

SCHEDULED MEETING OF COUNCIL - 26 MAY 2021 ATTACHMENTS

9.1 CHILD SAFE POLICY.....	2
9.1.1 Child Safe Policy - DRAFT - April 2021.....	2
11.1 AUDIT AND RISK COMMITTEE CONFIRMATION OF MINUTES.....	11
11.1.1 2021-05-13 Audit and Risk Committee Minutes.....	11
11.2 REVIEW OF THE AUDIT AND RISK COMMITTEE CHARTER	37
11.2.1 Audit and Risk Committee Charter May 2021 Review.....	37

Title:	Child Safe Policy
Type:	Council
Adopted:	TBA
File No:	20/67059
Attachments:	Nil

1. Purpose

This policy outlines Council's commitment to create and maintain a child safe organisation, and to promote the safety of children and young people throughout Council and the community. This includes ensuring that protecting children and preventing and responding to child abuse is embedded in the everyday practice.

2. Rationale

The Policy enables Council to meet its legal and moral responsibilities to embed a culture of child safety across the organisation and promote child safe practices in our community.

Federal and state based investigations have highlighted the responsibility for all organisations working with children to play a role in preventing and appropriately responding to child abuse. These include *The Royal Commission into Institutional Responses to Child Sexual Abuse* and the Victorian Government's *Betrayal of Trust: Inquiry into the Handling of Child Abuse by Religious and Other Non-Government Organisations*. Both found that, historically many organisations were more concerned with the protection of the organisation than the protection of children, which led to serious and horrific consequences for children.

In response legislative changes were made which require organisations to:

- create a workplace culture that promotes and fosters child safety
- report any concerns regarding the safety of children
- promote and engender the participation and empowerment of children

This policy provides a framework for Council to meet these obligations.

3. Scope

The Policy applies to all Council employees, contractors, volunteers, student/interns 16 years or older, and elected Councillors. It applies to interaction in online and physical spaces.

4. Definitions

Reference Term	Definition
Child	A person under 18 years of age unless otherwise specified.
Adult	A person 18 years of age or older.
Abuse	Under the Child Safe Standards this term covers child sexual abuse, physical abuse, serious emotional and psychological abuse and serious neglect.
Failure to Disclose	Legislation requires any adult who holds a reasonable belief that a sexual offence has been committed in Victoria by an adult against a child (aged under 16) to disclose that information to police or DHHS - Child Protection. It is a criminal offence not to do so. For more information visit this website.
Failure to Protect	Legislation requires that people in a position of authority in their organisation who suspect a child is

	<p>at risk of sexual abuse from someone within the organisation, must protect the child by reducing or removing the risk. It is a criminal offence not to do so.</p> <p>For more information visit this website.</p>
Grooming	<p>When individuals communicate, including online, with a child under the age of 16 or their parents, with the intent of committing or enabling child sexual abuse.</p>
Mandatory Reporters	<p>The legislative requirement imposed on selected professions to report suspected cases of abuse and neglect to Police, Child Protection or Child FIRST. Mandated reporters include doctors, nurses (including Maternal and Child Health nurses), midwives, teachers (including early childhood teachers), school principals and police.</p>
Reasonable Belief	<p>Is formed if a reasonable person in the same position would have formed the belief on the same grounds. For example, a 'reasonable belief' might be formed when:</p> <ul style="list-style-type: none"> • a child states that they have been abused or know someone who has been abused. • observations of the child's behaviour or development leads a professional to form a belief that the child has been physically or sexually abused or is likely to be abused • physical signs of abuse • a child appears upset, afraid around an adult
Reportable Conduct Scheme	<p>Certain organisations (including Council) are required to report any allegations of child abuse or misconduct towards children made against staff or volunteers to the Commission for Children and Young People. Evidence of how the incident was handled is also required.</p> <p>For more information check this website.</p>
Cultural Safety	<p>An environment which is spiritually, socially and emotionally safe, as well as physically safe for children; where there is no assault, challenge or denial of their cultural or linguistic identity. It is more than just the absence of racism or discrimination, and more than cultural awareness and cultural sensitivity.</p>

5. Policy

Murrindindi Shire Council is committed to child safety and believes that all children have a right to feel and be safe at all times.

All staff and leaders understand their responsibilities and will ensure compliance with all 7 Child Safe Standards (the Standards) through a range of proactive measures.

Council will:

- Embed child safe principles and practice into our policies, programs and services
- Support and develop a skilled and ethical workforce
- Promote child safety within our community
- Empower children and young people
- Respond to suspected abuse in a timely and effective manner
- Listen to and amplify the voices of children and young people
- Monitor and report on our compliance with the Standards

While the Standards outline a minimum expectation, Council is committed to driving changes in organisational culture – embedding child safety in everyday thinking and practice and highlighting that everyone can help to keep children safe from abuse.

Although all children are vulnerable, some children face additional vulnerabilities. The Standards require organisations to particularly protect:

- the cultural safety of Aboriginal Children
- the cultural safety of children from culturally and/or linguistically diverse backgrounds
- the safety of children with a disability

Council will ensure staff working directly with children understand how to ensure the safety of all children with particular attention to these groups.

All Council representatives will follow the procedures set out in section 6 of this policy.

Statement of commitment

We want children to be safe, happy and empowered. We support and respect all children, as well as our staff and volunteers.

We are committed to the safety, participation and empowerment of all children.

We have zero tolerance of child abuse, and all allegations and safety concerns will be treated very seriously and consistently with our robust policies and procedures.

We have legal and moral obligations to contact authorities when we are worried about a child's safety, which we follow rigorously.

Our organisation is committed to preventing child abuse and identifying risks early, and removing and reducing these risks.

Our organisation has robust human resources and recruitment practices for all staff and volunteers.

Our organisation is committed to regularly training and educating our staff and volunteers on child abuse risks.

We are committed to the cultural safety of Aboriginal children, children from a culturally and/or linguistically diverse background, and to providing a safe environment for children with a disability.

We have specific policies, procedures and training in place that support our leadership team, staff and volunteers to achieve these commitments.

6. Procedure

6.1. Child Safe Standards

There are 7 Victorian Child Safe Standards, which are:

- Strategies to embed an organisational culture of child safety, including through effective leadership arrangements
- A child safe policy or Statement of Commitment to Child Safety
- A code of Conduct that establishes clear expectations for appropriate behaviour with children
- Screening, supervision, training and other human resources practices that reduce the risk of child abuse by new and existing personnel
- Processes for responding to and reporting suspected child abuse
- Strategies to identify and reduce or remove risks of child abuse
- Strategies to promote the participation and empowerment of children

Council will annually review and report on compliance with the policy and culture of council and identify ways to enhance our practice.

6.2. Child Safe Officers

Council will have a minimum of two appropriately trained Child Safe Officers who are available to provide support and advice to anyone with child safety concerns. Their contact details will be promoted on the intranet and on any other child safety collateral that is developed.

Child Safe Officers will support any reporting to police, child protection and the Commission for Children and Young People (the Commission).

The Child Safe Officers will support the monitoring and reporting on Council's compliance with the Standards and culture of child safety.

6.3. Child Safe Working Group

A working group comprising staff from each division across the organisation will be convened every 6 months at a minimum to provide advice and support the consistent and effective implementation of this policy.

The group must comprise the Child Safe Officers, and a representative from Leadership Team.

6.4. Recruitment

Council will take all reasonable steps to attract and employ people with the skills and values required to work safely with children. This includes:

- Child safe statement included in position descriptions and advertising
- Recruiting people with appropriate qualifications and experience
- Child safety questions in interviews for positions that interact with children
- Child safety questions in reference checks for positions that interact with children
- Criminal record checks for all employees and volunteers
- Working with Children Checks required for all staff that work with children
- Child safety included in our Code of Conduct which all employees and volunteers are bound by

6.5. Working with Child Checks (WWCC)

Team Leaders and Coordinators must ensure a record is kept of all WWCC details for their team, and work with the OHS Coordinator to store this information centrally.

Team Leaders and Coordinators must sight their team member's cards annually, during the performance review. At this time they must ensure the card is current using the Department of Justice website or QR code.

Staff are responsible for renewing their WWCC before it expires.

6.6. Training and supervision

Representatives of Council will receive appropriate training in order to meet their obligations under this Policy. A training calendar will be set and monitored by the Working Group and will include:

- Child safety addressed in induction for all positions, including requirements to read and understand relevant policies and procedures
- All positions will be trained to understand the legislative requirements and reporting process
- Training on understanding and identifying the signs of abuse for positions that work directly with or may come into contact with children
- Training on specific issues that impact children and young people in our community
- Training to support the safety of Aboriginal/Torres Strait Islander or CALD children and young people, or those with disability
- Training for staff who will investigate and child safety allegations against staff or volunteers
- Training will be refreshed regularly

Ongoing and regular supervision is required for all staff who work directly with children and young people. This provides the employee with the support required to increase their capacity to establish and maintain a child safe environment.

If any staff member displays concerning child safety behaviours or attitudes, regardless of their role, they will be given extra support and supervision by their supervisor to understand their role in promoting child safe communities. Child Safe Officers will advise the supervisors through this process.

6.7. Risk management

Council will ensure that child safety is a part of its overall risk management approach, and is included on the risk register. Risk management strategies will be in place to identify, assess and take steps to minimise child abuse risks.

Team leaders and coordinators should ensure risk management is carried out for all activities involving children and young people. Identified risks must be reduced as much as possible and plans should be documented and shared with all necessary people.

6.8. Community education and engagement

Council aims to foster a community who are able to identify and address child safety issues. This includes sharing our Child Safe Commitment on the public website and in public spaces, and promoting relevant information including reporting processes at community facilities and in community activities.

6.9. Suspecting abuse and reasonable belief

Staff are not required to have definite knowledge of abuse to report it. If staff form a reasonable belief as defined in section 4 above, then this should be reported as outlined in section 6.10 below. Some staff are covered by mandatory reporting laws and must report all suspected abuse.

