



Audit & Risk Committee Notice of Meeting | 9th JUNE 2020

Dear Councillors

I respectfully advise that the AUDIT & RISK COMMITTEE MEETING will be held in Lesser Hall, Jennaberring Road, Quairading, WA on Tuesday 9th June 2020 commencing at 5:00pm.

MEETING AGENDA ATTACHED

Graeme Fardon

GRAEME FARDON
CHIEF EXECUTIVE OFFICER

Date: 5th JUNE 2020

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

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 WMF Davies	Shire President
Cr BR Cowcill	
Cr JW Haythornthwaite	
Cr JR Hippiisley	
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	IPR/ Strategic Projects Officer

Observers/Visitor

Apologies

Approved Leave of Absence

ITEM 3 DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil.

ITEM 4 DECLARATIONS OF INTEREST

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

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

ITEM 5 CONFIRMATION OF MINUTES AND BUSINESS ARISING

5.1 Confirmation of Minutes – 10th March 2020

Recommendation

That the Minutes of the Audit & Risk Committee Meeting held on the 10th March 2020 be confirmed as a true and accurate record (Attached)

VOTING REQUIREMENTS – Simple Majority

5.2 Business Arising

SHIRE OF QUAIRADING

The Quairading Audit & Risk Committee Minutes of the Meeting held on 10th March 2020 commencing at 5.50 pm.

ITEM 1 OPENING & ANNOUNCEMENTS

The Chairperson opened the Meeting at 5.50 pm.

"Before we start our Meeting, I would like to acknowledge that we are meeting on Noongar / Ballardong 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 JR Hippiisley	
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 RM Bleakley	IPR & Strategic Projects Officer

Observers/Visitor

Apologies

Cr JW Haythornthwaite	
Mr A Rourke	Executive Manager of Works & Services

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 – 10th December 2019

Recommendation

That the Minutes of the Audit & Risk Committee Meeting held on the 10th December 2019 be confirmed as a true and accurate record with the following amendments as per the December 2019 Ordinary Council Meeting (Attached): -

1. **That Item 9.1 Rates Collection Policy Recommendation should read "SECONDED Cr Jo Haythornthwaite"**
2. **That Item 12 Councillors' Emerging Issues - Cr Smith narrative should read as follows**

Cr Smith requested a report on current Policies and Procedures on mitigation of "management override" plus the Chief Executive Officer's recommendations on additional procedures to achieve a higher standard" for the March 2020 Audit & Risk Committee Meeting.

RECOMMENDATION: AR14-19/20

MOVED Cr Hippisley SECONDED Cr Davies

That the Minutes of the Audit & Risk Committee Meeting held on the 10th December 2019 be confirmed as a true and accurate subject to the following amendments: -

1. That Item 9.1 Rates Collection Policy Recommendation to read "SECONDED Cr John Haythornthwaite"
2. That Item 12 Councillors Emerging Issues - Cr Smith narrative should read as follows

Cr Smith requested a report on current Policies and Procedures on mitigation of "management override" plus the Chief Executive Officer's recommendations on additional procedures to achieve a higher standard" for the March 2020 Audit & Risk Committee Meeting.

CARRIED 7/0

5.2 Business Arising

Nil.

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.6

6.1 Audit Entry Meeting with Auditor

Noted.

Arrangements were made with Council's Auditor Mr Greg Godwin of Moore Stephens to participate in an Audit Entry Telephone Meeting prior to the commencement of the Audit & Risk Committee Meeting.

The telephone Meeting with the Auditor occurred from 5.00pm to 5.45pm.

The Audit & Risk Committee last met with Council's auditor on 4th December 2019 following the completion of the Annual Audit for the 2018/2019 Year.

The "Audit Strategy Memorandum Year Ending 30 June 2020" document was forwarded to Committee Members under separate cover.

Statutory Requirements

Local Government Act 1995

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to: -
 - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must: -
 - (a) examine an audit report received by the local government; and
 - (b) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (c) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must: -
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Council Delegation of Authority

Delegation F.1 – Audit Committee: Meeting with Auditor

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

ITEM 7 STANDING ITEMS – INTERNAL AUDIT

*Audit & Risk Committee - Terms of Reference 7.5***7.1 Statutory Compliance Audit Return - 2019**

Meeting Date	10 th March 2020
Responsible Officer	CEO Graeme Fardon
Reporting Officer	CEO Graeme Fardon
Attachments	Compliance Audit Return 2019
Owner/Applicant	Shire of Quairading
Disclosure of Interest	NIL

OFFICER RECOMMENDATION**RECOMMENDATION: AR15-19/20****MOVED Cr McGuinness SECONDED Cr Stacey**

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

The Statutory Compliance Audit Return for the period 1st January 2019 to 31st December 2019 be Adopted by Council.

CARRIED 7/0**IN BRIEF**

- High Level of Compliance achieved.
- 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.
- Question 4 of the Integrated Planning Section highlighted that a Minor Review of the Strategic Community Plan was undertaken in 2019.
- Question 5 of the Integrated Planning Section - Comments highlight that work was progressing in 2019 and into 2020 to review all Asset Plans.

MATTER FOR CONSIDERATION

Consideration of the Statutory Compliance Audit Return for the year ended 31st December 2019.

BACKGROUND

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

The CEO has reviewed the organisation's Procedures, Processes and Actions for the 2019 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 2020 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 2020.

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

Nil Financial Implications in 2019/20 as Statutory Compliance Return has been completed internally and online by the CEO following a review of Council's Processes and Practices for the 2019 Calendar Year.

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.

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.

Operation – Risk Matrix Rating is assessed as Low. Compliance undertaken as part of Council's day to day operations.

Natural Environment – Risk Matrix Rating is assessed as Low.

ITEM 8 STANDING ITEMS – FINANCIAL REPORTING

Audit & Risk Committee - Terms of Reference 7.2

No matters for consideration.

ITEM 9 STANDING ITEMS – CONTROLS, SYSTEMS AND PROCEDURES

Audit & Risk Committee - Terms of Reference 7.3

9.1 Response to the Recommendations from the Office of the Auditor General

Meeting Date	10 th March 2019
Responsible Officer	CEO Graeme Fardon
Reporting Officer	CEO Graeme Fardon
Attachments	i) OAG Recommendations Report
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR16-19/20

MOVED Cr McGuinness SECONDED Cr Hippisley

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

Council receive the CEO's Report on the Office of the Auditor General's Recommendations.

CARRIED 7/0

IN BRIEF

- The Auditor General was given the mandate to Audit West Australian Local Governments in October 2017.
- During this period the Auditor General has undertaken Performance Audits on several West Australian Local Governments and published the results and recommendations.
- The Management Team and relevant Staff have reviewed these OAG reports and have summarised our responses to the recommendations, stating what is currently undertaken or what will be introduced.

MATTER FOR CONSIDERATION

Council is to note the recommendations made by the Auditor General and the CEO's responses to the matters raised.

BACKGROUND

On 28 October 2017, the Local Government Amendment (Auditing) Act 2017 was proclaimed, giving the Auditor General the mandate to audit Western Australia's 139 local governments and 9 regional councils.

The Act allowed the Auditor General to conduct performance audits of local government entities from 28 October 2017. They will take on responsibility for the annual financial audits of local government entities as their existing audit contracts expire. By the financial year 2020-21, all local government entities will be audited by the Auditor General.

During the period the Auditor General has published the following reports:

- 09 May 2018 – Control over Corporate Credit Card
- 13 June 2018 – Timely Payment of Suppliers
- 11 October 2018 Local Government Procurement
- 07 March 2019 – Management of Supplier Master Files
- 09 April 2019 - Records Management in local Government
- 19 January 2019 - Verifying Employee Identity and Credentials
- 26 June 2019 – Local Government Building Approvals
- 15 August 2019 Fraud Prevention in Local Government

STATUTORY ENVIRONMENT

N/A

POLICY IMPLICATIONS

Existing Finance and Procurement Policies are reviewed regularly by the Chief Executive Officer for relevance and appropriateness to achieve transparency and good Governance.

Council formally reviews and adopts the Policies on a biennial basis.

FINANCIAL IMPLICATIONS

Nil.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

ITEM	OUTCOMES AND STRATEGIES
G4	Sound Organisation
G4.3	Ensure optimum organisational capacity and efficiency

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. The actions being undertaken or proposed have the objective of reducing the risk of financial loss resulting from an act of fraud or poor procedure.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. The review and implementation resulting from the Auditor General recommendations should reduce the risk of reputational loss through better HR, Building and Financial processes.

Operation – Risk Matrix Rating is assessed as Low. Implementing any new processes will involve a level of staff time, however this will be conducted within this year's current work flow.

Natural Environment – Risk Matrix Rating is assessed as Low.

COMMENT

The Administration has used the reports and resulting recommendations from the Auditor General as benchmarks to set the level for compliance and governance within the Shire of Quairading.

Each recommendation varies in its complexity and time involved in implementing and timeframes for implementation have been outlined within the report.

The recommendations from the reports are used as one tool for the improvement of compliance and governance within the Shire, and these reports will continue to be observed and reviewing when published by the Auditor General.

9.2 Management Override Mitigation

Meeting Date	10 th March 2020
Responsible Officer	CEO Graeme Fardon
Reporting Officer	CEO Graeme Fardon
Attachments	i) Extracts of Recommendations and Observations from Inquiry / Investigation Reports
Owner/Applicant	N/A
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

That the Audit & Risk Committee recommend to Council: -

1. That Council receive and note the CEO's Report on the Mitigation of Management Override.
2. As part of the Draft Budget deliberations, Council consider the funding of the engagement of independent Contractors for the conduct of Internal Audits and the preparation of the Statutory Compliance Return.

RECOMMENDATION: AR17-19/20

MOVED Cr Smith SECONDED Cr Hippisley

That the Audit & Risk Committee recommend to Council: -

1. That Council receive and note the CEO's Report on the Mitigation of Management Override.
2. As part of the Draft Budget deliberations, Council consider the funding of the engagement of independent Contractors for the conduct of Internal Audits and the preparation of the Statutory Compliance Return.
3. That a scope of Internal Audit be prepared and utilised for Budget Estimate purposes.

CARRIED 7/0

Reason for Variation from the Officer's Recommendation

Committee considered that a Scope of Internal Audit work needs to be prepared to enable a Cost Estimate to be obtained for Draft Budget purposes.

IN BRIEF

- Council's Auditor advised Council in his Concluding Audit Memorandum that "based on Audit Work undertaken, we are satisfied that the risk from management override has been reduced to an acceptable level.
- At the December 2019 Audit & Risk Meeting, Cr Smith requested a report be prepared on current Policies and Procedures on mitigation of "management override" plus the Chief Executive Officer's recommendations on additional procedures to achieve a higher standard" for the March 2020 Audit & Risk Committee Meeting.

MATTER FOR CONSIDERATION

Officer's Report on Management Override Mitigation Measures

BACKGROUND

The CEO has subsequently consulted with Council's Auditor on the Management Override Statement and sought recommendations on the preparation of the Report requested at the December 2019 Audit & Risk Committee meeting.

Mr Godwin recommended that Council's Management undertake a review of the Findings and Conclusions from recent Inquiries and Investigations into individual Regional Councils and to assess the Findings against Council's Current Policies and Procedures with the aim of further improvement to increasing mitigation measures against management override.

I report to the Committee that the following Inquiry and Investigation Reports have been reviewed for Key issues and Recommendations in regard to: -

- Shire of Dowerin – October 2016
- Shire of Exmouth – May 2017
- Shire of Halls Creek – August 2018
- Shire of Perenjori – July 2019

Areas of Governance examined included: -

- Segregation of Duties
- Procurement
- Declaration of Interest

To prevent management overrides, it is essential that a culture is fostered that encourages honesty and supports employees who speak up when they suspect something is wrong.

Independent External and Internal audits are recommended to review their financial information. These audits are objective views on how the Council's accounting policy is being used in the accounting workflow and to minimise the risk of fraudulent activities and transactions.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government Regulations 1996 (Various)

POLICY IMPLICATIONS

Council has a number of Accounting / Financial Policies in place.

The Policies are regularly reviewed for relevance and appropriateness.

Council reviews all Policies on a biennial basis.

Further interim reviews or proposing of new policies are undertaken when it is determined by the CEO and Council, to be prudent for sound governance.

FINANCIAL IMPLICATIONS

There are additional financial costs associated with the engagement of independent Contractors (Refer to the Recommendations Section).

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

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. The Financial Risk could escalate if current and proposed Policies and Procedures are not adhered to or are able to be overridden.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. Further Risk is mitigated through these improvements to Council's processes. As shown in the Councils reviewed (see attachment), significant reputational risk is possible if strong processes and ongoing internal review by Council and Management is not maintained.

Operation – Risk Matrix Rating is assessed as Low. Current Processes and Policies are incorporated into Council's everyday Operations and Resources.

Natural Environment – Risk Matrix Rating is assessed as Low.

COMMENT

The following is currently in place to reduce the risk of Management Override in regards to the key areas:

Segregation of Duties:

General Journals – All general journals require two signatures (Creator and Authoriser). An overview report is created each month by the SFO and is checked and signed by the EMCS and CEO.

