

Audit & Risk Committee

Minutes | 9th March 2021

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SHIRE OF QUAIRADING

Audit & Risk Committee

The Quairading Audit & Risk Committee Minutes of the Meeting held on 9th March 2021 commencing at 5.00 pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at 5.00 pm.

"Before we start our Meeting, I would like to acknowledge that we are meeting on Noongar land and we pay respect to the original custodians...past, present and future and welcome you all here today for this Meeting".

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr JN Haythornthwaite	Chairperson / Deputy Shire President
Cr WMF Davies	Shire President
Cr BR Cowcill	
Cr JW Haythornthwaite	
Cr JR Hippisley	
Cr PD Smith	
Cr TJ Stacey	

Council Officers

Mr GA Fardon	Chief Executive Officer
Mr NL Gilfellon	Executive Manager of Corporate Services
Mr A Rourke	Executive Manager of Works & Services
Mr RM Bleakley	IPR/ Strategic Projects Officer

Observers/Visitor

Nil

Apologies

Cr B McGuinness

Approved Leave of Absence

Nil

ITEM 3 DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil

ITEM 4 DECLARATIONS OF INTEREST

Nil, at this time.

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1 Confirmation of Minutes – 8th December 2020

RECOMMENDATION

RECOMMENDATION: AR12-20/21**MOVED Cr Hippisley SECONDED Cr Cowcill**

That the Minutes of the Audit & Risk Committee Meeting held on the 8th December 2020 be confirmed as a true and accurate record subject to the inclusion of "Cr "to read "Cr Cowcill" in Recommendation AR11-20/21.

CARRIED 7/0

5.2 Business Arising

The CEO provided an overview of the Bush Fire Risk Planning Project being funded by DFES and covering the Shires of Kellerberrin, Quairading & Tammin.

The CEO confirmed that the Project Officer Mr Brian Humfrey, will be making Presentations on the Project at both the LEMC and BFAC Meetings.

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.6

6.1 2020/2021 Financial Audit – Office of the Auditor General (OAG)

The Chief Executive Officer contacted the OAG regarding timeframes of the 2020/2021 Financial Audit. The Meeting noted that no response correspondence has been received from the OAG.

The CEO and EMCS provided background on the current delays being experienced by a number of Councils in having their 2019/2020 Financial Audits signed off and the corresponding delays in the conduct of the respective Annual Electors Meeting.

The Meeting also noted that the amendments to the Local Government Accounting Regulations in November 2020 taking effect and backdated to the 2019/2020 Financial Year had further delayed the finalisation of the Annual Financial Statements for all Councils.

It is considered that OAG is prioritising the finalisation of the 2019/2020 Audits over the process of advising Councils of this year's Audit Firms.

CEO further advised that he did not believe that the State Government would reverse its decision to have the Auditor General undertake Local Government Audits.

ITEM 7 STANDING ITEMS – INTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.5

7.1 Statutory Compliance Audit Return 2020

Meeting Date	9 th March 2021
Responsible Officer	CEO Graeme Fardon
Reporting Officer	Consultant Niel Mitchell, Conway Highbury Pty Ltd
Attachments	Compliance Audit Return 2020
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR13-20/21

MOVED Cr Davies SECONDED Cr Hippisley

That the Audit and Risk Committee recommend to Council that: -

The Statutory Compliance Audit Return for the period 1st January 2020 to 31st December 2020 be adopted by Council.

CARRIED 7/0

IN BRIEF

- Council budgeted for Council's Compliance Report (CAR) to be prepared by an independent Consultant.
- Independent Review undertaken by Mr Niel Mitchell of Conway Highbury Pty Ltd and the Draft CAR submitted to the CEO for presentation to the Audit & Risk Committee for consideration and recommendation to Council.
- N/A Responses indicate that the particular Compliance Requirement was not actioned or required during the Year under Review.
- All Audit and Financial Management Compliance was completed within the Statutory timeframes.
- Only issues of non-compliance noted related to –
 - Disclosures of Interest section Q's 15, 16
- A uniformly high standard was noted for both the Compliance Audit Return, and other statutory matters reviewed in preparation of responses for the Return

MATTER FOR CONSIDERATION

Consideration of the Statutory Compliance Audit Return for the year ended 31st December 2020.

