



# MINUTES

Audit Committee Meeting

25 November 2020

Shire of Victoria Plains  
Council Chambers, Calingiri

AND

via E-Meeting Protocol

Commencing – 10.02am

## 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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CONFIRMED



# Minutes

## Shire of Victoria Plains Audit Committee Meeting

Held in the Council Chambers and via E-meeting protocol, Cavell Street, Calingiri  
on Wednesday 25 November 2020 commencing at 10.02am.

### 1. DECLARATION OF OPENING

#### 1.1 Opening

The Shire President declared the meeting open at 12.08pm welcoming Elected members and staff and confirming all parties attending via tele-conference could hear attendees within Chambers.

#### 1.2 Announcements by Presiding Member

Nil

### 2. RECORD OF ATTENDANCE

Members	Cr King Ms L Witham Mr G McGill Cr Bantock – Presiding Member
Staff	CEO – Ms G Teede Governance Officer – Mr S Fletcher RSM – Mr T Bate Ordinary Council Meeting Officer – Mrs J Klobas
Apologies	Nil
Approved leave of absence	Nil
Visitors	N/A
Members of the public	N/A

**3. DISCLOSURES OF INTEREST**

	<i>Type</i>	<i>Item</i>	<i>Person / Details</i>
3.1	Financial		Nil
3.2	Proximity		Nil
3.3	Impartiality		Nil

**4. PUBLIC QUESTION TIME**

Not required – Committee has no delegated authority

**5. CONFIRMATION OF MINUTES****VOTING REQUIREMENTS**

Absolute Majority Required: No

<b>2011-01</b>	<b>Officer Recommendation / Committee Recommendation</b>
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**Moved: Ms L Witham**

**Seconded: Cr J King**

That the Minutes of the Audit Committee Meeting held 27 May 2020 as circulated, be confirmed as a true and correct record.

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

## 6. REPORTS REQUIRING DECISION

### 6.1 Audit Committee's Revised Terms of Reference

<b>File reference</b>	
<b>Report date</b>	17 November 2020
<b>Applicant/proponent</b>	<b>Council</b>
<b>Officer disclosure of interest</b>	Nil
<b>Previous meeting references</b>	Audit Committee Meeting 26 June 2019; OCM 1910-03 Item 8.1 30 October 2019; OCM October 2020
<b>Prepared by</b>	Sean Fletcher, Governance Officer
<b>Authorised by</b>	CEO
<b>Attachments</b>	
<b>Attachment 1</b>	Page 2 Audit Committee –Revised Terms of Reference
<b>Attachment 2</b>	Page 10 Terms of Reference for Committees, Advisory Groups and External Organisations

#### PURPOSE

For the Audit Committee to receive and start using its new Terms of Reference as adopted by Council at the OCM on X October 2020.

#### BACKGROUND

The author explored with Council whether the Audit Committee had in place a suitable terms of reference, as the CEO and the Audit Committee along with Council need to ensure that there are suitable guidelines regarding the Audit Committee's functions and responsibilities.

The author has concluded that although there was a terms of reference (ToR) finally adopted by Council on 16 May 2018, it requires updating to reflect the various changes to the Local Government Act and Audit Regulations that happened shortly after the ToR was adopted. The following analysis of the Shire's Council meeting minutes and other documentation that could be found shows the following:

#### Origins of the Audit Committee (This Information is Important for the Historical Record)

- The CEO at the meeting on 18 January 2005 advised Council that an Audit Committee needed to be formed in line with amendments to the Local Government Act effective May 2005. This would be finalised at the March 2005 OCM;
- The March 2005 OCM minutes show discussion only re the Audit Committee with no further comment;
- The matter of appointment was considered at 19 April 2005 OCM, but the decision was to lay the item on the table until May 2005;
- The Audit Committee was formed on 17 May 2005. No terms of reference are mentioned;
- Council appointed its second community member to the Audit Committee on 21 June 2005;
- At the 16 August OCM 2005, the Audit Committee was disbanded as criteria was introduced by the Department re qualifications required by committee members. Nominations were apparently readvertised?

- I can see no re-appointment of the Audit Committee in the Council minutes between August 2005 and December 2005. So, I can find no reference to when the Audit Committee was re-established;
- At the 13 December 2005 OCM, Audit Committee minutes were adopted by Council, thus indicating that the Audit Committee was operational;
- At the 17 January OCM 2006, the Audit Committee meeting minutes were adopted. At this point I stopped my search re a ToR.

### **Later Operations and Appointment Matters**

Between 2017 and 2011, it would seem that the Audit Committee, along with other committees, were just appointed at the start of the October OCMs without an absolute majority. So, they were not legally constituted as such.

There's a reference to the Audit Committee in the 12 December 2011 OCM minutes. It almost reads as if the Committee was reconvened at this point? There are minutes of the Audit Committee on the Shire's website re June 2012 which means it was certainly operational.

Regarding the attachments provided after the October 2017 Local Government Elections in relation to committee appointments, the document listing the committee membership for 2017 – 2019 says the Audit Committee is to act in accordance with the Model Terms of Reference (Tor) - Departmental Guideline No 9. From what the author can see, the model ToR was not adopted by Council at this point.

However, at the May OCM on 16 May 2018, Council adopted the Audit Committee Terms of Reference (ToR) as part of the draft Terms of Reference for Committees, Advisory Groups and External Organisations regarding the:

- Audit Committee (Attachment 2);
- ANZAC Commemorative Advisory Group;
- Suicide Prevention Advisory Group.

Not long after the ToR were adopted, major auditing reforms were legislated in June 2018. However, the Audit Committee ToR were never updated to reflect the new legislated responsibilities of the Audit Committee.

It would appear that the same information provided to Council after the October 2017 Local Government Election was submitted to Council at the 30 October 2019 OCM with background information on the level of qualifications that the community members should have. The Audit Committee was adopted by absolute majority with three elected members and two community member positions and is therefore legally constituted. However, the author has noted two issues:

- It would be reasonable to assume that the May 2018 ToR are still in place;
- However, the May 2018 ToR do not reflect the SoVP Audit Committee's current legal responsibilities.

The author has subsequently concluded that a suitable up to date terms of reference for the Audit Committee is now required to be adopted by Council.

**COMMENT**

Under the Department of Local Government's Guideline 9 it states the following:

The purpose of this guideline is to assist local governments to establish and operate an effective audit committee. Clear and comprehensive terms of reference, setting out the committee's roles and responsibilities, are essential and a model terms of reference for an audit committee is provided with this guideline. Matters such as the governing legislation, membership, primary roles and responsibilities of the committee and ancillary functions are also addressed.

So, from this statement it is clear that there are to be terms of reference in place.

The Guideline itself, does require updating. However, key requirements regarding updating the function of the Audit Committee were legislated in 2018. This includes the following as set out in Circular No 02-2018 Guide to Local Government Auditing Reforms – June 2018:

With the transfer of auditing to the Auditor General, local government Audit Committees will have a new and important role.

The role of the Audit Committee has been amended so that the Audit Committee has greater involvement in assisting the CEO to carry out the review under Regulation 17 of the Audit Regulations of systems and procedures concerning risk management, internal control, and legislative compliance. The Audit Committee is empowered to 'monitor and advise' the CEO in reviews of certain systems prescribed by the audit and financial management regulations. The terms 'monitor and advise' have been selected following consultation with the sector.

The reforms are intended to help CEOs formulate recommendations to council to address issues identified in the reviews.

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

- the implementation of audit recommendations made by the auditor, which have been accepted by council; and
- accepted recommendations arising from reviews of local government systems and procedures.

These roles reflect the importance of the Audit Committee as a section of council charged with specific responsibilities to scrutinise performance and financial management. The regulations continue to allow for external membership of Audit Committees. Councils are encouraged to consider inviting appropriate people with expertise in financial management and audit to be members of their Audit Committee.

