

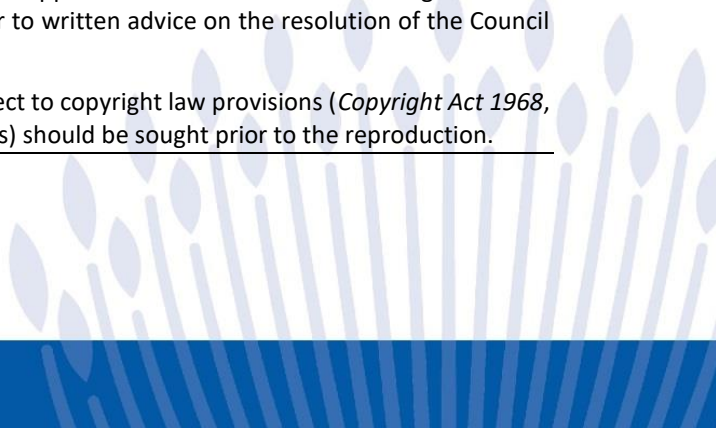
Audit & Risk Committee Meeting

Minutes | 14th March 2023

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SHIRE OF QUAIRADING

Audit & Risk Committee Meeting

The Audit & Risk Committee Meeting minutes of meeting held on 14th March 2023 commencing at 5.00pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the meeting at 5.04 pm.

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

ITEM 2 ATTENDANCE AND APOLOGIES

Councillors

Cr JN Haythornthwaite	Chairperson
Cr PD Smith	Shire President
Cr TJ Stacey	Deputy Shire President
Cr BR Cowcill	
Cr JC Hayes	
Cr JR Hippisley	

Council Officers

Ms LM Horton	Acting Chief Executive Officer
Ms SC Caporn	Executive Manager, Works & Services
Ms NJ Ness	Executive Manager, Economic Development
Ms T Brown	Accountant/Senior Finance Officer
Ms BJ Hadlow	Executive Officer

Observer/Visitor

Nil.

Apologies

Ms NJ Gibbs	Chief Executive Officer
Cr E Cheang	

Leave of Absence Previously Granted

Nil.

At 05:09 PM, Ms Natalie Ness entered to the meeting.

ITEM 3 DEPUTATIONS/PRESENTATIONS/SUBMISSIONS/PETITIONS

Nil.

ITEM 4 DECLARATIONS OF INTEREST

Nil

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING**5.1 Confirmation of Minutes: Audit & Risk Committee Meeting – 6 December 2022**

COMMITTEE RESOLUTION: ARC 014-22/23

Moved: Cr JR Hippisley

Seconded: Cr JC Hayes

That the Minutes of the Audit & Risk Committee Meeting held on the 6 December 2022 be confirmed as a true and accurate record.

CARRIED 6/0

The minutes for the Audit & Risk Committee Meeting were provided to Council under separate cover. The minutes can be found out www.quairading.wa.gov.au.

BUSINESS ARISING

Nil.

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT**6.1 2021/2022 Financial Audit - Office of the Auditor General (OAG)****Responsible Officer** Nicole Gibbs, Chief Executive Officer**Reporting Officer** Leah Horton, Executive Manager, Corporate Services

Attachments 1. (Draft) Auditor General - Independent Auditor's Report 2022 (confidential)

 2. AMD (Draft) - Final Management Letter (confidential)

 3. AMD 2022 Audit Exit Meeting Schedule (confidential)

 4. (Draft) Unsigned Annual Financial Statements to the 30th June 2022 (confidential)

Voting Requirements Simple Majority**Disclosure of Interest** Reporting Officer: Nil.

Responsible Officer: Nil.

COMMITTEE RESOLUTION: ARC 015-22/23

Moved: Cr BR Cowcill

Seconded: Cr JC Hayes

That the Audit & Risk Committee recommend to Council, that Council:

1. Receive the independent auditors report and final management letter attachment (attachment i and ii) from the Office of the Auditor General for the audit year ended 30 June 2022 (draft provided in ARC agenda, final to be provided under separate cover),
2. Notes the management responses and planned actions from the final management letter, attachment ii (draft provided in ARC agenda, final to be provided under separate cover),
3. Accepts and adds the one finding as contained within attachment ii to the Audit Register, for progress to be reported quarterly through the audit register – progress report,
4. Accepts the final annual financial statements to 30 June 2022, attachment iv (draft provided in ARC agenda, final to be provided under separate cover), and
5. Notes that the annual meeting (exit meeting) with the auditor, pursuant to section 7.12A of the Local Government Act was held on 9th March 2023

CARRIED 6/0**IN BRIEF**

- AMD Chartered Accountants (AMD) have been contracted by the Office of the Auditor General (OAG) to perform the Shire's financial report audit on the OAG's behalf for a 3-year period, which commenced with the audit for the year ended 30 June 2021.
- The 2021/2022 pre-audit (entrance) Meeting was conducted with Tim Partridge, Director of AMD; Anna Liang, OAG Representative Director; Peter Smith, Shire President and Executive Staff on the 12th April 2022. This meeting was conducted via phone conference.

- The Interim Audit has been completed by AMD, through offsite work and an onsite audit visit from 2-3 May 2022. The (draft) interim management letter showing six findings and recommendations was received from AMD on 9th August 2022.
- Management provided comments on the findings and recommendations which were incorporated into the interim management letter and interim management letter attachment were received from the OAG on 16th August 2022.
- Bob Waddell and Associates were contracted to complete the 2021/2022 annual financial report, with assistance from the Executive Manager Corporate Services.
- Council received Minister approval for an extension to the 30 September 2022 deadline for completing the annual financial report (AFR) due to the significant delays incurred from implementing the chart of accounts (COA) restructure and subsequent impacts to the new templates required for the annual budget and monthly financial reports.
- Council submitted the draft 2021/2022 annual financial report through Bob Waddell and Associates to AMD on the 25th of November 2022.
- The onsite final audit visit was conducted by AMD from 12-13 December 2022.
- Through the audit work, AMD and the OAG requested certain changes to the annual financial report, amendments were performed by Bob Waddell and Associates in conjunction with the Executive Manager Corporate Services.
- AMD completed their audit on 25 January 2023 and submitted their findings to the OAG for review.
- Small, cosmetic adjustments were requested and submitted with the final AFR version submitted on the 7th of March 2023 (attachment iv).
- The exit meeting is scheduled for 8.30am, Thursday 9th March 2023. As of the date of writing this report the meeting has not yet been held, however the audit exit meeting scheduled is attached (attachment iii).
- The draft (final) management letter for comment was received on 7th March 2023 with one finding. Management comment was returned the same day (attachment ii). The final will be sent under separate cover following the exit meeting.
- The draft auditor's report was received 8th March 2023. The final will be sent under separate cover following the exit meeting and is to be received and noted by Council.
- Any matters raised in the management letter are to be addressed by management and reported to the Audit and Risk Committee through the audit register progress report.
- The one finding, with a significant rating is related to the fair value of land, building and infrastructure assets. It has been indicated that this is a new finding for many small, regional local governments who do not have a large internal team dedicated to asset management. Further comment on this finding is found below.

MATTER FOR CONSIDERATION

Receipt of the independent auditor's report and final management letter for the year ended 30th June 2022.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

The Local Government Amendment (Auditing) Act 2017 made legislative changes to the Local Government Act 1995 to provide for the auditing of local governments by the Auditor General. This Act allows the Office of the Auditor General (OAG) to contract out some or all the financial audits, but all audits will be the responsibility of the Auditor General.

The changes also allow for the Auditor General to undertake performance audits that focus on the economy, efficiency, and effectiveness of any aspect of local government operations. These performance audits are similar to that of an internal audit; therefore, the Auditor General may undertake both external and internal audits.

AMD Chartered Accountants (AMD) have been contracted by the OAG to perform the Shire's financial report audit for a 3-year period, commencing with the audit for the year ended 30th June 2021 (prior year audit). The audit occurs in two steps; the first being an interim audit, with the second (final) stage being the audit work to attest the balances and notes that comprise the annual financial statements.

The annual interim audit of Council's financials for the audit year ending 30th June 2022 was conducted with an initial entrance meeting via phone on 12th April 2022 and an onsite audit visit from 2-3 May 2022, with subsequent offsite work completed by AMD until the end of June 2022. The draft Interim Management Letter was received by the Shire on 28th June 2022, with seven findings being listed in the attachment. One of these findings was queried and subsequently removed, with an updated interim management letter received on 29th June 2022 with six findings. Upon further query of these findings, additional information was provided to AMD which delayed finalisation of the interim audit, however, did result in a change to recommendation number 4. The final (draft) interim management letter, showing six findings and recommendation was received from AMD on 9th August 2022 with Management comments and planned actions provided and returned on 15th August 2022. As representatives of the OAG, AMD submitted the interim management letter for finalisation to the OAG. The OAG completed the interim audit review and returned the interim management letter and interim management letter attachment on 16th August 2022.

Bob Waddell and Associates were engaged to complete the Shire's Annual Financial Statements for the year ended 30th June 2022. The Shire went live with a new chart of accounts (COA) in April 2022, and experienced significant conversion issues that impacted operations. New monthly financial reporting templates and annual budgeting templates were required to be created to align to the new COA. This in turn delayed the annual financial report (AFR) and the Shire's Chief Executive Officer wrote to the Department of Local Government, Sport and Cultural Interests, pursuant to Section 6.4(3) of the *Local Government Act 1995*, to seek Minister approval for an extension to the 30th September 2022 deadline for completion of the AFR of the year ended 30 June 2022. Council received Minister approval for an extension to 25th November 2022.

The Shire prepared its annual financial report through Bob Waddell and Associates for the year ending 30 June 2022, in accordance with the Australian Accounting Standards and the specific requirements of the *Local Government Act 1995* and associated Regulations. The (draft) Annual Financial Report was submitted to AMD on the 25th November 2022.

The annual audit of Council's financial statements for the year ended 30 June 2022 was conducted with an onsite visit from the 12th to 13th of December 2022. The final audit work continued offsite.

One large change was requested by AMD and confirmed through the OAG in relation to the Skeleton Weed Lease/Loan. The Shire had previously recognised this as a right of use asset, with the vehicle being used by the Avon South LAG and funds administered by the Shire. The principal repayments were budgeted as capital, and interest repayments were budgeted as operational. AMD and the OAG's decision to change all repayments to be operational is due to the finding that the asset is not to be treated as a right-of-use by the Shire, just an operational expense. This has affected current and future year budgeting and monthly reporting.

Subsequent small changes were requested, and various amendments made to the annual financial reports, with the AFR being submitted by AMD to the OAG on 25th January 2023. The OAG then completed their review and a further query in relation to work-in-progress saw a last-minute amendment change made on the 7th March 2023.

