



AGENDA

Audit Committee Meeting

16 August 2021

Shire of Victoria Plains
Council Chambers, Calingiri
AND
via E-Meeting Protocol

Commencing – 3.00pm

DISCLAIMER:

The recommendations contained in this document are officers' recommendations only and should not be acted upon.

The decisions of the Committee are not considered final until the minutes of the Committee meeting are adopted by Council at a subsequent meeting or advised in writing by the CEO or authorised person.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification.

Please note that meetings may be recorded for minute taking purposes.

E – Disclaimer

It is the Presiding Member's responsibility to preserve order in the meeting and this can be more difficult in an eMeeting. Therefore, each Council Member must consistently and respectfully follow the Local Government's Meeting Procedures Local Law, any additional eMeeting guidance provided by the Local Government and support the Presiding Member in their conduct of the eMeeting.

The pace of an eMeeting should be slow and orderly. The following practices will help avoid confusion and support effective eMeetings:

Speak clearly and slowly, as connections may be distorted or delayed;

Always state your name to indicate to the Presiding Member that you wish to speak. Restate your name if the Presiding Member has not heard you at first;

In debate, only speak after the Presiding Member has acknowledged you. Then state your name, so that others know who is speaking;

Follow the Presiding Member's directions and rulings;

If you are unclear about what is happening in an eMeeting, immediately state your name to draw the Presiding Member's attention and enable you to then seek clarification from the Presiding Member;

Avoid looking for opportunities to call Points of Order; instead, politely and respectfully gain the Presiding Member's attention and explain any deviation from your Meeting Procedures, the Local Government Act or any other relevant matter.

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Minutes

Shire of Victoria Plains Audit Committee Meeting

To be Held in the Council Chambers and via E-meeting protocol, Cavell Street, Calingiri
on Monday 16 August 2021 commencing at 3:00pm

1. DECLARATION OF OPENING

1.1 Opening

1.2 Announcements by Presiding Member

2. RECORD OF ATTENDANCE

Members

Staff

Apologies

Approved leave of absence Nil

Visitors

Members of the public N/A

3. DISCLOSURES OF INTEREST

Type	Item	Person / Details
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3.1 Financial

3.2 Proximity

3.3 Impartiality

4. PUBLIC QUESTION TIME

Not required – Committee has no delegated authority

5. CONFIRMATION OF MINUTES

VOTING REQUIREMENTS

Absolute Majority Required: No

Committee Recommendation

Moved:

Seconded:

That the Minutes of the Audit Committee Meeting held 24 March 2021 as circulated, be
CONFIRMED as a true and correct record.

For / Against

6. REPORTS REQUIRING DECISION**6.1 Proposed Changes to Purchasing Policy 3.1 – Purchasing Thresholds and Requirements including Revised Threshold and RFQ Exemptions**

File reference			
Report date			20 July 2021
Applicant/proponent			CEO
Officer disclosure of interest			Impartial – Mr Fletcher receives payments for services rendered from SoVP
Previous meeting references			OCM April 2020 2004-05; OCM May 2020 2005-06
Prepared by			Sean Fletcher, Interim Governance Officer
Authorised by			CEO
Attachments			
Attachment 1	Page	2	Amended Schedule 3.1b
Attachment 2	Page	9	Current Schedule 3.1b
Attachment 3	Page	14	Guide To Intellectual Property Law

PURPOSE

The Audit Committee is asked to note that Council adopted at the July 2021 OCM the revised Purchasing Policy Schedule 3.1b including changes to the purchasing thresholds, the inclusion of exemptions regarding the Request From Quote (RFQ) process and the inclusion of further explanatory information regarding the emergency management purchasing regulations.

BACKGROUND

At its meeting on 21 April 2020, Council reviewed the Shire's purchasing policy 3.1 and in particular the purchasing thresholds as part of a review regarding improving the Shire's procurement practices and management.

Then at the May 2020 OCM Council increased the Tender Threshold in accordance with the Local Government (Function and General) Regulations from \$150,000 to \$250,000 to reflect the new legislative provisions regarding emergency supply that are applicable under the current State of Emergency Order regarding the pandemic.

As a result of the 2019-2020 Audit findings, it was reported that during testing, 60 purchases were tested with 9 (15%) purchases between \$1,500 and \$56,000, showing no evidence that the minimum number of quotes required by the Shire's purchasing policy had been obtained. For 2019, it was 12 such purchases. The Shire in response has ensured that Staff are adhering to the requirements of the purchasing policy (Also see today's report on Material Matters 7.12A(3) – Non Compliance Rated Significant and Moderate Risks Financial Management, Purchasing, ICT Management, Staff Leave)

COMMENT

The proposed changes are highlighted in red text throughout Schedule 3.1(b). The object is so that the CEO and Staff can act with confidence and expediency re dealing with certain purchases. The changes are summarised and explained as follows:

Purchasing Thresholds**Records**

The author has developed a Quotation Acceptance Form. Staff will be required to use the form as follows:

- a) To note the verbal specification and submission on the quotation acceptance form;
- b) Include with the Purchase Order the quotation acceptance form, specification required, assessment criteria set, summary of submissions, evaluation made.

General Purchasing Thresholds

Anticipated Value of Purchase Excl. GST	Requirement	Documentation	Evaluation Panel
Less than \$1,500	Quotations not required for items of minor recurrent nature, such as groceries, stationery, hardware, mechanical, reticulation consumables etc. Employee must be satisfied that the price is competitive	None	One Employee
\$1,500 to less than \$10,000	Direct supplier Seek one verbal quote or one written quote Written quotations recommended but not required	Required Verbal quotations received must be recorded on Quotation Acceptance Form (Appendix A) Recommended Written quotations received	One Employee
\$10,000 to less than \$25,000	Seek two written quotations	Required Written quotations	One Employee

It can be seen that the purchasing thresholds for level 2 and level 3 purchases have been changed as follows:

- \$1,500 - \$5,000 to \$1,500 - \$10,000. This change allows more flexibility regarding purchases which means it also becomes easier to use local contractors. Also, the criteria has changed from seek two verbal or two written quotes to seek one verbal or one written quote:
 - This is line with many local governments;
 - Is a low level risk cost (insignificant/minor on the Shire's risk matrix); and
 - Helps save time (so is efficient). A reminder has been included to make sure that the Quotation Acceptance Form is used to Quotation Acceptance Form. This is compulsory.
- \$5,000 - \$25,000 to \$10,000 to \$25,000. As per the above, this change is designed to help improve compliance and efficiencies.

Quotation Form

This form must be completed for all quotes received above \$1,500. A summary of the quotes is to be completed and attached, or they can just be attached, but the form must still be signed off regarding the recommended supplier.

