

# Audit & Risk Committee Notice of Meeting | 14<sup>th</sup> September 2021

Dear Councillors

I respectfully advise that the AUDIT & RISK COMMITTEE MEETING will be held in the Shire Council Chambers, 10 Jennaberring Road, Quairading, WA on Tuesday 14<sup>th</sup> September 2021 commencing at 5.00pm.

MEETING AGENDA ATTACHED

*Graeme Fardon*

**Graeme Fardon**  
**CHIEF EXECUTIVE OFFICER**

Date: 10<sup>th</sup> September 2021

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#### Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire of Quairading during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Quairading. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received.

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## SHIRE OF QUAIRADING

### Audit & Risk Committee

#### ITEM 1      OPENING & ANNOUNCEMENTS

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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".

#### ITEM 2      ATTENDANCE AND APOLOGIES

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##### **Councillors**

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

##### **Council Officers**

Mr GA Fardon	Chief Executive Officer
Mrs LM Horton	Executive Manager of Corporate Services
Mr A Rourke	Executive Manager of Works & Services
Mr RM Bleakley	Executive Manager Community, Projects and Strategy

##### **Observers/Visitor**

##### **Apologies**

##### **Approved Leave of Absence**

#### ITEM 3      DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

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Nil

## ITEM 4 DECLARATIONS OF INTEREST

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Elected Members in accordance with section 5.61 and 5.65 of the Local Government Act 1995 and the Local Government (Model Code of Conduct) Regulations 2021 Schedule 1 Division 4 regulation 22:

A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by the member must disclose the nature of the interest -

- (a) in a written notice given to the CEO before the meeting; or
- (b) at the meeting immediately before the matter is discussed.

Local Government employees in accordance with section 5.70 or 5.71 of the Local Government Act 1995 and the Local Government (Administration) Regulations 1996 Part 4A Division 2, regulation 19AD:

An employee who has an interest in any matter to be discussed at a council or committee meeting attended by the local government employee disclose the nature of the interest –

- (a) in a written notice given to the CEO before the meeting; or
- (b) at the meeting immediately before the matter is discussed.

## ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

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### 5.1 Confirmation of Minutes – 8<sup>th</sup> June 2021

#### RECOMMENDATION

**MOVED** \_\_\_\_\_ **SECONDED** \_\_\_\_\_

That the Minutes of the Audit & Risk Committee Meeting held on the 8<sup>th</sup> June 2021 be confirmed as a true and accurate record.

**CARRIED** \_\_\_/\_\_\_

**VOTING REQUIREMENTS** - Simple Majority

### 5.2 Business Arising

## SHIRE OF QUAIRADING Audit & Risk Committee

The Quairading Audit & Risk Committee Minutes of the Meeting held on 8<sup>th</sup> June 2021 commencing at 4.40 pm.

### ITEM 1      OPENING & ANNOUNCEMENTS

---

The Chairperson opened the Meeting at 4.40 pm.

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

### ITEM 2      ATTENDANCE AND APOLOGIES

---

#### **Councillors**

Cr JN Haythornthwaite	Chairperson / Deputy Shire President
Cr BR Cowcill	
Cr JR Hippisley	
Cr B McGuinness	
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	Executive Manager Community, Projects and Strategy (from 4.48 pm)

#### **Observers/Visitor**

Nil

#### **Apologies**

Cr WMF Davies	Shire President
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#### **Absent**

Cr JW Haythornthwaite

#### **Approved Leave of Absence**

Nil.

### ITEM 3      DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

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Nil.

## ITEM 4 DECLARATIONS OF INTEREST

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Nil, at this time.

## ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

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### 5.1 Confirmation of Minutes – 9<sup>th</sup> March 2021

**RECOMMENDATION: AR16-20/21**

**MOVED Cr Cowcill SECONDED Cr Hippisley**

That the Minutes of the Audit & Risk Committee Meeting held on the 9<sup>th</sup> March 2021 be confirmed as a true and accurate record.

**CARRIED 6/0**

### 5.2 Business Arising

Nil.

## ITEM 6      STANDING ITEMS – EXTERNAL AUDIT

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### *Audit & Risk Committee - Terms of Reference 7.6*

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

*Any matters to be discussed resulting from the telephonic meeting with the OAG and AMD.*

Nil Matters discussed.

## ITEM 7 STANDING ITEMS – INTERNAL AUDIT

### Audit & Risk Committee - Terms of Reference 7.5

#### 7.1 Financial Management Review Report - May 2021

<b>Meeting Date</b>	8 <sup>th</sup> June 2021
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	EMCS Nathan Gilfellow
<b>Attachments</b>	(i) Financial Management Review Report May 2021
<b>Owner/Applicant</b>	Moore Australia
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

##### RECOMMENDATION: AR17-20/21

##### MOVED Cr Hippisley SECONDED Cr Stacey

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

- Council notes the Moore Australia Financial Management Review Report – May 2021 on the review of the Shire's financial management systems and procedures
- Council notes the Management responses to the Findings and Recommendations

**CARRIED 6/0**

#### IN BRIEF

- Review of the appropriateness and effectiveness of the Shire's financial systems and procedures to be undertaken at least every 3 Years.
- External Audit Consultant Moore Australia were engaged to conduct the Review and to prepare a Report for the CEO for its presentation to the Audit & Risk Committee.
- Onsite Review Visit undertaken on 12<sup>th</sup> – 14<sup>th</sup> of April 2021, where 23 Areas were examined.
- Moore Australia have provided its Review Report to the CEO.
- Management have provided its Comments on the Findings & Recommendations and these have been incorporated into the Review Report.

#### MATTER FOR CONSIDERATION

Noting of Moore Australia's Report on the appropriateness and effectiveness of the Shire's financial management systems and procedures and also noting Management's Responses and Actions.

#### BACKGROUND

1. The *Local Government (Financial Management) Regulations 1996 regulation 5(2)(c)*, requires the Chief Executive Officer to undertake Financial Management Reviews regularly (and not less than once in every three years). The main purpose of a Financial Management Review (FMR) is to examine the



appropriateness and effectiveness of the financial management systems and procedures of the Shire.

2. Through a formal request for quote process, Moore Stephen (WA) Pty Ltd was appointed to undertake the financial management audit. The audit covered the period 1<sup>st</sup> July 2020 to 31<sup>st</sup> March 2021.
3. Moore Australia Staff examined 23 Areas. 16 Areas were reported as effective and appropriate and 7 Areas highlighted in the Report are were Moore Australia recommend for Improvement.
4. The Consultant's Report identified from the 7 Areas, 10 Matters of which 2 was considered to be significant, 4 were considered to be moderate issues and 4 were considered as minor issues.

## **STATUTORY ENVIRONMENT**

### *Local Government (Financial Management) Regulations 1996*

#### 5. CEO's duties as to financial management

- (1) Efficient systems and procedures are to be established by the CEO of a local government –
  - (a) for the proper collection of all money owing to the local government; and
  - (b) for the safe custody and security of all money collected or held by the local government; and
  - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
  - (d) to ensure proper accounting for municipal or trust –
    - (i) revenue received or receivable; and
    - (ii) expenses paid or payable; and
    - (iii) assets and liabilities;
 and
  - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
  - (f) for the maintenance of payroll, stock control and costing records; and
  - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to –
  - (a) ensure that the resources of the local government are effectively and efficiently managed; and
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

## **POLICY IMPLICATIONS**

N/A.

## FINANCIAL IMPLICATIONS

The budget for the FMR Report was \$10,000. The actual cost for the Review work was \$10,000.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

### Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G1	Robust Integrated Planning and Reporting (IPR)
G1.1	Continual improvement in IPR, transparency and accountability
G4	Sound Organisation
G4.3	Ensure optimum organisational capacity and efficiency

## COMMUNITY CONSULTATION

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

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

Financial - Risk Matrix Rating is assessed as Low. The Financial Management Review is conducted to provide assurance to the CEO and Council on the performance of the control environment of the financial management systems and procedures.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. Compliance with legislative requirement. Failure to complete the FMR would lead to increased Reputational Risk and possible actions by the DLGSC.

Operation – Risk Matrix Rating is assessed as Low. Council's Management and Administration Staff assisted the External Consultant by providing all information and documents requested by the Moore Australia Staff.

Natural Environment – Risk Matrix Rating is assessed as Low.

## COMMENT

The CEO and the EMCS have prepared and provided Management's responses on the Findings and detailed Actions that have already been taken or will be taken to ensure that the Recommendations are implemented.

## **7.2 OAG Report 23: 2020/21 – Local Government General Computer Controls**

*For Councillor Information Only. The attached report summarises the results of the 2020 annual information systems audits across a selection of 50 local government (LG) entities.*

Noted by the Meeting.

## ITEM 8      STANDING ITEMS – FINANCIAL REPORTING

### *Audit & Risk Committee - Terms of Reference 7.2*

#### 8.1      Grant Funding Status Report

<b>Meeting Date</b>	8 <sup>th</sup> June 2021
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	IPR&SPO Richard Bleakley
<b>Attachments</b>	(i) Grants Register Status Report 1 (ii) Grants Register Status Report 2 (Summary Report)
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

##### **RECOMMENDATION: AR18-20/21**

##### **MOVED Cr McGuinness SECONDED Cr Cowcill**

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

Council notes the Grants Status Reports dated June 2021.

**CARRIED 6/0**

#### IN BRIEF

- This Report provides an update on the status of grants submitted and new grant opportunities and is provided for information and discussion.
- This Report includes Grants that are continuing /carried over from the 2019/2020 and are being acquitted in the current Financial Year.
- This report includes Grant Funded Projects that will also be delivered in 2021/22.
- Report details current successful Grants (Competitive and Non Competitive).
- No Grant Applications have been declined in 2020/2021.
- One grant application (Community Park) has been withdrawn as does not meet the guidelines of the COVID-19 Grant Funding Program at LotteryWest. It will be resubmitted once Lotterywest re-opens its regular funding windows in late June 2021.
- Further Grant Funding avenues being explored by the Grants Team are detailed.

#### MATTER FOR CONSIDERATION

Noting the Grants Status Report.

#### BACKGROUND

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

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

## STATUTORY ENVIRONMENT

Nil

## POLICY IMPLICATIONS

Nil.

## FINANCIAL IMPLICATIONS

All Grants reported have been included in Council's Adopted Budget for the 2020/2021 Financial Year and Proposed Budget for the 2021/2022 Financial Year.

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

Council has received advice that the Federal Government has approved the nomination of the Hall Carpark Project under the Local Roads and Community Infrastructure Program Extension (COVID 19) – Phase 2 allocation of \$288,492 with Shire's contribution being \$39,508.

In addition, Council has received advice that the Federal Government has granted an additional \$786,694 under the Local Roads and Community Infrastructure Program Extension (COVID-19) – Phase 3. Information regarding the Guidelines and Conditions of this additional funding have yet to be received.

Allocation of these funds to Projects will be the subject of a further Officer's Report to Council in the near future.

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

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

### Governance Objective: Strong governance and community engagement

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

## COMMUNITY CONSULTATION

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

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

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

Health – Risk Matrix Rating is assessed as Low.

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

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

Natural Environment – Risk Matrix Rating is assessed as Low.

Attachment 1 – Grants Register Report as at 3<sup>rd</sup> June 2021 provides a summary of current project grant portfolio.

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

Status	Number	Grant Funding
Closed / Completed	2	\$2,700
Active	10	\$5,779,655
Approved	1	\$23,333
Applications	2	\$1,356,694
New research	9	\$65,000
<b>Total</b>	<b>24</b>	<b>\$7,227,382</b>

## ITEM 9      STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

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*Audit & Risk Committee - Terms of Reference 7.3*

*No matters for consideration.*

## ITEM 10 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

### Audit & Risk Committee - Terms of Reference 7.1, 7.3

#### 10.1 Report on Excess Annual Leave and Long Service Leave

<b>Meeting Date</b>	8 <sup>th</sup> June 2021
<b>Responsible Officer</b>	EMCS Nathan Gilfellon
<b>Reporting Officer</b>	SFO Kaiser Uddin
<b>Attachments</b>	Nil
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

##### RECOMMENDATION: AR19-20/21

##### **MOVED Cr Hippisley SECONDED Cr Cowcill**

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

**CARRIED 6/0**

#### IN BRIEF

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

#### MATTER FOR CONSIDERATION

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

#### BACKGROUND

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

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

#### STATUTORY ENVIRONMENT

*Local Government Act 1995*

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2020

The Industry Award defines Excess Leave as -

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



## POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

## FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 31<sup>st</sup> May 2021 is \$206,736.04.

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<sup>st</sup> May 2021) is calculated at \$212,380.00.

## STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

### Governance Objective: Strong governance and community engagement

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

## COMMUNITY CONSULTATION

N/A

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

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

Health – Risk Matrix Rating is considered as Low Risk

Reputation – Risk Matrix Rating is considered as Low Risk

Operation – Risk Matrix Rating considered Low Risk

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

## COMMENT

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

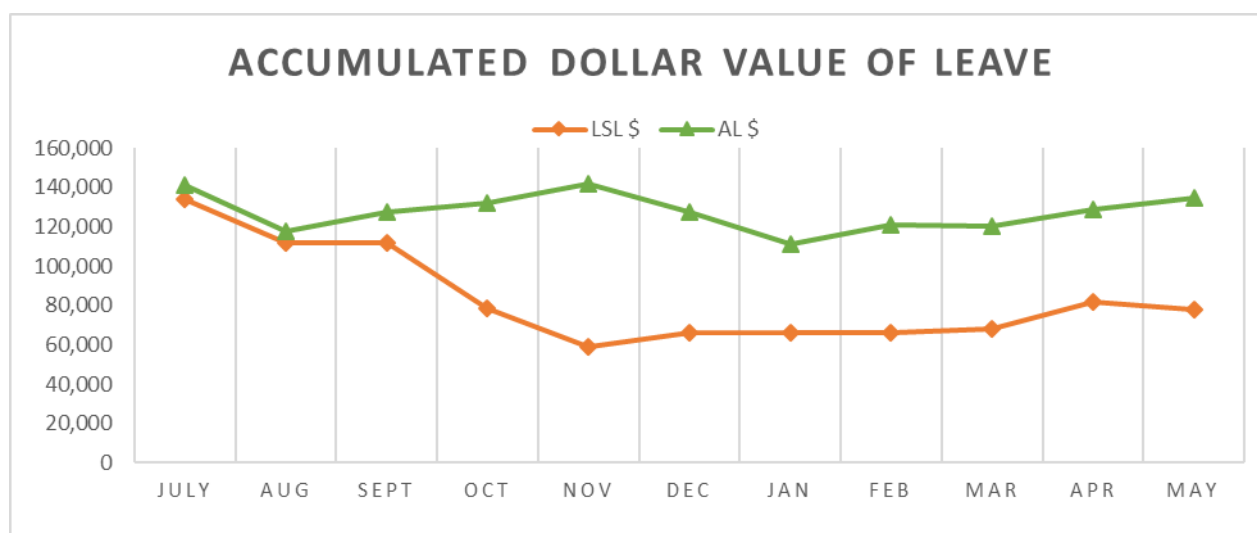
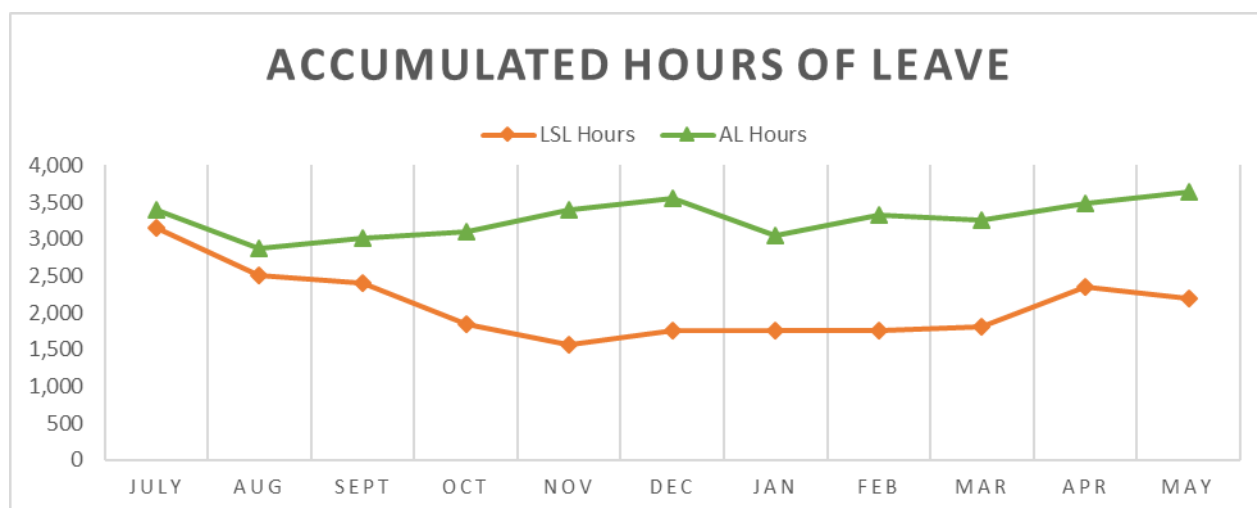
As at the 31<sup>st</sup> May 2021, two employees have excess annual leave. Management will discuss the excess leave with the employees and a reminder letter will be sent shortly.

Since February 2021, there has been an increase of 11.2% (in Dollar Value) in the Annual Leave Liability. This is due to natural increase during this period where employees have taken less leave.

The Long Service Leave Liability has had a 32% increase since February 2021. This is due to the anniversary of one employee in April 2021. In May, Long Service Leave Liability has decreased 4% as one of the employee has partly taken his Long Service Leave.

	<i>LSL Hours*</i>	<i>LSL \$*</i>	<i>AL Hours</i>	<i>AL \$</i>
<i>July</i>	3,152	133,795	3,396	141,026
<i>August</i>	2,511	112,029	2,879	117,983
<i>September</i>	2,407	111,839	3,013	127,361
<i>October</i>	1,838	78,381	3,102	132,103
<i>November</i>	1,557	58,798	3,393	141,499
<i>December</i>	1,755	58,798	3,555	127,688
<i>January</i>	1,755	58,798	3,044	111,379
<i>February</i>	1,755	58,798	3,325	121,193
<i>March</i>	1,804	67,960	3,258	120,396
<i>April</i>	2,342	81,951	3,490	128,639
<i>May</i>	2,190	77,633	3,640	134,746

\*An error in the system generated LSL liabilities was found and has been fixed. This has altered the LSL liabilities for the full year.



## ITEM 11      STANDING ITEMS – OTHER

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

#### 11.1 Annual Assessment Report on Community Engagement

<b>Meeting Date</b>	8 <sup>th</sup> June 2021
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	CEO Graeme Fardon
<b>Attachments</b>	Nil
<b>Owner/Applicant</b>	N/A
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

##### **RECOMMENDATION: AR20-20/21**

##### **MOVED Cr Hippiisley SECONDED Cr Stacey**

That the Audit & Risk Committee Recommend to Council:

That Council receive the Annual Assessment Report of Council's Community Engagement for the 2020/2021 year.

**CARRIED 6/0**

#### IN BRIEF

- In accordance with Council's Community Engagement Policy, an Annual Assessment of the level of engagement achieved is to be reported to the June Audit & Risk Committee.
- In December 2019, Council adopted the Community Action Plan for the 12 months ahead. The Action Plan will be further reviewed following the adoption of the Shire Community Strategic Plan 2021-2031.
  - The Action Plan describes how the Shire of Quairading will increase its level of engagement with the community and acknowledges the desire of Council to share information in keeping with our vision to position Quairading as the best place to live, work and visit.
  - The Action Plan provides direction to Councillors and Staff on identified activities with the objective of maximising meaningful and appropriate Community engagement across all areas of the Organisation.

#### MATTER FOR CONSIDERATION

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

#### BACKGROUND

Community engagement is an umbrella term that covers information sharing, consultation and active participation between the Shire and community. It seeks to ensure people have an opportunity to participate in decisions that affect them.

Community engagement is any activity that assists Council: -

- Provide opportunities for the community to voice an opinion on any proposals, plans, services and activities
- Work more closely with the community to shape policy options and priorities.

Community engagement does not necessarily mean achieving consensus. However, community input into Council's decision-making process provides the potential for a better, more informed decision for everyone. This results in:

- Improving the relationship between the Community and Council;
- Enhancing Community ownership of decisions;
- Adding value to Council's decision-making processes by drawing on the skills and wisdom of people and groups in the Community.
- Maximising the possible positive impacts of Council decision and minimising the possible negative impacts.

### 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

Strategic Document – Community Engagement Action Plan 2019 – 2020 (to be Reviewed in 2021/2022)

### FINANCIAL IMPLICATIONS

Nil - Community Engagement has been undertaken within Council's Operating Budgets.

### 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
G3	Community Engagement
G3.2	Collaborate with the community to achieve desired outcomes

## COMMUNITY CONSULTATION

The Shire's Strategic Community Plan 2017 - 2027 identified "Strong governance and community engagement" as one of its five (5) key objectives and listed Strategy G3 - Community Engagement as an issue to be addressed over the life of the SCP.

The Shire's Community Engagement Policy specifies that 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.

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

Financial - Risk Matrix Rating is assessed as Low. Community Engagement was undertaken within Council's adopted Budget.

Health – Risk Matrix Rating is assessed as Low.

Reputation – Risk Matrix Rating is assessed as Low. Risk Mitigated through a high level of Community engagement.

Operation – Risk Matrix Rating is assessed as Low. Community Engagement was achieved with existing Staff resources.

Natural Environment – Risk Matrix Rating is assessed as Low.

### COMMENT

The Community Engagement Policy and Action Plan are aimed to ensure: -

- Increased community awareness about Council's services, planning and program delivery;
- Increased awareness of community views and issues that should be considered as part of the decision-making process;
- Increased awareness of the needs and diversity of the local community;
- Development of solutions and outcomes that are broadly supported by the community;
- Increased satisfaction with council and strengthening of trust between Council and community;
- Increased understanding, community ownership and acceptance of decisions;
- Enhanced relationships with Council and the community working together to address local issues;
- Improved decision making and community outcomes;
- Potential for time, resource and cost savings;
- Increased transparency and accountability with regard to council decision making.

### Communications and engagement approach

A range of communication and engagement activities were undertaken in 2019/2020 to inform, consult and involve participants from across the community.

	METHOD	HOW WE ENGAGED
Online	Advertisements (Newspapers, Notice board, Banksia Bulletin, Passion Sheet and Shire Newsletters)	Public Notices, Tenders, Land Sales, Compliance Notices, Vacancies
	Bulk Text Messaging	Telstra Messaging – Emergency SMS system reports regularly to subscribers on Emergency/Bushfire/ Harvest Ban information.

	METHOD	HOW WE ENGAGED
	Regional Radio	Regular Radio Interviews regarding Community & Shire Activities - Triple M - Monthly 101.3fm Voice of the Avon - Quarterly
	Hotline/Phone-in	Harvest Ban Hotline
	Email	Business and Tourism – Caravan Club notification; assisting our community groups, clubs and businesses find the latest funding opportunities through targeted Grants emails.
	Social Media	Shire & Caravan Park Facebook Pages
	Website	Council, Online Accommodation Booking, Council facilities, Community Activities/Groups, Latest News
	Survey	Community Consultation – Community Strategic Plan Review
Indirect	Mail outs	Nil
	Town Clock Noticeboard, Banner, Poster, Signage	Electronic Notice Board – Ongoing Information Updated
	Suggestion Box	Council Community Suggestion Box at the Ag Show – No Show held in 2020.
	Client Request System	Client requests are generated through various medians including reports by phone, email, website or over the front counter at the Administration Centre and Works Depot.
In Person	Engagement Sessions	Community Park Project, Tourism Steering Committee, Aged Accommodation Project, Sporting Precinct Working Group, Quarterly Reconciliation Action Plan Committee Meetings, Wheatbelt Youth Council Meetings (Youth, Shire, School and the Police).
	Council Meetings	Open to Public
	Annual Electors Meeting	Open to Public – Minimal attendance by Public
	Citizenship Ceremonies	Ad hoc.
	Site Tour	Shire of Beverley Caravan Park & Cabins Tour. Shire of Nungarin Chief Executive Officer – Town Site Tour
	Council Ag Show Stand	No Agricultural Show in 2020. Plan to have a Council Stand as it is an excellent opportunity to engage with Residents and Visitors to the Show.
	Australia Day	Australia Breakfast held at the Community Building. Recognition Awards –were presented to Bill Fraser, Colin Hayes, Kevin Simpson and the Quairading farmers Co-op on the 26 January 2020 – Estimated 65 persons attended
	Tourism In Person	Tourist Visitor Survey – Ongoing (Roe Tourism) Shire Administration Centre – Front Counter – DoT Licensing, Health & Building, Rates, Facility Bookings, Planning, Cemetery, Ranger Services Works Depot Reception – Works Reports and Enquiries, Contractor and Supplier Enquiries Shire Officers @ CRC – Community Group Engagement, Meetings, Bulletins.

## **Comments on the Trends of the various Avenues used (Refer to the respective Graphs below)**

### Customer Service Requests

There has been an estimated decrease of 23.7% in the number of Customer Requests in 2020/2021 compared to 2019/2020.