Payroll – Payroll is setup by two separate officers, checked by the EMCS and a final review before payment is conducted by the EMCS and CEO. An Audit report showing all variations from the previous Pay, is produced every pay run. This is checked and signed off by the CEO and EMCS.

Creditors – All Suppliers Details are verified with the Supplier and double checked when being inputted into the Creditors System and in the Westpac online Banking.

Invoices and PO's are required to be checked and signed by two separate officers. The invoices are then batched by the FO and checked by the EMCS. The payments are then submitted to the Bank and checked by two separate officers.

All Payments are reviewed by the Chair of the Audit & Risk Committee.

Credit Card – The Credit Card is reviewed by the EMCS and signed off by both the CEO and Chair of the Audit and Risk Committee. A copy of payments is provided to each Council meeting to be approved by the Council.

Bank – All bank transactions need to be approved by two separate officers. All passwords and logins are kept private and only officers know their own login.

Bank Reconciliations - All bank reconciliations are prepared by the SFO and are then reviewed by the EMCS.

Monthly Financial Statements – All monthly statements are currently prepared by the EMCS and reviewed by the CEO prior to their publication and submission to Council for adoption.

Procurement

Purchases – A new purchase order system was implemented in January. Only Authorised Officers now have access to authorising Purchase Orders. Any Purchase Order over \$5,000 now requires a Purchase Request Form. This is to be signed by two separate officers, including the CEO if the amount is over \$25,000. If the amount is over \$150,000 three separate signatures are needed. These forms are checked by the SFO and the EMCS.

Tenders

The EMT list all budgeted major procurements for their Meetings to discuss the procurement requirements of the Local Government Act and Council's Purchasing Policy. Major Procurements do not proceed without this being first undertaken.

Tender documentation is referred to another member of the Executive Management Team for review and then formal approval is received from the CEO before any documentation is made available for the Call for Tender Process.

Each Tender includes a Tender Panel. This means each tender is scored by separate individuals who agree to the preferred tenderer.

The Shire has recently performed formal procurement training, with procurement training provided internally by the EMCS in line with the new Purchase Order System.

Declaration of Interest

The Shire has a strong expectation that the officers declare any Conflicts of Interest. Any Officer with a conflict is expected to remove themselves from the evaluation process and decision making process.

This 'removal' has been conducted within the last twelve months on several occasions where current employees have removed themselves from Recruitment and Procurement activities. Senior staff are also required to submit a related party transactions return.

Recommendations

Independent Internal Audit – An Internal Auditor works with the Audit Committee to test the internal controls of the Local Government. The Independence of this Auditor should reduce the risk of misconduct from the Administration, however will come at a financial cost.

Independent Preparation of the Compliance Audit Return – That Council consider budgeting for the engagement of a suitably experienced Consultant to undertake the independent preparation of the Annual Statutory Compliance Audit Return.

Training – Training has been recently provided both formally and internally. Further training is made available to all relevant staff and in particular for new Staff as part of their early Training.

Culture – The Executive Management Team is continually working to improve the Culture of the Organisation. This is by increasing understanding, awareness, bringing other staff into the process of auditing work and allowing staff to question current processes and to challenge and report any transactions that are seen to be irregular. This progression will be through our regular Staff Meetings.

Tenders and Recruitment – A Panel Member Declaration Form be developed and completed by each Member before a Procurement or Recruitment Process commences, to ensure that Panel Members do not participate in the process if they have a direct or indirect Interest in the Matter.

This process will strengthen the culture that any Undeclared Interest is not acceptable to the organisation and that Transparency and Fairness are Key Principles to be upheld by Management and Staff at all times.

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	10 th March 2020
Responsible Officer	EMCS Nathan Gilfellon
Reporting Officer	SFO Jodie Yardley
Attachments	Nil
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

RECOMMENDATION: AR18-19/20

MOVED Cr Hippisley SECONDED Cr Davies

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 2010

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 29th February 2020 is \$204,568. The Projected Closing Balance as at the 30th June 2020 of \$205,468.

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 29th February 2020) is calculated at \$238,750.

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 29th February 2020, there are no employees with excess annual leave.

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

One Employee has Long Service Leave Liabilities as at the 6th September 2019. This has been approved to commence in March 2020.

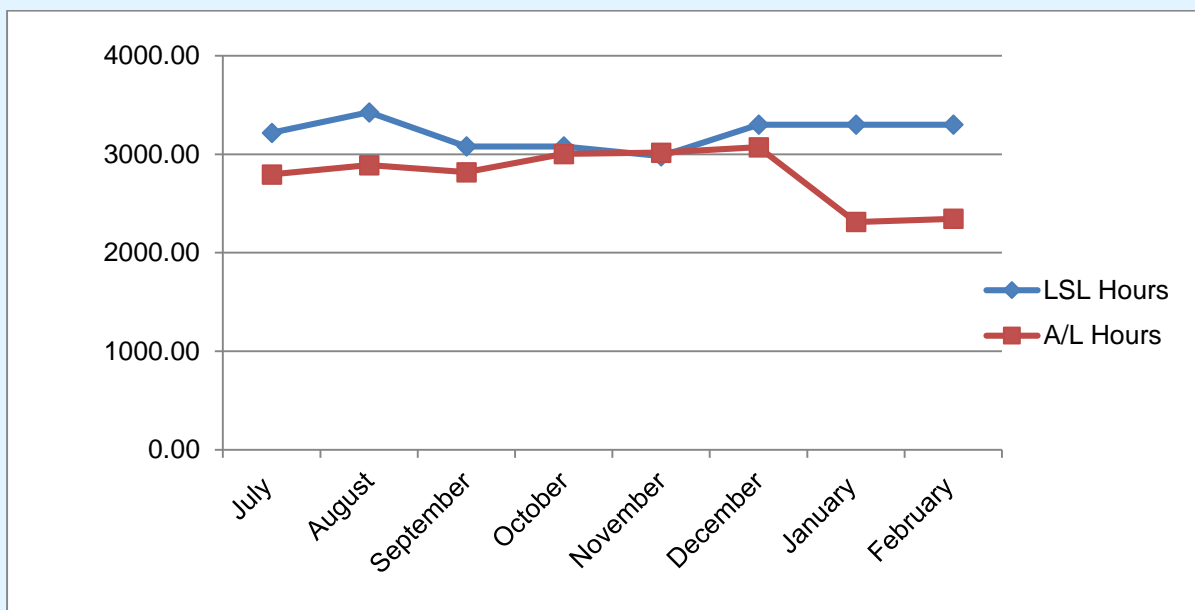
Since the commencement of the 2019/20 financial year, there has had a considerable decrease of 19.3% (in Dollar Value) in the Annual Leave Liability through a combination of Separations and current staff taking accrued Annual Leave during the main holiday period.

The Long Service Leave Liability has risen slightly by 0.8% (in Dollar Value) since June 2019. The stability can be attributed to payouts following the separation of employees with Long Service Leave

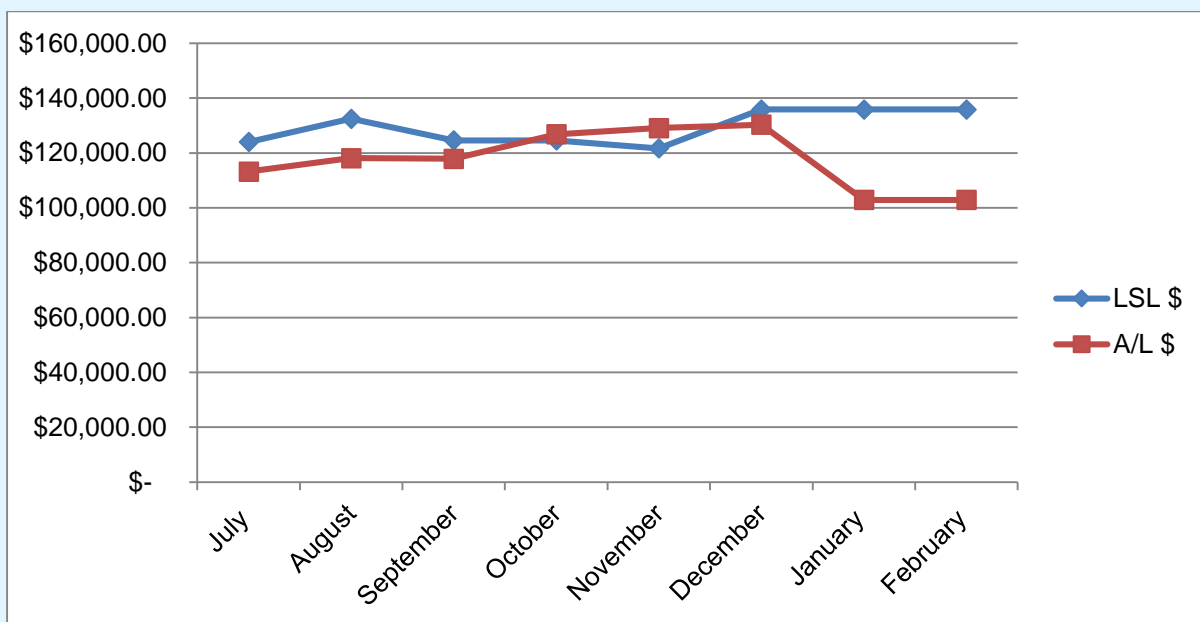
Entitlements, two employees redeeming a portion of their Long Service Leave and two employees becoming eligible.

	LSL Hours	LSL \$	AL Hours	AL \$
June	3,507	134,820	3,056	127,501
July	3,218	124,006	2,795	113,180
August	3,426	132,468	2,890	118,114
September	3,080	124,610	2,817	117,850
October	3,080	124,610	3,003	126,828
November	2,981	121,657	3,016	129,068
December	3,300	135,877	3,071	130,333
January	3,300	135,877	2,312	102,902
February	3,300	135,877	2,344	102,873

Accumulated Hours of Leave



Outstanding Accumulated Dollar Value of Leave



ITEM 11 STANDING ITEMS – OTHER

Audit & Risk Committee - Terms of Reference 9.2

10th December 2019 Audit & Risk Committee

Cr Smith

Requested that the Performance Review of the Audit & Risk Committee be listed for the June 2020 Committee Meeting.

ITEM 12 COUNCILLORS' EMERGING ISSUES

12.1 Emerging Issues

Cr Stacey

Nil

Cr Davies

Nil

Cr McGuinness

Nil

Cr Hippisley

Cr Hippisley raised the matter of "Going Concern" as discussed with Council's Auditor and highlighted Council's heavy reliance upon Grant Funding to fund Operations and Capital Projects and that any reduction in the Grant Funding could challenge the organisation as a "Going Concern".

Cr Hippisley suggested that this issue be regularly reviewed by Council.

Cr McGuinness and the CEO highlighted Council's Long Term Financial Plan, 4 Year Corporate Business Plan provides for the regular review of Funding assumptions, and finally the Annual Budget process which enable Council and Management to verify Grant Funding to be received for the Year ahead before Council adopts the Budget.

Cr Cowcill

Nil

Cr Smith

Nil

Cr Jo Haythornthwaite

The Chairperson highlighted to the Committee, Clause 7.7 of the Committee's Terms of Reference, in which Council has granted responsibility to this Committee to facilitate and arrange the Chief Executive Officer's Performance Review Process.

The Chief Executive Officer provided the Meeting with a brief overview of the legislative requirements and recent history of the Performance Review Process and the effectiveness of utilising an Independent HR Consultant.

12.2 Chief Executive Officer's Annual Performance Review

RECOMMENDATION: AR19-19/20

MOVED Cr McGuinness SECONDED Cr Smith

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

Council engage a suitable Independent HR Consultant to facilitate the Chief Executive Officer's Annual Performance Review.

CARRIED 7/0

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 9th June 2020, 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 6.43 pm.

I certify the Minutes of the Audit & Risk Committee Meeting held on 10th March 2020 were confirmed on 9th June 2020 as recorded on Resolution No. _____-19/20.

Confirmed..... 09/06/2020

ITEM 6 STANDING ITEMS – EXTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.6

6.1 Auditor's Interim Management Letter

Meeting Date	9 th June 2020
Responsible Officer	CEO Graeme Fardon
Reporting Officer	EMCS Nathan Gilfellow
Attachments	Moore Stephens – Interim Management Report (Under Separate Cover)
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

That the Audit & Risk Committee Recommend to Council:

- 1. That Council receive the Interim Management Letter from Council's Auditor Mr Greg Godwin of Moore Stephens for the audit Year ended 30th June 2020 .**
- 2. That Council notes Management's Responses and Planned Actions from the Auditor's Letter.**

VOTING REQUIREMENTS – Simple Majority

IN BRIEF

- Council has undertaken the Interim Audit with Council Auditors. The entire process has been conducted offsite.
- The Pre Audit Meeting was conducted with Greg Godwin, the Audit and Risk Committee and Executive Staff on the 10th March 2020.
- Council Auditor Greg Godwin has presented his Interim Management Report to the Chair of the Audit and Risk Committee showing matters raised with Management. The Auditors Letter is attached under separate cover.
- Comments from Management to matters raised have been included in the attached.

MATTER FOR CONSIDERATION

Receipt of the Interim Management Letter for the Year Ended 30th June 2020.

