



Shire of Ashburton

Audit and Risk Management Committee

Meeting Confirmed Minutes

Public

Clem Thompson Pavilion, Stadium Road

Tom Price

20 July 2021

9:00am



**Shire of Ashburton
Ordinary Council Meeting**

The Chief Executive Officer recommends the endorsement of these minutes at the next Ordinary Meeting of Council.

A handwritten signature in blue ink, appearing to read "K Donohoe".

K Donohoe
Chief Executive Officer
23 July 2021

These minutes were confirmed by Council as a true and correct record of proceedings of the Audit and Risk Management Committee Meeting held on 20 July 2021.

Presiding Member

A handwritten signature in black ink, appearing to read "K.M. White".

Date

A handwritten date in black ink, appearing to read "28/09/2021".

Disclaimer

The recommendations contained in the agenda are subject to confirmation by Council. The Shire of Ashburton warns anyone who has an application lodged with Council must obtain, and should only rely on, written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by Council in respect of the application. No responsibility whatsoever is implied, or accepted, by the Shire of Ashburton for any act, omission, statement, or intimation occurring during a Council meeting.

Contents

1	Declaration of opening	4
	1.1 Acknowledgement of country	4
2	Announcement of visitors.....	4
3	Attendance.....	4
	3.1 Present.....	4
	3.2 Apologies	5
	3.3 Approved leave of absence.....	5
4	Declaration by members	5
	4.1 Due consideration by Councillors to the agenda	5
	4.2 Declarations of interest	5
5	Confirmation of minutes	5
	5.1 Confirmation of previous meetings.....	5
6	Terms of Reference	7
	6.1 Purpose.....	7
	6.2 Responsibilities	7
7	Agenda Items.....	9
	7.1 2020 Compliance Audit Return Status Update.....	9
	7.2 Regulation 17 Review – 2020 – Status Update.....	15
	7.3 2020-2021 Internal Audit Report – Status Update.....	22
8	Next meeting.....	29
9	Closure of meeting.....	29

1 Declaration of opening

The Presiding Member declared the meeting open at 9:04am.

1.1 Acknowledgement of country

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and their elders past, present and emerging.

2 Announcement of visitors

Council's Auditors, RSM and the Office of the Auditor General (D Wall, K Hirani and E Samaras), made a short presentation to Council regarding the 2020-2021 audit.

3 Attendance

3.1 Present

Elected members

Cr K White	Shire President (Presiding Member) Onslow Ward
Cr D Diver	Deputy Shire President, Tom Price Ward
Cr M Lynch	Tom Price Ward
Cr L Rumble	Paraburdoo Ward
Cr D Dias	Paraburdoo Ward
Cr M Gallanagh	Pannawonica Ward
Cr R de Pledge	Ashburton Ward

Employees

K Donohoe	Chief Executive Officer
N Cain	Director Corporate Services
A Majid	Director People and Place
M Khosravi	Director Infrastructure Services
C McGurk	Director Projects and Procurement
N Jeffery	Executive Assistant Corporate Services
A Lennon	Manager Media and Communication
T Dayman	Manager Finance and Administration

Guests

Nil

3.2 Apologies

To be informed at the meeting.

3.3 Approved leave of absence

Cr J Richardson Tablelands Ward To 31 August 2021

4 Declaration by members

4.1 Due consideration by Councillors to the agenda

Councillors will be requested to note they have given due consideration to all matters contained in this agenda.

4.2 Declarations of interest

A member who has an Impartiality, Proximity or Financial interest in any matter to be discussed at this meeting must disclose the nature of the interest either in a written notice, given to the Chief Executive Officer, prior to the meeting, or at the meeting immediately before the matter is discussed.

A member who makes a disclosure in respect to an interest must not preside at the part of the meeting which deals with the matter, or participate in, or be present during any discussion or decision-making process relative to the matter, unless the disclosing member is permitted to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

No declarations of interest have been submitted. Announcements by the Presiding Member and Councillors without discussion

To be advised at the meeting.

5 Confirmation of minutes

5.1 Confirmation of previous meetings

Audit and Risk Management Committee Meeting - 16 March 2021

Attachment 5.1A

Committee Recommendation 25/2021

Moved Cr D Diver

Second Cr M Lynch

That Committee confirm the unconfirmed minutes of the Audit and Risk Management Committee Meeting held on 16 March 2021 as a true and accurate record, as included in Attachment 5.1A.