At the time of writing this report, the exit meeting was scheduled for Thursday 9th March 2023 and the final auditors report and final management letter had only been received in draft format. All final attachments for Council endorsement will therefore be sent under separate cover following the exit meeting.

The draft letter received from AMD indicates an unmodified opinion for the 2021/2022 financial year, with one finding. The audit report is to be received and noted by Council with any matters raised in the management letter to be addressed by management and progress reported to the Audit and Risk Committee. The signed audit report will be provided under separate cover.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Australian Accounting Standards

International Financial Reporting Standards

POLICY IMPLICATIONS

Purchasing Policy

Delegation 1.1.13: Payments from the municipal or trust funds

Records Management Policy

Significant Accounting Policies

Delegations Register

FINANCIAL IMPLICATIONS

Council has a budget allocation of \$30,000 in the 2022/23 budget for the conduct of the external audit function by the Office of the Auditor General (OAG), for the audit of the 2021/22 annual financial statements. It is anticipated that a budget of similar amount is to be adopted each year but will be subject to an annual estimate of audit fees provided by the OAG. Officers' efforts to undertake the improvements and report on progress have not been estimated or reported.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 Governance & Leadership: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Financial misconduct by (a) a Shire employee, and (b) an executive/office holder results in financial, legal and/or reputational damage.

Misconduct (non-financial) by a Shire employee results in financial, legal and/or reputational damage.

RISK ASSESSMENT

	Option 1
Financial	Low <i>Cost of the audit is included in the budget. The audit's purpose is not to uncover any financial fraud, however having strong financial processes, as raised in the management report can reduce the risk of this occurring.</i>
Health	Low
Reputation	Low <i>Compliant with legislative requirements. Failure to complete the annual financial audit would lead to increased reputational risk and possible actions by the OAG.</i>
Operations	Low <i>Council's Management and administration staff assist AMD by providing all information and documents requested. Operational impact is minimal in reporting progress on audit findings, however the operational impact of not closing findings would be significantly higher if conditions escalated.</i>
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Between November 2022 and March 2023, the final audit was conducted, with the independent auditor’s report and management letter being produced. As at the time of writing this report, the draft letter indicated that there was one finding that would be included in the final management letter. The audit report will be provided under separate cover.

The matter identified is deemed significant as it has a potential to pose a significant risk to the entity should it not be addressed and remediated. Under the *Local Government (Financial Management) Regulations 1996*, section 17A, the Shire is required to perform a revaluation of its land, building and infrastructure assets every five (5) years. The last time this revaluation was performed was 2021, with the fair value being taken up as at the 30 June 2021.

The Office of the Auditor General’s (OAG) finding states that despite this five-year requirement, given the current economic conditions, inflation and increases to building and infrastructure costs, their direction is that the Shire is to perform formal revaluation of assets annually to ensure that the carrying amount does not differ materially from the fair value of the assets.

It is noted that internal capacity to perform a task like this annually is unlikely to exist within the Shire and that input from an independent valuer would be highly likely. The current 5-year valuations are next scheduled to be completed in 2025/2026 and would be performed by an external body.

The management comment provided by the CEO and EMCS notes the OAG finding and agrees to review this with Council and Executive for the financial year ended 30 June 2023. It is understood that this is a new focus of the OAG with multiple small, regional local governments having the same finding in their audit reports, despite compliance with the 5-year regulation. As this finding is significant, Council will need to ensure that it is an area of focus whilst the economic conditions remain fluctuating.

The CEO and EMCS will continue to report on progress of audit findings through the Audit Progress Register that is submitted to the Audit and Risk Committee and recommended to Council.

COMMENTS AFFECTING COMMITTEE DECISION

Cr Haythornthwaite queried the auditors finding regarding the requirement for Council to contract external expertise to perform property revaluations and queried the amount required to be budgeted for to accommodate this requirement.

The Acting CEO said that due to timing, this item had not been considered for the mid-year budget review yet. The finding has been a frustration for smaller regional local governments with 17 out of the 20 local governments that were audited by AMD (Quairading's contracted Auditor) being issued with this finding from the Office of the Auditor General (OAG).

As per the Regulations, Council must revalue all assets by fair value every five years. Council was compliant with this, with the valuations being carried out as of 30 June 2021. However, due to the significant changes in market conditions, the OAG have argued that Council asset values would have increased. Due to this the OAG has determined regardless of the five-year ruling in the Regulations, that all local governments should have completed a robust revaluation of their assets to ensure asset values are accurate. Council accepted the finding, though Executive Management will need to work with Council to formulate a plan on the best way to move forward with the valuation.

Cr Haythornthwaite said members of the public have been querying when the Annual Electors Meeting will be taking place and will be looking forward to seeing a date in place at the next Council meeting now that the exit meeting has taken place.

Cr Smith passed on the congratulations from the auditor's representative in the exit meeting and the Office of the Auditor General who commended the EMCS for their diligence and outcome of this audit which was noted as extremely good. Cr Smith thanked the EMCS on behalf of Council for the effort put into completing the audit and for the excellent outcome.

6.2 Audit register - progress report

Responsible Officer	Nicole Gibbs, Chief Executive Officer
Reporting Officer	Leah Horton, Executive Manager, Corporate Services
Attachments	1. Audit Register Progress Report - March 2023 (confidential)
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil. Responsible Officer: Nil.

COMMITTEE RESOLUTION: ARC 016-22/23

Moved: Cr JC Hayes

Seconded: Cr TJ Stacey

That the Audit & Risk Committee recommends to Council that Council;

1. Notes the progress recorded against each item within the audit register in confidential attachment (i); and
2. Approves the one (1) finding marked as Closed (100%) in the audit register, to be registered complete, removed from the register and no longer reported to the Committee.

CARRIED 6/0

IN BRIEF

- This report provides and update on the progress of actions included in the audit register.
- The audit register includes all open audit findings that have previously been accepted by the Audit and Risk Committee.
- Reporting through the audit register commenced in November 2021 and includes items from the 2020/21 interim audit, and all subsequent audits.

MATTER FOR CONSIDERATION

Receipt of the audit register progress report to March 2023.

BACKGROUND

The external audit, also known as financial audits or audit of the annual financial statements, focuses on providing an objective and independent examination of the financial statements prepared by the Shire, increasing the value and user confidence in the financial statements.

The *Local Government Amendment (Auditing) Act 2017* made legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General. This Act allows the Auditor General to contract out some or all of the financial audits, but all audits will be the responsibility of the Auditor General.

The changes also allow for the Auditor General to undertake performance audits that focus on the economy, efficiency and effectiveness of any aspect of local government operations. These performance audits are similar to that of an internal audit, therefore the Auditor General may undertake both external and internal audits.

The audit register lists findings from audit reports previously accepted by the Audit & Risk Committee. The register describes the progress of implementing improvements and percentage completion. Progress on the actions are monitored by management, this Committee and Council.

Reporting through the audit register commenced for the 7th December 2021 Audit and Risk Committee meeting, with the register comprised of findings from the 2020/21 interim audit report, as presented to the Audit & Risk Committee at the 14th September 2021 meeting.

The 2020/21 final audit report had no findings subsequent to those from the interim audit report.

The 2021/22 interim audit report was received on the 16th August 2022, with six (6) findings presented to the 13th September 2022 ARC meeting. Those six findings were accepted by Council at the 29th September 2022 Ordinary Council Meeting and have now been added to the Audit register progress report.

The 2021/22 (draft) annual financial report was sent to the auditor on the 25th of November 2022 with the final audit performed on-site on December 12-13. Any findings from the final management letter will form part of this report.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government Act 1995

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Council has a budget allocation of \$30,000 in the 2022/2023 Budget for the conduct of the external audit function by the Office of the Auditor General, for the audit of the 2021/22 annual financial statements. It is anticipated that a budget of a similar amount is to be adopted each year but will be the subject of an annual estimate of audit fees provided by the OAG. Officers' efforts to undertake the improvements and report on progress has not been estimated or reported.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK ASSESSMENT

	Option 1
Financial	Low <i>Cost of the annual audit is included in the budget. By regularly reviewing progress against audit findings, the risks associated to misconduct and error are significantly reduced.</i>
Health	Low
Reputation	Low

	<i>Compliant with legislative requirements. Failure to complete the findings from audit reports would lead to increased reputational risk.</i>
Operations	Low <i>Operational impact is minimal in reporting progress on audit findings. Operational impact of not closing findings would escalate.</i>
Natural Environment	Low

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

The audit register **confidential attachment (i)** counts actions and totals by “Finding #”. Each finding may have more than one “recommendation” and associated “agreed management action”. Only when all recommendations and agreed management actions within a finding are deemed complete will the finding as a whole be totalled at 100% complete and recommended to be closed.

The process for adding and removing findings to the audit register is as follows:

1. An external audit is completed and an audit report is finalised.
2. The audit report is presented to the Audit and Risk Committee (ARC).
3. The ARC recommends to Council that it notes and accepts the audit report.
4. All findings from the audit report are **added** to the audit register.
5. Progress is reported by management with updates recorded quarterly in “officer comment / action taken”.
6. Any findings deemed as complete by management are marked as “100% complete” with the status of “closed”.
7. The audit register – progress report is submitted by management to the ARC.
8. The ARC reviews the audit register and confirms completion of any 100% and closed findings.
9. The ARC recommends to Council that it notes progress and approves the findings marked as complete to be registered as closed.
10. Closed findings are **removed** from the audit register.

A summary of the audit register, included below, will illustrate the trend of actions that have been added, progressed, and completed.

The blue row represents actions added by the ARC. New audit findings presented to the current meeting are included at the subsequent meeting, following acceptance.

The green row represents actions closed by the ARC and will always total 0 for the current meeting date. The closed actions from the current meeting will then be shown in the "closed by the Audit & Risk Committee" total in the subsequent meeting's table summary.

Status of Actions	ARC - Meeting Date						Total
	7/12/21	15/03/22	7/06/22	13/09/22	06/12/22	14/03/23	
New actions added by ARC	7	0	0	0	6	0	13
Not commenced ≤10%	1	1	0	0	0	0	
Progressed >11% to 99%	2	2	2	0	4	3	
Completed =100%	4	0	1	2	2	1	
Total (0% to 100%)	7	3	3	2	6	4	
Closed by ARC	4	0	1	2	2		9
Total cumulative closed by ARC	4	4	5	7	9	9	
Open Actions	3	3	2	0	4	3	

The committee is requested to recommend to Council that Council note the progress and officer comments.

No new actions have been added to the register following the 06/12/2022 endorsement by Council. There is one (1) finding marked as complete (100%) in the audit register to be registered as closed, the remaining three (3) have commenced remediation.

All closed items will not form part of the audit register report for future meetings. The closed items are available for external auditors and committee/council to review.

It is requested to note the audit register progress report in **confidential attachment (i)**.