Exemptions From Request For Quote (Not Applicable to Tenders)

Exemption	Explanation
The need to engage short term staff to relieve existing staff when on leave or due to a vacancy.	This formalises the practice by the CEO and will make it easier to seek quote from a single supplier based on them having provided good staff supply options previously.
Legal expenses where a specific firm is considered to be the preferred provider of such services.	This inclusion makes it clear that the CEO can engage a legal firm that has the necessary background in the matter concerned. It again saves time and money re the seeking of quotes and providing a brief if a change in lawyer is required.
Emergency situations (See definition of Emergency Purchases).	This reconfirms what already exists in the policy regarding purchases made in an emergency under s.6.8 of the <i>Local Government Act 1995</i> , where the President must authorise, in writing, the necessary budget adjustment prior to the expense being incurred.
Urgent works such as electrical and plumbing repairs where immediate work is required to address a safety or operational issue.	This exemption helps formalise the practice of seeking a suitable repair person to undertake such urgent works. This makes it easier for the CEO or the Manager of Works and Services to use local providers for such services.
The services required rely on intellectual property (IP)* accrued by a person or organisation that has undertaken previous work for the Shire.	It makes sense to use the same consultant/contractor who has helped the Shire with a key issue previously without going out to quotes that will be unnecessarily costly, disruptive and require time for a handover.
The purchase involves the acquisition of software and the preferred software has been identified following thorough investigation of available alternatives.	<ul style="list-style-type: none"> The Shire uses proprietary software (Synergy Soft) by IT Vision which releases module updates and new services on a regular basis. No one else can provide this software; There is also other software that the Shire may need to purchase that is compatible with the Shire's operating systems, from time to time e.g. Microsoft Office, strategic planning reporting software etc.
The purchase involves the renewal of software maintenance and service agreements where software continues to meet the needs of the Shire and the cost of running a procurement process or commissioning and implementing a new system would make a change uneconomical.	<ul style="list-style-type: none"> As per the requirements for the acquisition of software. The Shire has access to Wallis Computing that has installed and maintained the Shire's software and operating systems. This is an efficient and cost effective practice.

* Refer to Attachment 3 – Guide to Intellectual Property Law

Definition of Emergency Purchases

The author has included the full text from the Function and General Regulations so that it is easier to understand and apply regarding the requirements without the need to look up the legislation.

Quotation Acceptance Form (Appendix A)

The author has developed the Record of Quote Acceptance Form for three reasons:

1. To ensure there is a better paper trail re written quotes and verbal quotes and authorising of these.
2. To ensure exemptions and their authorisation are recorded;
3. When seeking quotes, the Shire often does not receive the desired number of quotes. When this happens, it is still valid to sign off on quote(s) that are of an acceptable standard.

CONSULTATION

- CEO. Ms Teede has advised she is satisfied with the proposed changes.
- Mr Travis Bate, RSM. Mr Bate has advised that he is satisfied with the proposed changes.
- Mrs Glenn Deocampo – Manager Finance
- Council Briefing Session 19 July 2021 – draft policy presented for information and comment.

STATUTORY CONTEXT**Local Government Act****2.7. Role of council**

- (1) The council —
 - (a) governs the local government's affairs; and
 - (b) is responsible for the performance of the local government's functions.
- (2) Without limiting subsection (1), the council is to —
 - (a) oversee the allocation of the local government's finances and resources; and
 - (b) determine the local government's policies.

It can be seen of Council's four key functions, it has a direct responsibility to determine the Shire's policies at Council level.

Function and General Regulations**11A. Purchasing policies for local governments**

- (1) A local government is to prepare or adopt, and is to implement, a purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250 000 or less or worth \$250 000 or less.
- (2) A purchasing policy is to make provision for and in respect of the policy to be followed by the local government for, and in respect of, entering into contracts referred to in subregulation (1).
- (3) A purchasing policy must make provision in respect of —
 - (a) the form of quotations acceptable; and
 - (ba) the minimum number of oral quotations and written quotations that must be obtained; and
 - (b) the recording and retention of written information, or documents, in respect of —
 - (i) all quotations received; and

- (ii) all purchases made.

Audit Regulations

16 Functions of Audit Committee (in part)

- (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)

CORPORATE CONTEXT

Strategic Community Plan

Civic Leadership		<i>to better allocate scarce resources and effectively interact with the community</i>
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> Implementation of initiatives to better connect Council with the community and associated matters.
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

Corporate Business Plan

- 5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation.
- 5.4.5 Maximise operational efficiencies whilst maintaining appropriate controls.

Risk Governance Framework

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Financial Impact Failing to have appropriate purchasing controls in	Moderate (3) \$25,001 to \$100,000 Invoices without the appropriate	Likely (4) The event will probably occur in most circumstances	High (12)	Senior Management Team & CEO Adequate: Shire needs to improve Schedule	CEO to present revised Schedule 3.1b With the new thresholds in place, the inclusions of the RFQ exemption criteria and the

place will expose the Shire to greater risk	quotes were in this range			3.1b	Quotation Acceptance form the risk outcome will then become low
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FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENTS

Absolute majority required: No

Committee Recommendation

Moved Cr _____

Seconded Cr _____

That the Audit Committee **NOTES** that, in accordance with Regulation 11(A)(1) of the *Local Government (Function and General) Regulations 1996*, Council has amended Policy 3.1 Purchasing Framework Schedule 3.1(b) as set out in Attachment 1 regarding:

1. Increasing the General Purchasing Thresholds as follows:
 - a. From \$1,500 to less than \$5,000 to \$1,500 to less than \$10,000.
 - b. From \$5,000 to less than \$25,000 to \$10,000 to less than \$25,000.
2. Inclusion of the following Exemptions From Request For Quote (RFQ):
 - a. The need to engage short term staff to relieve existing staff when on leave or due to a vacancy.
 - b. Legal expenses where a specific firm is considered to be the preferred provider of such services.
 - c. Emergency situations (See definition of Emergency Purchases).
 - d. Urgent works such as electrical and plumbing repairs where immediate work is required to address a safety or operational issue.
 - e. The services required rely on intellectual property (IP)* accrued by a person or organisation that has undertaken previous work for the Shire.
 - f. The purchase involves the acquisition of software and the preferred software has been identified following thorough investigation of available alternatives.
 - g. The purchase involves the renewal of software maintenance and service agreements where software continues to meet the needs of the Shire and the cost of running a procurement process or commissioning and implementing a new system would make a change uneconomical.
3. Inclusion under Definition of Emergency Purchases the full text regulations 11(2)(aa) and 11(2)(ja) of the *Local Government (Function and General) Regulations 1996*.
4. Inclusion of Appendix A – Quotation Exemption Form.

6.2 Report to the Minister for Local Government Regarding Significant Matters from the 2019-2020 Audit Report

File reference			
Report date			21 July 2021
Applicant/proponent			Council
Officer disclosure of interest			Nil
Previous meeting references			
Prepared by			Sean Fletcher, Interim Governance Officer Travis Bate, Consultant Financial Adviser, RSM
Authorised by			CEO
Attachments			
Attachment 1	Page	59	Report on Significant Matter (to the Minister for Local Government (Includes OAG Report) 30 June 2020

PURPOSE

For the Audit Committee to consider the report to the Minister for Local Government regarding how the Shire will address and improve its Operating Surplus Ratio and Current Ratio. The Committee's recommendations are then required to go to Council for consideration.

