Audit & Risk Committee
Notice of Meeting | 8th June 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 8th June 2021 commencing after the telephonic meeting with the Auditors estimated 4.45pm.

MEETING AGENDA ATTACHED

Graeme Fardon

Graeme Fardon
CHIEF EXECUTIVE OFFICER

Date: 4th June 2021

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

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

Councillors

Cr JN Haythornthwaite   Chairperson / Deputy 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
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

Observers/Visitor

Apologies

Cr WMF Davies   Shire President

Approved Leave of Absence

ITEM 3   DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil

ITEM 4   DECLARATIONS OF INTEREST

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

5.1   Confirmation of Minutes – 9th March 2021

RECOMMENDATION

> **MOVED _____ SECONDED _____**
>
> That the Minutes of the Audit & Risk Committee Meeting held on the 9th March 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 9th March 2021 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 / Deputy Shire President
Cr WMF Davies	Shire President
Cr BR Cowcill	
Cr JW Haythornthwaite	
Cr JR Hippisley	
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

Observers/Visitor

Nil

Apologies

Cr B McGuinness

Approved Leave of Absence

Nil

ITEM 3   DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil

ITEM 4   DECLARATIONS OF INTEREST

Nil, at this time.

ITEM 5   CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1   Confirmation of Minutes – 8th December 2020

RECOMMENDATION

> **RECOMMENDATION: AR12-20/21**
>
> **MOVED Cr Hippisley SECONDED Cr Cowcill**
>
> That the Minutes of the Audit & Risk Committee Meeting held on the 8th December 2020 be confirmed as a true and accurate record subject to the inclusion of "Cr "to read "Cr Cowcill" in Recommendation AR11-20/21.
>
> **CARRIED 7/0**

5.2   Business Arising

The CEO provided and overview of the Bush Fire Risk Planning Project being funded by DFES and covering the Shires of Kellerberrin, Quairading & Tammin.

The CEO confirmed that the Project Officer Mr Brian Humfrey, will be making Presentations on the Project at both the LEMC and BFAC Meetings.

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)

The Chief Executive Officer contacted the OAG regarding timeframes of the 2020/2021 Financial Audit. The Meeting noted that no response correspondence has been received from the OAG.

The CEO and EMCS provided background on the current delays being experienced by a number of Councils in having their 2019/2020 Financial Audits signed off and the corresponding delays in the conduct of the respective Annual Electors Meeting.

The Meeting also noted that the amendments to the Local Government Accounting Regulations in November 2020 taking effect and backdated to the 2019/2020 Financial Year had further delayed the finalisation of the Annual Financial Statements for all Councils.

It is considered that OAG is prioritising the finalisation of the 2019/2020 Audits over the process of advising Councils of this year's Audit Firms.

CEO further advised that he did not believe that the State Government would reverse its decision to have the Auditor General undertake Local Government Audits.

ITEM 7   STANDING ITEMS – INTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.5

7.1   Statutory Compliance Audit Return 2020

Meeting Date	9th March 2021
Responsible Officer	CEO Graeme Fardon
Reporting Officer	Consultant Niel Mitchell, Conway Highbury Pty Ltd
Attachments	Compliance Audit Return 2020
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR13-20/21

MOVED Cr Davies SECONDED Cr Hippisley

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

The Statutory Compliance Audit Return for the period 1st January 2020 to 31st December 2020 be adopted by Council.

CARRIED 7/0

IN BRIEF

- Council budgeted for Council's Compliance Report (CAR) to be prepared by an independent Consultant.

- Independent Review undertaken by Mr Niel Mitchell of Conway Highbury Pty Ltd and the Draft CAR submitted to the CEO for presentation to the Audit & Risk Committee for consideration and recommendation to Council.

- N/A Responses indicate that the particular Compliance Requirement was not actioned or required during the Year under Review.

- All Audit and Financial Management Compliance was completed within the Statutory timeframes.

- Only issues of non-compliance noted related to –

  o Disclosures of Interest section Q's 15, 16

- A uniformly high standard was noted for both the Compliance Audit Return, and other statutory matters reviewed in preparation of responses for the Return

MATTER FOR CONSIDERATION

Consideration of the Statutory Compliance Audit Return for the year ended 31st December 2020.

BACKGROUND

Council is required to undertake a Compliance Audit, via the Statutory Compliance Return provided by the Department of Local Government each year.

Council budgeted for Council's Compliance Report (CAR) to be prepared by an independent Consultant.

Independent Review undertaken by Mr Niel Mitchell of Conway Highbury Pty Ltd with onsite visit undertaken on the 27th and 28th January 2021.

The consultant noted a high standard of compliance both the in the matters specifically addressed by the Compliance Return and other matters noted in passing during preparation of the return. While no specific investigations were carried out in non-related matters, a range of suggestion were made for the CEO's review to assist with administration.

The Independent Consultant has reviewed the organisation's Procedures, Processes and Actions for the 2020 Calendar Year and prepared the Draft Statutory Compliance Return for consideration by the Audit & Risk Committee and Recommendation to Council.

Compliance Return comprises of Questions in the following Areas of Activity: -

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions – All Answered
- Tenders for Providing Good & Services

The Statutory Compliance Return is to be presented to Audit & Risk Committee and then Report by Recommendation to Council at the March 2021 Ordinary Council Meeting.

Council is required to submit the Signed (Shire President and CEO) Statutory Compliance Return and relevant Council Minutes to the Director General of the Department of Local Government by the 31st March 2021.

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

14. Compliance audits by local governments

(1)   A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.

(2)   After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.

(3A)   The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.

(3)   After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be –

(a)   presented to the council at a meeting of the council; and

(b)   adopted by the council; and

(c)   recorded in the minutes of the meeting at which it is adopted.

15. Compliance audit return, certified copy of etc. to be given to Executive Director

(1)After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with –

      (a)   a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and

      (b)   any additional information explaining or qualifying the compliance audit,

      is to be submitted to the Executive Director by 31st March next following the period to which the return relates.

(2)In this regulation –

      certified in relation to a compliance audit return means signed by –

      (a)   the mayor or president; and

      (b)   the CEO.

POLICY IMPLICATIONS

N/A.

FINANCIAL IMPLICATIONS

Council has budgeted $3000 for the preparation of the 2020 CARS by an Independent Consultant.

GL 0532 (Total Budget Amount of $46,700) provides for the External Audit, Grant Acquittal Audits, Financial Management Review and the Annual Compliance Audit Return.

Conway Highbury P/L have quoted a maximum amount of $3500 plus mileage and will only bill actual time taken to complete the CAR work, if less than the $3500.

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
G4.1	Maintain sustainability ratios at or above basic level
G4.2	Increase non-rates revenue generation
G4.3	Ensure optimum organisational capacity and efficiency

COMMUNITY CONSULTATION

N/A

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

Financial - Risk Matrix Rating is assessed as Low. Risk is mitigated through ongoing review and monitoring of Council's Management & Compliance Procedures and Processes. The Compliance Audit Return is separate to Council's External Audit and is a Statutory requirement to be met by Council.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. High level Compliance achieved mitigates the reputational risk that may occur from non-compliance. Independent assessment of Council's Compliance undertaken in 2021 for the 2020 Year.

Operation – Risk Matrix Rating is assessed as Low. Compliance undertaken as part of Council's day to day operations. The 2020 CAR undertaken by independent person with assistance from Council's Staff.

Natural Environment – Risk Matrix Rating is assessed as Low.

ITEM 8   STANDING ITEMS – FINANCIAL REPORTING

Audit & Risk Committee - Terms of Reference 7.2

8.1	**Grant Funding Status Report**

Meeting Date	9th March 2021
Responsible Officer	CEO Graeme Fardon
Reporting Officer	IPR&SPO Richard Bleakley
Attachments	(i) Grants Register Status Report 1 (ii) Grants Register Status Report 2 (Summary Report)
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR14-20/21

MOVED Cr Stacey SECONDED Cr Davies

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

Council notes the Grants Status Reports dated March 2021.

CARRIED 7/0

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.

- Report details current successful Grants (Competitive and Non Competitive).

- No Grant Applications have been declined in 2020/2021.

- One grant application (Community Park) is currently on hold pending closure of COVID-19 Grant Funding Program at LotteryWest.

- 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.

Council is awaiting the outcome 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 July / August 2021.

In addition, Council has received advice that the Federal Government has granted an additional $288,492 under the Local Roads and Community Infrastructure Program Extension (COVID-19). Information regarding the Guidelines and Conditions of this additional funding have been received.

Allocation of these funds to a Project will be the subject of a further Officer's Report to the March 2021 OCM.

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 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.

COMMENT

Attachment 1 – Grants Register Report as at 3rd March 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	3	$274,919
Active	12	$5,303,423
Applications	2	$758,492
New research	12	$0
Total	29	$6,336,834

ITEM 9   STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

Audit & Risk Committee - Terms of Reference 7.3

The CEO advised that the Financial Management Review is required to be completed at least every 3 Years, with the next Review to be undertaken and received by Council before the 30th June 2021.

Audit & Risk Committee - Terms of Reference 7.3

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

Meeting Date	9th March 2021
Responsible Officer	EMCS Nathan Gilfellon
Reporting Officer	SFO Kaiser Uddin
Attachments	Nil
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR15-20/21

MOVED Cr Cowcill SECONDED Cr Stacey

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

Council receive the report on the Shire's Leave Liabilities.

CARRIED 7/0

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 28th February 2021 is $206,589.35.

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 28th February 2021) is calculated at $249,437.00.

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 28th February 2021, one employee has excess annual leave. Management will discuss the excess leave with the employee.

Since November 2020, there has been a decrease of 14.4% (in Dollar Value) in the Annual Leave Liability. This is likely due to natural decrease during a period where more leave is taken during the Christmas period.

The Long Service Leave Liability has had a 6% increase since November 2020. This is due to the anniversary of two employees in December 2020.

	LSL Hours	LSL $	AL Hours	AL $
May	3,472	144,506	3,141	131,346
June	3,472	144,506	3,293	137,579
July	3,152	133,795	3,396	141,026
August	2,511	112,029	2,879	117,983
September	4,315	174,057	3,013	127,361
October	3,746	140,599	3,102	132,103
November	3,465	121,016	3,393	141,499
December	3,663	128,244	3,555	127,688
January	3,663	128,244	3,044	111,379
February	3,663	128,244	3,325	121,193
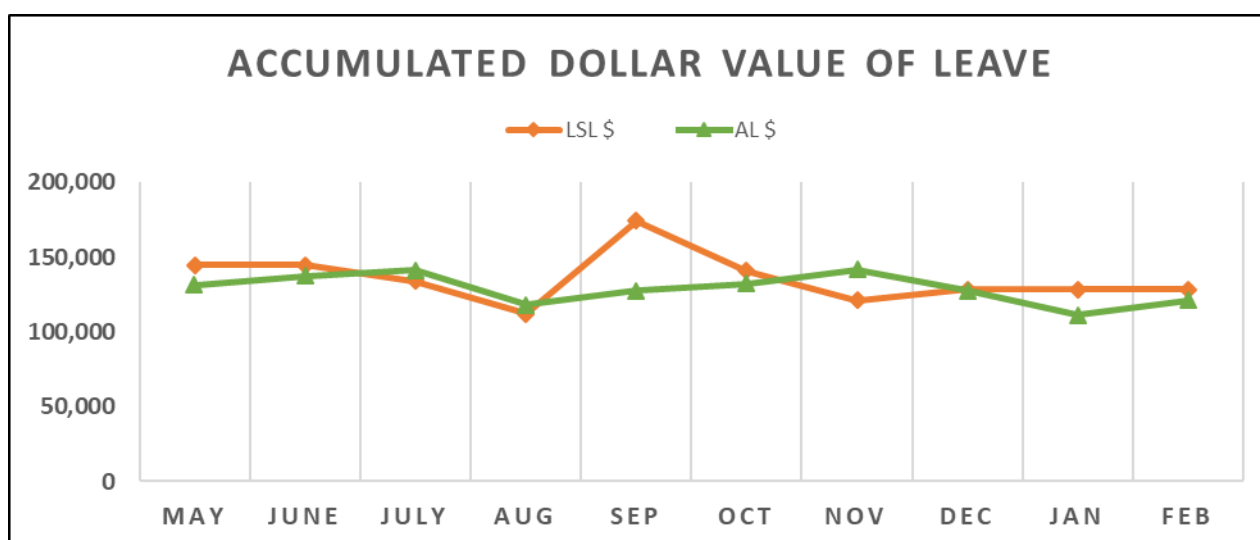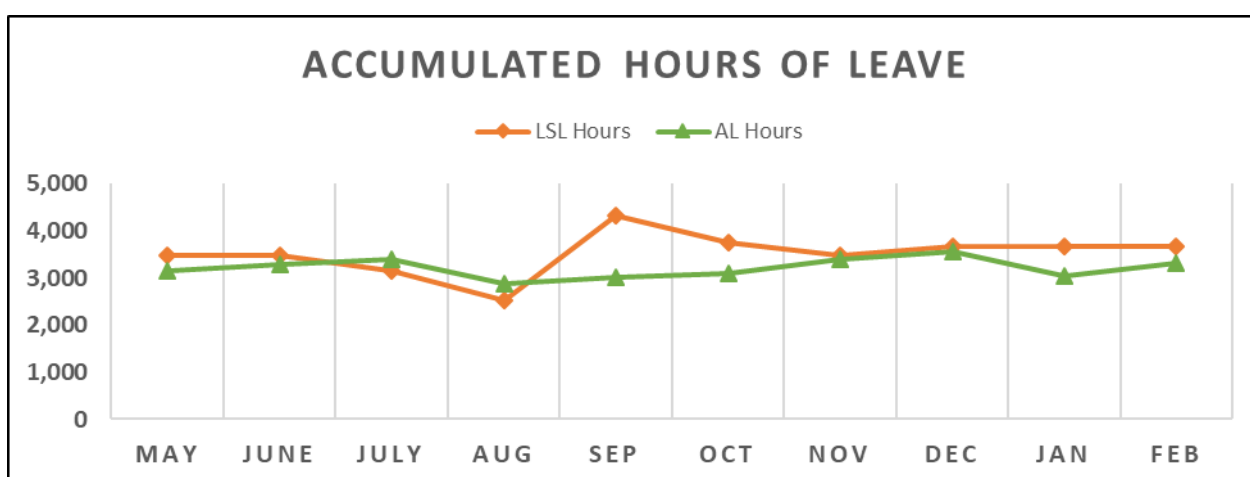
ITEM 11   STANDING ITEMS – OTHER

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

11.1   Governance Training and Support

The WALGA Governance Team are available to provide additional Training and Support on Governance for Elected Members and for Senior Staff.