Carried 7/0

6 Terms of Reference

6.1 Purpose

The Audit Committee's role, in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, is to aid and provide guidance to Council on the discharge of its duties under Part 6 and 7 of the *Local Government Act 1995* (the Act). The Audit Committee assists Council to monitor the integrity of the Shire's financial statements, risk management, internal controls, and compliance with legislative requirements.

6.2 Responsibilities

The Audit Committee is responsible for:

- 1 Guiding and assisting Council in carrying out its functions under:
 - a Part 6 of the Act and its functions relating to other audits and other matters related to financial management; and
 - b Part 7 of the Act in relating to auditing the Shire's financial accounts.
- 2 Reviewing the CEO's report required under regulation 17(3).
- 3 Monitoring and advising the CEO when the CEO is carrying out functions in relation to a review under:
 - a regulation 17 (1); and
 - b the Local Government (Financial Management) Regulations 1996, regulation 5(2)(c).
- 4 Monitoring Support the Auditor conducting an audit and carrying out the Auditor's other duties under the Act.
- 5 Oversee the implementation of any action that Council
 - a is required to take, has stated it has taken or intends to take in respect to matters raised by the audit report;
 - b has accepted should be taken on receipt of the CEO's report of a review under regulation 17(1); and
 - b has accepted should be taken on receipt of the CEO's report under regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

- 6 The Audit Committee's duties include;
- a considering the Auditor's interim audit of the Shire's accounting and internal control procedures for the financial year;
 - b reviewing the audited financial report for the previous financial year; (c) reviewing the interim and final audit reports for the financial year;
 - c reviewing the annual Compliance Audit Return;
 - d reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's systems and procedures regarding risk management, internal controls, and legislative compliance;
 - e reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's financial management systems and procedures; and
 - f considering the proposed timeline for Council to adopt the budget and the ten-year financial plan for the following financial year; and providing a report to council on those matters.

7 Agenda Items

7.1 2020 Compliance Audit Return Status Update

File reference	GV32
Author's name	T Dayman
Author's position	Manager Finance and Administration
Author's interest	Nil
Authorising officer's name	N Cain
Authorising officer's position	Director Corporate Services
Authorising officer's interest	Nil
Name of applicant / respondent	Not applicable
Date report written	8 June 2021
Previous meeting reference	Item 7.2 (Minute 21/2021) Audit and Risk Committee Meeting 16 March 2021

Summary

Council is required to complete a Compliance Audit Return for the period 1 January to 31 December each year.

The 2020 Compliance Audit Return was endorsed by the Audit and Risk Committee at its March 2021 meeting.

The purpose of this report is to present a status report on the areas of non-compliance and the measures taken to mitigate future non-compliance.

The Audit and Risk Management Committee is requested to recommend Council accept the Compliance audit Return Non-Compliance Status update report.

Background

In accordance with the *Local Government (Audit) Regulations 1996*, a local government is required to complete a Compliance Audit Return for the period 1 January to 31 December each year and this is to be submitted to the Department of Local Government, Sports and Cultural Industries (DLGSC) by 31 March immediately following the report period.

The 2020 Compliance Audit Return was presented and endorsed by the Audit and Risk Committee at its March 2021 meeting. As part of its acceptance the Chief Executive Officer was requested to address the areas of non-compliance and report back to the Audit and Risk Committee on the measures taken to mitigate the non-compliance.

Comment

The following is a summary of the identified issues and the action taken to mitigate these matters in the future.

1 Delegation of Power / Duty

Keeping written records by persons exercising a delegated power or duty has been identified as an area for improvement.

Progress update

Record Keeping of delegated power has already been identified as an area requiring system improvements, including ongoing employee development, and training. In September 2020, a new platform 'Attain' was implemented along with the review of the Delegated Authority Register.

The high level of staff turnover presents a training and development challenge, meaning system implementation processes need to be robust and continuous. Processes to achieve this are currently under development.

Status update

Ongoing

Responsible Officer

Manager Governance

2 Receipt of Auditor's Report

The Auditor's Report was not received by 31 December 2020.

Progress update

The Auditor's Report, dated 23 February 2021, was received by Council at the March 2021 ordinary council meeting.

Status update

Complete

Responsible Officer

Manager Finance and Administration

3. Councillor Continuing Professional Development of Policy

At the time of the reporting deadline the policy for the Continuing Professional Development of Councillors was not adopted, however Councillors were undertaking mandatory training.