There needs to be a further review how Customer Service Requests are recorded as only Works/Property Requests are recorded. All other Requests / Enquiries which are generally received at the Administration Centre and handled on the day are not recorded in the Customer Service Module.

### Social Media – Facebook

Shire FB Page – Increase of 28% in Followers

8.0% Increase in the number of Posts on the Shire Facebook Page

Estimated 6.3% increase in the reach of the Shire Facebook Posts over the 12 months.

Estimated 21% reduction in the level of "negative feedback to Posts" – Specific Comments not recorded.

Caravan Park FB Page established in 9<sup>th</sup> June 2020.

### *2020/2021 Statistics*

62 Posts published

15,459 Total Lifetime Post Reach

4,262 Total Number of Unique Engagements

1 Lifetime Negative Feedback

347 People follow this page.

### Emergency SMS System

478 Subscribers in 2020/2021 compared to 450 in 2019/2020. Increase of 6%

Level of Communications is determined by Seasonal / Bushfire Conditions.

### Department of Transport(DoT) Transactions

The 12-month trend line (in red) shows transactions have remained consistent.

It is highlighted that In Person transactions have returned to Pre Covid 19 levels.

### Administration Centre – Front Counter Attendance

The blue bar graph measures total time per day servicing front counter customers by Administration Staff. The red line indicates a 30-day rolling average.

The graph shows a year on year increase in servicing times with our busy period being the months prior to Christmas.

### Shire of Quairading Website Google Analytics

There has been a noticeable increase in user activity across the Shire's Website. The Website is an area the Administration Staff still needs to review with the object of increasing usability and functionality. This Review will occur when Staff Resources are available.

## Caravan Park & Cabin Bookings

Cabin Night Stays for July 2020 to May 2021 totalled 522.

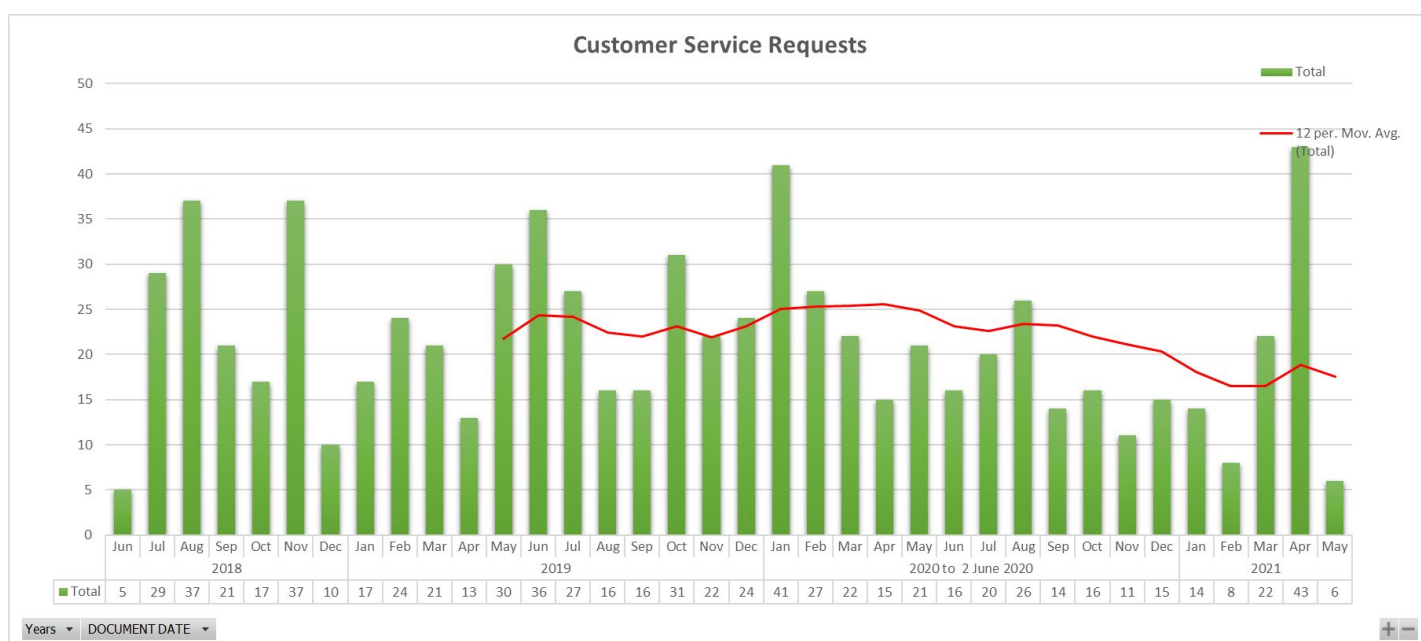
The new online Booking system for the Caravan park and cabins was launched in March 2021.

There have been 487 Night Stays for the months of March, April and May.

Further comparative Reports from the Booking System will be provided in the future.

## STATISTICS OF INTEREST

### Customer Service Module:



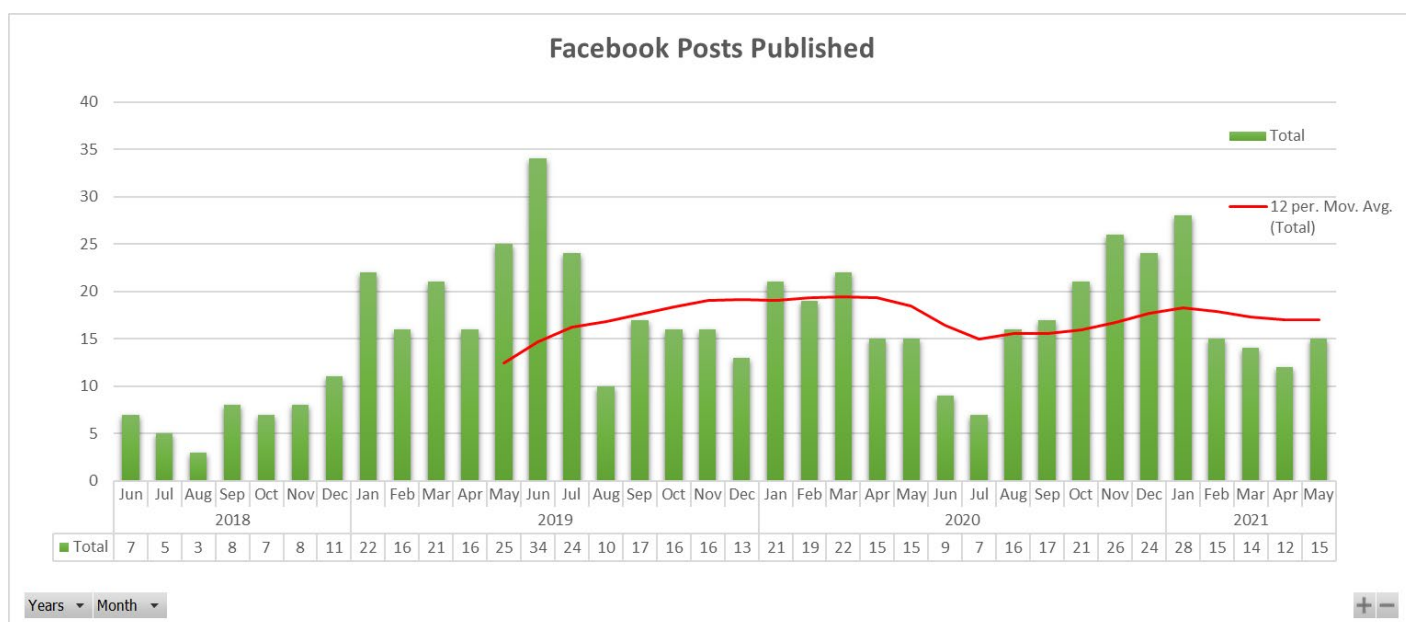
Financial Year	No. of Requests received
2018/2019	292
2019/2020	278
2020/2021 - to 31 <sup>st</sup> May 2021	195
<b>Total</b>	<b>765</b>



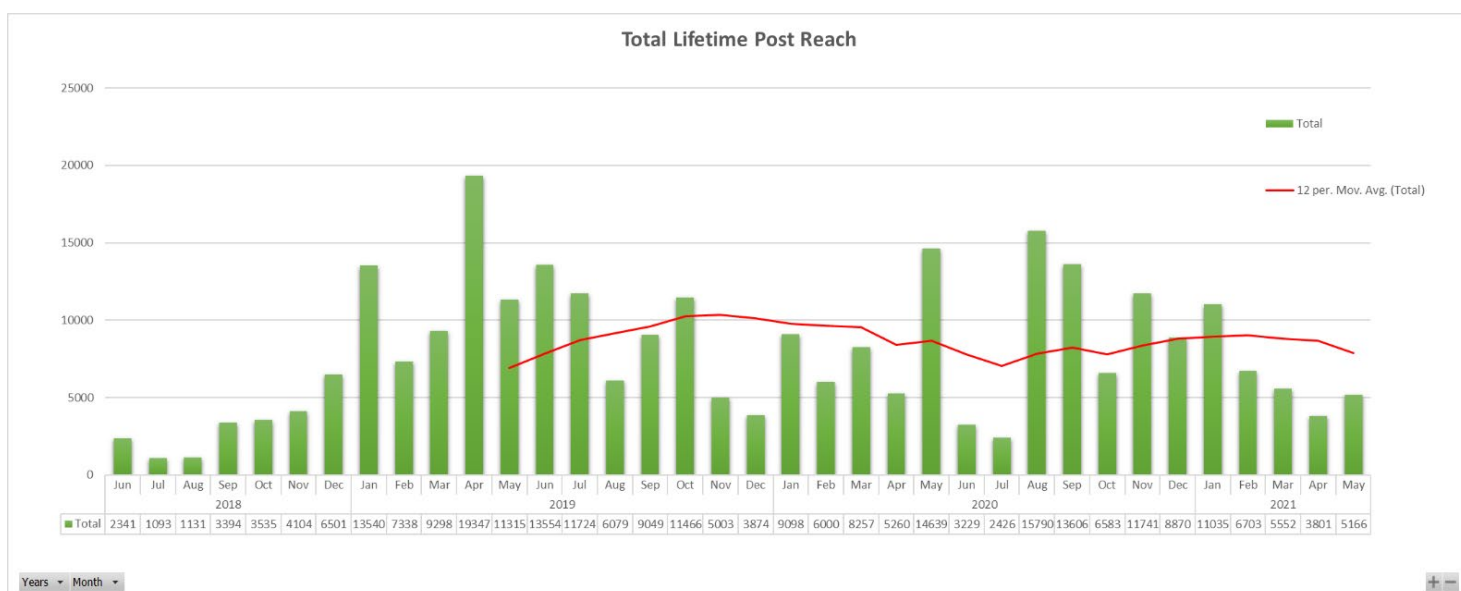
## Social Media – Facebook:

2019/2020 - 641 Followers on the Shire's Facebook Page

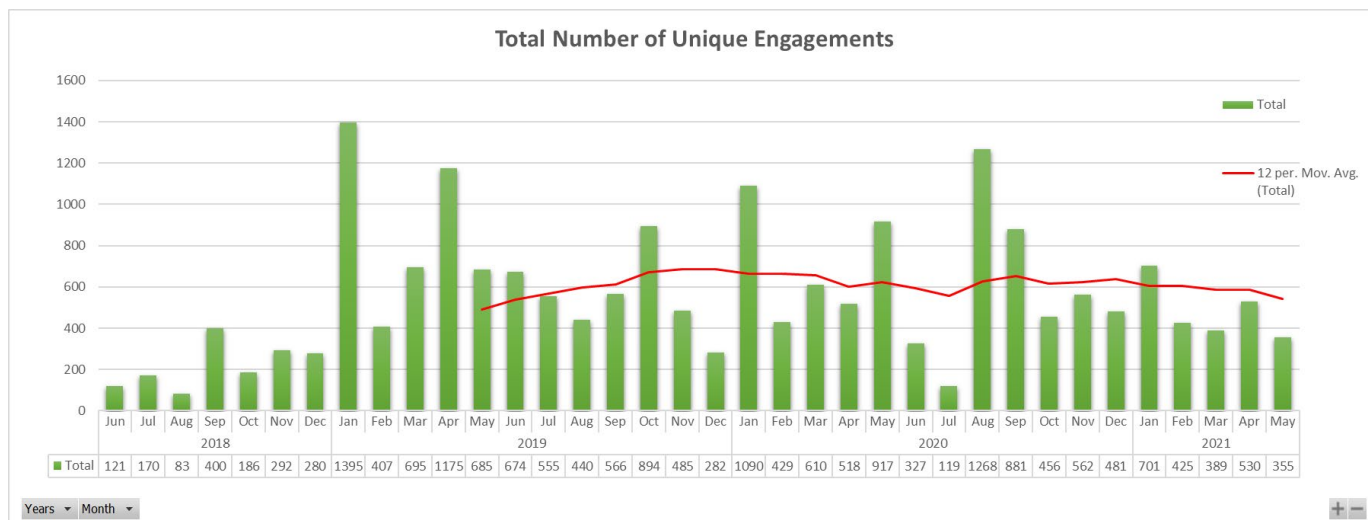
2020/2021 – 813 Followers on the Shire's Facebook Page