Training Session has been confirmed for Friday 19th March 2021.

9.30 am	Arrival
10 am – 12 noon	Morning Session
12 noon – 12.30 pm	Lunch Break
12.30 pm – 2.30 pm	Afternoon Session

Topics to be covered: -

- Refresher on Roles and Responsibilities of Elected Members

- Councillors Model Code of Conduct

- Council Meeting Conduct (as we don't have Meeting Local Laws, but have drafted previously and not supported)

- Any advice on the role of the Audit & Risk Committee as we are transitioning to Audits under the OAG in 20/21.

- The number of Council Committees and the implications for Council

- LG Act Review Update (noting that McGowan Government will be in Caretaker mode until the State Election)

- Model Standards & Guidelines for the Recruitment of CEO

- Other emerging Governance Trends in Local Government.

Information submitted for Councillor's Diary purposes.

The CEO provided further details on the arrangements for the Training Day.

The CEO and the IPR/ Strategic Projects Officer provided information on the Strategic Planning Engagement Session which has been scheduled to be conducted by Council's Consultant at the conclusion of the Governance Training Session (for 2.30 – 4.00 pm).

ITEM 12   COUNCILLORS' EMERGING ISSUES

Nil.

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 8th June 2021, commencing at 5.00 pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

ITEM 15   CLOSURE

There being no further business, the Chairman closed the Meeting at 5.38 pm.

I certify the Minutes of the Audit & Risk Committee Meeting held on 9th March 2021 were confirmed on 8th June 2021 as recorded on Resolution No. _____.

Confirmed.. 08/06/2021

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)

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

ITEM 7   STANDING ITEMS – INTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.5

7.1   Financial Management Review Report - May 2021

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

OFFICER RECOMMENDATION

> **MOVED _____   SECONDED _____**
>
> 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
>
> ____/___

VOTING REQUIREMENTS –Simple Majority

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 12th – 14th 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 1st July 2020 to 31st 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.

Financial Management Review

Shire of Quairading

May 2021

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Disclaimer

The objective of this review as outlined in greater detail in Part 1.0 of this report as presented, is to assist the Chief Executive Officer of the Shire of Quairading discharge responsibilities in respect to Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* (as amended).

It has been prepared by Moore Australia (WA) Pty Ltd for this sole purpose.

It is not intended to be used by any other individual or organisation.

Confidential – this document and the information contained in it are confidential and should not be used or disclosed in any way without our prior consent.
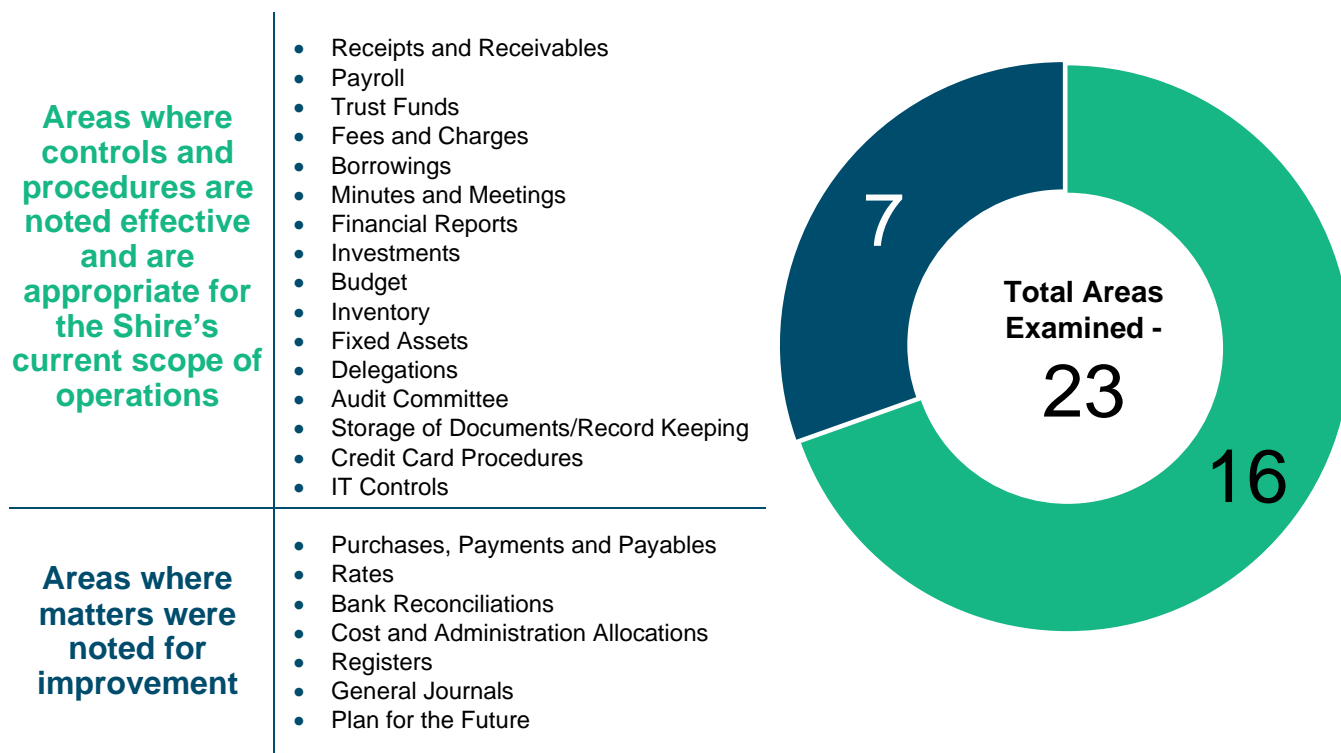
Moore Australia (WA) Pty Ltd, an independent member of Moore Global Network Limited, and a Perth based partnership of trusts carries on business separately and independently from other Moore Global Network Limited member firms worldwide.

Services provided under this engagement are provided by Moore Australia (WA) Pty Ltd and not by any other independent Moore Global Network Limited member firms worldwide. No other independent Moore Global Network Limited member has any liability for services provided.

1. Executive Summary

The objective of our review as outlined in our engagement letter dated 24 March 2021 is to provide a report, based on our understanding of the Shire and associated risks, to the CEO on the appropriateness and effectiveness of the Shire's financial management systems and procedures as required by Financial Management Regulation 5(2)(c).

To this end, we examined the following financial systems and processes of the Shire covering the period 1 July 2020 to 31 March 2021 as agreed with the Shire's Management.

Areas where controls and procedures are noted effective and are appropriate for the Shire's current scope of operations	• Receipts and Receivables • Payroll • Trust Funds • Fees and Charges • Borrowings • Minutes and Meetings • Financial Reports • Investments • Budget • Inventory • Fixed Assets • Delegations • Audit Committee • Storage of Documents/Record Keeping • Credit Card Procedures • IT Controls	**7** **Total Areas Examined -** **23** **16**
Areas where matters were noted for improvement	• Purchases, Payments and Payables • Rates • Bank Reconciliations • Cost and Administration Allocations • Registers • General Journals • Plan for the Future	

Our review included a high-level understanding of the key financial systems that support the financial processes undertaken by the Shire and the performance of review procedures designed to evaluate the appropriateness and effectiveness of the control environment of the Shire's financial management system. The procedures performed for each area in respect of the review have been included in **Appendix A**.

We did not necessarily examine compliance with provisions of the Act or Regulations, which were not financial in nature.

The review constitutes an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance, either expressed or implied.

1. Executive Summary

Matters noted for improvement summarised by risk rating

Details of the specific areas with matters noted for improvement, together with our risk ratings, recommendations and management comments can be found in part 2 commencing on page 6.

Total Matters Noted
10

- ■ Significant
- ■ Moderate
- ■ Minor
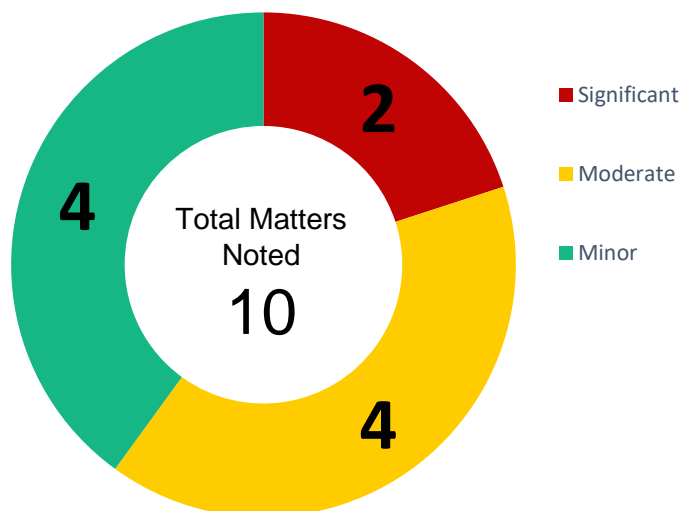
Addressing the issues highlighted will help to ensure the controls and procedures established are not compromised in the future and the integrity of the financial management system is maintained.

We trust this report will assist in the ongoing review and improvement of the Shire's financial management practices and procedures.

2. Matters Noted

Please Note: The rating assessment as detailed below is our assessment based on the circumstances surrounding the procedures performed. They are intended to be read in the context of our rating assessment to the organisation as a whole. They are provided solely to assist you understand the nature of the matters raised and to prioritise any remedial action.

Key for Rating Assessment:

Significant
Issue represents a weakness which may have an adverse effect on the ability to achieve business objectives. Requires immediate management action. ●

Moderate
Issue represents a weakness which may become more serious if not addressed. Requires management action within a reasonable time period. ●

Minor
Issue represents an opportunity for improvement. Management should consider cost benefit analysis within a reasonable time period. ●

Area	Rating	Matters Identified / Recommendations
Purchases, Payments and Payables	🟡	We noted a large number of administration and finance staff have modification rights to the creditor's master file which exacerbates the risk of unauthorised changes being made especially in relation to banking details.
		Recommendation: To help ensure all changes to creditor's master file are bona-fide and properly accounted for, access should be restricted only to staff members involved with the creditor's function.
		Management Comments: As of 14th May 2021, restrictions have been placed to only allow staff involved with the payment of monies to be able to access the creditor's master file
	🟡	We noted there was no formal documented policy or procedure in place relating to the process of changing creditor's master file details.
		Recommendation: To assist officers with verifying changes of supplier details, the required procedure or policy should be documented and provided to officers.
		Management Comments: Previously efforts have been made to formalise the current procedures in relation to payments and payables. However, these were stopped due to time restraints and staff turnover. This can recommence when there is capacity available.

2. Matters Noted

Area	Rating	Matters Identified / Recommendations
Rates	🟢	Reconciliation between the subsidiary ledger and general ledger for rate debtors was not performed for July 2020.
		Recommendation: To help ensure the amounts owing to the Shire are complete and correctly posted to the general ledger, the rates debtors reconciliation report should be regularly reconciled to the general ledger. They should also be reviewed by a senior staff member independent of preparation. This review should seek to confirm the accuracy of the reconciliation and should be reviewed accordingly.
		Management Comments: The rates debtor reconciliation was missed in July due to occurring at the same time as the rates billing process.
	🟡	Manual rolling reconciliation between the Shire's rate system and the VGO records was not performed for July 2020 and January 2021.
		Recommendation: To help ensure valuations are correctly recorded (thus ensuring the correct amount of rates are charged) and the integrity of the rating system is maintained, the reconciliations should be regularly and promptly prepared, and reviewed by a senior staff member of preparation. The review should seek to confirm the accuracy of the reconciliations and be evidenced accordingly.
		Management Comments: The valuation register reconciliation was missed in January due to staff turnover. A monthly checklist was previously used to avoid missing monthly reconciliations. This was stopped due to its ineffectiveness while staff were catching up on outstanding work. However, this will be re-introduced.
Bank Reconciliations	🔴	The Municipal and Reserve bank reconciliations were not performed from October 2020 to March 2021.
	🟡	The Municipal and Reserve bank reconciliations were not independently reviewed for September 2020.
		Recommendation: As bank reconciliations are of primary control importance and are the catalyst for many transactions in other ledger accounts, bank reconciliations should be prepared monthly. They should also be reviewed by a senior staff member independent of preparation. This review should seek to confirm the accuracy of the reconciliation and should be evidenced accordingly.
		Management Comments: In January 2021, the Shire started to use a new bank reconciliation module (Altus). While this is expected to improve the timeliness and accuracy of the Shire's bank reconciliations in the future, staff are currently catching up on the outstanding reconciliations. Once this is done, the new system is expected to allow staff to undertake the work on a consistent and timely basis.