Attached for the Audit Committee's information is the new Terms of Reference (Attachment 1). As such, the Terms of Reference is based on a current framework adopted by many local governments (with further enhancements by the author) that also takes into account the legislative requirements, the requirements of Guideline 9 and Circular No 02 as follows:

<b>Heading</b>	<b>Description</b>
<b>Preliminaries</b>	The Audit Committee Terms of Reference defines the membership, authority, purpose, operational guidelines, responsibilities and resources of the Shire of Victoria Plains Audit Committee, established by Council pursuant to division 1A, section 7.1A of the <i>Local Government Act 1995</i> and the <i>Local Government (Audit) Regulations 1996</i>
<b>Structure – Name, Establishment, Guiding</b>	Sets out the Name of the Committee, legislation that establishes a Committee, the guiding principles and the Committee's



<p><b>Principles, Purpose</b></p>	<p>purpose:</p> <p>The purpose of the Audit Committee is to:</p> <ul style="list-style-type: none"> <li>o Guide and assist the Shire of Victoria Plains in carrying out its financial management and audit functions;</li> <li>o Monitor and advise the Chief Executive Officer in reviews conducted into financial management and audit systems and procedures. This also includes the Shire's risk management, internal controls and level of compliance and integrated planning and reporting (IPR) and training;</li> <li>o Oversee the implementation of any resulting Council recommendations so as to support better decision-making, greater accountability to the community and ensure a more efficient and effective Local Government.</li> </ul>
<p><b>Committee Functions</b></p> <p>Part 6 refers to preparing for the annual audit(s)</p> <p>Part 7 refers to the audit committees and its audit functions 17(3) Regulation 17 Review</p> <p>17(1) Regulation 17 Review 5.2(c) Review of Financial Management Systems</p> <p>7.12A(3) Examine the Auditor's Report and ensure the action plan for any corrections is followed</p> <p>7.12(4)(a) Prepare a report on Significant findings by the Auditor and how they will be addressed by the Shire</p>	<p>The Committee's functions are set out in Regulation 16 and 14(3A) of the Audit Regulations.</p> <p><b>Regulation 16</b> An audit committee has the following functions:</p> <ul style="list-style-type: none"> <li>• <i>to guide and assist the local government in carrying out:</i> <ul style="list-style-type: none"> <li>o <i>its functions under Part 6 of the Act; and</i></li> <li>o <i>its functions relating to other audits and other matters related to financial management;</i></li> </ul> </li> <li>• <i>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;</i></li> <li>• <i>to review a report given to it by the CEO under regulation 17(3) (the <b>CEO's report</b>) and is to:</i> <ul style="list-style-type: none"> <li>o <i>report to the council the results of that review; and</i></li> <li>o <i>give a copy of the CEO's report to the council;</i></li> </ul> </li> <li>• <i>to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under:</i> <ul style="list-style-type: none"> <li>o <i>regulation 17(1); and</i></li> <li>o <i>the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);</i></li> </ul> </li> <li>• <i>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;</i></li> <li>• <i>to oversee the implementation of any action that the local government:</i> <ul style="list-style-type: none"> <li>o <i>is required to take by section 7.12A(3); and</i></li> <li>o <i>has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and</i></li> <li>o <i>has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and</i></li> <li>o <i>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);</i></li> </ul> </li> <li>• <i>to perform any other function conferred on the audit committee by these regulations or another written law.</i></li> </ul>

<p>The CAR is prepared annually for the previous calendar year</p>	<p><b>Regulation 14(3A)</b> The Audit Committee is to:</p> <p><i>(3A) The local government's audit committee is to review the compliance audit return (CAR) and is to report to the council the results of that review.</i></p> <p><b>Notes</b> Notes are also provided in this section regarding the types of report required and when the Auditor General became responsible for local government audits</p>
<p><b>Membership</b></p>	<p>The Committee consists of five (5) members. Three council members and two who are other persons (community representatives). There is required to be a Presiding Member. Council may wish to review the structure of the Committee in due course. The appropriate time to do this is prior to the 2021 Ordinary Local Government Elections.</p> <p>Any community representative appointed to the Committee <b>should</b> have qualifications and/or professional experience that will enhance the expertise available to Elected Members serving on the Committee.</p> <p>On the matter of the external (community) appointments, there is a requirement for Council to select suitably qualified persons.</p> <p>Vacancies for the community representatives will be advertised in the Shire Newsletter, the Shire of Victoria Plains webpage and notice boards. Council will then select and appoint new members.</p>
<p><b>Meetings</b></p>	<p>As per previous advice i.e. quarterly meetings are held and the quorum is 3. Meetings must be conducted according to the Shire's Standing Orders. Voting must be in accordance with the Act (i.e. open voting) and minutes must be kept as per the Local Government Administration Regulations.</p> <p>Meetings are not open to the public as the Audit Committee does not have delegated functions and so there is no public question time either.</p>
<p><b>Delegated Authority</b></p>	<p>Nil</p>
<p><b>Adoption</b></p>	<p>Date Adopted by Council i.e. 28 October 2020</p>
<p><b>Appendix 1</b></p>	<p>Sets out the Agenda structure and the work of the committee in terms of the officer's reports:</p> <ol style="list-style-type: none"> <li>1. Updates on the Functions of the Audit Committee.</li> <li>2. External Audits e.g. Interim Audit, Annual Audit and the corresponding actions plans.</li> <li>3. Internal Audits e.g. three yearly financial management systems review, three yearly Reg 17 Review, the CAR, other internal audits (as per the compliance calendar), and so on.</li> </ol>

	<ol style="list-style-type: none"> <li>4. Financial Reporting e.g. best practice, status of ratios from time to time.</li> <li>5. Risk Management Issues e.g. quarterly updating and reporting on key risks from time to time.</li> <li>6. Controls, Systems and Procedures e.g. policy considerations, procedural considerations,</li> <li>7. Matters of Compliance: as per the compliance calendar.</li> <li>8. Integrated Planning and Reporting.</li> <li>9. Training and Development (Elected Member Training, Committee Member Training and Staff training).</li> <li>10. Status Report.</li> </ol>
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**Table One – Overview of Audit Committee Terms of Reference**

It can be seen in Table One, that the terms of reference will provide a level of rigour and put the Audit Committee into a position of performing its role more effectively.

### **CONSULTATION**

CEO

October 2020 OCM

Council Briefing Session October 2020

Travis Bate – RSM

### **STATUTORY CONTEXT**

The Audit Committee Terms of Reference defines the membership, authority, purpose, operational guidelines, responsibilities and resources of the Shire of Victoria Plains Audit Committee, established by Council pursuant to division 1A, section 7.1A of the *Local Government Act 1995* (the Act) and the *Local Government (Audit) Regulations 1996* (the Regulations).

### **Audit Regulations 1996**

r.17 – Audit Committee to review CEO report on risk management, internal control and legislative compliance

### **CORPORATE CONTEXT**

#### **Policy**

#### 1.10 Enterprise Risk Management

The CEO is required to review and report to the Audit Committee on the Shire's risks, internal controls and legislative requirements every three financial years.

11.1 The Shire will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

11.2 This policy must be reviewed every two years.

To this end the Shire has in place the above policy and the corresponding Risk Governance Framework in place.