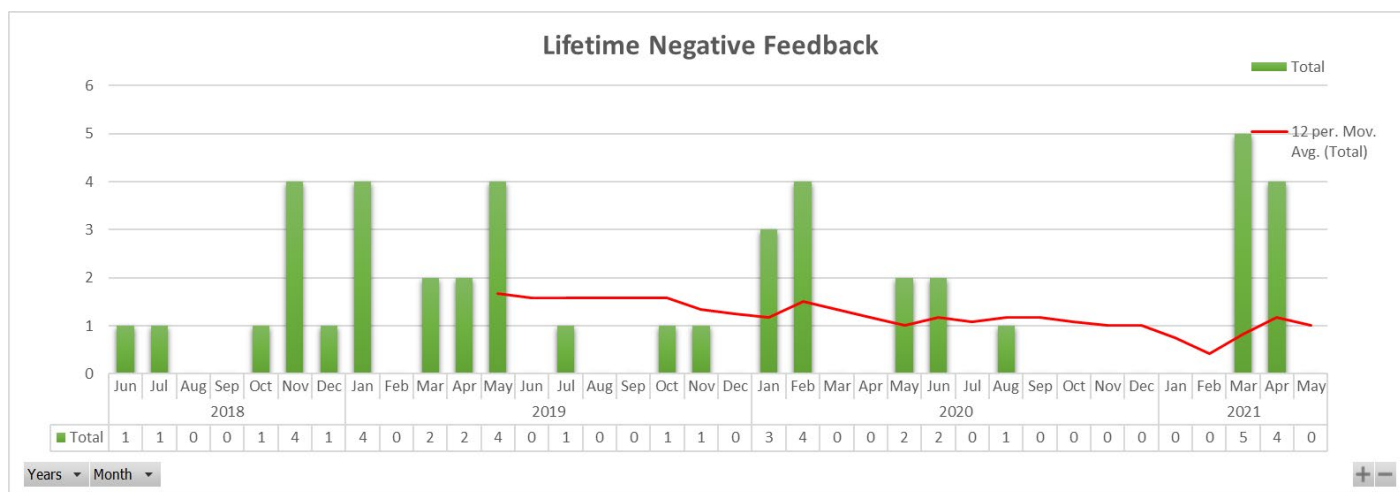
Financial Year	No. of Posts
2018/2019	176
2019/2020	197
2020/2021 – to 31 <sup>st</sup> May 2021	195
<b>Total</b>	<b>568</b>



Financial Year	No. of Lifetime Post reach
2018/2019	94,150
2019/2020	93,678
2020/2021 – to 31 <sup>st</sup> May 2021	91,273
<b>Total</b>	<b>279,101</b>

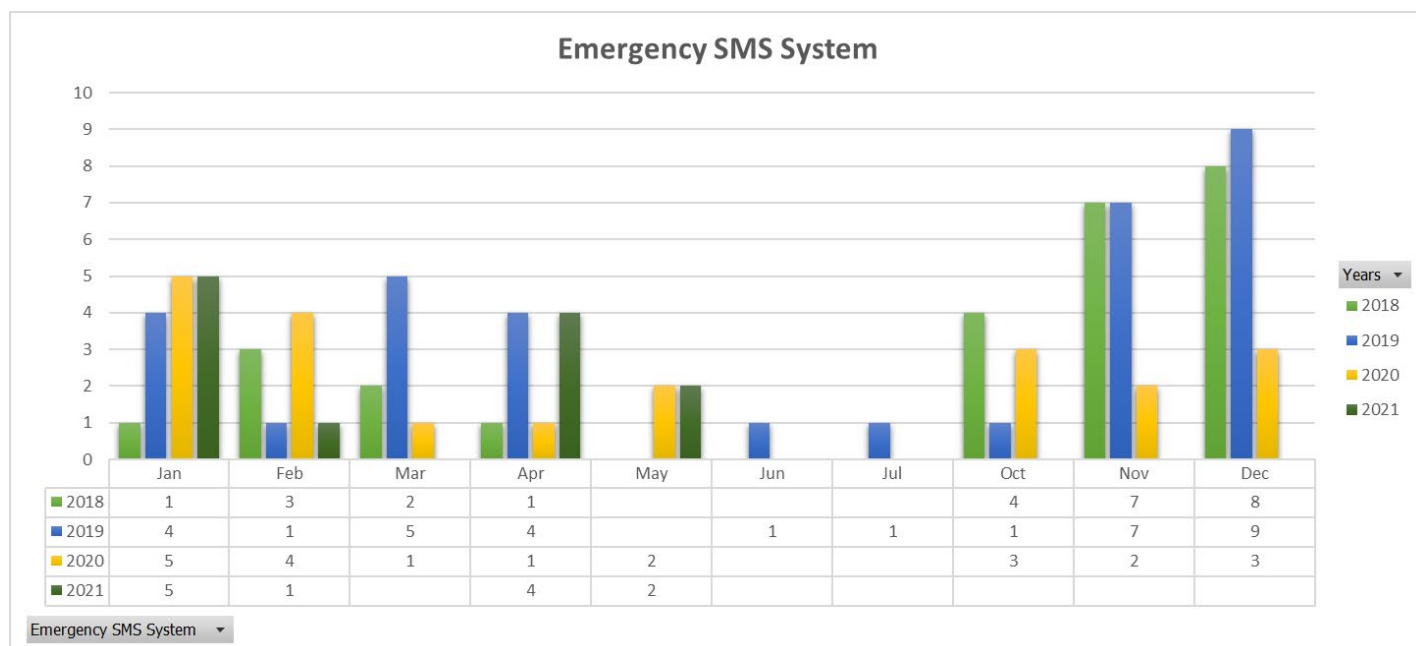


Financial Year	No. of Unique Engagements
2018/2019	6,442
2019/2020	7,113
2020/2021 - to 31 <sup>st</sup> May 2021	6,167
<b>Total</b>	<b>19,722</b>



Financial Year	No. of times people have given negative feedback to your post
2018/2019	19
2019/2020	14
2020/2021 - to 31 <sup>st</sup> May 2021	10
<b>Total</b>	<b>43</b>

## Emergency SMS System:



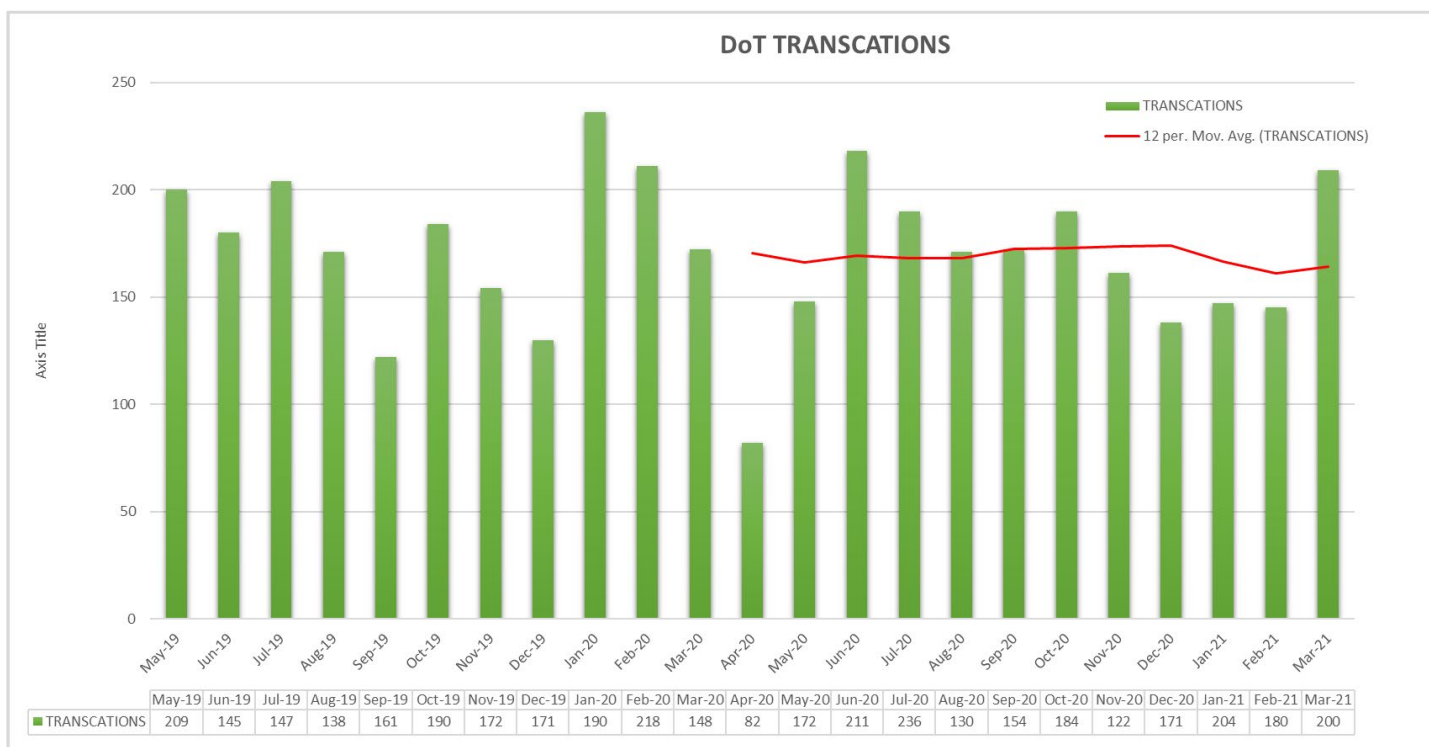
Financial Year	No. of Emergency SMS sent
2018/2019	34
2019/2020	31
2020/2021 - to 31 <sup>st</sup> May 2021	20
<b>Total</b>	<b>85</b>

2018/2019 – 388 Subscribers on the Emergency SMS System Database.

2019/2020 – 450 Subscribers on the Emergency SMS System Database.

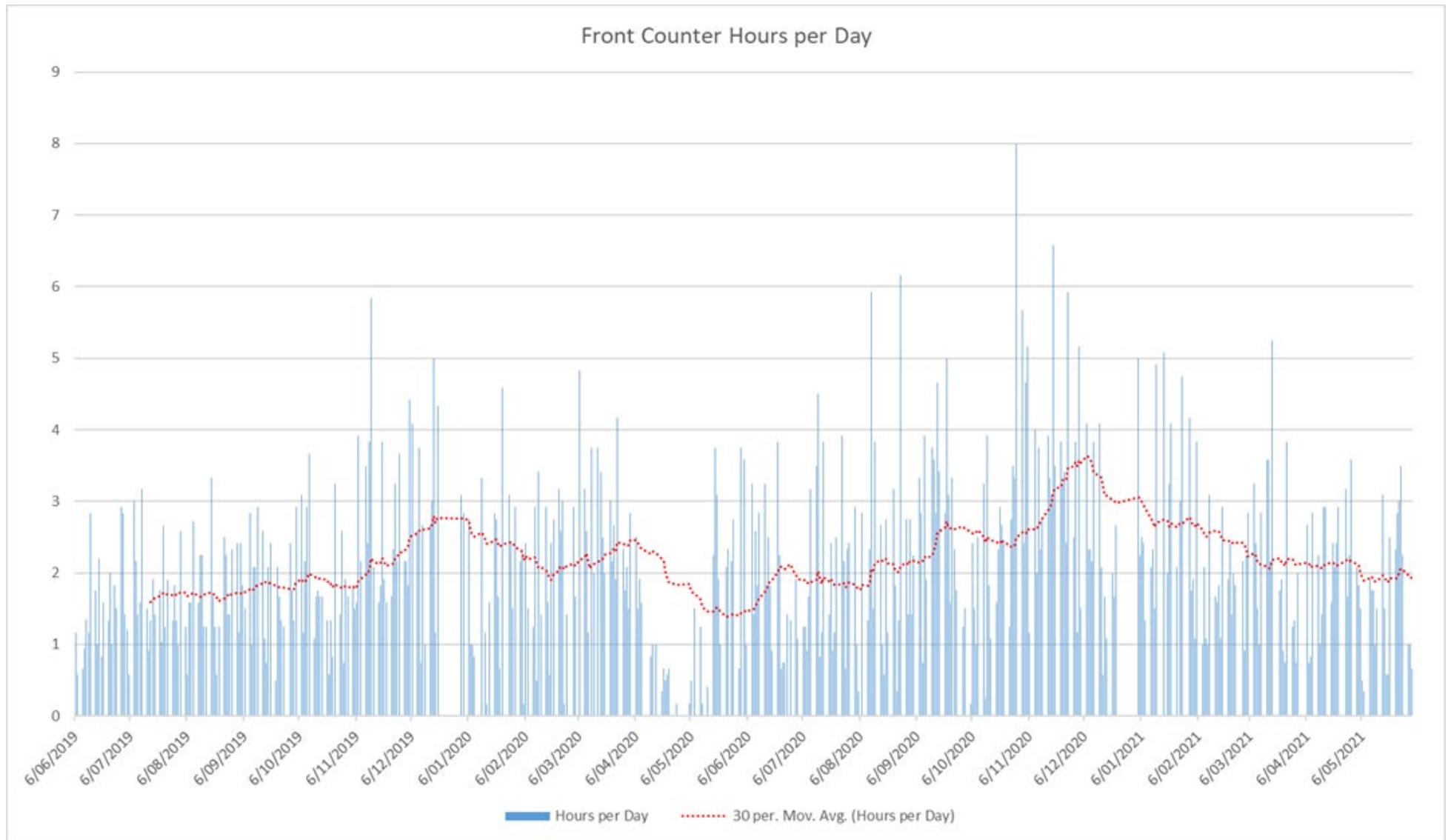
2020/2021 - 478 Subscribers on the Emergency SMS System Database.