2. Matters Noted

Area	Rating	Matters Identified / Recommendations
Cost and Administration Allocations	🟢	Our review noted there was an under allocation of plant operating costs and public works overheads of $84,000 and $123,000 respectively as at 31 March 2021.
		Recommendation: The current under allocation should be investigated and appropriate adjustments made. To help ensure no material amounts of overheads remain unallocated, appropriate procedures should be implemented to regularly review the appropriateness of the relevant allocation rates. This will help to ensure the financial records accurately reflect works and service costs to enable timely management information.
		Management Comments: The current year under allocations have been caused by vacancies in the Works and Parks & Gardens team. The administration team will consider this report's findings in the allocations included in the 2021/22 budget, including presenting a vacancy rate to reduce the hours available to allocate.
Plan for the Future	🟢	There was no evidence of annual review of the Shire's Corporate Business Plan as required by Local Government (Administration) Regulation 19DA.
		Recommendation: To help ensure compliance with statutory provisions, this requirement should be correctly addressed in the future.
		Management Comments: Although a review of the Corporate Business Plan was completed during the budget workshops, no documented record of the review has been made. This will be included as part of the items in the 2021/22 budget so that the review is correctly recorded.
Registers	🟢	From review of the Shire's Financial Interest Register we noted one instance where the annual return contained sections which were left blank.
		Recommendation: To help ensure compliance with Departmental Circular 18-2005 and to help ensure returns submitted are not at risk of being amended, all sections should be completed. We note it is acceptable to record N/A, Nil or No Change or to rule a clear line through a N/A section whilst leaving sections blank is not recommended practice.
		Management Comments: This is noted by management. In the future, each return will be checked for completion and compliance before being formally accepted by the CEO.

2. Matters Noted

Area	Rating	Matters Identified / Recommendations
General Journals	🔴	Our review of general journals noted there was no independent review of cost administration journals posted in the accounting system.
		Recommendation: The help maintain the integrity of the accounting system and ensure the journals are correctly recorded, processes should be implemented so that all journals are authorised and reviewed by a senior staff member independent of preparation.
		Management Comments: This was previously completed solely by the EMCS, as the journals were considered low risk. Following this review, future journals will be created by the SFO and then reviewed by the EMCS.

Appendix A - Review Procedures

The following reviews were undertaken to evaluate the appropriateness and effectiveness of financial management system controls:

System	Description of Procedures Performed
Purchases, payments and payables (including purchase orders)	A sample of payment transactions was selected and tested to determine whether purchases were authorised/budgeted, and payments were supported, certified/authorised and correctly allocated. The Shire's purchases, payments and payables system was also examined to determine if adequate controls were in place in ensuring liabilities are properly recorded and payments are properly controlled.
Receipts and Receivables	The Shire's end of day banking procedures was examined to determine if they were adequate in ensuring cash collections are being recorded and allocated properly to the general ledger. Detailed testing of a sample of receipts was performed. This included tracing to individual receipt detail, bank deposits, general ledger and bank statements to ensure banking was correctly performed.
Payroll	Detailed testing of a sample of individual employees was selected from different pay runs and for each employee's pay the following tests were performed to help ensure: • the employee existed; • the correct rate of pay was used; • time sheets were properly completed and authorised; • hours worked were properly authorised; and • allocations were reasonable and correctly posted. We also tested the first pay of a sample of new employees and the last pay of a sample of terminated employee. The Shire's payroll system was also reviewed to determine if adequate controls were in place to help ensure wages and salaries are properly processed and payments are properly controlled.
Rates	The Shire's rating procedures were examined to determine if they were adequate in ensuring rates were being imposed or raised correctly. This also included inspection of the rate record, rate notices, instalment notices, valuation reconciliations and general ledger. We selected a sample of rate notices, instalment rate notices and interim rate notices for the period under review. This included: • re-performing the calculations on the rate notices; • ascertaining whether the valuations applied agree to Landgate's valuation roll/report and rates per dollar imposed are as per adopted budget; • ensuring the rate system is properly updated; and • checking proper posting to the general ledger.
Bank Reconciliations	An examination of bank reconciliations and procedures for the period under review to ensure they are up to date as well as being prepared regularly and promptly for all bank accounts.
Trust Funds	Trust funds held by the Shire were examined through testing a sample of receipts and refunds to determine proper accountability in the Shire's financial management system and compliance with regulatory requirements.

Appendix A - Review Procedures

System	Description of Procedures Performed
Fees and Charges	Fees and Charges imposed at the time of budget adoption were found to be in accordance with legislative requirements. Detailed testing of a sample of fees and charges was performed. This included tracing to receipts, the adopted fees and charges schedule and the general ledger to ensure they were correctly charged, and their allocation/posting was correctly performed.
Cost and Administration Allocations	The Shire's cost and administration allocations system was examined to determine if indirect costs have been properly allocated to various jobs/programs. This included review of the allocation basis and rates used to ensure they are appropriate and regularly reviewed.
Minutes and Meetings	Council and Committee meeting minutes were reviewed to ensure compliance with procedures and protocols.
Financial Reports	A review of the Shire's systems and procedures over the annual financial report and monthly financial reports was performed to determine if: • Structured reporting processes are in place and being properly managed; • Reports are properly constructed based balanced trial balances; • Reports include all relevant and necessary details as required for proper financial/management reporting purposes; • Monthly reports with variance analysis are presented to Council for adoption in a timely manner; and • The annual financial report has been prepared in accordance with the *Local Government Act 1995*. We have also checked to ensure the annual financial report has been adopted by Council and lodged with the Department of Local Government, Sport and Cultural Industries within the statutory timeframe.
Budget	The Shire's budgetary system and procedures was examined to determine if: • A structured process is in place and being managed properly; • The Budget is properly constructed and based on reasonable assumptions in line with the Shire's strategic documents; and • The Budget includes all relevant and necessary details and was properly adopted. We have also checked the annual budget and the budget review documents have been lodged to the Department of Local Government, Sport and Cultural Industries within the statutory timeframe.
Plan for the Future	A review of the Strategic Community Plan and Corporate Business Plan which comprise the Long Term Financial Plan are up to date and complied with legislative requirements.
Fixed assets (including depreciation, acquisition, and disposal of property)	The fixed assets system including controls over acquisition and disposal of assets, updating of the fixed assets register, depreciation of fixed assets and reconciliation of the fixed assets register to the general ledger was examined. A sample of asset additions and disposals was selected and testing performed to ensure: • tax invoices existed; • correct posting to the general ledger; • fixed assets register was promptly updated; and • classification of assets was correct. In addition, a sample of assets was selected and testing performed to ensure the depreciation rates used are in line with the Shire's accounting policy.

Appendix A - Review Procedures

System	Description of Procedures Performed
Registers	**Financial Interest Register** The register was examined to ensure compliance with regulatory requirements. **Tender Register** The Shire's tender process was reviewed to determine if adequate controls were in place to ensure the tendering of goods and services is being managed properly. This included walking through a sample of tenders selected for review from inception through to award of tender against the tender register, minutes and relevant supporting documentation.
Delegations	The register was examined to ensure compliance with regulatory requirements.
Audit Committee	The Shire's establishment of its audit committee and the constituted membership was examined by us and considered satisfactory.
Insurance	Discussions with staff and review of policy documents revealed policies are current. Evidence also exists to suggest an annual review of insurance risks occurs.
Borrowings	A review of the Shire's controls and procedures over borrowings was performed to determine if borrowings were properly recorded and managed.
Inventory	A review of the Shire's controls and procedures over inventory was performed to determine if inventory was properly recorded and managed.
Storage of Documents / Record keeping and IT Controls	The Shire's record keeping / storage system and IT general control environment surrounding its information systems (such as access to the computer system, regular changes to passwords and data backup) were examined to determine if adequate controls and safeguards are in place.
Credit Card Procedures	A review of the Shire's credit card procedures was performed to determine if adequate controls are in place. We selected a sample of credit card transactions from 1 July 2020 to 31 March 2021 across all credit cards to determine whether they are legitimate and usual in the context of the Shire's operations. This included: • Sighting tax invoices; • Ascertaining whether the transactions are for bona fide Shire business; and • Determining whether transactions are in line with the credit card policy.
Investments	A review of the Shire's controls and procedures over investments was performed to determine if investments were properly recorded and managed.
General Journals	The Shire's journal procedures were examined to determine if they were sufficiently reviewed / approved at every staff level before processing.

CONTACT US

Level 15, 2 The Esplanade,
Perth WA 6000
T   +61 8 9225 5355
F   +61 8 9225 6181
E   perth@moore-australia.com.au

www.moore-australia.com.au

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HELPING YOU THRIVE IN A CHANGING WORLD

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.

Western Australian
Auditor General's Report

Local Government General Computer Controls

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Local Government General Computer Controls

Report 23: 2020-21
May 2021

THE PRESIDENT
LEGISLATIVE COUNCIL

THE SPEAKER
LEGISLATIVE ASSEMBLY

LOCAL GOVERNMENT GENERAL COMPUTER CONTROLS

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Information systems audits focus on the computer environments of entities to determine if these effectively support the confidentiality, integrity and availability of information they hold.

This is the second local government annual *Information Systems Audit Report* by my Office. The report summarises the results of our 2020 annual cycle of information systems audits across a selection of 50 local government entities.

I wish to acknowledge the entities' staff for their cooperation with this audit.

CAROLINE SPENCER
AUDITOR GENERAL
12 May 2021

Contents

Auditor General's overview

This is the second local government annual *Information Systems Audit Report* by my Office. The report summarises the results of our 2020 annual cycle of information systems audits across a selection of 50 local government (LG) entities.

Information systems underpin most aspects of LG entity operations and services. It is important that entities implement appropriate controls to maintain reliable, secure and resilient information systems. These controls are equally important in smaller LG entities who may not have dedicated IT staff but rely on contractors to provide the necessary support.

In the 11 LG entities where we performed capability maturity assessments, none met our benchmark in all areas, with information security remaining a significant area of concern where no audited entities achieved our minimum capability maturity.

Throughout the report, we have included a number of audit case studies to help highlight the risks associated with weak information system controls. Included in the case studies are real life examples of how extremely poor general computer controls can result in system breaches, loss of sensitive and confidential information and financial loss. They serve as important reminders of the need to remain ever vigilant against constant cyber threats.

While legacy systems can take some time to replace or upgrade, not all controls require expensive technology investments. Well implemented processes and fine-tuning existing practices can achieve a good baseline to build resilience to internal and external threats. Educating staff on cyber risks and periodically testing their responses to simulated threats will give valuable feedback to entity executive and council.

I have chosen to not identify the audited LG entities given the nature of the findings, a custom extended from my Office's similar audits in the State sector. Over time, this practice may change to identify entities so as to provide an incentive to public entities to more promptly address identified control shortcomings.

Introduction

Local government (LG) entities rely on information systems to prepare their financial statements and to deliver important services to the public. Our general computer controls (GCC) audits assess whether LG entities' system controls effectively support the confidentiality, integrity and availability of their information systems and financial reporting. They are performed as an integral part of, and inform, our financial audit program.

This report presents a summary of the findings reported to 50 local government entities in 2019-20. For 11 LG entities we performed capability maturity assessments. A GCC audit with a capability maturity assessment is the most comprehensive information systems audit we undertake. We use the findings to inform our audit risk assessment and work program for the sector.

For our capability maturity assessments, we asked the 11 LG entities to self-assess against the provided capability maturity model. We then compared their results to ours (which were based on the results of our GCC audits). These assessments are a way to see how well-developed and capable entities' established IT controls are.

For the remaining 39 LG entities, the GCCs were examined by contract audit firms or by our financial audit teams who did not undertake the capability maturity modelling. Information system findings identified during these audits are included in this report.

The methodology we have developed for our GCC audits is based on accepted industry good practice. Our assessment is also influenced by various factors including the:

- business objectives of the LG entity

- level of dependence on IT

- technological sophistication of computer systems

- value of information managed by the LG entity.

We focused on the following 6 categories (Figure 1) for both our GCCs and capability assessments.

Information security

IT operations

Business continuity

Change control

Management of IT risks

Physical security

Source: OAG

Figure 1: GCC categories

Throughout the report we have included real life case studies that illustrate the significant impact poor controls can have on LG entities. All case studies, except case study 7, are from metropolitan LG entities.

Conclusion

LG entities need to improve their general computer controls. We reported 328 control weaknesses to 50 LG entities, with 10% (33) of these rated as significant and 72% (236) as moderate. As these weaknesses could significantly compromise the confidentiality, integrity and availability of information systems, the LG entities should act promptly to resolve them.

Our capability assessment results show that none of the 11 audited LG entities met our expectations across 6 control categories, with 79% of the audit results below our minimum benchmark. We found weaknesses in controls for information security, business continuity, change management, physical security and IT operations. Entities also need to improve how they identify and treat information risks. Five of the entities were also included in last year's in-depth assessment and could have improved their capability by promptly addressing the previous year's audit findings but, overall, did not discernibly do so.

What we found: Capability assessments

We conducted in-depth capability assessments at 11 LG entities, 5 of which were also audited in 2018-19. We used a 0 to 5 rating scale[1] (Figure 2) to evaluate each entity's capability maturity level in each of the GCC categories. The model provides a reference for comparing entity results from year to year. We expect entities to achieve a level 3 (Defined) rating or better across all the categories.

Source: OAG

Figure 2: Rating scale and criteria

None of the 11 LG entities met our expectations across all control categories. In the area of information security, all 11 entities were below our benchmark.

Entities did not have adequate controls to effectively manage information security, change management, IT operations, physical security and business continuity. Poor controls in these areas left systems and information vulnerable to misuse and could impact critical services provided to the public. We have included specific case studies that provide more detail where we identified weaknesses in controls that could potentially compromise entities' systems.

Figure 3 shows the results of our capability assessments across all 6 control categories for the 11 entities we assessed in 2019-20.

