

Shire of Tammin



DECLARATION

I declare that the minutes of the:

Audit Committee Meeting on 22nd October 2020 was confirmed at Audit Committee Meeting held on 22nd December 2020.

Name: Michael Greenwood

Signed: 

Being the person presiding at the meeting at which these minutes were confirmed.

Date: 22nd December 2020

Shire of Tammin

AUDIT COMMITTEE MEETING

MINUTES



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An Audit Committee meeting of the Shire of Tammin was held on Thursday 22 October 2020 in the Council Chambers, 1 Donnan Street Tammin, commencing at 3:42pm.

Neville Hale
Chief Executive Officer
22 October 2020

CHARTER

The role of the Audit Committee is to provide an independent oversight of the financial systems of a local government on behalf of Council. The Council (unless delegated to the Audit Committee) is required to meet a minimum of once per year with the Auditor (which may be by video or telephone).

Members of the Audit Committee are Cr's, M. Greenwood, G. Batchelor, N. Caffell, T. Daniels, T. Nicholls & C. Thomson.

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1. DECLARATION OF OPENING

The Chairperson declared the meeting open at 3:42 pm.

2. RECORD OF ATTENDANCE

Present:

Cr M Greenwood	Chairperson
Cr G Batchelor	Member
Cr N Caffell	Member
Cr T Daniels	Member
Cr C Thomson	Member

In Attendance:

Neville Hale	Chief Executive Officer
Morgan Ware	Manager Finance & Administration
Fabian Houbrechts	Manager of Works & Services

Leave of Absence:

Cr T Nicholls	Member
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Apologies:

Nil

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. PUBLIC QUESTION TIME

Nil

5. DECLARATIONS OF INTEREST

Nil

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Minutes of the previous Audit Committee meeting, held on 23 July 2020 are included as an attachment to this Agenda.

6.1 Audit Committee Meeting Minutes – 23 July 2020

STATUTORY IMPLICATIONS

Section 5.22 (2) of the *Local Government Act 1995* Section 5.22 (2) requires minutes of all council and committee meetings to be submitted to the next meeting of the council or the committee, as the case requires, for confirmation

TAC 09/20 MOTION

That the minutes of the Audit Committee meeting held on 23 July 2020 be confirmed.

Moved: Cr Caffell

Seconded: Cr Batchelor

Vote: Simple Majority

Carried: 5/0

7. AGENDA ITEMS

7.1 Review of Risk Management, Internal Control and Legislative Compliance – Risk Management Governance Framework – *Local Government (Audit) Regulations 1996 - Reg. 17*

Location:	Shire of Tammin
Applicant:	Audit & Risk Committee
Date:	14 October 2020
Author:	Neville Hale
Item Approved by:	Chief Executive Officer
Disclosure of Interest:	Nil
File Reference:	Nil
Attachment/s:	Attachment Item 7.1 – SOTA Risk Profile Reporting Tool October 2020

Proposal / Summary

For the Committee to consider the CEO's October 2020 Risk Dashboard Review Report, undertaken by staff, of the "*Risk Management Governance Framework*" as prepared by LGIS and adopted by Council in December 2014 in response to the introduction of Reg 17 of the Local Government (Audit) Regulations 1996 and recommend its adoption by Council.

Background

The Framework is a comprehensive overview of identified risks likely to impact the operations of the Shire and reflects the appropriateness and effectiveness of the Shire's systems in regard to risk management, internal control and legislative compliance.

The Risk Framework was first adopted by Council in October 2014 and was the subject of a desk-top review in August 2015. A further review was undertaken in February 2019, October 2019 and April 2020. Should the Committee so identify, additional areas of risk can be added to the Report and assessed in accordance with the risk matrix included in the Framework document.

The *Local Government (Audit) Regulations 1996* prescribe the requirements for local governments in relation to the engagement of auditors, the annual compliance Audit Return and the functions of the Audit Committee.

The amendments extend the responsibilities of the Audit Committee and Chief Executive Officer of local governments in relation to the reviewing and reporting of the local government's systems and procedures in regard to risk management, internal control and legislative compliance.

The Risk Management Governance Framework, developed by LGIS, is in response to the requirements of Reg.17 of the Local Government (Audit) Regulations, 1996 and encapsulates those requirements.

Comment

The Chief Executive Officer has reviewed the Shire's systems in relation to risk management, internal control and legislative compliance and considers that they are appropriate and effective with the exception of those identified on the attached Dashboard Report. The details of the review are outlined below.

