Registers.

Officer Recommendation

That the Audit and Risk Committee note the Review Risk Register Report.

Background

This report provides the Audit and Risk Committee with a quarterly update on how Council is managing its Strategic and Operation Risks and any emerging risks that have been identified.

Discussion

Leadership Team in conjunction with HLB Mann Judd undertook a comprehensive review of the Strategic Risk Register in early 2019 and was subsequently further reviewed by the Leadership Team in February 2020.

In 2021 as part of the annual review process HLB Mann Judd was again invited to facilitate a workshop with the Leadership Team in early February to review Council's strategic risks for continued relevance, to assess the impact of the pandemic and to ensure alignment of identified risks with the current organisational structure.

Kapil Kukreja, HLB Mann Judd facilitated the workshop session with the Leadership Team for a review of the Strategic Risk Register. This allowed for robust discussion, training for new Managers and the ability to re-visit the effectiveness of the way the risk is captured.

The COVID-19 Pandemic was listed as a Strategic Risk and through discussion it was agreed that whilst a risk of itself, it has a pervasive impact on most identified strategic risks in the register requiring it to be addressed throughout the register for each identified risk.

The following is a list of the revised Strategic Risks with only three remaining unchanged:

1. Technology vulnerabilities across Council (e.g., information management security and protocols for staff applications) expose systems and information to shut down, loss and disruption to service continuity.
2. Adverse impacts of climate change on Council and Community.
3. Failure to provide a safe workplace for employees, Councillors, contractors, volunteers or members of the public in delivering Council services.
4. A significant internal or external event / disruption impacting critical Council Services (incl. but not limited to pandemic, natural disaster, cyber-attack etc.).
5. Inadequate corporate governance oversight, management and controls (remained unchanged).
6. Significant damage to Council's reputation (remained unchanged).
7. Non-compliance with statutory and regulatory requirements with significant material impact on the Council (remained unchanged).
8. Council cannot not meet its financial obligations, provide continuity of services, deliver the strategic plan initiatives, maintain and develop assets, achieve long term investment objectives and meet community expectations.
9. Ineffective partnerships, relationships and engagement with key stakeholders (Community, Business, Government etc.) to invest and support for and deliver Council plans, strategies and objectives.
10. Absence of adequate strategic and service planning processes to identify opportunities and for-see future needs of the community

The review process delivered a more comprehensive understanding of the risks, being expanded for clarity and purpose and their impact on the organisation. The Leadership team will participate in another workshop to complete the review process by further exploring the causes, treatments and controls. Through this process it will establish if any of the strategic risks cross over in their intent, whether all strategic risks have been adequately captured, how the operational risks align and consideration of particular requirements to address the pandemic and impacts of Covid 19.

The completed review will be presented to the Audit and Risk Committee meeting scheduled for May 2021.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to “we will all work in collaboration with our communities to deliver the best possible outcomes in all that we do”.

Relevant Legislation

The *Local Government Act 2020* has a general requirement that the Audit and Risk Committee will provide advice on financial management and broader aspects of the council's operations, particularly where compliance issues and risks are involved.

Financial Implications and Risk

This report directly relates to the management of risk by Council that it is best able to realise its strategic objectives and opportunities.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

No external community or stakeholder consultation was required for this matter.

RESOLUTION

C Nisbet / I McKaskill

That the Audit and Risk Committee note the Review Risk Register Report.

CARRIED

5.4 Review Business Continuity Plan

Attachment(s): Nil

Purpose

This report provides an update on the status of business continuity planning at Murrindindi Shire Council.

Officer Recommendation

That the Audit and Risk Committee note the update report on the Business Continuity Planning arrangements.

Background

The Audit and Risk Committee last formally considered the status of the Business Continuity Plan (BCP) in March 2020. The report identified a number of actions that had already been completed from the prior report to the Committee (December 2019). This report aims to advise and report back on developments, timelines and actions undertaken since that time.

The March 2020 committee report reflected on Council's requirements to respond to the significant bushfires occurring in the region at the time and the impact this had on Council's ability to devote resources to the continued review of the BCP.

Subsequent to that time the Covid19 pandemic triggered a State of Emergency in Victoria and across the country with extended periods of time where the State of Victoria was locked down and significant limitations placed on the community for the way in which it goes about its business, engages in work and social activities. This impacted significantly on Councils normal service delivery model and a number of services were either curtailed or required to pivot to address community and business demand. Further, Council responded with the development and

implementation of both Community and Business Recovery Plans to assist the residents, businesses and ratepayers in the Shire with dealing with the pandemic in the immediate and longer term.