## Department of Transport(DoT) Transactions:



Financial Year	No. of Transactions
<b>2019/2020</b>	<b>2,030</b>
<b>2020/2021 – to 31<sup>st</sup> March 2021</b>	<b>1,523</b>
<b>Total</b>	<b>3,553</b>

### Administration Centre – Front Counter Attendance (Hours per day):



## Cabin Occupancy:

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2020/21

Date	Cabin Nights	Cabin %	Cottage Nights	Cottage %	Grand Total
2020					
Jul	40	44%	11	37%	51
Aug	59	66%	6	20%	65
Sep	48	53%	7	23%	55
Oct	36	40%	3	10%	39
Nov	24	27%	7	23%	31
Dec	16	18%	2	7%	18
2021					
Jan	26	29%	0	0%	26
Feb	21	25%	0	0%	21
Mar	58	62%	0	0%	58
Apr	80	89%	0	0%	80
May	78	84%	0	0%	78
<b>Total</b>	<b>486</b>	<b>49%</b>	<b>36</b>	<b>11%</b>	<b>522</b>

## Caravan Park Occupancy Rate:

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New online booking system – 3 months.

Date	Nights	Percentage
2021		
Mar	91	10%
Apr	237	28%
May	159	18%
<b>Total</b>	<b>487</b>	<b>19%</b>

## Community Survey Participation:

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Year	Clients	Male	Female	Under 25	26-40	41 – 55	56 – 70	70+
2017	76	33%	67%	11%	15%	27%	32%	15%
2019	72	29%	71%	10%	19%	20%	24%	27%
2021	85	36%	64%	6%	26%	18%	28%	22%

### 2021 Community Consultation:

- 49 students from QDHS participated separately in the survey
- 10 Councillors and EMT at a Workshop
- 5 Elders in Noongar consultation
- 21 Seniors at Cafe session
- 7 SoQ Staff at Staff Meeting
- 40 at Corporate Bowls session
- 7 at Tourism Committee

# Shire of Quairading Website Google Analytics:

## OVERVIEW

https://www.quairading.wa.gov.au/

3 Jun 2020 - 3 Jun 2021

Users  
**14,677**  
↑ 18.9%

New Users  
**14,209**  
↑ 17.1%

Sessions  
**22,162**  
↑ 4.2%

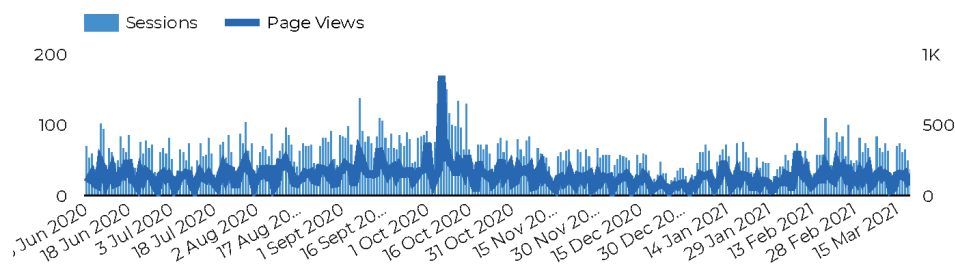
Session Duration  
**00:01:45**  
↓ -12.7%

Bounce Rate  
**56.80%**  
↑ 1.4%

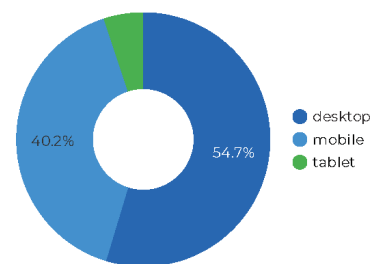
Pages/Session  
**2.34**  
↑ 0.5%

Pageviews  
**51,817**  
↑ 4.8%

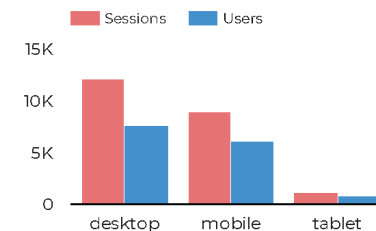
### Sessions & Pageviews



### Device Breakdown



### Sessions & Users (by device)



### Traffic Sources

Source/Medium	Sessions	% New Sessions	Bounce Rate
google / organic	15,008	65%	57%
(direct) / (none)	4,783	65%	62%
bing / organic	1,123	54%	43%
m.facebook.com / referral	137	93%	82%
l.facebook.com / referral	112	56%	35%
facebook.com / referral	105	36%	70%
visitquairading.com.au / referral	84	40%	31%

1 - 10 / 91 < >

### Page Views and Unique Page Views

Page	Page Views	Unique Page Views
/	10,531	7,727
/stay.aspx	4,803	3,589
/documents/	3,723	2,447
/contact.aspx	2,633	1,963
/play.aspx	2,007	1,745
/newsletters.aspx	1,502	1,293
/council/council-contacts.aspx	1,489	1,285

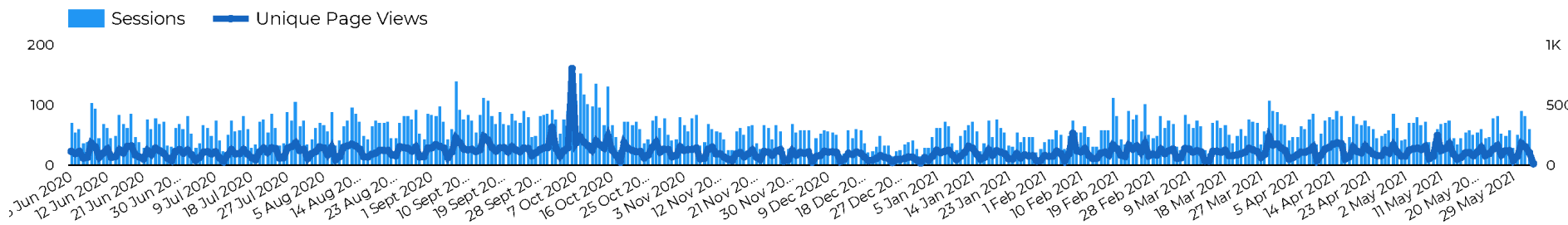
1 - 10 / 1299 < >





## LANDING PAGES & BEHAVIOR

3 Jun 2020 - 3 Jun 2021



Landing Page	Sessions	Users	Bounce Rate	Avg. Time on Page	Pages/Session	Page Views	Unique Page Views
/	7,242	4,715	30%	00:01:05	3.38	24,504	18,600
/stay.aspx	2,924	2,273	69%	00:02:37	1.64	4,804	3,593
/play.aspx	1,252	1,076	81%	00:02:32	1.38	1,727	1,483
/contact.aspx	971	803	63%	00:01:23	1.85	1,795	1,284
/newsletters.aspx	822	425	81%	00:02:15	1.44	1,185	1,002
/council/positions-vacant.aspx	757	467	72%	00:01:25	1.7	1,285	1,019
/council/council-contacts.aspx	519	469	74%	00:01:26	1.71	889	736
/council/facilities.aspx	448	371	73%	00:01:59	1.62	724	600
/waste-management.aspx	321	246	86%	00:02:29	1.4	451	402
/tourism-eat.aspx	310	269	81%	00:02:26	1.33	412	357
/accommodation.aspx	306	270	54%	00:02:00	2.07	634	454
/medical-centre.aspx	246	207	75%	00:01:33	1.5	370	305
/news/	226	126	46%	00:00:43	2.31	522	397
<b>Grand total</b>	<b>22,162</b>	<b>14,677</b>	<b>57%</b>	<b>00:01:19</b>	<b>2.34</b>	<b>51,817</b>	<b>40,344</b>

1 - 50 / 490 < >



## ITEM 12 COUNCILLORS' EMERGING ISSUES

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Nil.

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

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*No matters for consideration.*

**ITEM 14      NEXT MEETING DATE**

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The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 14<sup>th</sup> September 2021, commencing at 5.00 pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

Cr Jo Haythornthwaite noted that this is the last Audit & Risk Committee Meeting before Mr Nathan Gilfellow leaves Council's employment. Cr Haythornthwaite thanked Mr Gilfellow for his outstanding efforts with Council finances and with the Committee and wished him well for the future.

**ITEM 15      CLOSURE**

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There being no further business, the Chairman closed the Meeting at 5.02 pm.

I certify the Minutes of the Audit & Risk Committee Meeting held on 8<sup>th</sup> June 2021 were confirmed on 14<sup>th</sup> September 2021 as recorded on Resolution No. \_\_\_\_\_.

Confirmed..... 14/09/2021

## ITEM 6 STANDING ITEMS – EXTERNAL AUDIT

### Audit & Risk Committee - Terms of Reference 7.6

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

<b>Meeting Date</b>	14 <sup>th</sup> September 2021
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	EMCS Leah Horton
<b>Attachments</b>	(i) Interim Management Letter Attachment (Under Separate Cover) (ii) Interim Management Letter to President – 30.06.2021 (iii) Audit Fee Letter - 31.05.2021 (iv) Audit Engagement Letter - 16.07.2021 (v) Annual Financial Report Extension Request (Under Separate Cover)
<b>Owner/Applicant</b>	Office of the Auditor General (OAG)
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

**MOVED** \_\_\_\_\_ **SECONDED** \_\_\_\_\_

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

- Council receive the Interim Management Letter and Interim Management Letter Attachment from Anna Liang, Assistant Director Financial Audit; Office of the Auditor General for the audit Year ended 30<sup>th</sup> June 2021.
- Council notes the Management’s Responses and Planned Actions from the Auditor’s Letter.
- Council notes the Request submitted to the Department of Local Government, Sport and Cultural Interests for an Extension of time to the 31<sup>st</sup> October 2021 for the submission of the Annual Financial Statements to the Auditor.

\_\_\_\_/\_\_\_\_

**VOTING REQUIREMENTS** – Simple Majority

#### IN BRIEF

- AMD Chartered Accountants (AMD) have been contracted by the Office of the Auditor General (OAG) to perform the Shire’s Financial Report Audit on the OAG’s behalf for a 3-year period, commencing with the audit for the year ended 30 June 2021.
- The Pre Audit (Entrance) Meeting was conducted with Tim Partridge, Director of AMD; Anna Liang, OAG Representative Director, the Audit and Risk Committee and Executive Staff on the 8<sup>th</sup> June 2021. This meeting was conducted via phone conference.
- The Interim Audit has been completed by AMD, through Offsite work and an Onsite Audit Visit from 13-14 July 2021. The (draft) Interim Management Letter showing seven findings with recommendations was received from AMD on 20<sup>th</sup> August 2021.
- Management have provided Comments on the Findings & Recommendations and these have been incorporated into the Letter and forwarded to the OAG by AMD.

- The Interim Management Letter and Interim Management Letter Attachment was received from the OAG on 9<sup>th</sup> September 2021, attachment (i) and (ii).
- Council requested Minister's approval for an extension to the 30<sup>th</sup> September 2021 deadline for completing the Annual Financial Report due to a delay advised by Bob Waddell and Associates. The extension request to 31<sup>st</sup> October 2021 is detailed in attachment (v).
- Council staff are now planning for the Final Audit of the Shire's Annual Financial Statements for 30 June 2021, preparing for the Onsite Final Audit by AMD (to be rescheduled).