### Strategic Community Plan / Corporate Business Plan

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

5.4.1: Review, update and maintain strategic and operational plans

5.4.2 Maintain accountability and financial responsibility in accordance with Long Term Financial Plan

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

The risks regarding the Audit Committee and its lack of an up to date terms of reference are:

<b>Consequence</b>	<b>Consequence Rating:</b>	<b>Likelihood Rating:</b>	<b>Risk Rating</b>	<b>Risk Acceptance</b>	<b>Mitigation and Outcome</b>
<b>Failing in Good Governance</b>  Non-compliance re fiduciary responsibility	Major (4)  Non-compliance results in imposed penalties to Shire/Officers	Likely (5)  Is expected to occur in most circumstance	Extreme (20)	CEO/Council  Processes (Controls) not operating as intended, do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.	By adopting the Terms of Reference, the Audit Committee will be able to operate as required by the legislation and Council and assist the CEO effectively. Over time the risk will reduce to Medium/Low.

The other benefits regarding the above are improved financial outcomes, better trust with the community regarding fiducial matters and preparation regarding interruption to services.

## FINANCIAL IMPLICATIONS

Nil

## VOTING REQUIREMENTS

Absolute majority required: No

Return to the substantial motion at

<b>2011-02</b>	<b>Officer Recommendation / Committee Recommendation</b>
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**Moved: Mr G McGill**

**Seconded: Ms L Witham**

That the Audit Committee receives and acts on the revised Terms of Reference for the Shire of Victoria Plains Audit Committee as set out in Attachment 1.

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

<b>2011-03</b>	<b>Officer Recommendation / Committee Recommendation</b>
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**Moved: Mr L Witham**

**Seconded: Cr J King**

That the Audit Committee agree to the Committee motion of speaking twice on the matter and standing orders be suspended at 10.08am to discuss the requirements of "qualified persons" within the context of Audit Committee Members.

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

<b>2011-04</b>	<b>Committee Recommendation</b>
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**Moved: Ms L Witham**

**Seconded : Cr J King**

That Standing Orders be resumed at 10.34 am

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

## 6.2 Risk Management Update – Risk Procedures and Reporting and Pandemic Matters

<b>File reference</b>	
<b>Report date</b>	17 November 2020
<b>Applicant/proponent</b>	CEO
<b>Officer disclosure of interest</b>	Nil
<b>Previous meeting references</b>	Item 6.1 of 26 June 2019 - A1906-03
<b>Prepared by</b>	Sean Fletcher, Governance Officer
<b>Authorised by</b>	CEO
<b>Attachments</b>	
Attachment 1	Page
	Nil

### PURPOSE

That the Audit Committee advises the CEO the following:

1. Reports by officers need to start using the Risk Procedures, including the Risk Assessment and Acceptance Criteria by 31 December 2020.
2. The Audit Committee requires an update regarding the Shire's risk profiles each quarter as set out in the Risk Procedures i.e. which profiles have been reviewed each quarter based on one per month.
3. That the Shire's Risk Procedures and Risk Dashboard and Profiles are located as soon as possible and the Audit Committee advised on the status of these reports at the next Audit Committee meeting.

### BACKGROUND

#### Terms of Reference

Under the Audit Committee's Terms of Reference, the Committee assists the CEO with the Shire's risk management as follows:

The purpose of the Audit Committee is to (in part):

- o Monitor and advise the Chief Executive Officer in reviews conducted into financial management and audit systems and procedures. This also includes the Shire's risk management, internal controls and level of compliance and integrated planning and reporting (IPR) and training.

Notes - Regulation 17 Review

17. CEO to review certain systems and procedures:

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Reports Requiring Decision

The following will require reporting on from time to time:

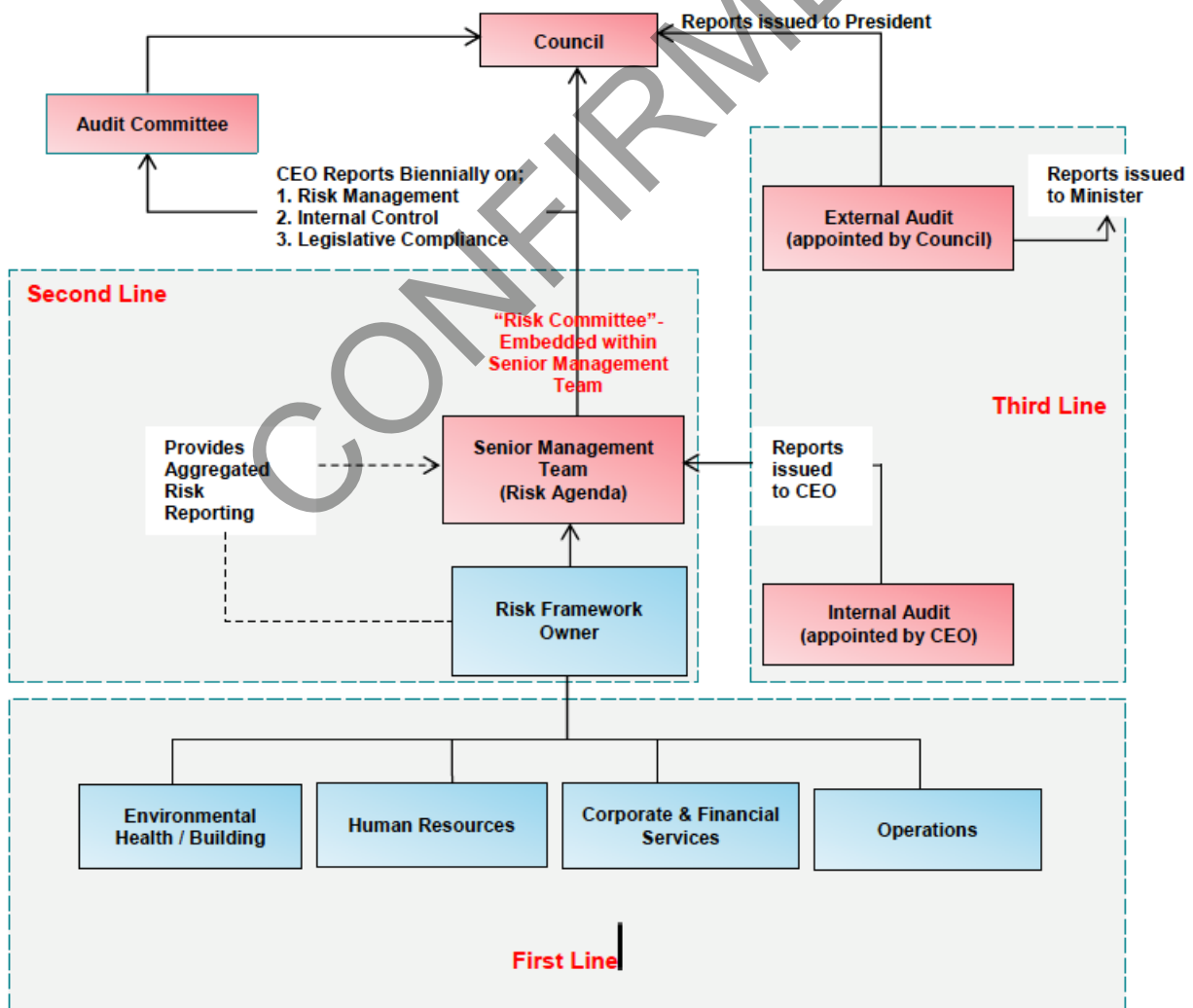
5. Risk Management Issues e.g. quarterly updating and reporting on key risks from time to time.

### Previous Decisions Regarding Risk Management

At its meeting on 26 June 2019, the Audit Committee considered the Shire’s Risk Management Procedures and Risk Profile along with the Risk Dashboard.

### Risk Management Procedures

The Risk Management Procedures identify the Shire’s three lines of risk defence:



Note: Council no longer appoints the External Audit. This is undertaken by the Office of the Auditor General.

Line 1: These are the operational areas of the Shire and the risks are managed by the appropriate manager.

