

SHIRE OF KOJONUP

Kojonup



Audit & Risk Committee Agenda

28 February 2023

TO: AUDIT & RISK COMMITTEE MEMBERS

NOTICE is given that a meeting of the Audit & Risk Committee will be held in the Reception Lounge, Shire Administration Building, 93 Albany Highway, Kojonup on Tuesday, 28 February 2023 commencing at 9:00am.

Your attendance is respectfully requested.

GRANT THOMPSON
CHIEF EXECUTIVE OFFICER

23 February 2023

TERMS OF REFERENCE

AUDIT & RISK COMMITTEE

Function:

This Committee is responsible for assisting Council in recommending appropriate actions to Council with regards to audit, risk and governance management to ensure accountability to the community in its responsibilities.

Duties and Responsibilities:

- Receive and review the biannual reports from the Chief Executive Officer (CEO) regarding the appropriateness and effectiveness of the Shires risk management, internal controls and legislative compliance and make recommendations to Council;
- Recommend and review the Shires Risk Appetite Statement in order to set the Risk Tolerance of the Council;
- Monitor and receive reports concerning the development, implementation and on-going management of the Shires Risk Management Plan and the effectiveness of its Risk Management Framework;
- Provide advice and assistance to Council as to the carrying out of its functions in relation to audits and recommend;
 - a) a list of those matters to be audited; and
 - b) the scope of the audit to be undertaken;
- Meet with the auditor yearly and provide a report to Council on the matters discussed and the outcome of the discussions;
- Liaise with the (CEO) to ensure that the Shire does everything in its power to:
 - a) assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - b) ensure that audits are conducted successfully and expeditiously;
- Examine the reports of the auditor after receiving a report from the CEO on the matters and:
 - a) determine if any matters raised require action to be taken by the Shire; and
 - b) ensure that appropriate action is taken in respect of those matters;
 - c) Review the report prepared by the CEO in respect of any matters raised in the report of the auditor and present the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest;
- Review the scope of the Audit Plan and its effectiveness;
- Consider and recommend adoption of the Annual Financial Report to the Council;
- Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference;
- Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council; and
- Review the annual Statutory Compliance Return and make a recommendation on its adoption to Council.

Membership

Four (4) Councillors; and

Two (2) Community Members.

AGENDA FOR THE AUDIT AND RISK COMMITTEE MEETING
TO BE HELD ON 28 FEBRUARY 2023

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AGENDA

1 DECLARATION OF OPENING

The Chairman, Cr Gale will declare the meeting open at _____ am and alert the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

2 ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE

MEMBERS

| | |
|---------------------------|------------------|
| Cr Kevin Gale | Member |
| Cr Paul Webb | Member |
| Cr Alan Egerton-Warburton | Member |
| Cr Roger Bilney | Member |
| James Hope | Community Member |
| Roger House | Community Member |

STAFF (OBSERVERS)

| | |
|----------------|-------------------------------|
| Grant Thompson | Chief Executive Officer |
| Judy Stewart | Senior Administration Officer |

SENIOR MANAGEMENT TEAM VISITOR

| | |
|---------------|---------------------|
| Ciara O'Regan | Manager Springhaven |
|---------------|---------------------|

APOLOGIES

3 PUBLIC QUESTION TIME

4 SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

5 CONFIRMATION OF MINUTES

Audit & Risk Committee Meeting held 2 November 2022 ([Attachment 5.1](#))

OFFICER RECOMMENDATION

That the minutes of the Audit & Risk Committee Meeting held on 2 November 2022 be confirmed as a true and accurate record.

6 DECLARATIONS OF INTEREST

7 SENIOR MANAGEMENT TEAM DISCUSSION

In accordance with the Financial Management Review adopted in February 2019, one senior manager will attend the Audit & Risk Committee on a rotational basis to discuss the following:

- Update on Manager's areas of responsibility and current projects/issues;
- Questions on Notice from the Audit and Risk Committee;
- Management's own recommendations for improvement in key areas.

