



**SHIRE OF ASHBURTON
AUDIT AND RISK COMMITTEE MEETING**

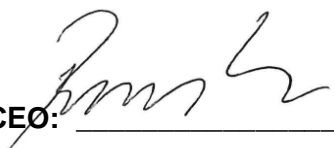
**MINUTES
(Public Document)**

**Ashburton Hall, Ashburton Avenue
Paraburdoo
18 June 2019
9.30 am**

**PUBLIC MINUTES - AUDIT AND RISK COMMITTEE MEETING
18 JUNE 2019**

**SHIRE OF ASHBURTON
AUDIT AND RISK COMMITTEE MEETING**

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

CEO:  _____

Date: 18.06.2019

These minutes were confirmed by Council as a true and correct record of proceedings of the Audit and Risk Committee Meeting on the 18/06/2019.

Presiding Member: _____

Date: _____

DISCLAIMER

The resolutions contained in the Minutes are subject to confirmation by Council. The Shire of Ashburton warns that anyone who has any 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 the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 9.30 am.

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 all their elders both past, present and future.

2. ATTENDANCE

2.1 PRESENT

Members:	Cr P Foster Cr K White Cr D Dias Cr M Lynch	Tom Price Ward (Presiding Member) Onslow Ward Paraburdoo Ward Tom Price Ward
Staff:	Mr. R Paull Mr. J Bingham Mr. B Cameron Mrs. S Johnston Mr. I Hamilton Mrs. N Tyson Ms. C Loney Ms. K Nicholson Mrs. M Lewis	Chief Executive Officer Director Corporate Services Director Property and Development Services Acting Director Community Services Director Infrastructure Manager Governance Human Resources Manager Customer Services Officer Council Liaison Officer
Guests:	Cr L Rumble – Paraburdoo Ward Cr D Diver – Tom Price Ward Cr R de Pledge – Ashburton Ward Cr M Gallanagh – Pannawonica Ward	
Members of Public:	There were no members of the public in attendance at the commencement of the meeting.	
Members of Media:	There were no members of the media in attendance at the commencement of the meeting.	

2.2 APOLOGIES

There were no apologies.

2.3 APPROVED LEAVE OF ABSENCE

There were no Councillors on approved leave of absence.

3. ANNOUNCEMENT OF VISITORS

There were no visitors in attendance.

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4. DECLARATION BY MEMBERS

4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA

Councillors Foster, White, Lynch and Dias noted that they had given due consideration to all matters contained in the Agenda presently before the meeting.

4.2 DECLARATIONS OF INTEREST

Councillors to Note

A member who has an Impartiality, Proximity or Financial Interest in any matter to be discussed at a Council or Committee Meeting that will be attended by the member must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting
Or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (a) Preside at the part of the Meeting, relating to the matter or;
- (b) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

NOTES ON DECLARING INTERESTS (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have an interest in a matter.

These notes are included in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc.), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.

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5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*, or
 - 6.2 Where the Minister allows the Councillor to participate under s.5.69 (3) of the *Local Government Act*, with or without conditions.

Declarations of Interest provided:

Item Number/ Name	Type of Interest	Nature/Extent of Interest
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5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 12 MARCH 2019

Committee Decision
MOVED: Cr K White SECONDED: Cr D Dias
That the Unconfirmed Minutes of the Audit and Risk Committee Meeting held on 12 March 2019 (ATTACHMENT 5.1) be confirmed as a true and accurate record.
CARRIED 4/0
Councillors Foster, White, Lynch and Dias voted for the motion

6. TERMS OF REFERENCE

Under the *Local Government Act 1995*, Local Governments are required to appoint an Audit Committee (section 7.1A of the *Local Government Act 1995*).

An Audit and Risk Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (audit) Regulations 1996).

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7. AGENDA ITEMS

7.1 MINISTERIAL REVIEW OF THE STATE INDUSTRIAL RELATIONS SYSTEM

MINUTE: 573/2019

FILE REFERENCE: GR08

AUTHOR'S NAME AND POSITION: Carla Loney
Manager Human Resources

AUTHORISING OFFICER AND POSITION: Rob Paull
Chief Executive Officer

NAME OF APPLICANT/RESPONDENT: Not Applicable

DATE REPORT WRITTEN: 4 June 2019

DISCLOSURE OF FINANCIAL INTEREST: The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.

Summary

The State Government has conducted a 'Ministerial Review of the State Industrial Relations System', which proposes a number of reforms including that Western Australian Local Governments move from the Federal to the State Industrial Relations jurisdiction.

If this is accepted by State and Federal governments there will be significant changes to the pay and conditions for all Local Governments in Western Australia, including the Shire of Ashburton which currently operates under the Federal Industrial Relations System under the *Fair Work Act 2009* (Cth).