Discussion

The report to the Committee in March 2020 envisaged that there would be a number of actions to be undertaken against the following timelines:

Action	Due Date
Final BCP Sub Plans – including revised BIA and signed off as complete by relevant managers	March 2020
Draft BCP – Reviewed & updated and signed off by Executive team	31 May 2020
BCP Live Testing	30 June 2020
Final Live Testing of BCP with Scenarios	July – August 2020
Review of BCP arrangements by Audit and Risk Committee	September 2020
Internal Audit of Council's Business Continuity Planning Arrangements	October 2020
Review of BCP by Audit and Risk Committee BCP Plans	December 2020

The Audit and Risk Committee were advised at the last meeting in December 2020 of plans to revisit the review process with the Crisis Incident Committee (CIT) that have met regularly throughout the pandemic twice a week until recently when it reduced to weekly. The success of the CIT was especially evident recently when the Victorian Premier announced at short notice of the most recent five-day lockdown.

Council officers responded quickly and seamlessly to the reintroduced constrained environment in the delivery of services, advice to customers and the wider community of the plans in place to support them through the shutdown. Again, when that period ended, we reverted to our COVID-19 normal operating environment.

With respect to the outstanding items identified in the table above and in light of the pandemic and the need for council's response to it a preliminary review has been undertaken of the BCP documentation but is yet to be socialised with the wider leadership team and the CIT. The desktop review has made several recommendations with respect to combining the master document with the sub plans developed at a departmental level giving consideration to the pandemic and the likelihood of the changed operating environment being in place for some time.

This initiative has yet to be tested although it is modelled on the Crisis Incident Team structure and reporting arrangements put in place throughout the pandemic and currently operating in the new COVID-19 Normal environment.

The plan going forward is to commence the socialisation of the revised documentation, give consideration to the recommendations made and to consult with Council's internal auditor with respect to their experience with other organisations in this new environment. This aligns well with Council's review of the Strategic Risk Register and the recommendations contained in that report included in this agenda.

The Committee will receive a report to its next meeting in May of this year of the actions undertaken and plans going forward.

RESOLUTION

I McKasill / C Nisbet

That the Audit and Risk Committee note the update report on the Business Continuity Planning arrangements.

CARRIED

5.5 Review Investment & Borrowing Policies

Attachment(s):

1. Policy - Investment - Adopted 2019-09-19 [5.5.1 - 5 pages]
2. Policy - Borrowings - Adopted 2019-06-26 [5.5.2 - 3 pages]

Purpose

This report is to table the investment and borrowing policies for review and comment as per the Audit and Risk Committee Annual Plan.

Officer Recommendation

That the Audit and Risk Committee:

1. Note the current investment and the current investment and borrowing policies
2. Provide any comments on the existing policies to the Manager Business Services for consideration in the next revised versions.

Background

Both policies were last reviewed and adopted in 2019. The Investment Policy is an organisational policy that was approved by the CEO at the 19 September 2019 Executive Team meeting and is due for review later this calendar year.

The Borrowings Policy is a Council policy and was adopted at the 26 June 2019 Council meeting and is due for review in 2022.

Discussion

As both policies are not immediately due for review, officers are not proposing any changes to the current policies at this time. However, it is noted that both policies will need an update to reference the new *Local Government Act 2020* in their next revision.

As such, officers welcome any comments from the Committee which can be incorporated into the next revised versions of the policies. These revised versions will be tabled at a future Committee Meeting.

It is noted that in regard to borrowings, Council is not undertaking any new borrowings in 2020/21, and is not intending to include any new borrowings in the 2021/22 draft budget.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021 Our Promise* strategy to “maintain Council’s financial sustainability through sound financial and asset management”.

Relevant Legislation

Section 104 of the *Local Government Act 2020* (the Act) provides councils the power to borrow as long as the proposed borrowings are included in the budget or a revised budget.

The Act allows for cash to be invested in authorised financial institutions under Section 103.

Financial Implications and Risk

The policies ensure Council's borrowing and investing activities are in line with legislative requirements and include adequate controls to mitigate financial risks.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

No external community or stakeholder consultation was required for this matter.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee:

1. **note the current investment and the current investment and borrowing policies**
2. **request Management take into account comments made by the Committee when considering these policies for revision.**

CARRIED

5.6 Reports & Publications of Interest to Local Council's

Attachment(s):

1. Local Government - Recent Reports and Publications (February 2021) [5.6.1 - 17 pages]

HLB Mann Judd presented this report at the meeting.

Officer Recommendation

That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd.

CARRIED

5.7 Review of CEO Credit Card Expenditure

Purpose

The purpose of this report is to provide the Audit and Risk Committee with a summary of the Acting Chief Executive Officer's (CEO) credit card transactions for noting.

Officer Recommendation

That the Audit and Risk Committee note that there were no transactions on the Acting Chief Executive Officer's credit for the period 1 October 2020 to 31 December 2020.

Discussion

The CEO's credit card statements for the period 1 October 2020 to 31 December 2020 have been reviewed. There were no transactions on the credit card for this period.

RESOLUTION

C Nisbet / I McKaskill

That the Audit and Risk Committee note that there were no transactions on the Acting Chief Executive Officer's credit for the period 1 October 2020 to 31 December 2020.

