

SHIRE OF KOJONUP



Audit & Risk Committee Minutes

12 July 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 Shire's risk management, internal controls and legislative compliance and make recommendations to Council;
- Recommend and review the Shire's 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 Shire's 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 THE AUDIT AND RISK COMMITTEE MEETING
HELD ON 12 JULY 2022

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MINUTES

1 **DECLARATION OF OPENING**

The Chairman, Cr Gale, declared the meeting open 9:06 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 Alan Egerton-Warburton	Member
Cr Roger Bilney	Member
Cr Paul Webb	Member
Roger House	Community Member

STAFF (OBSERVERS)

Grant Thompson	Chief Executive Officer
Heather Marland	Senior Finance Officer
Judy Stewart	Senior Administration Officer

SENIOR MANAGEMENT TEAM VISITOR

Nil

APOLOGIES

James Hope	Community Member
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3 **PUBLIC QUESTION TIME**

Nil

4 **SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**

Nil

5 **CONFIRMATION OF MINUTES**

5.1 AUDIT AND RISK COMMITTEE MEETING HELD 15 MARCH 2022 ([Attachment 5.1](#))

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr Bilney, Seconded Cr Egerton-Warburton
That the minutes of the Audit & Risk Committee Meeting held on 15 March 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 Committee;
- Management's own recommendations for improvement in key areas.

No Senior Manager available for this meeting.

Cr Gale queried when the Manager of Corporate and Community Services will be advertised, the CEO advised that the position will not be advertised in the short term. A review of the position and structure is being undertaken with the intent of reviewing the functions of the MCCS role. The priority in the short term is to find a replacement for the Senior Finance Officer who has signaled their intention to retire at the end of the year.

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 – 2021, 2024...)
- Risk, Legal Compliance & Internal Controls review (each 3 years – 2021, 2024...)
- Summary of Risk Management

OFFICER COMMENT

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 – July 2022
- 10.1.2 Risk Actions Report – July 2022

10.2 WORK HEALTH AND SAFETY (WHS)

The new *Work Health and Safety Act 2020* and accompanying regulations came into effect in March 2022.

10.3 COVID-19 WORKING GROUP

The COVID-19 Working Group (Group) held its last scheduled meeting on 2 June 2022 and will now meet on an ad hoc basis if the need arises.

Whilst vaccination requirements have ceased for the majority of the Shire's workforce, mandatory vaccination is still required for team members working at or visiting Springhaven.

The Springhaven Outbreak Management Plan (Plan) was put into practice when a number of staff and three residents were afflicted with the virus. The Plan involved closing one wing off from the rest of the facility and moving Covid-19-positive residents into that wing to be cared for. A number of staff moved to 12 hour shifts to cover gaps in the roster, with many working overtime. Springhaven management has received commendation from the Department of Health on the way the Springhaven virus outbreak was handled and its spread limited. Only 3 residents were infected and all recovered well with the help of antiviral medication. At the height of the outbreak, 8 Springhaven team members were absent as a result of external contact with the virus, which from a team of 23 (at the time) was quite significant. Toward the end of the outbreak the Australian Defence Force attended with a group of 7 and assisted with all aspects of providing aged care services, from personal care to activities. They travelled to Springhaven daily from Collie, where they were accommodated, and assisted for 7 days.

The remainder of the Shire's workforce has been impacted by the spread of COVID-19 in much the same manner as other businesses with a number of staff having caught the virus or having been a close contact of someone with the virus and thus being required to isolate. Risk mitigation measures included team members working from home (if close contacts), changes to physical placement within work areas to enable social distancing where possible, and people covering similar roles working from different sites in an effort to mitigate the risk of the similar roles being affected by the virus at the same time and potentially impacting service provision.

11 **OFFICER REPORTS**

11.1 ANNUAL FINANCIAL REPORT 2020/2021 & GENERAL MEETING OF ELECTORS

AUTHOR	Heather Marland – Senior Finance Officer
DATE	Tuesday, 28 June 2022
FILE NO	FM.AUD.2 & FM.FNR.1
ATTACHMENT(S)	11.1.1 - Annual Financial Report 2020/2021 11.1.2 - Auditor's Management Letter

STRATEGIC/CORPORATE IMPLICATIONS		
"Smart Possibilities – Kojonup 2027+"		"Smart Implementation – Kojonup 2021 +"
Key Pillar	Community Outcomes	Corporate Actions
KP – 3 Performance	3.4 – Be organised and transparent with our financial management.	3.4.1 - Increase regularity of readable financial reporting to the community. 3.4.2 – Act with sound long-term and transparent financial management and deliver residents considered value for money.

DECLARATION OF INTEREST

Nil

SUMMARY

The purpose of this report is to consider the 2020/2021 Annual Financial Report, incorporating the Audit Report and make recommendation to the Council.

BACKGROUND

Each local government is to prepare an annual report for each financial year. The report is a record of the Shire's activities for the financial year and is an integral part of the accountability principles established for local governments in WA.