BACKGROUND

The Annual Interim Audit of Council's Financials for the audit year ending 30th June 2020 was conducted with an Offsite Audit Visit from Late March to Early May.

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

STATUTORY ENVIRONMENT

Local Government Act 1995

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

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

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

Local Government Act 1995

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to: -
 - (a) Assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
 - (b) Ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must: -
 - (a) Examine an audit report received by the local government; and
 - (b) Determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (c) Ensure that appropriate action is taken in respect of those matters.
- (4) A local government must: -
 - (a) Prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) Give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Council Delegated of Authority

Delegation F.1 – Audit Committee: Meeting with Auditor

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

POLICY IMPLICATIONS

Audit and Risk Committee Terms of Reference

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

- Discussion of any major issues which arose during the audit;
- Any accounting and audit judgments; and
- Levels of errors identified during the audit.

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

- The implementation of Audit Recommendations made by the Auditor, which have been accepted by Council, and
- The implementation of accepted Recommendations from reviews of Council's systems and procedures.

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

FINANCIAL IMPLICATIONS

The Interim Audit is a part of the Annual Audit and costs are as per the Audit Contract. These costs are budgeted for each year. The current budget provision for auditing is \$22,700.

STRATEGIC IMPLICATIONS – Strategic Community Plan 2017 - 2027

Governance Objective: Strong governance and community engagement

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

COMMUNITY CONSULTATION

Nil

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

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

Health – Risk Matrix Rating is considered Low

Reputation – Risk Matrix Rating is considered Low

Operation – Risk Matrix Rating is considered Low

Natural Environment – Risk Matrix Rating is considered Low

COMMENT

Management comments to the matters raised are included in the Management Letter. All matters that have been raised have been discussed with key Staff, with training having commenced where necessary.

ITEM 7 STANDING ITEMS – INTERNAL AUDIT

Audit & Risk Committee - Terms of Reference 7.5

No matters for consideration.

ITEM 8 STANDING ITEMS – FINANCIAL REPORTING

Audit & Risk Committee - Terms of Reference 7.2

No matters for consideration.

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	9 th June 2020
Responsible Officer	EMCS Nathan Gilfellon
Reporting Officer	SFO Jodie Yardley
Attachments	Nil
Owner/Applicant	Shire of Quairading
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

**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 2010

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 2020 is \$205,457.

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 2020) is calculated at \$290,778.

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 2020, one employee with excess annual leave has commenced leave on 25th May 2020 for two weeks. This will reduce their leave to be under the excess leave threshold.

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

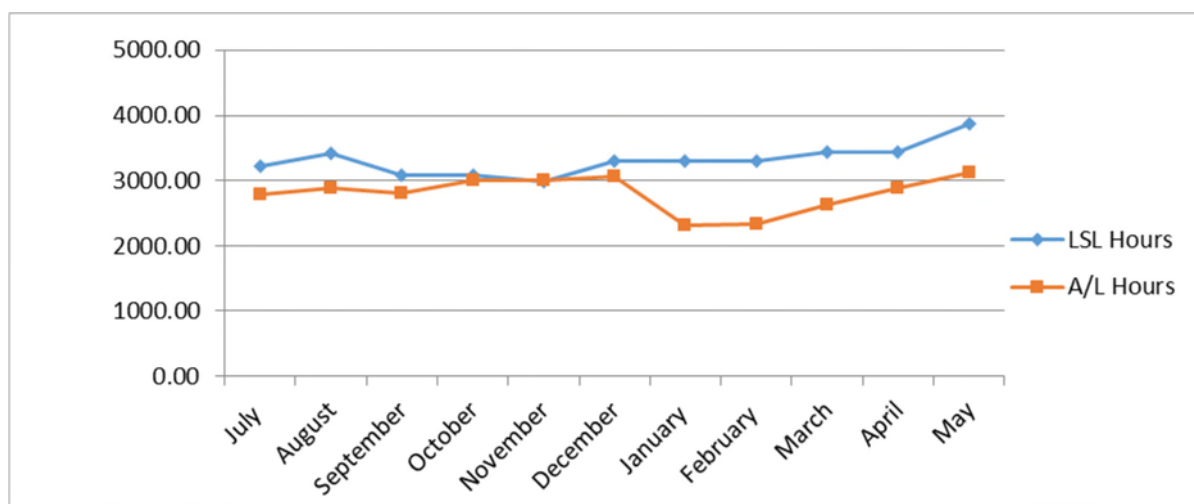
One Employee has Long Service Leave Liabilities as at the 6th September 2019. This has been approved to commence in March 2020 although due to COVID-19 it has been postponed to a mutually agreeable date.

Since February 2020, there has been a significant increase of 30% (in Dollar Value) in the Annual Leave Liability through additional accrued leave and annual leave not being taken due to COVID-19.

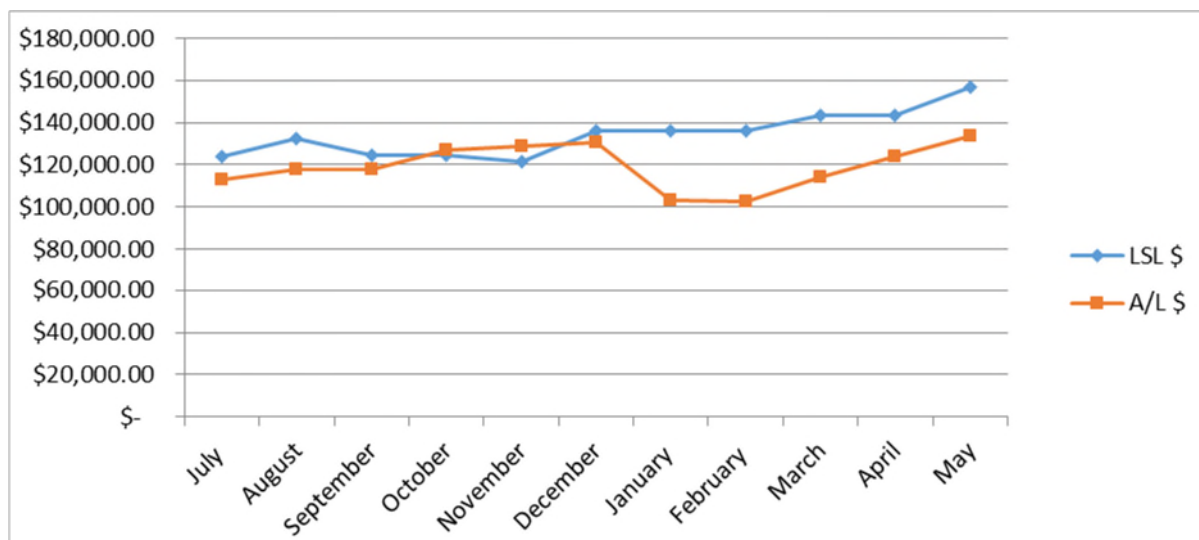
The Long Service Leave Liability has increased 15% (in Dollar Value) since February 2020. This is due to one employee becoming eligible and two increasing their accrued leave entitlement.

	LSL Hours	LSL \$	AL Hours	AL \$
June	3,507	134,820	3,056	127,501
July	3,218	124,006	2,795	113,180
August	3,426	132,468	2,890	118,114
September	3,080	124,610	2,817	117,850
October	3,080	124,610	3,003	126,828
November	2,981	121,657	3,016	129,068
December	3,300	135,877	3,071	130,333
January	3,300	135,877	2,312	102,902
February	3,300	135,877	2,344	102,873
March	3,448	143,288	2,638	114,171
April	3,448	143,288	2,881	124,120
May	3,867	156,814	3,122	133,964

Accumulated Hours of Leave



Outstanding Accumulated Dollar Value of Leave



ITEM 11 STANDING ITEMS – OTHER

Audit & Risk Committee - Terms of Reference 9.2 & 9.5

11.1 Annual Assessment Report on Community Engagement

Meeting Date	9 th June 2020
Responsible Officer	CEO Graeme Fardon
Reporting Officer	CEO Graeme Fardon
Attachments	Community Engagement Policy, Community Action Plan
Owner/Applicant	N/A
Disclosure of Interest	Nil

OFFICER RECOMMENDATION

That the Audit & Risk Committee Recommend to Council:

That Council receive the Annual Assessment Report of Council's Community Engagement for the 2019/2020 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 describes how the Shire of Quairading will increase its level of engagement with the community and acknowledges the desire of Council to share information in keeping with our vision to position Quairading as the best place to live, work and visit.
 - The Action Plan provides direction to Councillors and Staff on identified activities with the objective of maximising meaningful and appropriate Community engagement across all areas of the Organisation.
 - The Action Plan will be assessed and reviewed each June to ensure that community engagement remains focussed and relevant to the Shire of Quairading community and stakeholders.

MATTER FOR CONSIDERATION

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

BACKGROUND

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

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.

In a local government context community engagement can take many forms, ranging from receiving a letter about a neighbour's development application, Council e-newsletters or responding to a "have your say" advertisement, to attending a facilitated workshop on a major project.

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

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

Community consultation is a key component of the Integrated Planning and Reporting requirements of the Local Government (Administration) Regulations 1996.

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

The Shire's Community Engagement Policy 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. Covid Community Updates played an important role in keeping the Community informed on the emerging Declared Emergency.

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. Higher level of Community Engagement achieved with existing Staff resources however at times other projects and competing priorities were needing to be compromised. In particular, there was significant resources allocated to the production and publishing of the Covid 19 Community information.

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. 450 Subscribers in 2019/2020 compared to 388 in 2018/2019.
	Regional Radio	Regular Radio Interviews regarding Community & Shire Activities - Triple M - Monthly 101.3fm Voice of the Avon - Quarterly
	Hotline/Phone-in	Harvest Ban Hotline
	Email / Mailchimp	Business and Tourism – Caravan Club notification; assisting our community groups, clubs and businesses find the latest funding opportunities through targeted Grants emails and Mailchimp Bimonthly Council Newsletter (Months of June, August and December) February and April editions were not published due to the production of the Weekly Covid-19 Community Update.
	Social Media	Shire Facebook Page
	Website	Council, Council facilities, Community Activities/Groups, Latest News
	Survey	Community Grants Program Survey
Indirect	Mail outs	Community Update COVID-19 X 9
	Town Clock Noticeboard, Banner, Poster, Signage	Electronic Notice Board, Newly branded Town Signage and Banners
	Suggestion Box	Council Community Suggestion Box at the Ag Show
	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, Rebranding 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 Community Connect Calls	COVID-19 Council Community Contact one-on-one calls by Councillors to identified "At Risk" Community Members
	Council Meetings	Open to Public (excluding March and April Council Meetings due to Covid-19 Restrictions)
	Annual Electors Meeting	Open to Public
	Citizenship Ceremonies	3x Citizenship ceremonies held 24 October 2019, 26 January 2020, 5 March 2020
	Site Tour	Shire of Menzies Shire President & Councillor – Cabin Tour, QARRAS – Cabin Tour
	Council Ag Show Stand 12 October 2019	Council Stand – including Displays of the main Street Layby Concept, Community Park Concept, Caravan Park Cottages and the Container Deposit Scheme. Stand attended to by Councillors and the CEO and EMWS. NAIDOC Day Cultural Stand and Walk in Unity – CEO and Community.
Australia Day	Australia Breakfast held at the Bowling Club, Launch of the District's new Branding and Awards for Citizen of the Year and Recognition Awards- 26 January 2020 – in excess of 200 persons attended	

	METHOD	HOW WE ENGAGED
	Tourism	Tourism Strategy Launch 19 February 2020 – Estimated 40 Community Members in Attendance Tourist Visitor Survey – Ongoing (Roe Tourism)
	In Person	Shire Administration Centre – Front Counter – DoT 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

The number of Customer Requests from 2018/19 to 2019/2020 remains consistent. A further analysis of the percentage of Closed and Open Requests will be analysed and reported in the 2019/2020 Annual Report.

Social Media – Facebook

Increasing number of Posts on the Shire Facebook Page

7.0% decrease in the reach of Facebook Posts over the 12 months. Largely attributed to the drop in Posts during the Covid Pandemic when other avenues of Community Information were utilised.

Reduction in the level of "negative feedback to Posts"

Emergency SMS System

450 Subscribers in 2019/2020 compared to 388 in 2018/2019.

Level of Communications is determined by Seasonal / Bushfire Conditions.

Shire eNewsletter (Mailchimp) and COVID-19 Community Update

The last Shire Newsletter was published December 2019. The Newsletter has been intermittently replaced by the COVID-19 Community Update Letter keeping the Quairading Community & District up to date on trading local Businesses, access to Shire Facilities & Bookings.

9 x Covid Community Updates were published and mailed to each letterbox.

Level of engagement remained very consistent with 188 Subscribers to the e-newsletter and an average "Opening Rate" of 64%.

Department of Transport (DoT) Transactions

The 12-month trend line (in red) shows transactions have remained consistent, but a decline is clearly visible during the COVID-19 lockdown when Clients were encouraged to conduct their Licensing transactions online with DoT.

Administration Centre – Front Counter Attendance

This is a new measure of total time with front counter customers introduced in June 2019. The red line indicates an average of 30 Hours per week of Staff time attending to face to face Customer Service.