Background

On 11 April 2019, the State Government released the final report of the Ministerial Review into the State Industrial Relations System (note Web link below):

https://www.commerce.wa.gov.au/sites/default/files/atoms/files/ministerial_review_of_state_industrial_relations_system_-_final_report.pdf

The Report recommends that Local Government be brought under the jurisdiction of the State Industrial Relations System. For this to occur it would require the Federal government to formally refer Local Government to the exclusive jurisdiction of the State in Western Australia, for the purposes of industrial relations. The timeframe of the proposed change is unknown, however given what is involved is likely to be at least 18 months away.

The Shire of Ashburton, along with 147 Local Government employers across the State (including Local Governments and Regional Councils), is operating under the Federal Industrial Relations System. Currently 96% of the over 20,000 Local Government employees are governed by the Federal Industrial Relations System and the *Fair Work Act 2009* (Cth).

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As such the proposed change in jurisdiction represents a substantial issue for the WA Local Governments.

Comment

The reforms proposed by the Ministerial Review if accepted, represents a number of challenges and risks for the Shire of Ashburton, which include but are not limited to the following:

1. The current *Shire of Ashburton Enterprise Agreement 2017* which expires in 2021 may require significant amendments to comply with State legislation if the instrument is deemed operational in the State Industrial Relations System.
2. The Chief Executive Officer, if covered by a State Award, would have coverage from unfair dismissal protections.
3. Due to the limited number of employers in Western Australia (generally only State Public Sector) that have operated under the State Industrial Relations system, there is a lack of knowledge and expertise within the Shire and the entire Local Government sector regarding the applications of State Industrial Relations legislation and processes.
4. Workplace documentation in place across the Shire refers to the legislative framework and industrial instruments being applied, which is predominantly Federal and will need to be redrafted to reference State legislation.
5. Every contract of employment in place at the Shire will require reissuing after being reviewed and aligned with State legislation and instruments.
6. All employment policies (Directives and Council Policies) and procedures in place in at the Shire will require review and amendment (where applicable) to ensure compliance with State based legislation and instruments.
7. If there is a change to the industrial instruments (awards and enterprise agreements) all positions at the Shire will require reclassifying, which may affect rates of pay.
8. The role of employees in enterprise bargaining will be removed, with negotiations taking place between the Shire and Unions only. Limiting employee voice and engagement in workplace conditions and pay.
9. The above matters will require additional resources to ensure compliance and may require an increase to pay and conditions for employees, representing financial implications for the Shire.

Consultation

Executive Management Team
Governance Manager

Statutory Environment

Fair Work Act 2009 (Cth)

Financial Implications

The proposed reforms to the State Industrial Relations System will impact future budgets. The full financial ramifications to the Shire will be addressed at that time.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027
Goal 5 – Inspiring Governance
Objective 4 – Exemplary Team and Work Environment

Risk Management

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 considered to be 'Moderate' risk

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that will be managed by policy, procedures and monitoring by Manager Human Resources and the Chief Executive Officer.

Policy Implications

There are no known Policy implications for this matter

Voting Requirement

Simple Majority Required

Officers Recommendation and Committee Decision

MOVED: Cr M Lynch

SECONDED: Cr K White

That with respect to Ministerial Review of the State Industrial Relations System that the Audit and Risk Committee recommend Council:

- 1. Notes the matters addressed in the Report.**

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

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7.2 INTRODUCTION OF NEW ACCOUNTING STANDARDS

MINUTE: 574/2019

FILE REFERENCE: FM09

AUTHOR'S NAME AND POSITION: John Bingham
Director Corporate Services

AUTHORISING OFFICER AND POSITION: Rob Paull
Chief Executive Officer

NAME OF APPLICANT/RESPONDENT: Not Applicable

DATE REPORT WRITTEN: 3 June 2019

DISCLOSURE OF FINANCIAL INTEREST: The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.

PREVIOUS MEETING REFERENCE: Not Applicable

Summary

This report updates Committee on a number of significant changes to Australian Accounting Standards applicable to Local Governments (LGAs) over the next few years.

Background

The following new and revised standards issued by the Australian Accounting Standards Board (AASB) are expected to impact the Shire to a varying extent in the areas of budgeting and preparation of financial report.

The following standards are in effect from 1 July 2019:

- AASB 9 – Financial Instruments.
- AASB 15 – Revenue from Contracts with Customers.
- AASB 1058 – Income for Not for Profit Entities.
- AASB 16 – Leases.

Comment

AASB 9 - Financial Instruments

This standard is effective beginning 1 January 2018 impacting the accounting of all financial assets and financial liabilities. It brings in new requirements for classification and measurement of financial assets and more importantly impairments (the cost included under expenses when the book value of an asset exceeds the recoverable amount).