BACKGROUND

The Shire of Victoria Plains (Shire) is required to prepare an audited Annual Financial Report each year under the *Local Government Act 1995* (the Act).

The Shire's auditor is the Office of the Auditor General (OAG). The OAG's 30 June 2020 Audit Report for the Shire is attached at Appendix 1.

A key audit requirement is the responsibility of the Auditor to identify any adverse (significant) financial trends.

Regulation 50 of the *Local Government (Financial Management) Regulations 1996* requires the inclusion of seven ratios in the Annual Financial Report.

50 **Financial ratios to be included in annual financial report**

(1) *The annual financial report is to include, for the financial year covered by the annual financial report and the 2 preceding financial years:*

- (a) *the current ratio; and*
- (b) *the asset consumption ratio; and*
- (c) *the asset renewal funding ratio; and*
- (d) *the asset sustainability ratio; and*
- (e) *the debt service cover ratio, and*
- (f) *the operating surplus ratio; and*
- (g) *the own source revenue coverage ratio.*

For the financial year ended 30 June 2020, the OAG has reported a significant adverse trend in the Operating Surplus Ratio and Current Ratio for the Shire. It has been noted that: the Operating Surplus Ratio and Current Ratio have not met the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard as set out in *Operational Guideline Number 18 Financial Ratios*.

The Auditor General reported the following:

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:

- a. The **Operating Surplus Ratio** as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.
- b. The **Current Ratio** as reported in Note 33 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last two financial years with the current year also being below the previous year.

Note:

The OAG made a significant finding in relation to the Operating Surplus ratio for the financial year ended 30 June 2019 i.e., the Operating Surplus Ratio is below the DLGSCI standard for the past 3 years.

COMMENT

Attached for the Audit Committee's consideration and recommendation is a report to the Minister for Local Government how the Shire will address both significant matters regarding the Shire's Operating Surplus Ratio and Current Ratio (Attachment 1). Matters encapsulated within the Report are:

Five Year Trend

The following table presents the financial ratios for the Shire against DLGSCI benchmarks for the past five years. Within this table the two ratios of concern have been highlighted:

	Standard	2020	2019	2018	2017	2016	5 Year Average
Current ratio	≥ 1.00	0.94	0.99	1.26	1.67	1.85	1.78
Asset consumption ratio	≥ 0.50	0.70	0.72	0.68	0.97	0.98	0.81
Asset renewal funding ratio	≥ 0.75	0.96	1.12	0.84	0.94	1.03	0.98
Asset sustainability ratio	≥ 0.90	0.35	0.86	0.71	1.25	0.80	1.02
Debt service cover ratio	≥ 2.00	8.23	(8.54)	2.90	13.92	4.48	4.20
Operating surplus ratio	≥ 0.01	(1.16)	(1.60)	(0.60)	(0.32)	(0.86)	(0.91)
Own source revenue coverage ratio	≥ 0.40	0.38	0.34	0.50	0.51	0.46	0.44

Overview of Report to the Minister – Section 7.12(4)(a)

Implications

Operating Surplus Ratio

If a Local Government runs ongoing under-lying operating deficits, it needs to recognise longer-term implications. Not addressing ongoing deficits is likely to mean that future Councils will

struggle to be able to accommodate asset renewal needs and that service levels will decline over time. It is acknowledged that a trending reduction in the operating deficit is necessary for improved sustainable financial health of the Shire.

Current Ratio

Although widely regarded as a measure of short-term debt paying ability, the current ratio must be interpreted with great care. A declining ratio may be a sign of a significant adverse trend in the financial position of the Shire; however, it is important to look at the individual assets and liabilities involved in the calculation.

Management Comment

The Shire is continuing to transition towards improved long-term financial sustainability. This is outlined in the Strategic Resource Plan (SRP) adopted at the 12 August 2019 Special Council Meeting. The SRP contains both the Long-Term Financial Plan and the Asset Management Plan for the Shire.

Operating Surplus Ratio

The SRP forecasts rate revenue along with fees and charges to increase by 7.0% (CPI 2.0% + 5%) from year 1 to year 5 of the Plan, with a 3.0% increase (CPI 2.0% + 1%) for the remaining term of the Plan. These increases are to assist in the long-term financial stability of the Shire and to maintain the level of services to the community.

The forecast increases in rate revenue and fees and charges result in an improvement to the Operating Surplus ratio from (0.66%) in 2020 to (0.31%) in 2034.

Whilst it is acknowledged that the forecast Operating Surplus ratio remains below the DLGSCI benchmark, the 2020 ratio of (1.16) is a significant improvement from the 2019 ratio of (1.60).

Current Ratio

The 2020 current ratio is impacted by the recognition of contract liabilities of \$209,544 in relation to the implementation of AASB 15 and AASB1058 which came into effect for the year ended 30 June 2020.

The contract liabilities relate to incomplete projects at year end.

The recognition of these liabilities led to a deterioration in the current ratio as noted by the auditor. Had the contract liabilities not been recognised, the current ratio would have met the DLGSCI benchmark (estimated ratio would have been 1.23).

Action Taken or Intended to be Taken

The following Integrated Plans have been adopted by Council:

- Strategic Community Plan (28 March 2018);
- Strategic Resource Plan (12 August 2019)
- Workforce Plan (12 August 2019)
- Corporate Business Plan (12 August 2019)

The Integrated plans include increases to Rates and Fees and Charges which will improve the Own Source Revenue Ratio over the course of the Strategic Resource Plan.

The Shire will continue to monitor its current ratio and consider if any factors impacting the ratio represent a significant adverse trend.

Proposed Completion Date

Council is committed to the following:

1. Reduction of the Operating Deficit; and
2. Monitoring the Operating Surplus Ratio for significant adverse trends.

It is expected that the implementation of the strategies outlined in the Strategic Resource Plan with respect to Rates and Fees and Charges increases will result in improvements in the Operating Surplus Ratio over the duration of the Strategic Resource Plan. The Shire will continue to monitor its Current Ratio and consider if any factors impacting the ratio represent a significant adverse trend.

Recommendation

That Council is committed to a trending improvement in the Operating Surplus Ratio and the long term sustainable financial health of the Shire through continued implementation and funding of its Integrated Financial Planning Framework. Also, that it will continue to monitor the Shire's Current Ratio.

Conclusion

The Audit Committee is required to oversee the above actions in conjunction with the CEO and it would be appropriate to advise the Minister for Local Government of the same as set out in Attachment 1.

CONSULTATION

CEO

Mr Travis Bate, RSM. Mr Bate provided additional information regarding the forecast trends and impacts on the Operating Surplus Ratio and the Current Ratio.

STATUTORY CONTEXT

The Audit Committee under the Local Government Act and the Audit Regulations is required to oversee the implementation of any action that the Shire is required to do regarding the significant findings in the Auditor's Report.