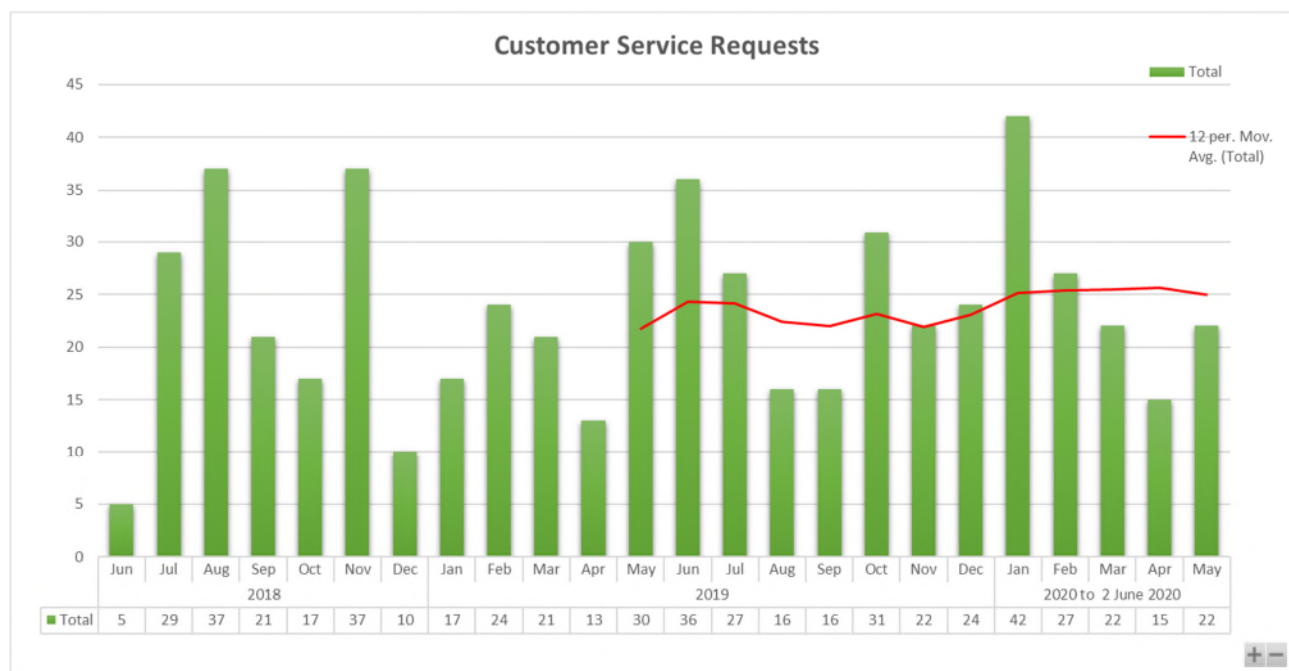
Shire of Quairading Website Google Analytics

There has been a decrease 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.

The decrease could very well be attributed to the commencement of the Visit Quairading WA website, Facebook and Instagram which has attracted many followers. The decline may also have resulted while Council and the Community were finalising the District Branding and new Logo.

STATISTICS OF INTEREST

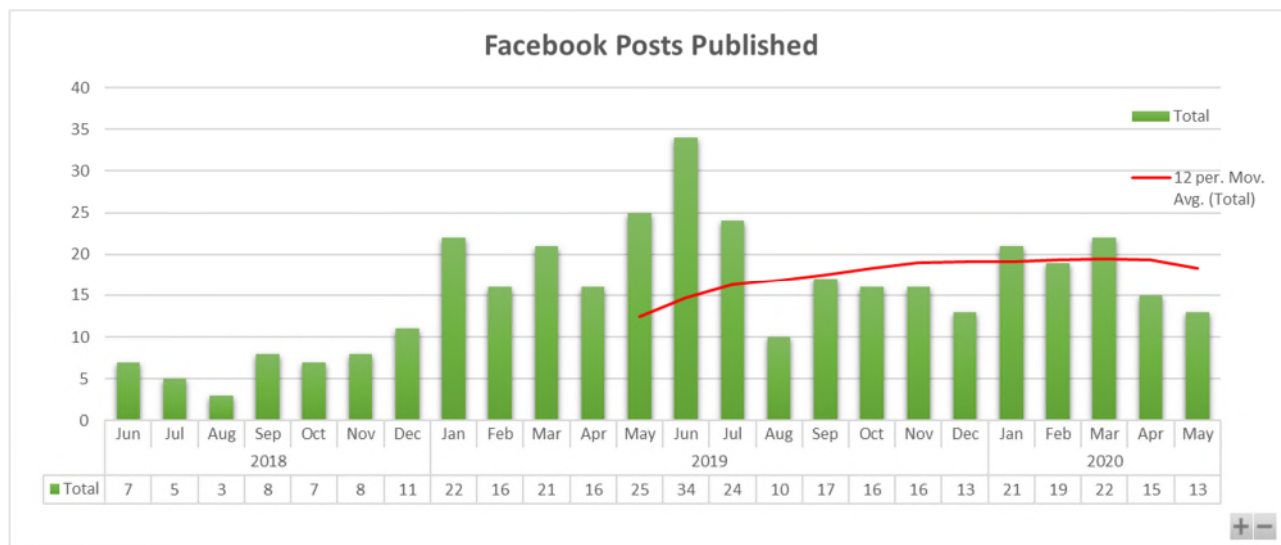
Customer Service Module:



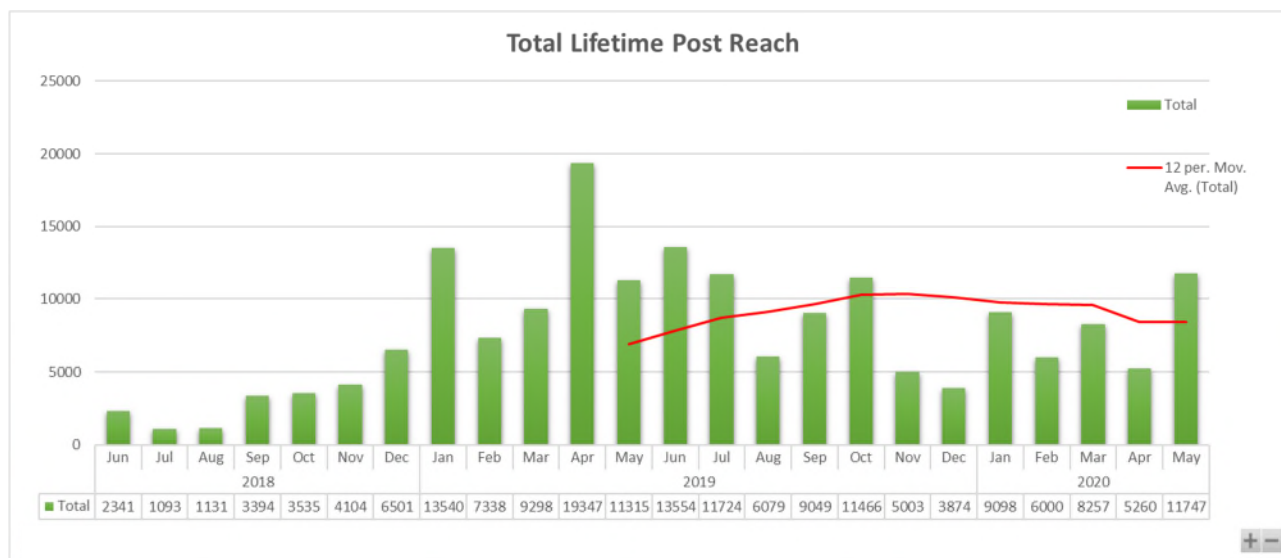
Financial Year	No. of Requests received
2018/2019	292
2019/2020 - Jan to 2 nd Jun 2020	264
Total	556

Social Media - Facebook:

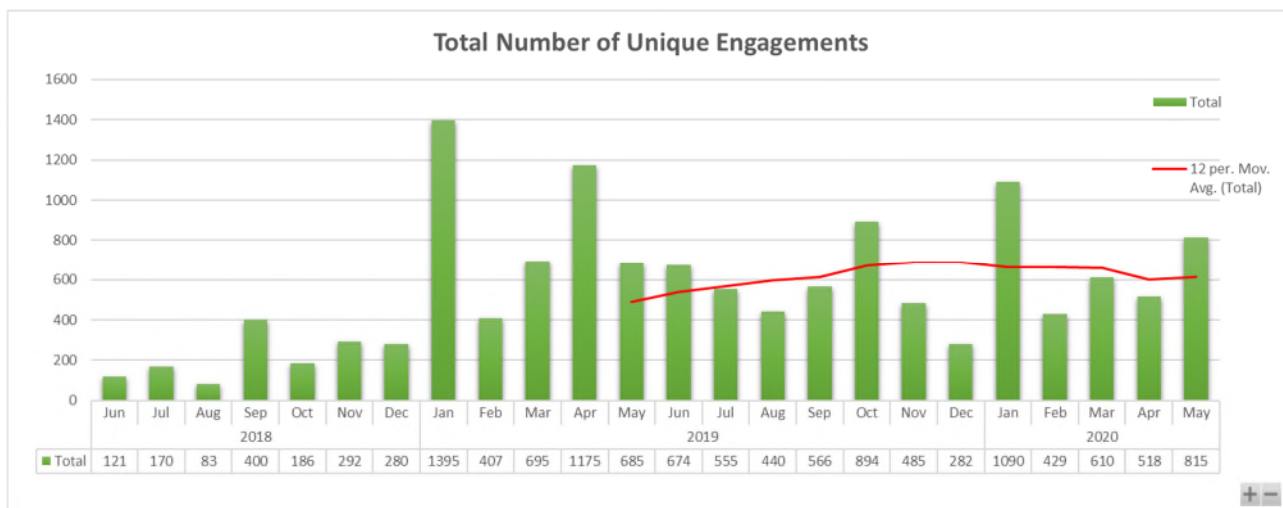
641 Followers on the Shire's Facebook Page.



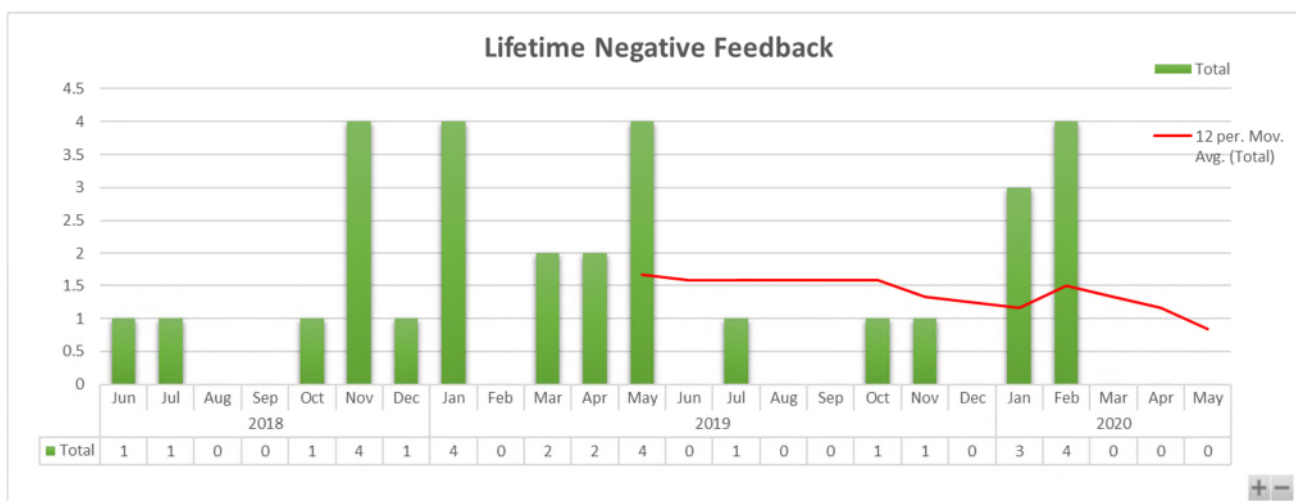
Financial Year	No. of Posts
2018/2019	176
2019/2020 - Jan to 28 th May 2020	186
Total	362



Financial Year	No. of Lifetime Post reach
2018/2019	94,150
2019/2020 - Jan to 28 th May 2020	87,557
Total	181,707

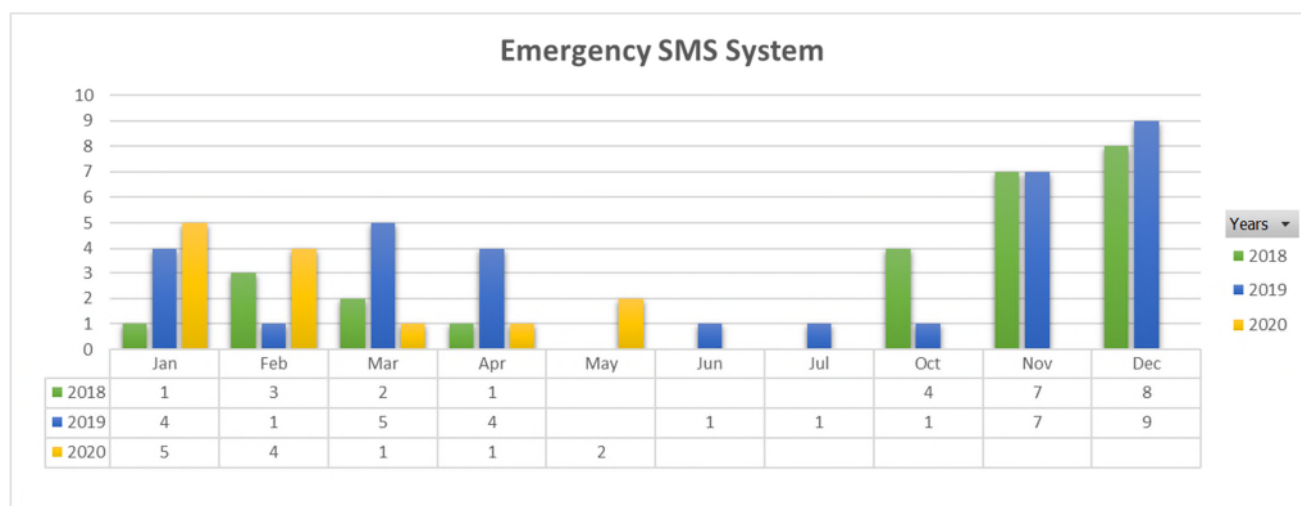


Financial Year	No. of Unique Engagements
2018/2019	6,442
2019/2020 - Jan to 28 th May 2020	6,684
Total	13,126



Financial Year	No. of times people have given negative feedback to your post
2018/2019	19
2019/2020 - Jan to 28 th May 2020	10
Total	29

Emergency SMS System:



Financial Year	No. of Emergency SMS sent
2018/2019	34
2019/2020 - Jan to 2 nd June 2020	31
Total	65

Current number of Members on the Emergency SMS System Database is 450.