A financial instrument is any contract that gives rise to a financial asset (non-physical asset whose value is derived from a contractual claim e.g. cash at bank, self-supporting loan, trade receivables and other debtors of one entity and a financial liability or equity instrument of another entity).

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The new classification and measurement requirements will impact LGAs with shares in unlisted entities e.g. member 'units' retained with WALGA.

The Local Government House Trust is a unit trust, created in 1980 for the purpose of providing building accommodation to the various membership based LGA representative bodies which existed to represent them at the time. Note that the Shire of Ashburton acquired its units around 1994. Under the current Trust Deed, 132 LGAs contributed to create a Trust comprising of 620 Units, and as at 30 June 2018, each unit value is \$17,517.11 (based on Net Assets of \$10,860,610/620 Units). The trust would be expected to be wound up in the year 2072.

Impacts on Financial Reporting of AASB 9 – Financial Instruments

The Shire has not previously recognised Western Australia Local Government Association (WALGA) units in its Financial Reports and will therefore need to account for them as a financial asset measured at fair value through profit and loss.

In general AASB 9 creates three new classifications for financial assets -

- Financial assets at fair value through other comprehensive income (FVOCI);
- Financial assets at amortised cost; and
- Financial assets at fair value through profit of loss (FVTPL)

Determining the classification of financial assets is dependent on two primary factors -

- Business model objective for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

A determination is required to be made as to whether the contractual cash flow characteristics of the financial assets are solely payments of principal and interest (SPPI). To meet this test requirement, the contractual terms of the financial asset cannot introduce more than minimal exposure to risk or volatility in the contractual cash flows.

Most loans, trade receivables and debt instruments with simple cash flows held by the Shire will pass the (SPPI) test. It is Shire officer's professional opinion that most financial assets will continue to be shown at amortised cost (i.e. cost of an asset charged to expense). However, if the following financial asset conditions exist in the financial asset then an assessment will be required -

- No defined interest;
- No recourse in the instance of default; and
- Repayable at call or no set repayment date.

Impairment of Financial instruments:

AASB 9 – Financial Instruments (Section 5.5) introduces a new impairment model ('Expected Credit Loss'). This replaces the 'Incurred Loss' model under AASB 139 – Financial Instruments: Recognition and Measurement. Expected Credit Losses are recognised at each reporting period regardless of whether or not no loss events have taken place (on the other

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hand the Incurred Loss model delays the recognition of credit losses until there is objective evidence of impairment).

Expected Credit Loss is the difference between all contractual cash flows due to a local government in accordance with a contract and the cash flows the LGA expects to receive, discounted at the original effective interest rate (i.e. all cash shortfalls).

The following two approaches are used for determining expected credit losses –

- The simplified approach (provided for trade receivables or contract assets without a significant component as well as lease receivables); and
- The general approach (i.e. a three stage model based on changes in credit risk since initial recognition of the asset).

For the simplified approach, a Matrix Provision would need to be established in order to estimate the expected credit loss. Under this approach a LGA uses its historical credit loss experience to estimate the lifetime of expected credit losses for each grouping of receivable.

Factors such as ageing of receivables and sub groupings of its receivables base are recommended (e.g. rates, grants receivable, contract receivable, fees and charges receivable, deferred rates). If using historical data, economic conditions, unemployment rates, property prices, methodology and assumptions used for estimating expected losses should be documented.

It is recommended the Shire begin reviewing FIN13 Debtors Management – General to align with the new standards requirements.

AASB 15 - Revenue from Contracts with Customers

This standard establishes the accounting principles applicable in relation to the nature, amount, timing and uncertainty of revenues and cash flows arising from a contract with a customer.

For example when the Shire receives a grant the general approach is for the asset e.g. cash, be recognised in the accounts (at fair value) when received and the corresponding credit recorded as revenue. The revised standard presents two scenarios -

- Scenario 1 - An Asset (Cash) is received in advance.
- An Asset (Cash) is recognised with the corresponding credit being a financial liability (Contract liability). The revenue is not recognised until the performance obligation (s) under the agreement are satisfied.
- Scenario 2: An Asset (Cash) received after performance obligation is met.
- Once the Shire is confident that it possesses the capacity to meet the acquittal requirements, a (Contract Asset) and a corresponding Revenue amount are recognised. The Shire then raises an Invoice creating a (Receivable) and reversal of the (Contract Asset).

The Shire maintains numerous contracts e.g. Partnership Agreements with Rio Tinto, and an assessment of each to determine its specific provisions will now be required (i.e. is the contract in effect / existence, what is the transaction price set and what is the performance obligation).

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In general the following types of contract would require review –

- Operating and Capital Grants; and
- Maintenance contracts, membership fees, private works, service charges etc.