Line 2 The Shire's Risk Framework Owner (As appointed by the CEO) acts as the primary '2nd Line'. This position owns and manages the framework for risk management, drafts and implements governance procedures and provides the necessary tools and training to support the 1st line process. The Senior Management Team (CEO, Manager of Works and Services, Office Manager, Governance Officer) supplements the second line of defence.

Line 3 Consists of Internal self-audits & external audits.

Internal Audit – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The scope of which would be determined by the CEO with input from the Audit Committee. The suggested internal audits are listed in the Shire's Compliance Calendar.

External Audit – Are now conducted by the Office of the Auditor General and the auditor's it appoints to conduct the interim and annual audits. The Audit Committee assists regarding matters that arise from the audit of the annual financial statements only.

The procedures also contain the Risk Assistance and Acceptance Criteria or how the Shire analysis a risk:

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Measures of Consequence

RATING	PEOPLE	INTERRUPTION TO SERVICE	REPUTATION (Social / Community)	COMPLIANCE	PROPERTY	NATURAL ENVIRONMENT	FINANCIAL IMPACT
					(Plant, Equip, Buildings)		
Insignificant (1)	Near-Miss	No material service interruption Less than 1 hour	Unsubstantiated, localised low impact on community trust, low profile or no media item	No noticeable regulatory or statutory impact	Inconsequential damage.	Contained, reversible impact managed by on site response	Less than \$10,000
Minor (2)	First Aid Treatment	Short term temporary interruption – backlog cleared < 1 day	Substantiated, localised impact on community trust or low media item	Some temporary non-compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	\$10,000 - \$25,000
Moderate (3)	Medical treatment / Lost time injury <30 Days	Medium term temporary interruption – backlog cleared by additional resources < 1 Week	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	\$25,001 to \$100,000
Major (4)	Lost time injury >30 Days / temporary disability	Prolonged interruption of services – additional resources, performance affected <1 Month	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Non-compliance results in termination of services or imposed penalties to Shire / Officers	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	\$100,001 to \$500,000
Extreme (5)	Fatality, permanent disability	Indeterminate prolonged interruption of services non-performance > 1 month	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Non-compliance results in litigation, criminal charges or penalties to Shire / Officers	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment & building	Uncontained, irreversible impact	>\$500,000

Measures of Likelihood

Rating	Description	Frequency
Almost Certain (5)	The event is expected to occur in most circumstances	More than once per year
Likely (4)	The event will probably occur in most circumstances	At least once per year
Possible (3)	The event should occur at some time	At least once in 3 years
Unlikely (2)	The event could occur at some time	At least once in 10 years
Rare (1)	The event may only occur in exceptional circumstances	Less than once in 15 years

Risk Matrix

	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Almost Certain (5)	Moderate (6)	High (10)	High (16)	Extreme (20)	Extreme (26)
Likely (4)	Low (4)	Moderate (8)	High (12)	High (18)	Extreme (20)
Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (16)
Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (6)

Risk Acceptance Criteria

Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	CEO
EXTREME	Unacceptable	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Existing Controls Ratings

Rating	Foreseeable	Description
Effective	There is <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Nil or limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.



## Dashboard and Risk Profiles

The Shire has 15 risk profiles that the CEO is required to manage. These are summarised in the following Dashboard:

Shire of Victoria Plains			Risk Dashboard Report			17-June-2019				
<b>Asset Sustainability practices</b>			Risk	Control	<b>Business &amp; Community disruption</b>			Risk	Control	
Moderate			Adequate	Moderate			Adequate			
Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads and playgrounds and all other assets during their lifecycle from procurement to disposal.										
Actions			Due Date	Responsibility		Actions			Due Date	Responsibility
Review inspection and maintenance scheduling and reporting process			Dec-19	CEO / WSM / EHO		Consolidate VBFB Structure			Jun-18	CEO / C/ESM
Develop asset management plan for this cycle			Jun-19	CEO / WSM / EHO		Develop a BCP			Aug-19	CEO / GO
						Review Internal Emergency Management Arrangements			Aug-19	CEO / WSM / C/ESM
<b>Failure to fulfil Compliance requirements (statutory, regulator)</b>			Risk	Control	<b>Document Management processes</b>			Risk	Control	
Moderate			Inadequate	High			Inadequate			
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation.										
Actions			Due Date	Responsibility		Actions			Due Date	Responsibility
Complete and review CAR outcomes			Mar-19	CEO / GO		Archiva of historical records as per State Records Act			Dec-19	EA
Confirm completion of Councilor refresher training - soon to be mandatory			Dec-19	CEO		Roll out training on records management through Shire			Dec-19	EA
						Complete Policy Manual transfer/review, detailed review of Delegations Register			Aug-19	CEO / EA / GO
						Continuing review of statutory registers etc			on-going	CEO / GO
<b>Employment practices</b>			Risk	Control	<b>Engagement practices</b>			Risk	Control	
Moderate			Adequate	Moderate			Adequate			
Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers).										
Actions			Due Date	Responsibility		Actions			Due Date	Responsibility
Complete roll out of refreshed PD's for all staff			Dec-19	CEO / WSM / FAM		No actions required at this stage				
Review existing Performance Management Review process and implement changes			Dec-19	CEO / WSM / FAM						
Review and finalise the staff exit process			Dec-19	CEO / WSM / FAM						
Review Workforce Plan			Dec-19	CEO / GO						
<b>Environment management</b>			Risk	Control	<b>Errors, omissions &amp; delays</b>			Risk	Control	
High			Inadequate	High			Adequate			
Inadequate prevention, identification, enforcement and management of environmental issues.										
Actions			Due Date	Responsibility		Actions			Due Date	Responsibility
Mogumber - transfer station or on-going alternative to be determined			n/s	WSM		No main monitoring program and staff training on job rotations (works) - Check Point			Sep-19	WSM
improve waste facility monitoring			n/s	WSM		Develop SOP's aligned with PD's			Dec-19	CEO / FAM
Sewerage Scheme - Reserves for future works/maintenance			Aug-19	EHO		Review identified issue (aged care facilities), ensure appropriate processes			Sep-19	CEO
Sewerage Scheme Asset Management plans and maintenance			Aug-19	EHO						
<b>External theft &amp; fraud (Including Cyber)</b>			Risk	Control	<b>Management of Facilities / Venues / Events</b>			Risk	Control	
Moderate			Adequate	Low			Adequate			
Loss of funds, assets, data or unauthorised access, (whether attempted or successfully) by external parties, through any means (including electronic).										
Actions			Due Date	Responsibility		Actions			Due Date	Responsibility
Follow up on procedures against identity theft			on-going	CEO / FAM						
Access to bulk tanks by security card/tag, cages, locked				WSM						
<b>IT or communication systems and infrastructure</b>			Risk	Control	<b>Misconduct</b>			Risk	Control	
Moderate			Adequate	Moderate			Adequate			
Disruption, financial loss or damage to reputation from a failure of information technology systems. Instability, degradation of performance, or other failure of IT or communication system or infrastructure, causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked.										
Actions			Due Date	Responsibility		Actions			Due Date	Responsibility
Develop an IT Disaster Recovery Plan			Dec-19	FAM		Review process for checking credit card transactions			On-going	CEO / FAM / GO
						Complete Audit (Management Actions) from previous audits			On-going	CEO / FAM / GO
						Investigate potential for autolock on systems after period of non-use			On-going	CEO / FAM / GO
						Review Cash Security Practices (Access to cash)			On-going	CEO / FAM / GO
<b>Projects / Change management</b>			Risk	Control	<b>Safety and Security practices</b>			Risk	Control	
Moderate			Adequate	Moderate			Inadequate			
Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays or scope changes.										
Actions			Due Date	Responsibility		Actions			Due Date	Responsibility
Review procurement processes and policies			Aug-19	CEO / WSM / FAM / GO		Review and complete actions from the "OSH Action Plan"			Aug-19	CEO / WSM / FAM
<b>Supplier / Contract management</b>			Risk	Control				Risk	Control	
Moderate			Inadequate							
Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes.										
Actions			Due Date	Responsibility						
Implement a centralised register of all contracts and allocate responsibility to monitor (check Synergy?)			Aug-19	CEO / WSM / FAM						
Consider use of WALGA Contract Templates & LGIS Training on Contract Management			on-going	CEO / WSM / FAM						

