10th September 2019

Shire of Quairading

Audit and Risk Committee Meeting Agenda

10th September 2019

Dear Councillors,

The next Audit and Risk Committee Meeting will be held in the Council Chambers, 10 Jennaberring Road, Quairading, WA on Tuesday, 10th September 2019 commencing at 5pm.

Yours faithfully,

Nathan Gilfellon
Executive Manager of Corporate Services

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SHIRE OF QUAIRADING

ITEM 1   OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at _____ pm.

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

Just prior to the meeting, Mrs Jo Hayes from the Tourism and Tidy Towns Committee will give a presentation on the Roe Tourism Association initiative.

ITEM 2   ATTENDANCE AND APOLOGIES

Councillors

Cr Haythornthwaite	Chairperson
Cr WMF Davies	Shire President
Cr B McGuinness	Deputy Shire President
Cr LR Brown	
Cr PD Smith	
Cr TJ Stacey	

Council Officers

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

Observers/Visitor

Nil.

Apologies

Cr J McRae

Approved Leave of Absence

ITEM 3   DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil.

ITEM 4   DECLARATIONS OF INTEREST

Councillors to use pro forma declaration of interest handed to Chief Executive Officer prior to meeting or verbal declaration of interest.

- Declarations of Financial Interest – Local Government Act 1995 Section 5.60a
- Declarations of Proximity Interest – Local Government Act 1995 Section 5.60b
- Declarations of Impartiality Interest – Administration Regulations 1996 Section 34c

ITEM 5   CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1   Confirmation of Minutes – 11th June 2019

Recommendation

That the Minutes of the Audit & Risk Committee Meeting held on the 11th June 2019 be confirmed as a true and accurate record of the meeting. (Attached)

VOTING REQUIREMENTS – Simple Majority

5.2   Business Arising

SHIRE OF QUAIRADING

The Quairading Audit and Risk Committee Minutes of the Meeting held on 11th June 2019 commencing at 5.00 pm.

ITEM 1   OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at 5.00 pm.

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

ITEM 2   ATTENDANCE AND APOLOGIES

Councillors

Cr JN Haythornthwaite	Chairperson
Cr WMF Davies	Shire President
Cr B McGuinness	Deputy Shire President
Cr LR Brown	
Cr J McRae	
Cr TJ Stacey	

Council Officers

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

Observers/Visitors

Nil.

Apologies

Nil.

Approved Leave of Absence

Cr PD Smith

ITEM 3   DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil.

ITEM 4   DECLARATIONS OF INTEREST

Councillors to use pro forma declaration of interest handed to Chief Executive Officer prior to meeting or verbal declaration of interest.

- Declarations of Financial Interest – Local Government Act 1995 Section 5.60a

- Declarations of Proximity Interest – Local Government Act 1995 Section 5.60b

- Declarations of Impartiality Interest – Administration Regulations 1996 Section 34c

Cr LR Brown – Declaration of Impartiality Interest – Item 11.1 Community Grants – Quairading Football Club.

ITEM 5   CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1   Confirmation of Minutes – 12th March 2019

RECOMMENDATION: AR21-18/19

MOVED Cr Davies   SECONDED Cr Stacey

That the Minutes of the Audit & Risk Committee Meeting held on the 12th March 2019 be confirmed as a true and accurate record of the meeting.

CARRIED 6/0

5.2   Business Arising

The Meeting referred to Item 6.2 in the Minutes   - Responses to Audit Management Letter and it was considered important that the Strategies identified by Management and supported by Council in March 2019 be incorporated into Officer's Reports to Council and Committees. The Meeting noted that it is not proposed that the reporting requirement be too onerous on the reporting officers, but as a reminder to assess any Strategies to improve Council's Operating Surplus Ratio.

RECOMMENDATION: AR22-18/19

MOVED Cr McRae   SECONDED Cr Brown

That the Audit & Risk Committee recommend to Council:

That the Operating Surplus Financial Ratio Strategies (11 points, but not limited to) be included in each Officer's Reports to include under "Financial Implications" reporting on which Strategies were assessed and used in preparing the Officer's Report.

CARRIED 6/0

The Meeting referred to Item 6.2 in regard to having an IT Disaster Recovery Plan prepared. The CEO confirmed that the cost of preparing an IT Disaster Recovery Plan is included in the 2019/20 Draft Budget.

ITEM 6   STANDING ITEMS – EXTERNAL AUDIT

6.1   Interim Management Letter

Meeting Date	11th June 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellon
Attachments	Moore Stephens – Interim Management Report
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

RECOMMENDATION: AR 23-18/19

MOVED Cr Davies   SECONDED Cr Stacey

That the Audit & Risk Committee recommend to Council:

That Council receive the Interim Management Letter from Council's Auditor Mr Greg Godwin of Moore Stephens for the audit year ended 30th June 2019.

CARRIED 6/0

IN BRIEF

- Council has undertaken the Interim Audit with Council Auditors onsite between the 8th to 10th of May.
- Council Auditor Greg Godwin has presented their Interim Management Report showing matters raised with Management to the Chair of the Audit and Risk Committee. This report is attached.
- Comments from Management to matters raised have been included in the attached.
- In addition to the comments in the Management Letter, Management is also planning to implement the SynergySoft Bank Reconciliation module to replace the current manual system and will also implement daily transfers of trust receipts to replace the current monthly transfer process.

MATTER FOR CONSIDERATION
Receipt of the Interim Audit Management Letter for the Year Ended 30th June 2019.

BACKGROUND
The Annual Interim Audit of Council's Financials for the audit year ending 30th June 2019 was conducted with an Onsite Audit Visit from the 8th to the 10th May 2019.

Council's Auditor, Mr Godwin, has now completed the Interim Audit and has provided the Interim Management Report Letter.

STATUTORY ENVIRONMENT

Local Government Act 1995

Part 7 refers to Audits of Council and the Conduct of the Audit.

Section 5.53 of the *Local Government Act 1995* states as follows: -

5.53. (1) The local government is to prepare an annual report for each financial year.

(2) The annual report is to contain –
   (a) a report from the Mayor or President;
   (b) a report from the CEO;
   (c) a report of the principal activities commenced or continued during the financial year;
   (d) an assessment of the local government's performance in relation to each principal activity;
   (e) an overview of the principal activities that are proposed to commence or to continue in the next financial year;
   (f) the financial report for the financial year;
   (g) such information as may be prescribed in relation to the payments made to employees;
   (h) the auditor's report for the financial year; and
   (i) such other information as may be prescribed.

POLICY IMPLICATIONS

Audit and Risk Committee Terms of Reference

(e) The Committee is to review the findings of the External Audit. This may include, but not be limited to, the following: -

- Discussion of any major issues which arose during the audit;

- Any accounting and audit judgments; and

- Levels of errors identified during the audit.

(f) The Committee will also support the Auditor as required and has Function to oversee the following: -

- The implementation of Audit Recommendations made by the Auditor, which have been accepted by Council, and

- The implementation of accepted Recommendations from reviews of Council's systems and procedures.

(h) The Committee is to review the report to the Chief Executive Officer and Management's response to the External Auditor's findings and recommendations.

FINANCIAL IMPLICATIONS

The Interim Audit is a part of the Annual Audit and costs are as per the Audit Contract. These costs are budgeted for each year. The current budget provision for auditing is $20,700.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

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

COMMUNITY CONSULTATION

Nil

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

Financial - Risk Matrix Rating is considered Low. Cost of the Annual Audit is included in the Budget. The Audit's purpose is not to uncover any financial fraud, however having strong financial processes, as raised in the Management report can reduce the risk of this occurring. The cost of the Annual Audit is included in the Budget.

Health – Risk Matrix Rating is considered Low

Reputation – Risk Matrix Rating is considered Low

Operation – Risk Matrix Rating is considered Low

Natural Environment – Risk Matrix Rating is considered Low

COMMENT

Management comments to the matters raised are including in the Management Letter. In addition to these comments, Management is planning to move to a SynergySoft Bank Reconciliation Module rather than the current manual process. This will help simplify the process for new staff and allow for an appropriate level of support and surety.

In regards to the Trust deposits, an alternative approach has been recommended by the Council's Auditor of a daily transfer of all trust receipts (excluding Licensing) received by credit card. This will replace the current monthly transfer process and has been implemented by Management starting in June 2019 and should satisfy the requirement for the Separation of Council's Municipal and Trust funds.

Statutory Requirements

Local Government Act 1995
7.12A. Duties of local government with respect to audits

   (1)   A local government is to do everything in its power to: -

      (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and

      (b) ensure that audits are conducted successfully and expeditiously.

   (2)   Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.

   (3)   A local government must: -

      (a) examine an audit report received by the local government; and

(b) determine if any matters raised by the audit report, require action to be taken by the local government; and

(c) 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.

Council Delegated of Authority

Delegation F.1 – Audit Committee: Meeting with Auditor

Council delegates authority and power to the Audit & Risk Committee to meet with the Local Government's Auditor at least once per year.

ITEM 7 STANDING ITEMS – INTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.5

The Meeting was briefed by the Executive Manager of Corporate Services on recent information from the Financial Management Workshop on the following topics: -

- Internal Control –
  - o A Checklist can be used in the Organisation
  - o Council has an adopted Internal Audit Toolkit (Checklist)
- Internal Audit –
  - o Management commented that it was considered that the CEO and EMCS are too close to day to day financial processes and transactions to be able to conduct a formal independent audit function.
  - o Further investigation required into a Collaborative Approach with adjoining Councils versus a Consulting Internal Auditor.
  - o Role of an Internal Auditor.
  - o OAG will be focussing more on the Internal Audit Function.
  - o Await further information or guidance from the OAG.

The Meeting supported the Internal Audit Checklists (previously adopted by Council) being presented to each Audit and Risk Committee Meeting as a Report to enable monitoring of the implementation and management of Processes.

The Meeting requested that Management Team review the Recommendations in the Auditor General's Report to Parliament, to ensure that all areas raised are being considered or being addressed at this time.

ITEM 8 STANDING ITEMS – FINANCIAL REPORTING

8.1 WANDRRA

The Report on the Outstanding WANDRRA Claims as at the 31st May 2019 was noted.

ITEM 9 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

Audit & Risk Committee - Terms of Reference 7.2

The CEO provided detail on the requirements of Regulation 17 of the Local Government (Audit) Regulations 1996

No Report or Recommendation but noted by the Committee.

The Chairperson recommended that the CEO forward details of the Regulations and the Departmental Guidelines Appendix No.3 and Reg 17 Report examples to all Councillors.

Audit & Risk Committee - Terms of Reference 7.1, 7.3

10.1   Report on Excess Annual Leave and Long Service Leave

Meeting Date	11th June 2019
Responsible Officer	EMCS Nathan Gilfellon
Reporting Officer	SFO Jodie Yardley
Attachments	Nil
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

RESOLUTION: AR24-18/19

MOVED Cr McGuinness   SECONDED Cr McRae

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

Council receive the report on the Shire's Annual Leave and Long Service Leave Liabilities as at the 31st May 2019.

CARRIED 6/0

IN BRIEF

- Information shows the current Annual and Long Service Leave for the 2018/19 Financial Year by Month

- There are no Employees with Excess Leave entitlements.

MATTER FOR CONSIDERATION

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

BACKGROUND

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

The current policy defines excess leave is when the employee has accrued more than 8 week's paid annual leave.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2010

Excess Leave is defined as per the Industry Award: -

*"An Employee has an **excess leave accrual** if the employee has accrued more than 8 week's paid annual leave"*

POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 31st May 2019 is $201,990 and a Projected Closing Balance as at the 30th June 2019 of $162,894

Current Leave is treated as Accruals in the Annual Budget.

Any prior year Leave entitlements taken by Staff or paid out can be funded from the Annual and Long Service Leave Reserve Fund.

The current Liability for both types of Leave (if all Claimed on 31/05/2019) is calculated at $251,004.

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

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

COMMUNITY CONSULTATION

N/A

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

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

Health – Risk Matrix Rating is considered as Low Risk.

Reputation – Risk Matrix Rating is considered as Low Risk.

Operation – Risk Matrix Rating considered Low Risk.

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

COMMENT

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

As at the 31st May 2019, there are no employees with excess annual leave.

The CEO has approved of one Employee's Plan to take their Long Service Leave in three instalments.
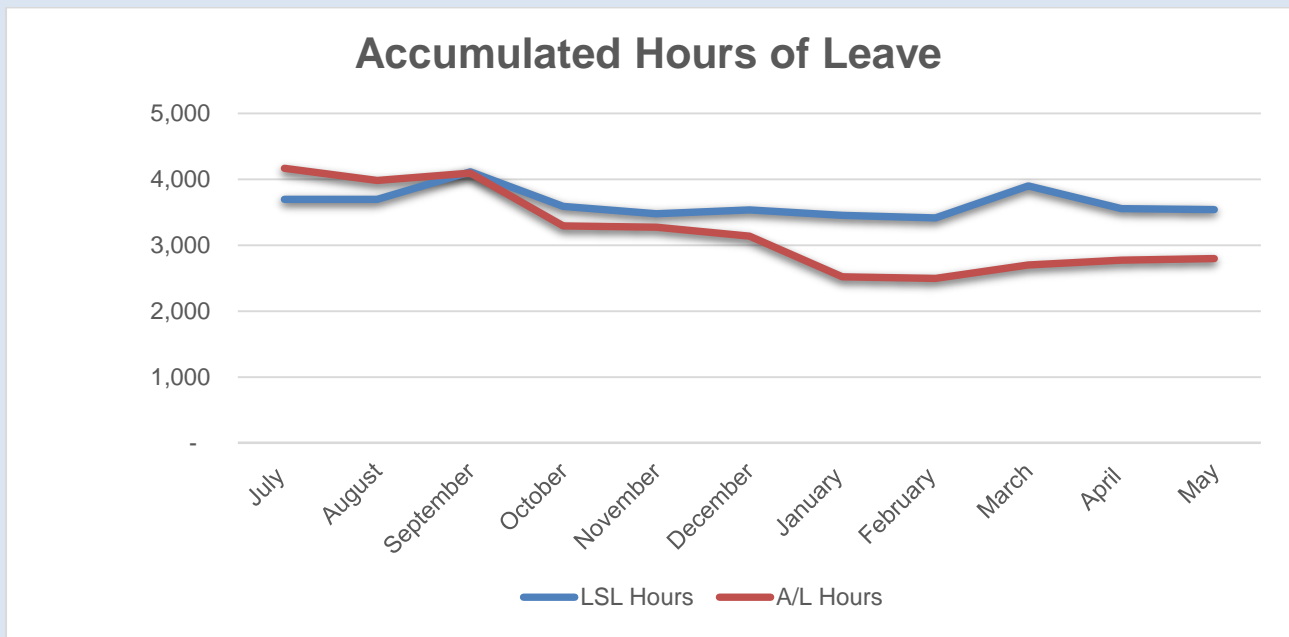
There are no further Employees that have reached excess Long Service Leave Liabilities

During the 2018/19 financial year, there has been a significant reduction of 25% (in Dollar Value) in the Annual Leave Liability through a combination of Retirements and current staff taking accrued Annual Leave.
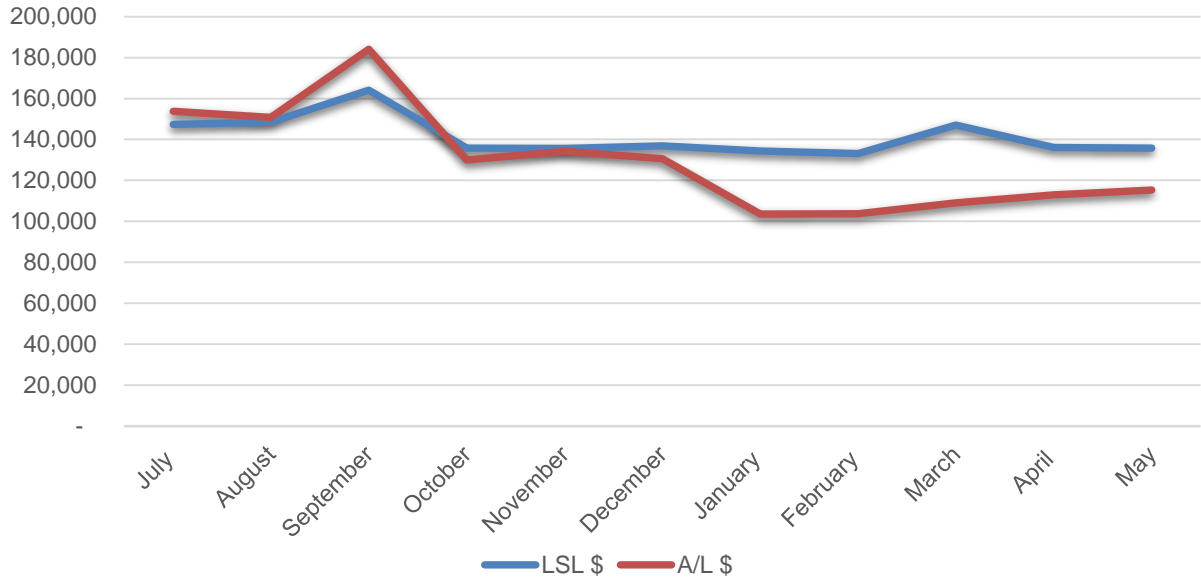
The Long Service Leave Liability has been reduced by 17.3% (in Dollar Value) from the high in September 2018.