All adults in Victoria are required by law to report suspected sexual abuse of children 16 and under to the police. Failure to do so is a crime.

Further, leaders in organisations who are aware of suspected abuse and fail to take action can also face criminal charges.

6.10. Disclosures of abuse

If a child discloses an incident of abuse:

- Discretely separate them from other children and listen to them carefully as they use their own words to explain what has happened
- Reassure them that you believe them, and are taking them seriously, that it is not their fault and they are doing the right thing in telling you
- Explain to them that this information may need to be shared with others, such as their parent/carer, specific people in your organisation, or the police. Do not promise not to tell anyone about the incident. But do tell them that you will do your best to keep them safe
- Do not leave the child in a distressed state. If they seem at ease in your company, stay with them
- If it is appropriate you may wish to support them to complete a child safe incident report form. Alternatively, as soon as possible after the disclosure, record the information using the child's words. Ensure the disclosure is recorded accurately and that the record is stored securely
- Report the disclosure as per section 6.11 of this policy and procedure
- Ensure the Reportable Conduct processes are followed if required

6.11. Allegations of abuse by a staff member or at a Council facility or service

If someone alleges an incident of abuse at a Council facility or service, or by a Council representative (whether during or outside work hours):

- Reassure them that all abuse allegations are taken very seriously
- Ask about the well-being of the child
- Allow them to explain the incident in their own words
- Advise them that you will take notes during the discussion to capture all details
- Explain to them the information may need to be repeated to authorities or others, such as the Child Safety Officer, members of Council's Management Team, Police or Child Protection
- If they are not the parent/carer of the child the parents should be notified
- Ask them how they would like to be involved in the process moving forward
- Make no promises but reassure them that you will do your best to keep the child safe
- Provide them with an incident report form to complete, or complete it together
- Ensure the report is recorded accurately and that the record is stored securely
- Report the disclosure as per section 6.11 of this policy

6.12. Reporting suspected abuse, grooming or other child safety concerns

Council will respond to all child safety concerns in a timely and supportive manner.

If there are concerns about the safety of a child the following steps should be taken:

- If there are serious concerns for the immediate safety of the child, or you form a reasonable belief that sexual abuse has been perpetrated by an adult over 18 years to a child 16 years or younger, you must call the police on 000
- Contact a Child Safe Officer for advice and support as soon as practicable – within 24 hours wherever possible
- Notify your manager
- If appropriate, the Child Safe Officer will report the concern to the appropriate authority/ies which may be Child Protection, the Child Safety Commissioner, the police or Child FIRST and manage all follow up requirements
- The Child Safe Officer will liaise with the notifying staff member for support
- A Child Safe Incident Report Form should be completed .

If the concerns involve a Council staff member, whether the incident occurred during or outside work hours the following will occur:

- All steps above will be followed
- The Child Safe Officer will determine - with the assistance of the Commissioner for Children and Young People - if the incident constitutes Reportable Conduct
- If so, the matter will be formally reported to the Commissioner for Children and Young People
- An internal investigation will occur (if police are involved this will follow any police investigation and police advice regarding notifying the staff member should be followed)

If someone has a concerns about Council's leadership in relation to child safety they may report directly to the Commissioner for Children and Young People.

For further information about Reportable Conduct, and concerns with staff see section 6.13 below.

6.13. Investigating Reportable Conduct

Reportable Conduct applies to any kind of suspected abuse involving a staff member, whether the suspected abuse occurred while working or not.

Any allegation or suspicion of abuse or child safety concerns regarding a staff member, or volunteer, will be investigated in line with Child Safe Requirements and Council's Performance Management and Discipline Policy.

During the investigation the staff member will not be allowed to work directly with children, and will be stood down with pay or moved to alternate duties. The same applies if an employee, volunteer or contractor is under investigation through another organisation, and Council will acknowledge and respond to those findings.

All staff must cooperate fully with the investigation.

A group of appropriately trained staff from the working group may be convened to support the process.

The first decision to be made is if the suspected abuse constitutes Reportable Conduct. If so, this should be communicated to the CEO and a report made to the Commissioner for Children and Young People within 3 days.

The Commission must be updated about the progress of the investigation, findings and response within 30 days. The Commission may provide advice on further actions that should be taken, which must be followed.

Where appropriate, children who are witnesses or victims should be interviewed as part of the investigation processes though this should be handled differently to interviews with an adult.

External legal representatives may be involved in this process if deemed appropriate.

Further information can be found on the Commission's [website](#).

6.14. Documentation

The following information will be recorded:

- Observations, disclosures and other details that led to the reasonable belief or suspicion of abuse

- Time and date of when the observation, disclosure or concern for child took place
- Location of incident/concern
- Names of any witnesses
- A record of facts that occurred
- Actions that were taken, including any names and organisation of anyone it was reported to
- The details of the child or young person if known
- Name of person who completed the report
- If there is an investigation – details of that will be recorded including people involved and action taken

6.15. Empowering children and young people

Part of keeping children and young people safe means supporting them to understand their rights, contribute to child safety planning, and raise any concerns.

Council will promote and encourage children and young people's participation in decision-making, value and respect their opinions, seek their views about what makes them feel safe and unsafe, establish an environment of trust and inclusion that enables them to ask questions and speak up if they are worried or feeling unsafe.

This will include seeking broader community consultations, and opportunities for children and young people to shape programs and activities they are a part of.

Staff working with young children will use proper names for body parts and will not force children to engage in hugs or other touching.

6.16. Privacy and confidentiality

All personal information considered or recorded will respect the privacy of the individuals involved, unless there is a risk to someone's safety.

6.17. Support to staff

Managing child safety issues can be quite distressing. Council is committed to supporting the wellbeing of those involved in an incident through supervision, debriefs, and referrals to services such as the EAP.

7. Related Policies, Strategies and Legislation

Child Wellbeing and Safety Amendment (Child Safe Standards) Act 2015

Worker Screening Act (Vic) 2020

Crimes Amendment (Protection of Children) Act 2014

Racial Discrimination Act 1975 Disability Discrimination Act 1992

Disability Act 2006

Fair Work Act 2009

Equal Opportunity Act 1984

Victorian Charter of Human Rights and Responsibilities Act 2006

Occupational Health and Safety Act 2006

Health Records Act 2001

Privacy Act 1988

Victorian Child Safe Standards

Child Safe Standards Schools Guide

Failure to Disclose law

Failure to Protect law

Reportable Conduct Scheme

Interviewing children under the Reportable Conduct Scheme

Murrindindi Shire Council Enterprise Agreement 2015 (and any subsequent agreements)

Employee Code of Conduct
Child Safe Statement of Commitment
Confidentiality and Privacy Policy
Customer Complaints and Feedback Policy
E-mail Policy
Employment and Recruitment Policy
Equal Employment Opportunity Policy
Internal Grievance Resolution Policy
Prevention of Bullying Work Place Violence Policy
Recruitment Policy
Security Checks Policy
Communication and Social Media Policy
Volunteers Policy
Enterprise Risk Management Policy

8. Council Plan

This Policy supports the Council Plan 2017-2021 Our People objective “to celebrate and encourage diverse, caring and connected communities”.

9. Management and Review

This Policy will be reviewed every three years or earlier as required following any significant incidents or changes to regulations.

Where appropriate, the community, including families and children, will participate in reviews.

10. Consultation

This policy was developed in consultation with staff across Council.

11. Human Rights Charter

This policy has been developed with consideration of the requirements under the Charter of Human Rights and Responsibilities and seeks to ensure rights such as liberty and security, privacy, and cultural identity. Children under the Charter are deemed to be anyone under 18 years.



Murrindindi
Shire Council

MINUTES
of the
AUDIT AND RISK COMMITTEE MEETING
Thursday 13 May 2021
at
Murrindindi Shire Council
Zoom
Virtual Meeting
Videoconference
3:00 PM

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

1 APOLOGIES AND REQUEST FOR LEAVE OF ABSENCE	3
2 DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST	3
3 CONFIRMATION OF MINUTES	3
3.1 Confirmation of Minutes	3
4 REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES.....	3
5 RISK MANAGEMENT	3
5.1 CEO's Questionnaire	3
5.2 CEO's Update	4
5.3 Review Risk Register.....	4
5.4 Review Business Continuity Plan	6
5.5 Reports & Publications of Interest to Local Council's	7
5.6 Review of CEO Credit Card Expenditure.....	7
6 AUDITS - INTERNAL	7
6.1 Internal Audit Function Performance & Audit and Risk Committee Performance Survey ..	8
6.2 Review Internal Audit Reports & Management Responses.....	8
6.3 Follow up Significant Issues Raised by Internal Audit	8
6.4 Review Implementation of Previous Audit Actions	8
6.5 Review Scopes of Audits by HLB Mann Judd	10
7 AUDITS - EXTERNAL	10
7.1 Review Auditors Proposed Scope & Approach	10
8 FINANCIAL REPORT	10
8.1 Review Significant Accounting & Reporting Issues	10
8.2 Review Quarterly Financial Statement	10
9 MANAGEMENT REPORTING.....	16
9.1 Review Draft of Annual Budget.....	16
10 GENERAL BUSINESS AND FUTURE PLANNING	18
10.1 Rates Debtor Management	18
10.2 Review/Assess Adequacy of Audit Committee Charter	20
10.3 Establish/Schedule Meeting for Forthcoming Year	20
10.4 Review Audit and Risk Committee Annual Plan.....	21
10.5 Elect Chair of Audit Committee	21

11 OTHER REPORTS	22
11.1 Fraud Awareness Survey Results	22
12 NEXT MEETING	25
12.1 Next Meeting	25
12.2 Committee to Meet with Internal Auditors	26

Subject to Confirmation

1 APOLOGIES AND REQUEST FOR LEAVE OF ABSENCE

There were no apologies or requests for leave of absence tendered.