Ciara O'Regan, Manager Springhaven will be presenting at this meeting.

Questions on Notice can be submitted via email to ceo@kojonup.wa.gov.au.

8 COMMITTEE TIMETABLE

As a guide and subject to availability, each Audit & Risk Committee agenda will contain the following (list to be expanded at the suggestion of members):

1st Quarter (January – March)

- Committee Status Report
- Compliance Audit Return
- Summary of Risk Management
- Volunteer Management
- Leave Provision Adequacy

2nd Quarter (April – June)

- Committee Status Report
- Summary of Risk Management
- Fees & Charges Review
- Business Continuity Plan Review
- Shire President's Vehicle Log Book

3rd Quarter (July – September)

- Committee Status Report
- Interim Audit Report
- Summary of Risk Management
- Insurance Overview

4th Quarter (October – December)

- Committee Status Report
- Audit Report & Management Letter
- Annual Financial Report
- Annual Report
- Financial Management Review (each 3 years – 2018, 2021...)
- Risk, Legal Compliance & Internal Controls review (each 3 years – 2021, 2024...)
- Summary of Risk Management

The above list will remain at the commencement of each Committee agenda to act as a timetable and enable members to add to the items to be considered.

9 COMMITTEE STATUS REPORT

| Date | Item Number & Title | Issue | Response | Status |
|-----------------|-------------------------------|--|-------------------------------|-----------------|
| 2 November 2022 | 10.1 – Risk Management Update | Risk Management Framework, Risk Register and Key Organisational Risks Review | To progress by September 2023 | To be commenced |

10 SUMMARY OF RISK MANAGEMENT

10.1 RISK MANAGEMENT UPDATE

Please refer to the following attachments:

- 10.1.1 Risk Dashboard Report – February 2023
- 10.1.2 Risk Actions Report – February 2023

10.2 WORK HEALTH AND SAFETY (WHS)

The Chief Executive Officer (CEO) will present an update on the status of WHS.

10.3 VOLUNTEER MANAGEMENT

The Shire has many different activities that volunteers engage in (mainly at the Kodja Place precinct, Springhaven Frail Aged Lodge, the Kojonup Library and as Friends of Myrtle Benn) working alongside staff to deliver and enhance services and initiatives offered by the Shire. Without the support and contribution provided by volunteers, some of these services and initiatives would be difficult to sustain into the future.

A Volunteer Handbook (Handbook) ensures that the Shire's volunteers, and their managers, are provided with the necessary information to ensure duties are undertaken in a safe manner and volunteers are informed of their rights and obligations.

Council, at its 29 November 2022 Ordinary Meeting, conducted its annual review of its Volunteer Management Handbook following review by managers who have volunteer management within their roles. Minor and inconsequential changes were made to the Handbook that included updates to the description of The Kodja Place Precinct and volunteer roles.

10.4 LEAVE PROVISION ADEQUACY

The CEO will provide an update on the Shire of Kojonup's Leave Provision Adequacy.

11 OFFICER REPORTS

11.1 COMPLIANCE AUDIT RETURN 2022

| | |
|---------------|---|
| AUTHOR | Judy Stewart – Senior Administration Officer |
| DATE | Thursday, 23 February 2023 |
| FILE NO | CM.REP.1 |
| ATTACHMENT(S) | 11.1.1 - Compliance Audit Return 2022 |

| STRATEGIC/CORPORATE IMPLICATIONS | | |
|---------------------------------------|--|--|
| “Smart Possibilities – Kojonup 2027+” | | “Smart Implementation – Kojonup 2018-2022” |
| Key Pillar | Community Outcomes | Corporate Actions |
| KP3 - Performance | 3.4 – Be organised and transparent with our financial management | 3.4.3 – Commit to future state-wide measurement systems testing local government performance |

DECLARATION OF INTEREST

Nil

SUMMARY

The purpose of this report is for the Audit and Risk Committee’s consideration and recommendation to Council for adoption of the Compliance Audit Return for 2022.