## **MATTER FOR CONSIDERATION**

Receipt of the Interim Management Letter and Attachment for the Year Ended 30<sup>th</sup> June 2021.

## **BACKGROUND**

The External Audit, also known as Financial Audits or Audit of the Annual Financial Statements, focuses on providing an objective and independent examination of the Financial Statements prepared by the Shire, increasing the value and user confidence in the Financial Statements.

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

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

AMD Chartered Accountants (AMD) have been contracted by the Office of the Auditor General (OAG) to perform the Shire's Financial Report Audit for a 3-year period, commencing with the audit for the year ended 30<sup>th</sup> June 2021. The Audit occurs in two steps, the first being an Interim Audit, with the final stage being the Audit work to attest the balances and notes that comprise the Annual Financial Statements.

The Annual Interim Audit of Council's Financials for the audit year ending 30<sup>th</sup> June 2021 was conducted with an initial Entrance Meeting via phone on 8<sup>th</sup> June 2021 and an Onsite Audit Visit from 13-14 July 2021, with subsequent offsite work completed by AMD until mid-August 2021.

The draft Interim Management Letter was then received by AMD on 20<sup>th</sup> August 2021, with Management Comments and Planned Actions provided and returned on 25<sup>th</sup> August 2021.

As representatives of the Office of the Auditor General (OAG), AMD submitted the Interim Management Letter for finalisation to the OAG. The OAG completed the Internal Audit Review and returned the Interim Management Letter and Interim Management Letter Attachment on 9<sup>th</sup> September 2021, attachments (i) and (ii).

Bob Waddell and Associates have been engaged to complete the Shire's Annual Financial Statements for the year ended 30<sup>th</sup> June 2021. Due to Work Scheduling for multiple Council Clients, he will not be able to finalise the Annual Financial Report (ARF) and Supporting documents for the 30<sup>th</sup> September 2021 deadline. Mr Waddell has undertaken to have the AFR completed ready by 11<sup>th</sup> October 2021.

As a result, the Shire's Chief Executive Officer wrote to the Department of Local Government, Sport and Cultural Interests on 10<sup>th</sup> September 2021, pursuant to Section 6.4 (3) of the *Local Government Act 1995*, to seek Minister's approval for an extension to the 31<sup>st</sup> October 2021 for completion of the AFR for the year ended 30<sup>th</sup> June 2021, attachment (v). This will consequently delay the Onsite Final Audit by AMD that was scheduled to be completed on 11-13 October 2021, however it is expected that the Extension

Period (if granted) will enable full accounting compliance to be achieved within the statutory timeframes.

Despite this, Council staff are in the preparation stages to gather the required documentation requested by AMD for the Onsite Final Audit and will continue to work towards the statutory timeframes.

## **STATUTORY ENVIRONMENT**

*Local Government Act 1995*

*Local Government (Audit) Regulations 1996*

## **POLICY IMPLICATIONS**

N/A.

## **FINANCIAL IMPLICATIONS**

The Office of the Auditor General have advised the indicative fee for conducting the External Audit for the 2020/21 Annual Financial Statements to be \$27,000 (ex GST). The amount of \$30,000 has been included in the 2021/22 Budget to ensure coverage of this indicative fee and any additions that may be incurred.

## **STRATEGIC IMPLICATIONS – Strategic Community Plan 2021 – 2031**

### **5. GOVERNANCE AND LEADERSHIP**

#### **5.4 Implement systems and processes that meet legislative and audit obligations**

## **COMMUNITY CONSULTATION**

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

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

Financial - Risk Matrix Rating is 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.

Health – Risk Matrix Rating is assessed as Low.

Reputation – Risk Matrix Rating is assessed as Low. Compliant with legislative requirements. Failure to complete the Annual Financial Audit would lead to increased Reputational Risk and possible actions by the OAG.

Operation – Risk Matrix Rating is assessed as Low. Council's Management and Administration Staff assisted the Auditor by providing all information and documents requested by AMD.

Natural Environment – Risk Matrix Rating is assessed as Low.

## **COMMENT**

Between June to August 2021 the Interim Audit was conducted, with the Interim Management Letter and Interim Management Letter Attachment being produced. The Attachment Letter is confidential and includes findings, risk ratings, recommendations and management comments.

As represented in the table below, the Attachment Letter includes seven findings, with the detail included in the attachment. This report is presented for the Committee's consideration.



INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Key Account Monthly Processes	✓		
2. Creditor Master File Review	✓		
3. Purchase Orders	✓		
4. Information Technology Environment	✓		
5. Daily Banking Preparation		✓	
6. Interim Rating		✓	
7. Termination Checklist		✓	

The CEO and the EMCS have prepared and provided Management's responses on the Findings and detailed Actions that have already been taken or will be taken to ensure that the Recommendations are implemented.

Any matters to be discussed resulting from the telephonic meeting with the OAG and AMD.



Our Ref: F21/69

7th Floor, Albert Facey House  
469 Wellington Street, Perth

Mr Wayne Davies  
Shire President  
Shire of Quairading  
PO Box 38  
QUAIRADING WA 6383

**Mail to:** Perth BC  
PO Box 8489  
PERTH WA 6849

**Tel:** 08 6557 7500  
**Email:** info@audit.wa.gov.au

By email: [springhills.farm@bigpond.com](mailto:springhills.farm@bigpond.com)

Dear Shire President

**ANNUAL FINANCIAL REPORT  
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2021**

We have completed the interim audit for the year ending 30 June 2021. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate the overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

**Management Control Issues**

We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the Chief Executive Officer. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7566 if you would like to discuss these matters further.

Yours faithfully

Anna Liang  
Assistant Director  
Financial Audit  
8 September 2021

Attach



Our Ref: F21/69

Mr Graeme Fardon  
Chief Executive Officer  
Shire of Quairading  
PO Box 38  
QUAIRADING WA 6383

7th Floor, Albert Facey House  
469 Wellington Street, Perth

**Mail to:** Perth BC  
PO Box 8489  
PERTH WA 6849

**Tel:** 08 6557 7500  
**Fax:** 08 6557 7600

**Email:** [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

Via email: [shire@quairading.wa.gov.au](mailto:shire@quairading.wa.gov.au)

Dear Mr Fardon

### **AUDIT FEE 2021**

This letter is to advise you that our indicative fee for the audit of your 2020-21 annual financial report is \$27,000 (excl GST).

Your audit fee is calculated to cost-recover our Office's expenses in audit delivery and includes OAG staff hours on the audit plus any directly related costs such as contract fees and travel expenses, if applicable. In addition to giving assurance on your local government's annual financial report, the audit will also provide transparency surrounding legislative compliance, financial controls, probity and governance matters, and enables our whole-of-sector parliamentary reporting and stakeholder liaison across the sector.

We continue our endeavours to identify ways to improve efficiency and minimise audit costs within the constraints of legislative requirements and auditing standards. Your entity can also contribute to this through timely and well prepared financial statements, working papers etc. that dovetail well with the work we are required to perform.

Our costs for your audit will be re-assessed closer to completion, and we will keep you informed as we progress, should we consider a revision of the above fee is appropriate. Any such revision will only occur after relevant consultation with you.

We look forward to working with you to promote accountability and transparency in the local government sector for the benefit of the community we jointly serve.

Please contact me on 6557 7566 if you require further information.

Yours sincerely

A handwritten signature in black ink, appearing to read 'ANNA LIANG'.

ANNA LIANG  
ASSISTANT DIRECTOR  
FINANCIAL AUDIT  
31 May 2021



7th Floor, Albert Facey House  
469 Wellington Street, Perth

Our Ref: F21/69

**Mail to:** Perth BC  
PO Box 8489  
PERTH WA 6849

Mr Graeme Fardon  
Chief Executive Officer  
Shire of Quairading  
PO Box 38  
QUAIRADING WA 6383

**Tel:** 08 6557 7500  
**Email:** [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)

By email: [shire@quairading.wa.gov.au](mailto:shire@quairading.wa.gov.au)  
cc: Wayne Davies, [springhills.farm@bigpond.com](mailto:springhills.farm@bigpond.com)

Dear Mr Fardon

**ARRANGEMENTS FOR THE AUDIT OF THE ANNUAL FINANCIAL REPORT OF THE SHIRE OF QUAIRADING**

I am writing to you to confirm arrangements for the annual audit of the Shire's annual financial report. This is an important part of the audit process because it helps to ensure that you are fully informed regarding our respective responsibilities under the engagement.

The responsibilities apply to audits for the current financial year, as well as to the audits for subsequent financial years, unless circumstances change, and are detailed in the attachment.

It would be appreciated if you and the Shire President, could confirm your acknowledgement of the responsibilities by signing and returning the attachment.

Feel free to contact me on 6557 7620 if you would like to discuss this or any other matter in relation to the audit.

Yours faithfully

STEVEN HOAR  
ACTING SENIOR DIRECTOR  
FINANCIAL AUDIT  
16 July 2021

Attach

## **SHIRE OF QUAIRADING RESPONSIBILITIES FOR THE AUDIT**

This document sets out the responsibilities for the audit of the annual financial report of the Shire of Quairading.

### **Objective and Scope of the Audit**

Under the *Local Government Act 1995*, the Auditor General is to audit the accounts and annual financial report of the Shire of Quairading. The annual financial report comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Chief Executive Officer (CEO). As a part of the audit, we also report on matters as detailed under Other Legal and Regulatory Requirements in the Reporting section of this document.

The objective of the audit is to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the Auditor General's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

### **Responsibilities of the Auditor General and the Office of the Auditor General (OAG)**

The audit will be conducted in the manner determined by the Auditor General in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed.

In carrying out the audit, the OAG will also adhere to the following principles and reporting obligations:

- the highest standards of ethical and personal behaviour are demonstrated
- the audit is approached in a fair and constructive way
- the audit is conducted and reported in an impartial manner
- matters of significance arising from the audit are collated and reported at a sector level to the Parliament.

### **Responsibilities of the Council and the CEO**

We acknowledge that we are responsible for:

- (a) keeping proper accounts and records
- (b) the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), Local Government (Financial Management) Regulations 1996 and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards
- (c) such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error
- (d) providing you with:
  - (i) access to all information that is relevant to the preparation of the financial report such as records, documentation and other matters;
  - (ii) additional information that you may request from us for the purpose of the audit; and
  - (iii) unrestricted access to staff and councillors of the Shire from whom you determine it necessary to obtain audit evidence.
- (e) the preparation of other information (i.e. financial or non-financial information (other than the financial report and the auditor's report thereon) included in the Shire's annual report) that is consistent with the financial report, and which does not contain any material misstatements.

As part of the audit process, we will also request, from the CEO and the finance manager, written confirmation concerning representations made to us in connection with the audit.

We look forward to the full cooperation from your staff during our audit.

### **Reporting**

#### *Annual Financial Report*

The Auditor General's auditor's report will be prepared in accordance with the *Local Government Act 1995*, Local Government (Audit) Regulations 1996 and Australian Auditing Standards and include the audit opinion on the annual financial report.

#### *Other Legal and Regulatory Requirements*

The Local Government (Audit) Regulations 1996 also require the auditor's report to include:

- a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government
- b) any material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law
- c) details of whether information and explanations were obtained by the auditor

- d) a report on the conduct of the audit
- e) the opinion of the auditor as to whether or not the asset consumption and asset renewal funding ratios in the annual financial report are supported by verifiable information and reasonable assumptions.

The form and content of the auditor's report may need to be amended in the light of our audit findings and future amendments (if any) to the Local Government (Audit) Regulations 1996.

The auditor's report will be sent to the CEO, the Shire President and the Minister for Local Government in accordance with the *Local Government Act 1995*.

#### *Management Letter*

Deficiencies in internal controls and other relevant matters identified during the audit will be included in a management letter sent to the CEO and the Shire President.

#### **Audit Fee**

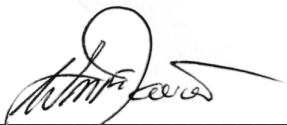
The fee for the audit will be determined by the Auditor General in accordance with the *Local Government Act 1995*. We will provide you with an indicative audit fee in the first quarter of the calendar year. This indicative fee is an estimate based on full cost recovery and a number of assumptions. The fee may be increased if there are additional costs due to matters such as a poor-quality financial report and supporting working papers, deficiencies in internal controls and delays in receiving information from Shire staff.

#### **Publication of the Audited Annual Financial Report**

The Shire is required by the *Local Government Act 1995* to publish its annual report, including the audited annual financial report and the Auditor General's auditor's report, on its official website. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the Shire to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the Shire's web site is beyond the scope of our audit of the financial report. Responsibility for the electronic presentation of the financial report on the Shire's web site is that of the Council.