An example of a risk profile in full is below:

<b>Failure to fulfil Compliance requirements (statutory, regulatory)</b>			<b>17-Jun-19</b>
<b>Risk Description</b>			
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation.			
It includes (amongst others) the Local Government Act, Planning & Development Act, Health Act, Building Act, Dog Act, Cat Act, Freedom of Information Act and all other legislative based obligations for Local Government.			
<i>It does not include Occupational Safety &amp; Health Act (refer "Inadequate safety and security practices") or any Employment Practices based legislation (refer "Ineffective Employment practices").</i>			
<b>Potential causes include:</b>			
Lack of training, awareness and knowledge	Lack of Legal Expertise		
Staff / Councillor Turnover	No Compliance Officer or person responsible for Compliance oversight and enforcement		
Inadequate record keeping/ failure of corporate electronic systems	Breakdowns in the tender or procurement process		
Ineffective policies & processes	Ineffective monitoring of changes to legislation		
<b>Key Controls</b>	<b>Type</b>	<b>Date</b>	<b>Rating</b>
Compliance framework / calendar	Preventative	May-19	Inadequate
'Advice' monitoring (subscriptions)	Preventative	May-19	Adequate
Annual Compliance Return (CAR)	Detective	May-19	Effective
General Compliance Procedures (Governance)	Preventative	May-19	Inadequate
Integrated Planning Program	Preventative	May-19	Inadequate
Financial compliance - Statutory reporting etc	Preventative	May-19	Effective
<b>Overall Control Ratings:</b>			<b>Inadequate</b>
<b>Actions</b>	<b>Due Date</b>	<b>Responsibility</b>	
Complete and review CAR outcomes	Mar-19	CEO / GO	
Confirm completion of Councillor refresher training - soon to be mandatory	Dec-19	CEO	
<b>Consequence Category</b>	<b>Risk Ratings</b>		<b>Rating</b>
Reputation, Financial	<i>Consequence:</i>		Moderate (3)
	<i>Likelihood:</i>		Possible (3)
	<b>Overall Risk Ratings:</b>		<b>Moderate</b>
<b>Comments</b>			

Please note that the author has not been able to locate the current Risk Dashboard Report nor the profiles. The author has located the dashboard and risk profiles prior to 2017. It is assumed the current reports are kept on an officer's desktop computer.

### Submission to Council

The Audit Committee subsequently submitted the Risk Management Procedures and Profiles to Council for its consideration. Council adopted the Procedures and the Profiles at the OCM on 31 July 2019.

### COMMENT

There are a number of issues to note regarding the Shire's risk management. They are:

1. The Shire, since the adoption of the Risk Management Procedures and the Risk Profiles, has not followed the risk process per se and has not updated the Risk Dashboard (which summarises the risk profiles). This is due to inadequate skill levels to manage the risk process within the Senior Management Team by some of its members and the disruption experienced with the departure of key staff within this group. Also, it is not known where the current reporting software is located.
2. The author uses the Risk Assistance and Assessment Criteria when presenting reports to Council and other committees. All reports submitted by officers should be using the risk criteria.
3. The Risk Management Procedures require updating to reflect:
  1. The change in the status of the Audit Committee regarding the support it is now required to provide to the CEO.
  2. The change regarding the review of the Shire's risks by the CEO from biennial to every three financial years.
  3. The change regarding the Auditor General now responsible for appointing the external (annual and interim) audits of the Shire.
  4. There should be a quarterly report to the Audit Committee regarding the status of the Risk Profiles, the Dashboard and other matters of risk.
4. The pandemic (COVID-19) has impacted on Shire operations to the extent that in the first part of the pandemic a number of services were required to be restructured. In addition to this, the Shire through the Local Recovery Coordination Group has continued to maintain COVID hygiene and safety measures.
5. Staff turnover. The Shire has been impacted by the length of time to fill key positions while juggling COVID impacts. All key positions are now filled (the Office Manager and the Manager Works and Services).
6. The Shire's Business Continuity Plan requires an update to reflect the unforeseen challenges and requirements regarding the impact of the pandemic on Shire operations. This plan was required to be updated by the end of October, however, this has yet to occur.

In terms of the Risk Profiles and the Risk Procedures note the Risk Framework Owner is responsible for:

- Ensuring Shire Risk Profiles are formally reviewed and updated, at least on an 18 month cycle. This will allow for the formal review of an individual risk profile each month. In addition, risk profiles (in their entirety) are to be reviewed when there has been a material restructure, change in risk ownership or change in the external environment.
- Producing a quarterly Risk Report for the CEO & Senior Management Team which contains an overview Risk Summary for the Shire.
- Annual Compliance Audit Return completion and lodgement.

The external and internal risks regarding the Strategic Community Plan are explored in an item later in today's agenda.

It would be appropriate for the Audit Committee to advise the CEO the following:

1. Reports by officers need to start using the Risk Procedures, including the Risk Assessment and Acceptance Criteria by 31 December 2020.

2. The Audit Committee requires an update regarding the Shire's risk profiles each quarter as set out in the Risk Procedures i.e. which profiles have been reviewed each quarter based on one per month.

## CONSULTATION

Nil

## STATUTORY CONTEXT

17. CEO to review certain systems and procedures:

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

## CORPORATE CONTEXT

### Strategic Community Plan/ Corporate Business Plan

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

Strategy 5.4: Measures to improve organisational efficiency

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.

## Relevant Council Policies

1.10 Enterprise Risk Management

9. Risk Appetite

9.1 The Shire quantified its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the

Risk Management Procedures and are subject to ongoing review in conjunction with this policy.

- 9.2 All organisational risks to be reported at a corporate level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment.

### Risk Management

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
Compliance  Not adhering to risk management and statutory responsibilities  <b>Reporting Controls are inadequate</b>	Extreme (5)  Results in litigation, criminal charges or significant damages or penalties to Shire/Officers	Likely (5)  The event more than once per year	Extreme (25)	CEO & Council (Audit Committee)	Through the CEO (and the Risk Framework Owner locating and updating the Risk Profiles) this will move the Shire from Extreme to Moderate risk and thus the controls will be Adequate

### FINANCIAL IMPLICATIONS

Nil

### VOTING REQUIREMENTS

Absolute majority required: No

<b>2011-05</b>	<b>Officer Recommendation / Committee Recommendation</b>
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**Moved: Ms L Witham**

**Seconded: Mr I McGill**

That the Audit Committee advise the CEO of the following:

1. reports by Officers need to start using the Risk Procedures, including the Risk Assessment and Acceptance Criteria by 31 December 2020;
2. the Audit Committee requires an update regarding the Shire's risk profiles each quarter as set out in the Risk Procedures i.e. which profiles have been reviewed each quarter based on one per month; and
3. that the Shire's Risk Procedures and Risk Dashboard and Profiles are located as soon as possible, and the Audit Committee be advised on the status of these reports at the next Audit Committee meeting.