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[1] The information within this maturity model assessment is derived from the criteria defined within COBIT 4.1, released in 2007 by ISACA.
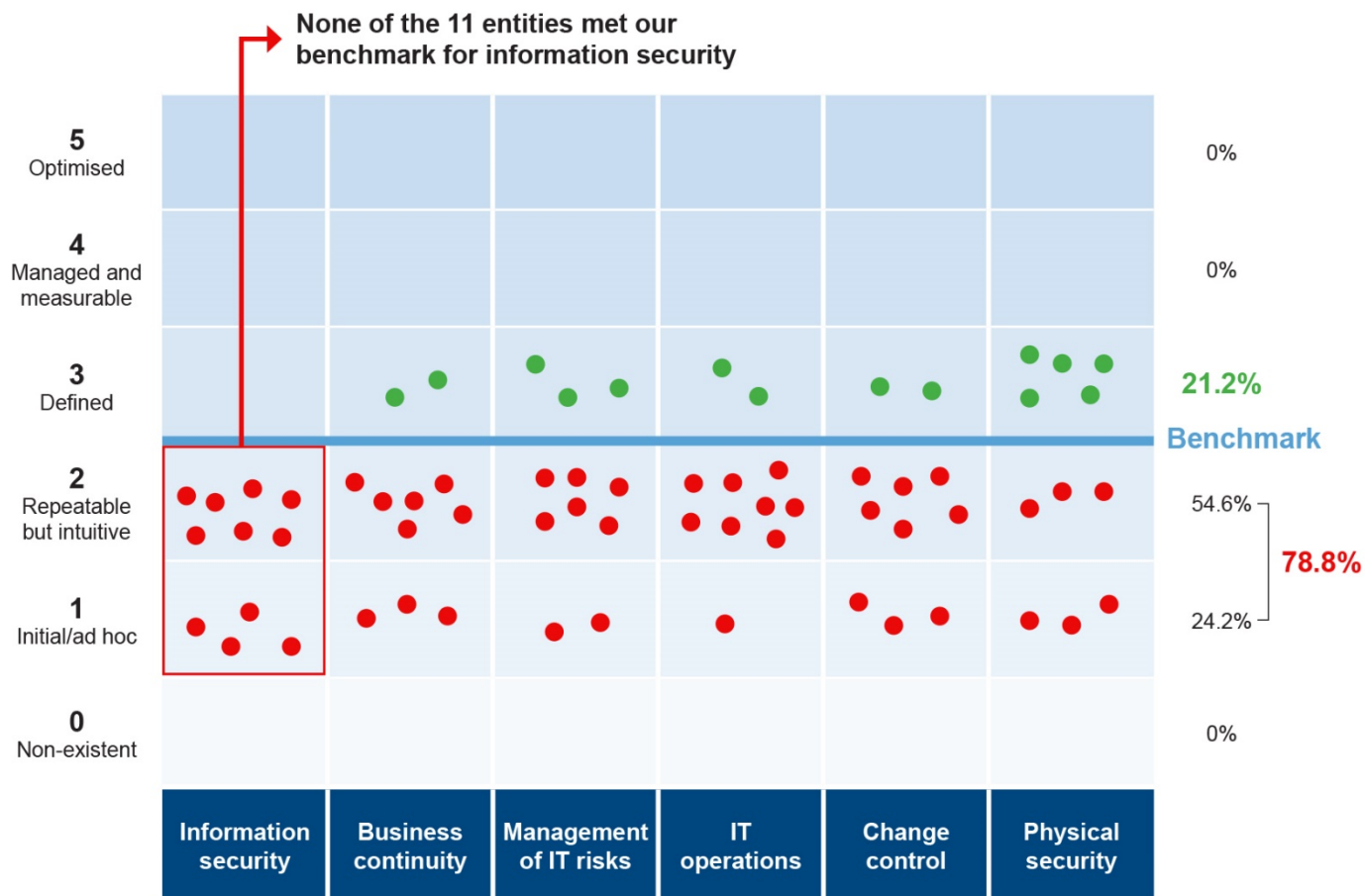
Figure 3: 2019-20 capability maturity model assessment results

What we found: General computer controls

We reported 328 general control weaknesses to 50 LG entities, with 10% rated as significant requiring prompt action, 72% as moderate which should be addressed as soon as possible, and the remaining 18% as minor. Like last year, nearly half of all issues were about information security.

We reported these weaknesses to LG entities in a management letter. However, as management letters are often made public, we removed sensitive technical details which could increase the risk of cyber-attacks to entities. We reported these details separately through confidential letters to assist entities in addressing weaknesses. Entities generally agreed to implement our recommendations.

Figure 4 summarises the distribution of the significance of our findings across the 6 control categories.

While the majority of our findings are rated as moderate, a combination of these issues can leave entities with more serious exposure to risk.
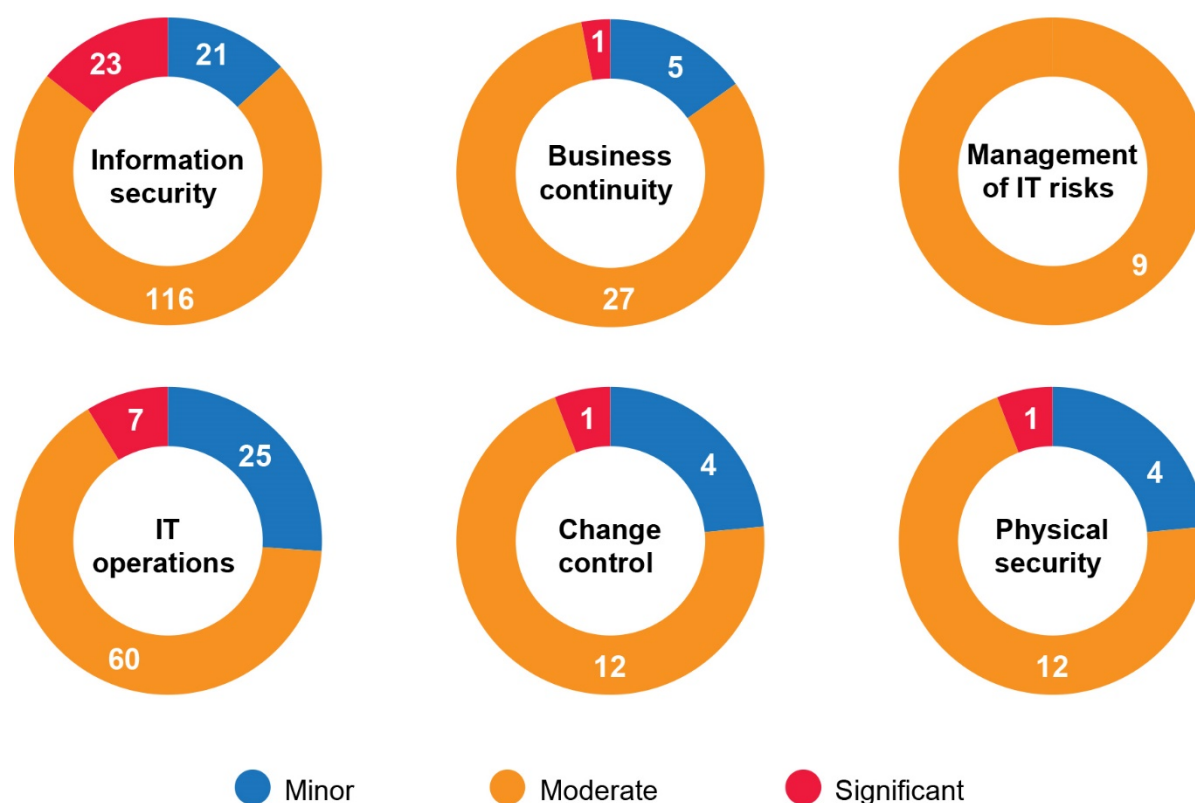
Figure 4: Distribution of ratings for GCC findings in each control category we reviewed

Source: OAG

Information security

Good information security practices are critical to protect the information held in key financial and operational systems from accidental or deliberate threats and vulnerabilities.

Our GCC audits and capability maturity model include an assessment against better practice controls for information and cyber security. Figure 5 lists some of the important better practice controls for information security.

Information security policy	Security awareness program	Vulnerability management	Multi-factor authentication
User account management	Strong passwords/ passphrases	Data encryption	Limit admin privileges
Network segregation	Security gateway	Prevent unauthorised devices	Database security
Malware protection	Patch applications	Patch operating systems	Web gateway and content filter
Information classification	Removable media control	Secure cloud and storage	Email security
Cyber security monitoring	Segregation of duties	Application hardening and control	

Source: OAG

Figure 5: Information security – Better practice controls included in our GCC audits

Many entities either lacked or had inadequate information security polices to inform staff of their responsibilities to protect entity information, which also includes the personal information of ratepayers. Staff and contractors were often not given sufficient training to understand the potential risks and threats to entity information. Case study 1 highlights the risks associated with a poor awareness of cyber threats.

Case study 1: Poor awareness and a lack of security controls results in a loss of confidential information

One entity we audited did not have an effective security awareness program to guide and educate staff on cyber and information security risks. A user's account details (username and password) were stolen because of a phishing attack which was not detected or prevented by the entity's security controls. The attack resulted in a fraudulent credit card transaction on the user's corporate credit card, which was immediately cancelled. Further investigation by the entity revealed the attacker downloaded 10GB of entity information in the form of sensitive emails.

If effective controls are not in place to detect and prevent attacks, this could result in loss of sensitive and confidential information. Along with technical controls, staff education and awareness are important to combat these threats. Without ongoing information security awareness training there is an increased risk that individuals will not understand the risks to the entity and their responsibilities to protect information. This may result in inappropriate actions which could compromise the confidentiality, integrity and availability of information.

Another common weakness was that entities did not have policies, procedures and processes to effectively manage technical vulnerabilities. Our vulnerability scans of key entity systems identified a range of critical and high severity vulnerabilities which had not been patched. These vulnerabilities can be exploited by malicious attackers to compromise entity systems.

Network segregation adds a layer of security to protect systems from cyber intrusions. It is most common to separate internal networks from external-facing systems. The network is divided into smaller zones with rules to restrict communication between areas and services. This strategy limits the impact of cyber intrusions by restricting attackers' ability to discover critical systems and gain access to sensitive information. We found many entities did not appropriately segregate their network, which makes it easier for an attacker to locate and access sensitive information once the network is compromised.

Case study 2 highlights the risks to information when networks aren't segregated.

Case study 2: Network security issues increase the risk of successful cyber attacks

One entity had not segregated its internet facing systems from the internal network. There was insufficient physical or logical segregation of its internal and external network. This meant that public facing and internal systems sat in the same network which is a serious situation.

Internet facing systems are under constant cyber threats, the current network design would allow a potential attacker or malicious software application (i.e. malware) full access to the network once the perimeter is breached. It would be difficult for the entity to contain any breach because communication between network segments was not controlled.

We also found that the entity did not have adequate controls in place to prevent or detect the use of unauthorised devices on the network. There is an increased risk that

unauthorised devices could be used to attack internal systems or could result in the spread of malware to the entity's network and systems.

Multi-factor authentication (MFA) adds a layer of security to protect systems from unauthorised access. We found many entities did not have MFA for remote access to their network and allowed access with a username and password only (Case study 3). This leaves entities at risk of attacks such as phishing and password spraying.[2]

Case study 3: Information at risk due to poor remote access controls

At 1 entity we found the following issues relating to remote access into the network:

- MFA was not used to access the network and systems remotely over the virtual private network (VPN) and remote desktop services (RDS). MFA adds a layer of security to protect systems from unauthorised access and brute force attacks.

- There were no audit trails to detect whether staff working remotely had copied entity information to personal devices increasing the risk of information loss.

When remote access is not appropriately managed, there is an increased risk of inappropriate or unauthorised access to the entity's IT systems and information. In addition, without controls to prevent or monitor information copied to personal devices, there is an increased risk of unintentional or inappropriate disclosure of critical information.

We found many entities were not managing privileged access to their networks and systems. There were many instances where large numbers of staff were given the highest level of access privilege, allowing them to make changes to system configuration and information.

At several entities the highly privileged default administrator account had not been renamed and the password not changed for many years, even after staff turnover. When such an account gets compromised it can give an authorised user or malicious attacker complete control of the network.

Case study 4: Privileged access rights are not appropriately restricted and controlled

At 1 entity the allocation and use of privileged access rights to the network (active directory) were not appropriately restricted and controlled.

The entity had not changed the password for the default network administrator account since 2002, even though a number of IT staff who knew the password had left. We found instances where this account was used out of office hours and the entity was unable to explain this use.

We also found individuals assigned with the highest level of privileges which, were not appropriate for their role and responsibilities.

Without appropriate management of privileged access there is an increased risk that unauthorised or unintentional modifications of IT systems will occur. This could impact the confidentiality, integrity and availability of the entity's systems and information.

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[2] Password spraying is a technique where cybercriminals try common passwords on user accounts to gain unauthorised access to systems. Each password is used on multiple accounts before attempting the next password.

Cybercriminals frequently use email scams to compromise entity system and information. Therefore, it is vital for entities to secure their email systems by implementing controls to check the integrity and authenticity of the emails (Case study 5).

Case study 5: Inadequate controls to secure emails and business information

At 1 entity we found there were inadequate controls to check the integrity and authenticity of emails. This means malicious users could impersonate genuine individuals to gain unauthorised access to systems and information. Without appropriate controls to secure emails the entity is at increased risk of successful cyber-attacks

The entity also did not monitor the use of public cloud storage as staff were using many different cloud storage services to share entity's business information. This puts the entity's sensitive information at risk.

Business continuity

Good continuity planning helps ensure that key business functions and processes are restored promptly after a disruption. Business continuity and disaster recovery plans should be regularly tested. This minimises the risk of extended outages which could disrupt the delivery of important services.

Weaknesses we found included:

- entities did not have up-to-date business continuity and disaster recovery arrangements in place. While many had developed continuity plans in response to COVID-19, they only covered the pandemic

- entities that did have continuity plans did not regularly test them.

An up-to-date business continuity plan, disaster recovery plan and incident response plan play a crucial part in enabling the entity to operate during a disruption and restore business services timely.

Management of IT risks

Entities should be aware of the nature of risks associated with IT and have appropriate risk management policies and practices in place such as risk assessments, registers and treatment plans.