#### **Acknowledgement of Responsibilities for the Audit**

We acknowledge the responsibilities for the audit for the year ended 30 June 2021 and subsequent years as set out in this letter for the audit of the annual financial report, including our respective responsibilities as the Shire President and the CEO.

(Signed)   
Name: Wayne Davies  
Shire President

(Signed)   
Name: Graeme Fardon  
Chief Executive Officer

Date 20/7/2021

## ITEM 7      STANDING ITEMS – INTERNAL AUDIT

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*Audit & Risk Committee - Terms of Reference 7.5*

*No Matters for Consideration*



## ITEM 8 STANDING ITEMS – FINANCIAL REPORTING

### *Audit & Risk Committee - Terms of Reference 7.2*

#### 8.1 Grant Funding Status Report

<b>Meeting Date</b>	14 <sup>th</sup> September 2021
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	EMCPS Richard Bleakley
<b>Attachments</b>	(i) Grants Register Status Report 1 (ii) Grants Register Status Report 2 (Summary Report)
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

**MOVED** \_\_\_\_\_ **SECONDED** \_\_\_\_\_

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

Council notes the Grants Status Reports dated September 2021.

**CARRIED** \_\_\_/\_\_\_

**VOTING REQUIREMENTS** – Simple Majority

#### IN BRIEF

- This Report provides an update on the status of grants submitted and new grant opportunities and is provided for information.
- This Report includes Grants that are continuing /carried over from the 2020/2021 and are being acquitted in the current Financial Year.
- This report includes Grant Funded Projects that are scheduled to be delivered in 2021/22.
- Report details current successful Grants (Competitive and Non Competitive).
- No Grant Applications were declined in 2020/2021.
- Application to Lotterywest for the Community Park has been submitted in the past month.
- Further Grant Funding avenues being explored by the Grants Team are detailed.

#### MATTER FOR CONSIDERATION

Noting the Grants Status Report.

#### BACKGROUND

Council requires the Chief Executive Officer to report on the Eligible Grant Eligibility and Grant Activity during the 2021/2022 Year.

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

**STATUTORY ENVIRONMENT**

Nil.

**POLICY IMPLICATIONS**

Nil.

**FINANCIAL IMPLICATIONS**

All Approved Grants have been included in Council's Adopted Budget for the 2021/2022 Financial Year.

Council will receive \$786,694 under the Local Roads and Community Infrastructure Program Extension (COVID-19) – Phase 3. The Guidelines and Conditions of this additional funding have yet to be received, however it is expected that the Guidelines and Eligible Project Criteria will be similar to those applied in Phase 1 and Phase 2 of the Program.

Council has budgeted for \$493,049 of the Phase 3 Grant Funding to be utilised in the current Financial Year with the balance of \$293,049 to be allocated in the Draft Budget and expended in the 2022/2023 Year (Completion date by 30<sup>th</sup> June 2023). Utilisation of the balance of Phase 3 will also be dependent upon the outcome of Council's Community Park Application to Lotterywest.

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

**STRATEGIC IMPLICATIONS – Strategic Community Plan 2021 - 2031****5. GOVERNANCE AND LEADERSHIP**

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

5.4 Implement systems and processes that meet legislative and audit obligations

**COMMUNITY CONSULTATION**

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

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

Financial - Risk Matrix Rating is assessed as Low. All Grants approved have been included in the 2021/2022 Adopted Budget.

Health – Risk Matrix Rating is assessed as Low.

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

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

Natural Environment – Risk Matrix Rating is assessed as Low.

Attachment 1 – Grants Register Report as at 9<sup>th</sup> September 2021 provides a summary of current project grant portfolio.

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

Status	Number	Grant Funding
Acquittal Period	2	\$1,074,790
Active	9	\$4,259,176
Approved	1	\$2,000
Applications	1	\$570,000
New research	8	\$55,500 (Estimated Value)
<b>Total</b>	<b>21</b>	<b>\$5,961,466</b>

# GRANTS REGISTER REPORT SEPTEMBER 2021

Year (Multiple Items)

Project Name	Grant Value	Sum of Shire (Cash)	Sum of Shire (InKind)	Other Contribution (Kind)	Total Project Cost
<b>Acquittal Period</b>					
<b>Emergency Services Levy</b>					
(blank)	\$74,790	\$0	\$0	\$0	\$74,790
<b>Drought Community Program</b>					
Project implementation completed except Youth Centre. 70% received. Final report submitted	\$1,000,000	\$190,000	\$0	\$0	\$1,190,000
<b>Acquittal Period Total</b>	<b>\$1,074,790</b>	<b>\$190,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,264,790</b>
<b>Active</b>					
<b>Financial Assistance Grant</b>					
First 1/4 received	\$1,892,016	\$0	\$0	\$0	\$1,892,016
<b>Roads to Recovery Funding</b>					
Includes carryover of \$70,257. Total Projects over two years \$571,319. Doodenanning – Mawson Rd \$357,950 (Grant \$292,355, Council \$65,595) Carter – Doodenanning Rd Project Total \$78,662 (Grant \$64,175 Council \$14,487), Winmar Rd Project Total \$64,450 (Grant \$64,450 Council \$0) Old Beverley East Rd Project Total \$70,257 (Grant Total \$70,257 Council \$0)	\$491,237	\$80,082			\$571,319
<b>Wheatbelt Secondary Freight Network</b>					
Includes Design. Grant sought (not yet approved).	\$281,020	\$20,166	\$0	\$0	\$301,186
<b>Emergency Services Levy</b>					
Annual allocation	\$42,870				\$42,870
<b>Regional Road Group Funding</b>					
Claimed 40%	\$375,000	\$231,079			\$606,079

Project Name	Grant Value	Sum of Shire (Cash)	Sum of Shire (InKind)	Other Contribution (Kind)	Total Project Cost
<b>Local Roads &amp; Community Infrastructure Program Phase 1</b>					
Livingstone Rd complete.	\$101,847	\$0	\$0	\$0	\$101,847
<b>Local roads &amp; Community Infrastructure Program Phase 2</b>					
Shire/hall carpark approved and out for tender.	\$288,492	\$39,508			\$328,000
<b>Local roads &amp; Community Infrastructure Program Phase 3 (1)</b>					
\$786,694 over 21/22 and 22/23. Mt Stirling Rd \$136,857, McLennan St Footpath (1), \$73,920 McLennan St Footpath (2) \$105,498, Doodenanning – Mawson Reseal Project Total \$176,774	\$493,049				\$493,049
<b>Local roads &amp; Community Infrastructure Program Phase 3 (2)</b>					
Continuation from 21/22	\$293,645				\$293,645
<b>Active Total</b>	<b>\$4,259,176</b>	<b>\$370,835</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,630,011</b>
<b>Approved</b>					
<b>Swimming Lessons</b>					
2021-22 Swim Season. RLSWA Funding secured.	\$2,000	\$1,300	\$0	\$0	\$3,300
<b>Approved Total</b>	<b>\$2,000</b>	<b>\$1,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,300</b>
<b>Application Period</b>					
<b>Community Park &amp; Nature Playground</b>					
Application to Lotterywest re-submitted on 25th August 2021	\$570,000	\$150,000	\$0	\$0	\$720,000
<b>Application Period Total</b>	<b>\$570,000</b>	<b>\$150,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$720,000</b>

Project Name	Grant Value	Sum of Shire (Cash)	Sum of Shire (InKind)	Other Contribution (Kind)	Total Project Cost
<b>New / Researching</b>					
<b>Better Choices</b>					
Preparation of grant application - Third iteration	\$8,000	\$0	\$5,000	\$0	\$13,000
<b>Independent Living Units</b>					
Focus Group has reconvened with the recruitment of Slavin Architect consultancy.	\$0	\$10,000	\$0	\$0	\$10,000
<b>Old School Site</b>					
Working Group meeting held 28th January. Referred back to architect for refinement	\$0	\$4,500	\$0	\$0	\$4,500
<b>Salmon Gums Woodland</b>					
Ongoing consultation with Mick Grage on design and project development	\$17,500	\$0	\$0	\$0	\$17,500
<b>Bike Track/skate park</b>					
Targetting teenage demographic	\$0	\$0	\$0	\$0	\$0
<b>Trainee</b>					
Researching funding options	\$30,000				\$30,000
<b>Electric Car Point</b>					
Researching funding options	\$0	\$10,000			\$10,000
<b>Public Art Murals</b>					
Researching funding	\$0	\$0	\$0	\$0	\$0
<b>New / Researching Total</b>	<b>\$55,500</b>	<b>\$24,500</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$85,000</b>
<b>Grand Total</b>	<b>\$5,961,466</b>	<b>\$736,635</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$6,703,101</b>

# Grant Program Status

2020/21 and 2021/22

(3rd Quarter 2021)

Status: **Approved Programs**  
 Year (Multiple Items)

Status	No. Grants	Grant Value (\$)
<b>Competitive</b>		
Approved	1	\$2,000
Application Period	1	\$570,000
New / Researching	8	\$55,500
<b>Competitive Total</b>	<b>10</b>	<b>\$627,500</b>
<b>Non-competitive</b>		
Acquittal Period	2	\$1,074,790
Active	9	\$4,259,176
<b>Non-competitive Total</b>	<b>11</b>	<b>\$5,333,966</b>
<b>Grand Total</b>	<b>21</b>	<b>\$5,961,466</b>

Year (Multiple Items)  
 Status **Declined**

Grant	Grant Value	Shire Contribution
<b>Grand Total</b>		

Comment:  
 No grant applications rejected in the current Financial Year.  
 Focus has been on non-competitive grant windows and criteria to ensure compliance of proposed projects.

# Grant Program Status

2020/21 and 2021/22

(3rd Quarter 2021)

Status: ***New / Researching***

Programme Name	Status/Comments	Responsible Officer
Better Choices	Preparation of grant application - Third iteration	Richard Bleakley
Independent Living Units	Focus Group has reconvened with the recruitment of Slavin Architect consultancy.	Richard Bleakley
Old School Site	Working Group meeting held 28th January. Referred back to architect for refinement	Sarah Caporn
Salmon Gums Woodland	Ongoing consultation with Mick Grage on design and project development	Sarah Caporn
Bike Track/skate park	Targetting teenage demographic	Sarah Caporn
Trainee	Researching funding options	Richard Bleakley
Electric Car Point	Researching funding options	Jen Green
Public Art Murals	Researching funding	Sarah Caporn

**Comment:**

Multiple project concepts are in the pipeline. Preliminary research being conducted in preparation for funding opportunities in the future.



## ITEM 9      STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

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*Audit & Risk Committee - Terms of Reference 7.3*

*No matters for consideration.*

## ITEM 10 STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

### Audit & Risk Committee - Terms of Reference 7.1, 7.3

#### 10.1 Report on Excess Annual Leave and Long Service Leave

<b>Meeting Date</b>	14 <sup>th</sup> September 2021
<b>Responsible Officer</b>	EMCS Leah Horton
<b>Reporting Officer</b>	SFO Jodie Yardley
<b>Attachments</b>	Nil
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

#### OFFICER RECOMMENDATION

**MOVED** \_\_\_\_\_ **SECONDED** \_\_\_\_\_

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

**CARRIED** \_\_\_/\_\_\_

**VOTING REQUIREMENTS** - Simple Majority

#### IN BRIEF

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

#### MATTER FOR CONSIDERATION

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

#### BACKGROUND

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

#### STATUTORY ENVIRONMENT

*Local Government Act 1995*

Local Government (Long Service Leave Regulations)

Local Government Industry Award 2020

The Industry Award defines Excess Leave as -

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

#### POLICY IMPLICATIONS

Current Policy: Leave Management Policy (ORG.2)

#### FINANCIAL IMPLICATIONS

Annual and Long Service Leave Reserve Fund Cash Balance as at 31<sup>st</sup> August 2021 is \$166,319

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<sup>st</sup> August 2021) is calculated at \$209,613.

The current position represents 79.3% Coverage of the Liability by the Leave Reserve Fund.

### STRATEGIC IMPLICATIONS – Strategic Community Plan 2021 – 2031

#### 5. GOVERNANCE AND LEADERSHIP

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

5.4 Implement systems and processes that meet legislative and audit obligations

### COMMUNITY CONSULTATION

N/A

Financial – Risk Matrix Rating is considered as Medium Risk. Financial exposure and therefore Risk escalation if Leave accruals are not monitored and managed. Adequate Reserve balances reduce the risk of Financial exposure.

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.