Progress update

ELM05 Councillor Training / Conference Attendance policy was adopted by Council at the April 2021 ordinary council meeting.

Status update

Complete

Responsible Officer

Manager Governance

4. Annual Financial Statements submission requirements

Balanced Accounts were not submitted to the auditor by 30 September 2020.

Progress update

The first draft of the 2019 / 2020 Balanced Accounts were forwarded to the Auditor (RSM) on 9 October 2020.

The requirement for the Draft Financial Statements to be submitted to the Auditor by 30 September each year has been included in the End of Financial Year checklist.

Status update

No action required

Responsible Officer

Manager Finance and Administration

5. Regional Price Preference Policy

The Shire did not have in place a compliant Regional Price Preference Policy for the entire reporting period.

Progress update

FIN04 Regional Price Preference Policy was adopted by Council at the November 2020 Council Meeting.

Status update

Complete

Responsible Officer

Manager Governance

Except for Issue 1 (Delegation of Power / Duty), all items have been addressed and steps taken to ensure compliance is met in the future.

Issue 1 (Delegation of Power / Duty) involves the continued implementation of the new software platform to assist with the management and record keeping requirements associated with delegations, and therefore requires an additional timeframe to ensure the implementation delivers better practices.

Consultation

Executive Leadership Team

Middle Management Team

Finance Team

Statutory environment

Local Government Act 1995

Section 5.46 – Register of, and records relevant to, delegations to CEO and employees

The Chief Executive Officer is to keep a register of the delegations made to the Chief Executive Officer, and any on-delegations to employees, and this is to be reviewed at least annually. Those who have been given delegated power are to ensure records are kept each time they exercise the power.

Section 5.54 – Acceptance of annual reports

Subject to conditions, the annual report for a financial year is to be accepted by Council no later than 31 December after the financial year. Where the annual report is not available in time it is to be accepted by Council no later than two months after it becomes available.

Section 5.128 – Policy for continuing professional development

Council is required to have prepared, and adopt, a policy in relation to the continuing professional development of Elected Members.

Section 6.4 – Financial report

Council is to have prepared an annual financial report for the preceding financial year, with the prescribed information, and submit this to the Auditor by 30 September following each financial year.

Local Government (Functions and General) Regulations 1996

Regulation 24E – Regional price preference policies for local governments

If Council intends providing a regional price preference it is required to have prepared, and adopt, a policy in accordance with prescribed conditions.

Financial implications

There are no known financial implications.

Strategic implications

Shire of Ashburton Strategic Community Plan 2017-2027 Living Life (2019 Desktop Review)

Goal 05 Inspiring Governance
Objective 03 Effective planning for the future

Risk management

Risk has been assessed based on the Officer Recommendation.

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan
The issues identified as non-complying were not adequately addressed and rectified.	Unlikely (2)	Minor (2)	Low (4)	<u>Compliance</u> Some temporary non compliances.	Shire officers work through non-compliance issues and implement changes to ensure compliance is met.

The following Risk Matrix has been applied:

		Risk Matrix				
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton’s Risk Management Policy CORP5 Risk Matrix.

The perceived level of risk is “Low” because of the controls in place and the regularity of review of the information contained within these reports.

Policy implications

FIN04 (Regional Price Preference)

ELM05 (Councillor Training / Conference Attendance)

Voting requirement

Simple majority

Councillor interest declarations

Nil

Officer recommendation

That with respect to the 2020 Compliance Audit Return Status Update, Committee recommends Council receive the update.

Committee Recommendation	26/2021
Moved	Cr L Rumble
Second	Cr D Diver
That with respect to the 2020 Compliance Audit Return Status Update, Committee recommends Council receive the update.	
Carried 7/0	

7.2 Regulation 17 Review – 2020 – Status Update

File reference	GV04
Author's name	T Dayman
Author's position	Manager Finance and Administration
Author's interest	Nil
Authorising officer's name	N Cain
Authorising officer's position	Director Corporate Services
Authorising officer's interest	Nil
Name of applicant / respondent	Not applicable
Date report written	8 June 2021
Previous meeting reference	Item 9.2 Ordinary Council Meeting 8 September 2020

Summary

The Chief Executive Officer is required to conduct a review of systems and procedures relating to legislative compliance, risk management and internal controls on a triennial basis.