Present:

C Baxter (Chair), I McKaskill, C Nisbet, Cr S McAulay (Non-Voting), Cr I Gerencser, Cr D Gallagher

In attendance:

Acting Chief Executive Officer: Michael Chesworth
Acting Director Corporate and Shared Services: Marilyn Kearney
Director Community Engagement: Shivaun Brown
Director Assets and Development: Vito Albicini
Manager Governance and Risk: Tara Carter
Manager Business Service: Graham Haylock
Coordinator Integrity and Governance: David Echeverry
HLB Mann Judd: Mark Holloway
HLB Mann Judd: Kapil Kukreja
RSD Audit: Kathie Teasdale
RSD Audit: Jonathon Davidson

2 DISCLOSURES OF INTEREST OR CONFLICT OF INTEREST

Nil.

3 CONFIRMATION OF MINUTES

3.1 Confirmation of Minutes

Minutes of the Audit and Risk Committee Meeting held on 4 March 2021.

Officer Recommendation

That the Minutes of the Audit and Risk Committee Meeting held on 4 March 2021 be confirmed.

RESOLUTION

C Nisbet / Cr I Gerencser

That the Minutes of the Audit and Risk Committee Meeting held on 4 March 2021 be confirmed.

CARRIED

4 REVIEW ANY BUSINESS ARISING FROM PREVIOUS MINUTES

5 RISK MANAGEMENT

5.1 CEO's Questionnaire

Attachment(s):

1. Audit and Risk Committee - CEO Questionnaire to Directors - 30 April 2021 [5.1.1 - 4 pages]

The Chief Executive Officer will present this at the meeting.

Officer Recommendation

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

RESOLUTION

C Nisbet / I McKaskill

That the Audit and Risk Committee note the Chief Executive Officer's Questionnaire to Directors as contained in Attachment 5.1.1. The Audit and Risk Committee agreed that the commentary included as part of item 3.1 can be removed until such time as there is a change in the litigation status.

CARRIED

5.2 CEO's Update

Attachment(s): Nil

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

- New CEO appointment
- COVID-19 arrangements – back to office
- Ombudsman Draft Report – Ratepayers in Financial Hardship.

Officer Recommendation

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

RESOLUTION

Cr D Gallagher / C Nisbet

That the Audit and Risk Committee note the Chief Executive Officer's update and the Committee thanked Mr Chesworth for his service as Acting Chief Executive Officer.

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

In February 2021 as part of the annual review process of the Risk Register HLB Mann Judd, Councils Internal Auditor was invited to facilitate a workshop with the Leadership Team 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 allowing for robust discussion, training for new Managers and the ability to re-visit the effectiveness of the way the risk is captured.

The following is a list of the revised Strategic Risks:

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 Leadership team have since participated in a second workshop facilitated by Kapil Kukreja of HLB Mann Judd, to continue the review process by further exploring the causes, treatments and controls. During this process the question of Risk Appetite arose. The key element of the session being focused on the relationships between risk appetite, controls and the level to which the controls being applied to each risk were either individually or collectively sufficient to mitigate and reduce the residual risk to an acceptable level. It was agreed further work needed to be undertaken to explore this further.

Council adopted a Risk Appetite Statement in 2019, which is due for review in 2022. The adopted Risk Appetite Statement will be utilised further in guiding the review outcomes. HLB Mann Judd have subsequently also provided officers with templates and materials to use in the further development / analysis of the current controls to assess their effectiveness for risk mitigation within Councils adopted risk appetite.

Generally, the current status is a conservative assessment and further review, giving consideration to the Internal Auditors advice will finalise the process for presentation to the Audit and Risk Committee at its next meeting. The additional time required will enable a thorough

review process which will also help to develop leaders skills with respect to a broader understanding of risk assessment.

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

I McKaskill / Cr D Gallagher

That the Audit and Risk Committee note the Review Risk Register Report and request that a detailed report be presented to the September 2021 Committee Meeting.

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 was presented with at its meeting in March 2021 with an update as to the progress of updating the status of the Business Continuity Plan (BCP) in March 2020. This report aims to advise and report back on developments, timelines and actions undertaken since that time.

Discussion

Since the March meeting of the Audit and Risk Committee, the Business Continuity Plan has been socialised with the wider leadership team and further updated to reflect the lived experience of the pandemic as well as findings from previous reviews. The Coordinator Emergency Management and Business Continuity provided a presentation to the Leadership Team on 22 April and has sought feedback by Friday 7 May. (The information was not available in time for inclusion in this report)

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 (COVID-19 normal) being in place for some time.

The draft Business Continuity Plan has also been provided to Councils Internal Auditor for comment on its format and structure with the intention for that feedback, when received to be incorporated into the document.

A test of the Business Continuity Plan will also be conducted prior to the scheduled internal audit of the Plan in Quarter 3, 2021.

The Committee will receive an update to its next meeting of the actions undertaken and plans going forward.

RESOLUTION

I McKaskill / Cr D Gallagher

That the Audit and Risk Committee note the update report on the Business Continuity Planning arrangements and requested that the revised Business Continuity Plan be presented to the September 2021 Committee Meeting.

CARRIED

5.5 Reports & Publications of Interest to Local Council's

Attachment(s):

1. Local Government - Recent Reports and Publications (May 2021) [5.5.1 - 18 pages]

HLB Mann Judd will present this report.

Officer Recommendation

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

RESOLUTION

Cr I Gerencser / C Nisbet

That the Audit and Risk Committee note the Recent Reports and Publications presented by HLB Mann Judd contained in Attachment 5.5.1.

CARRIED

5.6 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 January 2021 to 31 March 2021.

Discussion

The CEO's credit card statements for the period 1 January 2021 to 31 March 2021 have been reviewed. There were no transactions on the credit card for this period.

6 AUDITS - INTERNAL

6.1 Internal Audit Function Performance & Audit and Risk Committee Performance Survey

Attachment(s): Nil

The purpose of this item is to discuss with the upcoming Audit and Risk Committee Performance Survey, including the review of the Internal Auditor function. A survey is sent to all members prior to the September 2021 Meeting and the results will be tabled at the September Meeting for discussion.

This discussion will be lead by the Acting Director Corporate and Shared Services and will be undertaken without the auditors present.

RESOLUTION

I McKaskill/ C Nisbet

That the Audit and Risk Committee notes the report and suggests that all members of the Committee during the 2020/21 financial year be invited to complete the survey.

CARRIED

6.2 Review Internal Audit Reports & Management Responses

Attachment(s): Nil

HLB Mann Judd have advised that the Accounts Payable Audit Review and Recommendations will be presented to the September 2021 Audit and Risk Committee meeting.

Officer Recommendation

That the Audit and Risk Committee note that the Accounts Payable Audit Review and Recommendations will be presented to the September 2021 Audit and Risk Committee meeting.

RESOLUTION

I McKaskill / C Nisbet

That the Audit and Risk Committee note that the Accounts Payable Audit Review and Recommendations will be presented to the September 2021 Audit and Risk Committee meeting.

CARRIED

6.3 Follow up Significant Issues Raised by Internal Audit

Nil to report.

6.4 Review Implementation of Previous Audit Actions

Attachment(s):

1. Audit Recommendations Summary - May 2021 [6.4.1 - 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 as contained in Attachment 6.4.1.

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

Attached is the report produced for the Audit and Risk Committee showing the status of all internal Audit recommendations as at 7 May 2021.

One action has been completed since the March 2021 Meeting.

Risk Management

The Risk Management Audit is now complete. All of the actions regarding updating guidelines and the framework have now been completed and the ongoing review of these documents is part of business as usual.

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

I McKaskill/ Cr D Gallagher

That the Audit and Risk Committee note the Review Implementation of Previous Audit Actions report as contained in Attachment 6.4.1.

CARRIED

6.5 Review Scopes of Audits by HLB Mann Judd

Attachment(s):

1. Internal Audit Plan - Business Continuity and Disaster Recovery [6.5.1 - 7 pages]

HLB Mann Judd will present this report.

Officer Recommendation

That the Audit and Risk Committee note the Review of Business Continuity and Disaster Recovery Internal Audit Plan.

RESOLUTION

I McKaskill / Cr D Gallagher

That the Audit and Risk Committee note the Review of Business Continuity and Disaster Recovery Internal Audit Plan. The Audit and Risk Committee requested that the review be conducted in the September to December 2021 quarter, subject to the Business Continuity Plan being tabled at the September 2021 Committee Meeting .

CARRIED

7 AUDITS - EXTERNAL

7.1 Review Auditors Proposed Scope & Approach

Attachment(s):

1. Audit Strategy - 20/21 Financial Year [7.1.1 - 24 pages]

RSD Audit will present this report at the meeting.

Officer Recommendation

That the Audit and Risk Committee note the Audit Strategy Memorandum for the financial year ending 30 June 2021.

This item was discussed following item 3 to allow the External Auditors to leave the meeting following the presentation of this item.

RESOLUTION

I McKaskill/ C Nisbet

That the Audit and Risk Committee note the Audit Strategy Memorandum for the financial year ending 30 June 2021 as contained in Attachment 7.1.1.

CARRIED

8 FINANCIAL REPORT

8.1 Review Significant Accounting & Reporting Issues

Nil to report.

8.2 Review Quarterly Financial Statement

Attachment(s):

1. Quarterly Financial Statements - March 2021 [8.2.1 - 4 pages]

Purpose

This report provides the quarterly financial report for the period ending 31 March 2021 which proposed that Council extinguish its existing loan borrowings debt.

Officer Recommendation

That the Audit and Risk Committee notes the Quarterly Financial Report to 31 March 2021.

Background

The Quarterly Financial Report for the period ended 31 March 2021, was presented to Council, in accordance with the *Local Government Act 2020* ("the Act"), at the Council Meeting held 28 April 2021.

The report includes the following statements:

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

Discussion

The statements for the third quarter to 31 March 2021 are included in Attachment 8.2.1.