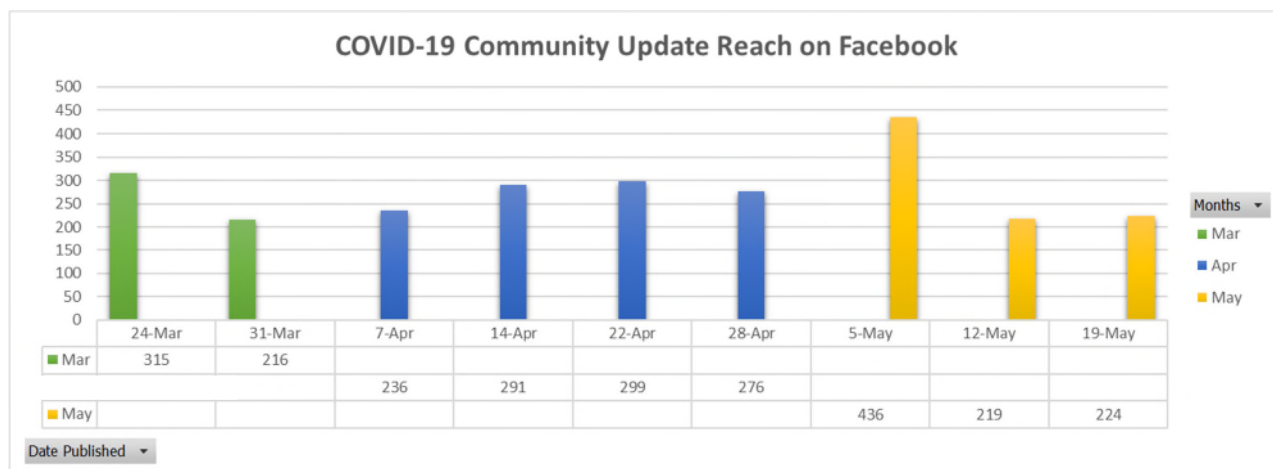
Shire eNewsletter (Mailchimp):

Years	Date Published	Subscribers	Opened	% Opened
2018	Feb	176	109	62%
	Apr	175	114	65%
	Jun	179	114	64%
	Aug	179	112	63%
	Oct	184	109	59%
	Dec	181	120	66%
2019	Feb	180	109	61%
	Apr	178	107	60%
	Jun	188	116	62%
	Aug	188	126	67%
	Dec	188	119	63%

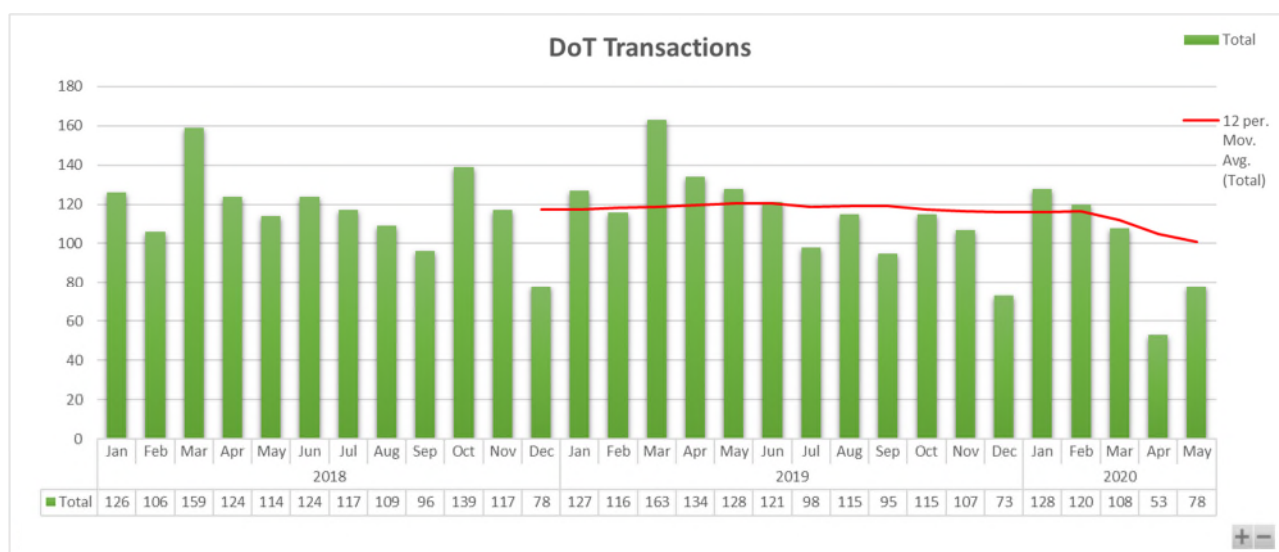
COVID-19 Community Update:

9 x 450 Community Mail Out letters distributed per date below: -

24th March 2020, 31st March 2020, 7th April 2020, 14th April 2020, 28th April 2020, 5th May 2020, 12th May 2020, 19th May 2020, 3rd June 2020.

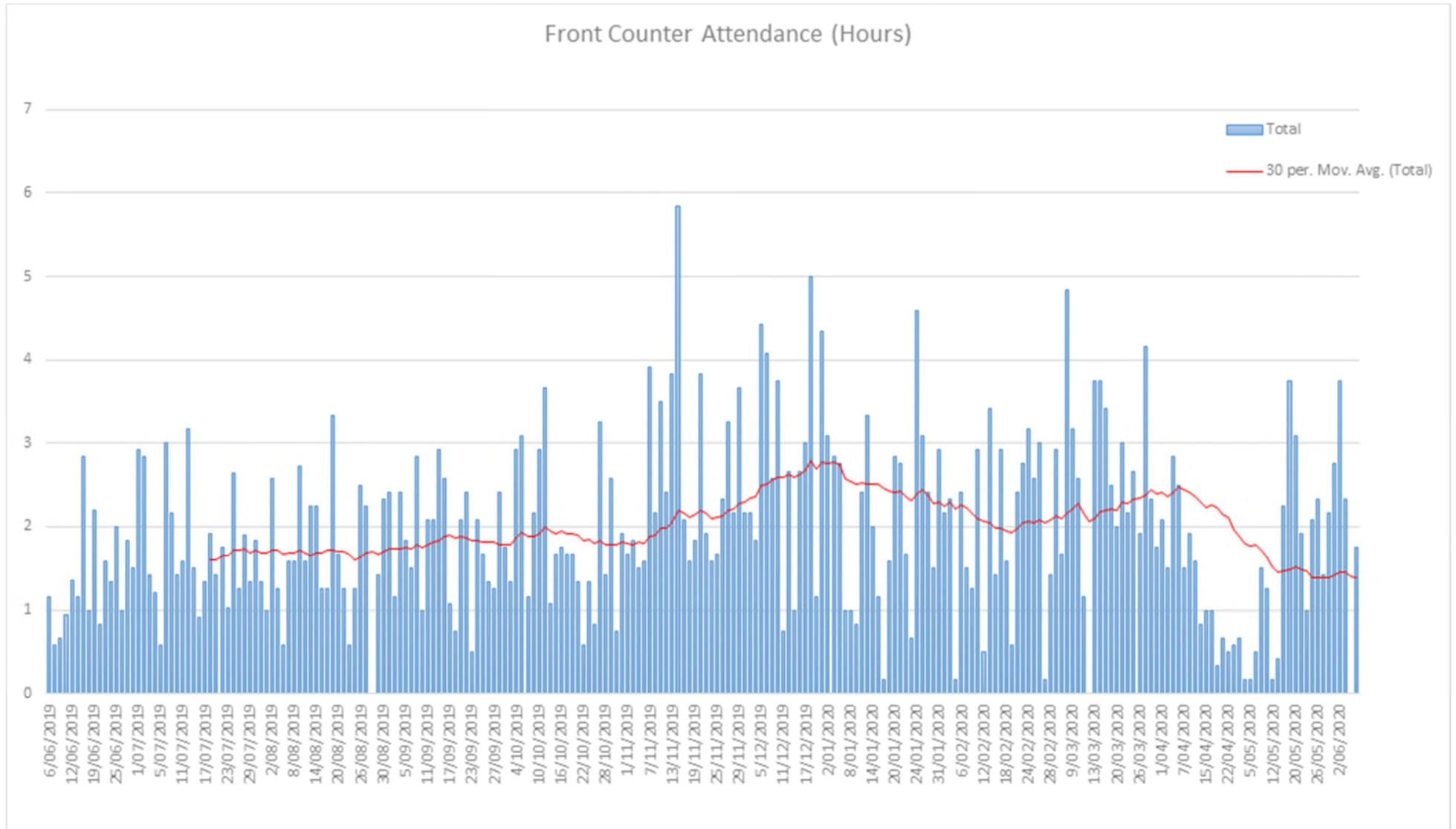


Department of Transport(DoT) Transactions:

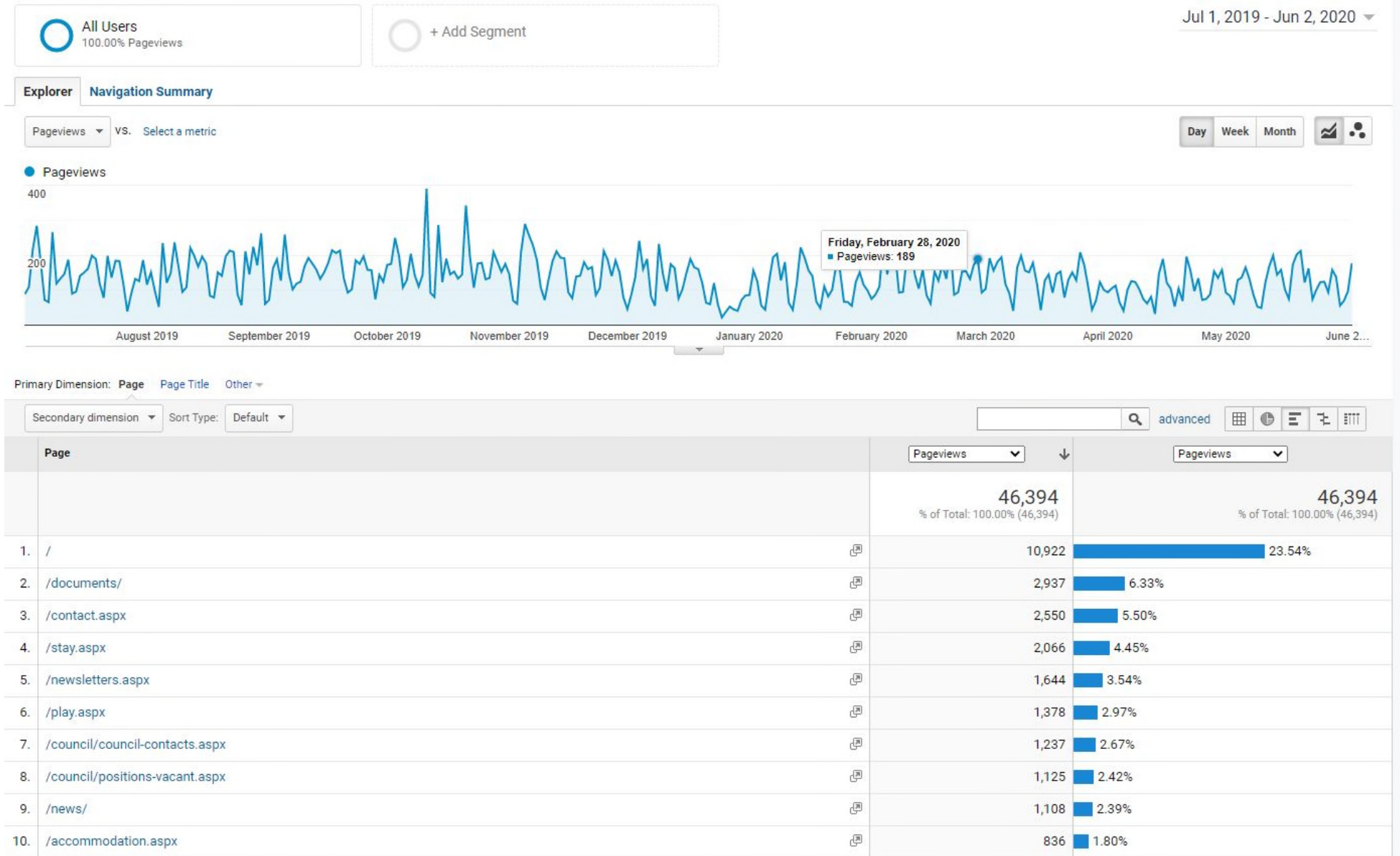


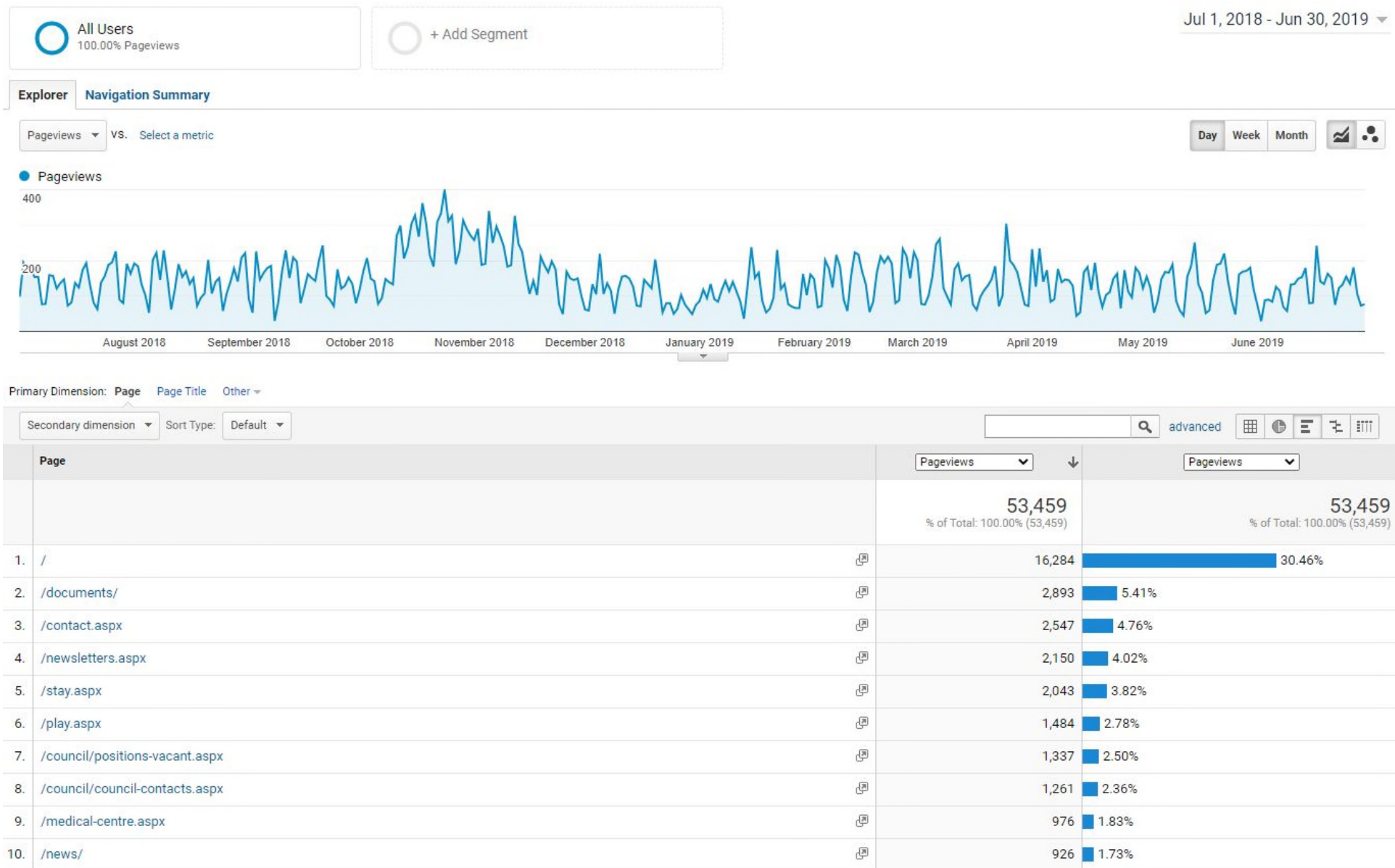
Financial Year	No. of Transactions
2018/2019	1,445
2019/2020 - Jan to 29 th May 2020	1,090
Total	2,535

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



Shire of Quairading Website Google Analytics:





Jul 1, 2017 - Jun 30, 2018

All Users
100.00% Pageviews

+ Add Segment

Explorer Navigation Summary

Pageviews VS. Select a metric

Day Week Month

Pageviews



Primary Dimension: Page Page Title Other

Secondary dimension Sort Type: Default

advanced

Page	Pageviews	Pageviews
	131,034 % of Total: 100.00% (131,034)	131,034 % of Total: 100.00% (131,034)
1. /	90,123	68.78%
2. /documents/	3,048	2.33%
3. /newsletters.aspx	2,865	2.19%
4. /contact.aspx	2,659	2.03%
5. /stay.aspx	1,775	1.35%
6. /play.aspx	1,615	1.23%
7. /council/council-contacts.aspx	1,487	1.13%
8. /council/positions-vacant.aspx	1,260	0.96%
9. /events-calendar/	1,065	0.81%
10. /accommodation.aspx	1,048	0.80%



COMMUNITY ENGAGEMENT POLICY

Document Status	Adopted
Statutory Environment	Local Government Act (1995) – Section 5.56(2)

Record of Policy Review

<i>Version</i>	<i>Author</i>	<i>Council Adoption</i>	<i>Resolution</i>	<i>Reason for Review</i>	<i>Review Date</i>
01	Graeme Fardon	29 March 2018	172-17/18	New Policy	
02	Graeme Fardon			Policy Review Project	10/10/2018
03	A&R Committee	20 December 2018	115-18/19	<i>Revised 12/12/2018</i>	

PURPOSE

This policy sets out the governing principles for community engagement and consultation that underpin the Integrated Planning and Reporting framework to ensure the strategic direction of the organisation is in keeping with community values and aspirations.

OBJECTIVES

The objective of this policy is to provide guidance to Councillors and Officers in planning, implementing and reviewing community engagement and consultation for key projects, strategic planning and policy development. This is to ensure informed decision-making, transparency, timely and effective communication with key stakeholders and the general community.

POLICY

- Council is committed to providing leadership and a strong commitment to information sharing, consultation and active participation of the community in contributing to the decision making process.
- Council acknowledges the right of the community to access information, provide feedback, be consulted and actively participate in strategic planning or in key projects of service development. Council's obligations to respond to the community when exercising these rights are to be clearly stated in specific consultation processes.
- Objectives for, and limits to, information, consultation and active participation during planning, project and key service development are to be defined from the outset. The respective roles and responsibilities of the community (including individuals and groups) and Council (including Councillors and Officers) are to be made clear as well as to who makes final decisions once the information is analysed.
- The approach for specific consultations is to be tailored to the target audiences and consider all other factors outlined in this policy.
- Consultation is to be undertaken as early in the planning process as possible to allow to widen the scope of consultation and to improve the outcomes. Adequate time to be made available for consultation to be effective.
- Information provided by Council during planning, project and key service development is to be objective, complete and accessible. All those involved in a consultation process are to have equal treatment when exercising their rights of access to information and participation.
- Council is to ensure adequate financial, human and technical resources are available to make a consultation initiative effective. The allocation of resources is to be considered in relation to broader budgetary restraints and the implications to existing priorities. Council is to support its officers in consultation initiatives.
- Consultation on specific planning, project and key service development are to be coordinated across Council to enhance knowledge management, ensure policy coherence, avoid duplication and reduce the risk of "consultation fatigue" within the community.
- Council is to be accountable for the use made of input from a consultation process. Council is to ensure consultation processes are open, transparent and amenable to external scrutiny and review.
- Council to actively and openly evaluate its consultation processes and practices in planning, project and key service development. The results of evaluation may directly impact upon future consultation initiatives.

OUTCOMES

Measures of success of consultation will include assessments of whether: -

- The interests of all parties have been served;
- Expectations concerning the process have been met;
- Consensus, consent and commitment have emerged;
- The process has encouraged generation of the best options;
- Objective criteria have been used to assess the different options under consideration;
- Understanding has been enhanced;
- Relationships between Council and the community and within the community have been enhanced.
- The decision resulting from the consultation has been stable and enduring.
- Timeframes and Communication Methods have been developed.

EVALUATION

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

RESPONSIBILITY

Responsibility for the implementation of this policy rests with the Council, Chief Executive Officer and Staff of the Shire.

GUIDELINES

Principles for Community Engagement - Community engagement underpins the development of the Integrated Planning Framework and ensures that community needs and aspirations are considered in developing and implementing Council's strategic directions and priorities - Annexure A (Attached).

Local Government Act 1995 - Local councils in Western Australia are legally required to conduct public consultation through a prescribed process on a range of specific matters.

Quairading Strategic Community Plan - All of Council's strategic documents are linked to an Integrated Planning Framework. This framework seeks to ensure that all of Council's activities and resources are aligned to meet the aspirations, needs and expectations of the Shire's community.

Customer Service Charter.

Communication Policy.

Complaints Policy.

Annexure A: Principles for Community Engagement

	Inform	Consult	Involve	Report/Evaluation
Public Participation Goal	To provide the public with timely, balanced and objective information to assist them in understanding the problem alternatives, opportunities and/or solutions	To capture community feedback on analysis, alternatives and or decisions impacting on strategic plans, directions, issues, priorities and projects	To work on an ongoing basis with the community to ensure that community ideas, concerns and aspirations are listened to and understood and that community knowledge is harnessed for the benefit of all.	Council to provide feedback on Shire decisions
Promise to the public	Council is to work with you on an ongoing basis to ensure your ideas, concerns and aspirations are considered. Council is to keep you informed.	Council is to listen to you, consider your ideas and keep you informed and acknowledge concerns and aspirations,	Work directly with the public on an ongoing basis to ensure that your ideas, concerns and aspirations are considered	Council to provide feedback on how public input influenced Council decisions
Example techniques	<ul style="list-style-type: none"> • Newspapers • Newsletters • Radio • Posters • SMS/email • Website • Facebook • MailChimp • Banksia Bulletin 	<ul style="list-style-type: none"> • Public comment • Focus groups • Surveys biennial (March) • Consultative workshops • Individuals and or Business. • Stakeholders 	<ul style="list-style-type: none"> • Council Committees/Forums • Working groups • User groups • Volunteer groups 	<ul style="list-style-type: none"> • Direct response • Newsletters • SMS/email • Website • Customer Service Survey • Facebook • MailChimp



Community Engagement Action Plan

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Introduction

The Shire of Quairading is committed to effective community engagement and open and accountable governance. Council is passionate about the future of the District, bringing together the needs of the community, our stakeholders and the requirements from government is key to achieving balanced decision-making.

Council makes decisions and takes actions that impact upon the community in different ways. Through effective and inclusive community engagement practices, Council looks to capture the knowledge, experience and aspirations of our community.

This 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.

Council's Strategic Community Plan 2017 – 2027 comprises five (5) priorities for our community, and is underpinned by actions taken to ensure an effective and sustainable Council.

Economic Objective: Growing economy and employment opportunities



Economic diversity and resilience



Tourism facilities and services

Social Objective: Active, healthy, safe and inclusive community



Active community



Healthy community



Safe community



Inclusive community

Built Environment Objective: Planning and infrastructure to meet the needs of the community



Responsive Land Use Planning



Enhanced and Sustainably Managed Assets and Infrastructure

Natural Environment Objective: To preserve and sustain our natural environment



Demonstrated Sustainable Practices



Protected and valued natural areas

Governance Objective: Strong governance and community engagement



Robust Integrated Planning and Reporting (IPR)



Strengthened Advocacy and Partnerships



Community Engagement



Sound Organisation

Community Engagement Framework

There are two key Shire of Quairading documents that guide community engagement.

Community Strategic Plan

This document sets out where we are now and the key activities to achieve our community engagement objectives.

Community Engagement Policy

This is an overarching document that sets the standards of community engagement.

Engage Our Community

Council and its Staff seek to ensure that Shire of Quairading community engagement results in an engaged and connected community contributing to our Vision:-

“Our Shire is a place of welcome for all, where we work together, with thriving industry creating jobs, a bright future for our young people, and a bustling town in a beautiful and productive rural setting.”