Local Government Act**7.2. Audit**

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

7.12A. Duties of local government with respect to audits

- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and

- (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Audit Regulations

16 Functions of Audit Committee (in part)

- (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)

CORPORATE CONTEXT

Civic Leadership		<i>to better allocate scarce resources and effectively interact with the community</i>
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> • <i>Implementation of initiatives to better connect Council with the community and associated matters.</i>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

FINANCIAL IMPLICATIONS

As per the comments in this report regarding future trends and improvements to purchasing and the Shire's financial management.

Nil regarding action out of today's report.

Ongoing strategies to address the Shire's Operating Surplus Ratio are set out in the body of this agenda item.

VOTING REQUIREMENTS

Absolute majority required: No

Committee Recommendation

Moved: Cr _____

Seconded: Cr _____

That the Audit Committee:

1. In accordance with Regulation 16(f)(i) and (ii) of the *Local Government (Function and General) Regulations 1996* is satisfied with the Report on the Significant Matters from the Financial Year Ending 30 June 2020 regarding the Shire's Operating Surplus Ratio and Current Ratio as required by Section 7.12(4)(a) of the *Local Government Act 1995*.
2. **RECOMMENDS** that Council is committed to a trending improvement in the Operating Surplus Ratio and long term sustainable financial health of the Shire through continued implementation and funding of its Integrated Financial Planning Framework as per the report in Point 1
3. **ADVISES** Council that in there is a need to monitor the Current Ratio going forward, given that, the requirement under AASB 15 and AASB1058 regarding contract liabilities introduced on 30 June 2020 impacted on this ratio.
4. **RECOMMENDS** to Council that the Shire (CEO) in accordance with Section 7.12A (4)(b) of the *Local Government Act 1995* submits the Report on the Significant Matters regarding the Shire's Operating Surplus Ratio and the Current Ratio to the Minister for Local Government.
5. **ADVISES** Council that it will undertake the matters identified in Point 1.

For _____ / Against _____

6.3 Report on Material Matters 7.12A(3) – Non Compliance Rated Significant and Moderate Risks Year Ended 30 June 2020

File reference				
Report date				21 July 2021
Applicant/proponent				Council
Officer disclosure of interest				Nil
Previous meeting references				
Prepared by				Sean Fletcher, Interim Governance Officer Travis Bate, Consultant Financial Adviser, RSM
Authorised by				CEO
Attachments				
Attachment 1	Page	72	Report on Material Matters 7.12A(3) – Non Compliance Rated Significant and Moderate Risks - Financial Management, Purchasing, ICT Management, Staff Leave	

PURPOSE

For the Audit Committee to consider the Report on Material Matters 7.12A(3) – Non Compliance Rated Significant and Moderate Risks (The Report).

BACKGROUND

It was reported by the Auditor General regarding the 2019-2020 Audit there were two significant matters regarding the Shire's purchasing practices that are required to be addressed by the Shire. The Management Letter highlighted the following **significant risks**:

1. Purchase orders dated after invoice dates:
 - 10 out of 60 (17%) purchase transactions sampled were found to have date applied after invoice received;
6. Quotations for purchases
 - During testing, 60 purchases were tested with 9 (15%) purchases between \$1,500 and \$56,000, showing no evidence that the minimum number of quotes required by the Shire's purchasing policy had been obtained. For 2019, it was 12 such purchases.

The material matters rated as **significant risk** above were raised in the previous audit. Mr Robert Hall at the time advised the CEO that if this matter occurs for a third time, there will be a formal investigation into this matter.

The Audit Committee is required to oversee the actions required to address these risks in conjunction with the CEO. The status on the amelioration of all risks identified are presented in the action plan found in Attachment 1.

COMMENT

In all there are seven significant (2) and moderate (5) risks identified in the 2019-2020 Audit. The Report in Attachment 1 is set out as follows:

- **Improvement:** This shows the applicable risk and the Auditor's recommendation to reduce that risk;
- **Who:** The officer responsible in sorting the risk;
- **Status:** Includes the exact detail re the risk the response by the Shire (action it will undertake to address the risk) and the Outcome or action completed.

To date, the author has only been able to ascertain the status on material matters:

- 5 No ICT Strategic Plan.
- 6 Quotations for purchases.

Changes to key staff have impacted on the provision of information regarding this Report. The Manager Finance may be able to provide a further update on outstanding items at the Committee meeting. If this cannot be achieved, then the CEO should be able to provide this information for the next Audit Committee meeting. The Audit Committee will then be in a position to advise Council on its progress in resolving the actions in the Report.

CONSULTATION

CEO

Mr Travis Bate, RSM. Mr Bate has provided feedback on this matter.

Manager Finance

STATUTORY CONTEXT

The Audit Committee under the Local Government Act and the Audit Regulations is required to oversee the implementation of any action that the Shire is required to do regarding the significant finding and the material matters raised in the Auditor's Report.

Local Government Act

7.2. Audit

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

7.12A. Duties of local government with respect to audits

- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Audit Regulations

16 Functions of Audit Committee (in part)

- (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)

CORPORATE CONTEXT

Strategic Community Plan

Civic Leadership		<i>to better allocate scarce resources and effectively interact with the community</i>
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> Implementation of initiatives to better connect Council with the community and associated matters.
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

Corporate Business Plan

5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation

Risk Management

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance Impact	Moderate (3) Short term non-	Likely (4) The event will	High (12)	Senior Mangment Team/CEO	Implementation of actions by the SMT as per the Report and the

Report is not compiled and actions required undertaken	compliance but with significant regulatory requirements imposed	probably occur in most circumstances (At least once a year)		Inadequate A need for corrective action exists	Management Letter will see this risk reduced to low.
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FINANCIAL IMPLICATIONS

As per the comments in this report regarding future trends and improvements to purchasing and the Shire's financial management.

Nil regarding action out of today's report.

VOTING REQUIREMENTS

Absolute majority required: No

Officer Recommendation

Moved: Cr _____

Seconded Cr _____

That the CEO **PROVIDE** an update to the Audit Committee Report on Material Matters 7.12A(3) – Non Compliance Rated Significant and Moderate Risks as set out in Attachment 1 by the next Audit Committee Meeting. The expectation is that the majority of outstanding items are completed.

For _____ / Against _____

6.4 Update Regarding Risks from the 2018-2019 Audit Report and Non-Compliance with Part 6 of the Local Government Act

File reference			
Report date			22 July 2021
Applicant/proponent			Council
Officer disclosure of interest			Nil
Previous meeting references			2003-05 25 March 2020; 2004-06 27 April 2020
Prepared by			Sean Fletcher, Interim Governance Officer Travis Bate, Consultant Financial Adviser, RSM
Authorised by			CEO
Attachments			
Attachment 2	Page	87	Update Report on Material Matters Regarding Non-Compliance with Part 6 of the Local Government Act.

PURPOSE

For the Audit Committee to consider the update to the 2018-2019 Report regarding the CEO's action plan to improve the procurement process regarding the Shire's tender and quotations process and other financial management practices.