BACKGROUND

Council is required to undertake a Compliance Audit, via the Statutory Compliance Return provided by the Department of Local Government each year.

Council budgeted for Council's Compliance Report (CAR) to be prepared by an independent Consultant.

Independent Review undertaken by Mr Niel Mitchell of Conway Highbury Pty Ltd with onsite visit undertaken on the 27th and 28th January 2021.

The consultant noted a high standard of compliance both the in the matters specifically addressed by the Compliance Return and other matters noted in passing during preparation of the return. While no specific investigations were carried out in non-related matters, a range of suggestion were made for the CEO's review to assist with administration.

The Independent Consultant has reviewed the organisation's Procedures, Processes and Actions for the 2020 Calendar Year and prepared the Draft Statutory Compliance Return for consideration by the Audit & Risk Committee and Recommendation to Council.

Compliance Return comprises of Questions in the following Areas of Activity: -

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions – All Answered
- Tenders for Providing Good & Services

The Statutory Compliance Return is to be presented to Audit & Risk Committee and then Report by Recommendation to Council at the March 2021 Ordinary Council Meeting.

Council is required to submit the Signed (Shire President and CEO) Statutory Compliance Return and relevant Council Minutes to the Director General of the Department of Local Government by the 31st March 2021.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

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.

15. Compliance audit return, certified copy of etc. to be given to Executive Director

(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 Executive Director by 31st 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.

POLICY IMPLICATIONS

N/A.

FINANCIAL IMPLICATIONS

Council has budgeted \$3000 for the preparation of the 2020 CARS by an Independent Consultant.

GL 0532 (Total Budget Amount of \$46,700) provides for the External Audit, Grant Acquittal Audits, Financial Management Review and the Annual Compliance Audit Return.

Conway Highbury P/L have quoted a maximum amount of \$3500 plus mileage and will only bill actual time taken to complete the CAR work, if less than the \$3500.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability
G4	Sound Organisation
G4.1	Maintain sustainability ratios at or above basic level
G4.2	Increase non-rates revenue generation
G4.3	Ensure optimum organisational capacity and efficiency

COMMUNITY CONSULTATION

N/A

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is assessed as Low. Risk is mitigated through ongoing review and monitoring of Council's Management & Compliance Procedures and Processes. The Compliance Audit Return is separate to Council's External Audit and is a Statutory requirement to be met by Council.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. High level Compliance achieved mitigates the reputational risk that may occur from non-compliance. Independent assessment of Council's Compliance undertaken in 2021 for the 2020 Year.

Operation – Risk Matrix Rating is assessed as Low. Compliance undertaken as part of Council's day to day operations. The 2020 CAR undertaken by independent person with assistance from Council's Staff.

Natural Environment – Risk Matrix Rating is assessed as Low.

ITEM 8 STANDING ITEMS – FINANCIAL REPORTING

Audit & Risk Committee - Terms of Reference 7.2

8.1 Grant Funding Status Report

Meeting Date	9 th March 2021
Responsible Officer	CEO Graeme Fardon
Reporting Officer	IPR&SPO Richard Bleakley
Attachments	(i) Grants Register Status Report 1 (ii) Grants Register Status Report 2 (Summary Report)
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR14-20/21

MOVED Cr Stacey SECONDED Cr Davies

That the Audit and Risk Committee recommend to Council that: -

Council notes the Grants Status Reports dated March 2021.

CARRIED 7/0

IN BRIEF

- This Report provides an update on the status of grants submitted and new grant opportunities and is provided for information and discussion.
- This Report includes Grants that are continuing /carried over from the 2019/2020 and are being acquitted in the current Financial Year.
- Report details current successful Grants (Competitive and Non Competitive).
- No Grant Applications have been declined in 2020/2021.
- One grant application (Community Park) is currently on hold pending closure of COVID-19 Grant Funding Program at LotteryWest.
- Further Grant Funding avenues being explored by the Grants Team are detailed.