ITEM 7 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES**7.1 Compliance Audit Return 2022****Responsible Officer** Nicole Gibbs, Chief Executive Officer**Reporting Officer** Britt Hadlow, Executive Officer**Attachments** 1. Compliance Audit Return 2022 [↓](#) **Voting Requirements** Simple Majority**Disclosure of Interest** Reporting Officer: Nil.

Responsible Officer: Nil.

COMMITTEE RESOLUTION: ARC 017-22/23

Moved: Cr TJ Stacey

Seconded: Cr JC Hayes

That the Audit & Risk Committee recommend to Council that Council endorse the Statutory Compliance Audit Return for the period 1st January 2022 to 31st December 2022, subject to the inclusion of the finance information on completion of the exit meeting with the Office of the Auditor General.

CARRIED 6/0

IN BRIEF

A Compliance Audit Return (CAR) is an opportunity for Council to review internal procedures and processes considered “high risk” to ensure they are compliant with relevant local government acts and regulations.

Council budgeted for Council’s Compliance Audit Return to be prepared by an independent Consultant for the calendar year of 2022. However, officers deemed an external consultant unnecessary to perform the audit, so it was completed internally and then reviewed by a Local Government Governance & Compliance expert, before being taken to the Audit & Risk Committee for consideration.

N/A Responses indicate that the compliance requirement was not actioned nor required during the Year under Review.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee consider recommending to Council that Council endorse the Statutory Compliance Audit Return for the period 1st January 2022 to 31st December 2022, subject to the inclusion of the finance information on completion of the exit meeting with the Office of the Auditor General.

BACKGROUND

Under the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* Council is required to undertake a Compliance Audit Return via the Statutory Compliance Return provided by the Department of Local Government each year.

For regional Councils the CAR contains 94 questions relating to the prescribed statutory requirements in regulation 13 of the *Local Government (Audit) Regulations 1996*. There are 10 optional questions.

The local government's audit committee is required to review the completed 2022 CAR and report the results to Council prior to its adoption by council. A signed copy of the Statutory Compliance Return by the CEO or Shire President and the relevant Council Minutes must then be provided to the Director General of the Department of Local Government by the 31st of March 2022.

Non-compliance reported in the 2022 Compliance Audit Return should be a reminder for local government officers to engage with Council members via the audit committee, providing advice on what action has or will be taken to address it.

The only issues of non-compliance noted related to –

- Delegation Register – Question 13

Council officers have not been reporting when a delegated power or duty has been exercised. A register has been created and will be implemented for reporting to Council during the information session. Unfortunately, last year officers were provided with incorrect information in this regard by the external CAR consultant who advised that this register was no longer necessary.

- Disclosure of Interest – Question 6

It was noted that two officers did not receive acknowledgements when their Primary and/or Annual Returns were submitted.

At the time of this report being generated, Council was waiting on the exit meeting with the Auditor General to be able to accurately complete the finance section of the CAR. Please note that this section will be completed and then included in the attachment at the March 2023 Ordinary Council meeting for Council consideration.

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

While Council budgeted for Council's CAR to be prepared by an independent consultant, it was decided that the CAR would be completed internally, with the report being reviewed by Ms Belinda Knight, an independent local government governance & compliance consultant.

Council's procedures, processes and actions for the 2022 calendar year were reviewed and the draft statutory compliance return has been developed for consideration by the Audit & Risk Committee.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Administration) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government (Elections) Regulations 1997

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

Nil

FINANCIAL IMPLICATIONS

Nil.

ALIGNMENT WITH STRATEGIC PRIORITIES

- 5.1 Governance & Leadership:** Shire communication is consistent, engaging and responsive
- 5.4 Governance & Leadership:** Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Council officers worked with Belinda Knight, Local government Compliance & Governance Consultant to ensure the Compliance Audit Return was completed correctly.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Misconduct (non-financial) by a Shire employee results in financial, legal and/or reputational damage.

RISK ASSESSMENT

	Option 1
Financial	Low <i>The CAR has been completed by an external consultant in previous years. This year, it was completed internally with an external consultant just checking over the final document to ensure everything had been correctly completed. This saved in consultancy costs.</i>
Health	N/A
Reputation	Low <i>The Compliance Audit Return is an opportunity for Council to ensure that internal processes are being completed in line with statutory requirements.</i>
Operations	Low <i>The completion of the CAR is not out of Council officers' normal scope of work.</i>
Natural Environment	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil.

COMMENTS AFFECTING COMMITTEE DECISION

Cr Stacey queried the finding that Council officers have not been reporting delegations in a delegation register.

The Acting CEO confirmed that the delegations do need to be reported and will make arrangements for this to commence.

The Executive Officer confirmed that Council received advice from an external consultant who confirmed that the delegation register can be reported in the Information Session and has provided Council with a template that can be used.

It was noted that some links included in the CAR are Shire internal folder links which can not be accessed by external parties.

It was noted that some links included as supporting evidence in the CAR report attachment are Shire internal folder links which cannot be accessed by external parties.

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Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comment
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022?	N/A	Nil major trading undertaken
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	N/A	Nil major trading undertaken
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	N/A	Nil major trading undertaken
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022?	N/A	Nil major trading undertaken
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	Nil major trading undertaken



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Delegation of Power/Duty				
No	Reference	Question	Response	Comment
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	No committee delegations
2	s5.16	Were all delegations to committees in writing?	N/A	No committee delegations
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	N/A	No committee delegations
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	No committee delegations
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	N/A	No committee delegations
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Resolution 136 21/22 March 2022 OCM
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	Delegation Register https://www.quairading.wa.gov.au/documents/21493/delegated-authority-register-20212022
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Delegation Register https://www.quairading.wa.gov.au/documents/21493/delegated-authority-register-20212022
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A	Nil revoked
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	Delegation Register https://www.quairading.wa.gov.au/documents/21493/delegated-authority-register-20212022
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	Yes	Resolution 136 21/22 March 2022 OCM
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	No	Not compliant – Delegation Register template obtained and will commence reporting monthly to Council via the Information Session.

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Disclosure of Interest				
No	Reference	Question	Response	Comment
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Resolution: 128-21/22 OCM November 2022
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes	February OCM, March OCM, April OCM, May OCM, October OCM, November OCM
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	T:\4 - Corporate Management\04. Legislation\01. Compliance\Annual And Primary Returns\2022
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	T:\4 - Corporate Management\04. Legislation\01. Compliance\Annual And Primary Returns\2022
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	All but two acknowledgements sent.
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ?	Yes	https://www.quairading.wa.gov.au/documents/21674/disclosure-of-interest-register-30-december-2022
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Yes	https://www.quairading.wa.gov.au/documents/21674/disclosure-of-interest-register-30-december-2022
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	Kept on file in Shared Drive
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	https://www.quairading.wa.gov.au/documents/21704/register-of-gifts
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	https://www.quairading.wa.gov.au/documents/21704/register-of-gifts
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register	Yes	As staff/Elected Members leave the member is archived so that information is stored but cannot

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		all records relating to those people?		be viewed on the website. All information is kept in the spreadsheet in the documents folder. https://www.quairading.wa.gov.au/documents/21674/disclosure-of-interest-register-30-december-2022
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Kept in file on Shared Drive
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	N/A	No such matters considered by Council.
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	No applications to the Minister
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered?	N/A	No decisions made by the Minister
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	Adopted March 21, 141-20/21
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	Yes	https://www.quairading.wa.gov.au/documents/21825/code-of-conduct-for-elected-members-committee-members-and-candidates
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	https://www.quairading.wa.gov.au/documents/21510/code2-employee-code-of-conduct
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government in accordance with section 5.51A(1) of the Local Government Act 1995?	Yes	https://www.quairading.wa.gov.au/documents/21510/code2-employee-code-of-conduct

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Disposal of Property				
No	Reference	Question	Response	Comment
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	N/A	Nil property disposed
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	N/A	Nil property disposed



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Elections				
No	Reference	Question	Response	Comment
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	No election held https://www.quairading.wa.gov.au/documents/21703/electoral-gift-register
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	Yes	No election held https://www.quairading.wa.gov.au/documents/21703/electoral-gift-register
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	N/A	No election held



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Finance				
No	Reference	Question	Response	Comment
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	RESOLUTION: 62-19/20 October OCM 2019
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	Nil delegations
3	s7.9(1)	Was the auditor’s report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	No	At the time of this report, the audit exit meeting was due 9 th March 2023. The Finance section of this document will be accurately completed for the March 2023 ordinary Council meeting.
4	s7.12A(3)	Where the local government determined that matters raised in the auditor’s report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	Audit not yet completed; report has not been finalised.
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor’s report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	Audit not yet completed; report has not been finalised.
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government’s official website?	N/A	Audit not yet completed; report has not been finalised.
7	Audit Reg 10(1)	Was the auditor’s report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	N/A	Audit not yet completed; report has not been finalised.

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GOVERNMENT OF
WESTERN AUSTRALIA

Integrated Planning and Reporting				
No	Reference	Question	Response	Comment
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Resolution 06 – 21/22 July 2021 OCM
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 26 October 2017 Corporate Business Plan being reviewed and set to go to February 2023 OCM
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	Corporate Business Plan being reviewed and set to go to February 2023 OCM

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Local Government Employees				
No	Reference	Question	Response	Comment
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	N/A	CEO not recruited in 2022.
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	Resolution: 79 - 22/23 Resolution: 80 - 22/23 September OCM 2022
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	

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Official Conduct				
No	Reference	Question	Response	Comment
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	Default is the CEO
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	Yes	Nil complaints recorded
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	N/A	Nil complaints recorded
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	https://www.quairading.wa.gov.au/documents/21705/register-of-statutory-complaints

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Optional Questions				
No	Reference	Question	Response	Comment
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	Yes	Resolution 186 – 20/21 June 2021 OCM https://www.quairading.wa.gov.au/documents/21504/minutes-ordinary-council-meeting-minutes-24-june-2021
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	Yes	Resolution: 121 - 22/23 November 2022 OCM https://www.quairading.wa.gov.au/documents/21901/ordinary-council-meeting-minutes-november-2022
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A	No gifts requiring disclosure
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	https://www.quairading.wa.gov.au/documents/21818/attendance-at-events-policy
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?		https://www.quairading.wa.gov.au/profiles/quairading/assets/clientdata/shire_of_quairading.png https://www.quairading.wa.gov.au/documents/21512/20212022-statutory-budget https://www.quairading.wa.gov.au/documents/21869/20222023-statutory-budget https://www.quairading.wa.gov.au/documents/21511/quairading-strategic-community-plan-2021-2031 https://www.quairading.wa.gov.au/documents/21832/elected-members-continuing-professional-development-policy (2022 Council Minutes, Local Laws, Council Agenda, Annual Electors Meeting Minutes)
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	https://www.quairading.wa.gov.au/documents/21832/elected-members-continuing-professional-development-policy

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7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Yes	https://www.quairading.wa.gov.au/documents/21801/councillors-2122-fy-training-report
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes	September OCM Resolution 54 – 22/23 https://www.quairading.wa.gov.au/documents/21892/ordinary-council-meeting-minutes-29-september-2022
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	



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Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comment
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	RFQ's requested but no tenders
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	N/A	Nil Tenders in 2022
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government (Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	N/A	Nil Tenders in 2022
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	No multiple contracts
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	N/A	Nil Tenders in 2022
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	N/A	Nil Tenders in 2022
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	N/A	Nil Tenders in 2022
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	Nil Tenders in 2022
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A	Nil Tenders in 2022

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10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	N/A	Nil Tenders in 2022
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	Nil expressions of interest in 2022
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	Nil expressions of interest in 2022
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	Nil expressions of interest in 2022
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	Nil expressions of interest in 2022
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE?	N/A	Not required
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	Not required
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	Not required
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	Not required
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	Not required
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each	N/A	Not required

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return




Department of
**Local Government, Sport
and Cultural Industries**

		application satisfies the criteria for deciding which application to accept?		
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Not required
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	Not required

7.2 Audit & Risk Committee Terms of Reference

Responsible Officer Nicole Gibbs, Chief Executive Officer

Reporting Officer Britt Hadlow, Executive Officer

Attachments 1. Audit & Risk Committee Terms of Reference [↓](#) 

Voting Requirements Simple Majority

Disclosure of Interest Reporting Officer: Nil.