BACKGROUND

At its April 2020 meeting, the Audit Committee considered the action plan to address the issues identified as a procurement risk (tenders, purchasing) as follows:

Improvements to the Tender Process (Includes Improvements to Procurement Practices)

On the matter of dealing with the non-compliance regarding Part 6 of the Local Government Act, the Finance Management Regulations or applicable financial controls or other written law regarding tenders, it was recommended as an outcome of the 2018-2019 Audit that the Shire of Victoria Plains communicates its purchasing thresholds effectively to employees and implement internal controls to prevent non-compliance with the purchasing policy and the FM Regulations.

The CEO in the management letter (Part A and B) to the Office of the Auditor General (OAG) specified a range of improvements to be undertaken. The status of these improvements are as follows:

Improvement	Who	Status	Due
1. LGA section 6.8 - not to incur expenditure without an adopted budget unless by resolution	CEO	Requirement is in place under Function 1 (b) of Delegation 3.1 – Municipal Fund Incurring Expenditure. Action This needs to be encapsulated within employee delegations (i.e. a delegation from the CEO to employees) as appropriate	30/04/20

2. LGA Section 6.10 - regulations to outline the management of and the making of payments from the muni and trust funds	MFA	<p>Clause 3 under Application within Delegation 3.2 stipulates who can make payments from the muni and trust funds and who can authorise the payments (i.e. two signatories)</p> <p>Action The CEO will implement:</p> <ul style="list-style-type: none"> Executive Policies regarding Accounts Payable processes/procedures; An appropriate delegation instrument for other staff regarding 3.2 	30/04/20
3. Function and Gen Reg 11. - specifies the process and rules regarding tenders. Tenders must be used for anything over \$150,000 unless an exemption applies.	CEO	<p>Policy 3.1 – Purchasing Framework Schedule 3.1(b) Purchasing Thresholds and Requirements (Including Tenders) already exists</p> <p>Action (See Attachment A)</p> <ul style="list-style-type: none"> Employees required for Evaluation Panels for each threshold added; Schedule 3.1(b) restructured so that it is easier for employees to follow (checklist format) 	21/04/20
4. Ensure proper authorisation for the incurring of liabilities and the making of payments	CEO	<p>Delegation 3.1 to be updated and Delegation Instrument implemented to reflect CEO's instruction to staff 3 October 2019:</p> <ul style="list-style-type: none"> Manager of Works up to \$50,000 Finance Manager up to \$5,000 Works Supervisor up to \$2,000 Finance Officer up to \$2,000 Depot Clerk up to \$5,000 <p>It would seem letters were issued accordingly, although not in the correct form</p> <p>Action New letters of delegation to employees required</p>	30/04/20
5. Before the approval of the payment of accounts, the requirement to confirm relevant debt was incurred by a person properly	MFA	<p>Delegation 3.2 sets out the requirements.</p> <p>Action</p> <ul style="list-style-type: none"> To implement an Executive Policy 	30/04/20

authorised to do so		<p>that sets out the basic financial controls to govern the Shire's Accounts Payable – creditor (See Attachment A)</p> <ul style="list-style-type: none"> • payment - practice This needs to be encapsulated within an appropriate employee delegation 	
6. Monthly list of accounts provided to Council showing who has been paid how much and when	MFA	<p>The MFA has improved the level of information provided in the list of payments in the first quarter of 2020</p> <p>Action NFA</p>	Mar 2020
7. The Shire has recently obtained a quote to update the Shire Purchasing Policy to set up a Panel of Pre-Qualified Suppliers which will assist considerably.	CEO	<p>Policy developed by CEO and GO was submitted to Council at the Feb 2020 OCM</p> <p>Action Panels to be established in due course</p>	Feb 2020
<p>8. Review of implementing the following:</p> <ul style="list-style-type: none"> • Policy -Debt Management • Policy - Procurement Framework • Policy - Strategic Policy Framework • Policy - Purchasing Exemptions • Policy - Credit Card use 	MFA	<p>Regarding policies to be introduced or amended to improve procurement practices, a number of relevant policies, executive policies and memos were obtained by the CEO from the Shire of Naremburn.</p> <p>The GO has reviewed these and drafted new/variations as required and identified executive policies and approval memos for implementation. See attachment A</p> <p>Action Changes to procurement policies to be implemented as per GO's recommendation</p>	21/04/20
9. Additional Training Presentation Module in place and to be delivered by January 2020 (Employee Accreditation)	CEO GO	<p>Elected Members Training module explained to EMs by GO at a briefing session before Feb OCM</p> <p>Employees CEO to conduct with staff</p>	May 2020

In all, there were nine improvements identified. Today's report is an update on the status of the above action regarding the required improvements (See Attachment 1).

COMMENT

Today's update to the 2018-2019 Part 6 Action Plan shows that six matters have been addressed and completed (67%), with two subject to further action (22%) and one (11%) that has not been actioned.

Of those that require action, items 2 and 8 rely on the completion of the executive policies that govern the procurement and finance management actions required at staff level. This is also the same issue regarding item 5. Two key factors have impacted on the further development and implementation of these policies at the executive level:

1. There has been ongoing change regarding the finance management role for at least 12 months. This has been disruptive and made it difficult to have continuity in this matter.
2. Key changes to a range of legislation regarding the Local Government Act and the impact of the pandemic on other legislation including ministerial orders has meant time and resources have been devoted to these matters.

Substantial external support has been provided to the finance area during this time.

CONSULTATION

CEO

Mr Travis Bate, RSM. Mr Bate reviewed the report in Attachment 1 and had no further comment to make.

Manager Finance

STATUTORY CONTEXT

The Audit Committee under the Local Government Act and the Audit Regulations is required to oversee the implementation of any action that the Shire is required to do regarding the significant finding and the material matters raised in the Auditor's Report.

Local Government Act

7.2. Audit

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

7.12A. Duties of local government with respect to audits

- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and

- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Audit Regulations

16 Functions of Audit Committee (in part)

- (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)

CORPORATE CONTEXT

Strategic Community Plan

Civic Leadership		<i>to better allocate scarce resources and effectively interact with the community</i>
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> • <i>Implementation of initiatives to better connect Council with the community and associated matters.</i>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

Corporate Business Plan

- 5.2.1 Support and facilitate ongoing relevant training and development
- 5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation
- 5.4.4 Support and facilitate ongoing relevant training and capacity building for staff
- 5.4.5 Maximise operational efficiencies whilst maintaining appropriate controls

Risk Management

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/	Mitigation and Outcome
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				Controls	
Compliance Impact Actions not completed	Moderate (3) Short term non-compliance but with significant regulatory requirements imposed	Likely (4) The event will probably occur in most circumstances (At least once a year)	High (12)	Senior Management Team/CEO Inadequate A need for corrective action exists	Implementation of actions by the SMT as per the Update Report will see this risk reduced to low.
Financial Impact Failure to implement executive policies (& procedures)	Moderate (3) Short term non-compliance but with significant regulatory requirements imposed	Likely (4) The event will probably occur in most circumstances (At least once a year)	High	Senior Management Team/CEO Inadequate A need for corrective action exists	Implementation of executive policies and updates to procedures by the SMT as per the Update Report will see this risk reduced to low.