MATTER FOR CONSIDERATION

Noting the Grants Status Report.

BACKGROUND

Council requires the Chief Executive Officer to report on the Eligible Grant Eligibility and Grant Activity during the 2020/2021 Year.

Report is to include Grant funding success rate i.e. number of applications, number achieved and value / timelines of received funding.

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

All Grants reported have been included in Council's Adopted Budget for the 2020/2021 Financial Year.

Council is awaiting the outcome of the Application to Lotterywest for funding assistance towards the Kwirading Koort Community Park Project. It is anticipated that Council's Application will be considered in July / August 2021.

In addition, Council has received advice that the Federal Government has granted an additional \$288,492 under the Local Roads and Community Infrastructure Program Extension (COVID-19). Information regarding the Guidelines and Conditions of this additional funding have been received.

Allocation of these funds to a Project will be the subject of a further Officer's Report to the March 2021 OCM.

Details of Council's cash and In-Kind Contributions are listed in the Grants Register Status Report (Attachment No. 1)

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027**Governance Objective: Strong governance and community engagement**

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

No consultation was required or undertaken in relation to this report.

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial - Risk Matrix Rating is assessed as Low. All Grants approved have been included in the 2020/2021 Adopted Budget. The additional Grant Funding offered under the Local Roads and Community Infrastructure Program Extension (COVID-19) and the relevant Project will be included in the 2021/2022 Draft Budget.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. The Report provides transparency on the treatment and use of the Government Grant Funding and provides Committee with information to assess how Management is administering the various Grants.

Operation – Risk Matrix Rating is assessed as Low. Preparation and maintenance of the Grants Register is undertaken within Council's existing Organisational Structure and resources.

Natural Environment – Risk Matrix Rating is assessed as Low.

COMMENT

Attachment 1 – Grants Register Report as at 3rd March 2021 provides a summary of current project grant portfolio.

Attachment 2 – Grant Program Status Report details the Shire’s grant inventory status – competitive and non-competitive.

Status	Number	Grant Funding
Closed / Completed	3	\$274,919
Active	12	\$5,303,423
Applications	2	\$758,492
New research	12	\$0
Total	29	\$6,336,834

ITEM 9 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

Audit & Risk Committee - Terms of Reference 7.3

The CEO advised that the Financial Management Review is required to be completed at least every 3 Years, with the next Review to be undertaken and received by Council before the 30th June 2021.

ITEM 10 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

Audit & Risk Committee - Terms of Reference 7.1, 7.3

10.1 Report on Excess Annual Leave and Long Service Leave

Meeting Date	9 th March 2021
Responsible Officer	EMCS Nathan Gilfellow
Reporting Officer	SFO Kaiser Uddin
Attachments	Nil
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR15-20/21

MOVED Cr Cowcill SECONDED Cr Stacey

That the Audit and Risk Committee Recommend to Council that: -
Council receive the report on the Shire's Leave Liabilities.

CARRIED 7/0

IN BRIEF

- Since 2017, Council has requested that excess Annual Leave and Long Service Leave be reported to the Audit and Risk Committee
- Council receive the report on the Shire's Leave Liabilities.

MATTER FOR CONSIDERATION

Report on Excess Annual Leave and Long Service Leave Entitlements and Leave Liabilities.

BACKGROUND

Since 2017, Council has requested that excess Annual Leave and Long Service Leave be reported to the Audit and Risk Committee.

The current policy defines excess leave as when the Employee has accrued more than eight weeks paid annual leave.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2020

The Industry Award defines Excess Leave as -

*"An Employee has an **excess leave accrual** if the employee has accrued more than eight weeks paid annual leave"*

POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 28th February 2021 is \$206,589.35.

The Annual Budget treats Current Leave as Accruals.

The Annual and Long Service Leave Reserve funds any prior year Leave entitlements taken by Staff or paid out.

The current Liability for both types of Leave (if all Claimed on 28th February 2021) is calculated at \$249,437.00.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability

COMMUNITY CONSULTATION

N/A

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.