The most recent review was endorsed by the Audit and Risk Committee at its September 2020 meeting.

The purpose of this report is to present a status report on the identified issues and the measures taken to address these concerns.

The Audit and Risk Committee is requested to recommend Council accept the Regulation 17 Review – 2020 Program Status Update.

Background

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to conduct a review of systems and procedures relating to legislative compliance, risk management and internal controls on a triennial basis.

The Regulation 17 Review incorporates the requirement under Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996* which require the Chief Executive Officer to –

‘Undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once every 3 financial years) and report to the local government the results of those reviews.’

Comment

AMD Chartered Accountants (AMD) were engaged to undertake a review of the appropriateness and effectiveness of risk management, internal controls, and legislative compliance at the Shire, in accordance with *Local Government (Audit) Regulations 1996* regulation 17 for the period ended 30 June 2020.

ADM Regulation 17 report, including summary of findings, was presented to the Audit and Risk Committee at its September 2020 meeting.

Since its endorsement, a status report presented to the Audit and Risk Committee on the progress of matters raised and Officers comments to address improvement opportunities.

A status update report for the period March 2021 to May 2021 is provided for consideration.

The following is a summary of the identified issues and the action taken to address those issues.

1. Risk Register

The Shire’s risk register was last updated in April 2019, however, has not subsequently been reviewed or updated.

Progress Update

Organisation risk training and development of organisational risk register to be undertaken with Council’s insurer Local Government Insurance Scheme. This has not yet been arranged due to competing priorities and limited resources.

Status update

Ongoing

Responsible officer

Manager Governance

2. Contract Management

No Contract Manager in place to oversee overall contract risk at an organisational level.

Progress update

A Senior Manager (Manager Civil Works) is in the process of being appointed to ensure the Civil Works Contracts are scoped, specified, tendered, and managed in a way which reflects relevant standards and industry best practice.

Status update

Ongoing

Responsible officer

Director Infrastructure

3. Risk Management Policies and Procedures

No documented policies and procedures in place in respect to events management. We also identified one procedure and three plans which are potentially outdated and may require review.

Progress update

A review of the Event Process and Procedures has been commenced currently headed by the Director People and Place.

Application forms and internal procedures are being reviewed and updated by Regulatory and Development services teams. Resourcing gaps in the organisational structure have been identified and these are to be advertised before the end of the month.

Status update

Ongoing

Responsible officer

Director People and Place

4. Fuel Card / Fuel Usage

The Shire does not have a fuel cardholder register, or fuel usage policy in place. In addition, Shire Vehicle fuel usage is currently not monitored, via a GPS navigational system or by other means.

Progress update

Shire officers have implemented a register to identify –

- consumption figures
- vehicle / plant capacity
- monitor kms / plant hours

Fuel cardholder register is now linked to the Fringe Benefits Taxation staff register, with monthly reporting by the Shire's Fleet Management section. Directive EMP08 (although not a Council policy) was updated in February 2020 and provides clear guidelines with respect to the allocation and use of Shire vehicles by Shire of Ashburton employees.

Status update

Complete

Responsible officer

Fleet Manager

5. Complaints Handling Procedure

Outdated Complaints Handling Procedure which requires review.

Progress update

The recommended output is –

- Procedure to be developed.
- Online form available on website to be supported with the implementation of an electronic Customer Service Request system.

Procedure has not yet been developed due to competing priorities and limited resources.

Status update

Ongoing

Responsible officer

Manager Governance

Consultation

Executive Leadership Team

Middle Management Team

Finance Team

Statutory environment

Local Government (Audit) Regulations 1996

Regulation 16 – Functions of audit committee

Council is to have an audit committee to guide and assist Council in carrying out –

- the Council’s functions for audits conducted in relation to Part Six of the *Local Government Act 1995* and its functions relating to other audits and other matters related to financial management,
- the Council’s functions for audits conducted in relation to Part Seven of the *Local Government Act 1995*, and
- the review undertaken in relation to Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Regulation 17 – Chief Executive Officer to review certain systems and procedures

The Chief Executive Officer is to review and report on, at least once every three years, the appropriateness and effectiveness of the Shire’s systems and procedures in relation to –

- risk management,
- internal control, and
- legislative compliance.

Financial implications

Implementing the recommendations of the Report having financial impacts will be processed through normal budgetary processes.