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

### 6.3 Integrated Planning and Reporting - Update

<b>File reference</b>			
<b>Report date</b>	18 November 2020		
<b>Applicant/proponent</b>	CEO		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>	OCM 12 August 2019 10.1, 10.2, 10.3; OCM 18 December 2019 8.4; OCM 22 July 2020 8.6; OCM 23 September 2020 – Item 8.3 2009-04		
<b>Prepared by</b>	Sean Fletcher, Governance Officer		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	28	Review of CBP Q1 2020-2021 (September Quarter)
Attachment 2	Page	31	SoVP Corporate Business Plan Action Plan 2019-2023

#### PURPOSE

For the Audit Committee to accept an update on the Shire’s Integrated Planning and Reporting.

#### BACKGROUND

Under the Audit Committee’s terms of reference, it is required to have an understanding of, and input into, the Shire’s Integrated Planning and Reporting (IPR). In essence the IPR framework required to be in place for each local government is as follows:



Diagram 1 – Overview of IPR Framework (Page 3 – CBP)

This report provides an update on the IPR framework and where the Shire is now at regarding the key requirements.

## COMMENT

The current IPR framework for the Shire was implemented in October 2019 with the adoption of the Strategic Community Plan (SCP), Corporate Business Plan (CBP) and Strategic Resources Plan (SRP).

This means that the two year desktop review of the SCP is due in the latter part of 2021, with the four year full review due in 2023 with the commencement of the process in 2022.

The CBP is reviewed annually, with a compulsory full review due in 2023 to reflect changes to the SCP.

The Strategic Resources Plan contains:

- Long Term Financial Plan;
- Asset Management Plan.

The Workforce Plan is due to be updated in 2023.

Other informing strategies include:

- The Shire's Local Planning Scheme (LPS), which was reviewed through 2020, with the Omnibus Amendments adopted at the August 2020 OCM. The Minister is due to sign off on the revised LPS by 1 December 2020;
- Recreation Plan. This has yet to be developed.

## External/Internal Risk Factors Regarding the Delivery of the Strategic Community Plan

For the Audit Committee in particular, the Strategic Community Plan and the Corporate Business Plan (page 12) identified a range of risks regarding the environment that the Shire operates in:

External Factors	Comment
Increasing community expectations in relation to service levels and service delivery	This is a constant struggle for the Shire as the wider community does not have an appreciation of the resources at the Shire's disposal (use)
Rapid changes in information technology changing the service delivery environment	A key issue is broadband and the impact this has on Shire activities. The quality of broadband for the Shire is much less than what it should be
Increased compliance requirements due to Government Policy and Legislation	The compliance burden continues to increase. Despite the changes to the Local Government Act and further changes to come, the Minister's promise for a size and scale compliance regime suitable for small, medium and large local governments has not materialised
Cost shifting by Federal and State Governments	The push of services onto local government continues without the appropriate funding to assist deal with new services
Reducing external funding for infrastructure and operations	Due to the pandemic, the opposite has happened throughout 2020. The Shire has received significant funding for infrastructure. The issue is now expending the funds within the required timeframes
Changes in mining and pastoral practices and the associated social impacts	Broadacre farming is still the backbone of the Shire's economy. This continues to have a significant impact on the Shire's infrastructure



Climate change and subsequent response	The Shire is not very well prepared regarding this matter
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**Table 1 – External Risk Factors SCP**

<b>Internal Factors</b>	<b>Comment</b>
The objectives and strategies contained in the Council's current Strategic Community Plan (SCP)	This is a constant struggle for the Shire as the SCP does not reflect what the Shire can realistically deliver. The Shire is constantly in a tactical mindset rather than a strategic one and so struggles to deliver key outcomes.
The timing and actions contained in the Council's Corporate Business Plan (CBP)	The CEO has now implemented a timeline for objectives regarding the CBP. Council advised the CEO via resolution 2007-14 it was satisfied with the CBP Action Plan. This is provided in <a href="#">Attachment 2</a>
Organisational size, structure, activities and location	The CEO has undertaken a review of the external workforce to try and match up skill level with service delivery. The changes will take time to come through. A new Manager of Works and Services is now in place and has commenced upskilling the work crews.  The Shire lacks sufficient community/economic development resources and this impacts on the CBP
Human resourcing levels and staff retention	As per Organisational size, structure, activities and location
The financial capacity of the Shire	Although the financial capacity of the Shire is tight (constrained), it has produced a balanced budget for 2020/2021
Allocation of resources to achieve strategic outcomes	Council is developing an appreciation of the impact here. The Shire needs to start following its Strategic Resources Plan (Which also contains the Shire's Asset Management Plan)
Maintenance of corporate record	The Shire has commenced a review of its record keeping system, has commenced the update to its record keeping plan and

**Table 2 – Internal Risk Factors SCP****Annual Review of the Corporate Business Plan 2019/2020**

The following was reported to Council at the July 2020 OCM:

The June Quarter (and the March Quarter) has been impacted by the advent of the COVID-19 pandemic. This means many of the Shire's resources have been diverted to assist manage the key requirements expected of local governments during this time. A summary on the actions at this stage is shown in Table One:

Overview of Actions June Quarter						
Priority Area	Off-Track	Monitor	On-Track	Defer	Total	Comment
Community	4	2	2	4	12	These actions need resources and better time lines
Economic	0	0	1	8	9	As per Community
Environment	0	0	0	2	2	As per Community
Infrastructure	3	0	2	2	7	Actions are more within the Shire's capability as key funding has been received during this quarter
Civic Leadership	1	1	7	0	9	Shows key work has continued in this area
<b>Total</b>	<b>8</b>	<b>3</b>	<b>12</b>	<b>16</b>	<b>39</b>	31% of actions are on track. 41% of actions require consideration of an applicable start date, while 20% require much better resourcing

#### Status of Actions for June 2020 Quarter

What the status of the actions show for the June quarter is that, perhaps the CBP is not realistic in terms of the priority timeline provided that is for all actions effective as of 2019/2020. This is a key weakness of the current plan and so the CEO needs to develop more effective start and due dates for many of the key actions (both with a red and blue flag). The other issue is that many of these same actions require better resourcing. The Shire certainly has staff regarding its day to day operations (services and facilities), although these are stretched. What it does not have is a means at this point to drive many of the community, economic and environment priorities.

#### Annual Review 2019-2020

For the 2019-2020 Annual Review, it can be seen that the overall measurement of success is as follows:

CoVP CBP Measures of Success 2019 - 2020				
Priority Area	Descriptor	Measure	Status	Comment
Community	To enhance and improve a sense of community in the Shire	Development and implementation of a Shire recreation plan	Red	Shire Recreation Plan not commenced. Needs to commence when resources for the Shire are more clear. Will need to be scheduled in subsequent out years.
Economic	To improve and add to local economic development and activity	Development and implementation of a Shire economic plan and associated activities	Red	Plan not commenced. Requires commitment to provide key resourcing to develop and then implement the plan. Will need to be scheduled in subsequent out years.
Environment	To protect or improve the natural environment	Establishment of initiatives such as small scale grants to undertake projects aimed at improvement or protection of environment, and a review of recycling activities and implement changes that are useful and	Red	Impacted by lack of resources in this area. Will need to be scheduled in subsequent out years.
Infrastructure	To maintain or add to the stock of infrastructure used by the community to go about daily life	Extent to which the Asset Management Plan is implemented	Yellow	Key road funding secured re Mogumber-Yarrawindah Road
		Implementation of system to deal with minor works requests	Red	Will be carried forward to 2020/2021
Civic Leadership	To better allocate scarce resources and effectively interact with the community	Implementation of initiatives to better connect Council with the community and associated matters	Yellow	Shire President and CEO engaged the community widely regarding COVID-19 and the Mogumber Bush Fire. Shire has successfully continued participating in key stakeholder meetings and advocacy. Integrated Planning and Reporting reviewed and improved. Community Engagement strategy/policy to be developed (development of strategy with community impacted by COVID-19). Will be carried forward for 2020/2021

Legend		
Off-track	0 - 49% completed	Road block could be due to funding revoked or deferred, inadequate resources available, other priorities take over, natural event, or is not due to start at the moment
Monitor	50 - 69% completed	Project is progressing adequately, staff need to ensure it does not fall into "off track"
On track	70 - 100% completed	The desired range when adequate resourcing is available for an action (key project, facility or service)
Deferred	date	Sometimes, project funding is not available until a later date, or has been withdrawn or the matter is outside the Shire's resourcing and so on

## Measures of Success 2019-2020

The measures of success pick a key outcome (measure) for each priority area (objective) to show overall progress made against the strategies/actions that underpin the outcome. What Table Two shows is that the actions that underpin the Community Outcome regarding the need for a Shire Recreation Plan are not adequately resourced, let alone for the plan itself. Given that the Shire will be dealing with pandemic matters (including, the recovery and post recovery phase) for quite some time, a more realistic position is that these matters are not commenced until at least 2021/2022. Unfortunately, this is the same for the Economic Outcome and the Environment Outcome.

