

SHIRE OF KOJONUP

Kojonup



One community, many choices

Audit & Risk Committee

Minutes

6 February 2024

TERMS OF REFERENCE
AUDIT & RISK COMMITTEE

Established under Section 7.1 of the *Local Government Act 1995 (Act)* - every local government must have an Audit and Risk Committee (ARC).

Terms of Reference

ARC is responsible for assisting and independently advising Council in recommending appropriate actions and controls with regards to audit, risk oversight, governance, finances and systems of internal control.

Its role is to provide oversight related to significant risk exposures and control issues, including fraud risks, governance issues and other matters as necessary or requested by the CEO or Council. This is to ensure the Shire's activities are fully compliant with legislation, regulations, accounting and reporting Standards and that the Shire is executing its responsibility to the community in efficiently utilising their assets.

The ARC is not responsible for the executive management of these functions. The ARC will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to Council.

Duties and Responsibilities:

Members of the ARC are expected to observe the legal and regulatory obligations of the Local Government.

Committee members must not use or disclose information obtained through the ARC except in meeting the ARC's responsibilities, or unless expressly agreed by the President of the Shire.

Committee Members must adhere to the Code of Conduct for Council Members, Committee Members and Candidates and demonstrate behaviour which reflects the Shire's desired culture.

ARC Members are expected to:

1. act in the best interests of the Shire as a whole;
2. apply good analytical skills, objectivity and good judgement;
3. express opinions constructively and openly, raise issues that relate to the ARC's responsibilities and pursue lines of enquiry in relation to the "Risk Controls" the Shire has in place;
4. contribute the time required to meet their responsibilities; and
5. exercise due care, diligence and skill when performing their duties.

Member Duties/Responsibilities:

- Oversee the Shire's risk management, through:
 - a) Biennial review of the Shire's Risk Management Policy;
 - b) Recommending and reviewing the Shire's Risk Appetite Statement in order to recommend the organisation's Risk Tolerance to the Council;
 - c) Reviewing reports on the movement of the Shire's current strategic risks, and the emergence of new strategic risks;

- d) Overseeing strategic risks which sit outside of the Shire’s Risk Appetite ; and
- e) 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;
- Overseeing the Shire’s processes for managing fraud and corruption, by:
 - a) Performing oversight responsibilities and advising Council;
 - b) Enquiring with the CEO and the Office of the Auditor General (OAG) about whether they are aware of any actual, suspected, or alleged fraud or corruption affecting the Shire; and
 - c) Reviewing summary reports from the CEO on communication from external parties including regulators that indicate problems in the internal control system or inappropriate management actions.
- Overseeing the Shire’s financial management and legislative compliance, by:
 - a) Reviewing the Shire’s annual Compliance Audit Return and reporting the results of that review to Council, in accordance with the Local Government (Audit) Regulations 1996;
 - b) Receiving and reviewing reports from the CEO regarding the appropriateness and effectiveness of the Shire’s legislative compliance and ensuring any non-compliances are rectified on a timely basis;
 - c) Considering and recommending adoption of the annual financial report to Council;
 - d) 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; and
 - e) Consider and recommend adoption of the Annual Financial Report to the Council;
- Overseeing the internal audit function, by;
 - a) Assessing and making a recommendation to Council on an Internal Audit Plan to ensure that it comprehensively covers material business risks that may threaten the achievement of strategic objectives and which identifies key risks and control mechanisms;
 - b) Reviewing the quality and timeliness of internal audit reports;
 - c) Monitoring the implementation of internal audit recommendations; and
 - d) Considering the implications of internal audit findings on the organisation, its risks, and controls.
- Fulfilling responsibilities pertaining to external audit, by:
 - a) Reviewing reports from the OAG, including auditor’s reports, closing reports and management letters;
 - b) Reviewing management’s response to OAG findings and recommendations;
 - c) Monitoring the implementation of recommendations from external audits;
 - d) Reviewing results of relevant OAG audit reports and better practice publications for guidance on good practices, including any assessment by the CEO; and
 - e) 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.

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.

Membership

Four (4) Councillors; and

Two (2) Community Members

Supporting Team Members

Manager Financial & Corporate Services
Manager Governance & Administration
Chief Executive Officer or delegated nominee

Meetings

Quarterly for ordinary meetings and as required related to audit functions.