Strategic implications

Shire of Ashburton 10 Year Strategic Community Plan 2017-2027 (Desktop Review 2019)

Goal 05 Inspiring Governance

Objective 04 Exemplary team and work environment

Risk management

Risk has been assessed based on the Officer Recommendation.

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan
Shire officers do not address the identified issues	Unlikely (2)	Moderate (3)	Moderate (3)	<u>Compliance</u> Short term non-compliance with significant	Shire officers identify and implement measures to

Confirmed Minutes – Public Audit and Risk Committee Meeting 20 July 2021

				regulatory requirements imposed	address each of the identified issues risk of damage is mitigated.
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The following Risk Matrix has been applied:

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton’s Risk Management Policy CORP5 Risk Matrix.

The perceived level of risk is “Moderate” because controls of the controls in place, or being implemented, and the regularity of review of the information contained within these reports.

Policy implications

There are no known policy implications.

Voting requirement

Simple majority

Councillor interest declarations

Nil

Officer recommendation

That with respect to the Regulation 17 Review - 2020 Program Status Update, Committee recommends Council receive the update.

Committee Recommendation 27/2021

Moved

Cr M Lynch

Second

Cr R de Pledge

That with respect to the Regulation 17 Review - 2020 Program Status Update, Committee recommends Council receive the update.

Carried 7/0

7.3 2020-2021 Internal Audit Report – Status Update

File reference	GR01
Author's name	T Dayman
Author's position	Manager Finance and Administration
Author's interest	Nil
Authorising officer's name	N Cain
Authorising officer's position	Director Corporate Services
Authorising officer's interest	Nil
Name of applicant / respondent	Not applicable
Date report written	8 June 2021
Previous meeting reference	Item 1 Audit and Risk Committee 16 March 2021

Summary

An internal audit on five key review areas was conducted by Moore Australia in late 2020 / early 2021, which was endorsed by the Audit and Risk Committee at the March 2021 meeting.

The purpose of this report is to present a status report on the identified issues and the measures taken to address those concerns.

The Audit and Risk Committee is requested to recommend Council accept the 2020-2021 Internal Audit Report Status Update.

Background

To improve the effectiveness of its risk management, governance and control processes, Councillors endorsed the Audit and Risk Management Committee's role in preparing a three-year internal audit plan at the September 2020 Ordinary Meeting of Council.

Further, Council acknowledged the Chief Executive Officer was undertaking an internal audit on key areas of concern in accordance with the Chief Executive Officer's obligations in accordance with the Local Government (Financial Management) Regulations 1996 for the year ended 30 June 2021, focusing on the following areas:

Confirmed Minutes – Public Audit and Risk Committee Meeting 20 July 2021

- Identified matters in the 2019 Financial Management Review,
- Procurement systems and controls,
- Risk management practices,
- Grants applications, payments, and acquittals, and
- Records management compliance with regulations and systems review.

Comment

Moore Australia were engaged to undertake an internal audit in accordance with the Institute of Internal Auditors 'International Standards for the Professional Practice of Internal Auditing' as contained in the 'International Professional Practices Framework', with the following objectives:

- Examine and evaluate actions implemented in response to matters identified in the 2019 Financial Management Review.
- Review the appropriateness and effectiveness of internal controls pertaining to processes key to procurement activities, including credit card expenditure and tenders in accordance with statutory requirements.
- Determine the compliance, efficiency, and effectiveness of the risk management framework with legislative compliance requirements and its consideration of better practice principles.
- Review the appropriateness and effectiveness of systems and internal controls pertaining to management of grants; and
- Assess the systems for records capture and retrieval, retention and disposal, risk of loss of vital information, and to identify potential improvements.

Moore Australia summarised the findings in the following table -

Summary of Findings				
Review Area:	High	Medium	Minor	Total
Identified Matters – 2019 FMR	-	3	-	3
Procurement Systems and Controls	12	12	-	24
Risk Management Practices	4	9	5	18
Grants Management	-	6	5	11
Records Management	7	7	-	14

Management have made a commitment to address the matters raised within this report, including meeting better practice goals.

The below is an overall summary of the approach management are taking to address matters raised, with a detail report provided within a separate attachment.

Attachment 7.3A

1. Observations and Recommendations – 2019 Financial Management Review

All matters raised from the 2019 Financial Management Review have been, or are currently being, addressed.