COMMENT

The Audit Report and Annual Financial Report both form part of the Annual Report which will be considered by the Council at its 26 July 2022 Ordinary Meeting. The Auditor's Management Letter is provided as additional information to the Committee and Council for transparency and full disclosure.

The Annual Electors Meeting must be held within 56 days of accepting the Annual Financial Report, with appropriate time being allowed after adoption to give notice of the meeting, say 14 days. This effectively means that the Annual Electors Meeting needs to be held between 10 August 2022 and 21 September 2022. In previous years, the Annual Electors Meeting has been held in the evening following the Council Ordinary Meeting, so it is therefore recommended that the meeting be held on Tuesday, 16 August 2022. It is also proposed to hold the meeting at the Sporting Complex.

The Annual Electors Meeting will be publicised in the Great Southern Herald, on the Shire website and Shire Facebook page as soon as possible after the date is set, and in the next available Kojonup News and Shire E-News.

Significant Matters Raised:

Contained within the 2020/2021 Audit Report was a matter identified as significant by the Auditor. These matters raised by the Auditor were as follows:

The Asset Renewal Funding Ratio was not reported.

The Asset Renewal Funding Ratio for the year ended 30 June 2021 has not been included in the financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

It is recommended that the Shire updates the Asset Management Plan and Long Term Financial Plan as soon as possible in order that the asset funding ratio can be calculated based on verifiable information and reasonable assumptions and included in the financial report.

CONSULTATION

Auditors – Lincolns Accountants Albany
The Office of the Auditor General
Manager Corporate and Community Services

STATUTORY REQUIREMENTS

Section 5.26 to 5.33; 5.53 & 5.54 of the *Local Government Act 1995*
Regulation 50(1) (c) of the *Local Government (Financial Management) Regulations 1996*
Section 4 of the *Local Government (COVID-19 Response) Order 2020*

POLICY IMPLICATIONS

There are no policy implications for this report.

FINANCIAL IMPLICATIONS

This item reports on the financial position of the Shire as at 30 June 2021. The recommendation does not in itself have a financial implication.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications for this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications for this report.

SOUTHERN LINK VROC (VOLUNTARY REGIONAL ORGANISATION OF COUNCILS) IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr Egerton-Warburton, seconded Cr Bilney

That it be recommended to the Council that:

1. a. The 2020/2021 Annual Financial Report be adopted; and
b. The Chief Executive Officer be requested to forward a copy of this Committee and the Council agenda items to the Minister for Local Government and place them on the Shire website in accordance with Section 7.12A (Duties of local government with respect to audits) of the *Local Government Act 1995*;
2. The information contained within this report relating to the Asset Renewal Funding Ratio be received; and
3. The matters raised in the Auditor's Management Letter be noted and included in the Committee Status Report of future Audit and Risk Committee agendas.

Carried 5/0

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

12.1 FINANCIAL MANAGEMENT REVIEW

At the 2 November 2021 Audit and Risk Committee meeting, the then Manager of Corporate and Community Services sought the input of the committee whether to outsource the review or conduct it internally.

The CEO advised the committee at their 12 July 2022 meeting that the Financial Management Review though due in 2021/2022 had yet to be completed and if the committee agreed, the review will be performed in house. The FMR is to be completed in house prior to November 2022.

12.2 OFFICE OF THE AUDITOR GENERAL (OAG) REPORTS

The following report may be of interest to the Committee:

- Audit Results Report – Annual 2020-2021 Financial Audits of Local Government Entities;
- Information Systems Audit Report 2021 – State Government Entities;
- Western Australian Public Sector Financial Statements – Better Practice Guide;
- Local Government General Computer Controls; and
- Regulation and Support of the Local Government Sector.

These and other reports by the OAG can be found at <https://audit.wa.gov.au/reports-and-publications/reports/>

12.3 Cr Gale recommended that a Fuel Storage Audit be conducted regarding the capacity of diesel storage and how many days usage the Shire would have when the tanks are at full capacity.

Committee directed the CEO to undertake an internal review and present back to the Committee prior to any motions or actions being tabled.

13 NEXT MEETING

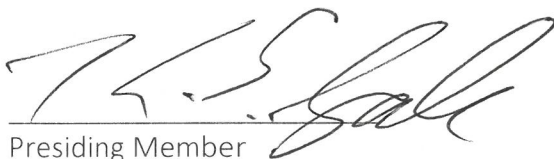
The next meeting of the Audit and Risk Committee will be held Tuesday, 1 November 2022.

14 CLOSURE

There being no further business to discuss, the Chairman, Cr Gale, thanked members for their attendance and declared the meeting closed at 10:40 am.

15 ATTACHMENTS (SEPARATE)

Item 5	5.1	Audit & Risk Committee Minutes 15 March 2022
Item 10.1	10.1.1	Risk Dashboard Report – July 2022
	10.1.2	Risk Actions Report – July 2022
Item 11.1	11.1.1	Annual Financial Report 2020/2021
	11.1.2	Auditor's Management Letter


Presiding Member

2 November 2022.
Date