Income Statement (Statement A)

The Income Statement for the period 1 July 2020 to 31 March 2021 (also within the attached report) is presented below:

NOTE	(1)			(2)		%		
	December Revised Budget 2020/21	Annual Revised Budget 2020/21	Forecast Adjustment 2020/21	YTD Budgets 31/03/2021	Actual 31/03/2021	YTD Budget V Actual Variance 31/03/2021	YTD Budget V Actual Variance 2020/21	
	\$	\$	\$	\$	\$	\$	%	
Revenue								
Rates & Charges	1	21,562,446	21,562,446	-	21,521,418	21,512,400	(9,018)	-0.04%
Special Charge	2	27,000	27,000	-	-	-	-	-
Statutory fees and fines	3	1,187,957	1,178,457	(9,500)	861,009	880,912	19,903	2.31%
User fees	4	909,964	908,914	(1,050)	680,750	788,705	107,955	15.86%
Grants - Operating	5	8,613,237	8,703,237	90,000	4,706,999	4,560,094	(146,905)	-3.12%
Grants - Capital	6	4,259,098	4,246,183	(12,915)	2,415,162	2,414,004	(1,158)	-0.05%
Contributions - Cash	7	288,970	297,970	9,000	254,772	263,980	9,208	3.61%
Contributions - Non Cash	8	600,000	600,000	-	-	-	-	-
Reimbursements	9	330,083	337,983	7,900	154,759	146,505	(8,254)	-5.33%
Other revenue	10	754,980	788,749	33,769	488,782	498,837	10,055	2.06%
Total Revenue		38,533,735	38,650,939	117,204	31,083,651	31,065,437	(18,214)	-0.06%
Expenses								
Employee Benefits	10	15,610,143	15,503,568	(106,575)	11,783,504	11,605,427	(178,077)	-1.51%
Materials and Services	11	13,975,873	14,003,477	27,604	9,202,066	8,544,657	(657,409)	-7.14%
Depreciation and amortisation	12	8,859,048	8,759,048	(100,000)	90,000	88,139	(1,861)	-2.07%
Bad and Doubtful Debts	13	160,000	160,000	-	160,000	160,085	85	0.05%
Other Expense	14	356,886	356,886	-	205,966	192,704	(13,262)	-6.44%
Finance Costs (Interest)	15	24,909	24,909	-	9,637	9,642	5	0.05%
Total Expenses		38,986,859	38,807,888	(178,971)	21,451,173	20,600,654	(850,519)	-3.96%
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	16	(622,047)	(622,047)	-	-	103,227	103,227	
Increase/(Decrease) Landfill Provision		-	-	-	-	-	-	
Surplus (deficit) for the period		(1,075,171)	(778,996)	296,175	9,632,478	10,568,010	935,532	

This statement provides information on two budgetary components:

1. *Forecast adjustments*: adjustments to the December 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 improved by \$296,175 moving from a predicted deficit of \$1,075,171 to a forecast deficit of \$778,996 in this quarter. Savings in expenditure in this quarter have contributed to offsetting the over expenditure in the first half of the year largely generated by Covid19.

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

The \$10.56 million operating result for the period ending March 2021 quarter is \$935,532 or 9.7% favourable to the year-to-date budget.

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	No Change	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	\$9,500 unfavourable. <ul style="list-style-type: none"> • Shipping containers permits fees reduced \$20,000. • Septic tank permit fees Increased \$15,500. 	Year-to-date variance is within budget expectations (variance is less than 10%)
4	User fees	\$1,050 unfavourable.	\$107,955 favourable. <ul style="list-style-type: none"> • Saleyards fees \$51,995 • Waste charges \$60,975 Both these income streams have a degree of seasonality and unpredictability, but at this stage indications are for a positive budget variation.
5	Grants - Operating	\$90,000 favourable. Two new operating grants: <ul style="list-style-type: none"> • Women Building Surveyors Program \$75,000 • Kerb Collection Transition Plan \$15,000 	Year-to-date variance is within budget expectations (variance is less than 10%)
6	Grants - Capital	\$12,915 unfavourable. <ul style="list-style-type: none"> • Adjustment to E waste grant; correction to amount collectable. 	Year-to-date variance is within budget expectations (variance is less than 10%).
7	Contributions - Cash	\$9,000 favourable. <ul style="list-style-type: none"> • Additional public open space developer contributions. 	Year-to-date variance is within budget expectations (variance is less than 10%).
8	Contributions - Non-Cash	No Change	On budget
9	Reimbursements	\$7,900 favourable: <ul style="list-style-type: none"> • Increased reimbursements for fire protection works. 	Year-to-date variance is within budget expectations (variance is less than 10%).

10	Other revenue	<p>\$33,769 favourable. Adjustments due to:</p> <ul style="list-style-type: none"> • Extra income from the sale of scrap steel \$37,019 • Rental income decreases \$3,250 	Year-to-date variance is within budget expectations (variance is less than 10%).
11	Employee Benefits	<p>\$106,575 favourable. Adjustments include:</p> <ul style="list-style-type: none"> • Working for Victoria (WFV) budget reduced by \$69,300. All employees have terminated and final pays and oncost have been calculated. • Savings in wages for the swimming pool \$26,866 • Reduction in Information Management \$30,000. To ensure the archiving project remains on schedule, budgets have been reallocated to fund external contractor support. 	Year-to-date variance is within budget expectations (variance is less than 10%).
12	Materials and Services	<p>\$27,604 unfavourable. Adjustments include:</p> <ul style="list-style-type: none"> • Grant funded Develop Kerbside collection plan increase \$15,000 • Information Management as result of a temporary change to the delivery model from wages to contractor (\$0 net cost as it is a \$30,000 movement between contractors and wages.) • Environmental Health service returns to an employee model after a period of delivery by a contractor \$0 nett cost however, \$22,000 movement from contractors to wages. • Savings anticipated in Covid related expenditure. These costs now budgeted at \$425,000 down from \$450,000 saving \$25,000. 	<p>\$657,409 favourable or 7% due to lower than anticipated year to date expenditure in the following areas:</p> <ul style="list-style-type: none"> • Corporate and Shared Services \$290,234 being \$140,000 expected account yet to arrive from VEC for the cost of the Council Election • Assets and Development \$142,510 including \$66,206 Waste Management and \$32,466 Environmental Service, \$57,208 Project Delivery non-capital items. • Community Engagement \$163,779 being Community Development \$24,389 and Children Services \$69,317 Business and Community Grants \$34,320, Customer Experience \$17,191. <p>Some of these variations are delayed expenditure; others are delayed receipt of invoices. Indications are that some of these year-to-date savings will materialise as savings at year end, adding to a further improved operating result.</p>
13	Depreciation and amortisation	<p>\$100,000 favourable.</p> <ul style="list-style-type: none"> • A landfill survey of the available air space at the Alexandra Landfill was conducted on the 4th January. This indicated reduced consumption of airspace over the preceding 6 months. Budgeted consumption for financial year has been reduced. 	Year-to-date variance is within budget expectations (variance is less than 10%)
14	Bad and Doubtful Debts	No Change	Year-to-date variance is within budget expectations (variance is less than 10%)

15	Other Expense	No Change	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	\$103,227 favourable, <ul style="list-style-type: none"> Three items of plant have been sold, however the carrying value of these assets is yet to be expensed. The delay in processing the asset disposal transaction was due to the changeover of the asset accounting software. The variance will correct when processing commences in April.

Balance Sheet (Statement B)

The Balance Sheet is included Attachment 8.2.1.

The commentary below refers to Column (1) forecast adjustment, being the movement in the Balance Sheet from the previously reported December Budget review to the current budget revision as at 31st March 2021.

Assets

The statement shows cash has decreased by \$18,825. It is expected that a further \$196,175 will be generated from operations, with \$215,000 being directed towards capital works (see the Cashflow Statement (Statement C) for a detailed analysis of cash movements).

Liabilities

There has been no adjustment made to expected liabilities.

Equity

As at 31 March 2021 the statements show a favourable reduction in the predicted deficit to \$778,996. 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 \$18,825.

Cash from Operating Activities

The statement shows an improvement of \$196,175 in cash generated by operations.

Cash Flow from Investing Activities

An increase of \$215,000 due to increased capital works.

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 December revised budget figure for total unallocated cash was \$10.82 million, the March revised budget figure is now \$10.97 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 third quarter period ending 31 March 2021.

Councillor Expenses for 3 months ended 31 March 2021:

	Allowances	Travel Expenses	Childcare Expenses	Information & Communications Expenses	Conference & Training Expenses	Other Expenses
Cr Carpenter	\$5,762.16	\$-	\$-	\$184.21	\$1,780.78	\$267.79
Cr Gallagher	\$5,762.16	\$1,898.08	\$-	\$189.54	\$1,780.78	\$170.51
Cr Gerencser	\$5,762.16	\$1,712.32	\$-	\$299.27	\$1,780.78	\$170.51
Cr Haslam	\$5,762.16	\$418.08	\$-	\$197.83	\$1,780.78	\$170.51
Cr Lording	\$5,762.16	\$594.72	\$-	\$390.88	\$1,780.78	\$170.51
Cr McAulay	\$17,214.51	\$2,463.00	\$-	\$390.88	\$1,780.78	\$267.79
Cr Walsh	\$5,762.16	\$586.80	\$-	\$195.44	\$1,780.78	\$170.51

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.

Loan borrowings – pay off proposal

Council approved the proposal to pay off the balance of its existing loan borrowings, which is forecast to be \$300,480 at 30 June 2021.

There are currently three loans which are due to end in October 2021, April 2023 and October 2023. With cash investment interest rates low (earning less than 1%) and the fixed interest rate loans ranging from 5.6% to 6.24%, officers have investigated if it would be financially prudent to extinguish the debt.

Following a discussion with the financial institutions, the total break cost to pay off the loan balances is quoted to be approximately \$14,785. This is significantly less than the total interest owing (\$38,620).

The following table shows the total savings that will be realised if the debt is paid off:

	\$
Total interest saved	38,620
Less break fees	(14,785)
Total net savings	23,835

The break fees will reduce Council's forecast 2020/21 operating result by \$14,785. The \$300,480 principal balance will be paid out of Council's unallocated cash balance.