A financial end of month checklist has been developed which incorporates numerous tasks, including items raised.

Continual improvements are being developed, including upgrading the Shire's financial management system from Itvision Synergy Soft to Itvision Altus with this upgrade scheduled to be carried out over the 2021-2022 financial year as modules are developed and made available.

2. Procurement systems and controls

Several improvements have been identified within this section ranging from system improvements, record keeping, training, improved workflow, and compliance.

As a result, a complete review of the Shire's procurement system and controls will be conducted incorporating all aspects of procurement, from planning, and approaching the market, evaluating, awarding contracts and contract management right through to payments and evaluations.

Robust systems are required to accommodate the complexity of the Shire's procurement requirements, which includes investigating platforms to incorporate and enforce the Shire's policies and processes to ensure best practice and legislative requirements are met.

The Shire is currently investigating suitable software to help manage procurement and contracts to be implemented in 2021-2022.

Any implementation will incorporate the review and / or development of various council policies, processes and directives, and be inbuilt into the system to ensure compliance.

3. Risk management practices

The internal audit stated Risk Management Capability and Culture for the Shire is assessed as inadequate.

Furthermore, the report noted there are no dedicated resources or regular reviews of the resourcing of the risk management function. The de-centralised model for risk management effectiveness is limited by this the lack of dedicated resource to ensure a consistent approach.

Management has identified Risk Management as an organisational priority. The funding of a new Audit and Governance position has been included in budget considerations and incorporated in the organisation review discussions.

This new position is imperative for the shire to improve risk management practices and address the matters raised within the report.

4. Grants applications, payments, and acquittals

The internal audit identified several improvement opportunities within the Shire's Grant Management processes.

Improved systems and controls are required for the high-level monitoring of compliance with grant programs to detect any potential issues in a timely manner to reduce the shire's risk of non-compliance of funding conditions.

A complete review of the grant management process has been identified and will incorporate the development of suitable reporting system to collate, monitor and report funding performance.

5. Records management compliance with regulations and systems review.

The internal audit assessed several the Shire's Record Management Practices as inadequate.

Improvements to the Shire's record keeping management has already been identified as a priority by Shire officers.

A project management plan for the implementation and migration of an electronic record keeping system has been developed and currently being implemented.

The Shire's Record Keeping Plan is being reviewed in conjunction with the implementation of the Shire's new Electronic Document and Record Management System and will incorporate requirements and strategies which align to the new system capabilities.

Staff are in regular contact with the State Records Office regarding the review status as well as ensuring the current approach and implementation meets legislative and best practice requirements.

It is envisioned the Record Keeping plan will be finalised within the next 6 months. The plan will incorporate systems for continual monitoring and self-evaluation strategies.

Consultation

Executive Leadership Team
Middle Management Team
Finance Team

Statutory environment

Local Government (Audit) Regulations 1996

16. 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).

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 the matters referred to in sub regulation (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.

Financial implications

Implementing the recommendations of the Report which have financial impacts will be processed through normal budgetary processes.

Strategic implications

Shire of Ashburton Strategic Community Plan 2017-2027 Living Life (2019 Desktop Review)

Goal 05 Inspiring Governance
Objective 04 Exemplary team and work environment

Risk management

Risk has been assessed based on the Officer Recommendation.

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan
Failure to address areas for improvement identified in the report may lead to non-compliance issues	Possible (3)	Minor (2)	Moderate (6)	<u>Compliance</u> Some temporary non-compliances	Shire officers to address each item raised and provide a suitable solution.

The following Risk Matrix has been applied:

		Risk Matrix				
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix.

The perceived level of risk is "Low" due to the controls in place and the regularity of review of the information contained within these reports.

Policy implications

There are no known policy implications.

Voting requirement

Simple majority

Councillor interest declarations

Nil - Proximity

Officer recommendation

That with respect to the 2020-2021 Internal Audit Status Update, Committee recommends Council receive the update.

Committee Recommendation 28/2021

Moved Cr R de Pledge
Second Cr D Diver

That with respect to the 2020-2021 Internal Audit Status Update, Committee recommends Council receive the update.

Carried 7/0

8 Next meeting

The next Audit and Risk Committee will be held at 9:00am on 28 September 2021 at Council Chambers, Onslow Shire Complex, Second Avenue, Onslow.

9 Closure of meeting

There being no further business, the Presiding Member closed the meeting at 9:43am.