CARRIED

6 AUDITS - INTERNAL

6.1 Review Internal Audit Reports & Management Responses

Attachment(s):

1. Murrindindi Shire Council - Special Review Operation Lockhart - Final Report [6.1.1 - 16 pages]

The Audit and Risk Committee at its December 2020 meeting requested that HLB Mann Judd undertake a review of Council's response to the IBAC report "Operation Lockhart".

HLB Mann Judd will present this report.

Officer Recommendation

That the Audit and Risk Committee note the "Murrindindi Shire Council – Special Review Operation Lockhart – Final Report".

RESOLUTION

Cr D Gallagher / I McKaskill

That the Audit and Risk Committee note the "Murrindindi Shire Council – Special Review Operation Lockhart – Final Report".

CARRIED

6.2 Follow up Significant Issues Raised by Internal Audit

Nil to report.

6.3 Review Implementation of Previous Audit Actions

Attachment(s):

1. Audit Recommendations Status Report - February 2021 [6.3.1 - 14 pages]

Purpose

The purpose of this report is to provide the Audit and Risk Committee with update regarding the implementation of previous audit actions.

Officer Recommendation

That the Audit and Risk Committee note the Review Implementation of Previous Audit Actions report.

Background

Each year as part of the internal audit program, specific areas of Council functions are reviewed and recommendations are tabled at the Audit and Risk Committee meetings. Management responds to audit findings with an agreed set of responses to address the findings.

Quarterly, Council provides the Audit and Risk Committee with an update on the implementation of outstanding internal audit recommendations.

Discussion

Council has previously presented the Audit and Risk Committee with a table of outstanding audit actions, commentary regarding each recommendation's status and a summary of how many audit actions have been completed since the last meeting.

As previously reported to the Audit and Risk Committee, Council has been implementing a new risk management system call CAMMS. In addition to managing Council's risk registers, CAMMS provides the mechanism for distributing and tracking actions from all of Council's internal audits.

Attached is the report produced for the Audit and Risk Committee showing the status of all internal Audit recommendations.

Previously the summary produced outlined for the Audit and Risk Committee the achievements since the last report and any risks that may have become overdue for review. We will continue to show this in future reports using the new format, however with the transition to a new system this could not be replicated for this initial report. Therefore, the following is a summary of the achievements since the 10 December 2020 Audit and Risk Committee Meeting:

Report	Number of Actions	Completed	Not due	Overdue	Completed since last meeting
It Security (2016)	13	12	0	1	0
Fraud Management (2016)	Completed				
Accounts Payable and Payroll (2017)	10	9	0	1	0
Local Law Enforcement (2018)	12	11	0	1	0
Note that this audit was reviewed and reduced in 2019 to 6 outstanding actions.					
Contract Management (2018)	7	4	0	3	4
Kerbside Collection (2018)	4	4	0	0	1
Risk Management Framework (2019)	8	7	0	1	1
HR Management (2019)	9	6	1	2	0
Rates Revenue (2019)	6	1	1	4	1
Family Day Care (2020)	Completed				
Kinglake West Tree Investigation (2020)	6	5	0	1	0
Grants and Contributions Program (2020)	4	1	2	1	1

Nine actions have been completed since the 10 December 2020 Meeting.

Accounts Payable and Payroll

The recommendation regarding data analytics was closed as per the Audit and Risk Committees 10 December 2020 resolution.

Contract Management

Three of the outstanding audit actions are 90% complete with the final remaining task being "for inclusion in the Contract Management Framework". The implementation of CAMMS allows for

better linkages between actions and stronger reporting. One outstanding action remains which is dedicated to building and implementing a Contract Management Framework, this action has been updated to capture the inclusions required by the other audit recommendations. This can be seen in the description of the recommendation. Therefore, the three audit actions have been able to be closed, and the final action captured.

The fourth action completed relates to the requirement for Governance and Risk Team to provide better support in ensuring contract compliance and to ensure processes are up to date. As part of the new Governance and Integrity unit structure a further resource has been engaged and the Procurement and Probity Coordinator is also now providing heightened levels of support to the organisation for this. The Kinglake West Tree Investigation Audit also highlighted some further process improvements which have now been implemented and this has supported the closing of this action.

Kerbside collection

This audit is now closed. The final action required the conduct of an onsite inventory check which was completed in February 2021.

Risk Management

One action has been closed since the last meeting. It focused on ensuring adequate training for new and existing staff regarding Council's approach to Risk Management. The new CAMMS software and program implementation has a training module called CammsCollege. All new staff are undertaking this training and the annual refresher training has begun with all existing staff.

As Councils approach to risk management develops, these changes can be embedded into the CAMMS system and assistance via the system provided to staff in implementing the changes.

Rates and Revenue

There has been significant improvement in the recordkeeping surrounding debt management, including the management of hardship requests. This was one of the recommended audit actions and has now been closed.

Grants and Contribution Program

The fourth recommendation in this audit addressed deficiencies identified through sample testing of the grant applications and acquittal process. The audit included a series of recommended actions including, ensuring forms are adequately signed in a timely manner, assessment panel processes tightened, acquittal documentation to be received and the process to be maintained in the SmartyGrants system. These recommended improvements have all be actioned and therefore this recommendation has been closed.