Responsible Officer: Nil.

COMMITTEE RESOLUTION: ARC 018-22/23

Moved: Cr JC Hayes

Seconded: Cr JR Hippisley

That the Audit & Risk Committee recommend to Council:

1. To endorse the Audit & Risk Committee Terms of Reference.
2. Committee to assess its performance for 2022 (for discussion).

CARRIED 6/0

IN BRIEF

Under statutory requirements, Council must appoint an Audit & Risk Committee to oversee financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability, and the internal and external audit functions. The committee make recommendations and report to Council on these matters.

As per 9.5 of the Audit & Risk Committee terms of reference, the committee is required to review its performance and terms of reference once a year, and report to Council.

The terms of reference have had minor amendments

MATTER FOR CONSIDERATION

That the Audit & Risk Committee consider recommending to Council, to endorse the Audit & Risk Committee Terms of Reference.

Committee to discuss and assess its performance for 2022.

BACKGROUND

An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability, and the internal and external audit functions.

The primary objective of the audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies, and overseeing the allocation of the local government's finances and resources.

The committee is to facilitate:

- The enhancement of the credibility and objectivity of internal and external financial reporting.
- Effective management of financial and other risks and the protection of Council assets.
- Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- The coordination of the internal audit function with the external audit; and
- The provision of an effective means of communication between the external auditor, internal auditor, the CEO and the Council.

The audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The committee is a formally appointed committee of Council. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

In accordance with clause 9.5 of the Audit & Risk Committee terms of reference, the committee is required to, at least once a year, to review its own performance and terms of reference to ensure it is operating at maximum effectiveness and recommend changes it considers necessary to Council for approval.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Administration) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government (Functions and General) Regulations 1996

Local Government (Audit) Regulations 1996

16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;

- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the Council the results of that review; and
 - (ii) give a copy of the CEO's report to the Council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

[Regulation 16 inserted: Gazette 26 Jun 2018 p. 2386-7.]

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

ALIGNMENT WITH STRATEGIC PRIORITIES

5.3 Governance & Leadership: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4 Governance & Leadership: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

The Audit & Risk Committee was consulted in accordance with the Terms of Reference requirement to review the terms at least once a year.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Misconduct (non-financial) by a Shire employee results in financial, legal and/or reputational damage.

Financial misconduct by (a) a Shire employee, and (b) an executive/office holder results in financial, legal and/or reputational damage.

RISK ASSESSMENT

	Option 1
Financial	High <i>The Audit & Risk Committee is required to ensure local government finances and audit requirements are being followed in line with relevant Acts and Regulations.</i>
Health	N/A
Reputation	High <i>It is a statutory requirement to have an Audit & Risk Committee. As per the current Terms of Reference, at least once a year the Terms of Reference and performance of the committee are to be reviewed and recommended to Council.</i> <i>Reputational Risk is mitigated with the effective operation of Council's Audit & Risk Committee and also sound Governance and Financial management in place.</i>
Operations	Low <i>The annual review process provides a mechanism to ensure good governance of Council's Audit & Risk Committee. The review process and committee structure is part of Council officers normal duties.</i>
Natural Environment	N/A

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil.

COMMENTS AFFECTING COMMITTEE DECISION

Cr Stacey queried if Elected Members should be invited to the audit exit meeting.

Cr Haythornthwaite said in previous years the Chairperson and Elected Members were given the opportunity to attend the exit meeting. The Acting CEO will ensure this happens in future years.

Cr Smith said the as part of the Audit & Risk Committee performance, the new risk matrix that was developed in October 2022 should be reviewed on a more regular basis as an agenda item.

The Acting CEO said it can be included in the Audit & Risk Committee meetings as a standard quarterly report. It was noted that the CEO does report against the risk matrix in each agenda item as standard practice as well.

Cr Smith said when the local government reforms go through Parliament, it is noted that the Audit & Risk Committee will require an independent person with (preferred) relevant experience to chair the meetings. Cr Smith suggested that the committee start to think who a potential candidate could be. An amendment will also need to be made to the Terms of Reference at this time to reflect the changes to legislation.



AUDIT & RISK COMMITTEE – TERMS OF REFERENCE

PURPOSE

To ensure that the audit of Council's financial and statutory functions have been undertaken in accordance with the provisions of the *Local Government Act 1995* and associated Regulations.

The Committee will also undertake a Risk Management function to ensure adequate statutory compliance and best practice mitigation is occurring.

OBJECTIVE

The objective of the committee is to assist Council in providing a transparent and independent process in its audit, risk and governance management to ensure accountability to the community in the governance and compliance framework and its financial and risk management responsibilities.

POLICY

The Audit & Risk Committee (the "committee") is a formally appointed committee of the Shire of Quairading, pursuant to a number of specific pieces of legislation. These include: -

The *Local Government Act 1995*, *The Local Government (Audit) Regulations 1996*, the *Local Government (Financial Management) Regulations 1996*. The *Local Government Act 1995*, Section 7 deals specifically with the audit and process.

The committee does not have executive powers or authority to implement actions in areas where management has the responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and is therefore independent from management.

The committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by the committee and Council in relation to the discharge of its responsibilities.

1 Membership

- 1.1 Members of the committee are appointed by Council. The committee is to consist of all Elected Members. The Elected Members are to vote and elect the chairperson.
- 1.2 Only members of the committee are entitled to vote in committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the committee for decision.
- 1.3 The Chief Executive Officer, senior management and other administration staff may attend any meeting as observers or be responsible for preparing papers for the committee.
- 1.4 The Council's external auditors may be invited to attend meetings of the committee.



AUDIT & RISK COMMITTEE – TERMS OF REFERENCE

- 1.5 Appointment of all members of the committee will be for a term of two (2) years at the commencement of each Council term after a Council election.
- 1.6 Committee members are paid meeting attendance fees in accordance with the requirements of the *Local Government Act 1995*.

2 Secretarial/Administrative Resources

- 2.1 The Chief Executive Officer is required to provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

3 Quorum

- 3.1 The quorum necessary for the transaction of business shall be five (5) members of the Audit and Risk Committee.

4 Frequency of Meetings

- 4.1 The committee may meet at least quarterly at a minimum or as determined by the committee.
- 4.2 A schedule of ordinary meetings is determined by Council for the year.
- 4.3 The Chief Executive Officer is delegated the authority to vary the meeting schedule after liaison with the committee chairperson.
- 4.4 The Chief Executive Officer is delegated not to call an ordinary meeting of the committee should the committee have no matters for consideration. Such delegation to only be exercised after liaison with the committee chairperson.

5 Notice of Meetings

- 5.1 Ordinary meetings of the committee are to be held at dates/times determined by Council.
- 5.2 A special meeting of the committee may be called with the approval of all the committee members.
- 5.3 The agenda of the committee meetings, subject to any items that are discussed in confidence under Sections 5.22 and 5.23 of the Act and subsequently retained as confidential under Section 5.23 of the Act, are also required to be made available to the public.
- 5.4 The notice of meeting and supporting papers is to be lodged in the document centre on the Quairading website no later than three clear days prior to the date of the meeting.

6 Minutes of Meetings

- 6.1 The Minutes of the committee meetings are to be in accordance with the provisions of the LG Act, LG Regulations, and departmental guidelines.
- 6.2 Minutes of the committee are to be lodged in the document centre on the Quairading website within five working days after a meeting.

7 Roles of the Audit & Risk Committee**7.1 Support Function**

The committee will also support the auditor as required and have functions to oversee:

- 7.1.1 The implementation of audit recommendations made by the auditor, which have been accepted by Council; and



AUDIT & RISK COMMITTEE – TERMS OF REFERENCE

- 7.1.2 Accepted recommendations arising from reviews of local government systems and procedures (“performance audits”).

7.2 Financial Reporting

The committee is required to monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The committee is required to review and challenge where necessary: -

- 7.2.1 The consistency of, and any changes to, accounting policies both on a year-on-year basis;
- 7.2.2 The methods used to account for significant or unusual transactions where different approaches are possible.
- 7.2.3 Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors.
- 7.2.4 The clarity of disclosure in the Council’s financial reports and the context in which statements are made; and
- 7.2.5 All material information presented with the financial statement such as the operating and financial review and any corporate governance statement (in so far as it relates to audit and risk management).

7.3 Internal Control & Risk Management Systems

The committee is required to:

- 7.3.1 Keep under review the effectiveness of the council’s internal controls and risk management systems.
- 7.3.2 Monitor and advise the CEO in the reviews of certain systems as prescribed from time to time by the audit and financial management regulations.
- 7.3.3 Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.
- 7.3.4 Receive and review reports from the Chief Executive Officer on the activities of the Risk Management Dashboard.

7.4 Other Investigations

The committee, when necessary, propose and review the exercise of Council’s powers under the Act, in relation to the conduct of audits that would not otherwise be addressed or included as part of an annual external audit.

7.5 Internal Audit

- 7.5.1 The committee is required to monitor and review the effectiveness of Council’s internal audit function in the context of the Council’s overall risk management system. The Audit and Risk Committee can consider and make recommendations on the program and the adequacy of resources accordance with the relevant professional and legislative requirements and standards.
- 7.5.2 The committee may receive executive summary reports on all internal audits and review and monitor managements responsiveness to the findings and recommendations of any such internal audit.



AUDIT & RISK COMMITTEE – TERMS OF REFERENCE

- 7.5.3 The committee may meet with management and any internal auditors at least twice per year to discuss any issue arising from any internal audits carried out.
- 7.5.4 The committee is required to monitor and review the selection process for the internal auditor (if appointed). Appointment of any internal auditor is the responsibility of management. Appointment of the external auditor is the responsibility of the Office of the Auditor General (OAG).