Therefore, as Council has sufficient cash holdings to comfortably extinguish the debt, it was recommended that Council approves this proposal.

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.

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

C Nisbet/ I McKaskill

That the Audit and Risk Committee notes the Quarterly Financial Report to 31 March 2021.
CARRIED

9 MANAGEMENT REPORTING

9.1 Review Draft of Annual Budget

Attachment(s):

1. Murrindindi Shire Council - Draft Budget 2021-22 [9.1.1 - 57 pages]

Purpose

This report is to present the draft 2020/21 Annual Budget (draft Budget) to the Audit and Risk Committee, which was approved for public exhibition at the Council Meeting held 28 April 2021.

Officer Recommendation

That the Audit and Risk Committee notes this report.

Background

The development of the annual budget is part of an integrated process ensures appropriate resource allocations are made to service Council’s long-term activities and initiatives.

The Council Plan and the Financial Plan and its underpinning strategies inform the budget development process. The annual budget needs to consider Council Plan initiatives, external influences and any new initiatives.

The draft 2021/22 Budget attached to this report outlines the financial implications of the strategic objectives and initiatives planned by Council, focusing on the coming financial year.

The draft Budget balances the need to deliver infrastructure and services while also providing the best possible value for residents, and ensuring careful ongoing financial management.

Discussion

The draft Budget details the resource requirements and project priorities that are in accordance with the key strategic objectives that have been set in the *Council Plan 2017-2021*.

The draft Budget has been prepared on the principles of responsible financial management to achieve an operating result that ensures and maintains long term financial sustainability.

Whilst always difficult to raise revenue, especially in times of uncertainty, the proposed rate increase of 1.5% for 2021/22 is in line with the rate cap set by the State Government and provides for a continued mix of responsible operating and capital budget expenditures. This is in contrast to 2020/21, where Council responded swiftly and strongly in the face of the pandemic, with no increase applied to rates income and the removal of the 25% premium paid by commercial and industrial properties. To further support businesses and the community, a range of fees and charges were reduced or waived, and the provision of community and business grants and contributions was expanded. Council also extended its Hardship Policy to all ratepayers to assist those significantly impacted by the effects of the pandemic. Council will continue to support those ratepayers needing assistance throughout the next rating period.

The draft Budget has been developed based on the following principles:

- to increase average rates by 1.5%. This is in line with the average rate increase allowable under the State Government's Fair Go Rates System for 2021/22
- to take on no new debt; representing the lowest level of total debt Council has held in more than a decade
- to limit increases to fees and charges (where possible and under Council's control), to no more than 1.5%
- to reinstate the 25% rate premium on commercial/industrial properties which Council temporarily suspended last year during the pandemic in line with Council's Revenue and Rates Plan.

The draft Budget identifies that Council will spend \$50.60 million to deliver services and improve infrastructure. This includes a \$14.7 million Capital Works Program.

Highlights of the Capital Works Program include:

- \$4.3 million on roads and paths
- \$123,000 to improve safety at our swimming pools
- \$4.9 million to replace Break O'Day Road bridge in Glenburn, the Yea Caravan Park Bridge and the Yarck Road Bridge and widening of Snobs Creek Road
- \$668,000 for works on the Alexandra Youth Precinct project
- \$100,000 to undertake structural stabilisation works and create a meeting room at the Yea Shire Hall
- \$200,000 to undertake major renewal works at the Alexandra Maternal and Child Health Centre
- \$65,000 for investigation and design for Kinglake closed landfill.

Other initiatives proposed in the draft Budget include:

- \$25,000 for the development of a Reconciliation Plan to recognise and celebrate the traditional owners of our land
- \$80,000 for the development of programs which relate to the environment and mitigating the effects of climate change.
- \$50,000 to review and address the ongoing maintenance challenges of Council's built and environmental assets, including ageing infrastructure, roads, recreation and open spaces.
- Over \$100,000 in funding for a range of tourism and business development initiatives, which include:
 - Business assistance to access both government funding and information about the regulatory side of doing business

- Hosting and promoting a range of professional development opportunities
- Development of printed material and online content to attract visitors to cycling, walking and other nature-based tourism opportunities, while promoting the Great Victorian Rail Trail and associated towns in collaboration with neighbouring Shires.

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

Council is required under the *Act*, to prepare and adopt an annual budget.

Financial Implications and Risk

The proposed 2021/22 Budget is fiscally responsible in its scope of discretionary spending. The draft Budget details how Council can manage its requirement to keep average rate increases within the rate cap of 1.5% legislated by the State Government for 2021/22, whilst providing a responsible and viable financial plan for the ensuing year.

Conflict of Interest

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

Community and Stakeholder Consultation

The draft Budget will be made available for inspection on its website for a period of at least 28 days, and submissions invited from members of the public. The draft Budget will be formally advertised in a range of publications from 30 April 2021, with written submissions called for by 12pm, 28 May 2021 following which Council will consider the submissions received at its meeting on 9 June 2021, before finally resolving to adopt the draft Budget at its meeting on 23 June 2021.

RESOLUTION

C Nisbet / I McKaskill

That the Audit and Risk Committee notes the Review of the Draft Annual Budget.

CARRIED

10 GENERAL BUSINESS AND FUTURE PLANNING

10.1 Rates Debtor Management

Attachment(s): Nil

Purpose

The purpose of this report is to update the Audit and Risk Advisory Committee (Committee) on the status and trend of rate collections.

Officer Recommendation

That the Audit and Risk Committee note the Rate Debtor Management Report.

Background

At the Audit Advisory Committee meeting held on 25 May 2018, a report advising the Committee on Council’s current rating practices and position was presented. The Committee requested that this report become an annual report to the Committee, including trends over time on what is recovered.

Council rates are a necessary impost on the community to help fund services and asset purchase and renewal. It is important that Council apply an equitable imposition of rates and charges

across the municipality. Failure to recover outstanding rates means Council would fail this objective and provide a disadvantage to ratepayers.

Discussion

The following table shows the five-year trend on Council’s outstanding rates balance.

	2015/16	2016/17	2017/18	2018/19	2019/20
Total outstanding rates balance	\$1,902,284	\$2,212,043	\$3,470,649	\$2,345,612	\$2,771,269
Total rates levied & arrears	\$22,400,290	\$23,565,507	\$24,592,808	\$26,093,078	\$26,011,529
Outstanding as %	8.5%	9.4%	14.1%	9.0%	10.7%

As can be seen, the outstanding balance had been steadily increasing between 2015/16 and 2017/18, before returning to the historical average outstanding balance percentage in 2018/19.

The increase in rates debtors for 2019/20 was expected as Council included in its response to the COVID-19 pandemic, an extension to the due date for all outstanding rates (including the 4th Instalment) to 30 June 2020. This resolution of Council meant that no legal action or final notices were sent out, causing an increase in the 30 June outstanding debtor balance. In addition, no interest was raised to outstanding debts from 16 March 2020 to 30 June 2020.

The table below breaks down the balances between the rates levied in that year and the arrears brought forward from previous years. Outstanding legal costs and interest are also listed separately.

	2015/16	2016/17	2017/18	2018/19	2019/20
Current rates outstanding balance	\$1,209,593	\$1,341,393	\$2,628,408	\$1,352,328	\$2,056,010
Total rates levied	\$20,848,127	\$21,663,223	\$22,380,764	\$22,622,429	\$23,648,217
Outstanding as %	5.8%	6.2%	11.7%	6.0%	8.7%
Arrears outstanding	\$594,818	\$766,089	\$730,200	\$1,018,002	\$1,005,115
Total arrears 30 June	\$1,552,163	\$1,902,284	\$2,212,043	\$3,470,649	\$2,363,312
Outstanding as %	38.3%	40.3%	33.0%	29.3%	42.5%
Legal & Interest balance	\$221,314	\$326,589	\$319,097	\$292,774	\$259,359
Less overpaid accounts	-\$123,442	-\$222,028	-\$207,055	-\$299,792	-\$549,215
Total outstanding rates balance	\$1,902,284	\$2,212,043	\$3,470,649	\$2,363,312	\$2,771,269

The table highlights that current rates outstanding for 2019/20 increased to 8.7%, while percentage of arrears outstanding increased to 42.5%. As stated above, these results were not unexpected as Council extended due dates and expanded the financial hardship policy to cover all assessments. Council also extended its Hardship Policy to commercial and industrial rated properties consistent with residential properties. Council officers have commenced follow up with outstanding rate debtors for the 2020/21 year.

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

The *Local Government Act 1989* now the *Local Government Act 2020* (the *Act*) sets out the statutory requirements that Council must comply with when undertaking its rating and valuation processes.

The *Act* sets out the objectives for Local Government. Part 8 – Rates and Charges on Rateable Land, specifies the legislative guidelines.

Financial Implications and Risk

As rates and associated interest and legal costs are a charge on the properties, there is minimal risk for loss of revenue, providing the equity (Capital Improved Value) is adequate to cover the outstanding amount of rates.

Conflict of Interest

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

RESOLUTION

C Nisbet / Cr I Gerencser

That the Audit and Risk Committee notes the Rate Debtor Management Report and that this report will be presented at the December Committee meetings going forward.

CARRIED

10.2 Review/Assess Adequacy of Audit Committee Charter

Attachment(s):

1. Audit and Risk Committee Charter May 2021 Review [10.2.1 - 11 pages]

The Audit and Risk Committee Charter was adopted by Council in July 2020 in accordance with the implementation of the *Local Government Act 2020*.

The Charter has been reviewed by Officers and the revised Charter will be presented by the Director Corporate and Shared Services. The amended text is highlighted in yellow in the attached revised Charter.

The Audit and Risk Committee is invited to provide feedback on the revised Charter. The Charter will be presented to Council for adoption post the Audit and Risk Committee assessment.

Officer Recommendation

That the Audit and Risk Committee note the revised Audit and Risk Committee Charter and propose the Charter is presented to Council for formal adoption.