Open to Public: No

Voting: Voting is in accordance with Section 5.21 of the *Act*.

Confidentiality: All Committee members will be required to adhere to the Shire's confidentiality requirements as per the Code of Conduct for Council Members, Committee Members and Candidates.

Conduct of Meetings: ARC Meetings will be held in accordance with the *Act*, subsidiary legislation, and the Shire's Standing Orders.

Committee Sitting Fees and Reimbursements

The Shire is prohibited under Section 5.98-5.99 of the *Act*, and Regulation 30 of the Local Government (Administration) Regulations 1996, to pay a council member a fee for attending the ARC.

Currently, the Shire is prohibited from remunerating independent committee members; however, reimbursement of approved expenses for independent members may be paid to each independent external member in accordance with Section 5.100 of the *Act*.

The rules regarding remuneration for independent committee members are currently under review as part of the Local Government Reforms (2023). These guidelines are subject to any legislation changes.

MINUTES OF AN AUDIT AND RISK COMMITTEE MEETING
HELD ON 6 FEBRUARY 2024

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MINUTES

1 DECLARATION OF OPENING

The Chairperson declared the meeting open at 9.09am and alerted the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

2 ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE

MEMBERS

| | |
|-----------------|----------------------|
| Cr Roger Bilney | Member (Chairperson) |
| Cr Paul Webb | Member |
| Cr Mick Mathwin | Member |
| Cathrine Ivey | Community Member |

STAFF (OBSERVERS)

| | |
|----------------|--|
| Grant Thompson | Chief Executive Officer (CEO) |
| Jill Johnson | Manager Financial and Corporate Services (MFCS) - 9.57am |
| Judy Stewart | Manager Governance and Administration |

APOLOGIES

| | |
|------------------|--------|
| Cr Kerryn Mickle | Member |
|------------------|--------|

3 SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4 CONFIRMATION OF MINUTES

4.1 AUDIT AND RISK COMMITTEE – 5 SEPTEMBER 2023
(Attachment 5.1)

OFFICER RECOMMENDATION/COMMITTEE DECISION

1/24 Moved Cr Mathwin

Seconded Cr Webb

That the minutes of the Audit & Risk Committee Meeting held on 5 September 2023 be confirmed as a true and accurate record.

CARRIED 4/0

For: Cr Bilney, Cr Webb, Cr Mathwin, C Ivey

5 BUSINESS ARISING

5.1 BLACK COCKATOO CAFÉ (BCC)

Revenue/Expenses – budget estimate of \$750,000 for both cost centres.

Graphical tracking ([Attachment 5.1.1](#)) of BCC income and expenses does include administration salary expenses but depreciation has not been posted YTD as of yet; income and expenses (green line) includes all capital expenses.

5.2 CASHFLOWS

The Chief Executive Officer advised that the Manager of Financial and Corporate Services is progressing the provision of cashflows for each Department.

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.

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
- 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

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 this calendar year 2024 |
| 2 November 2022 | 11.2 – Financial Management Review | The recommendations and observations raised within the Report be reported back to the Audit and Risk Committee for monitoring. | FMR adopted by Council, issues currently being addressed by Manager Financial & Corporate Services | Ongoing |
| 28 February 2023 | Comment | Council to adopt and publish policies dealing with Councillors Continuing Professional Development and Attendance of Council members and the Chief Executive Officer at events. | | <i>Completed – Policies 3.27 and 3.28 – CM141/23</i> |
| 5 September 2023 | Information Request | Roger House - Netball Courts costing (1/2 grant funded) figures – CEO/MFCS | | |
| 5 September 2023 | Information Request | Cr P Webb - List of vehicles containing trackers – CEO | <i>Depot – GPS to boundary, automatically sends notifications to management – shows idling/operating/driving/speed/kms not hours</i> | |
| 5 September 2023 | Information Request | Cr Gale - Expenditure - machinery maintenance and repairs – analyse to see if worthwhile upgrading or not – CEO/MFCS | | <i>Ongoing</i> |