The Action Plan will be assessed and reviewed each June to ensure that community engagement remains focussed and relevant to the Shire of Quairading community and stakeholders.

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.

Levels of Engagement

**Extract from CS.4 Community Engagement Policy*

Annexure A: Principles for Community Engagement

	Inform	Consult	Involve	Report/Evaluation
Public Participation Goal	To provide the public with timely, balanced and objective information to assist them in understanding the problem alternatives, opportunities and/or solutions	To capture community feedback on analysis, alternatives and or decisions impacting on strategic plans, directions, issues, priorities and projects	To work on an ongoing basis with the community to ensure that community ideas, concerns and aspirations are listened to and understood and that community knowledge is harnessed for the benefit of all.	Council to provide feedback on Shire decisions
Promise to the public	Council is to work with you on an ongoing basis to ensure your ideas, concerns and aspirations are considered. Council is to keep you informed.	Council is to listen to you, consider your ideas and keep you informed and acknowledge concerns and aspirations,	Work directly with the public on an ongoing basis to ensure that your ideas, concerns and aspirations are considered	Council to provide feedback on how public input influenced Council decisions
Example techniques	<ul style="list-style-type: none"> • Newspapers • Newsletters • Radio • Posters • SMS/email • Website • Facebook • MailChimp • Banksia Bulletin 	<ul style="list-style-type: none"> • Public comment • Focus groups • Surveys biennial (March) • Consultative workshops • Individuals and or Business. • Stakeholders 	<ul style="list-style-type: none"> • Council Committees/ Forums • Working groups • User groups • Volunteer groups 	<ul style="list-style-type: none"> • Direct response • Newsletters • SMS/email • Website • Customer Service Survey • Facebook • MailChimp

When planning community engagement activities, Council will determine the most appropriate level of participation required, depending on the nature and complexity of the activity being delivered. These levels may vary for different stages of the activity.

Council will plan community engagement activities in a timely and effective manner, assessing their target audience and developing the most suitable tools and methods of communication to encourage a high level of participation.

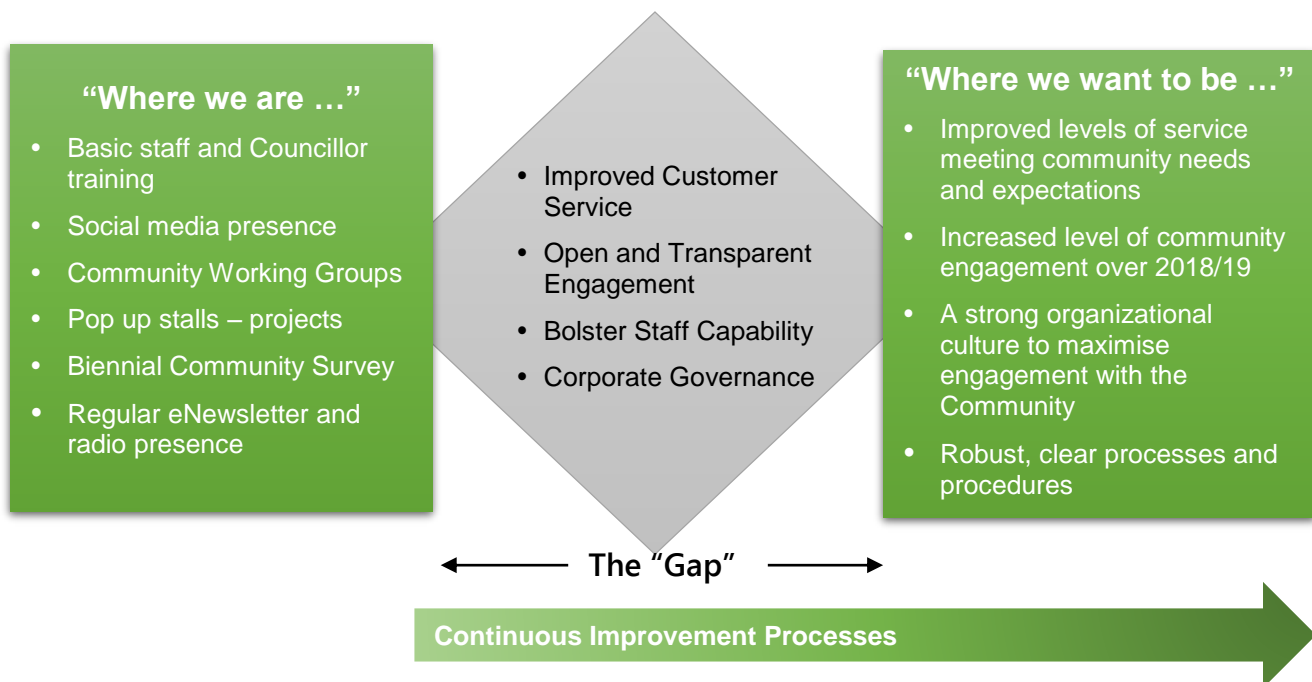
It is important to note that there are some areas where community engagement activities may not occur. These include, but are not limited to health, safety and wellbeing of the community in which Council may need to respond quickly, such as an emergency.

Council also must conform to statutory requirements that may define how Council must engage on certain matters.

Our Plan for Success

This Plan outlines Council's desire to ensure that community engagement opportunities are both created and embedded into daily Council interactions.

The diagram below outlines our path to successful community engagement.



How will we achieve this?

To achieve our community engagement objectives, we will focus on the following four key areas:



Customer Service

- We will ensure our customer service is responsive & easy to deal with.
- Staff adhere to Council's Customer Service Charter, Engagement Policy and Communications Policy
- Our community will see us as a trusted service provider who is listening to their needs, available and willing to take feedback.



Open and Transparent Engagement

- We will provide access to information so that the community has the process.
- We value community feedback and will ensure that information is timely and relevant to facilitate sharing ideas and understanding community and stakeholder needs.
- We will show the community how their input has been considered in the outcomes.



Bolster Staff Capability

- We will have the right training, processes and resources in place to greatly enhance Council's ability to engage effectively.
- We will develop a coordinated approach to internal communication and promote a culture that is proactive.



Corporate Governance

- We will use a combination of representative and participatory democracy, particularly during the development and review of key strategic plans and development of major projects.

How We Measure Success

To the Shire of Quairading, successful community engagement results in an engaged, collaborative and informed community.

We acknowledge that every member of the community will have a different view of what successful community engagement looks like.

Council will measure our community engagement success on an annual basis as indicated below:

Biennial Community Survey

↑ 64%

satisfaction with overall community consultation about key decision

Participation Rate

↑ 30%

feedback submissions

Social Media Engagement

↑ 300 +

unique engagement reach on Council's Facebook posts



1. Customer Service

- We will ensure our customer service is responsive and easy to deal with.
- Staff adhere to Council's Customer Service Charter, Engagement Policy and Communications Policy.
- Our community will see us as a trusted service provider who is listening to their needs, available and willing to take feedback.

Action	Detail	2017	2018	2019	2020
Develop and implement Customer Service Charter and Standards	A Customer Service Charter and Standards will outline Council's commitment to our community in customer service.	✓			
Implement a Customer Service System	The Customer Service System is designed to record and track Customer Requests coming from outside as well as within your organisation, and digitize workflow for improved Customer feedback and reporting.		✓		
Develop a new Community Brand	A new brand will provide a consistent look and feel across all promotional and communication material that invites our community to participate in Council's engagement activities. <ul style="list-style-type: none"> • Review Corporate Style Guide • Implement Style Guide to ensure Brand and Content consistency. 			✓	✓
Create Email Contact Groups	Staff have established email groups (i.e. lists of people interested in a particular issue) e.g. Caravan Clubs, Business houses, Sporting Clubs, LEMC, Fire Control Officers.			✓	✓



2. Open and Transparent Engagement

- We will provide access to information so that the community has the opportunity to contribute to and/or understand the decision-making process.
- We value community feedback and will ensure that information is timely and relevant to facilitate sharing ideas and understanding community and stakeholder needs.
- We will show the community how their input has been considered in the outcomes.

Action	Detail	2017	2018	2019	2020
Improve Council's website	Review and upgrade Council's website to incorporate interactive functionality and improve flexibility. Increase capability for Website Visitors to provide feedback to Council.				✓
Improve Council's social media activity	Train staff to contribute to real time social media activity to provide our community with 'on the spot' Council updates in the field. This is limited by Staff resources and competing priorities.		✓	✓	✓
Utilise Regional Media Outlets	Regular Radio broadcasts regarding Community & Shire Activities Triple M and York FM on a monthly basis. A way to provide information on specific issue or initiative to a broad audience. Through community service announcements, advertising or interviews.			✓	✓
Include community engagement plans in Council reports	Summarise community engagement plans in Council reports.	✓	✓	✓	✓
Utilise the opportunity of the Annual Report to provide meaningful reporting to our community	Use the Annual Report opportunity to demonstrate strong accountability and public value for our community with trend data and robust reporting. Improve the layout and content of the Annual Report.	✓	✓	✓	✓
Distribute a monthly Grants Bulletin	Helping our community groups, clubs and businesses find the latest funding opportunities through targeted Grants emails and Mailchimp.		✓	✓	✓
Publish a Shire eNewsletter	Council provides a bimonthly eNewsletter that is made available on the Shire Website, and emailed via Mailchimp to registered Community Members. Encourage greater subscription and readership rate for the eNewsletter This provides an invaluable opportunity to inform the community about a project, service or consultation.	✓	✓	✓	✓

Action	Detail	2017	2018	2019	2020
	Ensure eNewsletter content is informative and in an easy to read format Consider proposal to publish the eNewsletter on a quarterly basis in 2020 to ensure a higher quality of Content and Format				
Access to Council Minutes & Agendas	Council Minutes & Agendas available on Shire Website for Community information and use. Council to consider the publishing of unconfirmed minutes on the Website to improve transparency.			✓	✓
Increased Community Feedback	Council purchased in house version of Monkey Survey to enable a more flexible approach to short community surveys as and when required				✓

3. Bolster Staff Capability



- We will have the right training, processes and resources in place to greatly enhance Council's ability to engage effectively.
- We will develop a coordinated approach to internal communication and promote a culture that is proactive.

Action	Detail	2017	2018	2019	2020
Provide Ongoing training and support for staff	Ongoing training provided to staff to increase knowledge of our engagement process and to build internal capacity to deliver robust engagement activities across Council. Executive Management Team to ensure that Community Engagement principles are utilised in all areas of the Organisation.		✓	✓	✓
Develop Engagement Champions	Guide and mentor staff responsible for projects and activities to improve the quality and level of Engagement.		✓	✓	✓
Communication and Community Engagement Policies	Review of Policies – Ongoing as part of the Governance Calendar.	✓	✓	✓	✓



4. Corporate Governance

- We will use a combination of representative and participatory democracy in the development and review of key strategic plans and development of major projects.

Action	Detail	2017	2018	2019	2020
Utilise Community Groups to guide the development of key strategic plans and major projects	<p>The development of key strategic plans will be supported by the establishment of Community Reference Groups to ensure the inclusion of community perspective.</p> <p>*Encourage people who are passionate about an issue to come on board and work on the single issue. Make it clear this is only for the duration of the project not for the duration of the community plan.</p> <p>Identify opportunities for focus groups to provide valuable community input.</p> <p>Develop a formal Engagement process for the Major Review of the Strategic Community Plan in 20/21.</p>			✓	✓
Open invitation Community Workshops	Open invitation workshop designed to gather people from a community together to discuss a specific project or process.	✓		✓	✓
Farmers Forum	Plan to hold another Farmers Forum (Breakfast Format) prior to the 2020 Harvest		✓		✓
Promote integrated planning of Engagement and Communications	Develop an internal engagement calendar to assist in planning engagement activities to avoid duplication of engagement activities and identify areas where combining community engagements can be carried out to reduce community consultation fatigue.				✓
Frequent and consistent communication	<p>Communication to all staff about their objectives and responsibilities must be ongoing (through regular Staff Meetings), consistent and part of all senior management communication to staff including in everyday situations.</p> <p>Structure of Staff Meeting to be changed to focus on areas such as Customer Service levels, Communications and Engagement opportunities.</p>	✓	✓	✓	✓
An ethical and values-based culture	<p>Excellent leadership must be supported by a strong organisational culture. Clear and ongoing communication about the Shire's governance requirements needs to be coupled with strategies that encourage cultural change within the organisation where required.</p> <p>Engagement Principles to be embedded in the Executive Management Team discussions.</p>		✓	✓	✓

Action	Detail	2017	2018	2019	2020
Business Houses	<p>Arrange an Afterhours Event for the Business Houses in 2020.</p> <p>To be arranged in conjunction with the Quairading CRC and Wheatbelt Business Network.</p> <p>May be a follow on from the successful "Walk Down the Main Street" and coincide with engagement / launch of the Tourism Development Strategy.</p>			✓	✓

11.2 Review of Committee Performance, Membership and Terms of Reference

Meeting Date	9 th June 2020
Responsible Officer	CEO, Graeme Fardon
Reporting Officer	CEO, Graeme Fardon
Attachments	Terms of Reference
Owner/Applicant	Audit & Risk Committee
Disclosure of Interest	

COMMITTEE RECOMMENDATION

*Listed for Committee's Review.