Weaknesses we found included:

- no policies and procedures to document, assess, review and report IT risks

- key risks were not documented. This meant entities were unaware if appropriate controls were in place to protect their information

- entities had not reviewed their risk registers within a reasonable time.

Without appropriate IT risk policies and practices, threats may not be identified and treated within reasonable timeframes. When risks are not identified and treated properly, entities may not meet their business objectives.

IT operations

IT operations include day-to-day tasks designed to keep services running, while maintaining data integrity and the resilience of IT infrastructure. We tested whether entities had formalised procedures and monitoring controls to ensure processes were working as intended.

Weaknesses we found included:

- a lack of user access reviews. Regular review of access ensures that only current authorised individuals have access to networks and key systems and the privileges assigned are appropriate for the tasks they perform

- no logging of user access and activity to key systems and sensitive information. This could result in malicious activity going undetected

- network logs not kept for adequate duration

- a lack of incident management procedures

- IT staff were not required to complete a background check (e.g. police clearance). These staff had highly privileged access to the entities IT systems and information.

Without appropriate plans and supporting procedures, IT operations may not be able to respond to business needs and recover from errors or failures.

The following case study highlights the risk to entities when user access is not appropriately controlled and monitored.

Case study 6: Shared generic accounts increase the risk of fraud

At 1 entity, staff could redirect payments for council rates, infringements, licence and application fees to another bank account by changing a file hosted on a shared server. Access to the server was not appropriately controlled because staff used a shared generic account to access and manage the server. This issue was further compounded because changes to the file and user activity were not logged and monitored. This meant that it would be difficult for the entity to identify and hold someone accountable, in the event of a fraudulent change.

Change control

We reviewed whether changes to IT systems were authorised, tested, implemented and recorded in line with management's intentions.

Weaknesses we found included:

- a lack of appropriate policies and procedures to implement changes

- change procedures were applied inconsistently

- a critical system was not covered by change procedures.

If changes are not controlled, they can compromise the integrity and availability of systems. As a result, systems will not process information as intended and entities' operations and services may be disrupted.

An overarching change control framework is essential to ensuring changes are made consistently, reliably and efficiently. When examining change control, we expect entities to be following their approved change management procedures.

The following case study highlights the risk to entities when changes are not controlled and monitored.

Case study 7: Poor monitoring of user activity and changes could result in incorrect rate statements

We discovered an instance where unauthorised changes were made to property valuations used to calculate rates. This resulted in the LG entity spending additional time and resources to identify the discrepancies and to ensure rate statements being issued for 2020-21 were correct. The entity had not implemented a process to regularly review audit logs to identify unauthorised changes made to rates, despite us raising this issue with them in 2 previous audits.

Without independent reviews of system and information changes, there is an increased risk of financial loss to the entity or incorrect fees being charged to customers because of erroneous or fraudulent data entry.

Physical security

We examined if IT systems were protected against environmental hazards and related damage. We also reviewed if entities had implemented and monitored physical access restrictions to ensure that only authorised individuals had the ability to access or use computer systems located at entity premises.

Weaknesses we found included:

- a lack of policies and appropriate environmental controls to protect IT infrastructure. This could result in system damage or malfunction due to heat or humidity and service outages

- no reviews of staff and contractors' access to server rooms. This increases the risk of unauthorised access to systems and information

- no backup power to maintain systems in case of power outage, increasing the risk of service outages.

Case study 8: Server rooms not well protected

One entity did not have an effective process to review who had access to the server room. We sampled 3 visitor access cards and found all allowed access to the building and server room. This had previously been identified by internal audit and entity management thought the issue had been resolved, but it had not been at the time of our audit. In addition, we found combustible materials such as non-essential equipment and cardboard boxes in the server room. Server rooms should be independent, restricted access rooms.

Recommendations

1. Information security

    To ensure security strategies align with, and support, business objectives senior executives should implement appropriate frameworks and management structures.

    Management should ensure good security policies and practices are implemented for all control areas identified in figure 5 and continuously monitored.

2. Business continuity

    LG entities should have an appropriate business continuity plan, disaster recovery plan and incident response plan to protect critical services and systems from disruptive events. These plans should be tested on a periodic basis to ensure unexpected events do not affect business operations.

3. Management of IT risks

    LG entities need to identify threats and risks to their operations arising from information technology. These should be assessed and treated within appropriate timeframes. These practices should become a core part of business activities and have executive oversight.

4. IT operations

    LG entities should use good practice standards and frameworks as a reference to implement good controls for IT operations. Entities should have appropriate policies and procedures in place to manage incidents, IT risks, information security and business continuity.

    Additionally, entities should ensure IT strategic plans and objectives support their overall business strategies and objectives.

5. Change control

    Change control processes should be well developed and consistently followed when applying patches, updating or changing computer systems. All changes should be subject to thorough planning and impact assessment to minimise the occurrence of problems. Change control documentation should be current, and approved changes formally tracked.

6. Physical security

    LG entities should develop and implement physical and environmental control mechanisms to prevent unauthorised access or accidental or environmental damage to computing infrastructure and systems.

Under section 7.12A of the *Local Government Act 1995*, the 50 audited entities are required to prepare an action plan addressing significant matters relevant to their entity for submission to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity's website. This action plan should address the points above, to the extent that they are relevant to their entity.

Auditor General's 2021-22 reports

Number	Title	Date tabled
22	Opinion on Ministerial Notification – Hospital Facilities Services	6 May 2021
21	Regulation and Support of the Local Government Sector	30 April 2021
20	Opinions on Ministerial Notifications – Policing Information	28 April 2021
19	Opinion on Ministerial Notification – Bennett Brook Disability Justice Centre	8 April 2021
18	Regulation of Consumer Food Safety by the Department of Health	1 April 2021
17	Department of Communities' Administration of Family and Domestic Violence Support Services	11 March 2021
16	Application Controls Audits 2021	8 March 2021
15	Opinions on Ministerial Notifications – Tax and Funding Information Relating to Racing and Wagering Western Australia	26 February 2021
14	Opinion on Ministerial Notification – Hotel Perth Campaign Reports	24 February 2021
13	Opinion on Ministerial Notification – Release of Schedule of Stumpage Rates	24 February 2021
12	Grants Administration	28 January 2021
11	COVID-19 Relief Fund	21 December 2020
10	COVID-19: Status of WA Public Testing Systems	9 December 2020
9	Western Australian Registry System – Application Controls Audit	26 November 2020
8	Regulating Minor Pollutants	26 November 2020
7	Audit Results Report – Annual 2019-20 Financial Audits of State Government Entities	11 November 2020
6	Transparency Report: Major Projects	29 October 2020
5	Transparency Report: Current Status of WA Health's COVID-19 Response Preparedness	24 September 2020
4	Managing the Impact of Plant and Animal Pests: Follow-up	31 August 2020
3	Waste Management – Service Delivery	20 August 2020
2	Opinion on Ministerial Notification – Agriculture Digital Connectivity Report	30 July 2020
1	Working with Children Checks – Managing Compliance	15 July 2020

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Office of the Auditor General
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**Office of the Auditor General
Western Australia**

7th Floor Albert Facey House
469 Wellington Street, Perth

Perth BC, PO Box 8489
PERTH WA 6849

T: 08 6557 7500
F: 08 6557 7600
E: info@audit.wa.gov.au
W: www.audit.wa.gov.au

@OAG_WA

Office of the Auditor General for
Western Australia

ITEM 8   STANDING ITEMS – FINANCIAL REPORTING

Audit & Risk Committee - Terms of Reference 7.2

8.1   Grant Funding Status Report

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

OFFICER RECOMMENDATION

> **MOVED _____ SECONDED _____**
>
> That the Audit and Risk Committee recommend to Council that: -
>
> Council notes the Grants Status Reports dated June 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 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 3rd 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
Total	24	$7,227,382

Year		(Multiple Items)				

Project Name	Grant Value	Sum of Shire (Cash)	Sum of Shire (InKind)	Other Contribution (Kind)	Total Project Cost
Closed					
Saluting Our Service Grants					
Lighting installed. Defect Period.	$1,700	$1,500	$0	$0	$3,200
Autralia Day Branding Program					
Grant paid and merchandise ordered. Following up non-delivered merchandise. Acquittal document complete	$1,000	$0	$0	$0	$1,000
Closed Total	**$2,700**	**$1,500**	**$0**	**$0**	**$4,200**
Active					
Financial Assistance Grant					
TBA	$1,837,365	$0	$0	$0	$1,837,365
Roads to Recovery Funding					
(blank)	$356,530	$65,318			$421,848
Wheatbelt Secondary Freight Network					
Carryover from 2020 approved	$192,518	$67,400	$0	$0	$259,918
3 claims made - 80%. Final 20% upon Certificate of Completion.	$1,223,129	$87,371	$0	$0	$1,310,500
Emergency Services Levy					
Ongoing annual payment for local bush fire brigades.	$74,790	$0	$0	$0	$74,790
Airport Upgrade					

Project Name	Grant Value	Sum of Shire (Cash)	Sum of Shire (InKind)	Other Contribution (Kind)	Total Project Cost
Project progress report completed. 50% funding received	$38,484	$76,134	$0	$0	$114,618
Drought Community Program					
Project implementation commenced. 50% received	$1,000,000	$190,000	$0	$0	$1,190,000
Regional Road Group Funding					
(blank)	$375,000	$210,183			$585,183
Local Roads & Community Infrastructure Program Phase 1					
Funding Agreement signed. Three road upgrade projects - Stacey Bus Rd, Badjaling North Rd, Pannell Rd + hockey lights $35k. 50% Received. Livingstone Rd works awaiting approval	$393,347	$0	$0	$0	$393,347
Local roads & Community Infrastructure Program Phase 2					
Shire/hall carpark confirmed	$288,492	$39,508			$328,000
Active Total	**$5,779,655**	**$735,914**	**$0**	**$0**	**$6,515,569**
Application Period					
Community Park & Nature Playground					
Application to Lotterywest withdrawn, to be re-submitted when normal programming resumes	$570,000	$150,000	$0	$0	$720,000
Local roads & Community Infrastructure Program Phase 3					
Guidelines to be provided	$786,694				$786,694
Application Period Total	**$1,356,694**	**$150,000**	**$0**	**$0**	**$1,506,694**
Approved					
Wheatbelt Secondary Freight Network - Design					
(blank)	$23,333	$1,667			$25,000
Approved Total	**$23,333**	**$1,667**			**$25,000**

2 of 3

Project Name	Grant Value	Sum of Shire (Cash)	Sum of Shire (InKind)	Other Contribution (Kind)	Total Project Cost
New / Researching					
Better Choices					
Preparation of grant application - Third iteration	$8,000	$0	$5,000	$0	$13,000
Independent Living Units					
Focus Group has reconvened with the recruitment of Slavin Architect consultancy.	$0	$20,000	$0	$0	$20,000
Swimming Lessons					
2021-22 Swim Season	$2,000	$1,300	$0	$0	$3,300
Salmon Gums Woodland					
Ongoing consultation with Mick Grage on design and project development	$15,000	$0	$0	$0	$15,000
Bike Track/skate park					
Targetting teenage demographic	$0	$0	$0	$0	$0
Town Hall Mural					
Researching funding	$0	$0	$0	$0	$0
CBH Bin Mural					
Researching funding. Under discussion of Tourism Committee	$0	$0	$0	$0	$0
Electric Car Highway					
Researching funding options	$10,000				$10,000
Trainee					
Researching funding options	$30,000				$30,000
New / Researching Total	**$65,000**	**$21,300**	**$5,000**	**$0**	**$91,300**
Grand Total	**$7,227,382**	**$910,381**	**$5,000**	**$0**	**$8,142,763**

Grant Program Status

2019/20 and 2020/21

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

Status	No. Grants	Grant Value ($)
Competitive		
Closed	2	$2,700
Active	1	$38,484
Application Period	1	$570,000
New / Researching	8	$65,000
Competitive Total	**12**	**$676,184**
Non-competitive		
Active	9	$5,741,171
Application Period	1	$786,694
Approved	1	$23,333
Non-competitive Total	**11**	**$6,551,198**
Grand Total	**23**	**$7,227,382**

Year	(Multiple Items)
Status	***Declined***

Grant	Grant Value	Shire Contribution
Grand Total		

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.

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. Reffered back to architect for refinement	
		Sarah Caporn
Swimming Lessons		
	2021-22 Swim Season	
		Jen Green
Salmon Gums Woodland		
	Ongoing consultation with Mick Grage on design and project development	
		Sarah Caporn
Bike Track/skate park		
	Targetting teenage demographic	
		Sarah Caporn
Town Hall Mural		
	Researching funding	
		Sarah Caporn
CBH Bin Mural		
	Researching funding. Under discussion of Tourism Committee	
		Jen Green
Electric Car Highway		
	Researching funding options	
		Jen Green
Trainee		
	Researching funding options	
		Richard Bleakley
Evacuation Centre		
	Scoping of Upgrade to Shire Hall ablutions to include shower facilities as Shire Emergency Centre. Budget request 21/22	
		CESM - Simon Bell

ITEM 9 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

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

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

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.

- 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 31st 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 31st 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 31st 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.