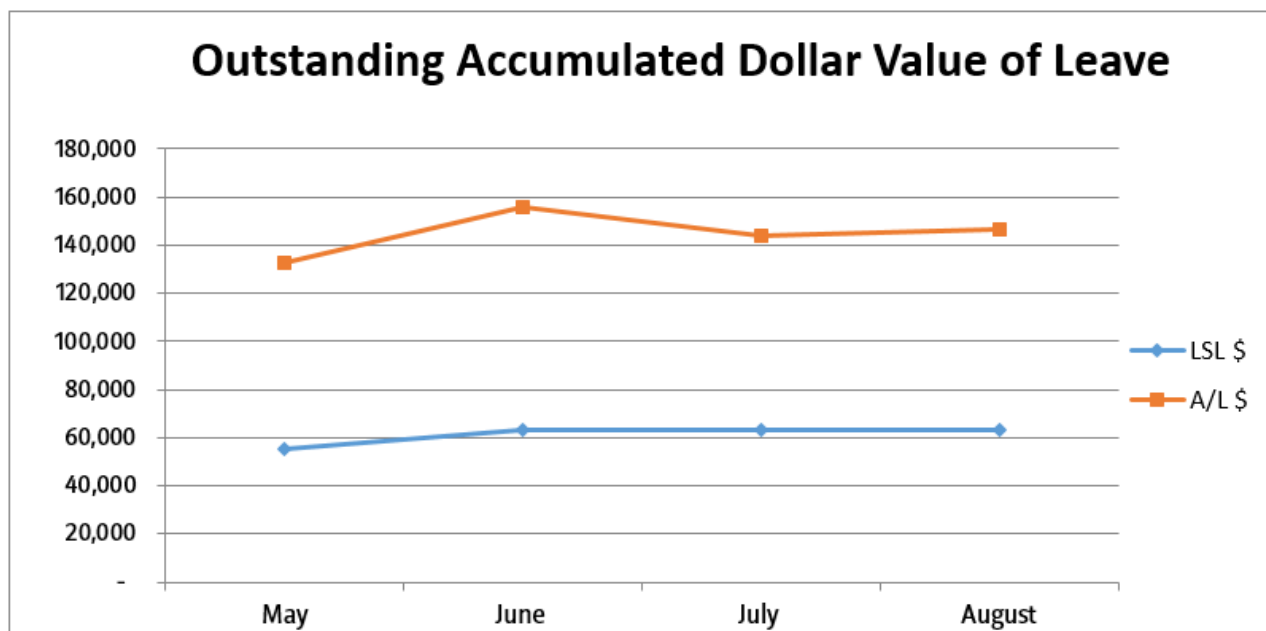
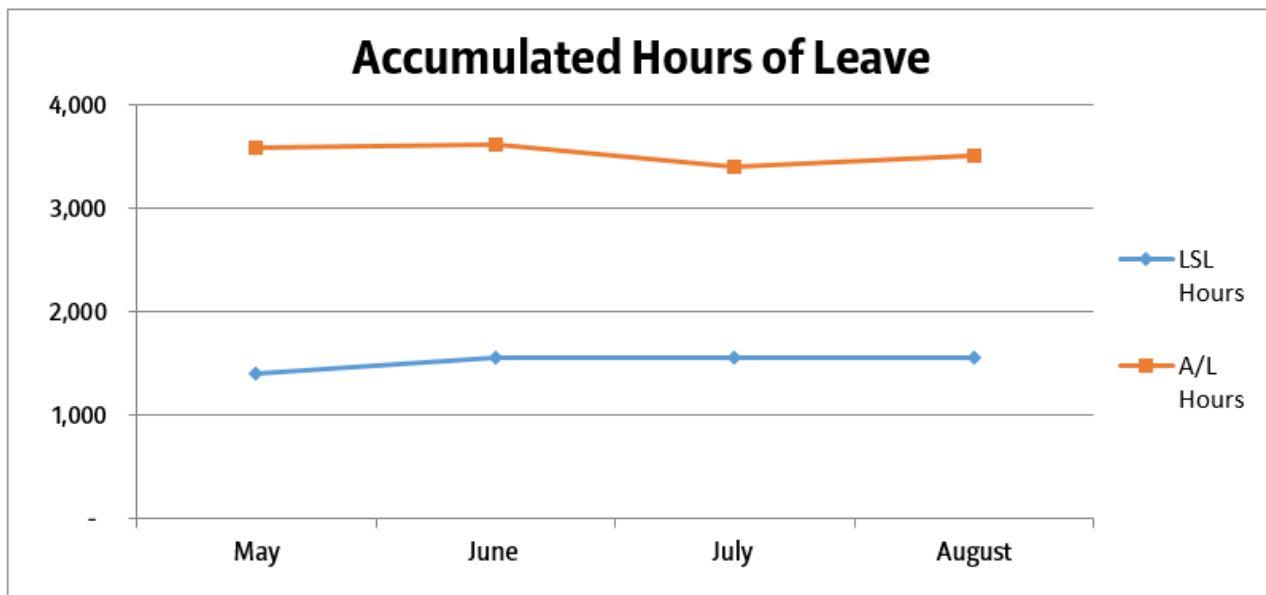
As at the 31<sup>st</sup> August 2021, two employees have taken recently annual leave, reducing their annual leave entitlement balance to a non-excess level, and some employees have left Council's employment. Currently, there is one employee with excess annual leave, which is being managed by the CEO.

Since May 2021, there has been an increase of 11% (in Dollar Value) in the Annual Leave Liability. Although an employee has accrued, we have recruited two new employees and some employees have separated, the result exhibits a natural increase during this period where employees have taken less Leave.

The Long Service Leave Liability has had a 14% increase since May 2021. This is due to a reporting error in May 2021, which has been corrected. Two employees have also accrued long service leave. Since June, Long Service Leave Liability has maintained its stability throughout August.

	<i>LSL Hours*</i>	<i>LSL \$*</i>	<i>AL Hours</i>	<i>AL \$</i>
<i>May</i>	2,190 / 1,407	77,633 / 55,555	3,640 / 3,592	134,746 / 132,553
<i>June</i>	1,555	63,101	3,625	156,032
<i>July</i>	1,555	63,101	3,409	144,028
<i>August</i>	1,555	63,101	3,517	146,512

\*An error in the system generated LSL liabilities was found and has been fixed. This has altered the LSL liabilities for the full year.



## 10.2 Risk Management Dashboard Review – June 2021

*Quarterly progress and tracking report on issues identified as high risk to Council.*

<b>Meeting Date</b>	14 <sup>th</sup> September 2021
<b>Responsible Officer</b>	CEO Graeme Fardon
<b>Reporting Officer</b>	CEO Graeme Fardon
<b>Attachments</b>	(i) Risk Dashboard Report (Under separate cover)
<b>Owner/Applicant</b>	Shire of Quairading
<b>Disclosure of Interest</b>	Nil

### OFFICER RECOMMENDATION

**MOVED** \_\_\_\_\_ **SECONDED** \_\_\_\_\_

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

That Council receive the Risk Management Quarterly Report for June 2021.

\_\_\_\_/\_\_\_\_

**VOTING REQUIREMENTS** –Simple Majority

### IN BRIEF

- Council has requested that the Chief Executive Officer conduct a review of its Risk Management and report progress on issues identified as High Risk.
- Council last reviewed its Risk Management Policy in December 2020.
- The Executive Management Team (EMT) last formally reviewed the Risk Dashboard Report in July 2019.
- The CEO conducted a Desktop Review in February 2021 and presented it to the February 2021 Strategic Planning Meeting.
- Risk Dashboard is to be formally reviewed every 2 Years.
- Review was scheduled to be completed by the 31<sup>st</sup> July 2021.
- The LGIS Risk Team facilitated a Risk Workshop with the Executive Management Team and relevant Staff on the 28<sup>th</sup> June 2021 to conduct the formal Review of the Dashboard.
- Attached Risk Dashboard has been further considered by the EMT and now submitted to the Audit & Risk Committee.

### MATTER FOR CONSIDERATION

For the Audit and Risk Committee to review the Chief Executive Officer's Risk Dashboard Review Report.

That Committee recommend that Council receive the Risk Management Dashboard – June 2021

### BACKGROUND

The Shire of Quairading Council recognises that risk management is an integral part of good governance and management practice.

The Risk Management Governance Framework requires that:

- Risk management is performed consistently throughout the whole organisation
- Risks are assessed and managed in a context that is relevant to each part of the organisation.

All levels of staff have a role to play in adopting risk management awareness and integrating risk management activities within their business unit environments.

As part of the Risk Management Governance Framework, a relationship between Strategic and Operational risks exists, allowing risk oversight to occur at both of these contexts. (i.e. at an Executive or Operational level). In particular, there is potential for risk to be escalated and/or de-escalated between Strategic and Operational Risk as a result of risk changing either through increased controls effectiveness or an emerging or changing Operational risks requiring Executive Management Team oversight.

Council's Risk Management Governance Framework provides the foundations for designing, developing, implementing, monitoring, reviewing, and communicating risk management and continuous improvement of performance associated with Council strategy, operations and routine tasks.

The items identified as "high risk" in the Framework Review were:

- Employment Practices
- Errors, Omissions & Delays
- External Theft & Fraud (including Cyber)
- Project & Change Management

Risk profiles are included in all Officers Reports to Council and Committees and the Risk Matrix is used to identify known perceived risk causes.

Currently the following headings are utilised to assess risk:

- Financial
- Health
- Reputation
- Operation
- Natural environment

Risks are to be assessed at the following levels within the organisation:

LEVEL	DESCRIPTION
Strategic Risks	<p>Strategic Level Risks for Council are associated with achieving the organisation's long term objectives. These risks can be of an internal or external nature. They are usually owned and managed by Council and/or the Executive Team.</p> <p>In the context of Integrated Planning and Reporting, Strategic Level Risks may include: -</p> <ul style="list-style-type: none"> <li>• Risks associated with achieving the objectives of the Strategic Community Plan; and</li> <li>• Risk associated with delivering the Corporate Business Plan.</li> </ul>
Operational Risks	<p>Operational Level Risks are associated with developing or delivering the operational plans, functions or activities of the local government. These risks have day to day impacts on the organisation. These risks are owned and managed by the person who has responsibility for the activity or function to the level of their delegated authority or capacity.</p>

LEVEL	DESCRIPTION
	In the context of Integrated Planning and Reporting, Operational Level Risks may include: - <ul style="list-style-type: none"> <li>• Risks associated with the development or delivery of the Long Term Financial Plan</li> <li>• Risks associated with the development or delivery of the Asset Management Plan.</li> <li>• Risks associated with the development or delivery of the Workforce plan.</li> </ul>
Project Risks	Project Level Risks are associated with developing or delivering projects or discrete activities. Project risks should be managed at each stage of the project by the person who has responsibility for that project.

### Risk Appetite

The Shire quantified its Risk Appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. See the Risk Matrix Page 1 of the Risk Dashboard Report.

All organisational risks to be reported at a corporate level are to be assessed according to the Shire's Risk Assessment and acceptance Criteria to allow consistency and informed decision making.

### STATUTORY ENVIRONMENT

*Local Government Act 1995* Section 2.7 – Role of Council

Implications of Section 3.18(3) *Local Government Act 1995*

*Local Government (Audit) Regulations 1996*, Regulation 17 – CEO to review certain systems and procedures, including risk management.

AS/NZS ISO 3100:2009 Risk Management – Principles and guidelines.

### POLICY IMPLICATIONS

ORG.3 Risk Management Policy – Reviewed and Confirmed in December 2020.

Shire of Quairading – Risk Management Governance Framework.

### FINANCIAL IMPLICATIONS

Nil.

### STRATEGIC IMPLICATIONS – Strategic Community Plan 2021 - 2031

5. GOVERNANCE AND LEADERSHIP
5.1 Shire communication is consistent, engaging and responsive
5.2 Forward planning and implementation of plans to determine Strategic Plan and service levels
5.3 Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community
5.4 Implement systems and processes that meet legislative and audit obligations

### CONSULTATION

No public consultation required or undertaken in the preparation of this Report

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

Financial - Risk Matrix Rating is assessed as Low.

Health – Risk Matrix Rating is assessed as Low.

Reputation – Risk Matrix Rating is assessed as Low.

Operation – Risk Matrix Rating is assessed as Low.

Natural Environment – Risk Matrix Rating is assessed as Low.

**COMMENT**

Actions are continually being undertaken to mitigate levels of acceptable risk, whether through planning, allocation of resources, training or identifying risk.



## ITEM 11      STANDING ITEMS – OTHER

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

*No Matters for Consideration*

## ITEM 12 COUNCILLORS' EMERGING ISSUES

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

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*No matters for consideration.*

## ITEM 14 NEXT MEETING DATE

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The next Audit & Risk Committee Meeting is scheduled to take place on Tuesday 7<sup>th</sup> December 2021, commencing at 5.00 pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

## ITEM 15 CLOSURE

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