The following steps are recommended -

- Begin, update and maintain a Contracts Register;
- Assess all Unspent Grants and Contributions as at 1st July 2019;
- Create Contract Asset and Liability Accounts in the Chart of Accounts;
- Budget for revenue when obligations are met; and
- Assess the impact on Net Current Asset & Rate Setting Statement.

AASB 1058 - Income for Not-For-Profit Entities

This standard is applicable mostly to Capital Grants made to LGAs for acquiring or constructing a recognisable non-financial asset (such as a building) and controlled by the local government.

AASB 1058 differs from AASB 15 as the current arrangement does not require reciprocal obligation back to the grantor / funding body. For example if the Shire receives a grant to construct a non-financial asset (such as the Paraburdoo Community Hub), it retains ownership of the building and not the Grantor.

When the Shire receives the grant / contribution in advance (cash and / or equivalents) a 'Performance Obligation Liability' now needs to be recognised. Conversely when the building construction is completed the Performance Obligation Liability entry is reversed and income is recognised.

Other revenue that may fall under the assessment of AASB 1058 include –

- Prepaid rates, volunteer services (where fair value of those services are reliably measured and where those services would have been purchased if they had not been donated).

AASB 16 - Leases

Most LGAs have leases currently defined as 'operating leases'. The more common examples are motor vehicles, photocopiers, computers, housing and phones. Under the revised standard these need to be brought into the Statement of Financial Position (i.e. capitalised).

The standard requires measurement of the lease liability and recognition of the right of use of the asset on a 'lease by lease' basis. Further the new standard will require LGAs with leases to ensure they have systems in place for identifying the terms and conditions of existing leases, and to undertake the transition journals as at 1 July 2019. Additionally when new leases commence across the organisation it is recommended the Shire identify source documents to ensure all new lease arrangements are accounted for in the correct manner.

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Consultation

Executive Management Team
Finance Team
Office of Auditor General
Shire's Consultant (Moore Stephens)

Statutory Environment

The Shires Financial Reports (including Annual Budget and Financial Statements) comprise general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not for profit entities and to the extent they are not inconsistent with the *Local Government Act 1995* and accompanying regulations). The *Local Government (Financial Management) Regulations 1996*, take precedence over Australian Accounting Standards.

Financial Implications

The financial implications to the Annual Budget are yet to be determined.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027
Goal 4 – Quality Services and Partnerships
Objective 01 – Quality public infrastructure

Risk Management

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 considered to be "Low" and can be managed by routine procedures, and is unlikely to need specific application of resources.

Policy Implications

There are no known policy implications for this matter.

Voting Requirement

Simple Majority Required

Officers Recommendation and Committee Decision

MOVED: Cr D Dias

SECONDED: Cr K White

That with respect to the new and revised Australian Accounting Standards, the Audit and Risk Committee recommend Council:

- 1. Acknowledges the changes and recommendations for implementation.**

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

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7.3 FINANCIAL MANAGEMENT REVIEW 2019

MINUTE: 575/2019

FILE REFERENCE: FM09.15.16

AUTHOR'S NAME AND POSITION: John Bingham
Director Corporate Services

AUTHORISING OFFICER AND POSITION: Rob Paull
Chief Executive Officer

NAME OF APPLICANT/RESPONDENT: Not Applicable

DATE REPORT WRITTEN: 3 June 2019

DISCLOSURE OF FINANCIAL INTEREST: The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.

PREVIOUS MEETING REFERENCE: Agenda Item 13.3 (Minute No. 84) – Ordinary Meeting of Council 16 December 2016

Summary

To present the Financial Management Review (FMR) 2019 as per Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996*.

Background

Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996* provide the Chief Executive Officer is 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.'

The most recent FMR was performed in June 2016.

After a request for quote process was undertaken in early 2019, Paxon Group was awarded the contract to review the Shires Financial Management systems. Their report was received on Monday 10 June 2019 and a full copy has been included in the attachments to this report.

ATTACHMENT 7.3

Comment

In the report Paxon Group confirm that overall the Shire has a satisfactory control environment in respect to Financial Management.