BACKGROUND

Completion of the Compliance Audit Return (CAR) is mandatory for each local government. Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* require a local government to carry out a compliance audit for each calendar year. A local government’s audit committee must review the CAR and report same to Council to adopt after which a certified copy, together with a copy of the section of Council minutes adopting the CAR plus any other relevant information, must be submitted to the Department of Local Government, Sport and Cultural Industries (Department) by 31 March each year.

Items of note in the 2021 CAR included the following:

- the need to publish an up-to-date version of the gift register on the Shire of Kojonup’s (Shire’s) website;
- the need to publish a Code of Conduct for employees on the Shire’s website; and
- the need to publish an up-to-date register of the complaints on the Shire’s website.

All of the above requirements have been actioned.

COMMENT

The 2022 CAR has been completed following a review of processes and documentation for each activity/area in which compliance is being assessed against the *Local Government Act 1995* and its associated regulations.

Items of note in the 2022 CAR include the following:

- all relevant persons to have lodged an annual return by 31 August annually;
- delayed receipt of the Shire’s Audit Report;
- the need to complete a report on the training completed by Council members in the 2021/2022 year, by 31 July 2022; and
- the need for Council to adopt and publish a policy dealing with attendance of Council members and the Chief Executive Officer (CEO) at events.

A reminder system has been put into place to encourage timely provision of annual returns and website publishing of Councillor training undertaken within financial years. A policy dealing with Councillor and CEO attendance at events will be formulated for Council consideration.

This item is for the Audit and Risk Committee’s consideration and recommendation to the Council for adoption and subsequent submission to the Department by 31 March 2023.

CONSULTATION

Chief Executive Officer

STATUTORY REQUIREMENTS

14. *Compliance audits by local governments*

(1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.

(2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.

(3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.

(3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —

- (a) presented to the council at a meeting of the council; and*
- (b) adopted by the council; and*
- (c) recorded in the minutes of the meeting at which it is adopted.*

[Regulation 14 inserted: Gazette 23 Apr 1999 p. 1724-5; amended: Gazette 30 Dec 2011 p. 5580-1.]

15. *Certified copy of compliance audit return and other documents to be given to Departmental CEO*

(1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —

- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
- (b) any additional information explaining or qualifying the compliance audit,*

is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.

(2) *In this regulation —*

certified in relation to a compliance audit return means signed by —

(a) *the mayor or president; and*

(b) *the CEO.*

[Regulation 15 inserted: Gazette 23 Apr 1999 p. 1725; amended: Gazette 26 Jun 2018 p. 2386.]

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

| RISK MANAGEMENT FRAMEWORK | | | |
|--|---------------------------------|-------------------------|------------------------------------|
| Risk Profile | Risk Description/Cause | Key Control | Current Action |
| 3. Failure to Fulfil Compliance Requirements (Statutory/Regulatory) | Inadequate compliance framework | Compliance Audit Report | Nil (key control being undertaken) |
| Risk rating - Adequate | | | |
| IMPLICATIONS | | | |
| Maximising compliance with legislation mitigates risk of damage to image and reputation as well as penalties associated with non-compliance; compliance demonstrates that best practice methodology is in place. | | | |

ASSET MANAGEMENT IMPLICATIONS

Nil

SOUTHERN LINK VROC (VOLUNTARY REGIONAL ORGANISATION OF COUNCILS) IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That it be recommended to the Council that the Compliance Audit Return for 2022, as attached, be adopted.

13 **NEXT MEETING**

The next meeting of the Audit and Risk Committee will be held Tuesday, 2 May 2023 at 9:00am.

14 **CLOSURE**

There being no further business to discuss, the Chairman, Cr Gale, thanked members for their attendance and declared the meeting closed at _____am.

15 **ATTACHMENTS (SEPARATE)**

5.1 - Audit & Risk Committee Minutes 2 November 2022

10.1.1 - Risk Dashboard Report – February 2023

10.1.2 - Risk Actions Report – February 2023

11.1.1 - Compliance Audit Report 2022