Increase in March is due to an employee being newly entitled to long service leave after 7 years of service. The decrease in April is due to payouts following the resignation of an employee with leave entitlements.

	LSL Hours	LSL $	AL Hours	AL $
July	3,696	147,281	4,165	153,719
August	3,696	148,420	3,984	150,760
September	4,113	164,099	4,093	184,068
October	3,588	135,714	3,294	129,947
November	3,478	135,647	3,273	134,268
December	3,538	136,792	3139	130,596
January	3,454	134,336	2,521	103,514
February	3,413	133,155	2,498	103,756
March	3,901	146,965	2,699	109,050
April	3,555	136,157	2,773	112,865
May	3,539	135,724	2,798	115,280

Accumulated Hours of Leave

Accumulated Dollar Value of Leave

Legend: LSL $ (blue), A/L $ (red)

X-axis: July, August, September, October, November, December, January, February, March, April, May

Y-axis: -, 20,000, 40,000, 60,000, 80,000, 100,000, 120,000, 140,000, 160,000, 180,000, 200,000

Audit & Risk Committee - Terms of Reference 9.2

11.1 Community Grants Scheme – 2019/2020

Meeting Date	11th June 2019
Responsible Officer	Graeme Fardon CEO
Reporting Officer	Sarah Caporn GPO
Attachments	11.1 a Community Grants Assessment Matrix
Owner/Applicant	N/A
Disclosure of Interest	NIL

OFFICER RECOMMENDATION

That the Audit & Risk Committee Recommend to Council:

That the Shire through the Community Grant Process:
1.   **Allocates funds and resources to the value of $32,124.50 in the 2019/20 Budget to the clubs and organisation listed; and**
2.   **Allocates additional funds and resources to the value of $7,680 for the ongoing Grant 1 applications, and the second round of Grant 2 applications**

VOTING REQUIREMENTS – Simple Majority

RECOMMENDATION: AR25-18/19

MOVED Cr McGuinness   SECONDED Cr Brown

1.   That the Audit & Risk Committee recommend to Council:

That the Shire through the Community Grant Process:
1. Allocates funds and resources to the value of $29,154.50 in the 2019/20 Budget to the Clubs and Organisation listed; and

GRANT TYPE	NAME	$ REQUESTED	$ AWARDED	COMMENTS
Grant 1	Quairading Netball Club	$179.50	$179.50	Event – Junior Netball Camp
Grant 1	Quairading Photo Club	$200.00	$0	Operational expenses not to be funded
Grant 1	Quairading Badminton Club	$570.00	$0	Operational expenses not to be funded
	SUB-TOTAL (GRANT 1)	**$949.50**	**$179.50**	

GRANT TYPE	NAME	$ REQUESTED	$ AWARDED	COMMENTS
Grant 2	Quairading Football Club	$2,500.00	$2,500.00	
Grant 2	Quairading CRC	$1,900.00	$1,900.00	
Grant 2	Quairading Swimming Club	$1,000.00	$800.00	Shire to provide equal funding
	SUB-TOTAL (GRANT 2)	**$5,400.00**	**$5,200.00**	

GRANT TYPE	NAME	$ REQUESTED	$ AWARDED	COMMENTS
Grant 3	Quairading Agricultural Society	$3,000.00	$1,000.00	Grant towards youth activities and attractions.
	SUB-TOTAL (GRANT 3)	**$3,000.00**	**$1,000.00**	

GRANT TYPE	NAME	$ REQUESTED	$ AWARDED	COMMENTS
Grant 4	Quairading Golf Club	$3,500.00	$3,500.00	
Grant 4	Wamenusking Sports Club	$1,500.00	$1,500.00	
Grant 4	South Carolling Social Club	$1,500.00	$1,500.00	
Grant 4	QARRAS	$675.00	$675.00	750 kms free use of the Community Bus.
Grant 4	Quairading Bowling Club	$10,000.00	$10,000.00	
Grant 4	Pantapin Progress Assn	$1,000.00	$1,000.00	
Grant 4	Tourism and Tidy Towns Committee	$3,000.00	$3,000.00	
Grant 4	Doodenanning Sports Club	$1,600.00	$1,600.00	
	SUB-TOTAL (GRANT 4)	**$22,775.00**	**$22,775.00**	

2. Allocates additional funds and resources to the value of $5,000 for the ongoing Grant 1 applications, and the second round of Grant 2 applications in the Draft Budget 2019/2020.

RECOMMENDATION CARRIED 6/0

Reason for Variation to Officer's Recommendation

Following the Committee's assessment of the applications, it was determined that the grants should not be for normal operational expenses and amounts Allocated within Council's Budget Parameters.

IN BRIEF

- Community Grant Process was reviewed and updated in late 2018.
- A second iteration of the Community Grant Process was held in March 2019.
- Fifteen applications were received to the value of $32,124.50
- Details of each Application have been provided for Committee Consideration and Recommendation to Council.
- All applications were evaluated by the Grant Team based on criteria in the Grant Guidelines.
- Grant 1 (max value $500) – applications are open to the end of 2019/20 Financial Year.
- Grant 2 (max value $2,500) – a second round of applications will be open in September 2019.
- Process will be reviewed in November 2019.

MATTER FOR CONSIDERATION

Evaluation of Community Grant Applications received by Grants Project Officer on 7th June 2018.

Further Details on the Applications and Weighted Scores have been provided below in this Report

BACKGROUND

At the December 2018 Council Meeting the Council adopted a revised Community Grants Policy and supporting documentation.

The policy document provides the framework for the Shire to request applications from Sporting and Recreation Clubs for grant funding in the following financial year. The revised policy allowed for four distinct grant categories.

Grant 1 - up to $500 per annum - This is a quick turnaround grant that is approved by the CEO for in-kind contributions up to the value of $500 per annum. Grant 1 applications can be made at any time of the year. In-kind contributions can be for the costs associated with hiring shire facilities or services.

Grant 2 – Minor Projects $500 to $2500 - This is for slightly larger events or projects. Grant 2 applications are open in two rounds – Round One closes on 31st March and Round 2 on 30th September. Organisations can apply one per round (max. of two applications per year).

Grant 3 – Major Projects over $2500 - This grant is offered once per year and is for amounts over $2500 in value. It is Council's policy that the Shire will fund up to one third of total project costs with the other two thirds coming from the organisation or an external funding body.

Grant 4 – Annual / Recurrent Funding - This grant is designed for organisations who operate or maintain clubrooms within the Shire. Funding is extended to groups to maintain or improve their facilities.

The window of opportunity for submitting Community Grant Applications was from 27th February to 30th March 2019.

A total of fifteen (15) submissions were received requesting funding for projects or events with a total value of $32,124.50. This includes $1,624.50 of in-kind support.

This was the second iteration of the process and seems to have worked well so far.

Evaluation of Grant applications has been revisited and re-presented to the Council providing addition information on the contents and the evaluation of the individual grants.

Feedback will be provided to all applicants on their grant submissions.

STATUTORY ENVIRONMENT
Local Government Act 1995.

POLICY IMPLICATIONS

Community Grant Policy

FINANCIAL IMPLICATIONS

2019/2020 Budget – Subject to Applications received and supported.

No Maximum Funding Pool (as a % of Rates) is proposed in the Policy.

A second round of funding will open in September 2019 for summer sports to apply. These applications will be recognised as part of the usual Budget Review process.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027
Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S1	Active community
S1.1	Provide facilities and support participation in sport and recreational activities, facilities and clubs
S1.2	Promote increased participation in the social and cultural life of the community

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES	WORKING WITH
ITEM	OUTCOMES AND STRATEGIES	
G1	Robust Integrated Planning and Reporting (IPR)	
G1.1	Continual improvement in IPR, transparency and accountability	
G3	Community Engagement	
G3.2	Collaborate with the community to achieve desired outcomes	

COMMUNITY CONSULTATION

The 2019/20 Process was officially launched on Wednesday 27th February. Community members were invited to attend as officers from LotteryWest and Healthway were also visiting Quairading at that time.

Policy and Grant Application forms were forwarded via Mail Chimp to all Sporting and Recreation Clubs

Links to the Policy and Grant Application Forms were provided on social media, the Shire website and were available as hardcopies at the CRC and the Shire Office.

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

Financial - Risk Matrix Rating is considered Low

Will reduce risk to Council and the Clubs / Organisations through better planning and delivery of Projects supported by the Shire.

Health – Risk Matrix Rating is considered Low

Reputation – Risk Matrix Rating is considered Low

With the introduction of Policy and Scheme, this will increase transparency and accountability of both the Shire, the clubs and organisations.

Operation – Risk Matrix Rating is considered Low

Natural Environment – Risk Matrix Rating is considered Low.

COMMENT

- Fifteen grant applications were received.
- Assistance was provided to a number of clubs to ensure the applications were completed correctly.
- All grant applications met the selection criteria outlined in the Grant Guidelines.
- Grants Project Officer will provide feedback to all Clubs and Organisations on applications submitted.
- Grant 1:
  - Open to further applications for the duration of 2019/20 Financial Year.
- Grant 2:
  - A second round to be opened in September 2019.
- To deliver the ongoing Grant 1 & 2 applications will need to allocate additional resources above sum requested in March 2019 round of the Community Grant Process.
- Grant Team to follow up on recipients of the 2018/19 Program for reports and acquittals.
- Grant Team will review the Community Grant Process in November 2019.

COMMUNITY GRANT APPLICATION EVALUATION WEIGHTING

GRANT TYPE	NAME	PROJECT DETAILS	$ REQUESTED	WEIGHTED SCORE
Grant 1	Quairading Netball Club	Junior Netball Camp	$179.50	4.6
Grant 1	Quairading Photo Club	Hire of CRC Meeting Room	$200.00	4.4
Grant 1	Quairading Badminton Club	Hire of Town Hall for games and kitchen for Open Day	$570.00	4.0
		SUB-TOTAL (GRANT 1)	**$949.50**	

GRANT TYPE	NAME	PROJECT DETAILS	$ REQUESTED	WEIGHTED SCORE
Grant 2	Quairading Football Club	Associated costs towards building a Storeroom	$2,500.00	4.6
Grant 2	Quairading CRC	Contribution towards a public art mural and community workshop	$1,900.00	4.6
Grant 2	Quairading Swimming Club	Erecting a noticeboard at Qdg Pool	$1,000.00	4.6
		SUB-TOTAL (GRANT 2)	**$5,400.00**	

GRANT TYPE	NAME	PROJECT DETAILS	$ REQUESTED	WEIGHTED SCORE
Grant 3	Quairading Agricultural Society	Show Day entertainment	$3,000.00	5.0
		SUB-TOTAL (GRANT 3)	**$3,000.00**	

GRANT TYPE	NAME	PROJECT DETAILS	$ REQUESTED	WEIGHTED SCORE
Grant 4	Quairading Golf Club	Contribution towards costs of repairing cool room refrigeration coil	$3,500.00	5.0
Grant 4	Wamenusking Sports Club	General building maintenance & electricity costs	$1,500.00	5.0
Grant 4	South Carolling Social Club	Annual Support from Shire towards operating costs of the Club	$1,500.00	5.0
Grant 4	QARRAS	Towards hire of the Community Bus	$675.00	5.0
Grant 4	Quairading Bowling Club	Annual Support from Shire for Bowling Surface Loan Repayment	$10,000.00	4.8
Grant 4	Pantapin Progress Assn	Siding repairs and painting exterior of Pantapin Hall	$1,000.00	4.4
Grant 4	Tourism and Tidy Towns Committee	Operating costs for group	$3,000.00	4.4
Grant 4	Doodenanning Sports Club	Adding a concrete slab to Hall entrance	$1,600.00	4.0
		SUB-TOTAL (GRANT 4)	**$22,775.00**	
		GRAND TOTAL REQUESTED	**$32,124.50**	
		IN-KIND	$1,624.50	
		CASH	$30,500.00	

SCORE: 1   **POOR**   5   **EXCELLENT**

Note: Club requests in Officer's Report have been amended to reflect the organisation's requests.

11.2   Annual Assessment Report on Community Engagement

Meeting Date	11th June 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	IPR/SPO Richard Bleakley
Attachments	11.2 a Strategic Community Plan 2017-2027
	11.2 b CS.4 Community Engagement Policy
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

RECOMMENDATION: AR 26-18/19

MOVED Cr McGuinness SECONDED Cr Brown

That the Audit & Risk Committee recommend to Council:

That Council receive the Annual Assessment Report of Council's Community Engagement for the 2018/19 year.

CARRIED 6/0

IN BRIEF

- Local governments must plan for the future. Local Councils in Western Australia are legally required to conduct public consultation through a prescribed process on a range of specific matters.
- Regulation requires local governments to have a Strategic Community Plan that together with a Corporate Business Plan forms a plan for the future of a district.
- Community consultation is a key component of the Integrated Planning and Reporting requirements of the Local Government (Administration) Regulations 1996. The Shire's Strategic Community Plan has identified 'Strong governance and community engagement' as one of its five (5) key objectives and lists Strategy G3 – Community Engagement as an issue to be addressed. Each strategy has a specific goal, a commitment to the community and a set of methodologies.
- It is noted that the Plan is a living document that will reflect feedback from the Community and is therefore subject to change and refinement, by management, as the engagement process evolves.
- The objective of the Shire of Quairading Community Engagement Policy is to provide guidance to Councillors and Officers in planning, implementing and reviewing community engagement and consultation for key projects, strategic planning and policy development. This is to ensure informed decision-making, transparency, timely and effective communication with key stakeholders and the general community.

MATTER FOR CONSIDERATION

For Council to receive the Annual Assessment Report in accordance with the Shire's Community Engagement Policy.

BACKGROUND

Currently, local governments are required to engage with the community when creating their ten-year Strategic Community Plan. The community must also be consulted on such matters as local

laws, differential rates, planning and other matters and aspirations that are relevant to the diverse needs of individuals within a community. The current extent of community engagement simply stops at inviting submissions but engagement should be more than that.