| Date | Item Number & Title | Issue | Response | Status |
|------------------------|-------------------------------------|--|--|--------------------------------------|
| 5 September 2023 | 10.1 - Documentation | Risk Assessment and Acceptance Criteria including Likelihood x Consequence Matrix (Risk Management Framework) | To be forwarded to Committee members | <i>Attachment – 10.1.3 Completed</i> |
| 5 September 2023 | 13.1 - Information Request | CEO and MFCS to look into feasibility of reduction in insurance premiums if the Shire was to increase insurance excesses | <i>After review LGIS provides very competitive insurance</i> | |
| 5 September 2023 | Documentation | New Organisational Workforce Structure – CEO | CEO presented new structural changes. To be forwarded to Committee members after announcement of same. | |
| <i>6 February 2024</i> | <i>10.1 – Risk Dashboard Report</i> | <i>Boscabel Hall</i> | <i>MRS – check if people camping in grounds, arrange Boscabel Hall playground check.</i> | |
| <i>6 February 2024</i> | <i>11.3 – Volunteers Manual</i> | <i>Volunteers Insurance</i> | <i>CEO to research</i> | |

10 SUMMARY OF RISK MANAGEMENT

10.1 RISK MANAGEMENT UPDATE

Please refer to the following attachments:

- 10.1.1 Risk Dashboard Report – February 2024
- 10.1.2 Risk Actions Report – February 2024

10.2 WORK HEALTH AND SAFETY

The CEO provided the following updates:

- Major Incident on Kojonup-Darakan Road previous weekend – head on collision with vehicle stopped at red light – the Shire’s contractor was involved in the incident and it is likely a WorkSafe investigation will take place.

The Manager Financial and Corporate Services entered the meeting at 9.57am.

UNCONFIRMED

11 OFFICER REPORTS

11.1 ANNUAL FINANCIAL REPORT 2022/2023 AND GENERAL MEETING OF ELECTORS

| | |
|---------------|--|
| AUTHOR | Grant Thompson – Chief Executive Officer |
| DATE | Tuesday, 23 January 2024 |
| FILE NO | FM.AUD.2 & FM.FNR.1 |
| ATTACHMENT(S) | 11.1.1 - Annual Financial Report - Shire of Kojonup - 30 June 2023 11.1.2 - Final Management Letter - Shire of Kojonup - 30 June 2023 11.1.3 - Transmittal Letter to CEO - Shire of Kojonup - 30 June 2023 11.1.4 - Opinion - Shire of Kojonup - 30 June 2023 |

| | | |
|--|-------------------------------|--|
| ‘PLACEMAKING’ STRATEGIC COMMUNITY PLAN JULY 2023 TO JUNE 2033 To be <i>“The Cultural Experience Centre of the Great Southern”</i> STRATEGIC/CORPORATE IMPLICATIONS | | |
| Key Strategic Pillar/s | Community Goal/s | Corporate Objective/s |
| Performance | 12. A High Performing Council | 12.1 SoK finances and funding 12.2 SoK monitoring and reporting |

DECLARATION OF INTEREST

Nil

SUMMARY

The purpose of this report is to consider the 2022/2023 Annual Financial Report, incorporating the Audit Report, and make a recommendation to Council.

BACKGROUND

Each local government is to prepare an annual report for each financial year. The report is a record of the Shire of Kojonup’s (Shire) activities for the financial year and is an integral part of the accountability principles established for local governments in Western Australia.

COMMENT

The Audit Report and Annual Financial Report will be considered by the Council at its 20 February 2024 Ordinary Meeting. The Auditor’s Management Letter is provided as additional information to the Committee and Council for transparency and full disclosure. It is suggested that the Annual Report, incorporating the aforementioned documents, be considered by Council at a Special Council Meeting to be called for 3.00pm, Tuesday, 5 March 2024.

The Annual Electors Meeting must be held within 56 days of the Council 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 by 30 April 2024. In previous years, the Annual Electors Meeting has been held in the evening following the Council Ordinary Meeting. It is recommended that the Annual Electors Meeting be held after the 16 April 2024 Ordinary Meeting at the Kojonup 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 mediums.

Significant Matters Raised in the Audit:

Contained within the 2022/2023 Audit Report were matters identified as significant by the Auditor. The matters raised as significant by the Auditor were as follows:

1. Cost reallocation journal procedures

Finding

During the final audit several general journals posted to roads infrastructure job ledgers (for reallocation and allocation of capital costs) that were not adequately supported by documented evidence outlining the reasons and purpose of these journals.