Financial – Risk Matrix Rating is considered as Medium Risk. Financial exposure and therefor Risk escalation, if Leave accruals are not monitored and managed.

Health – Risk Matrix Rating is considered as Low Risk

Reputation – Risk Matrix Rating is considered as Low Risk

Operation – Risk Matrix Rating considered Low Risk

Natural Environment – Risk Matrix Rating is considered as Low Risk.

COMMENT

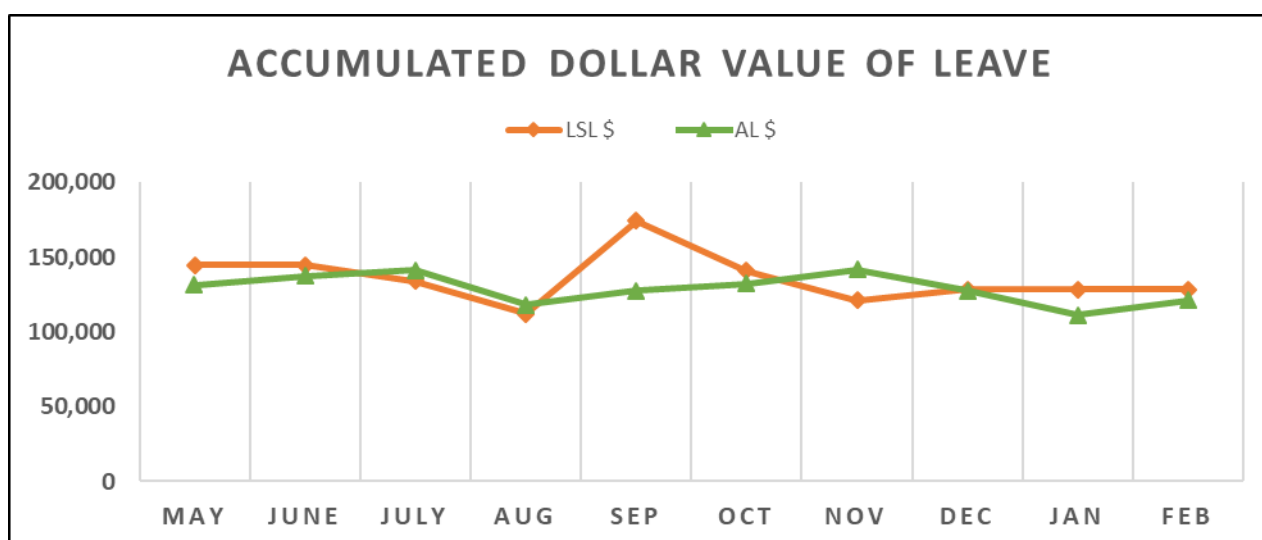
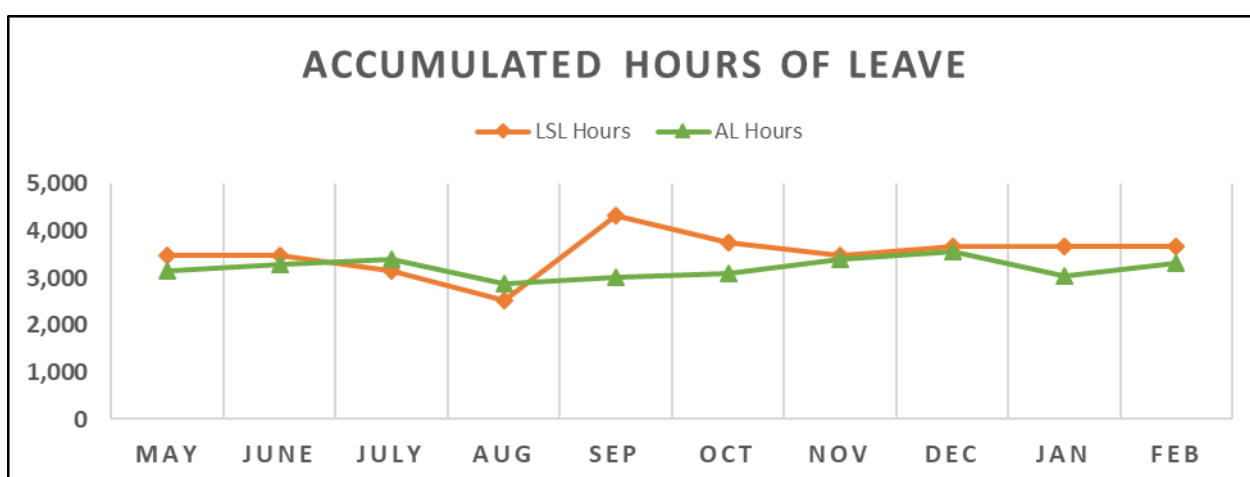
This report has been prepared to inform the Audit and Risk Committee of the current leave liabilities and of any employees who have excess leave and the steps taken to reduce these liabilities.

