

SHIRE OF KOJONUP

Kojonup



Audit & Risk Committee Minutes

16 March 2021

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 16 MARCH 2021

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MINUTES

1 DECLARATION OF OPENING

The Chairman, Cr Gale declared the meeting open at 9:05 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 Parminder Singh	Member
Cr Cindy Wieringa	Member
Cr Felicity Webb	Member
James Hope	Community Member
Roger House	Community Member

STAFF (OBSERVERS)

Anthony Middleton	Acting Chief Executive Officer
Heather Marland	Senior Finance Officer
Judy Stewart	Senior Administration Officer

SENIOR MANAGEMENT TEAM VISITOR:

Craig McVee	Manager Works & Services (arrived 9:30am)
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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 18 August 2020 ([Attachment 5.1](#))

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr Wieringa, seconded Mr House that the minutes of the Audit & Risk Committee Meeting held on 18 August 2020 be confirmed as a true and accurate record.

CARRIED 6/0

Appropriate training for all of the Audit & Risk Committee was discussed. Mr House felt that the community members should be given the opportunity to participate in training for their positions and that the comment made by the CEO that ‘after being on the Committee for 3 years they shouldn’t need training’ was dismissive. The meeting resolved that any future training either identified or compulsory for the Audit and Risk Committee should also be made available to the community members.

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;

Craig McVee, Manager Works & Services, was present at this meeting, and briefed the Committee regarding the works program, with the work at Kojonup Park in progress, reseal of the Kojonup-Frankland Road booked, widening of the Shamrock Road from 6m to 7m wide and the sealing of Hillier Road planned. Discussion was also held on the current method of road grading and the emergence of small trees on the sides of the roads.

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 – 2018, 2021...)
- 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 – March 2021
- 10.1.2 Risk Actions Report – March 2021

10.2 OCCUPATIONAL SAFETY AND HEALTH TIER 2 SAFETY AUDIT REPORT – OCTOBER 2020

In October 2020 Local Government Insurance Services undertook a triennial audit of the Shire of Kojonup's (Shire) Occupational Safety and Health (OSH) practices. The audit scored 98/100 and achieved a Diligence in Safety Award for the Shire, a marked improvement from the previous OSH audit's score of 49% three years ago (please see attached the assessment report). The Shire will now work towards the requirements of a higher level audit to be undertaken in approximately three years' time.

Note: the SAO acknowledged the great effort from the Works Department in achieving such a high score.

10.3 COVID-19 WORKING GROUP

The COVID-19 Working Group has continued to meet regularly and is currently meeting on a monthly basis. Meetings returned to weekly recently following an increase to State Government imposed restrictions due to a potential community spread threat.

11 OFFICER REPORTS

11.1 COMPLIANCE AUDIT RETURN 2020

AUTHOR	Judy Stewart – Senior Administration Officer
DATE	Thursday, 4 March 2021
FILE NO	CM.REP.1
ATTACHMENT(S)	11.1.1 - Compliance Audit Return 2020

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 2020.

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 2020 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.

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 2021.

CONSULTATION

Audit and Risk Committee
Chief Executive Officer
Manager Corporate and Community Services
Executive Assistant/Human Resources Coordinator

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
<i>3. Failure to Fulfil Compliance Requirements (Statutory/Regulatory)</i>	<i>Inadequate compliance framework</i>	<i>Compliance Audit Report</i>	<i>Nil (key control being undertaken)</i>
<i>Risk rating - Adequate</i>			
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 Wieringa, seconded Mr Hope that it be recommended to the Council that the Compliance Audit Return for 2020, as attached, be adopted.

CARRIED 6/0

11.2 INTERIM AUDIT – 2019/2020

The report resulting from the Interim Audit for the period ending 30 June 2020 is attached. Three issues are detailed in this report as follows:

1. Performance & review of monthly reconciliations;
2. Payroll Master File Review; and
3. Purchase Orders.

An opportunity for questions relating to these issues and/or provision of further information will be available at the meeting.

Item 1 & 2 were resolved prior to the finalisation of the audit and are no longer an issue. Item 3 will always be an ongoing issue.

11.3 OVERHEADS WORKSHOP

The Acting CEO will give an explanation and demonstration of Public Works Overheads, Plant Operating Costs and Administration Allocated and detail some of the issues being experienced within the 2020/2021 financial statements with respect to overheads. Due to insufficient time this will be held over until the next meeting.

This item was deferred to the next Committee meeting due to time constraints.

11.4 OFFICE OF THE AUDITOR GENERAL REPORTS

The following report may be of interest to the Committee:

- Application Controls Audits 2021 (9 March 2021);
- Grants Administration (28 January 2021);
- Audit Results Report – Annual 2019-20 Financial Audits of State Government Entities (11 November 2020);

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

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

Nil.

13 NEXT MEETING

The next meeting of the Committee will be held Tuesday, 4 May 2021 at 9:00am. A special meeting will be called prior to this meeting upon receipt of the 2020/2021 Audit Report.

14 CLOSURE

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

15 ATTACHMENTS (SEPARATE)

5.1 - Audit & Risk Committee Minutes 18 August 2020

10.1.1 - Risk Dashboard Report – March 2021

10.1.2 - Risk Actions Report – March 2021

10.2 – Tier 2 Safety Audit Report – October 2020

11.1.1 - Compliance Audit Report

11.2.1 – Office of the Auditor General – Interim Audit Results for the year ending 30 June 2020



Presiding Member

7 SEPTEMBER 2021
Date