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

*An error is the system generated LSL liabilities was found and has been fixed. This has altered the LSL liabilities for the full year.
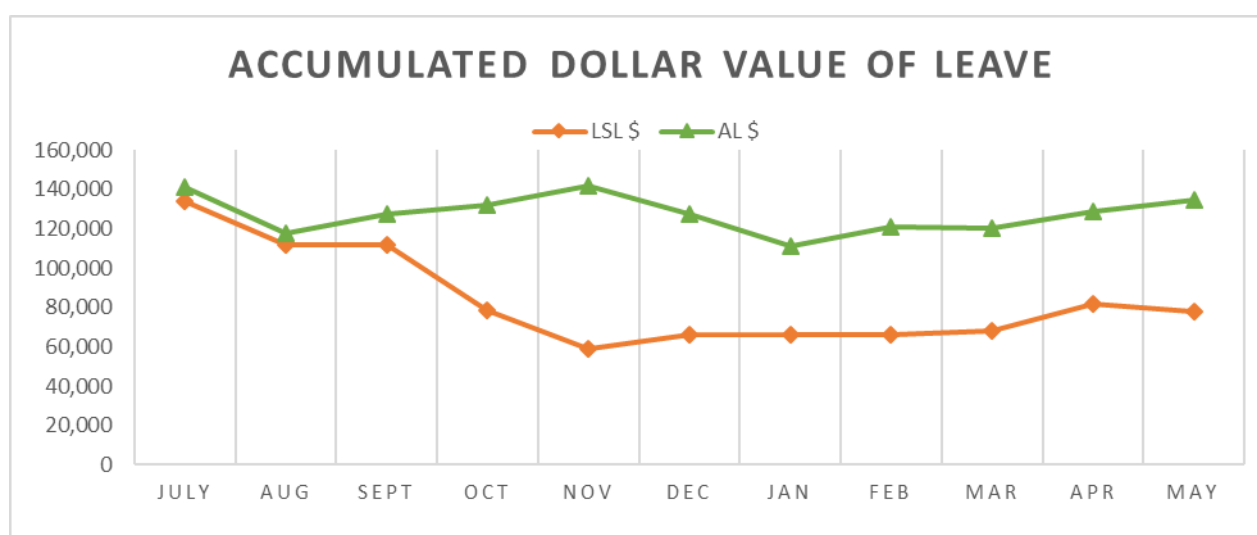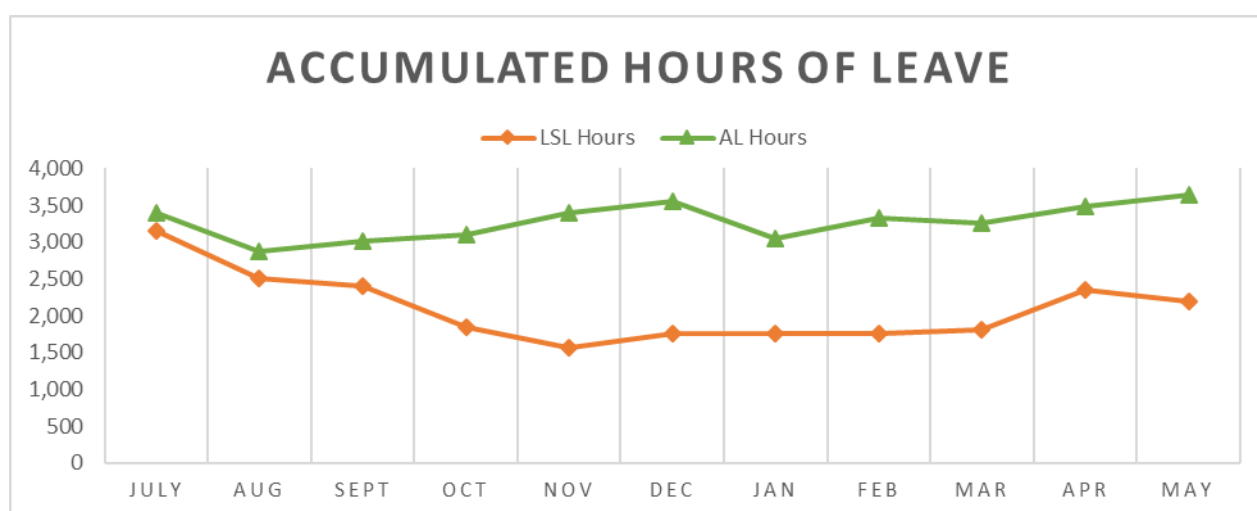
ITEM 11   STANDING ITEMS – OTHER

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

11.1   Annual Assessment Report on Community Engagement

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

OFFICER RECOMMENDATION

> **MOVED _____ SECONDED _____**
>
> 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.
>
> ____/____

VOTING REQUIREMENTS –Simple Majority

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.

   o 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.

   o 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.
	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

	METHOD	HOW WE ENGAGED
	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	Tourist Visitor Survey – Ongoing (Roe Tourism)
	In Person	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 9th 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:

Customer Service Requests
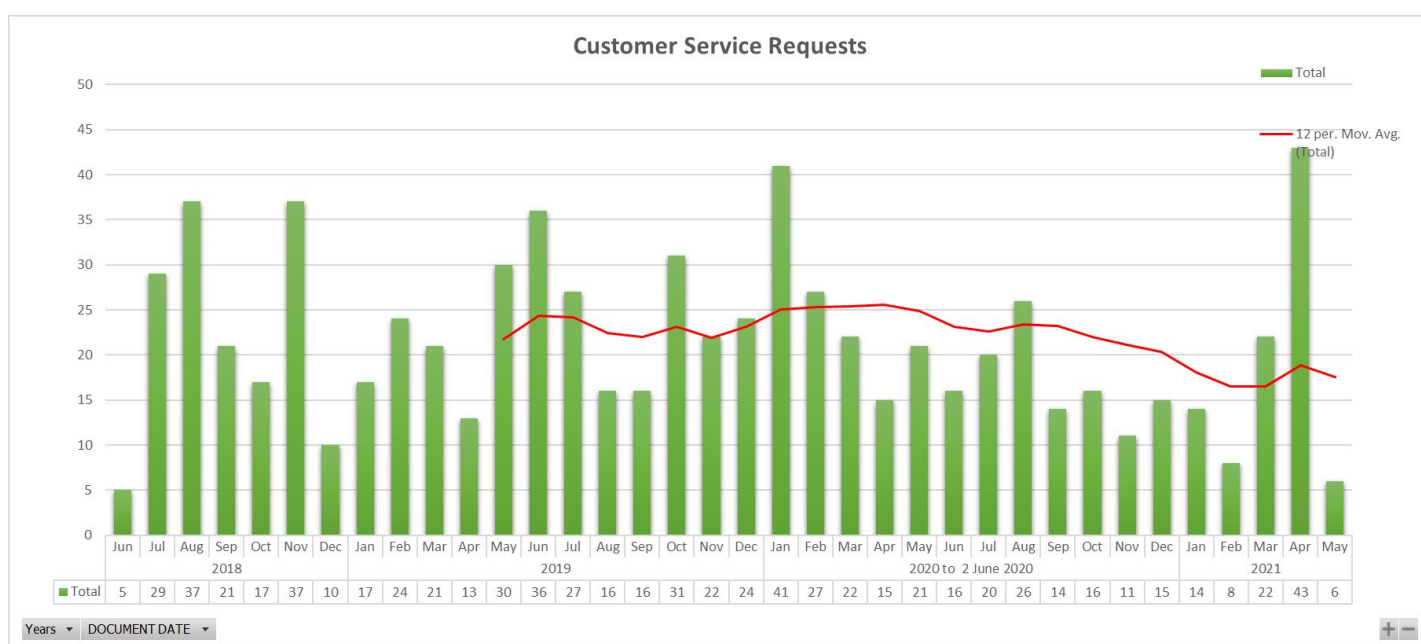
Financial Year	No. of Requests received
2018/2019	292
2019/2020	278
2020/2021 - to 31st May 2021	195
Total	**765**

Social Media – Facebook:

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

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

Facebook Posts Published

| Total | 7 | 5 | 3 | 8 | 7 | 8 | 11 | 22 | 16 | 21 | 16 | 25 | 34 | 24 | 10 | 17 | 16 | 16 | 13 | 21 | 19 | 22 | 15 | 15 | 9 | 7 | 16 | 17 | 21 | 26 | 24 | 28 | 15 | 14 | 12 | 15 |
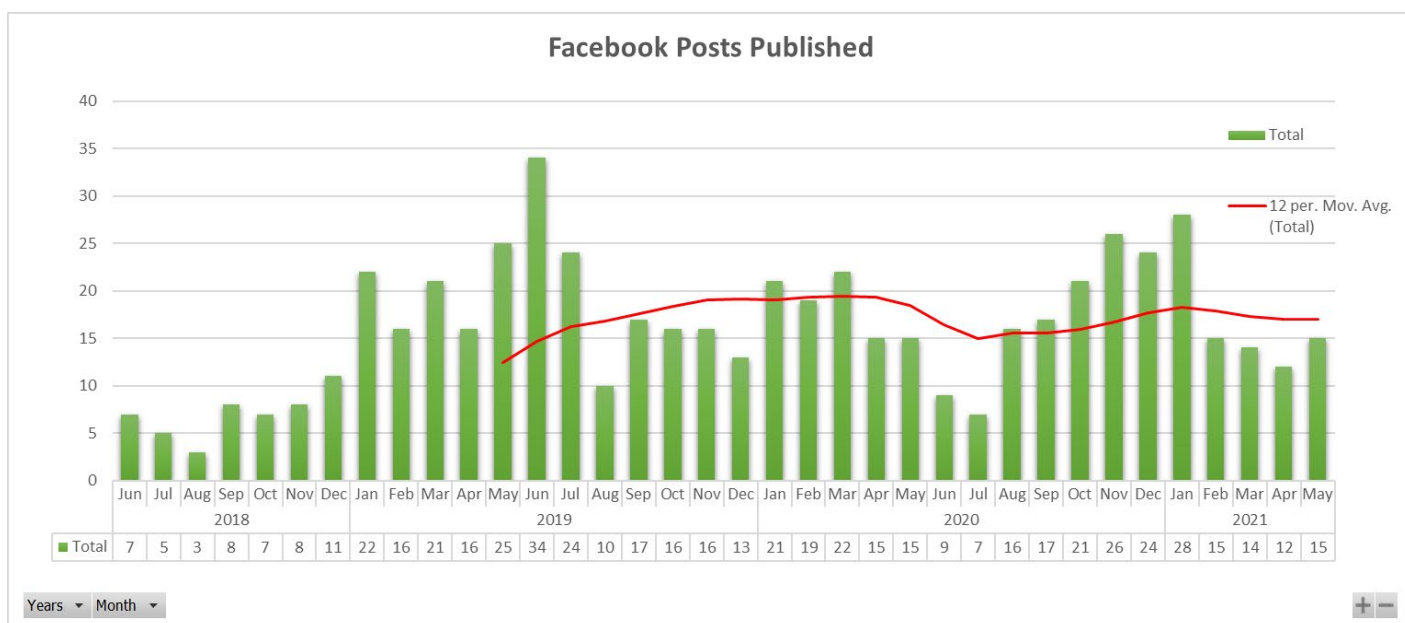
Financial Year	No. of Posts
2018/2019	176
2019/2020	197
2020/2021 – to 31st May 2021	195
Total	568

Total Lifetime Post Reach

| Total | 2341 | 1093 | 1131 | 3394 | 3535 | 4104 | 6501 | 13540 | 7338 | 9298 | 19347 | 11315 | 13554 | 11724 | 6079 | 9049 | 11466 | 5003 | 3874 | 9098 | 6000 | 8257 | 5260 | 14639 | 3229 | 2426 | 15790 | 13606 | 6583 | 11741 | 8870 | 11035 | 6703 | 5552 | 3801 | 5166 |
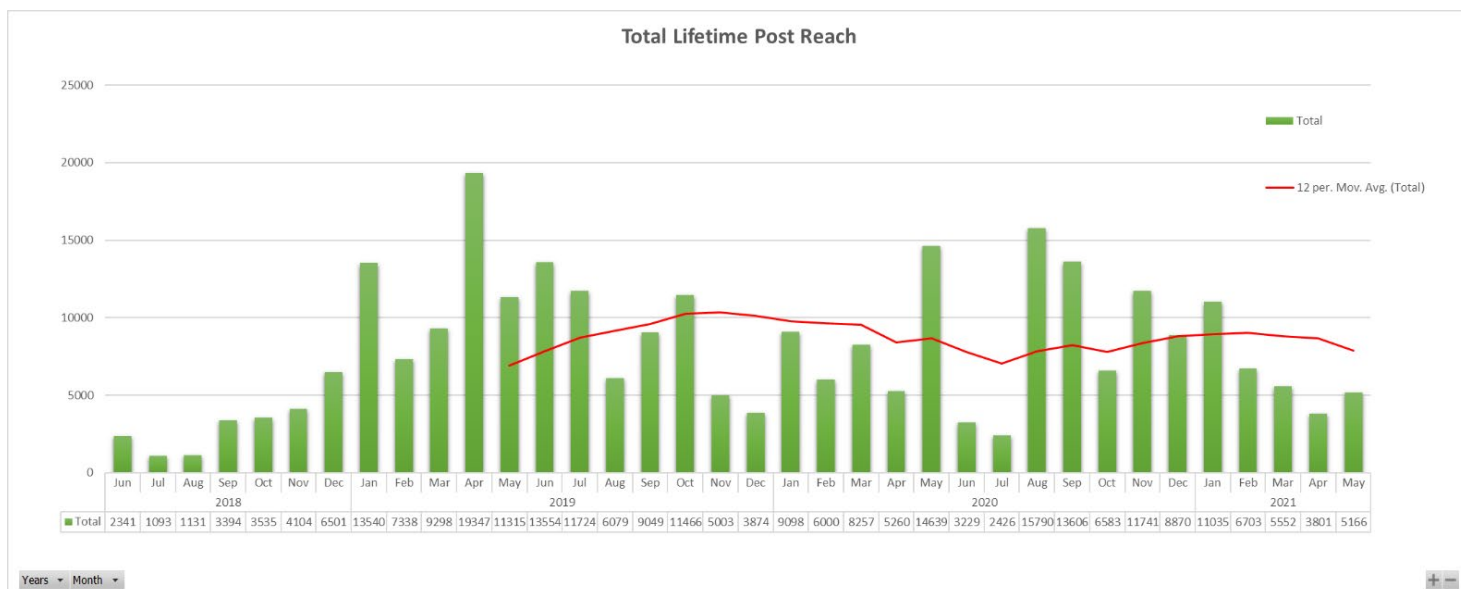
Financial Year	No. of Lifetime Post reach
2018/2019	94,150
2019/2020	93,678
2020/2021 – to 31st May 2021	91,273
Total	279,101