RESOLUTION

C Nisbet / I McKaskill

That the Audit and Risk Committee

1. notes the revised Audit and Risk Committee Charter
2. recommends that section 3.1 include the consideration of gender balance in the membership of the Audit and Risk Committee.
3. recommends the revised Charter for formal adoption by Council.

CARRIED

10.3 Establish/Schedule Meeting for Forthcoming Year

Attachment(s): Nil

This report will be presented by the Director Corporate and Shared Services.

Officer Recommendation

That the following meeting dates are proposed for 2021/22:

9 September 2021 at 1:00pm

9 December 2021 at 3:00pm

10 March 2022 at 3:00pm

12 May 2022 at 3:00pm

RESOLUTION

Cr D Gallagher / C Nisbet

That the following meeting dates are proposed for 2021/22:

9 September 2021 at 1:00pm

9 December 2021 at 3:00pm

10 March 2022 at 3:00pm

12 May 2022 at 3:00pm

CARRIED

10.4 Review Audit and Risk Committee Annual Plan

Attachment(s):

1. Audit and Risk Advisory Committee Annual Plan 21 22 [10.4.1 - 1 page]

This report will be presented by Director Corporate and Shared Services.

Officer Recommendation

That the Audit and Risk Committee endorse the Audit and Risk Committee Annual Plan 2021/22.

RESOLUTION

I McKaskill / Cr D Gallagher

That the Audit and Risk Committee endorse the Audit and Risk Committee Annual Plan 2021/22.

CARRIED

10.5 Elect Chair of Audit Committee

Attachment(s): Nil

As per the Committee Charter, the Chairperson of the Audit and Risk Committee shall be appointed from the external members of the Committee by the Council, upon recommendation of a nominee from the Committee.

As of the end of June 2021 there will be an independent member vacancy. It is recommended that the Election of the Chair be deferred to the September 2021 Audit and Risk Committee Meeting to enable this vacancy to be filled and all three independent members to be considered for nomination.

Officer Recommendation

That the Election of the Chair be deferred to the 9 September 2021 Audit and Risk Committee Meeting.

RESOLUTION

C Nisbet / I McKaskill

That the Election of the Chair be deferred to the 9 September 2021 Audit and Risk Committee Meeting.

CARRIED

Cr I Gerencser left the meeting at 04:32 pm.

11 OTHER REPORTS

11.1 Fraud Awareness Survey Results

Attachment(s):

1. Fraud and Corruption Awareness - 2021 Comparison Results [11.1.1 - 5 pages]

Purpose

The purpose of this report is to provide an update on the progress of Council's Fraud and Corruption control program since the December 2020 report provided to the Audit and Risk Committee.

Officer Recommendation

That the Audit and Risk Committee notes the report.

Background

Following the update of Council's Fraud and Corruption Control Policy, in January 2020 Council developed an Annual Fraud and Corruption Awareness Survey with 10 questions covering the following key fraud control attributes:

1. Leadership
2. Ethical framework
3. Responsibility structures
4. Fraud control policy
5. Prevention systems
6. Fraud awareness
7. Third party management systems
8. Notification systems
9. Detection systems
10. Investigation systems.

By assessing the results for each attribute and comparing the results year on year, Council can develop targeted initiatives to mitigate the risk of fraud or corruption in the organisation.

These initiatives may be organisation-wide, such as updating the Employee Code of Conduct to reinforce the importance of a fraud and corruption prevention culture, or specific to a department, such as tightening controls in technology to address any emerging risks.

Whilst the overall perception of staff towards the effectiveness of Council's fraud and corruption control program was relatively high (3.9 out of 5), the results showed the need to strengthen areas such as awareness programs and prevention systems. Both of these attributes were identified as focus areas to improve over the 12 months following the survey.

Discussion

Despite the challenges the organisation faced over the last 12 months through COVID-19, the fraud and corruption prevention program continued as “business as usual”, with a strong focus on, but not limited to the following areas:

- Improving staff education and awareness through -
 - interactive online training and case studies to help them identify the potential risks in their work areas and how to address them
 - regular updates on Council’s intranet titled “Integrity Matters” highlighting relevant articles from integrity agencies, or brief refresher notes on what “to do or not to do”
 - regular updates on phishing emails, scams and emerging IT related risks to prevent a potential incident.

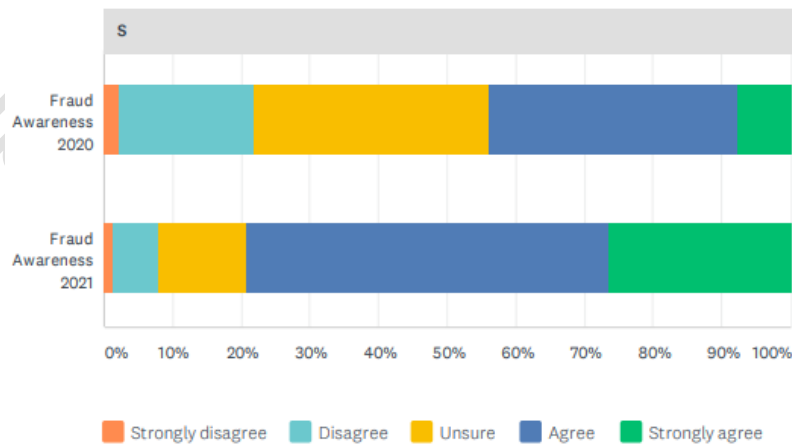


Figure 1: “Our organisation runs a comprehensive awareness program about fraud control”.

- Developing our “Culture” as major prevention strategy including the review of the Employee Code of Conduct to be structured around the organisational values and translating what each value means in everyday actions.

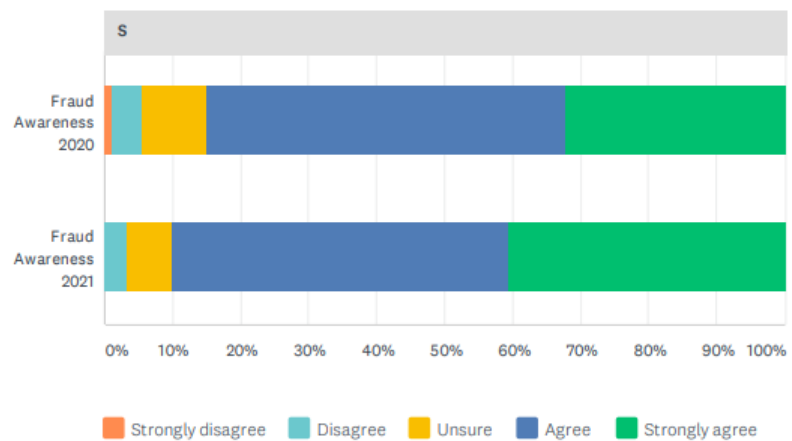


Figure 2: “We have ethical behaviours’ policies that most people in my work area are aware of, and understand that staff will be disciplined for fraudulent or corrupt behaviour, and for breaches of our code of conduct”.

- Maintaining integrity policies and ensuring procedures are up to date, ensuring staff are consulted with during the development stage (e.g., feedback on draft policy/procedure where possible) and offered relevant training.

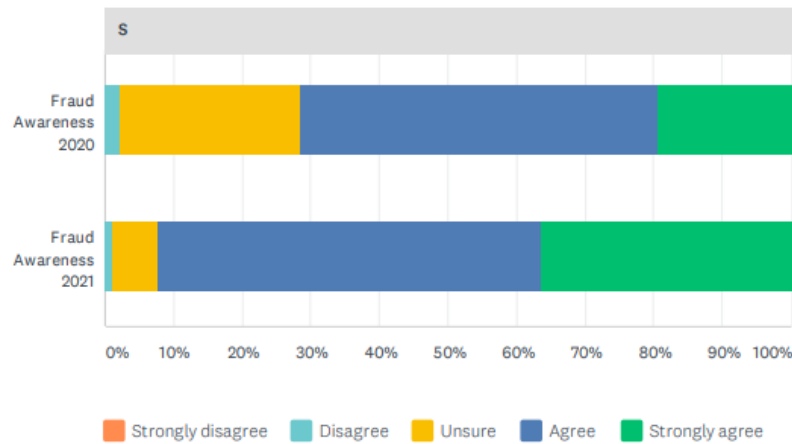


Figure 3: "Our fraud control policies and procedures tell us how to deal effectively with the fraud risks we face".

The outcome of these efforts has been reflected in the results of the 2021 Fraud and Corruption Awareness Survey, showing an overall improvement by increasing the organisation’s average to 4.1 out of 5.

Whilst the risk of fraud and corruption in any organisation changes every year, the latest survey results suggest the organisation is currently in a healthy position towards managing these risks and that staff are engaged in the process.

Next Steps

According to the latest survey results, the following areas require further work for improvement and will be prioritised in the coming year.

Question	Result	Actions to be taken
5. The functions of my work area are regularly assessed to identify and address the fraud and corruption risks we face	3.6	<ul style="list-style-type: none"> • Resume the fraud and corruption risk assessment sessions by department to identify specific risks. • Develop an Enterprise Fraud Risk Register in CAMMS to manage controls and actions.
7. I am confident Council has policies and systems in place to ensure that third parties are appropriately checked and verified	3.9	<ul style="list-style-type: none"> • Review policies and procedures related to third-party checks. • Identify system gaps through the fraud and corruption risk assessment sessions by department.

In addition to these actions, Council will continue its education campaign by providing regular updates on policy changes, emerging issues/threats and its notification systems. This is to ensure staff know how to report suspected acts of fraud or corruption and what protections they are entitled to.

Council Plan/Strategies/Policies

This report supports the *Council Plan 2017-2021 Our Promise* strategy to “ensure our culture, systems and technologies encourage and enable innovation in our business practices and service delivery”.

Relevant Legislation

- *Local Government Act 2020*
- *Public Interest Disclosures Act 2012 (formerly Protected Disclosures Act)*
- *Independent Broad-Based Anti-Corruption (IBAC) Act 2011.*

Financial Implications and Risk

Actions arising from this report will be implemented within existing Council's resources.

