

SHIRE OF KOJONUP

Kojonup



Audit & Risk Committee Minutes

15 March 2022

## 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 FOR THE AUDIT AND RISK COMMITTEE MEETING  
HELD ON 15 MARCH 2022

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## MINUTES

### 1 DECLARATION OF OPENING

The Chairman, Cr Gale will declared the meeting open at 9:08 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
Cr Roger Bilney	Member (via Zoom)
Cr Alan Egerton-Warburton	Member
Cr Paul Webb	Member
James Hope	Community Member
Roger House	Community Member
Cr Ned Radford	Observer

#### **STAFF (OBSERVERS)**

Grant Thompson	Chief Executive Officer
Anthony Middleton	Manager Corporate and Community Services (via Zoom)
Heather Marland	Senior Finance Officer
Judy Stewart	Senior Administration Officer

#### **SENIOR MANAGEMENT TEAM VISITOR**

Robert Jehu	Manager Regulatory Services - left at 9:47 am
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#### **APOLOGIES**

Nil

### 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 2021 ([Attachment 5.1](#))

#### **OFFICER RECOMMENDATION/COMMITTEE DECISION**

Moved Mr R House, seconded Cr Egerton –Warburton that the minutes of the Audit & Risk Committee Meeting held on 2 November 2021 be confirmed as a true and accurate record.

Carried 6/0

### 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.

Robert Jehu, Manager Regulatory Services presented at the meeting and gave an overview of the positions under his management and an update of their current priorities.

## 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

### 3<sup>rd</sup> Quarter (July – September)

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

### 4<sup>th</sup> 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
Nil.				

## 10 SUMMARY OF RISK MANAGEMENT

### 10.1 RISK MANAGEMENT UPDATE

Please refer to the following attachments:

- 10.1.1 Risk Dashboard Report – March 2022
- 10.1.2 Risk Actions Report – March 2022

### 10.2 WORKPLACE HEALTH AND SAFETY (WHS)

The implementation of the new *Work Health and Safety Act 2020* and accompanying regulations was delayed to come into effect in March 2022. A new Regional Risk Coordinator (who provides WHS expertise to shires within our Region) has commenced and will be able to provide further assistance to the Shire of Kojonup in meeting its WHS responsibilities.

### 10.3 COVID-19 WORKING GROUP

The COVID-19 Working Group (Group) usually meets on a monthly basis; however, meets more regularly if required.

Since the 2 November 2021 Audit and Risk Committee meeting, State Government mandated vaccination requirements have been communicated to all staff. The Shire of Kojonup (Shire) has roles within all tiered levels of vaccination requirements due to employing a diverse range of staff ranging from those who are involved in providing aged care, regulatory, tourism and administrative services to those involved in civil road works, parks and gardens, and cleaning of public facilities and those providing volunteer services. Registers of vaccinated and unvaccinated staff, volunteers and contractors have been developed in order to assist in meeting the Shire's responsibility as an employer. A register of COVID-19 Personal Protective Equipment requirements and stock on hand has been established and extra stock ordered in anticipation of increased virus spread within the Western Australian community. Measures have been taken to mitigate the risk to the Shire of Kojonup's business continuity and include reinforcement of the use of Personal Protective Equipment, social distancing, signing in at external venues and increased physical separation of staff to lessen the likelihood of all or many staff being affected by COVID-19 at the same time.

Recent legal interpretation (McLeod's Barristers and Solicitors) of the *Building and Construction Industry Worker (Restriction on Access) Directions (No. 3)* has been received by local governments with regard to the definition of *minor* civil road works (such as pavement/footpath, irrigation, parks and gardens, and landscaping works) and *vaccination exemptions*. The legal advice suggests that minor construction work is exempt from vaccination requirements; whereas, projects such as major road upgrades are not covered by a vaccination exemption nor occasions where a combination of local government employees and externally-engaged workers working alongside each other in construction, irrespective of whether the construction work is minor.

### 10.4 VOLUNTEER MANAGEMENT

Council, at its 2 November 2021 Ordinary Meeting, reviewed its Volunteer Management Handbook and made only minor and inconsequential changes of an updating nature.

## 11 OFFICER REPORTS

### 11.1 COMPLIANCE AUDIT RETURN 2021

AUTHOR	Judy Stewart – Senior Administration Officer
DATE	Wednesday, 9 March 2022
FILE NO	CM.REP.1
ATTACHMENT(S)	<a href="#">11.1.1 - Compliance Audit Return 2021</a>

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 2021.

#### 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.

#### COMMENT

The 2021 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 2021 CAR include 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.

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 2022.



## CONSULTATION

Chief Executive Officer  
Manager Corporate and Community Services

## 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

Moved Cr Egerton-Warburton, seconded Mr R House that it be recommended to the Council that the Compliance Audit Return for 2021, as attached, be adopted.

Carried 6/0

### 12 OTHER ITEMS FOR DISCUSSION OR FURTHER RESEARCH AS RAISED BY MEMBERS

### 13 NEXT MEETING

The next meeting of the Audit and Risk Committee will be held Tuesday, 3 May 2022 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 10:25am.

**15**    **ATTACHMENTS (SEPARATE)**

- 5.1 - Audit & Risk Committee Minutes 2 November 2021
- 10.1.1 - Risk Dashboard Report – March 2022
- 10.1.2 - Risk Actions Report – March 2022
- 11.1.1 - Compliance Audit Report 2021



A handwritten signature in black ink, appearing to read 'T. S. ...', is written over a horizontal line.

Presiding Member

12 July 2022  
Date