The Infrastructure Outcome has had some progress given work undertaken on some of the Shire's assets including the Administration Building and also receiving key funding for a number of the Shire's road construction and improvement projects e.g. the Wheatbelt Secondary Freight Network project.

In terms of the final outcome regarding Civic Leadership, key actions have been undertaken and completed including those regarding ongoing participation in key stakeholder forums such as the Zone, AROC and the Regional Road Group. Others include updating the IPR documents and ensuring regulatory services are in place and that the controls for providing good governance are continuously implemented.

### Analysis of the Corporate Business Plan - September 2020 Quarter

Until October 2020, the Shire did not have in place an action plan to deliver the CBP according to realistic timeframes and in terms of key persons to deliver the outcomes.

The list of relevant actions for the September 2020 Quarter is provided in Attachment 1. These are taken from the CBP Action Plan 2019-2023.

The CBP Action Plan 2019-2023 is now in place and a copy is provided in Attachment 2.

The CBP Dashboard presented to Council at the October OCM shows for the September Quarter that 96% (25 out of 26) of actions are subject to: lack of staff resources (34%), impacts beyond the Shire's control (16%), have yet to be started (6%) or are well underway (40%):



Diagram One – CBP Dashboard 2020-2021

Priority Area	Off-Track	Monitor	On-Track	Yrs 3 & 4	Total Yr 2	Comment
Community	5	0	1	6	6	The red flag indicates that the majority of these actions lack the necessary staff resources to make them happen. The action re improving community facilities is impacted by the focus of the Acting WMS on the Shire's key road projects and development of an appropriate service structure. The blue flag indicates the number of actions now due to occur 21/22 and 22/23
Economic	4	0	0	6	4	The red flag indicates that for the majority of these actions the economic priority area is impacted by other factors outside the Shire's control.
Environment	1	0	0	1	1	Recycling program recognises introduction of the Container Deposit Scheme. Improvements to Drum Muster relies on community groups undertaking this program
Infrastructure	5	0	0	2	5	Impacted by changes to incumbents in WSM role and implementation of a suitable service structure. However, maintenance works undertaken as per schedule. WSM - Tenders called. LGQF applications being compiled. Expect further improvement with commencement of new WMS in second quarter
Civic Leadership	10	0	0	0	10	Shows key work has continued in this area across the board. Will become orange flags through second quarter through and anticipate green flags in third and fourth quarters
<b>Total</b>	<b>25</b>	<b>0</b>	<b>1</b>	<b>15</b>	<b>26</b>	96% of actions are subject to: lack of staff resources (34%), impacts beyond the Shire's control (16%), have yet to start (6%) or are well underway (40%)

Table One – Status of Actions for September 2020 Quarter

A key roadblock regarding the Community and Economic Priority Areas is a lack of a suitable resource to assist deliver the actions and associated outcomes. Pursuing grants, or assisting the community obtain grants and developing and encouraging community events is very difficult to achieve without a staff resource to undertake these actions. The same applies with a number of the actions regarding upgrading tourist facilities, promoting local attractions and events. A

number of these actions are deferred to years three and four on the CBP with a view to seek resources to get these actions underway then.

It is expected that a number of key actions will be progressed to at least the monito level in the second (December) quarter. These include matters regarding the Records Project, the Community Engagement strategy/policy and the awarding of tenders for the commencement of works on the Mogumber-Yarrowindah Rd as part of the WSNF Project.

### **Better Practice Review**

The Audit Community was last apprised of the status of the Better Practice Review on 26 June 2019. At this point in time there are three items that remain and these are reported in the status update each month to Council and are being closed out as follows:

#### Planning and Regulatory

Item 8 Local Planning Scheme – Council adopted the Omnibus amendments. Minister to sign off on LPS Review by 1 December 2020.

#### Workforce and HR Management

Item 22/23 Policies and Procedures – WALGA Templates received re HR policies. CEO is in the process of implementing the newly created HR executive policies.

#### Community and Consultation

Item 21 Community Engagement. Specification developed for the development of a strategy/policy with the Community. On-hold due to COVID-19 impacts. Required to be underway as part of CEO's KPIs.

### **CONSULTATION**

CEO and Agenda Settlement

Shire President – on the need for the provision of a quarterly update.

Council at the July, August and October 2020 OCMs

### **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**

It is anticipated that the Annual Report will also outline progress towards the achievement of four-yearly Council priorities as established through the Corporate Business Plan (Intermediate Standard).

**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"> <li>Implementation of initiatives to better connect Council with the community and associated matters.</li> </ul>
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**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
<b>Reputation</b>  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 (& Audit Committee)  Risk only acceptable with excellent controls and treatments in place.  Inadequate: Shire has not effectively followed its IPR	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
<b>Compliance</b>  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 (& Audit Committee)  Risk only acceptable with excellent controls and treatments in place.  Inadequate: Shire has not effectively followed its IPR	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 is very much in a tactical mindset, rather than a strategic one (outcomes focussed). This has occurred due to the change in key positions in recent months, inadequate staff resourcing and skill sets (which through 2020 is being addressed) in key areas. The CEO is constantly putting out fires rather than being in a position to focus staff on the Shire's key objectives.

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>2011-06</b>	<b>Officer Recommendation / Committee Recommendation</b>
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**Moved: Mr I McGill****Seconded: Cr J King**

That the Audit Committee accept the report on the status of the Shire's Integrated Planning and Reporting and the Better Practice Review.

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

CONFIRMED

## 6.4 Training and Development Update

<b>File reference</b>			
<b>Report date</b>	18 November 2020		
<b>Applicant/proponent</b>	CEO and Council		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>	Nil		
<b>Prepared by</b>	Sean Fletcher, Governance Officer		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	38	Elected Member Training Report 2019-2020
Attachment 2	Page	40	Councillor Continuing Professional Development

### PURPOSE

That the Audit Committee accepts the update on the Shire's training and development for the September 2020 Quarter.

### BACKGROUND

Under the Audit Committee Terms of Reference, the Committee is charged with monitoring and assisting the CEO into reviews regarding training and development of:

- Council;
- Committees of Council;
- The CEO and her Staff.
- 

### COMMENT

#### Council – Elected Member Training and Development

All elected members (councillors) must undertake mandatory training known as the Council Member Essentials. The training undertaken is valid for a five year cycle. Training and development is recognised as an effective method to minimise an organisation's exposure to risk.

The CEO is required to publish a report regarding the status of training undertaken by the elected members. The report for 2019/2020 has been published by the CEO and is provided for the Committee's information in Attachment One.

Councillors required to undertake the Council Member Essentials for 2020 completed the following modules in September 2020:

- Understanding Local Government;
- Conflicts of Interest;
- Meeting Procedures

Some of these councillors completed in October 2020:

- Serving on Council;
- Understanding Financial Reports and Budgets.