7.6 External Audit

- 7.6.1 The committee is required to oversee the relationship with the Office of the Auditor General, including, but not limited to: -
 - 7.6.1.1 Consult with the external auditor on any matters that the committee seek to raise as an audit focus.
 - 7.6.1.2 Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Councils relationship with the auditor
 - 7.6.1.3 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);
 - 7.6.1.4 Monitoring the external auditor's compliance with legislative review.
 - 7.6.1.5 Oversee the transition of the audit function to the Office of the Auditor General.
- 7.6.2 The committee may review and make recommendation to the annual audit planning summary and ensure that it is consistent with the scope of the engagement and relevant legislation and standards.
- 7.6.3 The committee is to review the findings of the external audit. This may include, but not be limited to, the following: -
 - 7.6.3.1 Discussion of any major issues which arose during the audit.
 - 7.6.3.2 Any accounting and audit judgments; and
 - 7.6.3.3 Levels of errors identified during the audit.
- 7.6.4 The committee is to review any representation letter(s) requested by the Office of the Auditor General.
- 7.6.5 The committee is to review the report to the Chief Executive Officer and management's response to the Office of the Auditor General's findings and recommendations.

7.7 CEO Performance Appraisal

The committee is also responsible for facilitating / arranging Chief Executive Officer's performance review process.

8 Reporting Responsibilities

- 8.1 The minutes of the committee are to be presented to the Council after every meeting to identify and present advice and committee recommendations.

9 Other Matters



AUDIT & RISK COMMITTEE – TERMS OF REFERENCE

The committee is to:

- 9.1 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an on-going basis for all members.
- 9.2 Give due consideration to laws and regulations of the *Local Government Act 1995*.
- 9.3 Oversee any investigation of activities which are within its Terms of Reference.
- 9.4 At least once per year, review its own performance, membership and Terms of Reference to ensure it is operating at a maximum effectiveness and recommend changes it considers necessary to the Council for approval.

GUIDELINES

Local Government Act 1995;

Local Government (Audit) Regulations 1996;

Local Government (Financial Management) Regulations 1996.

STATUTORY ENVIRONMENT

Local Government Act 1995, Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

AUDIT & RISK COMMITTEE – TERMS OF REFERENCE



Record of ToR Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Next Review Date	CEO Signature
01	Graeme Fardon	26/10/17	72-17/18	New Policy		
02	Graeme Fardon	30/11/17	98-17/18	Revised		
03	Graeme Fardon			Annual Review	Dec 18	
04	A&R Committee	20/12/18	117-18/19	Revised 12/12/2018		
05	A&R Committee	19/12/19	96-19/20	Annual Review	Dec 21	
06	A&R Committee	17/12/20	99-20/21	Minor amendments	Dec 22	
07	A&R Committee					

ITEM 8 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES**8.1 Report on excess annual leave and long service leave entitlements**

Responsible Officer	Nicole Gibbs, Chief Executive Officer
Reporting Officer	Leah Horton, Executive Manager, Corporate Services
Attachments	Nil
Voting Requirements	Simple Majority
Disclosure of Interest	Reporting Officer: Nil. Responsible Officer: Nil.

COMMITTEE RESOLUTION: ARC 019-22/23

Moved: Cr JR Hippisley

Seconded: Cr TJ Stacey

That the Audit & Risk Committee recommends to Council that; Council receive the report on the Shire's leave liabilities.

CARRIED 6/0

IN BRIEF

- Since 2017, Council has requested that excess annual leave and long service leave be reported to the Audit and Risk Committee.
- Not taking a reasonable amount of annual leave or long service leave may pose a threat to the health and safety of employees and represent a significant financial liability for the Shire, therefore there are steps in place to ensure that leave balances are monitored and are at appropriate levels.
- Employee entitlement movements during the year are due to many reasons, such as, leave taken during the period, increased accrued leave balances, increases in remuneration rates and changes in the underlying staff with leave balances transferred to and from the Shire.

MATTER FOR CONSIDERATION

Receipt of the 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 Leave Management Policy defines "excess leave" as when the employee has accrued more than eight weeks paid annual leave and provides management with direction to effectively management the annual and long service leave entitlements of employees.

The Shire encourages employees to take leave by reinforcing the positive benefits of taking leave when it becomes due. Sometimes there are circumstances that prevent leave being able to be taken, such as staff shortages, outside influences (COVID-19 travel restrictions), and work demands.

There will be movements in employee entitlements throughout the year. Balances will increase naturally as employees accrue leave entitlements and when leave balances are transferred from other Shires. Balances will decrease when employees take leave accrued and when leave balances are transferred to other Shires. This natural fluctuation is monitored by management and through this report to ensure any excess is managed appropriately.

STATUTORY ENVIRONMENT

Fair Work Act 2009

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Work Health & Safety Act 2020

POLICY IMPLICATIONS

Leave Management Policy

FINANCIAL IMPLICATIONS

The Employee Entitlements (Annual and Long Service Leave) reserve fund cash balance as of 28 February 2023 is \$169,174.30.

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 28 February 2023) is calculated at \$132,586.

There is currently surplus in the reserve account in comparison to the liability accrued of \$39,878. This has been reviewed through the finalisation of the 21/22 annual financial report, with a recommendation to keep the funds in surplus in this reserve for future leave liabilities as some employees' long service leave entitlements will start to accrue as they meet the legislative threshold.

ALIGNMENT WITH STRATEGIC PRIORITIES

- 5.3 Governance & Leadership:** Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community
- 5.4 Governance & Leadership:** Implement systems and processes that meet legislative and audit obligations

CONSULTATION

Nil.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

Work health and safety legislation increases liability of Councillors and Executive (personal wealth and assets) in the management of Bushfire and Volunteer Fire and Rescue Services Brigades.

Low employee retention increases recruitment costs, decreases employee morale and decreases Shire reputation.

RISK ASSESSMENT

	Option 1
Financial	Low <i>Financial exposure and therefore risk escalation occurs if Leave accruals are not monitored and managed. Adequate reserve balances reduce the risk of financial exposure.</i>
Health	Low
Reputation	Low
Operations	Low <i>Impact to operations where employees with excess leave are requested to take leave. This can be mitigated by agreement of mutually acceptable timeframes for taking leave that are not during heavy workload times.</i>
Natural Environment	Low

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

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 of 28 February 2023, there has been minimal change overall to both the annual leave and long service leave liabilities, reflective of very few employee movement (separations and additions) since the previous report to 20 November 2022.

Two employees with annual leave balances have separated during this time, being paid out their accrued entitlements upon termination. There have been five new employees onboarded who have started to accrue leave entitlements.

There have been some changes in entitlement accruals due to pay increases from internal movement (changes in positions). This impact is minimal.

Annual Leave: Two employees who had annual leave accruals have separated, removing their annual leave entitlement on termination. Neither employee had a substantial amount paid out in annual leave, therefore the change in annual leave liability is minimal. Many employees have taken leave during the Christmas and New year shut-down period, with fifteen employee's entitlement balances reducing since November 2022.

We have recruited five new employees who have all accrued minimal hours.

There is currently one employee with excess annual leave. This is the same employee who was in excess as of the 28 August 2022 report, who then reduced their accrual for the 20 November 2022 report. This employee has again been encouraged to reduce their balance to an acceptable level and their manager advised.

There has been a decrease of 15% (dollar value) in the annual leave liability since January 2022.

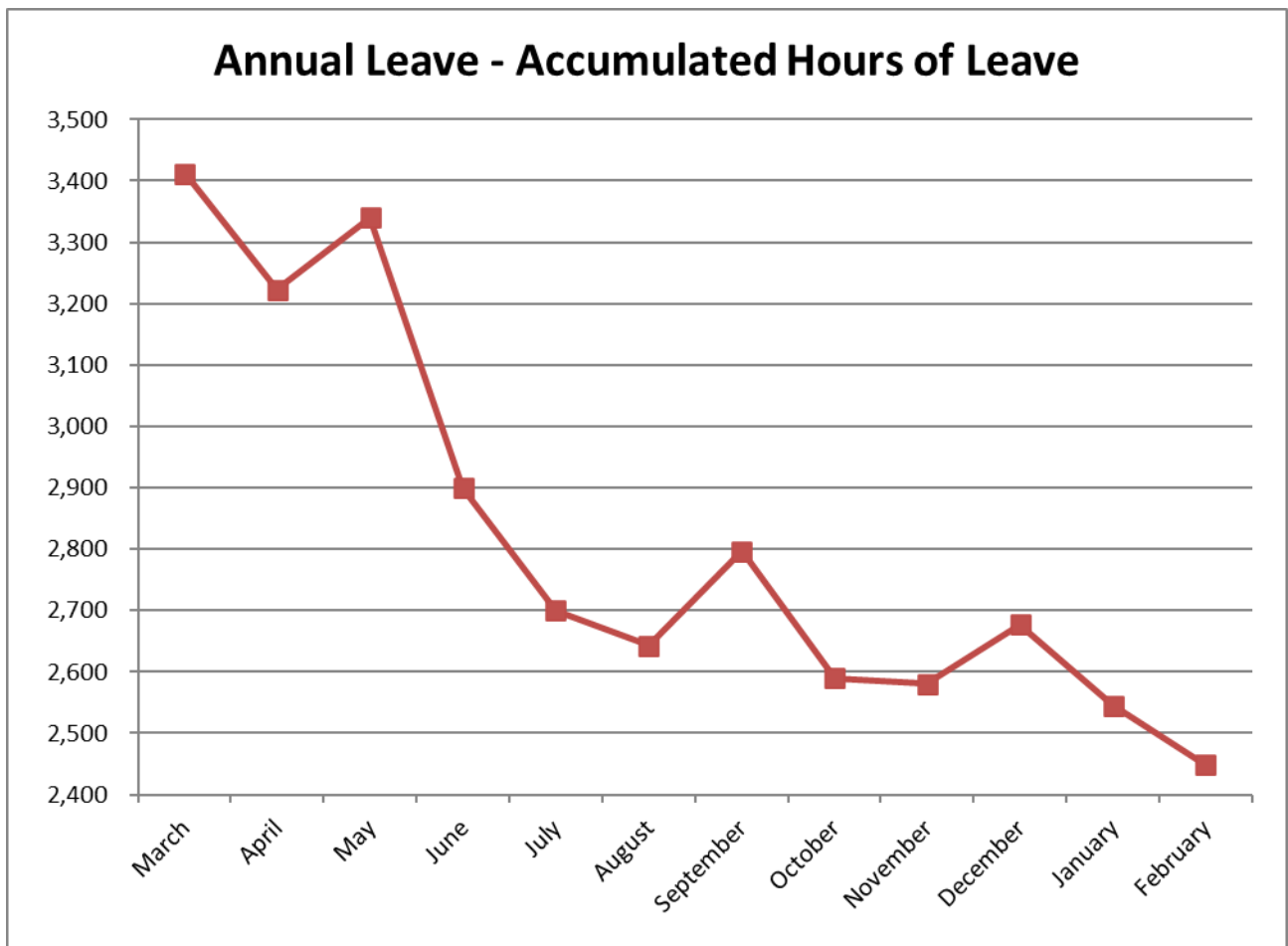
Long Service Leave: There has been one separation that affected long service leave as the employee has a small balance accrued.