VOTING REQUIREMENTS –Simple Majority

IN BRIEF

- Council re -constituted the Audit and Risk Committee on the 31st October 2019, following the 2019 Local Government Elections.
- All Councillors have been appointed as Members of the Committee.
 - Committee's Terms of Reference (ToR) were reviewed by the Committee and subsequently endorsed by Council in December 2019.
 - The December A&R Committee meeting requested that the Performance Review of the Audit & Risk Committee be listed for the June 2020 Committee Meeting.
 - Clause 9.5 of the A&R T provides for the annual Review of the Committee's Performance, Membership and Terms of Reference to ensure that the Committee is operating at maximum effectiveness and for Committee to recommend any changes it considers necessary to Council for approval.

MATTER FOR CONSIDERATION

Conduct review of the Performance and effectiveness of the Committee and to recommend any changes in the Committee's Terms of Reference to Council for Approval.

BACKGROUND

The Terms of Reference (Copy attached) were last reviewed in December 2019 and the Terms of Reference now align with the most recent legislative amendments effected by the State Government. The amendments were largely required due to the Office of the Auditor General taking on the responsibility of Local Government Audits.

There are no further recommended changes to the current Terms of Reference.

STATUTORY ENVIRONMENT

Local Government Act 1995 Part 7 refers to the Audit Committees

Local Government (Audit) Regulations 1996.

Reg16. Functions of audit committee

An audit committee has the following functions –

- (a) to guide and assist the local government in carrying out –
 - (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to –
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government –
 - (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

POLICY IMPLICATIONS

Current Terms of Reference of the Audit & Risk Committee.

FINANCIAL IMPLICATIONS

Nil.

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. Financial risk is mitigated by having an effective Audit & Risk Committee.

Health – Risk Matrix Rating is assessed as Low

Reputation – Risk Matrix Rating is assessed as Low. Risk mitigated by Annual Review of the Committees performance and Terms of Reference.

Operation – Risk Matrix Rating is assessed as Low

Natural Environment – Risk Matrix Rating is assessed as Low.

COMMENT

To assist the Committee with the Annual Review Process the following areas of the Terms of Reference are highlighted: -

Membership

All Councillors are to be Members of the Committee.

Appointment of the Committee was in accordance with the provisions of the Local Government Act.

x2 Meetings had full Attendance, 1 meeting had x7 Councillors and 1 meeting had x6 Councillors in Attendance.

Secretarial / Administrative

CEO ensured that there were sufficient resources provided to the Committee to adequately carry out its functions.

Meetings

Committee is to meet Quarterly – Meetings held in the months of September, October (Special), December, March and June.

Notice of Meetings and Agenda Papers

All Notice of Meetings and Agenda Papers and Supporting documents were provided by the Administration into the Document Centre in a timely manner and within the timeframe specified in the Terms of Reference.

Minutes of Meetings

Minutes were prepared in accordance with the Local Government Act and lodged onto the Document Centre within the five (5) Working days of the meeting.

Roles of the Committee

Committee to support the Auditor and to oversee the implementation of the Audit Recommendations.

Committee met with the Auditor Mr Greg Godwin by telephone in December 2019 and March 2020.

The Committee is required to monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The Committee is required to: -

- Keep under review the effectiveness of the Council's internal controls and risk management systems;
- Monitor and advise the CEO in the reviews of certain systems as prescribed from time to time by the Audit and Financial Management Regulations.
- Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management;
- Receive and review reports from the Chief Executive Officer on the activities of the Strategic Risk Management Plan and the Operational Risk Management Plan ("Risk Management Dashboard").

In September 2019, the Committee considered the CEO's Report pursuant to Regulation 17 in regard to the Chief Executive Officer's review on the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance.

At the March 2020 Meeting, the Committee considered and received the CEO's Reports on the following:-

- Report on the Office of the Auditor General Recommendations
- Statutory Compliance Return for 2019
- Report on Management Override Mitigation

Other issues considered included the feasibility and possible cost of an independent external Auditor and also engaging an independent experienced LG Practitioner to undertake the Annual Statutory Compliance Return.

The Committee is also responsible for facilitating / arranging Chief Executive Officer's Performance Review Process – Process commenced for completion of the 2020 CEO Performance Review, with a Target date of the end of July 2020.

Further Review Items

- Effectiveness of the Presiding Member (Chairperson)
- Effectiveness of the Committee Meeting Procedures
- Meetings are conducted effectively, with sufficient time allocated for significant or emerging issues.
- Level of Communications with Council's Auditor, Committee Chairperson, CEO and Senior Management.
- Adequacy of Reports provided to the Committee.
- Any other resources that the Committee may require.



AUDIT & RISK COMMITTEE TERMS OF REFERENCE

Document Status	Adopted
Statutory Environment	Local Government Act 1995, Local Government (Audit) Regulations 1996, Local Government (Financial Management) Regulations 1996

Record of Policy Review

<i>Version</i>	<i>Author</i>	<i>Council Adoption</i>	<i>Resolution</i>	<i>Reason for Review</i>	<i>Review Date</i>
01	Graeme Fardon	26 October 2017	72-17/18	New Policy	
02	Graeme Fardon	30 November 2017	98-17/18	Revised	
03	Graeme Fardon			Annual Review	4/12/2018
04	A&R Committee	20 December 2018	117-18/19	<i>Revised 12/12/2018</i>	
05	A&R Committee	19 December 2019	96-19/20	<i>Annual Review</i>	10/12/2019

PURPOSE

To ensure that the audit of Council's financial and statutory functions have been undertaken in accordance with the provisions of the Local Government Act 1995 and associated Regulations.

The Committee will also undertake a Risk Management function to ensure adequate statutory compliance and best practice mitigation is occurring.

OBJECTIVE

The objective of the Committee is to assist Council in providing a transparent and independent process in its audit, risk and governance management to ensure accountability to the community in the governance and compliance framework and its financial and risk management responsibilities.

POLICY

The Audit & Risk Committee (the "Committee") is a formally appointed Committee of the Shire of Quairading, pursuant to a number of specific pieces of legislation. These include: -

The Local Government Act 1995, The Local Government (Audit) Regulations 1996, the Local Government (Financial Management) Regulations 1996. The Local Government Act 1995, Section 7 deals specifically with the audit and process.

The Committee does not have executive powers or authority to implement actions in areas where Management has the responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and is therefore independent from management.

The Committee's role is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference in order to facilitate decision making by the Committee and Council in relation to the discharge of its responsibilities.

1. MEMBERSHIP

- 1.1 Members of the Committee are appointed by Council. The Committee is to consist of all Elected Members. The Elected Members are to vote and elect the Chairperson.
- 1.2 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member has to vote on every matter that is before the Committee for decision.
- 1.3 The Chief Executive Officer, Senior Management and other Administration Staff may attend any meeting as observers or be responsible for preparing papers for the Committee.
- 1.4 The Councils External auditors may be invited to attend meetings of the Committee.
- 1.5 Appointment of all members of the Committee will be for a term of two (2) years at the commencement of each Council term after a Council Election
- 1.6 Committee members are paid meeting attendance fees in accordance with the requirements of the Local Government Act.

2. SECRETARIAL/ADMINISTRATIVE RESOURCES

- 2.1 The Chief Executive Officer is required to provide sufficient administrative resources to the Audit and Risk Committee to enable it to adequately carry out its functions.

3. QUORUM

- 3.1 The quorum necessary for the transaction of business shall be five (5) members of the Audit and Risk Committee.

4. FREQUENCY OF MEETINGS

- 4.1 The Committee may meet at least quarterly at a minimum or as determined by the Committee.
- 4.2 A schedule of ordinary meetings is determined by Council for the Year.
- 4.3 The Chief Executive Officer is delegated the authority to vary the meeting schedule after liaison with the Committee Chairperson.
- 4.4 The Chief Executive Officer is delegated not to call an ordinary meeting of the Committee should the Committee have no Matters for Consideration. Such Delegation to only be exercised after liaison with the Committee Chairperson.

5. NOTICE OF MEETINGS

- 5.1 Ordinary meetings of the Committee are to be held at dates/times determined by Council.
- 5.2 A Special Meeting of the Committee may be called with the approval of all the Committee members.
- 5.3 The Agenda of the Committee meetings, subject to any items that are discussed in confidence under Sections 5.22 and 5.23 of the Act and subsequently retained as confidential under Section 5.23 of the Act, are also required to be made available to the public.
- 5.4 The Notice of Meeting and Supporting Papers is to be lodged in the Document Centre on the Quairading Website no later than three (3) clear days prior to the date of the Meeting.

6. MINUTES OF MEETINGS

- 6.1 The Minutes of the Committee Meetings are to be in accordance with the provisions of the LG Act, LG Regulations and Departmental Guidelines.
- 6.2 Minutes of the Committee are to be lodged in the Document Centre on the Quairading Website within five (5) working days after a meeting.

7. ROLES OF THE AUDIT COMMITTEE

7.1 Support Function

The Committee will also support the Auditor as required and have functions to oversee: -

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

7.2 Financial Reporting

The Committee is required to monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgments which they contain.

The Committee is required to review and challenge where necessary: -

- The consistency of, and any changes to, accounting policies both on a year on year basis;
- The methods used to account for significant or unusual transactions where different approaches are possible;
- Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors;
- The clarity of disclosure in the Councils financial reports and the context in which statements are made; and
- All material information presented with the financial statement such as the operating and financial review and any corporate governance statement (in so far as it relates to audit and risk management).

7.3 Internal Control & Risk Management Systems

The Committee is required to: -

- Keep under review the effectiveness of the Council's internal controls and risk management systems;
- Monitor and advise the CEO in the reviews of certain systems as prescribed from time to time by the Audit and Financial Management Regulations.
- Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management;
- Receive and review reports from the Chief Executive Officer on the activities of the Strategic Risk Management Plan and the Operational Risk Management Plan ("Risk Management Dashboard").

7.4 Other Investigations

The Committee, when necessary, propose and review the exercise of Council's powers under the Act, in relation to the conduct of audits that would not otherwise be addressed or included as part of an annual external audit.

7.5 Internal Audit

- (a) The Committee is required to monitor and review the effectiveness of Council's internal audit function in the context of the Council's overall risk management system. The Audit and Risk Committee can consider and make recommendations on the program and the adequacy of resources accordance with the relevant professional and legislative requirements and standards.
- (b) The Committee may receive executive summary reports on all internal audits and review and monitor managements responsiveness to the findings and recommendations of any such internal audit.
- (c) The Committee may meet with Management and any internal auditors at least twice per year to discuss any issue arising from any internal audits carried out.
- (d) The Committee is required to monitor and review the selection process for the External Auditor and any internal auditor (if appointed). Appointment of any internal auditor is the responsibility of management.

7.6 External Audit

- (a) The Committee is required to monitor and review guidelines on the supply of non- audit services by the External Auditor, taking into account any relevant ethical guidance on the matter.
- (b) The Committee may consider, and make recommendations to the Council, in relation to the appointee, reappointment and removal of the Council External Auditor. The Committee is to oversee the selection process for a new External Auditor and if the External auditor resigns, the Committee endeavours to investigate the issues leading to the resignation and decide whether any action is required.
- (c) The Committee is required to oversee the relationship with the External Auditor, including, but not limited to: -
 - Recommending the approval of the external auditor's remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;
 - Recommending the approval of the external auditors terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;
 - Assessing the external auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Councils relationship with the auditor; including the provision of any non-audit services;
 - Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);

- Monitoring the external auditor's compliance with legislative requirements in the rotation of audit partner's and
 - Assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process;
 - Oversee the transition of the Audit Function to the Office of the Auditor General.
- (d) The Committee may review and make recommendation to the Annual Audit Plan and ensure that it is consistent with the scope of the engagement and relevant legislation and standards.
- (e) The Committee is to review the findings of the External Audit. This may include, but not be limited to, the following: -
- Discussion of any major issues which arose during the audit;
 - Any accounting and audit judgments; and
 - Levels of errors identified during the audit.
- (f) The Committee is to review any representation letter(s) requested by the External Auditor before they are signed by Management.
- (g) The Committee is to review the report to the Chief Executive Officer and Management's response to the External auditor's findings and recommendations.

7.7 CEO Performance Appraisal

The Committee is also responsible for facilitating / arranging Chief Executive Officer's Performance Review Process.

8. REPORTING RESPONSIBILITIES

- 8.1 The minutes of the Committee are to be presented to the Council after every meeting to identify and present advice and recommendations.

9. OTHER MATTERS

The Committee is to: -

- 9.1 Have access to, at the Councils expense, legal or other professional advice on any matter within its Terms of Reference.
- 9.2 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an on-going basis for all members.
- 9.3 Give due consideration to laws and regulations of the *Local Government Act 1995*.
- 9.4 Oversee any investigation of activities which are within its Terms of Reference.
- 9.5 At least once per year, review its own performance, membership and Terms of Reference to ensure it is operating at a maximum effectiveness and recommend changes its considers necessary to the Council for approval.

GUIDELINES

Local Government Act 1995;

Local Government (Audit) Regulations 1996;

Local Government (Financial Management) Regulations 1996.

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 8th September 2020, 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.