Failure to maintain an effective and up-to-date fraud and corruption control program may have a detrimental effect on the risk of fraud or corruption occurring in the organisation. Consequently, this could lead to high financial costs, negative audit findings, fines and reputational damage.

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 / C Nisbet

That the Audit and Risk Committee notes the Fraud Awareness Survey Results Report.

CARRIED

12 NEXT MEETING

12.1 Next Meeting

The next Audit and Risk Committee Meeting is scheduled for 9 September 2021 at 1pm.

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 Audit and Risk Committee formally thanked Marilyn Kearney, Acting Director Corporate and Shared Services for her contribution to the Committee over the past 8 months.

The meeting was closed at 04:59 pm.

CONFIRMED THIS

CHAIRPERSON C Baxter



MURRINDINDI SHIRE COUNCIL
AUDIT AND RISK COMMITTEE CHARTER

May 2021 Revision

INDEX

1. PURPOSE	2
2. AUTHORITY	2
3. MEMBERSHIP	3
3.1 Independent Committee Members	3
3.2 Councillor Members	4
3.3 Committee Chairperson	4
4. MEETING OF THE COMMITTEE.....	4
4.1 Quorum.....	4
4.2 Meeting Attendance	4
4.3 Meeting Conduct.....	5
4.4 Meeting Facilitation	6
5. RESPONSIBILITIES AND DUTIES.....	6
5.1 Committee Governance	6
5.2 Finance and Performance.....	6
5.3 Audit and Assurance	7
5.4 Risk and Compliance	7
6. REVIEW AND REPORTING.....	8
7. CONDUCT AND INTEGRITY	9
7.1 Misuse of Position	9
7.2 Conflict of Interest	9
7.3 Returns of Interest	9
7.4 Confidential Information	9
8. REVIEW OF CHARTER	10
APPENDIX 1. OVERARCHING GOVERNANCE PRINCIPLES	11

1. PURPOSE

The Murrindindi Shire Council is committed to providing good governance, public transparency and accountability to the communities of the Murrindindi Shire. The Audit and Risk Committee (the Committee) is an independent advisory committee to Council, established under section 53 of the *Local Government Act 2020* (the Act) to provide oversight, guidance and assurance to assist Council and Council's Executive meet this commitment.

Section 54 of the Act requires Council to prepare and adopt a Committee Charter (the Charter) governing the functions and responsibilities of the Committee, which are to:

- monitor the compliance of Council policies and procedures with the overarching governance principles in the *Act* (refer appendix 1), the *Act* itself and any regulations and ministerial directions
- monitor Council financial and performance reporting
- monitor and provide advice on risk management and fraud prevention systems and controls, and
- oversee internal and external audit functions.

This Charter has been developed with regard to these provisions and the Victorian Auditor-General's report on *Audit Committee Governance* issued in August 2016.

The Charter sets out the Committee's purpose, authority, composition and tenure, responsibilities, reporting, administrative and governance arrangements.

2. AUTHORITY

The Committee is formally appointed by Council and is responsible to Council. The Committee is an independent advisory committee and does not have any delegated powers, including executive powers, management functions, or delegated financial responsibility.

Its role is to provide independent oversight, advice and guidance regarding the adequacy and effectiveness of management's internal control, governance, ethical, risk management and financial practices and potential improvements to these practices, and to provide assurance to Council.

In order to carry out its responsibilities under this Charter, the Committee is empowered to:

- Review the internal and external auditor's annual audit plans and reports of all audits undertaken
- Seek any information or advice it requires from Councillors, management or external agencies via the Chief Executive Officer
- Convene Committee meetings in addition to the scheduled meetings as considered necessary to meet its responsibilities
- Formally meet with Councillors, management, internal and external auditors as necessary to fulfil its responsibilities
- Seek resolution on any disagreements between management and the external auditors on financial reporting
- Request external legal or other professional advice via the Chief Executive Officer, as considered reasonably necessary to meet its responsibilities, and provided at Council's expense
- Participate in the establishment of evaluation criteria for the appointment and review of internal audit services.

It is noted that the appointment of Council's internal auditor is made by Council upon recommendation of a tender evaluation panel comprising Council's senior executives and the

Chairperson of the Audit and Risk Committee, or an independent member nominated by the Committee, as the Committee's representative.

3. MEMBERSHIP

The Committee will comprise five members; three external independent persons and two Councillors of the Murrindindi Shire Council.

The Committee must not include any person who is a member of the Murrindindi Shire Council staff.

3.1 INDEPENDENT COMMITTEE MEMBERS

Appointments of external independent members shall be made by Council by way of public advertisement and be for a term of three years. Independent members of the Committee will be eligible to apply for a maximum of two consecutive three year terms. Council may use its discretion to directly appoint an independent member for a second three year term without going through a public recruitment process. Council, at its discretion, may also extend the maximum allowable term of an independent member.

The terms of the appointment shall be arranged to ensure a staggered rotation and continuity of membership despite changes to Council's elected representatives. To enable orderly rotation of membership, a shorter-term reappointment may be considered, to remain within the six-year maximum term

The independent members must collectively have expertise in financial management, risk management and experience in public sector management.

Independent members should also have the ability to provide Councillors, the Chief Executive Officer and Council's administration with well-rounded and professional advice concerning the adequacy of Council's administrative, operational, financial and accounting systems and controls, performance reporting regimes, and risk management processes.

The Audit and Risk Committee places a priority on having a gender balanced representation in its membership, Council will take this into account when appointing new members.

The evaluation of potential independent members will be undertaken by a selection panel of the Mayor, member Councillor and Chief Executive Officer, in accordance with Council's Recruitment Policy. The panel will take account of the experience of candidates and their likely ability to apply appropriate analytical and strategic management skills. Appointment will be subject to, and conditional upon, a satisfactory police check clearance and Council's formal endorsement of the panel's recommendation for appointment.

New members will receive relevant information and briefings on their appointment to assist them to meet their committee responsibilities. The induction of new independent members is to include an opportunity for all independent members to meet informally by way of introduction prior to the first Committee meeting attended by the new member.

Former Murrindindi Shire Councillors are ineligible from taking an independent position on the Committee for two years after the expiry of their term as a Councillor.

The independent members of the Committee will receive an honorarium for their attendance at meetings and the work undertaken between meetings. The level of the honorarium will be set by Council and reviewed no less than once every Council term, following benchmarking against no

less than five other peer Councils. Honorariums will be paid quarterly following receipt of a Tax Invoice after each meeting.

If the Council proposes to remove a member of the Committee, it must give written notice to the member of its intention to do so and provide that member with an opportunity to be heard at a Council briefing session, if the member so requests.

3.2 COUNCILLOR MEMBERS

The two Murrindindi Shire Councillors will be appointed to the Committee by the Council annually. Their eligibility for continuous re-appointment is at the discretion of the Council.

Councillors appointed to the Committee will preferably have a background in finance, risk management or public sector management or be open to participate in professional development to better equip them for the role.

Council may appoint a third Councillor as a substitute should a Councillor member be unavailable to attend one or more Committee meetings.

3.3 COMMITTEE CHAIRPERSON

The Chairperson shall be appointed from the external members of the Committee by the Council, upon recommendation of a nominee from the Committee.

The term of the Chairperson is 12 months, with a maximum of three consecutive years with a break of at least one year if three consecutive terms have been served. The term of the Chairperson is to commence in the first quarter of each financial year.

In the absence of the appointed Chairperson from a meeting, the meeting will appoint an acting Chairperson from the external members present.

4. MEETING OF THE COMMITTEE

4.1 QUORUM

A quorum will be an absolute majority of the voting members of the Committee, including at least two independent members.

4.2 MEETING ATTENDANCE

All Committee members are expected to attend each meeting in person. Occasional teleconference or online video attendance may be permitted with the approval of the Chairperson, where the technical requirements can be reasonably met, or where there is a direction from the Chief Executive Officer that a meeting cannot reasonably be conducted via physical attendance.

It is expected that all members will attend 100 percent of the Committee meetings per financial year (as per the Victorian Government's Appointment and Remuneration guidelines). Should independent members not be able to attend at least 75 percent of meetings per annum, they will be required to resign their position unless exempted by Council on recommendation of the Committee, based on reasonable grounds.

In addition to Committee Members, the following persons have a standing invitation to attend Committee Meetings in an advisory capacity or as observers:

- The Mayor

- Chief Executive Officer and/or Director Corporate and Shared Services will attend all meetings wherever possible
- Council's Executive and Management, as determined by the Chief Executive Officer
- Murrindindi Shire Council's Internal auditors, and
- Administrative support provided by the Manager Governance and Risk or delegate.

Representatives of the external auditor will attend meetings relevant to the preparation and presentation of the annual financial report and results of the external audit. The external auditor may be invited to attend other meetings as required.

Other Council staff may be invited at the discretion of the Chairperson or as directed by the Chief Executive Officer when an agenda item related to their area of expertise and responsibility is presented.

Council can make annual appointments of observers to the Committee for a period of 12 months to enable exchange of relevant experience and knowledge for the mutual benefit of the Committee and the observer. Any appointed observers will be expected to attend all meetings and will be under the mentorship of either one of the independent members or a senior executive as determined by the Chief Executive Officer in consultation with the Chairperson. The observer will be subject to the same Conflicts of Interests and Register of Interests compliance requirements as outlined in this Charter for members as well as Confidentiality requirements as outlined in the letter of appointment. Council may extend the term of an appointed observer at its discretion. An appointed observer will not be entitled to an honorarium.

Committee meetings are not open for public attendance or viewing.

4.3 MEETING CONDUCT

The Committee will meet at least on four scheduled occasions a year, with authority to convene unscheduled meetings as circumstances require.

The Committee may, if required, agree to conduct business by circular resolution outside of scheduled meetings with the approval of the Chairperson. Such resolutions will be recorded in the minutes of the next scheduled Committee meeting.