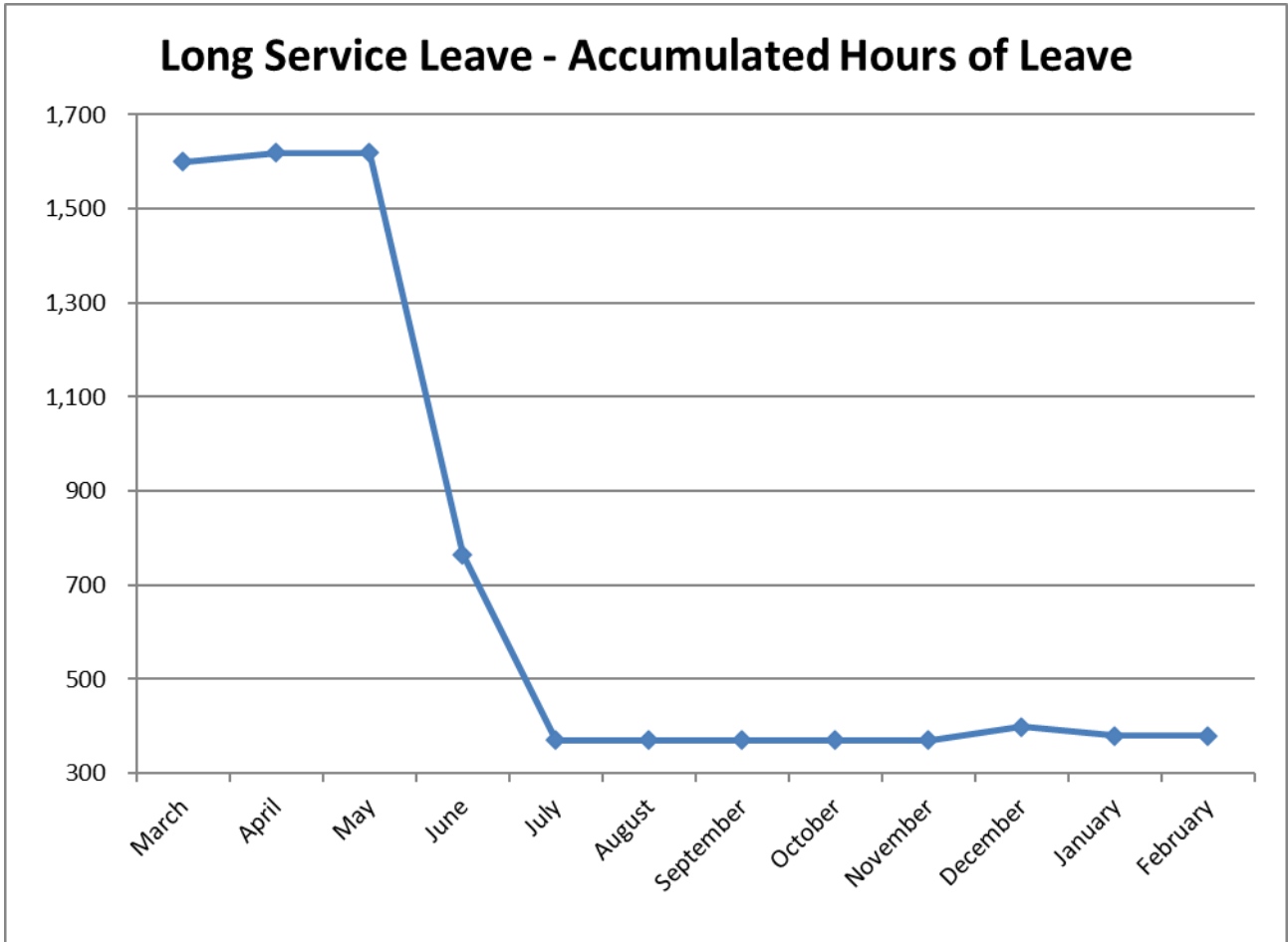
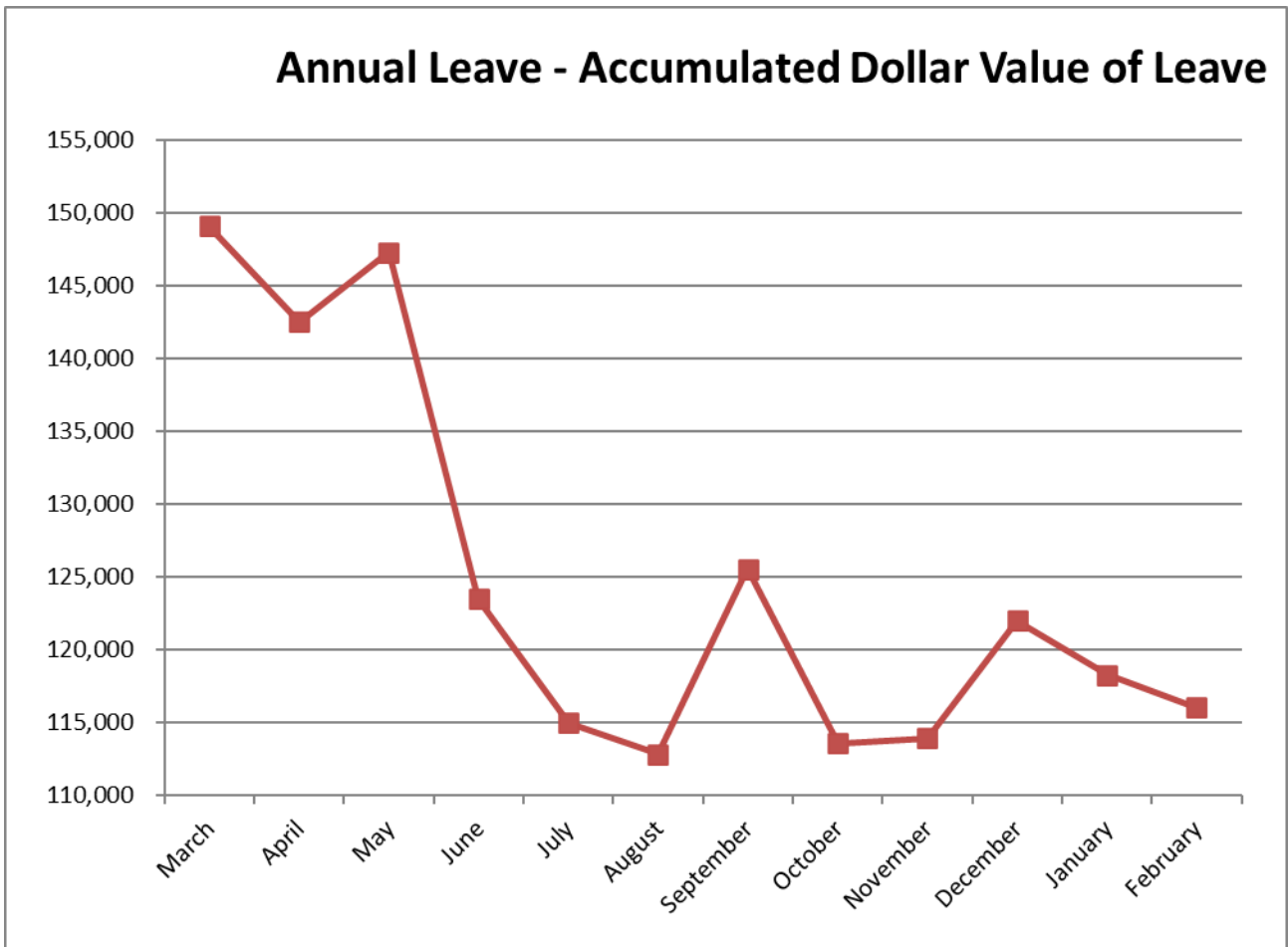
No employees long service leave accrual amount (hours entitled) has increased. One employee with LSL entitlements has received a pay rate increase, therefore the LSL entitlement balance has minimal change.

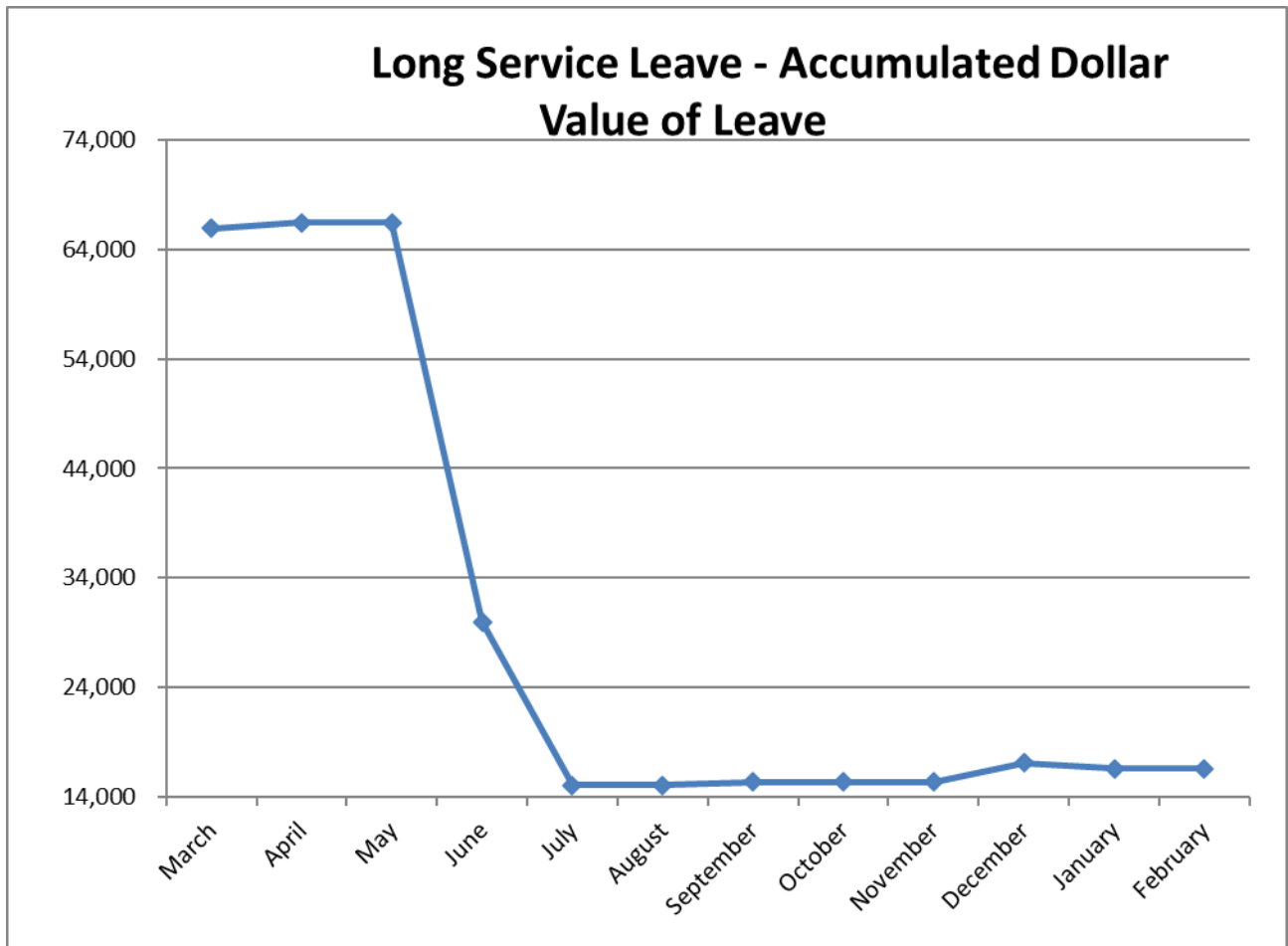
There has been a decrease of 72% (dollar value) in the long service leave liability since January 2022.