Best practice in community engagement goes beyond the requirement to simply consult and can be more impactful when decision making is done in conjunction with the community from the beginning of a project proposal. Establishing effective partnerships between local government and communities results in a greater sense of ownership, greater take-up of services and initiatives, and better outcomes for all community groups, reducing the chances of marginalisation while encouraging unified community outcomes.

Community engagement also needs to allow for socially disadvantaged groups within a community to engage and highlight the important issues that may not be captured by traditional amenities or methods. There is a need for local governments to have systems in place to help identify how to adequately engage different stakeholders in the community, such as Culturally and Linguistically Diverse (CaLD), Aboriginal people, Youth, Children, Seniors, and people with disabilities.

Effective community engagement contributes to building trust between the community and the Council and raises the quality of decision making which reflects the needs and aspirations of the community. Community engagement works best where it is an ongoing process enabling relationships and trust to build and strengthen over time, and strengthens representative democracy while building community capacity.

STATUTORY ENVIRONMENT

Local Government Act 1995 – s.5.56 Planning for the future

Local Government (Administration) Regulations 1996 – Reg 19(c)(9)

(9) A local government is to ensure that the electors and ratepayers of its district are consulted during the development of a strategic community plan and when preparing modifications of a strategic community plan.

POLICY IMPLICATIONS

Strategic Community Plan 2017-2027
CS.4 Community Engagement Policy

FINANCIAL IMPLICATIONS

N/A

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S1	Active community
S1.1	Provide facilities and support participation in sport and recreational activities, facilities and clubs
S1.2	Promote increased participation in the social and cultural life of the community

Governance Objective: Strong governance and community engagement

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

ITEM	OUTCOMES AND STRATEGIES
G3	Community Engagement
G3.2	Collaborate with the community to achieve desired outcomes

SHIRE OF QUAIRADING POLICY

CS.4 COMMUNITY ENGAGEMENT POLICY.docx

EVALUATION

An Annual Assessment of the level of engagement achieved to be reported to the June Audit & Risk Committee.

COMMUNITY CONSULTATION

Community consultation is a key component of the Integrated Planning and Reporting requirements of the Local Government (Administration) Regulations 1996. The Shire's Strategic Community Plan 2017 - 2027 has identified "Strong governance and community engagement" as one of its five (5) key objectives and lists Strategy G3 – Community Engagement as an issue to be addressed.

The Shire's Community Engagement Policy stipulates an Annual Assessment be undertaken to gauge the level of community engagement achieved, and report back to the Audit and Risk Committee Meeting each June.

Shire of Quairading Community Engagement Policy
Annexure A: Principles for Community Engagement

	Inform	Consult	Involve	Report/Evaluation
Public Participation Goal	To provide the public with timely, balanced and objective information to assist them in understanding the problem alternatives, opportunities and/or solutions.	To capture community feedback on analysis, alternatives and or decisions impacting on strategic plans, directions, issues, priorities and projects.	To work on an ongoing basis with the community to ensure that community ideas, concerns and aspirations are listened to and understood and that community knowledge is harnessed for the benefit of all.	Council to provide feedback on Shire decisions.
Promise to the public	Council is to work with you on an ongoing basis to ensure your ideas, concerns and aspirations are considered. Council is to keep you informed.	Council is to listen to you, consider your ideas and keep you informed and acknowledge concerns and aspirations.	Work directly with the public on an ongoing basis to ensure that your ideas, concerns and aspirations are considered.	Council to provide feedback on how public input influenced Council decisions.

| Example techniques | • Newspapers
• Newsletters
• Radio
• Posters
• SMS/email
• Website
• Facebook
• MailChimp
• Banksia Bulletin | • Public comment
• Focus groups
• Surveys biennial (March)
• Consultative workshops
• Individuals and or Business.
• Stakeholders | • Council Committees/Forums
• Working groups
• User groups
• Volunteer groups | • Direct response
• Newsletters
• SMS/email
• Website
• Customer Service Survey
• Facebook
• MailChimp |

Shire of Quairading Strategic Community Plan 2017 - 2027

GOVERNANCE OBJECTIVE: STRONG GOVERNANCE AND COMMUNITY ENGAGEMENT	Overall satisfaction with Shire performance[1]	Two-yearly Community Survey	71% satisfied 2017/18 to 80% satisfied by 2020/21. Reset at that time.
	Gap between importance and satisfaction with customer service[2]	Two-yearly Community Survey	Gap reduction -2.3 to -1.5 by 2020/21. Reset at that time.
	Satisfaction with community engagement[3]	Two-yearly Community Survey	Establish baseline and target in 2019 Community Survey.
	Financial and Asset Ratios	Annual Report	Target Range (see ratio analysis above)
	Staff satisfaction	Staff survey	Establish baseline and target in 2017/18 as part of organisation review.

The Shire of Quairading has undertaken the following community engagement during 2018/2019:-

WORKING GROUPS / COMMITTEES	• Tourism Working Group – meets monthly developing the Daft Tourism Development Strategy for Public and Council Consultation; • Aged Housing Working Group – recently commenced • Old School Site Working Group – July 2018: Final Amended concept circulated and agreed upon. Approved in principle by State Heritage Office; • Sporting Precinct Working Group – has been in recess while Building Condition Reports and Builder's recommendation Reports are prepared; • Community Park and Salmon Gum Woodlands Working Group – to be re-convened to review Draft Concept Plans. • Reconciliation Action Plan Committee – meets Quarterly.

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[1]   Community satisfaction with overall performance is measured as the percentage of residents and businesses considering performance is satisfactory or better. See the community engagement report April 2017 for details.

[2]   The performance gap is derived from comparing the level of importance to the community and the level of satisfaction expressed in the two-yearly Community Survey. Customer service was one of the areas where the gap was the largest.

[3]   Community engagement has been included given that the Council has identified this for improvement. A baseline is yet to be established and will be developed as input into the next IPR cycle.

SHIRE E-NEWSLETTERS / BANKSIA BULLETIN	**Shire Newsletter** produced and distributed in the 2018/2019 year: • June 2018 – *179 Subscribers: 64.2% Opens and 48.3% Clicks.* • August 2018 – *179 Subscribers: 63.6% Opens and 47.7% Clicks.* • October 2018 – *184 Subscribers: 60.0% Opens and 41.7% Clicks.* • December 2018 – *181 subscribers: 66.1% Opens and 46.1% Clicks.* • February 2019 – *180 subscribers: 60.9% Opens and 45.3% Clicks.* • April 2019 – *178 subscribers: 52.2% Opens and 18.5% Clicks.* • June 2019 – to be published and distributed on 12th June 2019. **Banksia Bulletin**: Shire President has published articles during the 2018/2019 year:
SHIRE WEBSITE / EMERGENCY SMS	**Shire Website** is regularly updated with Council information and events by Council staff. A 'snapshot' of statistics is shown below. **Emergency SMS Text System** reports regularly to subscribers on Emergency / Bush Fire / Harvest Ban Information. There are currently 388 Mobile Numbers in the Harvest Ban Group.
FACEBOOK / TOWN CLOCK INFORMATION BOARD	**Facebook** is used extensively and ever increasing. A 'snapshot' of page view statistics is shown below. *[Notwithstanding, social media is a medium through which the Shire can engage with its community, whether it be Facebook, twitter, etc. however the content, be it a calendar or regular or annual notice, are the result of other processes governed by the services provided by the Shire and are not strategies of the Plan but rather the content of the communication].* **Town Clock Information Board** – the electronic message board in the centre of town, which is regularly updated with Shire Community and Emergency messages by Council Admin Staff.
SURVEYS/ CONSULTATIONS	• Community Bus Future and Hire Charges Survey – Clubs / organisations and Community Members – February 2019. • Biennial Community Survey (now closed and results being collated) – 102 Responses. • School and Playgroup on the Community Park Concept. • Swimming Pool – Shade Sails (commenced Survey of Pool Users). • Ex Valley Ford (PTA) Land – Future Options. • Business After Hours Event – Held by Wheatbelt Business Network on 12/2018 (including Walk Down the Main Street). • Re-Branding Project presentations on 11th February 2019, Workshop held 11th April 2019 and formal presentation of Concepts / Logos on the 27th June 2019. *MailChimp statistics – Shire Rebranding Workshop – 179 subscribers: 54.5% Opens and 12.9% Clicks.* • Caravan Park Patron Survey – ongoing.

COMMUNITY EVENTS/ CEREMONIES	- Citizenship Ceremonies performed: - NAIDOC Week activities held 8-15 July 2018 and 13th September 2018. - Awards Ceremony at the Quairading District High School held 11th December 2018. - Farmers' Breakfast held on 15th October 2018.
CLIENT REQUEST SYSTEM	A Client Request System was introduced in July 2018. The YTD statistics are: <table><tr><td>Total of incoming CSR</td><td>267</td><td>%</td></tr><tr><td>Active</td><td>64</td><td>24%</td></tr><tr><td>Closed</td><td>185</td><td>69%</td></tr><tr><td>Further Action</td><td>16</td><td>6%</td></tr><tr><td>No Further Action</td><td>2</td><td>1%</td></tr><tr><td></td><td>267</td><td></td></tr></table> Further analysis of the Areas of Council Activities with Outstanding or overdue Tasks will be undertaken by the Executive Management Team and responsible Staff before Year end to ensure that the level of Outstanding is minimised and Requests "Closed Off" if the Work / task has been completed. Year End analysis will also assist as a Benchmarking Tool for the CEO and Executive Managers and the Audit & Risk Committee Client Requests are generated through various avenues including Community Reports by Phone, Website or over the Front Counter at the Administration Centre and the Works Depot.

Shire of Quairading Facebook Page 'snapshot'

	Posts	Reach	Clicks/Actions	Published
	Shire of Quairading shared a post.	280	72	May 3, 2019 at 9:29 PM Jodie Yardley
		214	15	May 2, 2019 at 2:11 PM Michelle Wilson
	COMMUNITY SURVEY 2019 Last days to have your say as the Community Survey	199	6	May 2, 2019 at 12:55 PM Michelle Wilson
	COMMUNITY SURVEY 2019 Two years ago the Shire developed its Strategic	216	10	Apr 30, 2019 at 1:53 PM Michelle Wilson
	Youth Development Officer Assistant Part Time - Casual An	904	68	Apr 30, 2019 at 1:26 PM Michelle Wilson
	With Respect	366	51	Apr 29, 2019 at 9:42 AM Jodie Yardley
	With respect	2K	278	Apr 26, 2019 at 8:21 AM Jodie Yardley
	Below is a list of things that current, and former members, of the Australian and	5.5K	550	Apr 25, 2019 at 6:30 AM Jodie Yardley
	Shire of Quairading shared a post.	281	41	Apr 24, 2019 at 9:34 PM Jodie Yardley
	HAVE YOUR SAY Two years ago the Shire developed its Strategic Community	349	36	Apr 18, 2019 at 5:34 PM Jodie Yardley
		518	43	Apr 18, 2019 at 9:52 AM Jodie Yardley
	FEDERAL ELECTION - 18TH MAY 2019 Details can be found on the Australian	191	3	Apr 16, 2019 at 2:36 PM Michelle Wilson
	Co-op Easter Eggstravaganza Why not hop down on Wednesday 17th	234	8	Apr 15, 2019 at 9:48 AM Michelle Wilson
	SHIRE OF QUAIRADING REBRANDING WORKSHOP Please come along to the	106	2	Apr 10, 2019 at 10:01 AM Michelle Wilson
		253	9	Apr 8, 2019 at 10:04 AM Michelle Wilson
	Thank you for supporting our little country town	234	30	Apr 5, 2019 at 10:14 PM Jodie Yardley
	QUAIRADING 2019 ANZAC DAY SERVICE The 2019 Anzac Day Service	384	29	Apr 4, 2019 at 12:47 PM Michelle Wilson
	The Shire invites your input on what makes Quairading unique and how you'd	105	2	Apr 3, 2019 at 11:54 AM Michelle Wilson
	WHEATBELT SECONDARY FREIGHT ROUTES Media Release - Federal	232	15	Apr 1, 2019 at 3:19 PM Michelle Wilson
	drumMUSTER drumMUSTER provides agricultural chemical users with a	299	8	Apr 1, 2019 at 2:31 PM Michelle Wilson
	Shire of Quairading shared a post.	147	4	Mar 31, 2019 at 11:25 AM Jodie Yardley
	Shire of Quairading shared a post.	127	3	Mar 29, 2019 at 6:59 PM Jodie Yardley
	Shire of Quairading shared a post.	244	43	Mar 29, 2019 at 6:56 PM Jodie Yardley
	SHIRE OF QUAIRADING REBRANDING WORKSHOP Council is working on	225	10	Mar 29, 2019 at 2:19 PM Michelle Wilson
	WA Voluntary Assisted Dying Legislation Consultation The Minister	237	14	Mar 29, 2019 at 1:28 PM Michelle Wilson

Posts	Reach	Clicks/Actions	Published
MURESK INSTITUTE - Small Landholders Day Sunday 16th June	98	3	Jun 7, 2019 at 9:59 AM Michelle Wilson
UPDATE 12.59 - CRASH CLEARED – GREAT EASTERN HIGHWAY	157	7	Jun 7, 2019 at 9:10 AM Michelle Wilson
More information:- https://mailchi.mp/fe81a5ecae89/yqvoxuv	180	5	Jun 6, 2019 at 1:19 PM Michelle Wilson
WATER PRESSURE REDUCTION - QUAIRADING TOWN SITE Water	391	20	Jun 4, 2019 at 11:57 AM Michelle Wilson
HVS ROAD ASSESSMENT These roads have been assessed and added to the	287	35	May 31, 2019 at 11:18 AM Michelle Wilson
PICKING UP AFTER YOUR DOG No one likes stepping in dog poo, whether it's	313	25	May 31, 2019 at 10:32 AM Michelle Wilson
	326	37	May 31, 2019 at 9:15 AM Michelle Wilson
The Shire of Quairading has the following position vacant:- PLANT OPERATOR /	241	22	May 29, 2019 at 1:08 PM Michelle Wilson
WATER CORPORATION EXPECTED ROAD WORKS 27TH MAY TO 31ST MAY 2019	206	9	May 23, 2019 at 11:44 AM Michelle Wilson
CUPPA FOR CANCER THURSDAY 30TH MAY 10AM, LESSOR HALL	543	36	May 23, 2019 at 9:49 AM Michelle Wilson
Associations - The transition period is ending When the Associations and	176	7	May 22, 2019 at 1:11 PM Michelle Wilson
Shire of Quairading shared a photo.	158	7	May 22, 2019 at 8:57 AM Michelle Wilson
ST JOHN BOOSTS QUAIRADING'S RESPONSE CAPABILITY St John WA	685	103	May 21, 2019 at 2:19 PM Michelle Wilson
Agricultural Pilot Requirements Main Roads have a released an Agricultural	295	40	May 20, 2019 at 11:00 AM Michelle Wilson
With Respect	527	105	May 20, 2019 at 9:21 AM Jodie Yardley
POSITION VACANT - AUSTRALIAN ELECTORAL COMMISSION The AEC are	67	0	May 16, 2019 at 2:27 PM Michelle Wilson
Pause for paws – feedback on dog and cat laws in WA The Department of Local	174	6	May 15, 2019 at 2:19 PM Michelle Wilson
WANT TO HEAR FROM US? Would you like to hear from the Shire directly in your	209	15	May 15, 2019 at 1:31 PM Michelle Wilson
	210	22	May 15, 2019 at 11:34 AM Michelle Wilson
POSITION VACANT PLANT OPERATOR / GENERAL HAND Applications are invited	511	71	May 15, 2019 at 11:20 AM Michelle Wilson
Last Day for giving feedback via the 2019 Community Survey -	130	2	May 10, 2019 at 10:00 AM
QUAIRADING POLING POSITION AVAILABLE Please contact DFP	267	27	May 9, 2019 at 2:40 PM Michelle Wilson
Final Days - 2019 Community Survey closes this Friday 10 May. Please click	158	2	May 8, 2019 at 10:11 AM
COMMUNITY SURVEY 2019 This is the last week to have your say as the	207	7	May 7, 2019 at 1:22 PM Michelle Wilson
FEDERAL ELECTION - SATURDAY 18 MAY 2019 The 2019 Australian federal	315	14	May 7, 2019 at 1:10 PM Michelle Wilson