Implication

Journals posted without appropriate evidence supporting adjustments to the financial report significantly increases the risk of material misstatement whether due to fraud or error, particularly in respect of capital costs recognised during the period. The implications could also extend to the Shire's responsibilities for performing acquittals of grants funding received, these acquittal reports rely on the accurate recognition and treatment of capital costs within the Shire's annual financial report.

Recommendation

The Shire should ensure procedures for reviewing and recognising cost allocation journals are adequately designed and implemented at all times. Reasons for allocations and adjustments should be documented and evidence for every journal posted, including appropriate rationale for capitalising costs associated with roads and other infrastructure projects with direct reference to the actual costs incurred.

Management comment

A process has been put in place to ensure that journals are justified with supporting documents before they are processed, along with two approval signatures. This two-step verification will include the Finance Officer raising the journal and the Manager Financial & Corporate Services approving as a second check. Re-journaling should decline materially over the next twelve months as we procure better oversight of the financial controls across the organisation.

2. General Journal Review Processes

Finding

While testing general journals four out of the ten tested general journals were not recorded as being reviewed by an authorised reviewer.

We also noted that journals being prepared by your external consultant are not being reviewed and approved by an authorised reviewer at the Shire.

In 2022 5 out of the 30 general journals that tested were not marked as being reviewed by an independent authorised officer. This has been upgraded from moderate to significant.

Implication

In the absence of adequate review of all general journals posted, there is an increased risk of unauthorised journals being posted whether due to fraud or error which may result in errors posted to the annual financial report.

Recommendation

We recommend that all general journals are reviewed by an appropriate person who is independent of the person performing the tasks. All general journals and supporting documentation should be reviewed by an appropriate officer and signed as evidence of review.

Management comment

Journals (along with backing paperwork) received from the External Consultant will be reviewed and signed by the Manager Financial & Corporate Services.

The Shire acknowledges that a number of previous journals did not follow due process.

With a restructure and appointment of new financial people in March 2023, the Shire believes these audit findings are the lag time between the business process changes.

3. Employee related provisions

Finding

During the auditors review of employee long-service leave provisions at 30 June 2023 it was noted provisions balances still exist for 51 employees that are no longer employed by the Shire. The estimated overstatement of the Shire's long-service leave provision is \$92,840 at 30 June 2023.

This finding was present in previous periods, however in 2023 the balance has continued to grow with no improvement in the Shire's processes for recording and reviewing provisions balances.

Implication

Where inaccurate employee data is used to estimate the Shire's employee related provisions, there is an increased risk of material errors occurring in the annual financial report.

Recommendation

The Shire should review the employee data used to develop and recognise employee related provisions and ensure this is current and up to date each year. Adjustments should be recognised to reduce the liability balances for any entitlements paid or where the entitlement is no longer required to be recognised.

Management comment

The Shire is committed to fixing this problem of our payroll records and processes removing ex-employees from the system as the benefits are paid out.

The LSL entitlements are currently being reviewed by the Finance Payroll Officer. These will be amended as required and any payments outstanding forwarded to the Australian Taxation Office for distribution to terminated employees.

An LSL reconciliation process will become part of the EOFY process (along with other leave entitlements) to ensure all leave balances are correctly calculated and recorded.

All other findings can be read in the management letter attached.

CONSULTATION

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

STATUTORY REQUIREMENTS

Section 5.26 to 5.33; 5.53 & 5.54 of the *Local Government Act 1995*
Section 7.12A (Duties of local government with respect to audits) of the *Local Government Act 1995*
Regulation 50(1) (c) of the Local Government (Financial Management) Regulations 1996

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 2023. 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

Absolute Majority

OFFICER RECOMMENDATION/COMMITTEE RECOMMENDATION

2/24 Moved C Ivey

Seconded Cr Webb

That it be recommended to the Council that:

1. The 2022/2023 Audited Annual Financial Report be adopted;
2. The Chief Executive Officer be requested to forward a copy of this Audit Committee recommendation, and the Council agenda item, to the Minister for Local Government and place them on the Shire of Kojonup website in accordance with Section 7.12A (Duties of local government with respect to audits) of the *Local Government Act 1995*;
3. The matters raised in the Auditor's Management Letter be noted, a report produced internally on how the significant items will be addressed, and those actions be included in the Committee Status Report of future Audit and Risk Committee agendas; and
4. The Council direct the Chief Executive Officer to complete the Annual Report compilation and schedule:
 - a Special Council Meeting to be held at 3.00pm, Tuesday, 5 March 2024 to adopt the Annual Report; and
 - an Annual Electors Meeting to be held at 6.00pm, Tuesday, 16 April 2024 at the Kojonup Sporting Complex.