Committee members are to abide by Part 9 of the Council's Governance Rules 2020 in relation to their conduct in the meeting and Part 12 of the Council's Governance Rules 2020 when voting. Members are to be considered Councillors for the purposes of interpreting the Governance Rules 2020. The Murrindindi Shire Council Governance Rules 2020 are published on Council's website.

Committee members must declare any general or material conflicts of interest at the commencement of each meeting, or before discussion of the relevant agenda item or topic. The member declaring the conflict of interest must leave the meeting whilst the agenda item or topic is considered by the Committee. Details of any conflicts of interest will be appropriately minuted. (Refer Section 7 Conduct and Integrity).

The Committee, without management present, will meet separately with the internal auditor at each scheduled Committee meeting and the external auditor, at least annually, to discuss issues of relevant interest.

4.4 MEETING FACILITATION

The Chief Executive Officer or delegate must facilitate the meetings of the Committee, ensure appropriate records are maintained and provide adequate secretariat support to the Committee, such that:

- Meeting agendas together with appropriate briefing material are prepared and provided in advance of the meeting date to members, generally seven calendar days
- Internal audit scopes are issued for quorum approval via circular resolution
- Minutes of meetings are prepared and distributed for approval after the meeting and then ratified at the following meeting.

5. RESPONSIBILITIES AND DUTIES

Minimum requirements for the responsibilities and duties of the Committee are set out under Sec 53 of the *Act*, and are listed under Section 1 of this Charter. Those requirements are further expanded under the following areas of responsibility.

5.1 COMMITTEE GOVERNANCE

- Receive regular updates from the CEO on significant achievements and strategic matters which increase Committee understanding of the organisational context and enable the effective performance of its role
- Adopt an annual work plan and forward meeting schedule including a proposed plan for each meeting for the forthcoming year that covers the responsibilities of this charter
- Report to Council biannually on the Committee's activities and recommendations and annually on the Committee's performance against this Charter (refer section 6 Review and Reporting).

5.2 FINANCE AND PERFORMANCE

- Monitor the quarterly and annual financial and performance reporting of Murrindindi Shire Council, and consider whether it is complete, consistent with information known to the Committee, and reflects appropriate accounting principles and policy
- Review any significant accounting and reporting issues, including complex or unusual transactions, or significant adjustments to the financial report arising from the audit process and consider their effect on financial management, policy and reporting
- Monitor compliance with accounting standards, applicable regulatory and legislative changes and other reporting requirements of financial and non-financial information
- Review any significant changes to the content of reports, the operating results, financial position and performance indicators in comparison to the previous year
- Recommend the adoption of the Annual Financial and Performance Statements to Council
- Monitor Councillor expenses and approval processes and the Chief Executive Officer purchasing card expense approval process to ensure they are in line with Council policy for the appropriate use of public funds.

5.3 AUDIT AND ASSURANCE

- Monitor the performance audits undertaken by the Victorian Auditor-General's Office, and other relevant reports conducted by external integrity agencies, considering the implications for Murrindindi Shire Council.
- Meet with the auditors to discuss any matters that the Committee, internal auditor or external auditor believes should be discussed in camera, without Council officers present.
- Facilitate liaison between the Internal and External Auditors to promote compatibility, to the extent appropriate, between their audit programmes.

Internal Audit

- Review with management and the internal auditor the performance of the internal audit function, ensuring the audit activities, resourcing, and access are appropriate to enable the auditor's independent review.
- Review and approve the annual audit plan and all major changes to the plan, ensuring over a 3 year period the plan addresses:
 - internal controls over significant areas of business risk, including non-financial management control systems
 - internal controls over revenue, expenditure, assets and liability processes;
 - the efficiency, effectiveness and economy of significant Council programmes; and
 - compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements.
- Monitor the execution of the internal audit plan, by approving internal audit scopes, receiving internal audit reports, noting management's comments to recommendations and reviewing management's completion of agreed actions.

External audit

- Discuss with the external auditor the proposed audit scope and approach
- Review with the External Auditor and management issues arising from the audit, including all significant Management Letter items and the potential impact of those items on Council's system of internal control
- Review management's completion of agreed actions from the external audit
- Review on an annual basis the performance of the External Auditor.

5.4 RISK AND COMPLIANCE

Risk Management

- Monitor and advise on the implementation of the Council's Enterprise Risk Management Framework and management of strategic risks and key operational risks, including consideration of the effectiveness of the key internal control environment and reliability of assurance activities
- Review insurance coverage and claims management annually to be assured of the adequacy of the insurance program as a key mitigation for financial risk exposure
- Monitor and advise on the implementation of business continuity management and disaster recovery systems, obtaining sufficient assurance that management have an appropriate and effective system in place.

Compliance Management

- Monitor Council's systems and processes regarding compliance with legislation and regulations
- Monitor the compliance of Council policies with the overarching governance principles in the *Local Government Act 2020*, the *Act* itself and associated regulations and any Ministerial directions.
- Monitor and advise on the implementation of the enterprise compliance management system, and management of compliance obligations, including consideration of the effectiveness of the key control environment and reliability of assurance activities
- Monitor and advise on the implementation of the fraud and corruption prevention and control management system, obtaining sufficient assurance that management have an appropriate and effective system in place
- Monitor application of integrity policies and procedures, including codes of conduct, public interest disclosures, handling of serious complaints, public transparency, gifts, benefits & hospitality and the reporting of associated registers: Gifts and Conflict of Interest
- Monitor compliance with the Council's procurement framework with a focus on the probity and transparency of policies and procedures/processes.

6. REVIEW AND REPORTING

Minutes of each Committee Meeting will be tabled at the next Council Meeting for noting by Council.

The Committee will prepare a **Biannual Audit and Risk Report** that describes the activities of the Audit and Risk Committee and includes the Committee findings and recommendations in accordance with section 54(5a) of the *Act*. This report will be provided to the Chief Executive Officer for tabling at the next Council Meeting.

As a minimum the report should include:

- A summary of the work the Audit Committee performed to fully discharge its responsibilities
- A summary of management's progress in addressing the results of internal and external audit reports
- For the topics covered in the period under review, an overall assessment of management's risks, controls, and compliance processes, including details of any significant emerging risks or legislative changes impacting the organisation.

The Committee will also prepare an **Annual Committee Performance Report** that includes an annual self-assessment of Committee performance against the requirements of the Audit and Risk Committee Charter in accordance with Section 54(4a) of the *Act*. The assessment will be facilitated by Council's executive and completed with input sought from Committee members, Council's executive, and the Council's internal auditor.

This report shall include details of attendance of Committee members throughout the preceding 12 months. The Chairperson of the Committee shall be invited to present the report in person at a scheduled briefing session of the Council. The report will also be provided to the Chief Executive Officer for tabling at a Council Meeting.

7. CONDUCT AND INTEGRITY

In accordance with Section 53(5) of the *Act* Committee Members are subject to many of the same conduct principles as apply to Councillors and are outlined below.

7.1 MISUSE OF POSITION

In accordance with section 123 of the *Act* Committee members must not misuse their position to gain or attempt to gain, directly or indirectly, an advantage for themselves or for any other person; or to cause, or attempt to cause, detriment to the Council or another person.

Circumstances include:

- a) making improper use of information acquired as member of the Audit and Risk Committee
- b) disclosing information which is confidential information
- c) directing or improperly influencing or seeking to improperly influence a member of Council staff
- d) exercising or performing, or purporting to exercise or perform, a power, duty or function that is not authorised to exercise or perform
- e) using public funds or resources in a manner which is improper or unauthorised
- f) participating in a decision on a matter in which the person has a conflict of interest.

7.2 CONFLICT OF INTEREST

In accordance with Division 2 of the *Act*, members are required to disclose all conflicts of interest (general or material) and must exclude themselves from the decision making process including any discussion or vote on a matter which is the subject of the conflict. Members are expected to be aware of the provisions of the *Act* with regard to conflicts of interest and make disclosures. Failure to comply with the provisions of the *Act* with regard to conflicts of interest may result in the member's appointment being terminated.

7.3 RETURNS OF INTEREST

Independent Committee members are required to submit biannual written declarations to the CEO. These declarations will state whether members have any pecuniary or other interests of a personal nature, that create a real or potential conflict of interest, that would preclude them from performing their duties as a member of the Committee.

7.4 CONFIDENTIAL INFORMATION

All members are expected to be aware of the definition of confidential information as per section 3(1) of the *Act* and their responsibilities with regard to disclosure of confidential information pursuant to section 125 of the *Act*.

Failure to comply with the provisions of the *Act* with regard to confidentiality may result in the member's appointment being terminated.

8. REVIEW OF CHARTER

The Committee will review the Charter on an annual basis, or as required following relevant changes to the *Act* or other related Acts & Regulations, and recommend any changes to Council for approval.

The outcomes of the review will be reported to Council as part of the Annual Committee Performance Report (refer section 7).

The Charter was endorsed by the Murrindindi Shire Council on **26 May 2021 (TBC)**.

Signed by the Chief Executive Officer

APPENDIX 1.

OVERARCHING GOVERNANCE PRINCIPLES

LOCAL GOVERNMENT ACT 2020 - SECT 9

Overarching governance principles and supporting principles

(1) A [Council](#) must in the performance of its role give effect to the [overarching governance principles](#).

(2) The following are the [overarching governance principles](#)—

(a) [Council](#) decisions are to be made and actions taken in accordance with the relevant law;

(b) priority is to be given to achieving the best outcomes for the [municipal community](#), including future generations;

(c) the economic, social and environmental sustainability of the [municipal district](#), including mitigation and planning for climate change risks, is to be promoted;

(d) the [municipal community](#) is to be engaged in strategic planning and strategic decision making;

(e) innovation and continuous improvement is to be pursued;

(f) collaboration with other [Councils](#) and Governments and statutory bodies is to be sought;

(g) the ongoing financial viability of the [Council](#) is to be ensured;

(h) regional, state and national plans and policies are to be taken into account in strategic planning and decision making;

(i) the transparency of [Council](#) decisions, actions and [information](#) is to be ensured.