The following table and graphs show the fluctuations in the accrued hours and dollar values of both annual leave and long service leave over the period of January 2022 to 28 February 2023.

Month	LSL Hours	LSL \$	A/L Hours	A/L \$
January 22	1,552	58,708	3,282	135,728
February 22	1,552	58,708	3,213	132,665
March 22	1,600	65,929	3,412	149,101
April 22	1,619	66,465	3,223	142,510
May 22	1,619	66,465	3,340	147,293
June 22	765	29,969	2,899	123,503
July 22	370	15,095	2,700	114,979
August 22	370	15,095	2,643	112,809
September 22	370	15,355	2,796	125,527
October 22	370	15,355	2,589	113,594
November 22	370	15,355	2,580	113,941
December 22	399	17,129	2,677	122,011
January 23	380	16,568	2,545	118,286
February 23	380	16,568	2,448	116,018







ITEM 9 STANDING ITEMS – OTHER

9.1 Corporate Business Plan 2023 - 2027

Responsible Officer Nicole Gibbs, Chief Executive Officer**Reporting Officer** Nicole Gibbs, Chief Executive Officer**Attachments** 1. Corporate Business Plan 2023 - 2027. [↓](#) **Voting Requirements** Absolute Majority**Disclosure of Interest** Reporting Officer: Nil.

Responsible Officer: Nil.

COMMITTEE RESOLUTION: ARC 020-22/23

Moved: Cr JC Hayes

Seconded: Cr PD Smith

That the Audit & Risk Committee recommend to Council to endorse the Corporate Business Plan 2023 – 2027.

CARRIED BY ABSOLUTE MAJORITY 6/0**IN BRIEF**

In accordance with regulation 19DA of the *Local Government (Administration) Regulations 1996*, Council is required to have a Corporate Business Plan as part of the Integrated Planning and Reporting Framework.

Council's current Corporate Business Plan has not been reviewed since 2016, and as such, the new Executive Management Team conducted a major review of the Corporate Business Plan 2023 – 2027 and have prepared the document for Council consideration.

Since 2016 the Strategic Community Plan has been reviewed. The Corporate Business Plan has had a major review conducted by the Executive Management Team and is now in line with the Strategic Community Plan and the needs of our everchanging community.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee consider recommending to Council to endorse the Corporate Business Plan 2023 – 2027.

BACKGROUND

The Corporate Business Plan is an internal business planning tool that translates Council priorities into operations within the resources available. The plan highlights the services, operations, projects and initiatives a local government will deliver within a defined period. It also includes the measures associated with delivering services, operations, projects and the costs associated.

The Department of Local Government Sports and Communities (DLGSC) Integrated Planning and Reporting Framework and Guidelines state that every two years, local governments are required to undertake a review of the Strategic Community Plan, alternating between a minor and major review.

Regulation 19DA of the *Local Government (Administration) Regulations 1996* states “A local government is to review the current corporate business plan for its district every year”.

Councils Corporate Business Plan was reviewed in 2016 and has not undergone a review since.

In July 2021, the Shire endorsed a major review of the Strategic Community Plan 2021-2031. The Corporate Business Plan should have been reviewed and reset at that time to bring it into line with the Strategic Community Plan, but as this did not happen. The Executive Management Team have conducted a major review of the Corporate Business Plan and it now aligns with the Strategic Community Plan.

The Integrated Planning and Reporting Framework is the overarching umbrella which encompasses both the Strategic Community Plan and Corporate Business Plan, is a set of strategic and operational documents that the Shire is required by legislation to prepare to plan for the future of its community.

The documents included in the Framework are:

1. The Strategic community Plan
1. Corporate Business Plan
2. Long-Term Financial Plan
3. Asset Management Plan
4. Workforce Plan

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Administration) Regulations 1996

19DA. Corporate business plans, requirements for (Act s. 5.56)

- (1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- (3) A corporate business plan for a district is to —
 - (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government’s priorities for dealing with the objectives and aspirations of the community in the district; and
 - (b) govern a local government’s internal business planning by expressing a local government’s priorities by reference to operations that are within the capacity of the local government’s resources; and
 - (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- (4) A local government is to review the current corporate business plan for its district every year.

- (5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- (6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.

**Absolute majority required.*
- (7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

[Regulation 19DA inserted: Gazette 26 Aug 2011 p. 3484-5.]

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The Integrated Planning and Reporting Framework drives much of the project deliverables and budget and resource allocation.

ALIGNMENT WITH STRATEGIC PRIORITIES

- 1.1 Community:** Work collaboratively with local and regional service providers to engage the community as active citizens.
- 1.2 Community:** Provide social and cultural activities for all members of the community
- 1.3 Community:** Advocate for the provision of quality health services, health facilities and programs in the Shire
- 1.4 Community:** Support local volunteer organisations through initiatives that reduce volunteer fatigue and strengthen their resilience
- 1.5 Community:** Support emergency services planning, risk mitigation, response and recovery
- 2.1 Economy:** Promote the Economic and Business Growth Strategy for current businesses and the sustainable attraction of new industry (Small Business Friendly Local Government and Action Plan)
- 2.3 Economy:** Shire engages stakeholders and partners to help capture local economic development initiatives
- 2.2 Economy:** Build upon our "Take a Closer Look" brand with the development of an internal marketing strategy focusing on our community, events and facilities to increase our permanent and transient population
- 2.4 Economy:** Encourage local workforce participation
- 3.1 Built Environment:** Safe, efficient and well maintained road and footpath infrastructure
- 3.2 Built Environment:** Parks, gardens and social spaces are safe and encourage active, engaged and healthy lifestyles

- 3.3 Built Environment:** Improvements to building infrastructure including our sport and recreation facilities, residential and service delivery facilities following considered cost benefit analysis models and venue management plans
- 4.1 Natural Environment:** Maintain a high standard of environmental health services
- 4.2 Natural Environment:** Conservation of our natural environment
- 4.3 Natural Environment:** Demonstrate sustainable practices of water, energy and waste management
- 5.1 Governance & Leadership:** Shire communication is consistent, engaging and responsive
- 5.2 Governance & Leadership:** Forward planning and implementation of plans to determine Strategic Plan and service levels
- 5.3 Governance & Leadership:** Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community
- 5.4 Governance & Leadership:** Implement systems and processes that meet legislative and audit obligations

CONSULTATION

The Executive Management Team worked collaboratively to conduct the review of the Corporate Business Plan.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

The sustainability and viability of the Shire of Quairading Medical Practice.

Aged people leaving the Shire due to a lack of appropriate accommodation (well before requiring residential aged care).

Low rate-base results in an inability to keep up with inflation.

The resale value/return on investment for local properties remains low.

Skills/qualifications shortage across the Shire.

Unqualified, unskilled and/or inexperienced Shire personnel increase work health and safety risks.

Lack of routine maintenance of Shire roads creates public safety risk and associated liability issues.

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

Work health and safety legislation increases liability of Councillors and Executive (personal wealth and assets) in the management of Bushfire and Volunteer Fire and Rescue Services Brigades.

Low employee retention increases recruitment costs, decreases employee morale and decreases Shire reputation.

Asset Management Plan is non-compliant due to aging assets and increasing costs.

Uncertainty of Quairading's long-term future results in the further attenuation and closure of local businesses.

New local government compliance requirements and low rate-base affects rate payers' service delivery expectations (e.g. not being met/expectations verses reality).

A lack of planning and positioning for the Shire amalgamations leaves Quairading without any representation (including employees) in the merged and larger local government.

Poor or no construction of roads results in public safety dangers and high-level liability consequences for Elected Members, Executive and the Shire as a whole.

Data breaches/hack of Shire information and communications technology systems impacts business continuity, results in financial or other data theft and increases liability (Elected Members, Executive and the Shire as a whole).

Natural disaster/s impact business continuity.

Misconduct (non-financial) by a Shire employee results in financial, legal and/or reputational damage.

Financial misconduct by (a) a Shire employee, and (b) an executive/office holder results in financial, legal and/or reputational damage.

The increasing cost of running Quairading Medical Practice results in no service or a reduced level of service.

Longevity and frequency of power outages significantly impacts business.

Loss of emergency communications due to mains power supply.

RISK ASSESSMENT

	Option 1
Financial	High <i>Without a compliant Integrated Planning and Reporting Framework projects may not be adequately budgeted for, and resources may not be adequately allocated.</i>
Health	High <i>The Integrated Planning and Reporting Framework encompasses the health services that the Shire of Quairading provides through the Medical Practice.</i>
Reputation	High <i>The Shire is currently non-compliant with the Local Government Act 1995 as the Corporate Business Plan has not been reviewed in seven years.</i>
Operations	High <i>The Integrated Planning and Reporting Framework drives the day-to-day operations of Council staff.</i>
Natural Environment	High <i>The Integrated Planning and Reporting Framework encompasses Councils strategies towards sustainability and maintain our natural environment.</i>

	Consequence				
Likelihood	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil.

COMMENTS AFFECTING COMMITTEE DECISION

There was general discussion surrounding ensuring the language used throughout the document be cohesive and in the same tense.

The Acting CEO said any mention to specific projects that have not been endorsed by Council will be amended to be more general in nature.