Total Number of Unique Engagements

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
			2018							2019												2020												2021		
Total	121	170	83	400	186	292	280	1395	407	695	1175	685	674	555	440	566	894	485	282	1090	429	610	518	917	327	119	1268	881	456	562	481	701	425	389	530	355
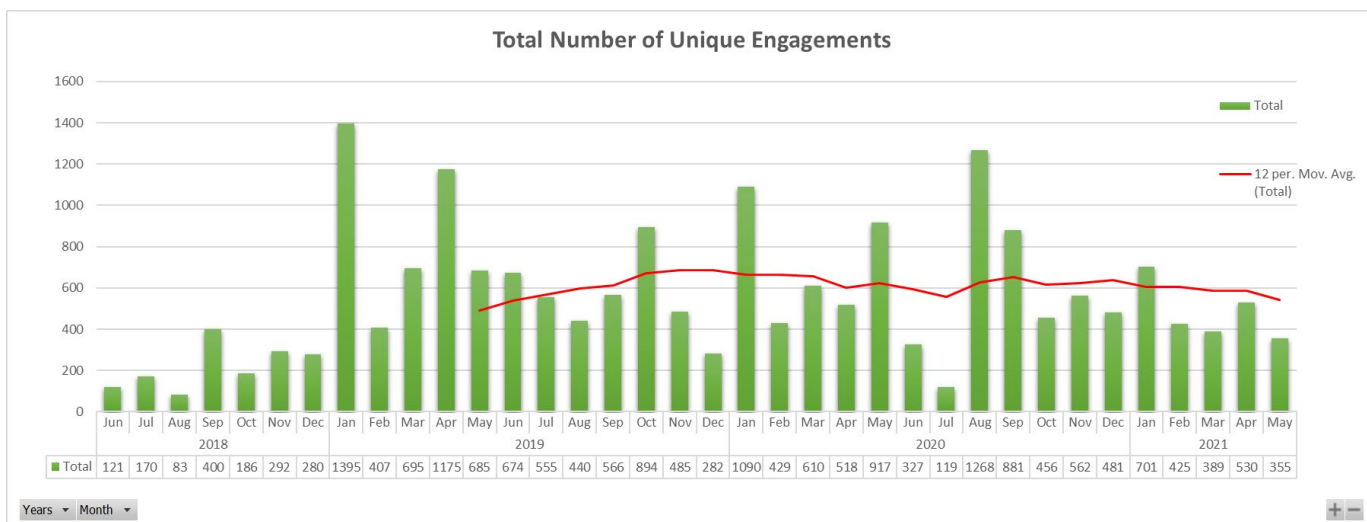
Financial Year	No. of Unique Engagements
2018/2019	6,442
2019/2020	7,113
2020/2021 – to 31st May 2021	6,167
Total	**19,722**

Lifetime Negative Feedback

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
			2018							2019												2020												2021		
Total	1	1	0	0	1	4	1	4	0	2	2	4	0	1	0	0	1	1	0	3	4	0	0	2	2	0	1	0	0	0	0	0	0	5	4	0
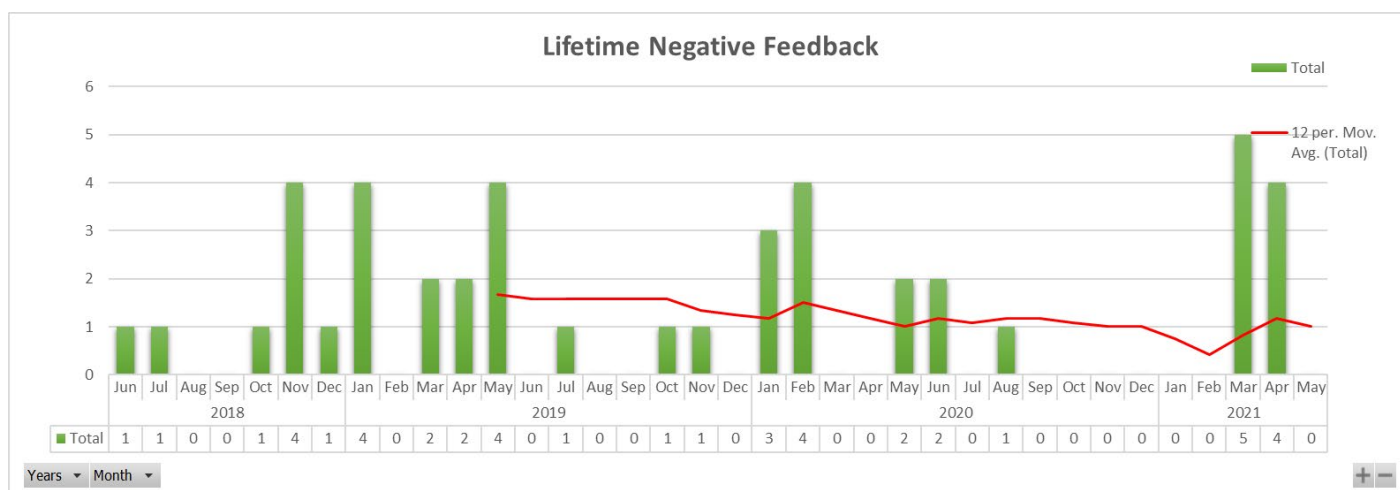
Financial Year	No. of times people have given negative feedback to your post
2018/2019	19
2019/2020	14
2020/2021 – to 31st May 2021	10
Total	**43**

Emergency SMS System:

Emergency SMS System

	Jan	Feb	Mar	Apr	May	Jun	Jul	Oct	Nov	Dec
2018	1	3	2	1				4	7	8
2019	4	1	5	4		1	1	1	7	9
2020	5	4	1	1	2			3	2	3
2021	5	1		4	2					
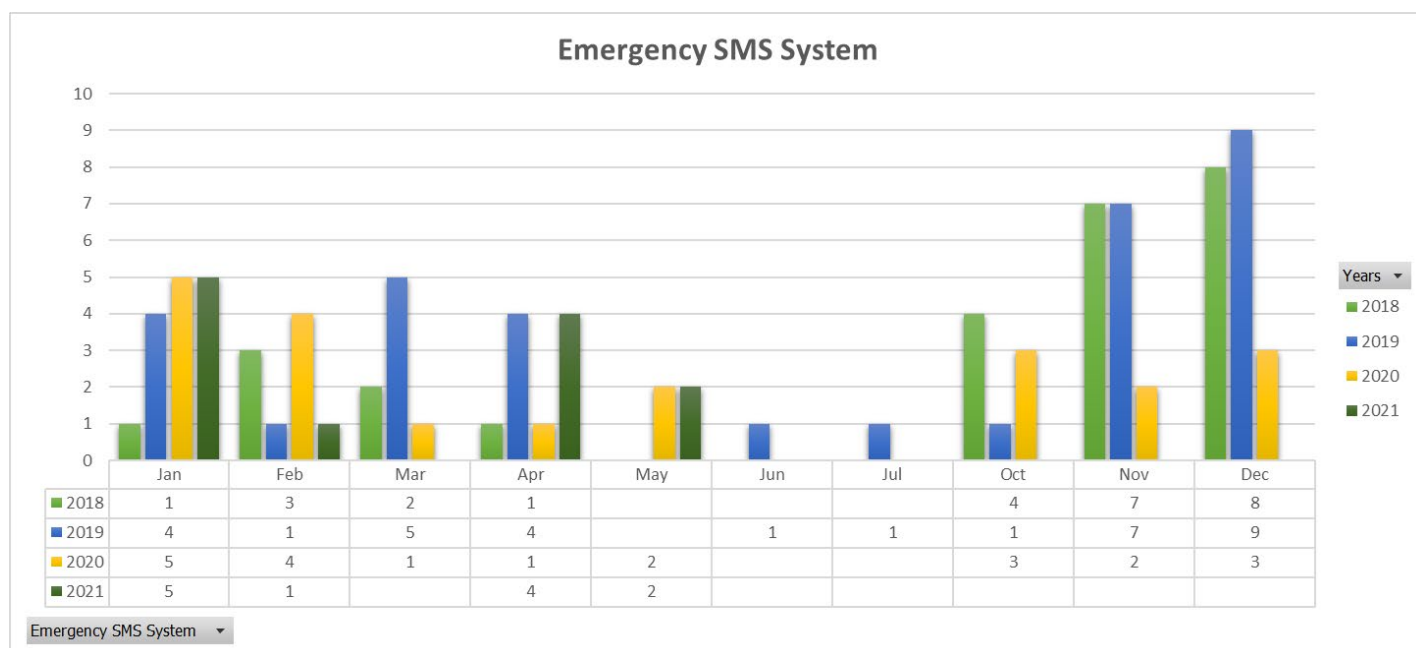
Financial Year	No. of Emergency SMS sent
2018/2019	34
2019/2020	31
2020/2021 – to 31st May 2021	20
Total	**85**

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:

DoT TRANSCATIONS

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
TRANSCATIONS	209	145	147	138	161	190	172	171	190	218	148	82	172	211	236	130	154	184	122	171	204	180	200
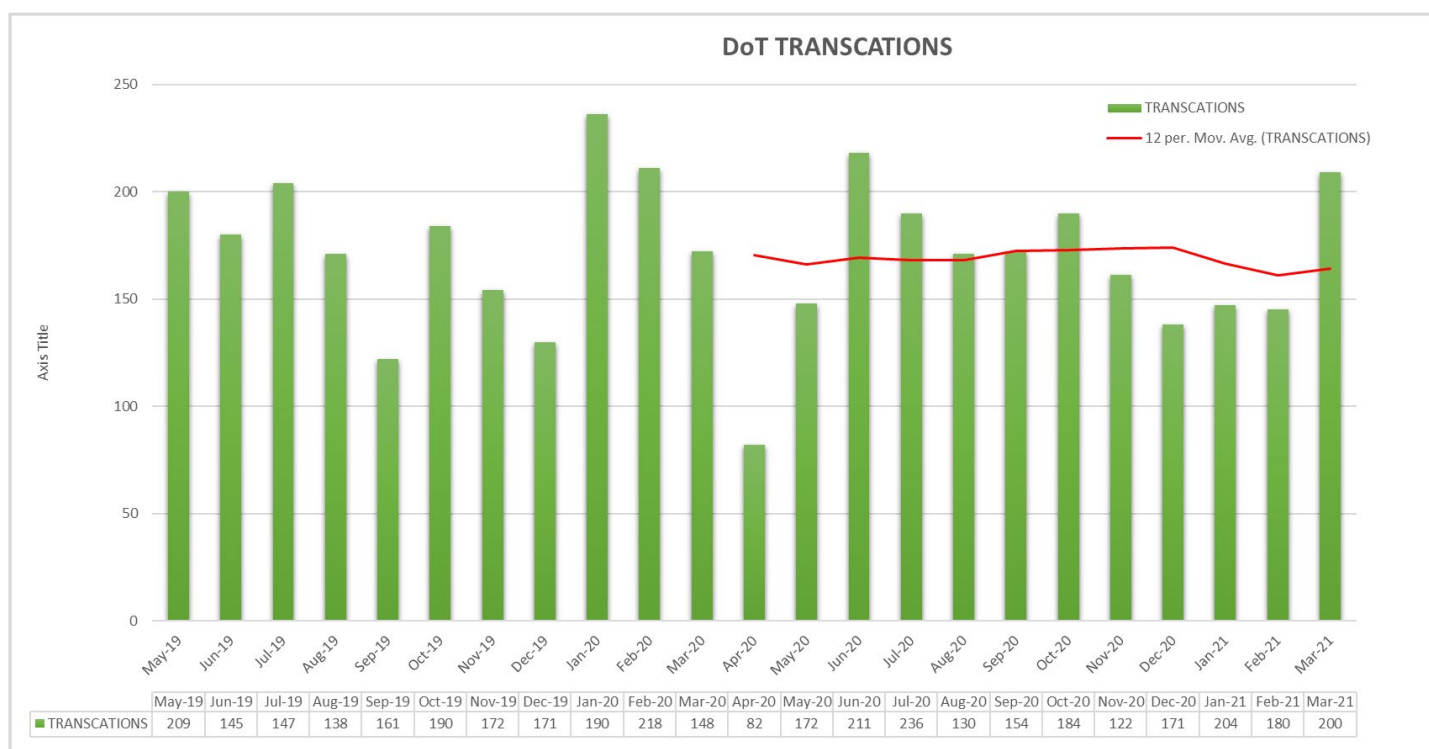
Financial Year	No. of Transactions
2019/2020	2,030
2020/2021 – to 31st March 2021	1,523
Total	**3,553**