The remaining outstanding audit recommendations are detailed in the attached report including the percentage completed and status comments.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to "we will all work in collaboration with our communities to deliver the best possible outcomes in all that we do".

Relevant Legislation

The *Local Government Act 2020* has a requirement that the Audit and Risk Committee will provide advice on financial management and broader aspects of the council's operations, particularly where compliance issues and risks are involved, this includes the implementation of audit recommendations.

Financial Implications and Risk

Internal audits are designed to identify risk areas and address them so as to risk Council's exposure to risk.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

No external community or stakeholder consultation was required for this matter.

RESOLUTION

Cr D Gallagher / Cr I Gerencser

That the Audit and Risk Committee note the Review Implementation of Previous Audit Actions report.

CARRIED

6.4 Review Scopes of Audits by HLB Mann Judd

Attachment(s):

1. Review of Financial Controls (including data analytics) - Final Internal Audit Plan [6.4.1 - 11 pages]
2. Review of Procurement (Depot Operations)- Final Internal Audit Plan [6.4.2 - 7 pages]

HLB Mann Judd will present this report.

Officer Recommendation

That the Audit and Risk Committee note the scope for the Review of Procurement (Depot Operations) and Review of Financial Controls (including data analytics) Final Internal Audit Plans.

RESOLUTION

C Nisbet / Cr I Gerencser

That the Audit and Risk Committee:

1. note the scope for the Review of Procurement (Depot Operations) and Review of Financial Controls (including data analytics) Final Internal Audit Plans
2. request that HLB Mann Judd expand the scopes following the Committee's comments.

CARRIED

7 AUDITS - EXTERNAL

Nil.

8 FINANCIAL REPORT

8.1 Review Significant Accounting & Reporting Issues

Nil to report.

8.2 Review Quarterly Financial Statement

Attachment(s):

1. Finance Statements December 2020 [8.2.1 - 4 pages]

Purpose

This report provides the quarterly financial report for the period ending 30 December 2020.

Officer Recommendation

That the Audit and Risk Committee:

1. notes the Quarterly Financial Report for the period ending 31 December 2020
2. notes that the Chief Executive Officer advises that a revised budget for the 2020/21 financial year is not required.

Background

The Quarterly Financial Report for the period ended 31 December 2020, was presented to Council, in accordance with the *Local Government Act 2020* ("the Act"), at the Council meeting held 24 February 2021.

The report includes the following statements:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Cash Flow
- Reconciliation of Non-Discretionary Cash & Reserves.

In accordance with Section 97(3) of the Act, the second quarter financial report requires a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

Under Section 95 of the Act, the adoption of a formal revised budget is required if Council intends to:

- make a variation to the declared rates or charges
- undertake any borrowings that have not been approved in the budget
- make a change to the budget that the Council considers should be the subject of community engagement.

The Chief Executive Officer advises that a revised budget for 2020/21 is not required as Council does not intend to make changes to the budget that would trigger the requirement to adopt a revised budget.

Discussion

The statements for the second quarter to 31 December 2020 are included in Attachment 8.2.1.

Income Statement (Statement A)

The Income Statement for the period 1 July 2020 to 31 December 2020 (also within the attached report) is presented below:

Murrindindi Shire Council								
Income Statement								
For the period ended 31st December 2020								
NOTE	(1)				(2)			
	September Revised Budget	Annual Revised Budget	Forecast Adjustment	YTD Budgets	Actual	YTD Budget V Actual Variance		
	2020/21 \$	2020/21 \$	2020/21 \$	31/12/2020 \$	31/12/2020 \$	31/12/2020		%
Revenue								
Rates & Charges	1	21,500,932	21,562,446	61,514	21,521,418	21,504,213	(17,205)	0%
Special Charge	2	27,000	27,000	-	-	-	-	0%
Statutory fees and fines	3	1,181,634	1,187,957	6,323	580,838	604,017	23,179	4%
User fees	4	1,491,760	909,964	(581,796)	413,626	399,406	(14,220)	-3%
Grants - Operating	5	8,182,209	8,613,237	431,028	3,455,860	3,452,568	(3,292)	0%
Grants -Capital	6	4,234,098	4,259,098	25,000	1,273,102	1,266,802	(6,300)	0%
Contributions - Cash	7	166,360	288,970	122,610	146,834	148,396	1,562	1%
Contributions - Non Cash	8	600,000	600,000	-	-	-	-	0%
Reimbursements	9	331,418	330,083	(1,335)	81,358	96,628	15,270	19%
Other revenue	10	1,046,798	709,980	(336,818)	281,943	252,994	(28,949)	-10%
				-				
Total Revenue		38,762,209	38,488,735	(273,474)	27,754,979	27,725,024	(29,955)	0%
Expenses								
Employee Benefits	11	15,579,033	15,610,143	31,110	8,313,142	8,015,737	(297,405)	-4%
Materials and Services	12	13,143,538	13,975,873	832,335	6,474,335	6,231,165	(243,170)	-4%
Depreciation and amortisation	13	9,013,876	8,859,048	(154,828)	101	-	(101)	-100%
Bad and Doubtful Debts	14	-	160,000	160,000	160,000	160,085	85	0%
Other Expense	15	316,886	311,886	(5,000)	136,535	129,858	(6,677)	-5%
Finance Costs (Interest)	16	24,909	24,909	-	9,637	9,642	5	0%
Total Expenses		38,078,242	38,941,859	863,617	15,093,750	14,546,487	(547,263)	-4%
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	17	(622,047)	(622,047)	-	-	-	-	0%
Surplus (deficit) for the period		61,920	(1,075,171)	(1,137,091)	12,661,229	13,178,537	517,308	4%