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The detailed review of findings and Agreed Management Actions alongside Ownership and Timing are as follows:

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership / Timing
There is no periodic fixed asset count to verify the accuracy and completeness of the Fixed Asset Register.	LOW	There is a risk that inaccuracies in the Fixed Asset Register are not detected; and A basic control over Assets is absent.	A periodic asset verification is undertaken to confirm the accuracy and completeness of the Fixed Asset Register.	The employee for Finance Officer Assets and Reconciliation started in March 2019 – will ensure monthly reconciliations are done.	Manager of Finance and Administration, Finance Officer and Reconciliations . June 2019.
There was no monthly reconciliation of the General Ledger to the Fixed Asset Register between July 2018 and April 2019.	LOW	There is a risk that discrepancies between the GL and the fixed Assets Register will not be identified or actioned promptly.	Regular monthly reconciliations should be undertaken and documented.	Monthly reconciliation done and reviewed by Finance Manager.	Manager of Finance and Administration, Finance Officer Assets and Reconciliations . June 2019.
Sundry Debtors Reconciliation Review to the General Ledger Forms have not been signed and reviewed promptly after the month end.	LOW	There is a risk that discrepancies between the GL and the Debtors Ledger will not be identified or actioned promptly.	All monthly reconciliations and reviews should be completed and Reconciliation Review Forms are signed, counter-signed and dated to evidence review.	Agreed – will ensure monthly report completed and reviewed.	Manager of Finance and Administration, Finance Officer Accounts Receivable. June 2019.
Municipal and Trust Fund Bank Reconciliations have not been signed, reviewed and countersigned as evidence of review and that the reconciliation has been completed satisfactorily.	LOW	There is a risk that discrepancies arising from the Bank account reconciliations will not be identified or actioned promptly.	All monthly reconciliations and reviews should be completed and the Reconciliation Forms are signed, counter-signed and dated to evidence review.	Agreed – will ensure monthly report completed and reviewed.	Manager of Finance and Administration, Finance Officer Trust and Banking. June 2019.

***LOW** risk is a minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.

Consultation

Executive Management Team
Corporate Services Team
Office of CEO Team

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Shire's consultant (Paxon Group)

Statutory Environment

Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996*

Financial Implications

The cost of the FMR was included in the 2018/19 Budget.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 05 – Inspiring Governance

Objective 04 – Exemplary team and work environment

Risk Management

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 considered to be "Low" and can be managed by routine procedures, and is unlikely to need specific application of resources.

Policy Implications

There are no known policy implications for this matter.

Voting Requirement

Simple Majority Required

Officers Recommendation and Committee Decision

MOVED: Cr K White

SECONDED: Cr M Lynch

That with respect to the Financial Management Review 2019 for the Shire of Ashburton, the Audit and Risk Committee recommend Council:

- 1. Receives the Financial Management Review 2019 Report (ATTACHMENT 7.3); and**
- 2. Directs the Chief Executive Officer to take action on the recommendations contained in the report.**

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

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**7.4 LOCAL GOVERNMENT INSURANCE SCHEME (LGIS)
OCCUPATIONAL HEALTH AND SAFETY AUDIT**

MINUTE: 576/2019

FILE REFERENCE: PE12.01

AUTHOR'S NAME AND POSITION: Carla Loney
Manager Human Resources

AUTHORISING OFFICER AND POSITION: Rob Paull
Chief Executive Officer

NAME OF APPLICANT/RESPONDENT: Not Applicable

DATE REPORT WRITTEN: 4 June 2019

DISCLOSURE OF FINANCIAL INTEREST: The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.

PREVIOUS MEETING REFERENCE: Not Applicable

Summary

In early July 2019, the Shire's insurer, Local Government Insurance Scheme (LGIS) is to conduct an audit of the Occupational Health and Safety (OSH) Systems and processes in place at the Shire.

Background

LGIS last conducted an audit in to OSH Systems and Processes in 2014, with the Shire receiving an overall rating of 44%. On 1 July 2019, the Shire will be subject to a week-long audit by LGIS. The Shire is in the process of reviewing the OSH Systems and Processes, which is currently being undertaken by the new Health and Safety Coordinator, Gary Maynard.

Comment

After viewing the contents of the previous LGIS Audit Report, the below list of items are to be reviewed. The Shire's Health and Safety team will be reviewing all of these items prior to the audit to ensure compliance or that these matters are being progressed. Many of these items are currently in place and/or being reviewed to ensure compliance.

ITEM	ISSUES TO BE ADDRESSED
1	OHS Plan Review
2	OHS Issue & Resolution Procedure Review
3	OHS Performance Review
4	OHS Induction Process and Refresher Training
5	Safe Act Observations & Formal OHS Monitoring, Review & Recording System
6	OHS Key Performance Indicators & Targets, and Review
7	Individual OHS roles, responsibilities & obligations have been communicated (Duty Of Care)
8	Risk/Hazard Management - Register/Matrix