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

Front Counter Hours per Day
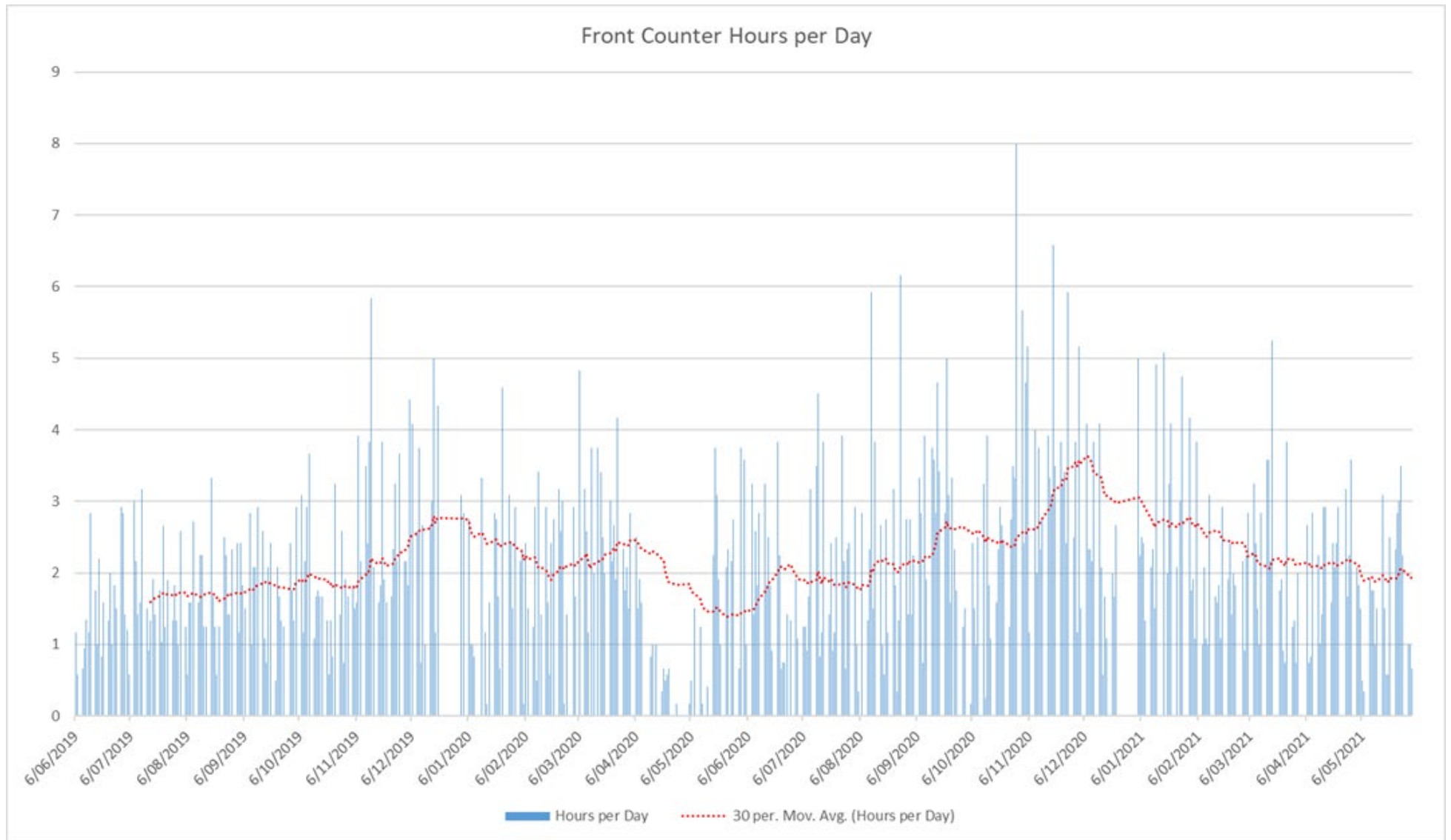
Cabin Occupancy:

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
Total	**486**	**49%**	**36**	**11%**	**522**

Caravan Park Occupancy Rate:

New online booking system – 3 months.

Date	Nights	Percentage
2021		
Mar	91	10%
Apr	237	28%
May	159	18%
Total	**487**	**19%**

Community Survey Participation:

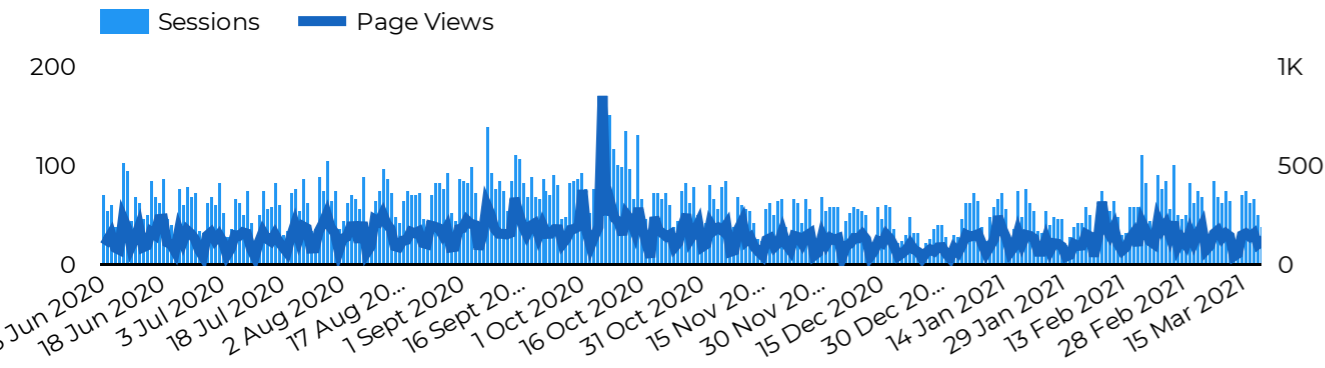| Year	Clients	Male	Female	Under 25	26-40	41 – 55	56 – 70	70+
2017	76	33%	67%	11%	15%	27%	32%	15%
2019	72	29%	71%	10%	19%	20%	24%	27%
2021	85	36%	64%	6%	26%	18%	28%	22%

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
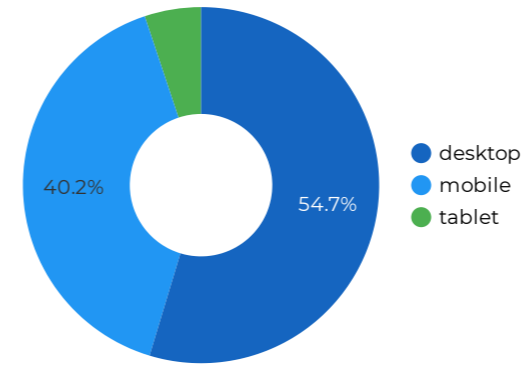
Shire of Quairading Website Google Analytics:

Report attached.

OVERVIEW

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

Users	New Users	Sessions	Session Duration	Bounce Rate	Pages/Session	Pageviews
14,677	**14,209**	**22,162**	**00:01:45**	**56.80%**	**2.34**	**51,817**
▲ 18.9%	▲ 17.1%	▲ 4.2%	▼ -12.7%	▲ 1.4%	▲ 0.5%	▲ 4.8%

Sessions & Pageviews

Device Breakdown

- desktop 54.7%
- mobile 40.2%
- tablet

Sessions & Users (by device)
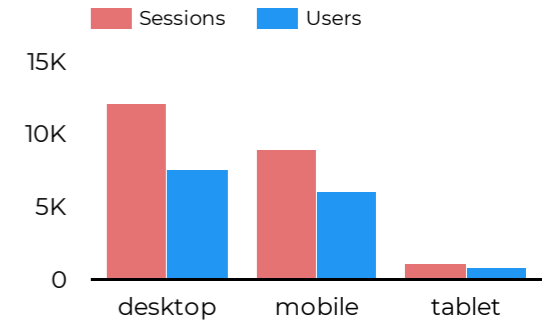
Traffic Sources

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%

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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

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TRAFFIC SOURCES & BEHAVIOR
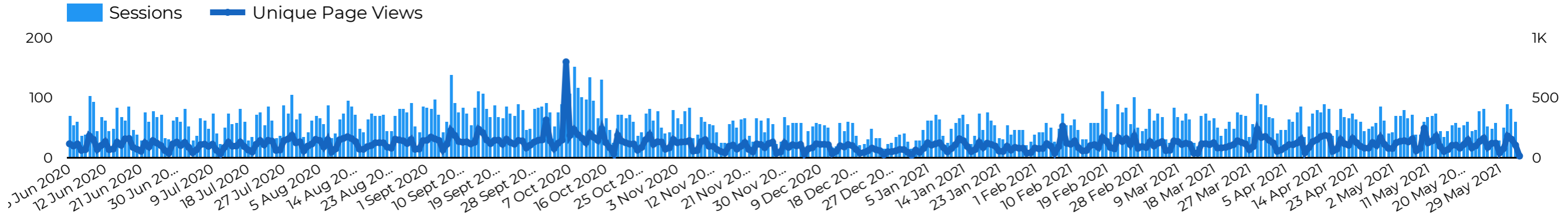
Medium	Source	Sessions ▾	Users	Bounce Rate	Avg. Time on Page	Pages/Session	Unique Page Views
organic	google	15,008	10,193	57%	00:01:20	2.27	26,323
(none)	(direct)	4,783	3,145	62%	00:01:17	2.34	9,002
organic	bing	1,123	651	43%	00:01:23	2.95	2,518
referral	m.facebook.com	137	133	82%	00:00:51	1.53	176
referral	l.facebook.com	112	73	35%	00:00:51	3.18	276
referral	facebook.com	105	44	70%	00:02:04	2.02	166
organic	yahoo	84	63	54%	00:01:16	3.11	192
referral	visitquairading.com.au	84	49	31%	00:00:36	5.01	263
referral	msn.com	74	1	70%	00:02:45	2.18	112
referral	en.m.wikipedia.org	59	47	25%	00:00:52	3.68	169
referral	drd.wa.gov.au	58	41	48%	00:00:54	4.21	178
organic	duckduckgo	54	35	48%	00:01:16	2.89	118
referral	australiasgoldenoutback.com	40	34	65%	00:02:59	1.7	58
	Grand total	**22,162**	**14,677**	**57%**	**00:01:19**	**2.34**	**40,344**

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LANDING PAGES & BEHAVIOR
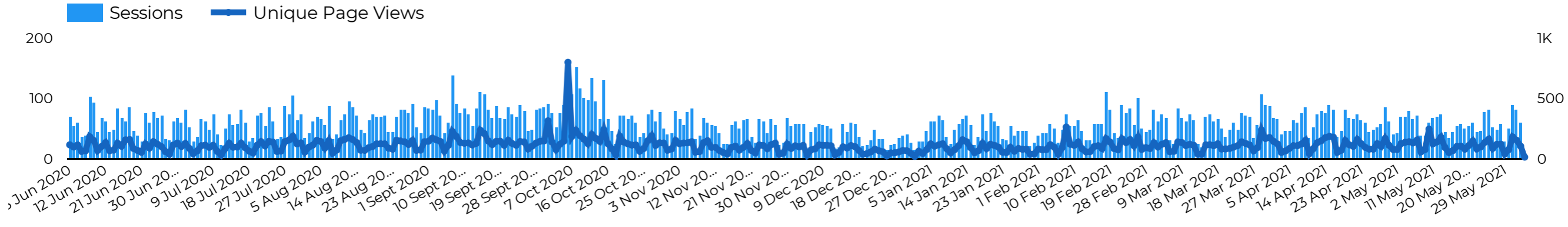
Landing Page	Sessions ▾	Users	Bounce Rate	Avg. Time on Page	Pages/Session	Page Views	Unique Page Views
/	7,242	4,715	30%	00:01:05	3.38	24,504	18,600
/stay.aspx	2,924	2,273	69%	00:02:37	1.64	4,804	3,593
/play.aspx	1,252	1,076	81%	00:02:32	1.38	1,727	1,483
/contact.aspx	971	803	63%	00:01:23	1.85	1,795	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
Grand total	**22,162**	**14,677**	**57%**	**00:01:19**	**2.34**	**51,817**	**40,344**
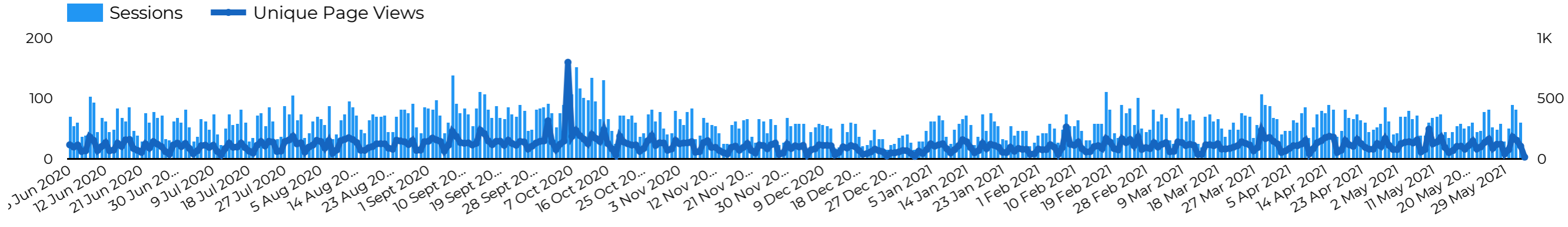
Keyword		Sessions ▾	Page Views	Unique Page Views
(not provided)		15,858	36,642	28,270
(not set)		5,913	14,119	11,255
shire of quairading		75	258	203
Shire of Quairading		45	66	58
quairading shire		24	98	76
quairading wa		21	69	51
quairading		16	50	33
shire of quairading wa		13	52	33
quairading shire council		11	61	45
shire of quairading ceo		4	9	7
shire of quarading		3	5	5
shire of quariding		3	15	10
quairading medical centre		3	3	3
Grand total		**22,162**	**51,817**	**40,344**

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Source	Keyword	Sessions ▾	Page Views	Unique Page Views
google	(not provided)	14,985	34,001	26,283
(direct)	(not set)	4,783	11,178	9,002
bing	(not provided)	767	2,338	1,758
m.facebook.com	(not set)	137	210	176
l.facebook.com	(not set)	112	356	276
facebook.com	(not set)	105	212	166
yahoo	(not provided)	84	261	192
visitquairading.com.au	(not set)	84	421	263
msn.com	(not set)	74	161	112
bing	shire of quairading	73	253	200
en.m.wikipedia.org	(not set)	59	217	169
drd.wa.gov.au	(not set)	58	244	178
duckduckgo	(not set)	54	156	118
Grand total		**22,162**	**51,817**	**40,344**

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ITEM 12   COUNCILLORS' EMERGING ISSUES

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 14th September 2021, commencing at 5.00 pm on at the Council Chambers, 10 Jennaberring Road, Quairading.

ITEM 15   CLOSURE

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