This statement provides information on two budgetary components:

1. **Forecast adjustments:** adjustments to the September revised budget figures to reflect the predicted result at the end of the 2020/21 financial year (refer to the column titled "(1) Forecast Adjustment").

The forecast position for the financial year has decreased by \$1.13 million moving from a predicted surplus of \$61,920 to a deficit of \$1.07 million. This significant movement was heavily influenced by the COVID-19 pandemic and falling interest rates.

2. **Year-to-date budget variances:** variances between December's revised year-to-date budget and the year-to-date result (refer to column titled "(2) Budget Actual Variance").

The \$13.17 million operating result for the December 2020 quarter is \$517,308 or 4% favourable to the year-to-date budget.

Noting the significant shift in Council's forecast financial position to June 30, largely due to increased cost of managing the impact of the COVID-19 pandemic and reduction of forecast interest earned, it should be noted this is not a financially unsustainable outcome as Council has a very strong balance sheet with sufficient cash holdings. Council can absorb the additional expenditure without it impacting its long-term financial sustainability or impacting future service delivery.

Detail explanations of the forecast adjustments (1) and year-to-date variances (2) are included in the table below:

Note	Line item	(1) Explanation Forecast Adjustment	(2) Explanation YTD Budget V Actual Variance
1	Rates & Charges	\$61,514 favourable. Due to anticipated increased rate income from supplementary valuations.	Year-to-date variance is within budget expectations (variance is less than 10%)
2	Special Charge	No Change	Year-to-date variance is within budget expectations (variance is less than 10%)
3	Statutory fees and fines	\$6,323 favourable immaterial variance.	Year-to-date variance is within budget expectations (variance is less than 10%)
4	User fees	\$581,796 unfavourable. Adjustments include: <ul style="list-style-type: none"> Reduced income from Landfill fees due to decision to stop receiving commercial waste (\$516,781) Decreased throughput at Yea Saleyards (\$48,915) Reduction in user fees Kinglake Community Centre (\$10,000). 	Year-to-date variance is within budget expectations (variance is less than 10%)
5	Grants - Operating	\$431,028 favourable. Adjustments include: <ul style="list-style-type: none"> New Outdoor Eating and Entertainment Grant (\$250,000) Community Activation and Social Isolation additional Grant (\$65,000) Roadside Weeds and Pest Grant confirmed and added to budget (\$32,772) National Australia Day Council COVID Safe Grant (\$20,000) Additional Maternal and Child Health funding (\$28,374). 	Year-to-date variance is within budget expectations (variance is less than 10%)
6	Grants -Capital	\$25,000 favourable. Adjustments include: <ul style="list-style-type: none"> Receipt of Eildon Splash Park grant (\$270,000) Offset by Alexandra Youth Precinct Grant recognition being deferred to the 2021/22 budget (\$250,000). 	Year-to-date variance is within budget expectations (variance is less than 10%).
7	Contributions - Cash	\$122,610 favourable. Adjustments include: <ul style="list-style-type: none"> Insurance Groups Australia community planning project extension (\$50,000) Additional Public Open Space Developer's contributions (\$43,700) Contributions towards infrastructure projects (\$25,844). 	Year-to-date variance is within budget expectations (variance is less than 10%).