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ITEM	ISSUES TO BE ADDRESSED
9	OHS & Training Matrix (Training & Development Plan + Training Needs analysis)
10	Safety Committee (Safety & Consultation) details
11	Supervisor OHS & Leadership Training
12	Corrective actions register and process and deadlines
13	Legal (External) Document register
14	Emergency Management Plan, Drills and Emergency Staff & Training
15	Noise and dust monitoring – health monitoring/surveillance
16	First Aider List & Kit Register
17	Hazardous Substance Register and MSDS (Chem-Alert)
18	Signage Register (Signage Audit)
19	Lifting equipment register
20	Pressure equipment register (Air compressors etc.)
21	Fatigue Management Plans (Employees & HV Drivers)
22	Toolbox meeting minutes for each area and work groups
23	Visitor induction and sign in procedures
24	OHS Manual/ OHS Policy
25	Policy/procedures for difficult or aggressive customers/clients
26	Pest and vermin reduction procedures
27	Incident investigation Process/Forms
28	Plant and Machinery Maintenance schedule/Register/Risk Assessments
29	Workplace inspections/audit schedule
30	Confined Space Register
31	Ergonomics Training for all staff
32	Fire Extinguisher Register (Test & Tag)
33	Electrical Test & Tag Register
34	Personal Protective Equipment Policy
35	Contact Management Review & Pre-engagement criteria
36	Preferred suppliers List and Certs of Currency for public liability & workers comp
37	(RRTW) Injury Management Policy & Procedure (EMP03)
38	Staff & Worker Access to OHS Documentation
39	Roll out Shire Vehicles & Safe Road Travel Procedure (MP08)
40	Roll out Health & Wellbeing Directive (EMP28)
41	Roll out Smoking Directive HR/OHS (EMP20)
42	Roll out Working From Home Directive (EMP30)
43	Roll out Working Alone or in Isolation Directive
44	Roll out Drug and Alcohol Screening Procedure/Guidelines
45	Workers Comp Claims and incident reports entered into Synergy and up to date
46	Asbestos Management Plan + Register
47	Prohibited Areas – Wittenoom & Yampire Gorge EMP02
48	Change Management Process
49	Access to Australian Standards

It is intended that the Shire will have addressed all of the above matters prior to the commencement of the LGIS audit.

Consultation

Executive Management Team
Governance Manager
Health & Safety Coordinator

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Statutory Environment

Occupational Health and Safety Act 1984 (WA)

Financial Implications

All matters/items referred in this Report are expected to be addressed through expenditure under the 2018/19 Budget.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 4 – Exemplary Team and Work Environment

Risk Management

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 considered to be 'Moderate' risk that will be managed by policy, procedures and monitoring by Manager Human Resources and the Chief Executive Officer.

Policy Implications

Whilst there are no known Policy implications for this matter, several items listed in Table have their own specific policy or CEO Directive.

Voting Requirement

Simple Majority Required

Officers Recommendation and Committee Decision

MOVED: Cr M Lynch

SECONDED: Cr D Dias

That with respect to Local Government Insurance Scheme (LGIS) Occupational Health and Safety Audit, the Audit and Risk Committee recommend Council:

- 1. Notes that in early July 2019 the Local Government Insurance Scheme (LGIS) is to conduct an audit of the Occupational Health and Safety (OSH) Systems and processes in place at the Shire.**
- 2. Notes the matters addressed in the Report in relation to 1. Above; and**
- 3. Request the Chief Executive Office to update Committee on the outcome of the LGIS Audit as referred to in 1 above.**

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

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7.5 NATIONAL REDRESS SCHEME

MINUTE: 577/2019

FILE REFERENCE:	GRO1
AUTHOR'S NAME AND POSITION:	Sarah Johnston Acting Director Community Services
AUTHORISING OFFICER AND POSITION:	Rob Paull Chief Executive Officer
NAME OF APPLICANT/RESPONDENT:	Not Applicable
DATE REPORT WRITTEN:	30 May 2019
DISCLOSURE OF FINANCIAL INTEREST:	The author and the authorising officer have no financial proximity or impartiality interests in the proposal.
PREVIOUS MEETING REFERENCE:	Not Applicable

Summary

The Western Australian State Government, specifically through the Department of Local Government, Sport and Cultural Industries, has previously provided information to and consulted with the WA Local Government sector and other key stakeholders on the Royal Commission into Institutional Responses to Child Sexual Abuse (the Royal Commission).

At this point the impact for local government is not fully understood until the position of the State Government is confirmed.

Background

The Royal Commission into Institutional Responses to Child Sexual Abuse (the Royal Commission) was established in January 2013, to investigate systemic failures of public and private institutions to protect children from child sexual abuse, report abuse, and respond to child sexual abuse. The Royal Commission's Terms of Reference required it to identify what institutions should do better to protect children in the future, as well as what should be done to:

- achieve best practice in reporting and responding to reports of child sexual abuse;
- eliminate impediments in responding to sexual abuse;
- Address the impact of past and future institutional child sexual abuse.

In response to this Royal Commission recommendation, the National Redress Scheme for Institutional Child Sexual Abuse (the Scheme) was established. The State Government commenced participation in the Scheme from 1 January 2019.