FINANCIAL IMPLICATIONS

As per the comments in this report regarding future trends and improvements to purchasing and the Shire's financial management.

Nil regarding action out of today's report.

Ongoing strategies to address the Shire's Operating Surplus Ratio are set out in the body of this agenda item.

VOTING REQUIREMENTS

Absolute majority required: No

Officer's Recommendation

Moved: Cr _____

Seconded Cr _____

That the Audit Committee **DISCUSS** the July 2021 Update Report on Material Matters – Non-Compliance with Part 6 of the *Local Government Act 1995* as presented in Attachment 1 with the CEO at the July Audit Committee Meeting.

For _____ / Against _____

6.5 General Update to the Audit Committee

File reference	
Report date	22 July 2021
Applicant/proponent	CEO
Officer disclosure of interest	Nil
Previous meeting references	ACM 24 March 2021
Prepared by	Sean Fletcher, Interim Governance Officer
Authorised by	CEO
Attachments	
Attachment 1	Page
	Nil

PURPOSE

To advise the Audit Committee on the status of pending matters and issues.

BACKGROUND

There are a number of matters considered at the last meeting that the Audit Committee is required to be apprised of including:

- The status of the Action Plan for the Compliance Audit Return 2020;
- Risk Management Update;
- Compliance Calendar Matters.

COMMENT

Update on Matters Regarding the Compliance Audit Return (CAR) 2020

At the Audit Committee meeting on 24 March 2021, the CAR 2020 was presented for review. In particular, it was noted there were 20 matters of non-compliance (20/104 = 81% compliance). However, six of these matters were due to the State Government introducing last minute changes to the Financial Management Regulations in late 2020. This meant the audit process was held up while the new requirements were assessed in terms of local government audits.

Further to the above, the issues of particular concern that are outstanding and noted requiring further action were as follows:

- Better recording of when delegations are used. Although this is of concern as this was a suggested correction for 2019, the Shire has commenced major improvements to its record keeping system during 2020/2021 which will make obtaining such records easier. Also, the Office Manager has now sourced a suitable template for use regarding the reporting of when delegations are used;
- A new gift register for elected members and the CEO only is required to be developed and implemented;
- There was no events policy in place regarding the elected members and the CEO. This is a requirement and must be done as soon as practicable (30 June 2021);
- It was also noted that advice was provided in a separate report to the CEO regarding the serious breach for non-submission of an annual return by an elected member. This is a confidential matter.

Update

The Attendance at Events policy has now been developed and has been put forward for Council's consideration at the July 2021 OCM.

The new gift register will be in place by 31 July 2021.

It is unclear whether a template regarding the use of delegations is available. It is the author's suggestion that the CEO just includes an item in the briefing session update each month regarding:

- When she has used her delegations;
- When the common seal has been used.

The changes to the Shire's record keeping system are continuing.

Further to the above, the Financial Management Systems Review was due to be completed by 30 June 2021. However, this will now be carried forward into 2021-2022. The Audit Committee previously resolved for an external party to undertake this review. RSM has been engaged to do the review, however time constraints and legislative changes (delays to the audit) have made it difficult to do to date.

Risk Management Update – Risk Procedures Including Risk Profiles

At the March 2021 ACM, the Audit Committee resolved, in part, the following:

That the Audit Committee advises the CEO the following:

2. Acknowledges that the Shire has commenced to address a key risk area regarding workplace safety and security.
3. The risk management dashboard and profiles software will need to be obtained from LGIS and it is suggested that:
 - a. A suitable staff resource (Risk Framework Owner) is allocated to this task; and
 - b. That establishment of a current risk dashboard and risk profiles are resolved with the Risk Coordinator by 30 April 2021.

Update

Council adopted the Occupational Safety and Health policy on 26 May 2021.

The risk management dashboard and profiles have been located. They now need further updating by an appropriate staff resource.

Compliance Calendar

The June 2021 Quarter has seen the actions required under the Compliance Calendar faced with several roadblocks. The status of key actions during that time are summarised as follows:

April 2021 –Matters Outstanding

Some compliance activities are being impacted by recent changes in key positions. Key compliance matters commenced/continued/completed in April included (red text indicates concerns as matters have not commenced):

- Commencement of Reg 17 Review – do by 30 June 2021;
- Commencement of Financial Systems Management Review – do by 30 June 2021;
- Compliance Audit Return (CAR):
 - Report submitted to March Audit Committee and March Council OCM;
 - Significant Matters Action Plan and CAR Action Plan due for completion 30 April 2021. Not undertaken due to other legislative priorities requiring action. Will be submitted to July Audit Committee Meeting;
- Heritage Inventory Review and Annual Update. Note: there is no one to do this role;
- Internal audits and Public Access to Information Audit.

July 2021 Comment: The first two items will need to be rescheduled by RSM as identified in the update to the CAR. The Significant Matters report is presented to the Audit Committee at today's meeting. The CAR Action Plan is discussed in the July General Update. Internal audits have been deferred due to more pressing matters regarding the implementation of key reforms under the Local Government Act e.g. EM Code of Conduct and the CEO Standards.

Of concern is Heritage Inventory Review

May 2021 – Matters Outstanding

- Elections:
 - Owner/Occupiers Roll – Eligibility Claims:
 - Governance Officer attended WALGA Webinar;
 - WALGA guidelines obtained;
- Authorisations to incur liabilities;
- Review designated prosecuting officers;
- Review above award payments to employees;
- Review purchasing policy? Policy reviewed and is scheduled for consideration at July Audit Committee meeting and July OCM;
- Commence review of Continuity Business Plan. Basics discussed with CESM;

July 2021 Comment: The key concern is the review of the Continuity Business Plan. This will probably occur in August 2021.

The election process is on track with the Owner Occupiers Roll in the process of being updated in the next few weeks. The review of the purchasing policy is in today's Audit Committee meeting agenda.

June 2021 – Matters Completed/Outstanding

- Department of Transport – DAIP Annual Licensing Report – Completed 11 June 2021;
- Annual Review of Delegations – Council/CEO – Completed June 2021 OCM;
- Completion of new DAIP. New EHO to conduct Shire building audits in August 2021;
- Revaluation of Assets – Land & Buildings;
- Finalise update to Business Continuity Plan;
- EM Training Report 2020-2021 – due by the end of July 2021;
- Update Financial Interest Registers;
- Update Primary and Annual Returns Registers.

July 2021 Comment: The development of the new DAIP has been delayed due to the changeover in Environmental Health Officers. The revaluation of Assets – Land and Buildings is being organized.

CONSULTATION

CEO

STATUTORY CONTEXT

Nil

CORPORATE CONTEXT

Strategic Community Plan

Civic Leadership		<i>to better allocate scarce resources and effectively interact with the community</i>
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> Implementation of initiatives to better connect Council with the community and associated matters.
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

Corporate Business Plan

- 5.2.1 Support and facilitate ongoing relevant training and development
- 5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation
- 5.4.4 Support and facilitate ongoing relevant training and capacity building for staff
- 5.4.5 Maximise operational efficiencies whilst maintaining appropriate controls

Risk Management

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance Impact Actions not completed	Moderate (3) Short term non-compliance but with significant regulatory requirements imposed	Likely (4) The event will probably occur in most circumstances (At least once a year)	High (12)	Senior Management Team/CEO Adequate A need for some corrective action exists	Implementation of actions by the SMT as per the updates to the Audit Committee will see this risk reduced to low.

FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENTS

Absolute majority required: No

Officer's Recommendation

Moved Cr _____

Seconded Cr _____

That the Audit Committee **ACCEPTS** the General Update regarding the Compliance Audit Return 2020, the Risk Management Profiles and the Shire's Compliance Calendar.

For _____ / Against _____

6.6 Update on Integrated Planning and Reporting

File reference			4.2.2
Report date			22 July 2021
Applicant/proponent			CEO
Officer disclosure of interest			Nil
Previous meeting references			OCM 28 October 2020 - 2010-08
Prepared by			Sean Fletcher, Governance Officer
Authorised by			CEO
Attachments			
Attachment 1	Page	102	Quarterly Update (June Quarter) Shire's CBP 2020 -2021

PURPOSE

Presented for the Audit Committee's information is an update on the Shire's Integrated Planning and Reporting.

BACKGROUND

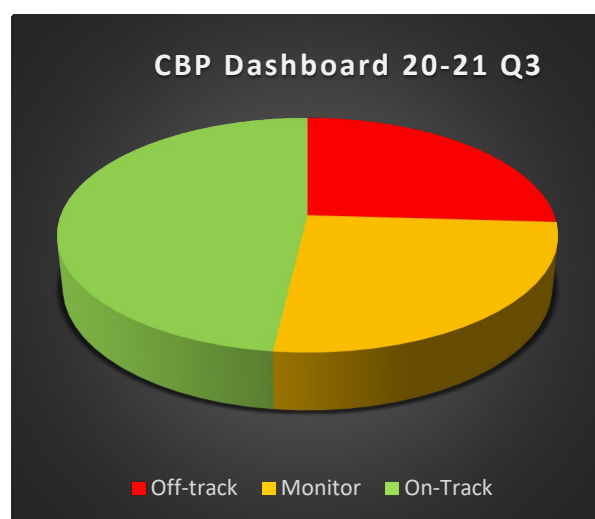
Each quarter relevant information regarding the Shire's IPR is presented to the Audit Committee as part of the process regarding the Shire's governance obligations including strategic planning, risk management and level of compliance.

A copy of this report has also been provided to Council for the July 2021 OCM.

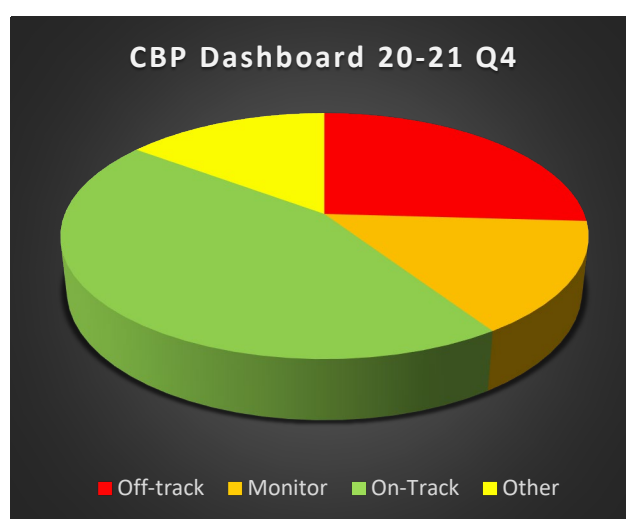
COMMENT

Analysis of the June 2021 Quarter

The CBP Dashboard for the June Quarter shows that the key shift in output from the March to June Quarter has been impacted by changes to key staff, insufficient staffing numbers and broader resourcing matters. This includes a shift in On-track actions from 48% to 44%, a decrease in monitoring actions (15%), however these have, in the main transferred to the "other actions" (15%), while off-track actions remain at 26%.



March CBP Dashboard 2020-2021



June CBP Dashboard 2020-2021

A breakdown in the projects and actions for each Priority Area is shown in the following table:

Overview of Actions Year 2 June Quarter 2021 (Q4)							
Priority Area	Off-Track	Monitor	On-Track	Yrs 3 & 4	Other	Total Yr 2	Comment
Community	3	1	1	6	1	6	The Red Flag indicates, as it has through the last 12 months, that half of these actions lack the necessary staff resources to make them happen and they have also impacted by COVID-19. The action re improving community facilities continues to be impacted by the focus on the Shire's key road projects and development of an appropriate service structure. However, inroads were made regarding implementation of reactive (and some proactive) maintenance on community facilities during the March Quarter. The Yellow Flag indicates that community facilities during the June Quarter was impacted by changes to key staff, insufficient staffing numbers. Discussions were held re resourcing.
Economic	2	0	1	6	1	4	The Red Flag indicates that half of these actions are impacted by other factors outside the Shire's control (Participation in AROC initiatives that have not eventuated through the year). However, inroads were made regarding implementation of reactive maintenance on accommodation facilities during the March Quarter. Also, the WAPC developed a new LPS for the Shire at no cost in line with the new model as of 15/02/21. The Shire does not need to review its LPS for a further 5 years and is a significant saving for the Shire. For the June Quarter, despite the Yellow Flag (accommodation facilities impacted by changes to key staff, insufficient staffing numbers. Discussions held re resourcing), there is no real change
Environment	0	0	1	1	0	1	No change from Q3. Recycling program recognises introduction of the Container Deposit Scheme. Moora Tip has offered to do a pick up recycling at Yerecoin and Piawaning. Awaiting further information regarding liability and risk. Improvements to Drum Muster relies on community groups undertaking this program.
Infrastructure	2	1	1	2	2	6	The Orange Flag highlights some improvements have continued through the fourth quarter including funding approved under LRCIP for additional Yerecoin inspection hatches. However, the yellow flag indicates that in the June Quarter, community facilities and transport infrastructure were impacted by changes to key staff, insufficient staffing numbers, and claims for funding not submitted on time. Discussions have been held with Council during 2021-2022 Budget workshops re resourcing (Works Crew and key Plant)
Civic Leadership	0	2	8	0	0	10	The Green Flag shows this is a strong performing area and key work has continued across the board, with the majority of actions shown as Green Flags (80%). However, the process to develop the next Disability Access and Inclusion Plan is held up due to the change in EHO in June/July 2021. Staff training outcomes were static. The OSH training for OSH representatives did not occur in the June Quarter.
Total	7	4	12	15	4	27	<p>Overall Comments: The Community and Economic Priority Areas continue to be subject COVID-19 and lack of staff resources. The Economic Area (Orange to Red) has has a setback as the changes in key staffing and issues with staff resources have impacted. The Environment Priority Area remains on Green. The Infrastructure Priority Area has remained as Orange, despite the Yellow Flag impacts and the Civic Leadership Priority Area remains as a strong performer regarding the key projects and actions.</p> <p>Overall Tracking: On-track (44%, down from 48%), Monitor (15%, down from 26%), Off-track (remains at 26%), Other is at 15%. Overall: = 54% completion rate against ideal completion rate of 90 - 100%</p>

Table One – Status of Actions for June 2021 Quarter

Key Achievements June Quarter

The Shire closed out key reforms under the Local Government Act (required by 3 May 2021) that included the adoption of the new Code of Conduct process for Elected Members and the CEO Standards (Recruitment, Performance Management and Termination). Following on from this, the revised Temporary and Acting CEO Policy and an Attendance of Events Policy for Council and the CEO will be presented to Council at today's Council meeting.