Furthermore, consideration was to be given to the introduction of an appropriate framework for controls in relation to Fraud and Corruption as per AS8001-2008. Council, at its October 2019 Ordinary Meeting adopted a Fraud and Corruption Plan and associated Policy.

In response to legislative changes and to reflect legislative compliance requirements, Council adopted its Attendance at Events Policy in February 2020.

Furthermore as part of its COVID 19 response, Council at its April 2020 Ordinary Meeting adopted a COVID 19 Financial Hardship Policy as part of its rates revenue risk mitigation strategy.

Informing / Guiding Documents

Risk Management Framework

Council adopted the *Risk Management Governance Framework* ("the Framework") at its October 2014 Meeting. The Framework describes the principles of risk management and details the roles and responsibilities of risk management from the Audit Committee to individual employees. The Framework includes a risk level matrix and criteria for assessing risks in terms of likelihood and consequences. The Chief Executive Officer, A/Manager of Corporate Services and Finance and Manager Works & Services are to regularly review the Framework with assistance from Council Staff to ensure it is current and reflects the latest Australian Standards.

Risk Management Policy

The Shire has previously developed a *Risk Management Policy* which states the objectives for, and commitment to, risk management. The policy is designed to align with this and make a statement on the Shire's objectives, approach and commitment to effective risk management across all its operations. The policy includes the following statement:

"It is the Shire's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2009 Risk management), in the management of all risks that may affect the Shire, its customers, people, assets, functions, objectives, operations or members of the public."

This Framework, in support of Council's Risk Management Policy, is subject to six monthly review. The previous review was undertaken in April 2020 and adopted by Council in May 2020. This current review was completed in October 2020.

Furthermore, in this regard the Manager Works & Service and the A/Manager Finance & Administration will, on 12 November 2020, be attending a LGIS workshop on leadership, risk management and conflict management. This workshop will increase management's capacity and understanding of the potential impacts on staff management and attendant risks to the Shire.

Emergency Management Risk Register

Local government has statutory obligations for emergency management and the risk register. The Risk Framework identifies a number of areas of emergency management to be reviewed on a regular basis. Council's Emergency Management Arrangements are overseen by the Kellerberrin- Tammin Local Emergency Management Committee chaired by the Kellerberrin Shire President. The process is essential to identify risks, their severity and to identify the agencies responsible for mitigation of the risk.

The Shire's Local Emergency Management Arrangements have recently been updated following recent workshops held in September 2020 in both Merredin and Quairading in regard to the Shire's disaster recovery obligations and responsibilities.

Council has, at its September 2020 Ordinary Meeting, adopted its updated Local Emergency Management Arrangements in compliance with the Emergency Management Act 2005.

Purchasing Policy

Council reviewed and adopted its *Purchasing Policy* at the Ordinary Meeting of Council held 28 June 2018. The Policy identifies purchasing protocols that ensure that goods and services are procured in an equitable and transparent manner that complies with legislative requirements and delivers value for money.

The Purchasing Policy was the subject of Audit qualification in 2019 and subsequent staff training and revised procedures have been undertaken.

The Policy was amended by Council in May 2020 to reflect the increase to the tender threshold for expenditures of \$250,000 or more.

Audits / Reviews / Assessments

Financial Management Review

Pursuant to Regulation 5(2)(c) of the Local Government Financial Management Regulations, Council engaged Billy-Joe Thomas of Auditors Anderson Munroe Wyllie to undertake the "Financial Management Review" and the resultant Report was received by Council at its Ordinary Meeting on 21nd August 2018. The next review is required to be undertaken in the first half of the year 2021.

Compliance Audit Return

The Return focuses on key areas of legislation and the Shire has consistently demonstrated a high level of compliance. Council's latest Return for the Period ended 31st December 2019 was considered by both the Audit Committee and Council Meetings held on the 27th February 2020 and subsequently forwarded to the Department of Local Government, Sport and Cultural Industries.

External Audit Services

The Local Government Amendment (Auditing) Act 2017, giving the Auditor General a mandate to audit local governments, was assented to on 1 September 2017. On 14 March 2019 the Auditor General's Office advised the Shire that it had appointed RSM as OAG's contract Auditor for the year ended 30 June 2019. This appointment has been extended to include the financial year ending 30 June 2020. It is noted that under the contract arrangement with OAG, RSM may not seek or undertake any other work for the Shire during the term of the contract without the prior written consent of the Auditor General.