8	Contributions - Non-Cash	No Change	On budget
9	Reimbursements	\$1,335 unfavourable immaterial variance.	\$15,270 favourable. Collection is tracking ahead of budget across several small items.
10	Other revenue	<p>\$336,818 unfavourable. Adjustments due to:</p> <ul style="list-style-type: none"> • Lower interest earning due to falling interest rates (\$326,678) • Rental pause of Caravan Parks (\$39,000). Partly offset by extra resource recovery income from sale of scrap metal. 	<p>\$28,949 unfavourable due to lower than anticipated:</p> <ul style="list-style-type: none"> • interest earnings (\$12,717) • waste management income (interest on waste charges and sale of scraps - \$18,323), <p>Offset by other minor variances (\$2,091).</p>
11	Employee Benefits	<p>\$31,110 unfavourable. Adjustments due to:</p> <ul style="list-style-type: none"> • Extra wages relating to the COVID-19 pandemic response (\$83,600 - see separate table for details) • Working for Victoria program (\$51,843). <p>These extra costs have largely been funded by savings in other areas.</p>	<p>\$297,405 favourable or 4%. The year-to-date underspends are expected to align with the budget in the second half of the year following recruitment and filling some vacant positions. Some of the short-term grant and project extension type positions will happen during the latter half of the year.</p>
12	Materials and Services	<p>\$832,335 unfavourable. Partially due to additional Grant funds (\$350k) expected to be spent by the end of the financial year:</p> <ul style="list-style-type: none"> • Outdoor Eating and Entertainment package (\$250K) • Releasing the Floating City (\$75,000). <p>Balance is due to increased costs for:</p> <ul style="list-style-type: none"> • Working for Victoria program (\$74,115) • COVID-19 pandemic response (\$366,400 - see additional detail in table below) • recruitment costs (\$46,000) • software cloud services licensing (\$57,000) • insurance (\$60,740), and • mulching (\$65,000). <p>Offset by savings of \$100,000 in the EPA waste management levy, due to the lower volumes of waste being processed as a result of not accepting commercial waste</p>	<p>\$245,135 favourable or 4% due to lower than anticipated year to date expenditure in the following areas:</p> <ul style="list-style-type: none"> • Building Maintenance (\$54,202) • Business and Community Grants (\$70,403) • Plant management maintenance and fuel (\$30,239) • Fire prevention works (\$20,351). <p>All are expected to correct to budget in the second half of the year.</p>
13	Depreciation and amortisation	\$154,828 favourable. Due to lower consumption of airspace at Landfill (\$210,300) partly offset by increased plant and equipment depreciation charges (\$55,472).	Year-to-date variance is within budget expectations (variance is less than 10%)

14	Bad and Doubtful Debts	\$160,000 unfavourable. In the 2019/20 financial year a debt was recorded for works completed under the Natural Disaster Financial Assistance program. These works related to the December 2017 and January 2020 flood and storm events. Emergency Management Victoria has now advised that part of that claim has been rejected as the works completed were outside the scope of the funding arrangements. A financial adjustment has been made to recognise that \$160,000 will not be received.	Year-to-date variance is within budget expectations (variance is less than 10%)
15	Other Expense	\$6,677 favourable due to 0% increase applied to Councillor allowances in accordance with the Ministers direction.	Year-to-date variance is within budget expectations (variance is less than 10%)
16	Finance Costs (Interest)	No Change	Year-to-date variance is within budget expectations (variance is less than 10%)
17	Net gain/(loss) on disposal of property,	No Change	No Change

Detailed Analysis of COVID-19 Expenditure.

As a result of the COVID-19 pandemic, Council determined to respond to community and business needs and consequently has experienced an increased cost in delivering council services requiring a financial response and budget adjustments. The figures below report the cost of the response to date for the current financial year. Additional items such as the pausing of rental collection have not been captured below. These costs are in addition to the specific budget response initiatives that were included in the 2020/21 adopted budget. An allowance of up to \$450,000 has been included in the revised budget.

In addition to the costs incurred, there have been some savings in councils' operations, such as a reduction in the cost of operating some buildings due to inactivity and some services being curtailed. The cost as at 31st December 2020 are as follows:

Wages	\$
Administration Support	2,299
Environment	1,546
Community Safety	25,023
Community Assets - Operations	12,043
Emergency Management	2,061
Customer Service	3,664
Saleyards	2,573
Tourism and Business Support	35,056
Total Wages	84,266

Creditors	
Advertising	6,457
Business recovery planning	18,879
Cleaning/sanitising	79,807
Insurance	468

Postage	4,931
Personal protective equipment	14,010
Signage	58,324
Testing stations traffic management	1,010
Tourism	74,456
Vehicle hire	77,513
Working from home	8,079
Total Creditors	343,934
Total	428,200

Balance Sheet (Statement B)

The Balance Sheet is included in Attachment 8.2.1.

The Commentary below refers to Column (1) forecast adjustment, being the movement in the Balance Sheet from the previously reported September Budget review to the current budget revision as at 31st December 2020.

Assets

The statement shows a \$1,054,091 reduction in assets. Cash has decreased \$187,324 (see the Cashflow Statement (Statement C) for a detailed analysis of cash movements). Debtors are expected to increase by \$647,329 reflecting current economic circumstances. Accrued income will fall \$140,000 due to lower interest rates meaning less interest will be owing on investments at year-end. Intangible assets increase due to less landfill airspace being consumed. Property, Plant and Equipment has decreased, as part of the capital works program will carry over to the 2021/22 financial year.

Liabilities

The liabilities are stable with a slight increase of \$83,000. There is a minor downward adjustment to the Employee Provisions \$142,000. A grant received in advance will be recorded as a liability until the grant conditions are satisfied.

Equity

As at 31 December 2020 the statements show an unfavourable \$1,137,091 decrease in equity. These variances are explained in more detail by the commentary outlined in Statement A – Income Statement.