Shire of Quairading Website 'snapshot' of Statistics
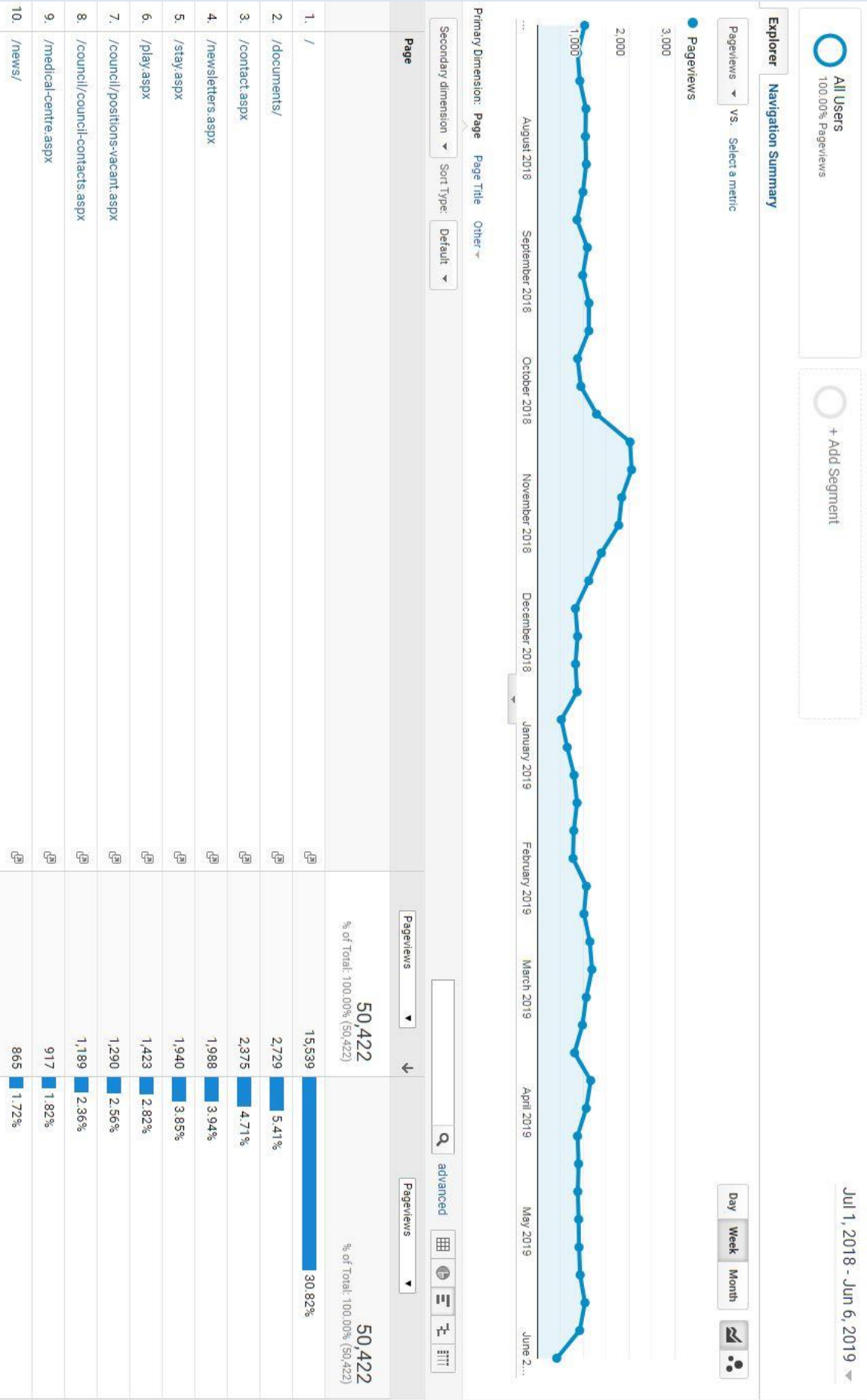
All Users
100.00% Pageviews

Jul 1, 2018 - Jun 6, 2019

Explorer

Navigation Summary

Pageviews

Pageviews ▼ VS. Select a metric

Day Week Month

3,000

2,000

1,000

August 2018 | September 2018 | October 2018 | November 2018 | December 2018 | January 2019 | February 2019 | March 2019 | April 2019 | May 2019 | June 2...

Primary Dimension: Page Page Title Other ▼

Secondary dimension ▼ Sort Type: Default ▼

Pageviews ▼

Pageviews ▼

	Page	Pageviews	
		50,422	50,422
		% of Total: 100.00% (50,422)	% of Total: 100.00% (50,422)
1.	/	15,539	30.82%
2.	/documents/	2,729	5.41%
3.	/contact.aspx	2,375	4.71%
4.	/newsletters.aspx	1,988	3.94%
5.	/stay.aspx	1,940	3.85%
6.	/play.aspx	1,423	2.82%
7.	/council/positions-vacant.aspx	1,290	2.56%
8.	/council/council-contacts.aspx	1,189	2.36%
9.	/medical-centre.aspx	917	1.82%
10.	/news/	865	1.72%

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

Financial - Risk Matrix Rating is considered Low

Health – Risk Matrix Rating is considered Low

Reputation – Risk Matrix Rating is considered Low

Operation – Risk Matrix Rating is considered Low

Natural Environment – Risk Matrix Rating is considered Low.

COMMENT

The Community Engagement Policy is aimed to ensure that:

- Council has the opportunity to consider the input of a wide range of community members before making decisions or developing and finalising Strategic Plans;

- Community members are given the opportunity to contribute to the planning and development process;

- That a biennial Survey of Customer Satisfaction is undertaken in March; and

- Community and landholders are consulted during major works/projects on the impact and progress of those works/projects.

11.3 Review of Committee Performance, Membership and Terms of Reference

Meeting Date	11th June 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	CEO Graeme Fardon
Attachments	11.3a A&R Terms of Reference
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

No Voting requirement.

Submitted for preliminary Committee discussion only.

Await further information or Guidance from the OAG.

IN BRIEF

- Committee Terms of Reference 9.5.
- Annual Review – Timing of Review given October 2019 Elections.
- Listed for September 2019 A&R Committee Meeting.
- Council's Auditor has advised Council and the A&R Committee that the Auditor General is recommending that Audit & Risk Committees be smaller in number of Elected Members rather than 'Whole of Council" Committee.
- Further information will be sought on this Issue before Committee Reviews its Terms of reference prior to the September 2019.

MATTER FOR CONSIDERATION

For discussion purposes once further information is available.

BACKGROUND

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995 Part 7 refers to the Audit Committees.

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS
Current Terms of Reference of the Audit & Risk Committee

FINANCIAL IMPLICATIONS

Nil – At this stage

COMMUNITY CONSULTATION

N/A

RISK ASSESSMENT – Risk Management Policy and Risk Management Governance Framework Applicable.
Financial - Risk Matrix Rating is considered Low
Health – Risk Matrix Rating is considered Low
Reputation – Risk Matrix Rating is considered Low
Operation – Risk Matrix Rating is considered Low
Natural Environment – Risk Matrix Rating is considered Low.

ITEM 12   COUNCILLORS' EMERGING ISSUES

Cr McGuinness

Cr McGuinness raised the matter listed and discussed at Item 9.1 and the Meeting requested that the CEO provide a report to the Council Meeting on the Regulation 17 Reporting Options (In House versus Contractor) for Draft Budget consideration.

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

No matters for consideration.

ITEM 14   NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 10th September 2019, commencing at 5.00pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

ITEM 15   CLOSURE

There being no further business, the Chairman closed the Meeting at 7.28 pm.

I certify the Minutes of the Audit & Risk Committee Meeting held on 11th June 2019 were confirmed on 10th September 2019 as recorded on Resolution No. AR   -19/20.

Confirmed... 10/09/2019

ITEM 6   STANDING ITEMS – EXTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.6

Nil to report.

Audit & Risk Committee - Terms of Reference 7.5

7.1   Internal Audit Toolkit Checklist and 2019 OAG Reports

Meeting Date	10th September 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellon
Attachments	7.1a Internal Audit Toolkit
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil.

OFFICER'S RECOMMENDATION

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

That Council note the Update Report on the Internal Audit Toolkit Checklist and 2019 Office of the Auditor General Reports

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- The Internal Audit Toolkit Checklist (Checklist) was introduced to assist with the Internal Audit Function and to be undertaken by Council Administration.

- The checklist has been reviewed by Management with responses provided.

- Office of Auditor General (OAG) Reports have been listed with their Recommendations and the Administration's responses.

MATTER FOR CONSIDERATION

To note the updates on the Internal Audit Toolkit Checklist and OAG Reports.

BACKGROUND

The Committee's Terms of Reference provides for the following: -

7.1 Internal Audit

(a)   The Audit and Risk Committee shall monitor and review the effectiveness of Council's internal audit function in the context of the Council's overall risk management system. The Audit and Risk Committee shall consider and make recommendations on the program and the adequacy of resources accordance with the relevant professional and legislative requirements and standards.

(b)   The Audit and Risk Committee shall receive executive summary reports on all internal audits and shall review and monitor managements responsiveness to the findings and recommendations of any such internal audit.

(c)   The Audit and Risk Committee shall meet with Management and any internal auditors at least twice per year to discuss any issue arising from any internal audits carried out.

(d)   The Audit and Risk Committee shall monitor and review the selection process for the External Auditor and any Internal Auditor (if appointed). Appointment of any internal auditor is the responsibility of management.

Audit & Risk Committee discussion at its meeting held on the 12th June 2018 –

"Executive Staff to provide a Scope for the Internal Audit to the next Meeting of the Audit and Risk Committee."

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Terms of Reference – Audit & Risk Committee (2017)

Local Government (Audit) Regulations 1996

Amendments to the Local Government (Audit) Regulations 1996 came into effect on 8 February 2013 and introduced the following provision

Regulation 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 the matters referred to in sub- regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.

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

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

The review of the Internal Audit Toolkit Checklist and OAG Reports are reviewed and implemented internally and therefore at no extra cost.

If the Shire was to implement an Internal Auditor, there will be a financial cost dependent on the scope of the Audit.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S2	Healthy community
S2.1	Advocate on behalf of the community for improved access to health
S2.2	Promote public health

Governance Objective: Strong governance and community engagement

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

COMMUNITY CONSULTATION

Nil

RISK ASSESSMENT

Financial – Risk Matrix Rating is considered Low. Review and implementation of the Checklist and OAG Reports will allow the Shire to decrease risks associated to financial fraud.

Health – Risk Matrix Rating is considered as Low.

Reputation – Risk Matrix Rating is considered as Low. Reduction in risks that reduce reputation loss including fraud risk and operational risk leading to reputation loss are addressed in the Checklist.

Operation – Risk Matrix Rating considered as Low. Plans mentioned in the Checklist including the Continuality Plan and Disaster Recovery Plan decrease risks of extended interruptions in the operations of the Shire.

Natural Environment – Risk Matrix Rating is considered as Low.

COMMENT

The attached checklist has been implemented as an internal auditing tool. The list has been reviewed by management and will be reviewed on an ongoing basis. The checklist helps management identify areas of weakness and where further work is needed.

This process is not able to replace a normal Internal Audit, as there is no independence from management during the process.

Council has requested to provide a snapshot on actions from reports by the OAG. Listed below are reports received from the OAG during 2019:

Records Management in Local Government

The report had 4 recommendations.

1. Implement regular and thorough records training
2. Regular reviews of staff recordkeeping practices
3. Timely disposal of records
4. Adequate protection over digital records.

The Shire is currently undertaking improvements with record keeping. Last year with support from Consultant Kim Boulton the Shire implemented a new record keeping system. Following on from this change, in the current year the administration is focusing on the disposal of records. This will begin with staff training in disposal of records in October and will lead to the disposing of non-permanent records. Following this will be improvements in the Shire records keeping process.

Council's Record Keeping Plan is being reviewed and a Revised Record Keeping Plan (including Digital Information) is required to be submitted to the State Records Office by the 28th February 2020.

The Shire has also budgeted in the 2019/2020 year for the creation of an IT Strategy, which will also include the method of improving digital records protections.

Local Government Building Approvals
Recommendations specific to local governments audited.

The CEO and Manager of Health and Building Services are to review the AGO Report to identify if the report's findings are relevant to the Shire of Quairading.

Verifying Employee Identity and Credentials
The report has 7 recommendations.

1. Have approved policies and procedures for verifying employee identity and credentials which cover:

- using a 100-point identity check

- criminal background checks, based on the risks associated with the position

- periodic monitoring of existing employees

2. Assess the positions which may require a criminal background or working with children check and ensure that these requirements are clearly documented in position description forms
3. For high risk positions, or positions where there is an ongoing requirement to hold a license or professional qualification, obtain regular declarations from employees that there is no significant change in their circumstances
4. Ensure that sufficient documentary evidence is obtained prior to appointment which supports an employee's

- identification and right to work in Australia

- professional qualifications and memberships

- criminal background or capacity to work with children (where necessary)

5. Perform appropriate referee checks for all potential employees and ensure that all employees' reference checks are retained in their employee or recruitment file
6. Develop a procedure for monitoring the expiry dates of licenses, certificates or working with children checks so that they can be followed up with the employee close to expiry date
7. Perform periodic criminal background checks for positions which require it.

In 2018 the Shire has implanted a 'new employee' checklist that incorporates many of the recommendations above. The checklist has been used for several new employees. The recommendations above and lessons learnt from the employee's inducted through the new system will be used to conduct a review. The areas noted to be improved are 100 point identity checks, "Right to Work in Australia" checks and the creation of a new periodic checklist to regularly check licenses, professional qualifications, working with children checks and criminal background checks.

Fraud Prevention in Local Government

This report has 7 recommendations.

1. Should assess fraud risks across their business
2. Develop a Fraud and Corruption Control Plan and review it at least once every 2 years,
3. Develop and implement a periodic fraud awareness training program for all staff
4. Ensure that all conflicts of interest are recorded
5. Assessed and appropriate management plans are in place
6. Have policies and procedures in place to verify the identity and integrity of employees and suppliers
7. Document clear internal processes and systems to report any potential fraud, that include anonymous reporting and collect and analyze information received about potential fraud to identify any trends or emerging issues

The Shire has already implemented systems to assess changes to suppliers in order to detect fraud. Managers have also discussed the risks of fraud with their staff. The other recommendations from the report are currently being reviewed.

Management of Supplier Master Files

This report has 8 recommendations.

1. Have policies and procedures that include comprehensive guidance for employees to effectively manage supplier master files
2. Ensure that all additions or amendments to supplier master files are subject to a formal independent review to confirm validity and correctness
3. Regularly review employees' access to create or amend supplier master files to prevent any unauthorised access, and ensure adequate segregation of duties between those amending the master files and those approving payments
4. Ensure all key information is input at the time of creating a new supplier record
5. Apply consistent naming conventions for supplier records, to avoid suppliers being registered under multiple names
6. Ensure that documentary evidence is retained for all additions and amendments to supplier master files and there is a record of the reason for amending the supplier record
7. Include a requirement for a formal and periodic internal review to identify incomplete, incorrect, duplicate or redundant supplier records
8. Ensure any actual, potential or perceived conflicts of interest are declared and effectively managed, and that relevant employees are not involved in the procurement from, or management of supplier records in respect of their related suppliers.

