

SHIRE OF KOJONUP

Kojonup



Audit & Risk Committee

Minutes

28 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.

MINUTES OF AN AUDIT AND RISK COMMITTEE MEETING
HELD ON 28 FEBRUARY 2023

TABLE OF CONTENTS

1	DECLARATION OF OPENING	4
2	ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE	4
3	PUBLIC QUESTION TIME	4
4	SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE	4
5	CONFIRMATION OF MINUTES	4
6	DECLARATIONS OF INTEREST	5
7	SENIOR MANAGEMENT TEAM DISCUSSION	5
8	COMMITTEE TIMETABLE	6
9	COMMITTEE STATUS REPORT	7
10	SUMMARY OF RISK MANAGEMENT	8
11	OFFICER REPORTS	9
12	OTHER ITEMS FOR DISCUSSION OR FURTHER RESEARCH AS RAISED BY MEMBERS	11
13	NEXT MEETING	121
14	CLOSURE	11
15	ATTACHMENTS	12

MINUTES

1 DECLARATION OF OPENING

The Chairman, Cr Gale declared the meeting open at 9.03 am and alerted 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 (Chairperson)
Cr Paul Webb	Member
Cr Alan Egerton-Warburton	Member
Cr Roger Bilney	Member
James Hope	Community Member

STAFF (OBSERVERS)

Grant Thompson	Chief Executive Officer
Judy Stewart	Senior Administration Officer

SENIOR MANAGEMENT TEAM VISITOR

Ciara O'Regan	Manager Springhaven
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APOLOGIES

Roger House	Community Member
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MEMBERS OF THE PUBLIC

Kath Mathwin
Pat Bunny
Peter Anderson

3 PUBLIC QUESTION TIME

Nil

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/COMMITTEE DECISION

AR1/23 Moved Cr Egerton-Warburton Seconded Cr Bilney
That the minutes of the Audit & Risk Committee Meeting held on 2 November 2022 be confirmed as a true and accurate record.

CARRIED 5/0

6 DECLARATIONS OF INTEREST

Nil

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 presented at this meeting. Points of note:

- Staffing qualified roles to meet regulatory standards remains challenging.
- Expressions of Interest for management and lease of Springhaven close at 4.00pm this date.
- The facility's operations are audited every three years or spot audited – completely compliant in February 2022 with no recommendations for improvement and no issues.
- Since then legislation has changed requiring a Registered Nurse (RN) 16 hours/day. Management hours cannot count unless we verify the split between RN and Management duties. One RN finishes this Thursday.
- As of 1 July 2023, legislation requires an RN 24 hours/day/7 days per week. Current RN will commence maternity leave sometime before July; availability of emergency nurses through Department of Health (DoH) is unknown.
- Advertising for staff has occurred extensively and has included visa sponsoring/housing/relocation expenses/retention bonus – including through agencies. Not many conversations have eventuated with only one RN from Canada being a potential option at this stage.
- Aged Care Quality and Safety Commission (Commission) - the last Commission score (star rating) was 4 out of 5 which is above the average of 3. We are required to report any material changes.
- Goal is to keep open with full bed usage.
- We are linked to the DoH for emergency staff to cover leave and are looking at using again – 4-6 weeks maximum. The Department is very supportive.
- Confident in processes in place: we have 17 residents and five empty beds which will continue until we are in a better staffing position.
- Expression of Interest process important to our future management of Springhaven.

The Manager Springhaven left the meeting at 9.35am.

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

The Chief Executive Officer advised that we now operate under the Western Australian Industrial Relations Commission employment legislation (from Federal to State). The WAIRC is a lot more prescriptive in terms of managing Team Members' performance.

The Shire is currently transitioning and has a deadline of 30 December 2023 to fully transition our Human Resource Framework, including re-negotiating the Enterprise Bargaining Agreement.

Looking to review Risk Management Framework in 2023.

10.2 WORK HEALTH AND SAFETY (WHS)

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

The relatively new *Work Health and Safety Act 2020* is more prescriptive, to keep team members safe. The Shire of Kojonup has good frontline tools; for example, documentation, but remainder requires work with staff representative numbers lacking from time to time. Safety is a high priority focus over the next two years. Looking to acquire Safety Management software which will improve hazards being followed up.

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 provided an update on the Shire of Kojonup's Leave Provision Adequacy.

The Shire currently has a leave liability of approximately \$841,000 with \$245,886 in reserve for this purpose; the reserve requires building up.

Cr Wieringa entered the meeting at 10.00am.

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/COMMITTEE DECISION

AR2/23 Moved Cr Bilney

Seconded Cr Egerton-Warburton

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

CARRIED 5/0

Peter Anderson left the meeting at 10.07am.

- **Cr Gale - National Diesel Supply**

Cr Gale advised that all of Australia's diesel supply comes from Singapore and that Australia has approximately 18 days' worth of diesel in stock with the legislated requirement being 90 days' supply. Australia's national reserve held in Texas has been sold to America.

Cr Gale suggested that the Western Australian Local Government Association provide feedback to the federal government of the capacity of local governments and the need for more storage. Buying in bulk would attract a cheaper rate.

The CEO suggested that the supply chain could be compromised at the shipping level. The Shire's current capacity is 11,500 litres and usage is between 12000 to 16000 litres per month, a just in time supply. If supply is disrupted, there is no refining capability in the State and the whole of local government could be affected as well as other industries.

- **Auditor's Report**

The CEO advised that the Shire is still yet to receive its Auditor's Report for 2021-2022.

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 Chairperson, Cr Gale, thanked members for their attendance and declared the meeting closed at 10.15am.

15 ATTACHMENTS (SEPARATE)

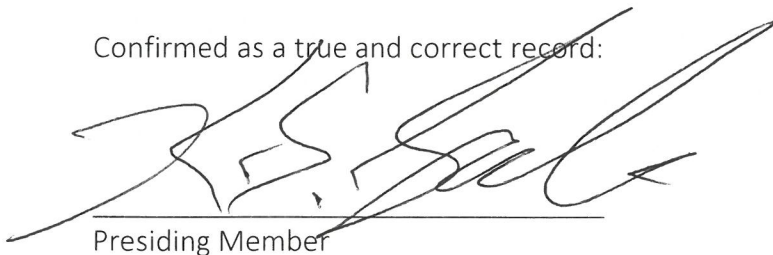
5.1 - Audit & Risk Committee Minutes 2 November 2022

10.1.1 - Risk Dashboard Report – February 2023

10.1.2 - Risk Actions Report – February 2023

11.1.1 - Compliance Audit Report 2022

Confirmed as a true and correct record:



Presiding Member

2 MAY 2023
Date