Cash Flow Statement (Statement C)

This statement combines the cash related movements from the Income Statement and the Balance Sheet into one statement. This Statement shows how funds are generated and consumed. The revised budget projects that cash will decrease by \$187,324.

Cash from Operating Activities

The statement shows a fall of \$1,716,248 in cash generated by operations. A combination of the expected operating deficit and a growth in debtors.

Cash Flow from Investing Activities

The variance \$1,528,928 are savings in cash due to some capital works being deferred and a slight increase cash from the sale of assets.

Cash flow from financing activities

No budget changes.

Non-Discretionary Cash and Council Reserves (Statement D)

Included as part of this report is a statement of Council's Non-Discretionary Cash Flow requirements. This reconciliation lists all Council reserves together with funds held as Deposits or Trust, these are required to be refunded, and an allowance for the provision of employee entitlements. This latter provision being a nominal amount of 25% of Council's Annual Leave Liability and 25% of the current Long Service Leave Liability.

The original budget figure for total unallocated cash was \$12.3 million, the December revised budget figure is now \$10.8 million.

Councillor Expenses (GST Exclusive):

As required in the adopted Councillor Reimbursement Policy (February 2017), Council reports quarterly on the Councillor related expenses. The following table details Councillor expenses for the second quarter period ending 31 December 2020.

Councillor Expenses for 3 months ended 31 December 2020:

	Allowances	Travel Expenses	Childcare Expenses	Information & Communication Expenses	Conference & Training Expenses	Other Expenses
Cr Carpenter	\$4,929.85	\$-	\$-	\$3,099.88	\$613.78	\$67.05
Cr Gallagher	\$4,929.85	\$-	\$-	\$3,232.89	\$613.78	\$53.10
Cr Gerencser	\$4,929.85	\$706.88	\$-	\$3,190.66	\$613.78	\$53.10
Cr Haslam	\$4,929.85	\$-	\$-	\$3,124.24	\$613.78	\$53.10
Cr Lording	\$4,929.85	\$175.68	\$-	\$3,191.47	\$613.78	\$53.10
Cr McAulay	\$13,201.00	\$2,463.00	\$-	\$3,190.71	\$613.78	\$53.10
Cr Walsh	\$4,929.85	\$-	\$-	\$3,190.64	\$613.78	\$53.10

It should be noted that accommodation and travel costs include the reimbursement of the claims, which a Councillor may choose to submit for travelling to Council meetings, briefings and other functions, which they attend in their capacity as a Councillor. Where a Councillor's residence is greater than 50 kilometres from the location of a Council meeting, they may also claim the statutory remote area allowance.

It should also be noted that Councillors can elect for part of their allowance to be deducted for superannuation purposes.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021 Our Promise* strategy to "maintain Council's financial sustainability through sound financial and asset management".

Relevant Legislation

Section 97 of the *Local Government Act 2020* requires that at the end of each quarter of the financial year, a quarterly budget report is presented to the Council at a Council meeting which is open to the public. In addition, the second quarterly report must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

Financial Implications and Risk

The financial governance of a council is an important role for Councillors. The risk of poor financial management can have a significant impact upon the governance of the Council. The financial implications flowing from this quarterly financial review are outlined in this report.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

No external community or stakeholder consultation was required for this matter.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee:

- 1. notes the Quarterly Financial Report for the period ending 31 December 2020**
- 2. notes that the Chief Executive Officer advises that a revised budget for the 2020/21 financial year is not required.**

CARRIED

9 MANAGEMENT REPORTING

9.1 Policy Register Report

Attachment(s):

1. Audit and Risk Committee - Policy Register Report - February 2021 [9.1.1 - 2 pages]

Purpose

The purpose of this report is to update the Audit and Risk Committee on the status of all Council and Organisational level policies.

Officer Recommendation

That the Audit and Risk Committee note the Policy Register Report February 2021.

Background

Murrindindi Shire Council has two levels of policies in place, Council and Organisational.

Council policies are primarily externally focused to meet a statutory or strategic need. They can also be administrative where they relate directly to the Councillors. These policies are presented to Council for adoption and are available to the public via Council's website.

Organisational policies are internally focused; provide direction on operational issues and support achieving the goals set by the Council Plan. The Executive Management Team approves organisational policies with CEO sign-off.

Council has a policy register, which is regularly monitored by the Leadership Team (CEO, Directors and Managers).

Discussion

In March 2019 officers reported to the Audit and Risk Committee that there were:

- 23 Council policies overdue for review
- 18 Organisational policies overdue for review.

In March 2020, the Audit and Risk Committee was advised:

- 8 Council policies remained overdue for review but were on track for adoption by 30 June 2020
- 15 Organisational Policies remained overdue with a target date of adoption by 30 June 2020.

Since the March 2020 meeting, all Council policies met the review target of 100% active by end of June 2020. With COVID-19 the organisation shifted priorities, further strategies and processes have been developed to support the changing nature of Council services and consequently some organisational policy reviews were placed on hold.

