



**Shire of Corrigin Audit and Risk Management Committee
Notice of Meeting and Agenda
to be held on Tuesday 20 March 2018
commencing at 12.00pm in the Council Chambers,
9 Lynch Street, Corrigin**

Regulation 16 of the Local Government (Audit) Regulations 1996 states that:

“An audit committee —

- a)** is to provide guidance and assistance to the local government —
 - i.** as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - ii.** as to the development of a process to be used to select and appoint a person to be an auditor; and**

- b)** may provide guidance and assistance to the local government as to —
 - i.** matters to be audited; and*
 - ii.** the scope of audits; and*
 - iii.** its functions under Part 6 of the Act; and*
 - iv.** the carrying out of its functions relating to other audits and other matters related to financial management; and**

- c)** is 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.”**

AGENDA

1. DECLARATION OF OPENING	3
2. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE.....	3
3. PUBLIC QUESTION TIME.....	3
4. DECLARATIONS OF INTEREST.....	3
5. CONFIRMATION AND RECEIPT OF MINUTES.....	3
5.1. Previous Corrigin Audit and Risk Management Committee Meeting and Business Arising from Minutes	3
6. MATTERS ARISING FROM THE MINUTES.....	3
7. REPORTS	4
7.1. Internal Audit Programme – Annual Leave Accruals and Long Service Leave Report	4
8. MATTERS REQUIRING A COMMITTEE DECISION	5
8.1. Review of the Shire of Corrigin Practices Status Report	5
8.2. Compliance Audit Return.....	7
9. DATE OF NEXT MEETING	9
10. CLOSE.....	9

1. DECLARATION OF OPENING

2. ATTENDANCE /APOLOGIES/LEAVE OF ABSENCE

ATTENDANCE

APOLOGIES

LEAVE OF ABSENCE

Cr. J A Mason

3. PUBLIC QUESTION TIME

4. DECLARATIONS OF INTEREST

5. CONFIRMATION AND RECEIPT OF MINUTES

5.1. Previous Corrigin Audit and Risk Management Committee Meeting and Business Arising from Minutes

That the minutes of the Corrigin Audit and Risk Management Committee Meeting held in the Shire of Corrigin Council Chambers on 19 December 2017 (**Attachment 5.1**) be confirmed as a true and correct record.

6. MATTERS ARISING FROM THE MINUTES

DATE	DETAIL	OFFICER	STATUS
20 June 2017	The following resolution was passed at the Ordinary Council Meeting: <i>That Shire management continue to provide Annual Leave and Long Service Leave progress reports to the Audit and Risk Management Committee over the next twelve month period.</i>	CEO	Report to March Audit committee meeting
19 Dec 2017	A further resolution was passed at the Ordinary Council Meeting: <i>That the Shire management continue to provide Annual Leave and Long Service Leave progress reports to the Committee over the next twelve month period.</i> <i>In accordance with part iv of 'Policy 5.17 Long Service Leave' to support the Chief Executive Officer approving Long Service Leave entitlements being remunerated at current pay rates until 30 June 2018, noting that no extension of remuneration rates to those employees that currently have a balance of long service leave remaining will be considered.</i>	CEO	Report to March Audit Committee meeting

7. REPORTS

7.1. Internal Audit Programme – Annual Leave Accruals and Long Service Leave Report

BACKGROUND

It was noted at the December 2017 Audit and Risk Committee meeting that the staff members with deferred leave balances were planning to take the balance of their Long Service Leave in the first half of 2018 and acknowledged that Council may not be prepared to provide any further extension of time. Given the current work load and need to secure adequate relief staff, the CEO will need to work with staff with overdue leave accruals to determine a suitable time to take the leave.

In reporting on leave accruals, the CEO identified a need to work with the Payroll Officer to review all staff leave accruals and check that the payroll system is accruing leave correctly.

COMMENT

The Shire of Corrigin has a significant current liability for annual and long service leave and this will need to be carefully managed to ensure financial stability as well as maintain adequate staff resources to deliver services to the Council and community.

Having employees with excessive leave accruals can have the following impact:

- Increased financial liability due to accumulated leave accruals;
- Increased financial liability due to increments in employee rate of pay, as the rate of pay is the current rate at the time at which is taken or paid, not the time at which it was accrued;
- Wellbeing effects of employees not having time away from work and risk of burnout;
- Decrease in productivity;
- Risk of covering up fraudulent activities; and
- Increase in contract or relief staff to cover periods of extended leave.

As per the Regulations, the rate of pay for Long Service Leave entitlement is capped at 10 years and 6 months meaning that any future increases in a staff member's pay beyond 10 years and 6 months does not automatically apply to the rate of pay at the time they take Long Service Leave. The Regulations provide for at least two months' notice in writing of an intention to take the leave. The CEO notes that the policy 5.17 to pay long service leave entitlements at current pay rates until 30 June 2018 is in excess of the Local Government Act 1995 - section 5.48 Local Government (Long Service Leave) Regulations and may have been provided as an incentive to take the overdue Long Service Leave.

ACTION REQUIRED

The CEO review excess annual leave accruals and work with the DCEO and Manager of Works to ensure that excess leave balance for staff is reduced by June 2018.

The CEO write to officers with outstanding deferred leave accruals confirming the balance of outstanding leave and requesting two months' notice of the intended date that deferred long service leave is to be taken prior to June 2018.

The CEO work with the Payroll Officer to review all staff leave accruals and check that the payroll system is accruing leave correctly.