The RSM Auditors has recently completed their Interim Audit for the 2019/20 Financial Year ending 30th June 2020 which identified two areas of moderate consequence in need of remedial action to overcome process deficiency. Staff have provided comment on each finding and have undertaken the necessary action to ensure compliance. In this regard, a Cash Handling Policy and appropriate procedures have been implemented along with Staff instruction. Furthermore, in respect to changes to employee and supplier master-file data, a new procedure for the authorisation of audit trail reports for both, together with oversight sign-off has been introduced.

RSM Auditors will be undertaking its final audit for the financial year ended 30 June 2020 in October 2020 and the Audit Report and Management Letter will be considered by the Audit Committee and Council when available later this year and forwarded on to the next available Council meeting.

Other Matters

In response to the outbreak of COVID 19, a number of the risk areas have been amended to reflect the potential impact on staff, shire operations and the community. In accordance with Directions from the State Government, facilities such as the Library, Recreation Pavilion, Town Hall and Coinda were closed to the public for a period of time. Council has utilized electronic meeting options where considered necessary and or appropriate. Social distancing has been put in place as too increased social hygiene practices.

To date, it has not proven necessary to implement working from home requirements.

The Shire has made available services to seniors in regard to shopping for food and other essentials, with pick up and home delivery being arranged by staff and community volunteers. Library services have been made available on-line with book exchanges being facilitated.

COVID 19 Safety Plans have been developed for the return to more normal services and have been adjusted to reflect the latest guideline requirements.

RISK MANAGEMENT CONSIDERATIONS – The amendments to the *Local Government (Audit) Regulations 1996* will enhance the reporting of the Shire’s approach to risk management, internal controls and legislative compliance with increased transparency and involvement for the Elected Members.

CHIEF EXECUTIVE OFFICER’S OVERVIEW – I consider that with the Measures and Systems in place, that Council’s Risk Management, Internal Control and Legislative Compliance is appropriate and effective notwithstanding areas identified in need of improvement as outlined within the attached Dashboard Report.

Consultation

Chief Executive Officer	- Neville Hale
A/Manager Finance & Administration	- Morgan Ware
Manager of Works and Services	- Fabian Houbrechts

Legislative Requirements

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Policy Implications

Policy 2.5 Administration/Organisation Risk Management

This Framework sets out the areas of risk that have been identified and the actions necessary and or taken to mitigate those risks.

Financial Implications

Nil

Strategic Implications

Tammin Community Strategic Plan

Civic Leadership

- Outcome 6.1 Strong governance and leadership, demonstrating fair and equitable community values
6.1.1 Deliver sustainable governance through transparent and robust policy and processes

Officers Recommendation

For Council's Audit Committee to receive the results of CEO's October 2020 Risk Dashboard Report undertaken in accordance with the "*Risk Management Governance Framework*" previously prepared by LGIS and adopted by Council in December 2014 in response to the introduction of Reg 17 of the Local Government (Audit) Regulations 1996 and recommend its adoption by Council.

Moved: Cr Batchelor

Seconded: Cr Daniels

Vote: Simple Majority

Carried:5/0

TAC 10/20 MOTION

For Council's Audit Committee to receive the results of CEO's October 2020 Risk Dashboard Report undertaken in accordance with the "*Risk Management Governance Framework*" previously prepared by LGIS and adopted by Council in December 2014 in response to the introduction of Reg 17 of the Local Government (Audit) Regulations 1996 and recommend its adoption by Council with the addition of the below Environmental Management key controls:

- Illegal and or unauthorised land clearing within the Shire; and,
- Impact of Salinity and rising ground water management.

inclusive of appropriate performance indicators.

Moved: Cr Batchelor

Seconded: Cr Daniels

Vote: Simple Majority

Carried: 5/0

Recommendation amended to include the additional Environmental Management key controls.

OTHER

WA Grants Commission

A short presentation was given to the Committee by Chief Executive Officer, Neville Hale in regard to the workings of Federal Assistance Grants as a precursor to the upcoming Grants Commission Public Hearing scheduled for Wednesday 28 October 2020. The presentation informed the Committee of the contributing factors to the final grant outcomes including the determination of cost adjusters, expenditure standards and revenue standards outlined in the 2020/21 balanced budget.

8. CLOSURE OF MEETING

There being no further business, the Chairperson declared the meeting closed at 4:21pm.