At the end of February 2021 there is:

- 25 Council Policies – 2 are overdue for review
- 40 Organisational Policies – 8 are overdue for review.

The two Council Policies have already begun review and will be presented to Council before the next Audit and Risk Committee meeting scheduled for May 2021.

Seven of the eight organisational policies currently overdue fall are managed by Human Resources. This area has had difficulty in recruiting and retaining resources over the past two years which has been somewhat resolved on an interim basis and currently the focus is on building Council's Workforce Plan and Gender Equality Action Plan in accordance with the legislative requirements. It is expected that all outstanding policies will be reviewed by 30 September 2021.

The policies due for review in the next 6 months are already being highlighted with the relevant departments to ensure that Council maintains the target of 100% active policies.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021 Our Promise* strategic objective to "we will all work in collaboration with our communities to deliver the best possible outcomes in all that we do".

Relevant Legislation

Council and Organisational Policies are adopted to meet various legislated requirements and are all clearly indicated within each policy.

Financial Implications and Risk

It is recognised that policies that are overdue for review may contribute to the risk of Council not fulfilling its legislative responsibilities, and the risk that Council's operations may not meet recognised industry best practices. The controls in place to ensure outstanding policy reviews are completed by June 2020 will mitigate this risk.

Conflict of Interest

There are no declared conflicts of interest by Council officers in relation to this report.

Community and Stakeholder Consultation

No external community or stakeholder consultation was required for this matter.

RESOLUTION

Cr I Gerencser / Cr D Gallagher

That the Audit and Risk Committee note the Policy Register Report February 2021.

CARRIED

10 GENERAL BUSINESS AND FUTURE PLANNING

10.1 Audit Committee Bi-Annual Report

Attachment(s): Nil

Purpose

This report describes the activities of the Audit and Risk Committee and includes Committee findings and recommendations in accordance with the *Local Government Act 2020*, Section 54 (5a).

Officer Recommendation

That the Audit and Risk Committee note the Audit Committee Bi-Annual Report.

Background

The Audit and Risk Committee provides biannual reports to Council to acquit its responsibilities in accordance with Section 6, Review and Reporting of the Charter adopted by Council 22 July 2020. This is the first of the newly mandated biannual reports from the Audit & Risk Committee and covers the period July-December 2020.

Discussion

This report seeks to avoid repeating the content of minutes already received by Council. Instead, it seeks to highlight developments, achievements or risks of principal current concern to the Committee.

- The Committee has followed a schedule of activity that reflects the Committee's obligations documented in the Charter and in accordance with the agreed Annual Plan, Internal Audit Plan and External Auditors program. In addition, it regularly scans the activities of audit matters across the public sector throughout Australia for potential or emerging risks.
- The Committee monitors Council's implementation of responses to audits and in addressing the specific risks identified in the strategic and operational risk registers. The workload is significant and progress may at times have appeared slow but the Committee is satisfied that the major findings and risks have received priority and sound progress is being made. In particular, the Committee is particularly pleased to see the impact of a management culture that is positive in the face of identified risks, is quick to respond to audit findings or identified risks and which builds on openness.
- Of particular note is Council's continued work on business continuity planning. The issues thrown up by the Covid19 pandemic and Council's quick and positive response would appear to demonstrate a significantly improved risk management culture.
- While much of the Committee's work includes oversight of Council governance and operations and may appear procedural, the willingness of Council to act upon the Committee's recommendations is particularly satisfying.

The Committee has identified no areas where it believes Council should have heightened concern in regard to increased risk or deficiencies resulting from inadequate application of the risk management framework.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021 Our Promise* strategy to "represent and advocate for our community in a transparent and equitable way". The role of the Audit and Risk Committee supports this objective.

This report is a requirement of the Audit and Risk Committee Charter adopted by Council 22 July 2020.

Relevant Legislation

The Audit and Risk Committee is established by Council in accordance with the requirements of the *Local Government Act 2020*. Members of the Audit and Risk Committee is governed by a Charter adopted by Council.

Financial Implications and Risk

This report identifies no further risks than are identified by Council officers and as reported regularly as part of the minutes of the Audit and Risk Committee Minutes.

Conflict of Interest

There are no declared conflicts of interest by Audit and Risk Committee members in relation to this report.

Community and Stakeholder Consultation

No external community or stakeholder consultation was required for this matter.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee approve the Audit Committee Bi-Annual Report for submission to Council at its 24 March 2021 Scheduled Meeting.

CARRIED

11 OTHER REPORTS

12.1 Next Meeting

The next Audit and Risk Committee Meeting is scheduled for 6 May 2021 at 3pm.

12.2 Committee to Meet with Internal Auditors

Opportunity for a closed discussion with the Committee and the internal auditor, Mark Holloway, without Council officers present to raise any relevant questions or matters.

Any advice to officers following this discussion can be subsequently relayed by the Chair.

The meeting was closed at 4:55 pm.

CONFIRMED THIS

CHAIRPERSON Claude Baxter