The Shire has a checking system when entering new or changed banking details that includes a segregation of duties. Bank details are checked for each supplier before any payment is made. Administration has incorporated an increased process to identify all changes of bank details which involves a secondary check to confirm details. Administration is underway with the improvement of supplier details held and the process to enter supplier details.

Internal Audit Tool Kit- Addressing WA Local Government (Audit) Regulations 1996		
The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions. The CEO is required to provide Biennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance to the Audit Committee, who will review this along with the results of the annual CEOs report and Compliance Audit Return. The biennial review will require an internal audit carried out by a person who is not involved in the operational management of the Shire or the functions being audited. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. This tool has been developed in good faith, addressing Appendix 3 of the Local Government Operational Guidelines - Number 9 - Audit in Local Government. This will assist local governments to assess and report on their internal environment, functions and procedures for inclusion in the CEO biennial review, and to support organisational development and continuous improvement. This tool is to be used in conjunction with Section 7 (Internal Control Framework) of the Western Australian Local Government Accounting Manual which provides guidelines on specific areas of controls to review.		

1 Risk Management		
1.1	**Risk Management Systems and Processes**	
Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs		
1.1.1	Does the Shire have a Risk Management Policy, with formal risk appetite and tolerance levels included?	Yes, Adopted 20th December 2018
1.1.2	Does the Shire have an organisational wide risk management framework in place?	Yes
1.1.3	Does the Shire have a risk register that is regularly reviewed to ensure that risks are addressed and closed out?	Yes, July 2019
1.1.4	Is this policy communicated to all current staff, and included in induction processes?	Yes - Induction and Toolbox Meetings
1.1.5	Has responsibility for risk management been included in the organisational structure with responsibility assigned?	Yes - Executive Management Team
1.1.6	Are strategic risks considered, evaluated and reviewed in annual planning processes?	Yes
1.1.7	Are material operating risks appropriately considered in the Shire?	Yes - EMT, Officers Reports to Council, Safe Work Method Statements, Daily Pre-Starts and Toolbox Meetings
1.1.8	Does risk management form part of the Council agenda item requirements?	Yes
1.1.9	Is risk management an agenda item at staff or stakeholder meetings?	Yes
1.1.10	Is risk management a key performance indicator on all senior management position descriptions?	Yes
1.1.11	Does the Shire have a regular risk identification, review and reporting process overseen by senior management?	Yes - Risk Dashboard & Action Plan, Incident Reports and OHS Meetings
1.1.12	Does the Shire have a business continuity plan?	Yes
1.1.13	Is the Business Continuity Plan tested from time to time?	No, not yet
1.1.14	Does the Shire have a Disaster Recovery Plan?	No, to be created in 2019/20
1.1.15	Is the Disaster Recovery Plan tested from time to time?	N/A
Determining and Managing Material Operating Risks		
1.2.1	Does the Shire have a system or processes to ensure compliance with Legislation, Regulations. Standards and Shire Policies?	Compliance Audit Return 2018 Year - March 2019 to DLGSC. Annual Policy Review
1.2.2	Does the Shire have a process to address accounting judgements or estimates that prove to be wrong?	Accounting judgements are testing during external Audit
1.2.3	Does the Shire have a formal process to deal with claims and litigations?	Yes - Legal Advice Policy Adopted Sept 2018
1.2.4	Is there a process in place to identify misconduct, fraud or theft risks that includes monitoring, review and a treatment plan should they eventuate?	Checks are conducted throughout the payment process. No current treatment plan.
1.2.5	Does the Shire have systems and processes to prevent or uncover misconduct, fraud and theft?	Internal Testing by EMT Members
1.2.6	Does the Shire have systems in place to address Occupational Safety and Health risks?	Yes - OHS Policy and Procedures, OHS Committee and Safety Representatives
1.2.7	Does the Shire have systems in place to address environmental risks?	Yes - included in Risk dashboard and also in Officer's Reports to Council
1.2.8	Does the Shire have systems and processes in place to address business risks?	Yes - included in Risk dashboard and also in Officer's Reports to Council
1.2.9	Does the Shire have a process to manage insurable risks and ensure the adequacy of insurance?	Yes, insurance is reviewed by Management Team yearly and any amendments / inclusions are made during the Year (when required)
1.2.10	Does the Shire have formal processes to review the effectiveness of the internal control systems with management, internal and external auditors?	Yes, Auditors review internal controls and is supervised by the Audit and Risk Committee. The CEO reviews Internal Controls.
1.2.11	Does management have controls in place for unusual types to transactions or transactions that may carry more than acceptable degrees of risk?	Yes - Purchasing Policy and Delegated Authority Thresholds annually reviewed.
1.2.12	Does the Shire have a formal tenders and procurement system and process in place with a focus on probity and transparency of policies and procedures?	Yes - Purchasing Policy. Tender and Procurement documentation based on WALGA and Auditor Templates
1.2.13	Does the Shire have a process / checklist approach to ensure the tenders and procurements policies and processes are being applied at all times?	No - Formal Procurement Planning and Checklists being developed

	2	Internal Control	

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.

An effective and transparent internal control environment is built on the following key areas:

■ integrity and ethics.

■ policies and delegated authority.

■ levels of responsibilities and authorities.

■ audit practices.

■ information system access and security.

■ management operating style.

■ human resource management and practices.

Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

2.1	Does the Shire have a formal delegation of authority system and process?	Yes
2.2	Does the Shire have documented policies and procedures?	Yes
2.3	Is there an effective process in place for policy and procedure reviews?	Yes, Policies have been reviewed in the second half of 2018
2.4	Are all Shire staff qualified and trained in the areas of their principal responsibility?	Yes - in addition identified ongoing training and professional development
2.5	Are there controls on all formal systems and processes?	Yes
2.6	Are regular internal audits carried out?	No
2.7	Are risk identification and assessments activities documented?	Yes
2.8	Does the Shire have regular liaison with the Shire Auditors?	Yes - both Formal and Informal
2.9	Does the Shire have regular liaison with legal advisors?	Yes
2.1	Is there a process to review the effectiveness of internal controls?	Internal controls are tested during Audits, Financial Management Reviews and Risk Dashboard Review. No formal Internal Audit process is conducted.
2.11	Is there a process for ensuring separation of roles and functions in processing and authorisation?	Yes, all invoices are checked prior to being entered into the accounting system.
2.12	Is there a process in place for control of approval of documents, letters and financial records?	Yes
2.13	Is there a process for comparison of internal data with other external sources of information?	Yes, when appropiate
2.14	Is direct physical access to assets and records limited?	Yes, Access is limited to Shire Staff
2.15	Are controls in place relating to computer applications and information system standards?	Access is only provided to certain Staff. Specific access for applications and records are to be developed.
2.16	Is access limited to make changes in data files and systems?	Access is only provided to certain Staff. Specific access for applications and records are to be developed.
2.17	Is there regular maintenance and review of financial control accounts and trial balances?	Yes, Shire conducts reconilications at regular monthly intervals
2.18	Is there a process to regularly comparison and analysis of financial results with budgeted amounts?	Yes, Variance analysis is conducted by management and provided to Council monthly as part of the monthly report
2.19	Is there a process to review the arithmetical accuracy and content of records?	Yes, Batch Reports and Double Testing on Accuracy by various Staff.
2.2	Is there a process to review and report on approval of financial payments and reconciliations?	Yes
2.21	Is there a process to compare the result of physical cash and inventory counts with accounting records?	Yes, Cash is checked daily to weekly based on area of operation, inventory is checked monthly.

	3	Legislative Compliance	

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include the following that should be audited.

3.1	Is there a process in place for monitoring compliance with legislation and regulations?	Yearly Compliance Audit Return
3.2	Is there a process to review the annual Compliance Audit Return and report to Council the results of that review?	Yes - by CEO with formal Report to A&R Committee and Council
3.3	Is there a process for the audit committee to stay informed on how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary?	Audit committee meets 4 times a year.
3.4	Does the Shire have procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints?	Yes - Complaints Policy in place
3.5	Is there a process that gives the Audit Committee assurance that adverse trends are identified and reviews management's plans to deal with these?	Yes, adverse trends identified from external audit are reviewed by Management and reported to Audit and Risk Committee.
3.6	Is there a process to for the Audit committee to review management disclosures in financial reports of the effect of significant compliance issues?	Compliance issues raised by the external auditors are provided to the Audit committee attached with managements response.
3.7	Is there a process to review whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee?	Yes, External Audits have pre and Post Audit meetings with Audit Committee where compliance or ethics risks are provided and can be discussed.
3.8	Is there a process to determine the internal auditor's role in assessing compliance and ethics risks in their plan?	N/A
3.9	Is there a process to monitor the Shire's compliance frameworks dealing with relevant external legislation and regulatory requirements?	Yes - Annual Compliance Audit Return. Broader Framework on Compliance in place with EMT
3.1	Is there a process in place to ensure Audit Committee members are complying with legislative and regulatory requirements imposed on them, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the Shire, and disclosing conflicts of interest?	Yes - A&R Committee have formal Terms of Reference which are reviewed Annually

ITEM 8   STANDING ITEMS – FINANCIAL REPORTING

8.1   WANDRRA

Please see attached a copy of the Outstanding WANDRRA Claims and Outstanding Creditor Accounts as at the 31st August 2019.

WANDRRA CLAIMS REPORT

Number	Claim	Paid	Held	Ineligible	Due	Claims Submitted	To be claimed*	Claims Approved
1	$177,798.75				$0.00	3/10/2017		
2	$466,371.28	$483,127.52		$153,400.00	$0.00	26/10/2017		
3	$594,596.42	$475,677.13		$0.00	$0.00	30/01/2018	$4,321.86	
4	$667,119.75	$533,695.80		$5,350.50	$0.00	30/01/2018	$13,993.70	
		$236,319.69						
5	$467,506.98	$458,276.48		$0.00	$0.00	27/03/2018		
6	$503,314.09	$503,314.09	$0.00	$0.00	$0.00	9/05/2018		
7	$454,576.03	$454,576.03	$0.00	$0.00	$0.00	9/05/2018		
8	$466,355.85	$466,355.85	$0.00		$0.00	1/06/2018		
9	$512,090.88	$512,090.88	$0.00		$0.00	25/06/2018		13/08/2018
10	$532,666.71	$532,666.71	$0.00		$0.00	12/07/2018		16/08/2018
11	$374,269.51	$374,269.51	$0.00		$0.00	24/07/2018		12/09/2018
12	$155,498.69	$155,498.69	$0.00		$0.00	13/09/2018		8/01/2019
13	$314,734.80	$306,824.30	$0.00		$0.00	24/10/2018		8/01/2019
14	$489,752.47	$489,752.47				19/11/2018		8/02/2019
15	$410,137.68	$410,137.68				17/12/2018		8/02/2019
16	$316,204.65	$316,204.65				4/02/2019		3/04/2019
17	$84,797.27	$84,797.27				11/03/2019		15/04/2019
18	$68,389.08	$68,389.10				11/03/2019		15/04/2019
19	$22,311.50	$22,311.50				21/03/2019		14/05/2019
20	$2,324.00	$2,324.00				20/05/2019		17/07/2019
Total to Date	$7,080,816.39	$6,886,609.35	$0.00	$158,750.50	$0.00		$18,315.56	

Letters written to Main Roads providing further detail and seeking approval to raise these amounts - Roadswest have followed up. Still with MRWA

WANDRRA Progress Report

Final Claim 20 approved 17/7/2019 and Paid into Council's Municipal Fund on 5th August 2019 .

Unapproved amounts of $4321.86 and $13993.70 the subject of Letters sent to Main Roads.
Allison Hunt advised Roadswest and CEO that these Claims are still to be assessed by Main Roads

Roadswest to follow up with Main Roads @ Northam

Graeme Fardon

9.1   Audit Regulation 17 – Review Report 2019

Meeting Date	10th September 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	CEO Graeme Fardon
Attachments	7.1a Risk Dashboard Report – July 2019
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil.

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommends to Council that it:

1. **Note the results of the Chief Executive Officer's review on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance; and**

2. **Note that the implementation of the improvements outlined within the report will be prioritised and implemented in a staged approach.**

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

For the Audit and Risk Committee to review the Chief Executive Officer's report on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance and to report to the Committee the results of the review.

BACKGROUND

The Local Government (Audit) Regulations 1996, Regulation 17, requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.

STATUTORY ENVIRONMENT

Local Government Act 1995

7.13.   Regulations as to audits [29]

(1)   Regulations may make provision as follows —

(aa)   as to the functions of a CEO in relation to —

(i)   a local government audit; and

(ii)   a report (an *action report*) prepared by a local government under section 7.12A(4)(a); and

(iii)   an audit report; and

(iv)   a report on an audit conducted by a local government under this Act or any other written law;

(ab)   as to the functions of an audit committee, including in relation to —

(i)   the selection and recommendation of an auditor under Division 2; and

(ii)   a local government audit; and

(iii)   an action report; and

(iv)   an audit report; and

(v)   a report on an audit conducted by a local government under this Act or any other written law;

(ac)   as to the procedure to be followed in selecting an auditor under Division 2;

[(ad)   deleted]

(ae)   as to monitoring action taken in respect of any matters raised in an audit report;

(a)   with respect to matters to be included in an agreement in writing (**agreement**) made under section 7.8(1);

(b)   for notifications and reports to be given in relation to an agreement, including any variations to, or termination of an agreement;

(ba)   as to a copy of an agreement being provided to the Department;

(c)   as to the manner in which an application may be made to the Minister for approval as an auditor under section 7.5;

(d)   in relation to approved auditors, for the following —

(i)   reviews of, and reports on, the quality of audits conducted;

(ii)   the withdrawal by the Minister of approval as an auditor;

(iii)   applications to the State Administrative Tribunal for the review of decisions to withdraw approval;

(e)   for the exercise or performance by auditors of their powers and duties under this Part;

(f)   as to the matters to be addressed in an audit report;

(g)   requiring an auditor (other than the Auditor General) to provide the Minister with prescribed information as to an audit conducted by the auditor;

(h)   prescribing the circumstances in which an auditor (other than the Auditor General) is to be considered to have a conflict of interest and requiring an auditor (other than the Auditor General) to disclose in an audit report such information as to a possible conflict of interest as is prescribed;

(i)   requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —

(i)   of a financial nature or not; or

(ii)   under this Act or another written law.

(2)   Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.

Regulation 17 of the Local Government (Audit) Regulations 1996

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.

POLICY IMPLICATIONS

Organisational Risk Management and Committee Terms of Reference apply.

FINANCIAL IMPLICATIONS

This review was performed internally and therefor there has been no direct cost. However, there has been an indirect cost due to the time taken to complete the review by the CEO and relevant Staff.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2017 – 2027 applies
Long Term Financial Plan applies
Corporate Business Plan 2017-2021 applies.

COMMUNITY CONSULTATION

N/A

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

Financial – Risk Matrix Rating determined as Low

Health – Risk Matrix Rating determined as Low.

Reputation – Risk Matrix Rating is determined as Low. Reputational Risk level is mitigated through the Periodic Testing and Reviews of Council's Compliance, Risk Management and Internal Controls of Procedures and Processes.

Operation – Risk Matrix Rating determined as Low. Review completed "in house" with existing Resources.

Natural Environment – Risk Matrix Rating determined as Low.

REVIEW REPORT

Risk Management

The Risk Management functions of the local government should manage the creation and protection of value within the Shire of Quairading. Effective risk management improves performance, encourages innovation and supports the achievement of objectives.