CARRIED 4/0

For: Cr Bilney, Cr Webb, Cr Mathwin, C Ivey

11.2 COMPLIANCE AUDIT RETURN 2023

| | |
|---------------|---|
| AUTHOR | Judy Stewart – Manager Governance and Administration |
| DATE | Friday, 2 February 2024 |
| FILE NO | CM.REP.1 |
| ATTACHMENT(S) | 11.2.1 - Compliance Audit Return 2023 |

| | | |
|--|-------------------------------|-----------------------------------|
| ‘PLACEMAKING’ STRATEGIC COMMUNITY PLAN JULY 2023 TO JUNE 2033 To be <i>“The Cultural Experience Centre of the Great Southern”</i> STRATEGIC/CORPORATE IMPLICATIONS | | |
| Key Strategic Pillar/s | Community Goal/s | Corporate Objective/s |
| Performance | 12. A High Performing Council | 12.2 SoK monitoring and reporting |

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 2023.

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 and Risk 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 2022 CAR included 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.

All of the above requirements have been dealt with accordingly. A policy dealing with Councillor and CEO attendance at events was adopted by Council at its 12 December 2023 Ordinary Meeting (CM 141/23).

COMMENT

The 2023 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 2023 CAR include the following:

Finance – Question 5 – Due to the date of receipt of the Auditor’s Report (19 December 2023), Council can still comply with the requirement to provide a copy of the Auditor’s Report to the Minister within the required three month timeframe; however, cannot state that it has done so already.

Integrated Planning and Reporting – Question 2 – Council has not yet adopted its Corporate Business Plan; it is anticipated that this will occur at its 20 February 2024 Ordinary Meeting.

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 2024.

CONSULTATION

Chief Executive Officer
Project Manager/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 RECOMMENDATION | |
|---|------------------|
| 3/24 Moved Cr Mathwin | Seconded Cr Webb |
| That it be recommended to the Council that the Compliance Audit Return for 2023, as attached, be adopted. | |
| CARRIED 4/0 | |
| For: Cr Bilney, Cr Webb, Cr Mathwin, C Ivey | |

11.3 REVIEW OF VOLUNTEER HANDBOOK

| | |
|----------------------|--|
| AUTHOR | Judy Stewart – Manager Governance and Administration |
| DATE | Friday, 2 February 2024 |
| FILE NO | CM.POL.1 |
| ATTACHMENT(S) | 11.3.1 - Volunteer Handbook – existing (2022) copy showing proposed change |

| | | |
|--|-------------------------------|-----------------------------------|
| ‘PLACEMAKING’ STRATEGIC COMMUNITY PLAN JULY 2023 TO JUNE 2033 To be <i>“The Cultural Experience Centre of the Great Southern”</i> STRATEGIC/CORPORATE IMPLICATIONS | | |
| Key Strategic Pillar/s | Community Goal/s | Corporate Objective/s |
| Performance | 12. A High Performing Council | 12.2 SoK monitoring and reporting |

DECLARATION OF INTEREST

Nil

SUMMARY

The purpose of this report is to review the Shire of Kojonup’s (Shire) Volunteer Handbook.

BACKGROUND

The Shire’s Volunteer Management Handbook (Handbook) was originally produced in 2016 in line with Council’s adoption of its Volunteer Management Policy (Policy 2.3.8). Significant changes were made in November 2018 to form a less cumbersome and more user friendly Handbook and further reviews have been undertaken on an annual basis.

With the exception of volunteer firefighters who are recognised and supported via the Bush Fire Advisory Committee and relevant legislation, the Handbook represents a detailed point of reference for other Shire volunteers, provides guidance to managers overseeing volunteer programmes and recognises volunteers as an integral part of our organisation. The provision of a Handbook for volunteers is also in keeping with Work Health and Safety best practice principles, working to protect the employer and the volunteer.