The Royal Commission made 409 recommendations to prevent and respond to institutional child sexual abuse through reform to policy, legislation, administration, and institutional structures. Of the 409 recommendations, 310 are applicable to the Western Australian State Government.

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Recommendation 6.12 was directed at Local Government (as follows):

“With support from governments at the national, state and territory levels, Local Governments should designate child safety officer positions from existing staff profiles to carry out the following functions:

- *Developing child safe messages in Local Government venues, grounds and facilities;*
- *Assisting local institutions to access online child safe resources;*
- *Providing child safety information and support to local institutions on a needs basis;*
- *Supporting local institutions to work collaboratively with key services to ensure child safe approaches are culturally safe, disability aware and appropriate for children from diverse backgrounds.”*

Western Australian Local Government Association (WALGA) sought submissions from Local Governments to develop a sector wide submission to provide to the Department of Local Government, Sport and Cultural Industries. Thirty-five (35) submissions were received from Local Governments, facilitated additional one on one consultations as requested, and engaged more than 50 individuals, representing a total of 33 Local Governments. Additional feedback was received and provided to two regional organisation of Councils and one Local Government officer network. The interim submission has been endorsed by the WALGA State Council Executive Policy Team.

A Local Government Response to the Western Australian State Government Child Safety Implementation Plan' was developed. WALGA State Council endorsed the Sector wide submission with no changes at their meeting 5 December 2018. In brief, the submission outlines the following key principles:

- The recommendation is final as determined by the Royal Commission. The area of influence for Local Government is in the State based implementation plan as developed through consulting with the sector, so the WA State Government can develop and resource accordingly.
- The principles of the recommendation are fundamentally sound in that it determines the role of Local Government as a capacity building function with all resources, training and associated materials to be the responsibility of State Government, Department of Communities.

The majority of feedback from Local Governments is in relation to generalised support. However there were concerns surrounding:

- The impact to the Local Government workforce
- increasing levels of service expectations
- Strategic alignment and a whole of government approach
- Deliberative consultation and good governance moving forward
- Data collection
- Financial management policy and process
- Volunteer and community groups, and
- Rural and remote communities.

CONFIDENTIAL ATTACHMENT 7.5A

Comment

DLGSC and the Department of the Premier and Cabinet propose to undertake further engagement process with WA Local Governments to raise awareness regarding redress for institutional abuse survivors and to consider how survivors of abuse within the community may be acknowledged, treated and supported.

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As part of the continued consultation, the State Government would like to:

- Develop an understanding of the activities of that Local Government(s) undertake and / or facilitate which may expose children to sexual abuse (both past and present activities);
- Gather knowledge of any survivors in the community and any past abuse where a Local Government may be responsible and / or liable for redress, either directly or indirectly;
- Increase knowledge within the Local Government sector of the State Government's response to the Royal Commission and the Scheme more generally.

This engagement will be undertaken in two main parts:

1. Initially, the State Government seeks to raise awareness within the Local Government sector of survivors within the WA community and their potential for redress;
2. Secondly, the State Government seeks to understand the best mechanism for survivors within the community to obtain redress if liability resides with Local Governments, either directly or indirectly.

This second phase will also allow discussion and agreement to be reached on whether Local Government(s) will participate in the Scheme and, if so, whether participation will be with the State Government.

In response to several requests from Members, WALGA has developed a Directions Paper: 'National Redress and Local Government Directions Paper' outlining key considerations to guide discussions with Elected Members regarding joining the National Redress Scheme.

CONFIDENTIAL ATTACHMENT 7.5B

Key elements of the engagement include discussions at the WALGA zone meetings and webinars. Local Governments are urged to carefully consider the information provided by DLGSC and WALGA and to actively engage in the consultation to follow.

Local Governments will have the opportunity to either join the National Redress Scheme and limit their liability exposure to the elements defined in the Redress Scheme, or to opt out and risk the full extent of a civil litigation process in the event an application is made against them.

Consultation

Executive Management Team

WALGA

Department of Local Government Sport and Cultural Industries

Ongoing webinars have been provided by DLGSC which the Chief Executive Officer and delegates have attended, it is anticipated that the webinars will continue to occur through the consultation process.

Statutory Environment

There are no known statutory impediments for this matter at the time of the report being prepared.

Financial Implications

There are no known meaningful financial implications relative to this matter in excess of officer time and minor administrative costs.

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However, once a position is established by the State, the Shire may be liable for proportionate liability for claims, noting that an individual can only claim once. The Shire has been advised that it is possible that the average claim could be approximately \$76,000 per individual, with a cap of \$150,000 through the Scheme.