Unfortunately, the development of the new Disability Access and Inclusion Plan has been impacted by the changes to the EHO position. It is expected this will be finished in the September 2021 quarter.

The Acting Manager of Works and Services has advised the CEO and Council regarding the lack of claims and acquittals undertaken re the Wheatbelt Freight Secondary Network in the June Quarter. He has had to spend extensive time on dealing with this issue. This will also see a number of key road projects carried forward for 2021-2022.

On a positive note, the Shire has been approved for Phase 3 of the Local Roads and Community Infrastructure Program (\$762,824).

Annual Review of the Corporate Business Plan

Normally, the annual review of the Corporate Business Plan would conclude with the June Quarterly Review. However, given the nature of issues impacting during the June 2021 Quarter and the commencement of the major review of the Shire's Strategic Community Plan, it would be prudent to workshop with Council the key actions to be undertaken for 2021 – 2022. The complete list of actions is found in Attachment 1. This workshop should be undertaken and completed within the next month.

Major Review of the Strategic Community Plan (SCP)

During the next three months, the key actions regarding the major review of the SCP are:

July - Community Survey

While a community survey is not a requirement, local governments are increasingly using a survey as an integral part of their monitoring and reporting to supplement engagement activity and to understand trends. The Major Strategic Review surveys can include questions around future aspirations, willingness to pay etc. It is also possible to include special topic questions that vary from survey to survey.

Opinion: It would be prudent to ask Catalyse to undertake the survey as this will serve as the basis for the major review.

August - Community Report

Each Strategic Review should begin with a review of progress since the previous review. This should be reasonably comprehensive for the Major Strategic Review, and be available to the community. While this is good practice, it is not mandatory and, if provided, can take many forms.

Opinion: This can be based on the outcomes of the workshop regarding the annual review of the Corporate Business Plan and even outcomes from the Catalyse Survey.

September - Strategic Context etc

The next step is to review and update the community and economic profile and strategic context. What are the latest population projections? Are there any new or revised State strategies that are relevant to the area? Has there been any significant local government collaborations since the last Strategic Review? The answers to these and other relevant

questions can be gathered by the CEO in advance of the engagement with Council on the key issues and choices facing the community and Council in the coming decade.

Opinion: The outcomes of the October 2021 Census will not be known for some time. However, there is information that can be workshopped with Council and key staff.

ICT Plan

The Department of Local Government has also set out the requirements for an ICT plan. This plan is not mandatory. Wallis Computing is developing such a plan. A presentation was made to Council re the proposed ICT Plan on 14 June 2021.

Better Practice Review

There are a just that remain and these are reported in the status update each month and are being closed out as follows:

Planning and Regulatory

Item 8 Local Planning Scheme – Council adopted the Omnibus amendments. However, WAPC has drafted a new Local Planning Scheme (LPS) at no cost to the Shire. The Town Planner is currently reviewing the new LPS.

Community and Consultation

Item 21 Community Engagement. Specification developed for the development of a strategy/policy with the Community. Has remained on-hold due to COVID-19 impacts. Development of the policy is part of CEO's KPIs. An interim Community Engagement Policy was adopted at the March 2021 OCM.

CONSULTATION

CEO and Agenda Settlement

All responsible officers and support persons that have a responsibility under the CBP.

STATUTORY CONTEXT

Local Government (Administration) Regulations 1996

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

(4) A local government is to review the current corporate business plan for its district every year.

Integrated Planning and Reporting – Framework and Guidelines

Apart from the Annual Report providing progress towards the achievement of the four-yearly Shire priorities as established through the Corporate Business Plan (Intermediate Standard), the Departmental IPR Guidelines require that as a minimum, a quarterly review is conducted on the status of the CBP for each year.

CORPORATE CONTEXT

Strategic Community plan

Civic Leadership *to better allocate scarce resources and effectively interact with the community*

5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> <i>Implementation of initiatives to better connect Council with the community and associated matters.</i>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

Corporate Business Plan

Strategy 5.4: Measures to improve organisational efficiency

5.4.1: Review, update and maintain strategic and operational plans

Risk Management (Risk Procedures)

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
Reputation Not adhering to the Corporate Business Plan and hence the Strategic Community Plan	Major (4) Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Almost Certain (5) The event will occur at least once per year	Extreme (20)	CEO & Council Risk only acceptable with excellent controls and treatments in place. Adequate: Shire addressed key issues at the SEM on 3 December 2020. The Shire continues to ensure that the CBP Quarterly Review is available publicly through a report to Council each quarter.	CEO to ensure all staff undertake and follow CBP. Elected Members have undertaken further training in IPR requirements. The above will, over time, ensure that the risk is corrected and reduced to low that can be corrected by the appropriate manager
Compliance Not adhering to the Corporate Business Plan and hence the Strategic Community Plan	Major (4) Non-compliance results in termination of services or imposed penalties to Shire/Officers	Almost Certain (5) The event will occur at least once per year	Extreme (20)	CEO & Council Risk only acceptable with excellent controls and treatments in place. Adequate: Shire is improving with following its IPR obligations re the Strategic Resources Plan (LTFP), SCP and CBP	CEO to ensure all staff undertake and follow CBP. This will, over time, ensure that the risk is corrected and reduced to low that can be corrected by the appropriate manager

The Shire has had a key shift from a tactical mindset to one of achieving the strategic priorities (outcomes focussed). Both Council and Key staff are continuing to show an appreciation and understanding of their strategic responsibilities and compliance requirements. However, tactical

issues that divert the Shire's focus (such as vexatious complaints and queries) are still consuming much of the CEO's and staff's time and resources.

FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENTS

Absolute majority required: No

Officer's Recommendation

Moved Cr _____

Seconded Cr _____

That the Audit Committee **ACCEPTS** the Integrated Planning and Reporting update for the June 2021 Quarter.

For _____ / Against _____

7. MEETING CLOSED TO PUBLIC

Matters for which the meeting may be closed in accordance with the Local Government Act 1995 s.5.23(2).

Public reading of resolutions made during a closed meeting.

8. CLOSURE OF MEETING

There being no further business, the presiding member declared the meeting closed at am.

CERTIFICATION

These minutes were confirmed at the Audit Committee Meeting held on _____

Signed _____ Date _____
(Presiding member at the meeting which confirmed the minutes)

Committee –

- **Minutes are unconfirmed until adopted at the following meeting of Committee**
- **Committee decisions may be authorised by Council, or by CEO authority**