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.

COMMENT

There are nil suggested updates as of this review – the only change has been to the document’s date of review (attachment 11.3.1).

CONSULTATION

Chief Executive Officer
 Managers
 Senior Horticulturist
 Senior Library Officer

STATUTORY REQUIREMENTS

Section 5.40 (e) of the *Local Government Act 1995*

5.40. Principles affecting employment by local governments

The following principles apply to a local government in respect of its employees –

(e) employees are to be provided with safe and healthy working conditions in accordance with the Work Health and Safety Act 2020;

Division 4, Subdivision 1 - 4. - *Work Health and Safety Act 2020 (replacing OSH Act 1984)* - Definitions –

***volunteer** means a person who is acting on a voluntary basis (irrespective of whether the person receives out-of-pocket expenses);*

Section 7. Meaning of worker

(1) A person is a worker if the person carries out work in any capacity for a person conducting a business or undertaking, including work as –

(h) a volunteer;

POLICY IMPLICATIONS

Policy 2.3.8 – Volunteer Management

FINANCIAL IMPLICATIONS

In addition to the social and community benefits associated with volunteering, the value adding that occurs without incurring wage expenses contributes to the ongoing provision of services and initiatives that otherwise may not happen.

RISK MANAGEMENT IMPLICATIONS

| RISK MANAGEMENT FRAMEWORK | | | |
|---|---|--|----------------|
| Risk Profile | Risk Description/Cause | Key Control | Current Action |
| 5 - Employment Practices | Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers). | Induction process | Nil |
| 14 - Safety and Security | Inadequate induction practices. Inadequate policy, frameworks, systems and structure to prevent the injury of visitors, staff, volunteers, contractors and/or tenants. | Contractor/Staff/Volunteer site inductions | Nil |
| Risk rating – Adequate/Adequate | | | |
| IMPLICATIONS | | | |
| A Volunteer 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. | | | |

ASSET MANAGEMENT IMPLICATIONS

Nil

SOUTHERN LINK VROC (VOLUNTARY REGIONAL ORGANISATION OF COUNCILS) IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the revised Volunteer Handbook 2024, as attached, be adopted.

OFFICER RECOMMENDATION/COMMITTEE RECOMMENDATION

4/24 Moved Cr Mathwin

Seconded C Ivey

That it be recommended to Council that the revised Volunteer Handbook 2024, as attached, be adopted.

CARRIED 4/0

For: Cr Bilney, Cr Webb, Cr Mathwin, C Ivey

Reason for change to Officer Recommendation: addition of wording 'That it be recommended to Council' at the beginning.

UNCONFIRMED

12 CEO UPDATES

12.1 BUDGET & FINANCIAL CONTROLS UPDATE

2022/23 Completed Audit & Auditor Opinion

Audit completed – the CEO presented the Audit findings to the committee with 3 significant findings to be discussed.

| Index of findings | Potential impact on audit opinion | Rating | | | Prior year finding |
|---|-----------------------------------|-------------|----------|-------|--------------------|
| | | Significant | Moderate | Minor | |
| 1. Cost reallocation journal procedures | No | ✓ | | | |
| 2. General journal review processes | No | ✓ | | | ✓ |
| 3. Employee related provisions | No | ✓ | | | |
| 4. Monthly reconciliation - Debtors | No | | ✓ | | |
| 5. Monthly reconciliation - Creditors | No | | ✓ | | |
| 6. Builders' retention funds | No | | ✓ | | |
| 7. Job card procedures | No | | ✓ | | |
| 8. Purchasing policy deviation | No | | ✓ | | |
| 9. Superannuation guarantee calculation | No | | ✓ | | |

A report by the CEO on how the Shire will rectify the significant items is required to be presented to the Minister within 3 months of the Council adopting the financial reports. The CEO will complete this report for the Audit and Risk Committee and Council.

As presented, the Shire has articulated its response to the Auditors on how it will action each item. Road Projects and Grant Funding management are under very close scrutiny.