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls.

Good audit committee practices in monitoring internal control and risk management programs typically include:

- Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered;

- Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time;

- Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas;

    o potential non-compliance with legislation, regulations and standards and local government's policies;

- o important accounting judgements or estimates that prove to be wrong;
- o litigation and claims;
- o misconduct, fraud and theft;
- o significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government;

- Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;

- Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;

- Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;

- Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;

- Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;

- Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment;

- Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated,

- monitored and there is regular reporting and ongoing management of fraud and misconduct risks.

Council reviewed and adopted its Risk Management Policy on the 20th December 2018.

Council's Executive Management Team, with support from the Technical Services Officer and relevant key staff have conducted an extensive review of Council's Risk Management System and Risk Dashboard which was initially developed in conjunction with the LGIS Risk Management Team in 2017.

The latest Review was conducted over 2 Workshop Sessions held on the 10th July 2019 and the 23rd July 2019. The Workshops assessed the Risks and Mitigating Actions and also Results / Outcomes since the last Desktop Review in 2017.

The following areas were assessed: -
- Asset Sustainability Practices
- Business & Continuity Disruption
- Failure to fulfil Compliance Requirements
- Document Management Processes
- Employment Practices
- Engagement Practices
- Environment management
- Errors, Omissions and Delays
- Management of Facilities/Venues /Events
- External Theft and Fraud (inc Cyber)
- Misconduct
- Project / Change Management
- IT or Communications Systems and Infrastructure
- Supplier / Contract management

- Safety and Security Matters

Please refer to the <u>attached</u> "Risk Dashboard Report – July 2019" for a Risk Assessment Overview and Action Plan for each of the above stated Risk Areas.

Internal Control

Is the systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organisation to; conduct its business in an orderly and efficient manner, safeguard its assets and resources, deter and detect errors, fraud, and theft, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information, and ensure adherence to its policies and plans. Internal control is a key component of a sound governance framework, which uses instruments such as policies, delegations, authorisations, audit practices, information systems and security, management and operation techniques and human resource practice to create a network of control mitigation to maintain appropriate levels of risk.

An effective and transparent internal control environment is built on the following key areas:

- **Integrity and Ethics**
  Council's Code of Conduct was last reviewed and Adopted on 26th July 2018. All Councillor's and Staff have received copies of the revised 'Code of Conduct and were required to sign that they had read and acknowledged the Code of Conduct.

- **Policies**
  Council's Policy Framework and Policy Review work was undertaken in 2 Stages with Council adopting the Framework in December 2018.

  New and Reviewed Policies were considered and adopted by Council at Meetings held on 27th September 2018 and 20th December 2018.

- **Levels of Responsibilities and Authorities - Delegated Authority**
  Council conducts an Annual Review of the Delegated Authorities granted to the CEO and Council Committees. The Delegations were last reviewed and adopted by Council in February 2019. All Delegations and Sub Delegations are in writing and are reviewed at least annually.

- **Audit Practices**
  Council's Auditor's UHY Moore Stephens are engaged for a three (3) Year Term concluding with the Annual Financial Statements for the Year ended 30th June 2020. Audit methodology and Memorandum for the Audit is provided by the Auditor prior to each year's Interim and Final Audit.

  External
  The Shire has undertaken interim and final external Audits with no significant issues being identified within the previous 3 years.

  Internal
  Administration utilises an internal audit checklist to improve processes in the Shire. The Audit and Risk Committee have deemed this process acceptable over a normal Internal Audit process.

  The following are examples of controls reviewed by the CEO and the Executive Management Team:-

  Separation of roles and functions, processing and authorisation;

  Separation of Duties have been implemented in the processing of Invoices with a 2 out of 3 process for the raising of purchase orders and the receiving and authorising of Invoices. All manual financial transactions involve a separate Approver, other than the creator of the financial transaction.

Limit of direct physical access to assets and records. Control of computer applications and information system standards;
Access is limited to Shire Staff. It is recommended to improve access by only allowing access to staff in specific areas that are deemed necessary.

Regular maintenance and review of financial control accounts and trial balances;
Reconciliations are conducted monthly with a review by a supervising officer. This has been extended to general journals and fuel allocations in the past year.

Through the EMCS and the CEO, there have been continued improvements since October 2018 in the Control and Review Processes undertaken during the Month and also at Month End.
Comparison and analysis of financial results with budgeted amounts;
Analysis and explanations are provided in Monthly Reports. Both the CEO and EMCS review the variations.

Arithmetical accuracy and content of records;
All reporting is checked by a Supervisor before being entered into and processed in the accounting system.

Comparison of the result of physical cash and inventory counts with accounting records.
Cash is reconciled daily and checked by a separate person. Inventories are reconciled monthly with two checks on the physical inventory conducted and a final check being conducted on the reconciliation of the physical and financial amounts.

Overview
The Financial Management Review was undertaken by Council's Consultant Moore Stephens in April/May 2018. The Report was reviewed by the Audit & Risk Committee on the 12th June 2018 and formally received by Council on the 28th June 2018.

Council's Monthly Financial Statements are presented to and received by Council at each Ordinary Council Meeting.

The Chairperson of the Audit & Risk Committee independently reviews the List for Payments and Supporting Documentation prior to each Council Meeting.

In the 2018/19 Year Council conducted Budget Reviews in November 2018 and February/March 2019 to ensure that the Budget was reflective of Council's Programmes and Projects for the Year ended 30th June 2019.

Significant improvements have been made to the format and presentation of the Monthly Financial Statements since October 2018, which provides a clearer representation of Trends and Progress of Actuals to Budgets (both in Operating and Capital Areas).

Legislative Compliance

Involves monitoring compliance with legislation and regulations, reviewing the annual Compliance Audit Return, staying informed about how management is monitoring the effectiveness of its compliance, reviewing procedures which handle complaints, monitoring the local governments compliance framework, obtaining assurances against adverse trends, reviewing statutory and financial returns and other evaluating, monitoring and problem solving against significant compliance issues.

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:

<u>Monitoring compliance with legislation and regulations;</u>

Reviewing the Annual Compliance Audit Return and reporting to Council the results of that review:

The Annual Compliance Audit Returns have been completed and considered each year by the Audit & Risk Committee and Council in accordance with the Local Government Act and Regulations.

The Annual Compliance Return for the period 1st January 2018 to the 31st December 2018 was completed by the CEO and submitted on the 12th March 2019 Audit & Risk Committee Meeting with recommendation made to the Council Meeting on the 28th March 2019.

In accordance with the Act the Statutory Compliance Audit Return was submitted to the DLGSC on the 29th March 2019.

Council and the Audit Committee noted Compliance with the exception of the Undertaking and Reporting by the CEO on Regulation 17 of the Local Government (Audit) Regulations.

<u>Complaint Processes</u>

Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints;

Council has a Policy on Complaints and Grievances which is available to all Councillors and Staff. Council's Policies will also be published on Council's Website.

The Policy was adopted by Council on 29th June 2017 and was reviewed on 20th December 2018. The CEO considers that the Policy remains current and effective.

<u>Management disclosures in financial reports of the effect of significant compliance issues</u>

All Reports to Council include both Statutory and Financial Implication Sections and any identified impacts / risks to Council's Financial Position and in particular, impact upon the Current Operating Surplus Ratio.

Report Conclusion

The CEO has reviewed the Shire's systems in relation to risk management, internal controls and legislative compliance and has deemed that the processes are appropriate and effective however some process are deemed to require continued improvement and review and have been identified in the Risk Dashboard and the Internal Audit Checklist provided.

Shire of Quairading
Risk Dashboard Report
July 2019

Asset Sustainability practices

	Risk	Control
	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
Design and implement inspection processes for roads, footpaths	Completed	EMWS
Complete asset management plan	Mar-20	EMT
Complete a building maintenance program	Dec-19	EMCS &TSO
Develop a procurment framework	Dec-19	EMCS
Quarterly road inspection and reports	Dec-19	EMWS

Business & Continuity Disruption

	Risk	Control
	Moderate	Adequate

Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism).

Actions	Due Date	Responsibility
Review Business Continuity Plan / Procedures	Nov-19	EMCS&EMWS
Local Emergency Management Arrangements	Jul-21	CESM
review bushfire procedure and policy manual	Jun-20	CESM
training of fire wardens	Apr-20	TSO
review of local welfare plan	Dec-19	CESM

Failure to fulfil Compliance requirements (statutory, regulatory)

	Risk	Control
	Moderate	Adequate

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
Introduce Compliance Calendar	Completed	CEO/EO
Annual Compliance Return	Mar-20	CEO/EO
Under take Regulation17 & testing	Sep-19	CEO/EO

Document Management processes

	Risk	Control
	Moderate	Adequate

Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation.

Actions	Due Date	Responsibility
Review of Document/Correspondence receipt & action process	Completed	CEO
Under take development and implemention of Management directives	Apr-20	CEO/EO
Documentation retention and disposal - including F drive	Jun-20	CEO/EO/CSO
Finalise and submit record keeping plan to SRO	Feb-20	CEO/EO

Employment practices

	Risk	Control
	Moderate	Adequate

Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers).

Actions	Due Date	Responsibility
Review and improve Induction process	Completed	TSO
Develop staff training and education program	Dec-19	EMT
Develop and implement Performance Management Process	Dec-19	EO
Further develop HR delivery practices	Mar-20	EO

Engagement practices

	Risk	Control
	Moderate	Adequate

Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so.

Actions	Due Date	Responsibility
Review engagement practice policies.	Mar-20	CEO/EO
Implement social media procedure	Dec-19	CEO/EO

Environment management

	Risk	Control
	Moderate	Adequate

Inadequate prevention, identification, enforcement and management of environmental issues.

Actions	Due Date	Responsibility
Increase in recycling education- Newsletters	Sep-19	TSO
Waste strategy	Jun-21	EMWS
Finalise town planning strategy recognising environmentally sensitve areas	Jun-20	CEO/TP consultant
NRM Service plan	Jun-20	ISP&SPO/GPO

Errors, omissions & delays

	Risk	Control
	Moderate	Inadequate

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.

Actions	Due Date	Responsibility
Review feedback process	Jul-20	CEO/EMCS/EMWS
Provide communtiy with informaton on Complaint processes	Dec-19	CEO/EMCS/EMWS
Introduce uniform performance review process (staff training plan)	Sep-19	CEO/EO
Introduce corporate training including Thursday morning session	Jul-19	EMCS

Management of Facilities / Venues / Events

	Risk	Control
	Moderate	Adequate

Failure to effectively manage the day to day operations of facilities, venues and / or events.

Actions	Due Date	Responsibility
Develop Event Management Procedures (Hirings)	Dec-19	EMCS/SFO/TSO
Review Caravan Park Management Plan	Sep-19	ISP&SPO
Develop & Implement facilites framework	Dec-19	CEO/EMCS
Develop Town Hall management plan	Jun-20	ISP&SPO

External theft & fraud (Including Cyber)

	Risk	Control
	High	Adequate

Loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic).

Actions	Due Date	Responsibility
Key review and inplementation (over 3 years)	Jul-22	EMCS/TSO
IT strategy and disaster recovery plan	Jun-20	EMCS
Review cash handling processes including external out stations	Jun-20	EMCS
Inventory register	Sep-19	EMCS/TSO

Misconduct

	Risk	Control
	Moderate	Adequate

Intentional activities intended to circumvent the Code of Conduct or activities in excess of authority, which circumvent endorsed policies, procedures or delegated authority.

Actions	Due Date	Responsibility
Review process for Password ownership and regular changes	Jun-20	EMCS
Delegations for review in February each year	Feb-20	CEO/EO
Implement internal audit	Jun-20	CEO

Project / Change management

	Risk	Control
	High	Adequate

Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays or scope changes.

Actions	Due Date	Responsibility
Develop project completion procedures	Dec-19	ISP&SPO/EMT
Project planning strategy (include templates)	Jun-20	ISP&SPO/EMT

IT or communication systems and infrastructure

	Risk	Control
	Moderate	Inadequate

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
IT strategy and disaster recovery plan	Jun-20	EMCS

Supplier / Contract management

	Risk	Control
	Moderate	Adequate

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
Uniform approach to Contractor inductions	Dec-19	CEO/TSO
Increase use of project supervisor/supervision	Sep-19	EMT
Improve contract documentation	Sep-19	EMT

Safety and Security practices

	Risk	Control
	Moderate	Adequate

Non-compliance with the Occupation Safety & Health Act, associated regulations and standards.
It is also the inability to ensure the physical security requirements of staff, contractors and visitors.
Other considerations are
negligence or carelessness.

Actions	Due Date	Responsibility
Review OSH Management Framework	Jun-20	CEO/TSO
Train staff in workplace inspections	Jan-20	TSO

Audit & Risk Committee - Terms of Reference 7.1, 7.3

10.1   Report on Excess Annual Leave and Long Service Leave

Meeting Date	10th September 2019
Responsible Officer	EMCS Nathan Gilfellon
Reporting Officer	SFO Jodie Yardley
Attachments	Nil
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER'S RECOMMENDATION

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

Council receive the report on the Shire's Annual Leave and Long Service Leave Liabilities as at the 31st August 2019.

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- Information shows the current Annual and Long Service Leave for the 2019/20 Financial Year by Month
- There are no Employees with Excess Leave entitlements.

MATTER FOR CONSIDERATION

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

BACKGROUND

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

The current policy defines excess leave as when the Employee has accrued more than 8 weeks paid annual leave.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2010

The Industry Award defines Excess Leave as -

*"An Employee has an **excess leave accrual** if the employee has accrued more than 8 week's paid annual leave"*

POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 31st August 2019 is $202,830. The Projected Closing Balance as at the 30th June 2020 of $205,721.

The Annual Budget treats Current Leave as Accruals.

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

The current Liability for both types of Leave (if all Claimed on 31/08/2019) is calculated at $250,582.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

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

COMMUNITY CONSULTATION

N/A

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

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

Health – Risk Matrix Rating is considered as Low Risk

Reputation – Risk Matrix Rating is considered as Low Risk

Operation – Risk Matrix Rating considered Low Risk

Natural Environment – Risk Matrix Rating is considered as Low Risk

COMMENT

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

As at the 31st August 2019, there are no employees with excess annual leave.

The CEO has approved of One Employee's Plan to take their Long Service Leave in three instalments. The first of which has now been taken.

One new Employee will have Long Service Leave Liabilities as at the 6th September 2019. Council will write to this Employee and requires a response by the 6th November 2019.

Since the commencement of the 2019/20 financial year, there has been a significant reduction of 7.95% (in Dollar Value) in the Annual Leave Liability through a combination of Separations and current staff taking accrued Annual Leave.

The Long Service Leave Liability has reduced by 1.77% (in Dollar Value) since June 2019.

The decrease in July is due to payouts following the separation of two employees with Leave Entitlements. August Leave increased when an Employee returned to work from leave.