8. MATTERS REQUIRING A COMMITTEE DECISION

8.1. Review of the Shire of Corrigin Practices Status Report

Applicant:	Shire of Corrigin
Location:	Shire of Corrigin
Date:	15/03/2018
Reporting Officer:	Taryn Dayman, Deputy Chief Executive Officer
Disclosure of Interest:	No interests to disclose
File Number:	RM 0013
Attachment Reference:	Attachment 7.1 – Review of Shire of Corrigin Practices Status Report

SUMMARY

The Audit and Risk Management Committee is requested to recommend that Council accept the Review of Shire of Corrigin Practices Status Report.

BACKGROUND

As a result of the Corruption and Crime Commission (CCC) report on the Matter of Governance at the Shire of Dowerin the executive reviewed matters raised in the report and reviewed the Shire of Corrigin current practices, with the intention of the report to assess, learn and upgrade the Shire of Corrigin's resistance to corruption, as recommended by the CCC.

The review of Shire of Corrigin practices based on issues raised from the CCC report into the Shire of Dowerin included a number of recommendations to strengthen the Shire's resistance to potential corruption. Council endorsed the report and 124 recommendations at the March 2017 Ordinary meeting.

COMMENT

Included in the 124 recommendations was the following Council direction:

"Note that progress on addressing some of the issues has commenced and a quarterly status report will be presented to the Audit and Risk Management Committee".

A status report has been prepared noting all 124 recommendations and includes the following:

- Recommendation
- Classification
- Action Required
- Action completed
- Status
- Responsible Officer (primary and supporting)
- Completion Timeframe.

The Status report has been updated (**Attachment 7.1**) with changes represented in bold. Previous reported matters have been removed from the status report.

STATUTORY ENVIRONMENT

Local Government Act 1995

POLICY IMPLICATIONS

Included in the recommendations are a number of policy changes, the majority of these were addressed with the update of the register of polices which was adopted by Council on 17 October 2017.

FINANCIAL IMPLICATIONS

There are no known financial implications

COMMUNITY & STRATEGIC OBJECTIVES

The matter before Council generally accords with the following Shire desired outcome as expressed in the revised Shire of Corrigin Strategic Community Plan 2017-2027 and Corporate Business Plan 2017-2021

Objective: Leadership

Strong Governance and leadership

Strategic Community Plan		Corporate Business Plan	
Outcome	Strategies	Action No.	Actions
4.1.1	Provide leadership, communication and active engagement with the community	4.1.1.1	Elected members provide strategic leadership for the benefit of the community.
4.1.3	Maintain accountability and financial responsibility to ensure the stability of the Shire	4.1.3.3	Provide Council adequate and appropriate financial information on a timely basis

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

*That the Audit and Risk Management Committee recommend that Council receive the 'Review of Shire of Corrigin Practices Status' report as provided in **Attachment 7.1** and note the continuing progress.*

8.2. Compliance Audit Return

Applicant:	Shire of Corrigin
Location:	Shire of Corrigin
Date:	15/03/2018
Reporting Officer:	Natalie Manton, Chief Executive Officer
Disclosure of Interest:	No interest to disclose
File Number:	CM 0001
Attachment Reference:	Attachment 7.2 - Compliance Audit Return

SUMMARY

The purpose of this report is to provide the Audit Committee with the 2017 Compliance Audit Return for the period 1 January 2017 to 31 December 2017. The Audit Committee is requested to review the 2017 Compliance Audit Return and to recommend its endorsement to Council.

BACKGROUND

Western Australian local governments are required to complete an annual Compliance Audit Return (CAR) in accordance with the provisions of the Local Government (Audit) Regulations 1996 (Regulations). The CAR must be submitted to the Department of Local Government, Sport and Cultural Industries (Department) by 31 March 2018. The period examined by this audit is 1 January to 31 December 2017.

The completed return is required to be:

- Reviewed by the Audit Risk Management Committee
- Considered and adopted by Council
- Certified by the Mayor and CEO following Council adoption
- Submitted together with a copy of the Council Minutes to the Department by 31 March 2018.

The report assists the Shire of Corrigin to monitor legislative compliance by examining a range of prescribed requirements under Regulation 13 of the Regulations in detail. The audit findings must be recorded in the supplied proforma which has been completed and is provided as **Attachment 7.2**.

COMMENT

The Compliance Audit Return has been carried out by the Chief Executive Officer in conjunction with the Deputy Chief Executive Officer and no matters of non-compliance against the following criteria have been identified.

- 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
- Tenders for Providing Goods and Service

A copy of the Compliance Audit return is attached (**Attachment 7.2**).

STATUTORY ENVIRONMENT

Section 7.13(1)(i) of the Local Government Act 1995 requires local governments to carry out an audit of compliance with statutory requirements prescribed in the Local Government (Audit) Regulations 1996, in the prescribed manner and in the form approved by the Minister.

Regulation 13 of the Local Government (Audit) Regulations 1996 sets out the statutory requirements which may be included in the compliance audit.

Regulation 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 sub-regulation (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.*

Regulation 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 31 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

There are no known policies or policy implications relating to this item

FINANCIAL IMPLICATIONS

There are no financial implications relating to this item

COMMUNITY & STRATEGIC OBJECTIVES

The matter before Council generally accords with the following Shire desired outcome as expressed in the revised Shire of Corrigin Strategic Community Plan 2017-2027 and Corporate Business Plan 2017-2021.

VOTING REQUIREMENT

Simple Majority

OFFICER'S RECOMMENDATION

*That the Audit and Risk Management Committee accepts the completed 2017 Compliance Audit Return for the period 1 January 2017 to 31 December 2017 as attached in **Attachment 7.2** and recommends that Council adopt the return.*

9. DATE OF NEXT MEETING

Tuesday 19 June 2018 in the Shire of Corrigin Council Chambers, 9 Lynch Street, Corrigin.

10. CLOSE

President: _____ *Date:* _____