## Committees of Council – Member Training and Development

### Standing Committees of Council

The only standing committee of Council is the Audit Committee. Ideally, the membership of this committee should undertake the following training:

- Understanding Local Government Finances and Budgets;
- Asset Management;
- Understanding Local Government;
- Conflicts of Interest;
- Meeting Procedures

### Temporary Committees of Council

The typical temporary committees are the CEO Performance Review Committee and the CEO Recruitment Committee. These committees are made up of the total membership of the Council (i.e. councillors). Accordingly, the appropriate training module available is the CEO Performance Review Module.

### **The CEO and Staff – Member Training and Development**

Ideally, the training undertaken by the Shire's CEO and her staff should be in accordance with skills/knowledge gaps identified in the Shire's workforce plan. This should be in the shape of a training and development plan.

Shire staff are currently undertaking records management training in-house in-line with the review and updating of the Shire's records management.

### **CONSULTATION**

Nil

### **STATUTORY CONTEXT**

#### ***Local Government Act 1995***

#### **5.127. Report on training**

(1) A local government must prepare a report for each financial year on the training completed by council members in the financial year.

(2) The CEO must publish the report on the local government's official website within 1 month after the end of the financial year to which the report relates.

Section 5.128 Requires Council to adopt a Councillor continuing Professional Development Policy. This policy is in place and a copy is provided in Attachment 2.

#### ***Government (Administration) Regulations 1996***

#### **Mandatory Training – Council Member Essentials Regulations 35 & 36 *Local***

The Mandatory Modules are:

- (i) Understanding Local Government;
- (ii) Serving on Council;
- (iii) Meeting Procedures;
- (iv) Conflicts of Interest;
- (v) Understanding Financial Reports and Budgets.

## CORPORATE CONTEXT

### Strategic Community Plan

<b>Civic Leadership</b>		<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"> <li>• <i>Implementation of initiatives to better connect Council with the community and associated matters.</i></li> </ul>
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 5.2: Improve elected member performance

5.2.1: Support and facilitate ongoing relevant training and development

Strategy 5.4: Measures to improve organisational efficiency

5.4.4 Support and facilitate ongoing relevant training and capacity building for staff

### Policy

#### **Elected Members**

9.1.4 Conference, Seminar and Training Course Attendance

No TBA Councillor Continuing Professional Development (Adopted 19 December 2020)

#### **Staff**

8.1.20 Conference and Seminar Attendance

8.1.21 Staff Training – Costs Applicable

8.1.22 Staff Safety and Health Policy

8.1.25 Staff Conference, Seminar and Training Policy

#### **Volunteers**

10.3.4 Minimum Training Requirements (Bushfire Officers/Brigade Members).

10.4.1 Safety and Health

### Risk Management

Regulations detailing penalties for not completing councillor training are yet to be prescribed. However, the Act makes provision for such a regulation to be made stating it is an offence and the fine is not to exceed \$5,000.

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
<p>Compliance</p> <p>Councillors not adhering to mandatory training</p> <p>CEO not publishing annual training report</p>	<p>Extreme (5)</p> <p>Results in litigation, criminal charges or significant damages or penalties to Shire/Officers</p>	<p>Likely (4)</p> <p>At least once per year</p>	<p>Extreme (20)</p>	<p>CEO &amp; Council (Audit Committee)</p>	<p>Elected Members undertaking training when required will move the Shire from Extreme to Low risk and thus the controls will be Effective</p> <p>CEO completing the annual training report each year will move the Shire from Extreme to Low risk and thus the controls will be Effective</p>

**FINANCIAL IMPLICATIONS**

Nil

Training budgets have been set aside for 2020-2021 for councillors and staff.

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>2011-07</b>	<b>Officer Recommendation / Committee Recommendation</b>
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**Moved: Mr I McGill**

**Seconded: Ms L Witham**

That the Audit Committee accepts the update on the Shire's training and development for the September 2020 Quarter.

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

## 6.5 2020 Annual Audit Status Update

<b>File reference</b>			
<b>Report date</b>	19 November 2020		
<b>Applicant/proponent</b>	Council		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>	N/A		
<b>Prepared by</b>	Agatha Prior		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	43	Local Government (Financial Management) Amendment Regulations 2020

### PURPOSE

- To update the audit committee on the status of the year ended 30 June 2020 audit.

### BACKGROUND

Final audit fieldwork was completed during the week commencing 19 October 2020. Following audit fieldwork, adjustments to the financial statements were noted, including:

- Capitalisation of fixed asset additions;
- Adjustment for contract liabilities; and
- Update for impact of *Local Government (Financial Management) Amendment Regulations 2020*

### COMMENT

The *Local Government (Financial Management) Amendment Regulations 2020* were gazetted 6 November 2020. The amendments apply to local governments' 2019-20 audited financial statements.

In summary, the impact for 2019-20 should generally be limited to the following:

- Local governments must update the notes to the accounts to reflect the amended requirements.
- Local governments who currently value Crown land that is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance will need to adjust those values back to zero. The contra entry should be to the relevant revaluation reserve.
- If a local government had valued for right-of-use land because they were not anticipating being able to use the concession for right-of-use assets provided by AASB 2018-8, those values will need to be reversed.

The Shire is in the process of assessing the impact of the regulation on the 2020 financial statements, in particular in relation to crown land. Once this assessment is complete, the 2020 Financial Statements will be updated for the three items noted above and sent to the auditor for review.

It is envisaged an exit meeting with the auditor will be conducted in December 2020 with the audit report issued shortly thereafter.

## CONSULTATION

CEO

Robert Hall – Butler Settineri

Travis Bate - RSM

## STATUTORY CONTEXT

*Local Government Act 1995*

7.9. Audit to be conducted

(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —

- (a) the mayor or president; and
- (b) the CEO of the local government; and
- (c) the Minister.

*Local Government (Financial Management) Amendment Regulations 2020*

As explained in the comments section.

## CORPORATE CONTEXT

### Strategic Community Plan / Corporate Business 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"> <li>• <i>Implementation of initiatives to better connect Council with the community and associated matters.</i></li> </ul>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

5.4.1: Review, update and maintain strategic and operational plans

5.4.2 Maintain accountability and financial responsibility in accordance with Long Term Financial Plan

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.

## Policy

Nil

**Risk Management**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
Compliance  Failure to assess impact adequately  Financial Impact  Assets over valued	Moderate (3)  Short term noncompliance but with significant regulatory requirements imposed  \$25,000 - \$100,000	Possible (3)  The event should occur at some time	Moderate (9)	Operational Manager	Once aware that assessment was inadequate, make the necessary amendments. This will move the Shire from Moderate to Low risk with the controls maintained as Adequate while matters are being reviewed and tested

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>2011-08</b>	<b>Officer Recommendation / Committee Recommendation</b>
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**Moved: Mr I McGill****Seconded: Ms L Witham**

That the Audit Committee receives the update as to the status of the 30 June 2020 audit.

**CARRIED BY UNANIMOUS DECISION OF THE COMMITTEE**

**7. MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**8. NEW BUSINESS OF AN URGENT NATURE REQUIRING DECISION**

Nil

**9. 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.*

**10. CLOSURE OF MEETING**

There being no further business, the presiding member declared the meeting closed at 10.57am.

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**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**

**7. MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**8. NEW BUSINESS OF AN URGENT NATURE REQUIRING DECISION**

Nil

**9. 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.*

**10. CLOSURE OF MEETING**

There being no further business, the presiding member declared the meeting closed at 10.57am.

**CERTIFICATION**

These minutes were confirmed at the Audit Committee Meeting held on 24.3.21

Signed JABANTOCK  
(Presiding member at the meeting which confirmed the minutes)

Date 24.3.21

**Committee –**

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