	LSL Hours	*LSL $*	*AL Hours*	*AL $*
June	3,507	134,820	3,056	127,501
July	3,218	124,006	2,795	113,180
August	3,426	132,468	2,890	118,114

ACCUMULATED HOURS OF LEAVE
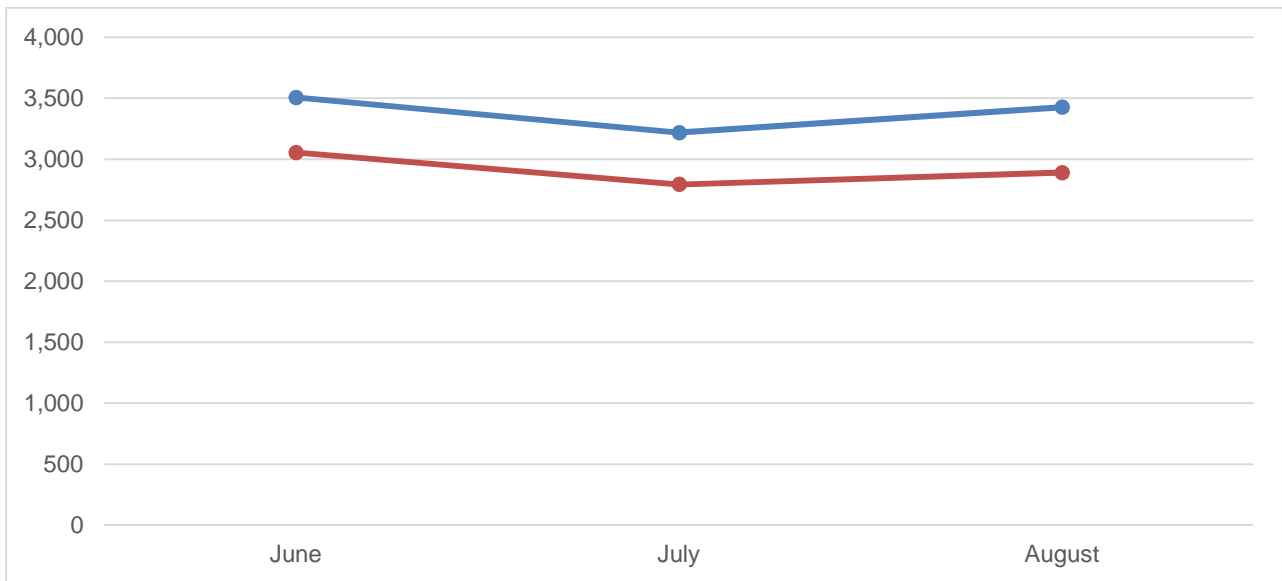
ACCUMULATED DOLLAR VALUE OF LEAVE
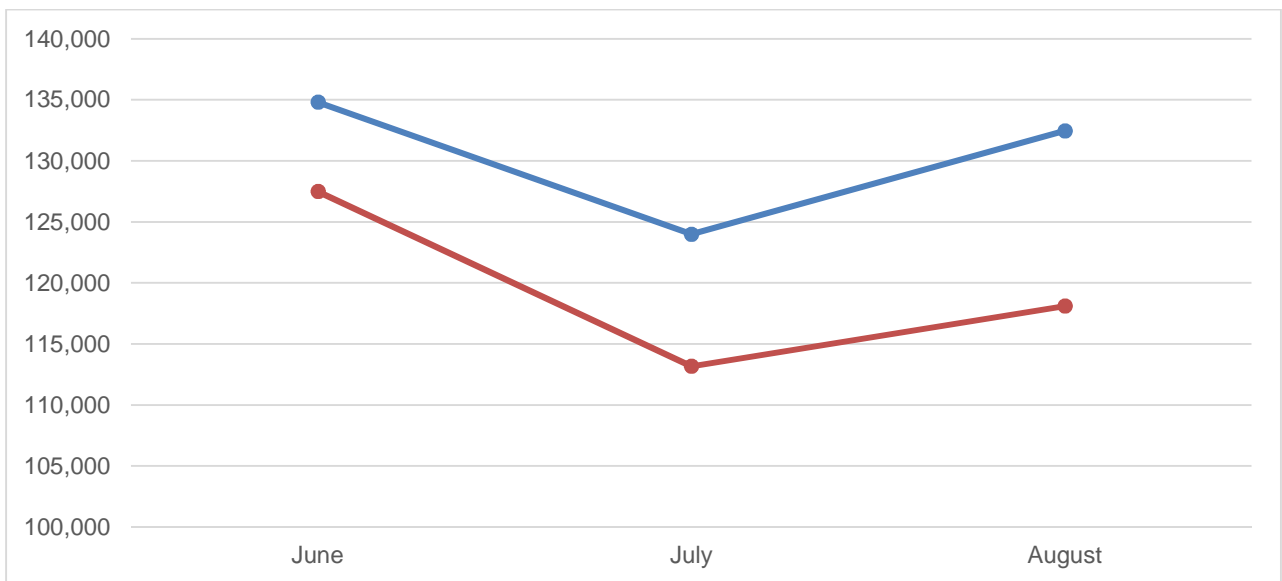
11.1   Medical Practice Comparison Report

Meeting Date	10th September 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellon
Attachments	11.1a Medical Practice Long Term Financial and Patient Number Comparison
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil.

OFFICER'S RECOMMENDATION

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

The Medical Practice Financial Statements and Patient Visitation Data (with historical data and trends) be received.

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- Council owns and operates the Quairading Medical Practice.

- GP Clinical Services are provided under a Contract Arrangement.

- Council provides an Annual Budget Provision for the operation of the Medical Practice.

- Council receives all revenue associated with the Medical Practice. This will change once the new Private Practice Model begins.

- The six (6) monthly reviews by the Audit and Risk Committee will ensure an additional level of scrutiny and a process to monitor trends. Due to the change to a Private Practice Model this review will no longer be possible.

- Financial and Patient Visitation Information beyond the last 5 years have been added to provide greater context to the trends.

- The patient's figures have been included to add additional information.

MATTER FOR CONSIDERATION

Medical Practice Financial and Patient Visitation Number Comparisons for the last four (5) financial years including the full 2018/19 year.

BACKGROUND

At the February 2018 Ordinary Meeting, Council directed that the Deputy Chief Executive Officer provide the Audit and Risk Committee with detailed financial records on the Medical Practice income and expenditure on a six (6) monthly basis for the last 3 years.

The analysis is designed to identify any noticeable trends for the Medical Practice and strategies that could be utilised to reduce Council's financial exposure and risk in this Activity Area.

In the December 2018 Audit and Risk Meeting, the dates of reporting have been shifted to the closest Committee meeting after the end of each six-month period.

STATUTORY ENVIRONMENT

Nil.

POLICY IMPLICATIONS

Nil.

FINANCIAL IMPLICATIONS

Council had an original budget of an Operating Shortfall of $165,000. The budget review changed this amount to $199,000.

The Operating Shortfall as at as at 30th June 2019 is $198,774. This is in line with the budget review however is over the original budget. Due to the size of the operational deficit the shortfall of the Medical Centre has a large impact on the Operating Surplus Ratio.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Social Objective: Active, healthy, safe and inclusive community

ITEM	OUTCOMES AND STRATEGIES
S2	Healthy community
S2.1	Advocate on behalf of the community for improved access to health
S2.2	Promote public health

Governance Objective: Strong governance and community engagement

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

COMMUNITY CONSULTATION

The Medical Practice and Health Services in general was identified as a High Priority in Council's Community Engagement Process (March 2017).

RISK ASSESSMENT

Financial – Risk Matrix Rating is considered as Medium Risk. Risk level assessed due to the withdrawal of various Grant / Subsidy Programs previously included in the Practice Income and the ongoing trend of an increasing Operating Shortfall.

Health – Risk Matrix Rating is considered as Low Risk. Public Health Risk will escalate for the Community if the Medical Practice (with GP's) is not operating in a sustainable and effective manner.

Reputation – Risk Matrix Rating is considered as Low Risk. Heightened risk identified as Community expectation of a continuing Medical Service in the District is High. Reputational Risk if Medical Practice / GP availability is not maintained.

Operation – Risk Matrix Rating considered Low Risk. Operation of the Medical Practice and GP Contractor Model is incorporated into Council's operations and budgets. Further Monitoring and Liaising role through Council's Medical Executive Committee.

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

COMMENT

The attached patient's analysis shows the full year and shows a decrease in the level of patients and the income received (income achieved includes Consultation fees and Government Grants and Subsidies for operation).

Operating Expenditure has been closely monitored by the Practice Manager/s during the past year and is within Operating Budget except for higher employment costs from the payout of staff entitlements. This is expected to be reduced by between $9,000 and $10,000 following end of year provision calculations and bring employment costs to around $8,000 to $9,000 over budget.

Practice Nurse has been on Parental Leave for the year to date and correspondingly Practice Nurse Incentive Program (PNIP) income has largely not been received.

Also included with this Report is the Patient/Income Analysis on a Monthly basis from July 2018 to June 2019. This reflects that the average number of Patients seen per month is 412 Billable Patients (both at the Surgery and the Hospital). The 12-year Average for Patients seen per Month is 476 Patients and 4-year Average is 450 Patients per Month.

Over the 12 years there has been a steady overall population (est.1020 Persons) but with an increasingly Ageing Community and a community with many on Welfare / Pension Benefits.

Note that the Practice Nurse Incentive Program (PNIP) and the GP Rural Incentives Program (GPRIP) will be transitioned to the Workforce Incentive Program effective 1st July 2019. The Medical Practice is already registered for the PNIP Stream of this Funding.

Over the past few months the Shire has been working to develop a new model for the Medical Practice. In the new model the GP is contracted to provide services and will collect all income from the practice other than grants from the employment of a Practice Nurse. Due to this the Shire will not have access to Patient and Income figures and therefore no further report on Patients numbers or income will be able to be provided.

Medical Practice Income and Expenditure Long Term Comparison

Legend: Budget Income, Budget Expense, Actual Income, Actual Expense

Y-axis: 350,000 / 300,000 / 250,000 / 200,000 / 150,000 / 100,000 / 50,000 / -

X-axis: 2014/15 1st Half, 2014/15 2nd Half, 2015/16 1st Half, 2015/16 2nd Half, 2016/17 1st Half, 2016/17 2nd Half, 2017/18 1st Half, 2017/18 2nd Half, 2018/19 1st Half, 2018/19 2nd Half
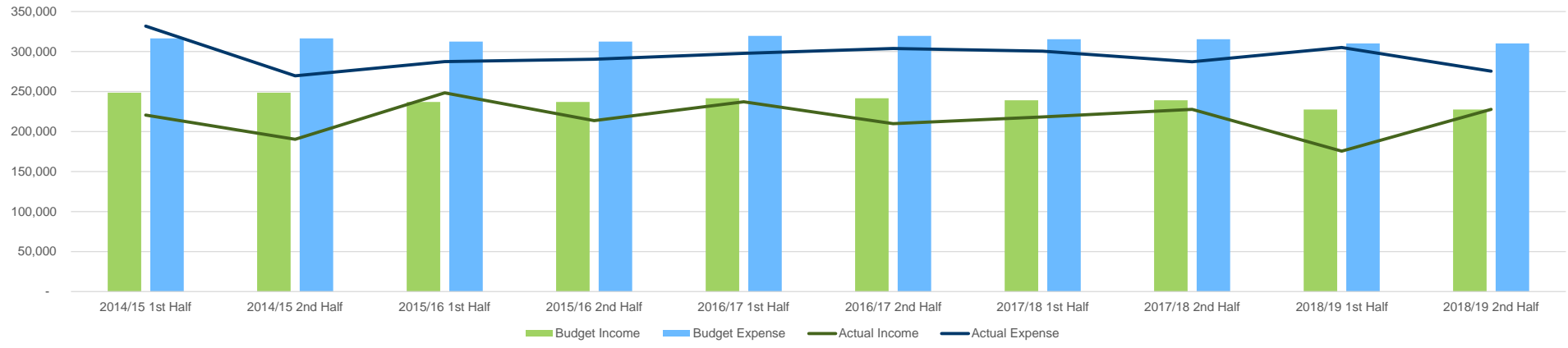
	Budget Year 2014 - 2015				Budget Year 2015 -2016			
	Budget 2014/2015	First Half Actual	Second Half Actual	Full Year Actual	Budget	First Half Actual	Second Half Actual	Full Year Actual
Income Source								
Interest Support Packages	1,000	46	431	477	700	1,132	155	1,287
HIC Payments (PIP) & (SWWML) & (CIR)	30,000	11,777	13,474	25,251	30,000	19,098	8,602	27,700
RFD Payments	6,000	3,000	3,000	6,000	6,300	2,400	3,000	5,400
Practice Nurse Incentive Grant	30,000	13,805	6,370	20,175	24,000	-	-	-
Receipts from Consultations	80,000	36,306	30,099	66,405	80,000	33,163	25,905	59,068
VTA Benefits / M'Care	240,000	107,129	117,164	224,293	225,000	124,693	105,849	230,542
SiHi GP Incentive	26,000	10,800	4,700	15,500	26,000	13,050	10,850	23,900
VMP Payments	84,000	37,692	15,001	52,693	80,000	53,462	57,820	111,282
Sundry Payments					2,000	1,337	1,401	2,738
	497,000	220,555	190,239	410,794	474,000	248,335	213,582	461,917
Expenditure Source								
Contractor Doctor	328,000	110,750	190,400	301,150	422,250	195,122	207,257	402,379
Doctor - Base Salary	79,717	113,481	-	113,481			-	
Practice Nurse (4 Days a week)	72,761	20,439	8,508	28,947	45,346	15,370	5,558	20,928
Practice Mgr Receptionists - Job Share 3 Staff (1.6 FTE)	78,988	45,986	47,905	93,891	88,491	48,480	51,531	100,011
Super - Doctor	5,594	8,221	-	8,221			-	
Super Practice Nurse	6,912	1,890	707	2,597	4,308	1,517	459	1,976
Super Receptionists	7,461	4,299	4,512	8,811	8,406	3,771	5,054	8,825
Workers Compensation	16,000	12,000	-	12,000	6,932	7,132	-	7,132
Medical Indemnity / Professional Fees	-	-	990	990	990	-	990	990
Staff Development	1,000	636	510	1,146	1,000	1,243	195	1,438
Materials - Medical / Other	10,000	3,838	7,235	11,073	12,000	7,126	2,229	9,355
Electrical Consumed	3,750	1,338	1,490	2,828	3,400	1,673	1,890	3,563
Phone	3,500	1,720	1,750	3,470	3,500	1,499	1,670	3,169
Postage, Printing & Stationery	4,500	1,280	2,057	3,337	3,900	2,039	1,421	3,460
Minor Capital Expenditure				-	6,500	179	2,994	3,173
Computer - M tce (Non Capital)	4,000	1,127	678	1,805	2,000	-	3,338	3,338
Credit Card / Merchant Fees	1,000	323	259	582	800	284	194	478
Other Surgery Expenditure	9,500	4,411	2,610	7,021	15,000	1,888	5,503	7,391
	632,683	331,739	269,611	601,350	624,823	287,323	290,283	577,606
Income / Expenditure Outcome	**135,683**	**111,184**	**79,372**	**190,556**	**150,823**	**38,988**	**76,701**	**115,689**