The Office of the Auditor General and auditors have given us 12 months to rectify the significant items:

- The MFCS is taking on responsibility for oversight of roads financing and road grant management;

- two factor authorisation (CEO and MFCS) to rein in control of expenditure on projects;
- purchase order management;
- a review of Purchase to Pay processes with new two-step authorisation being implemented;
- Journals management - two step authorisation where journals are undertaken;
- Timesheet management;
- Allocation of costs;
- Chart of Accounts review;
- Complete the Risk Management Review this calendar year;
- Project Management framework – Commenced implementation;
- Scheduling and rostering of Team Members – systemised;
- Full variance reporting and justification of any changes in accounts;
- One Cost element for each project and chart of account;
- Reconciliations undertaken to be checked through a two person verification process every month and on time; and
- Separation of Authority - finance officers and the processes are being separated (physically and controls).

The Shire is rolling out a Cultural Change program: One Community One Shire One team.

Mid-year budget review

The CEO presented the risks of limitations in cash-flow over the next 5 months of the budget year. Cash-flow monitoring is ongoing with major capital projects utilising material municipal cash now to pay creditors prior to grant revenue being received later in the second quarter of the year.

The CEO and MFCS monitoring and managing as a part of business as usual.

Mid review budget requires surgery to reduce costs on areas of overruns ensuring the Shire remains cash-flow positive and budget is generally healthy. Budget will come back into balance once mid-year review completed. The CEO will be presenting the budget review to Councillors in the subsequent briefing session.

12.2 RISK REVIEW

As discussed in the status report, a major risk review is scheduled for 2024.

12.3 WORK HEALTH AND SAFETY UPDATE

Previously discussed incident reported to Audit and Risk Committee.

Skytrust safety management system being rolled out and training underway for team members.

12.4 SPRINGHAVEN UPDATE - CEO

CEO presented an update on Springhaven governance items:

- Annual prudential reporting finalised
- Quarterly report finalised
- Key Governance body reporting finalised

Updated Staff movements:

- Ciara O'Regan, Manager Aged Care Services, resigned
- Acting Director of Nursing resigned and is exiting in March 2024
- Currently recruiting RN and advertising Clinical Nurse Manager for facility

Hall and Prior are supporting the Shire with the gaps in capability to ensure the facility is compliant for regulated care minutes to the residents.

Aged Care Spot Commission Audit (Audit) occurred on the 17/01/2024; due to sensitive personal resident medical information, the report is unavailable for distribution.

Items covered in this Audit included:

- 24/7 nursing exemption care plan and how Springhaven provides clinical care to residents when RN is not on site 24/7;
- Resident deterioration with RN absent process and procedures;
- Audited incidents, staff education, risk management, rosters and alignment of RN hours monthly report, policy and procedures;
- No instances of non-compliance were identified in the Audit.
- Report received, desk top audit to follow, clinical team working to provide further documentation.

CEO updated Audit and Risk Committee on the Aging in Place strategy for Kojonup and the future of Aged Care in the region.

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

Risk of accessing qualified team members and capability was discussed. The CEO advised that the CEO is reviewing Senior Manager contracts due for renewal later this budget year.

14 NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled to be held Tuesday, 7 May 2024 at 9:00am.

15 CLOSURE

There being no further business to discuss, the Chairperson thanked members for their attendance and declared the meeting closed at 10.43am.

ATTACHMENTS (SEPARATE)

5.1 - Audit & Risk Committee Minutes 5 September 2023

5.1.1 – Graphical tracking – Black Cockatoo Café - Income and Expenses – December 2023

10.1.1 - Risk Dashboard Report – January 2024

10.1.2 - Risk Actions Report – January 2024

11.1.1 - Annual Financial Report - Shire of Kojonup - 30 June 2023

11.1.2 - Final Management Letter - Shire of Kojonup - 30 June 2023

11.1.3 - Transmittal Letter to CEO - Shire of Kojonup - 30 June 2023

11.1.4 - Opinion - Shire of Kojonup - 30 June 2023

11.2.1 – Compliance Audit Return 2023

11.3.1 – Volunteer Handbook – existing copy (2022) showing proposed change

UNCONFIRMED

**SHIRE OF KOJONUP
MONTHLY FINANCIAL REPORT
FOR THE PERIOD ENDING 31 DECEMBER 2023**

MAJOR BUSINESS UNITS

Black Cockatoo Café

Effective from 1 July 2023, the Shire assumed ownership and operation of The Black Cockatoo Café, located in The Kodja Place Precinct. The following graph shows the trading results of the café.