As at the 28th February 2021, one employee has excess annual leave. Management will discuss the excess leave with the employee.

Since November 2020, there has been a decrease of 14.4% (in Dollar Value) in the Annual Leave Liability. This is likely due to natural decrease during a period where more leave is taken during the Christmas period.

The Long Service Leave Liability has had a 6% increase since November 2020. This is due to the anniversary of two employees in December 2020.

	<i>LSL Hours</i>	<i>LSL \$</i>	<i>AL Hours</i>	<i>AL \$</i>
<i>May</i>	3,472	144,506	3,141	131,346
<i>June</i>	3,472	144,506	3,293	137,579
<i>July</i>	3,152	133,795	3,396	141,026
<i>August</i>	2,511	112,029	2,879	117,983
<i>September</i>	4,315	174,057	3,013	127,361
<i>October</i>	3,746	140,599	3,102	132,103
<i>November</i>	3,465	121,016	3,393	141,499
<i>December</i>	3,663	128,244	3,555	127,688
<i>January</i>	3,663	128,244	3,044	111,379
<i>February</i>	3,663	128,244	3,325	121,193



ITEM 11 STANDING ITEMS – OTHER

Audit & Risk Committee - Terms of Reference 9.1, 9.2 & 9.5

11.1 Governance Training and Support

The WALGA Governance Team are available to provide additional Training and Support on Governance for Elected Members and for Senior Staff.

Training Session has been confirmed for Friday 19th March 2021.

9.30 am	Arrival
10 am – 12 noon	Morning Session
12 noon – 12.30 pm	Lunch Break
12.30 pm – 2.30 pm	Afternoon Session

Topics to be covered: -

- Refresher on Roles and Responsibilities of Elected Members
- Councillors Model Code of Conduct
- Council Meeting Conduct (as we don't have Meeting Local Laws, but have drafted previously and not supported)
- Any advice on the role of the Audit & Risk Committee as we are transitioning to Audits under the OAG in 20/21.
- The number of Council Committees and the implications for Council
- LG Act Review Update (noting that McGowan Government will be in Caretaker mode until the State Election)
- Model Standards & Guidelines for the Recruitment of CEO
- Other emerging Governance Trends in Local Government.

Information submitted for Councillor's Diary purposes.

The CEO provided further details on the arrangements for the Training Day.

The CEO and the IPR/ Strategic Projects Officer provided information on the Strategic Planning Engagement Session which has been scheduled to be conducted by Council's Consultant at the conclusion of the Governance Training Session (for 2.30 – 4.00 pm).

ITEM 12 COUNCILLORS' EMERGING ISSUES

Nil.

ITEM 13 CONFIDENTIAL BUSINESS – AS PER LOCAL GOVERNMENT ACT S5.23 (2)

No matters for consideration.

ITEM 14 NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 8th June 2021, commencing at 5.00 pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

ITEM 15 CLOSURE

There being no further business, the Chairman closed the Meeting at 5.38 pm.

I certify the Minutes of the Audit & Risk Committee Meeting held on 9th March 2021 were confirmed on 8th June 2021 as recorded on Resolution No. _____.

Confirmed.....



..... 08/06/2021