	Budget Year 2016 -2017				Budget Year 2017 -2018			
	Budget	First Half Actual	Second Half Actual	Full Year Actual	Budget	First Half Actual	Second Half Actual	Full Year Actual
Income Source								
Interest Support Packages	700	850	2,103	2,953	2,000	886	2,180	3,066
HIC Payments (PIP) & (SWWML) & (CIR)	30,000	4,891	9,323	14,214	20,000	17,174	14,855	32,029
RFD Payments	6,300	2,400	2,400	4,800	6,300	2,400	1,800	4,200
Practice Nurse Incentive Grant	24,000	11,553	11,741	23,294	24,000	12,553	12,025	24,578
Receipts from Consultations	80,000	27,904	25,439	53,343	65,000	20,352	20,227	40,579
VTA Benefits / M'Care	230,000	129,445	105,060	234,505	240,000	111,323	120,288	231,611
SiHi GP Incentive	26,000	9,650	8,950	18,600	26,000	8,400	11,250	19,650
VMP Payments	84,000	50,487	44,764	95,251	95,000	44,935	44,936	89,871
Sundry Payments	2,000	-	-	-	-	167	105	272
	483,000	237,180	209,780	446,960	478,300	218,190	227,666	445,856
Expenditure Source								
Contractor Doctor	422,550	188,604	202,789	391,393	425,085	193,140	198,428	391,568
Doctor - Base Salary			-				-	
Practice Nurse (4 Days a week)	46,846	9,030	25,638	34,668	38,857	16,993	14,379	31,372
Practice Mgr Receptionists - Job Share 3 Staff (1.6 FTE)	91,538	54,061	49,074	103,135	97,609	45,577	51,981	97,558
Super - Doctor			-				-	
Super Practice Nurse	4,450	839	1,824	2,663	3,691	1,581	1,336	2,917
Super Receptionists	8,696	5,282	5,425	10,707	9,273	4,234	4,745	8,979
Workers Compensation	7,932	8,853	-	8,853	8,000	8,000	-	8,000
Medical Indemnity / Professional Fees	990	-	990	990	1,000	-	1,485	1,485
Staff Development	1,000	-	816	816	1,000	-	-	-
Materials - Medical / Other	10,000	2,714	3,770	6,484	8,000	4,424	3,698	8,122
Electrical Consumed	3,400	2,043	1,738	3,781	2,400	1,647	1,558	3,205
Phone	3,500	1,973	2,500	4,473	4,500	1,906	2,441	4,347
Postage, Printing & Stationery	3,500	1,666	2,085	3,751	3,800	2,943	1,982	4,925
Minor Capital Expenditure	8,750	4,188	4,537	8,725	3,000	-	1,533	1,533
Computer - M tce (Non Capital)	2,000	857	1,635	2,492	2,000	2,699	2,420	5,119
Credit Card / Merchant Fees	500	286	217	503	500	211	189	400
Other Surgery Expenditure	23,500	17,271	776	18,047	22,000	17,153	1,091	18,244
	639,152	297,667	303,814	601,481	630,715	300,508	287,266	587,774
Income / Expenditure Outcome	**156,152**	**60,487**	**94,034**	**154,521**	**152,415**	**82,318**	**59,601**	**141,919**

|	Budget Year 2018 -2019		
	Budget	First Half Actual	Second Half Actual	Full Year Actual
Income Source				
Interest Support Packages	2,000	772	2,180	799
HIC Payments (PIP) & (SWWML) & (CIR)	20,000	-	14,855	21,313
RFD Payments	4,800	3,000	1,800	4,800
Practice Nurse Incentive Grant	23,000	259	12,025	2,825
Receipts from Consultations	64,200	20,254	20,227	37,147
VTA Benefits / M'Care	220,000	113,757	120,288	224,275
SiHi GP Incentive	26,000	-	11,250	-
VMP Payments	95,000	37,446	44,936	90,657
Sundry Payments	-	-	105	-
	455,000	175,488	227,666	381,817
Expenditure Source				-
Contractor Doctor	431,553	196,247	214,617	410,864
Doctor - Base Salary			-	-
Practice Nurse (4 Days a week)	29,380	-	154	154
Practice Mgr Receptionists - Job Share 3 Staff (1.6 FTE)	99,801	68,680	46,824	115,504
Super - Doctor			-	-
Super Practice Nurse	2,791	-	-	-
Super Receptionists	9,709	5,164	2,736	7,900
Workers Compensation	2,972	1,971	- 135	1,836
Medical Indemnity / Professional Fees	990	250	- 250	-
Staff Development	1,000	-	-	-
Materials - Medical / Other	8,214	2,143	4,019	6,162
Electrical Consumed	1,900	1,032	1,275	2,306
Phone	4,200	2,368	2,227	4,595
Postage, Printing & Stationery	4,850	2,385	1,367	3,752
Minor Capital Expenditure	3,000	2,425	- 107	2,318
Computer - M tce (Non Capital)	3,000	3,344	1,233	4,577
Credit Card / Merchant Fees	500	198	201	400
Other Surgery Expenditure	16,140	18,873	1,349	20,222
	620,000	305,081	275,510	580,591
Income / Expenditure Outcome	**165,000**	**129,592**	**47,845**	**198,774**

Analysis of Patients seen at Quairading Medical Practice & Hospital
01/07/2018 TO 31/06/2019

MONTH	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	YTD Total	Monthly Average
PRIVATE	80	107	59	86	74	54	73	64	52	47	59	84	839	70
BULK BILL	347	378	293	348	299	244	314	308	301	294	450	380	3956	330
VET AFFAIRS	8	3	3	3	3	4	3	3	4	2	5	1	42	4
OTHER	14	5	8	12	10	2	4	13	5	2	13	21	109	9
TOTAL No. OF PATIENTS	449	493	363	449	386	304	394	388	362	345	527	486	4946	412
MONTHLY FEES (EXCL GST)	$31,541	$34,768	$18,444	$38,023	$34,183	$18,529	$26,667	$42,876	$30,037	$26,242	$33,917	$46,590	$381,817	$31,818.06

Patients by Month

TOTAL No. OF PATIENTS

JULY 449, AUGUST 493, SEPTEMBER 363, OCTOBER 449, NOVEMBER 386, DECEMBER 304, JANUARY 394, FEBRUARY 388, MARCH 362, APRIL 345, MAY 527, JUNE 486

Medical Practice Profit and Loss

- 2017/18 Income
- 2018/19 Income
- 2017/18 Expense
- 2018/19 Expense
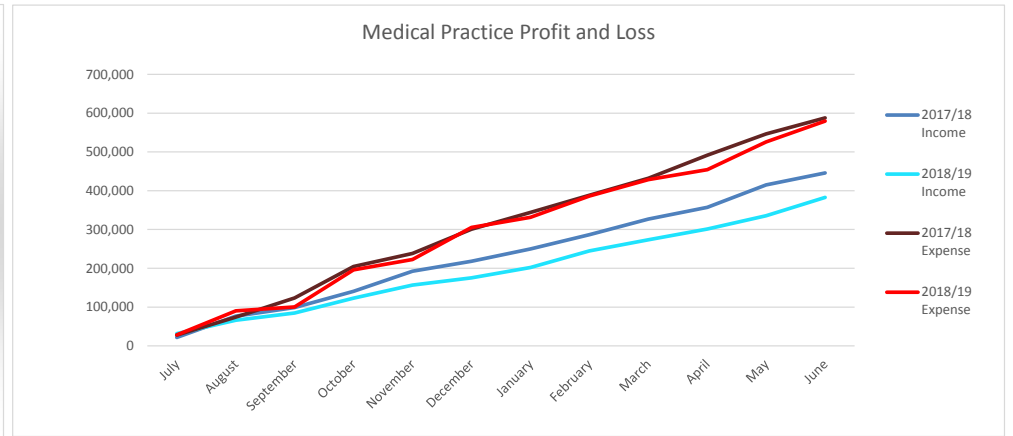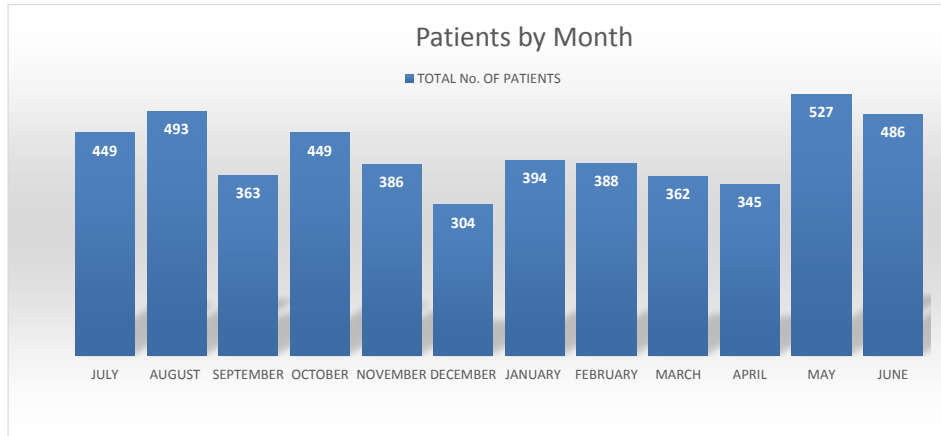
Analysis of patient seen at Quairading Medical Practice between 2007 and 2019 (including hospital)

YEAR	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
PRIVATE	1,650	1,693	1,685	1,545	1,512	1,244	1,125	1,159	1,211	1,158	843	839
BULK BILL	3,751	3,898	4,171	3,879	3,953	4,400	4,161	4,301	4,140	4,344	4,418	3,956
VET AFFAIRS	188	227	279	257	254	250	174	154	79	64	42	42
OTHER	135	130	145	127	122	131	154	157	125	116	109	109
TOTAL No. OF PATIENTS	5,724	5,948	6,280	5,808	5,841	6,025	5,614	5,771	5,555	5,682	5,412	4,946
PRACTICE INCOME			398,133	413,517	386,540	482,597	440,071	410,794	461,917	446,960	445,856	381,817

ITEM 12   COUNCILLORS' EMERGING ISSUES
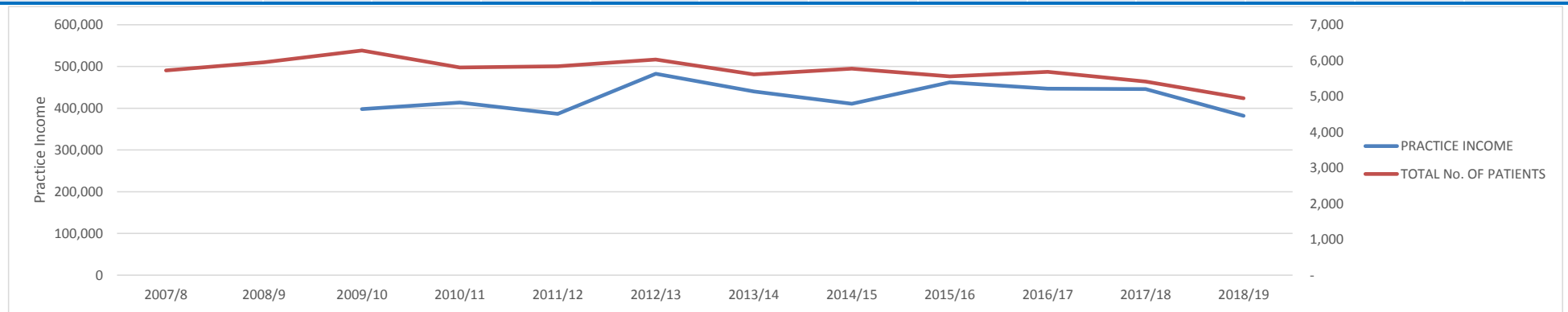
12.1   Roe Tourism Association

Refer to attachment provided by the Quairading CRC.

Supporting information compiled by the Quairading CRC in support of Shire of Quairading rejoining Roe Tourism Association (September 2019)

Roe Tourism currently consists of the member local governments of Bruce Rock, Corrigin, Kondinin, Kulin, Lake Grace and Narembeen. Shire of Brookton is considering joining Roe Tourism Association.

In October each year every member is invoiced $5000 which goes towards employing an Executive Officer, advertising, marketing, printing and other expenditure as deemed desirable by the Association members.

The Executive Officer attends to governance issues, keeps the new Roe Tourism website up to date, runs the Pathways to Wave Rock Facebook page, organises brochure creation, printing and distribution, manages Associate (Business) Memberships, deals with correspondence from CIAWA, CWVC, AGO, Tourism Council and various others and provides updates and reminders to LGA's during busy tourist times. As at 31 July 2019 there are 34 Assoc. Members. The cost of this is $20 and entitles members to attend meetings (no voting rights) and have their business information included on the website.

Roe Tourism Association is about to adopt a new Strategic Plan (*Forward Directions 2019 – 2021*) which has a strong focus on branding, marketing, data collection and partnerships. They are currently working with NEWTravel (the group who run Wheatbelt Way) and Central Wheatbelt Visitor Centre (Merredin) on a joint funding application to QANTAS which if successful would give them access to an 'Expert Marketing Panel' including branding specialist, photographer, social media advisor, graphic designer and journalist.

Roe Tourism work in partnership with tourism organisations at many levels. *Pathways to Wave Rock* is one of four videos recently created by Wanderlust Communications on behalf of and funded by AGO (Australia's Golden Outback) for an upcoming Wheatbelt Road Trip marketing campaign.

From time to time the Executive Officer arranges guest speakers to visit Roe Tourism meetings. A future meeting will have a representative from Campervan and Motorhome Club of Australia and will include an invite for them to visit member towns in order to provide informed feedback.

The Annual General Meeting for the Roe Tourism Association will be held on 21st October at the Hyden CRC. The committee is considering reducing the number of meeting times per year and investigating the use of video conferencing instead of face to face meetings, although the networking opportunities provided are very valuable.

Roe Tourism encourage their meetings to be attended by a Councillor from the member Shire and a "go to" tourism representative from the town. The Quairading CRC is very keen and willing to provide a representative for each meeting, plus put in work between meetings too.

After meeting with Marcus Falconer, CEO of Australia's Golden Outback last month, we strongly agree with his recommendation that we both put in efforts on a local level to package and promote our tourism offerings and also work collaboratively with a regional tourism organisation to maximise input and reach a greater audience. As you can see by the map below, Roe Tourism is a perfect collective for us to belong to.

The President of Roe Tourism Association is kindly available for phone conversations or a visit if required - Cr Bevan Thomas (Narembeen) 0429 065 302.

Below: Roe Tourism website home page. Current map used in promo material (will be updated if we re-join)
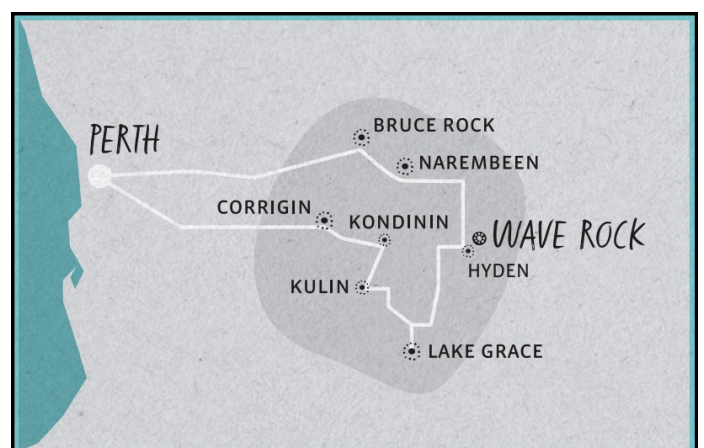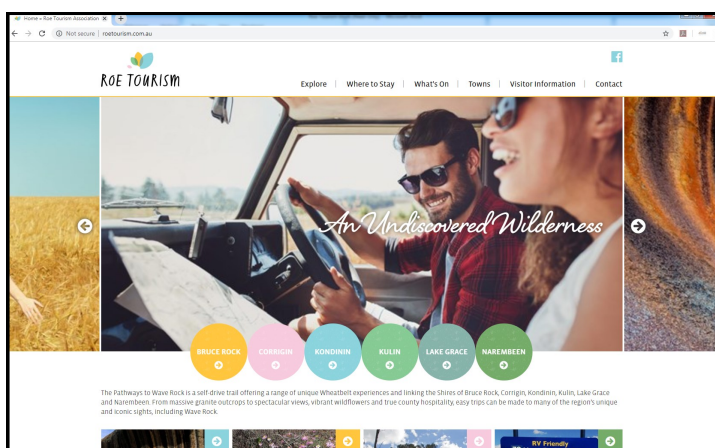
ITEM 13   CONFIDENTIAL BUSINESS – AS PER LOCAL GOVERNMENT ACT S5.23 (2)

Nil to report.

ITEM 14   NEXT MEETING DATE

The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday, 10th December 2019, commencing at 5.00pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

ITEM 15   CLOSURE

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