CORPORATE BUSINESS PLAN 2023 - 2027

 @ShireofQuairading

 @QuairadingCaravanPark

 @shireofquairading



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FORWARD FROM THE CEO

Our Corporate Business Plan 2023-2027 has a strong focus on financial sustainability and viability and how these impact on social, economic, environmental and governance outcomes for the community. As a small local government that will continue to grow through the life of this plan and beyond, we want to ensure the decisions made by the Shire today consider the needs of the community into the future.

Our Strategic Community Plan 2021-2031 details the vision and aspirations for the future of our community over the next decade, and the Corporate Business Plan focuses on achieving those objectives by operationalising the strategic initiatives within. Achieving the initiatives will rely on a collective and collaborative approach, as we continue to work with community groups, other local governments, state and federal government agencies, residents, partners and the broader business sector.

Our 'locals first' approach allows us to focus on what the residents of our local area see as the priorities and to plan, commit resources and budget appropriately.

We are embracing technological change to enhance and improve connection, participation and engagement for community and business, and to provide efficient and improved services. As we do so we continue to provide quality in-person and phone service for those customers who need it.

As part of our commitment to making the Shire of Quairading a welcoming place to establish and grow businesses, we are streamlining and improving our approvals processes, while at the same time, continuing to meet legislative and health and safety obligations.

A key objective is to solidify support for local business and stimulate investment, drive economic growth and diversify our economic base. Protecting our key environmental resources is also vital to the Shire's future.

Through the development of our Corporate Business Plan, the Shire has identified key resource capabilities which include an integrated planning and reporting approach to workforce planning, asset management planning and long-term financial planning. Integrated planning provides the Shire with an in-depth understanding of its capacity to resource not only current activities but those planned for the future.

I would like to take this opportunity to congratulate our Elected Members and employees for leading, embracing and making the change we need to succeed in the new and changing paradigm that is local government today. Most importantly, I would like to thank our small, diverse and yet close community for their on-going support, collaboration and contribution to our community's future.

I am pleased to present the Shire of Quairading Corporate Business Plan 2023-2027 (CBP).

Nicole Gibbs

CHIEF EXECUTIVE OFFICER, SHIRE OF QUAIRADING

INTRODUCTION

Council is responsible for the governance and delivery of services that support the community at grassroots (municipal) level. This includes planning and building services, waste management, local laws, emergency management, recreation and community services. However, even more than this, Council has a critical role in determining the social and economic fabric of the community. If Council does not pro-actively seek economic opportunity on behalf of the community, the opportunity will go elsewhere.

In governance terms, local councils are elected by, and accountable to, the people who live and do business within the municipality. As such, the importance of being responsive to the voices in the community is critical to achieving our vision.

The Shire of Quairading Corporate Business Plan 2023-27 (CBP) details how Council will journey towards the community's vision over the next four years, where we will focus our efforts and how we will measure our progress. The document outlines the key activities and service delivery the Shire is planning to undertake to achieve the goals set out in the Strategic Community Plan 2021-2031 (SCP).

The CBP enables the translation of the community's aspirations into real projects and actions. The Plan provides the basis for establishing the Shire's annual plans, programs and budgets, within a four-year timeframe.

As the closest level of government to our residents, we are at the very intersection of state, federal politics and community needs. Seeking bipartisan support from State and Federal Governments to shape and influence allocation of resources on key priority areas across the Shire of Quairading will be a strong focus for us over the next four years and beyond.

The CBP has been developed through dialogue with the community, Elected Members and the Shire's staff to determine the timing and resources required and the key indicators which track our progress. Our achievements are reported each year in the Shire's Annual Report.

FRAMEWORK

Western Australia Local Government Integrated Planning & Reporting Framework

Our planning framework sets out how the Shire of Quairading will strive to achieve the community's aspirations through a cascading hierarchy of long and medium-term plans, resourcing decisions, and a continual process of the development of strategies, monitoring and review.

The suite of documents illustrated in the framework below encapsulate the processes and decisions Council undertakes in the interests of the municipality - with community input - in accordance with the *Local Government Act 2020* and other key legislation.

The CBP is part of the Shire's Integrated Planning and Reporting Framework, which is followed by all Local Governments in Western Australia.

The concept behind the Framework is to ensure Council's decisions consider the community's aspirations and deliver the best results possible with the available resources.

The minimum requirement of the Framework is the establishment of a:

- Strategic Community Plan; and
- Corporate Business Plan.

In accordance with requirements, the Shire has developed the following:

Strategic Community Plan 2021-2031

The Strategic Community Plan (SCP) sets the vision and direction for the whole Framework – it expresses the community's priorities for the future and shows how the Council and community intend to make progress over a ten-year period.

The SCP was adopted by Council in July 2021, following community consultation.

Corporate Business Plan 2023-2027

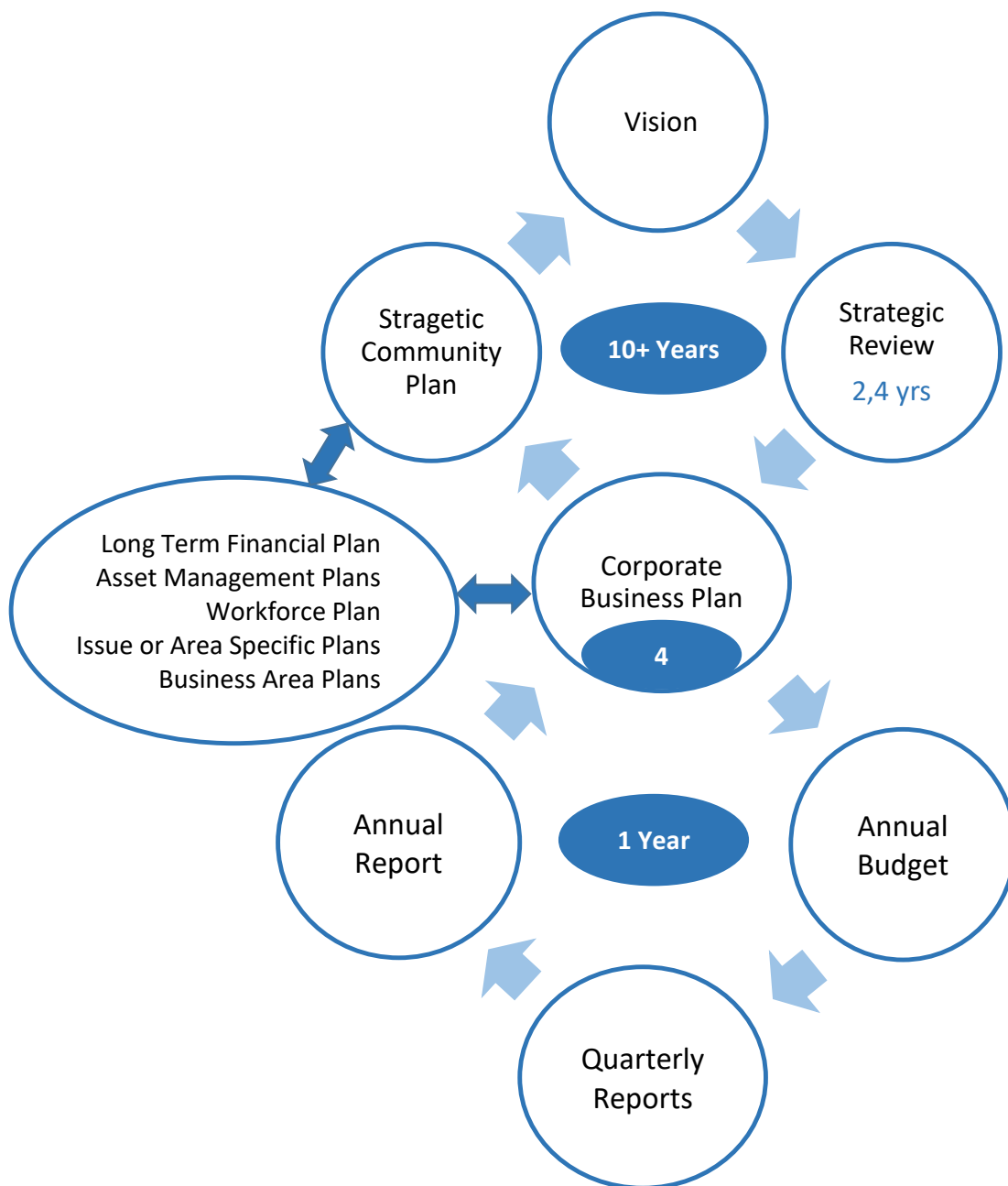
The Corporate Business Plan (CBP) has the critical purpose of providing the detailed plans for implementation and is the key linking document between the Strategic Community Plan, Long-term Financial Plan, Asset Management Plan and the annual plans and budgets.

Review Cycle

The CBP is a four-year plan, which is required to be reviewed annually, with a comprehensive overall strategic review and update every four years. It is also reviewed alongside the minor strategic review on a more detailed basis than the annual update.

The CBP contains the budgets for the next four years, which mirror the corresponding years within the Shire’s Long-Term Financial Plan. The budget for each year of the CPB forms the basis for the respective annual budgets.

The Integrated Planning and Reporting Cycle diagram shows how the plans and review cycles integrate with each other.



STRATEGIC DIRECTION

Our Vision

“Our Shire is a place of welcome for all, where we work together, with thriving industry creating jobs, a bright future for our young people, and a bustling town in a beautiful and productive rural setting.”

Business Philosophy

We are committed to making decisions in the interests of both current and future generations.

Our approach will be based on the following ideals:

- Productive relationships with industry, the state government and other local governments to deliver improved cost-effective services
- Meeting the needs of our communities through genuine community consultation, engagement and collaboration
- Embracing the principles of sustainability in our decision making to balance the needs of both current and future generations through environmental protection, social advancement and economic prosperity
- Continued improvement to our services through planning, adaptability and careful management of risks.

Locals First

The Shire strives to serve its local community first and foremost, with Council advocating for preferential treatment in terms of access to quality local services, wherever possible. In the interests of Quairading and the broader region which we are integral to, the Shire will work collaboratively with other local and State Government agencies.

ITEM 10 EMERGING ISSUES/LATE ITEMS**Cr Hippisley**

Cr Hippisley said he had been approached by a community member with the idea that Council purchases the Motel.

The Acting CEO took the suggestion on board and will present a report at a future meeting.

ITEM 11 NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 13th June 2023, commencing at 5.00pm in the Council Chambers, 10 Jennaberring Road, Quairading, WA.

ITEM 12 CLOSURE

There being no further business, the Chairperson closed the meeting at 5.55 pm.

I certify the minutes of the Audit & Risk Committee meeting held on 14 March 2023 were confirmed 14 June 2023 as recorded on Resolution No. 021 - 22/23.

Confirmed.....

A handwritten signature in black ink, appearing to read "J. Hawthorn", is written over a horizontal dotted line. The signature is cursive and somewhat stylized.

..... 14/06/2023