Strategic Implications

Shire of Ashburton Strategic Community Plan 2017-2027

Goal 05– Inspiring Governance

Objective 03– Council Leadership

Risk Management

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 considered to be "Low" risk until the position of the State Government is understood.

Policy Implications

There are no known policy implications for this matter.

Voting Requirement

Simple Majority Required

Officers Recommendation and Committee Decision

MOVED: Cr M Lynch

SECONDED: Cr D Dias

That with respect to the National Redress Scheme the Audit and Risk Committee recommend Council:

- 1. Resolves that Report ATTACHMENTS 7.5A and 7.5B are confidential in accordance with s5.23 (2) *the Local Government Act* because it deals with matters affecting s5.23 (2)(d): "legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting";**
- 2. Notes the Discussion Paper's and associated report (CONFIDENTIAL ATTACHMENT 7.5A and 7.5B); and**
- 3. Requests the Chief Executive Officer and/or delegate to provide Committee with regular updates.**

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

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8. CONFIDENTIAL MATTERS

Under the Local Government Act 1995, Part 5, and Section 5.23, states in part:

1. If a meeting is being held by a Council or by a committee referred to in subsection (1)(b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following:

- (a) a matter affecting an employee or employees;**
- (b) the personal affairs of any person;**
- (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;**
- (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;**
- (e) a matter that if disclosed, would reveal:**
 - (I) a trade secret;**
 - (II) information that has a commercial value to a person; or**
 - (III) information about the business, professional, commercial or financial affairs of a person,**

Where the trade secret or information is held by, or is about, a person other than the local government.

- (f) a matter that if disclosed, could be reasonably expected to:**
 - (I) Impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;**
 - (II) Endanger the security of the local government's property; or**
 - (III) Prejudice the maintenance or enforcement of any lawful measure for protecting public safety;**
- (g) information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1981; and**
- (h) such other matters as may be prescribed.**

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Committee Decision

MOVED: Cr K White

SECONDED: Cr M Lynch

That Council close the meeting to the public at 10.00 am pursuant to sub section 5.23 (2) (a) and (b) of the *Local Government Act 1995*.

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

**8.1 CONFIDENTIAL ITEM - UPDATE ON WITTENOOM LITIGATION,
WITTENOOM STEERING COMMITTEE, SENIOR COUNSEL LEGAL
ADVICE AND ROEBOURNE - WITTENOOM ROAD**

MINUTE: 578/2019

FILE REFERENCE: LS34

**AUTHOR'S NAME AND
POSITION:**

Keith Pearson
Special Projects Advisor

Carla Loney
Human Resources Manager

Janyce Smith
Executive Officer

**AUTHORISING OFFICER AND
POSITION:**

Rob Paull
Chief Executive Officer

**NAME OF APPLICANT/
RESPONDENT:** Not Applicable

DATE REPORT WRITTEN: 6 June 2019

**DISCLOSURE OF FINANCIAL
INTEREST:** The author and the authorising officer have no financial
proximity or impartiality interests in the proposal.

**PREVIOUS MEETING
REFERENCE:** Confidential Agenda Item 8.1 (Minute No 519/2019) –
Audit and Risk Committee Meeting 12 March 2019

REASON FOR CONFIDENTIALITY

The Chief Executive Officer's Report is confidential in accordance with s5.23 (2) *the Local Government Act 1995* because it deals with matters affecting s5.23 (2):

- (b) *the personal affairs of any person;*
- (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.*

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Officers Recommendation and Committee Decision

MOVED: Cr M Lynch

SECONDED: Cr K White

That with respect to the Confidential Item – Update on Wittenoom Litigation, Wittenoom Steering Committee, Senior Counsel Legal Advice and Roebourne - Wittenoom Road, the Audit and Risk Committee recommend Council:

- 1. Receives the Confidential Item – Update on Wittenoom Litigation, Roebourne - Wittenoom Road and Wittenoom Steering Committee Report (CONFIDENTIAL ATTACHMENT 8.1) and remain confidential in accordance s5.23 (2)(b) & (d) of the Local Government Act 1995; and**
- 2. Ensures that the Shire management continue to provide Wittenoom related reports to the Audit and Risk Committee.**

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

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Committee Decision

MOVED: Cr M Lynch

SECONDED: Cr K White

That Council re-open the meeting to the public at 10.28 am pursuant to *sub section 5.23 (2) (a) and (b) of the Local Government Act 1995.*

CARRIED 4/0

Councillors Foster, White, Lynch and Dias voted for the motion

9. NEXT MEETING

The next Audit and Risk Committee Meeting will be held on Wednesday 18 September 2019 at the Mayu Maya Centre, Robe Meeting Room 1, Pannawonica at a time to be advised.

10. CLOSURE OF MEETING

The Presiding Member closed the meeting at 10.29 am.

UNCONFIRMED MINUTES