



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

**MINUTES  
(Public Document)**

**Council Chambers, Onslow Shire  
Complex, Second Avenue, Onslow  
13 March 2018  
10.30 am**

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

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit and Risk Committee Meeting.

CEO: 

Date: 13/03/2018

These minutes were confirmed by the Committee as a true and correct record of proceedings by the Audit and Risk Committee Meeting.

Presiding Member: \_\_\_\_\_

Date: 13/03/2018

**DISCLAIMER**

*The recommendations contained in the Agenda are subject to confirmation by the Committee and endorsement by the 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.*

## MINUTES - AUDIT & RISK COMMITTEE MEETING 13 MARCH 2018

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**1. DECLARATION OF OPENING**

The Presiding Member declared the meeting open at 10.31 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 and present.

**2. ATTENDANCE**

**2.1 PRESENT**

<b>Members:</b>	Cr P Foster Cr K White Cr D Dias Cr M Lynch	Tom Price Ward (Presiding Member) Onslow Ward Paraburdoo Ward Tom Price Ward
<b>Staff:</b>	Mr R Paull Mr J Bingham Ms J Smith Mrs M Lewis	Chief Executive Officer Director Corporate Services Executive Officer CEO & Councillor Support Officer
<b>Guests:</b>	Cr D Diver Cr L Thomas Cr Gallanagh Cr Rumble Ms A Serer  Ms L Reddell  Mr B Hall	Tom Price Ward Tableland Ward Pannawonica Ward Paraburdoo Ward Director Strategic & Economic Development Director Development & Regulatory Services Manager Operations
<b>Members of Public:</b>	There were no members of the public in attendance at the commencement of the meeting.	
<b>Members of Media:</b>	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.

**4. DECLARATION BY MEMBERS**

**4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA**

Councillors Foster, Rumble, White 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 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.
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

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- 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

## 5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

### 5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 15 DECEMBER 2017

#### Officers Recommendation and Committee Decision

**MOVED: Cr D Dias**

**SECONDED: Cr K White**

**That the Minutes of the Audit and Risk Committee Meeting held on 15 December 2017, be confirmed as a true and accurate record.**

**CARRIED 4/0**

**Crs Foster, Lynch, White 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).

## 7. AGENDA ITEMS

### 7.1 REGULATION 17 - RISK AUDIT PROGRESS REPORT MARCH 2018

MINUTE: 12/2018

<b>FILE REFERENCE:</b>	FM14.16.17
<b>AUTHOR'S NAME AND POSITION:</b>	Nicky Tyson Procurement Coordinator
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	27 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Agenda Item 13.3 (Minute No. 283/2017) – Ordinary Meeting of Council 15 December 2017

#### Summary

This Risk Audit and review process is to occur at least once every two calendar years. The Shire's contracted Auditors, Moore Stephens Pty Ltd (MS) conducted the latest review in late 2016 and its report contains a list of improvements/opportunities.

At the December 2017 Audit & Risk Committee meeting it was reported that a number of suggestions and opportunities had already been completed and planning had commenced and/or systems had been put in place to address the remaining.

The Committee is now informed that further items have been completed with almost all outstanding items in the final stages of progression.

#### Background

*Local Government (Audit) Regulations 1996* includes 'Local Government Operational Guideline – 9 – Audit in Local Governments'. Regulation 17 prescribes a number of matters that are to be reviewed by local government Audit Committees. These functions now include reviewing the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance; and reporting the results of the Committee's consideration of that review, to the Council. This Risk Audit and review process is to occur at least once every two calendar years.

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The latest review / audit was conducted onsite, 24 – 25 October 2016, by MS and a report was presented to the Audit & Risk Committee in December 2016. Further progress reports were presented to the committee in January, March, September and December 2017.

At the December 2017 Ordinary Meeting of Council, the Committee expressed its desire to progress the outstanding matters in a timelier manner along with a governance and financial health review.

Ron Back who conducted the Serpentine Jarrahdale Governance review has since been contacted to quote on a governance and financial health review for the Shire of Ashburton. The following is to be included in the brief:

- Credit Card Control
- Procurement – including tendering
- Compliance and Internal Control
- Financial Management Systems – Effectiveness and Appropriateness
- Organisational Structure
- Staff Housing/FIFO

If approved, it is estimated Ron could commence late April 2018.

### **Comment**

The attached report from the Chief Executive Officer is referred to the Audit & Risk Committee and contains progress of action taken on the recommendations from MS in the Regulation 17 Audit for the Shire of Ashburton's consideration in the areas covered by the audit, that being:

- Risk Management;
- Internal Controls; and
- Legislative Compliance.

There were no critical (i.e. legislative compliance) issues raised in the MS Regulation 17 Audit and attached is the CEO's report to the Audit & Risk Committee (which contains updated Officer Status/Progress Comments) outlining how the Shire's Governance propose to see the improvements recommended progressed and finalised.

### **ATTACHMENT 7.1**

As the attached report outlines, of the 43 improvement opportunities suggested in the report, many have been completed through new or existing actions. Of the progressing items, it is anticipated that all of these suggested improvements will be addressed and finalised by June 2018.

### **Consultation**

Chief Executive Officer  
Director Corporate Services  
Procurement Coordinator  
Moore Stephens Australia (Pty) Ltd

### **Statutory Environment**

Regulation 17 *Local Government Audit Regulations 1996* requires the following:

1. *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:*



- a) *risk management;*
- b) *internal control; and*
- c) *legislative compliance.*

2. *The review may relate to any or all of 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 at least once every two calendar years.*
3. *The CEO is to report to the Audit Committee the results of that review.*

#### **Financial Implications**

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

A suitable allocation will be made in the budget for future reviews, which are to take place every two years. The next review is due later this year.

#### **Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 4 – Exemplary Team & 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 "Medium" risk (largely due to the costs of developing/implementing new procedures) but can be managed by routine procedures and monitoring by the Director Corporate Services.

#### **Policy Implications**

Various policies have and will be amended to become aligned with new processes. This will take place over the coming months via now standardised policy review process.

#### **Voting Requirement**

Simple Majority Required

Helen Melville entered the meeting 10.33 am.

**Officers Recommendation and Committee Decision**

**MOVED: Cr K White**

**SECONDED: Cr M Lynch**

**That with respect to Regulation – Risk Audit Progress Report March 2018, the Audit & Risk Committee recommend to Council, that Council:**

- 1. Notes the updated Chief Executive Officer's (CEO)'s Report (as per ATTACHMENT 7.1) which describes how the suggested improvements/opportunities will be implemented, including actions completed, progressing items, and those requiring further consideration along with any relevant items viewed.**
- 2. Request the CEO to review the document with a view to progress completion of the outstanding matters by June 2018.**
- 3. Request the CEO to continue to update the Audit & Risk Committee of the progress of actions taken on the recommendations from the Auditor in the Regulation 17 Audit.**

**CARRIED 4/0**

**Crs Foster, Lynch, White and Dias voted for the motion**

**7.2 LOCAL GOVERNMENT COMPLIANCE AUDIT RETURN FOR 2017**

**MINUTE:** 13/2018

<b>FILE REFERENCE:</b>	GV32
<b>AUTHOR'S NAME AND POSITION:</b>	Nicky Tyson Procurement Coordinator
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	27 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Agenda Item 13.3 (Minute No: 122) – Ordinary Meeting of Council 14 March 2017

**Summary**

Each Local Government is to carry out a Compliance Audit annually. This Compliance Audit Return is for the period of 1 January 2017 to 31 December 2017.

The Return for the year 2017 is presented to the Audit & Risk Committee for review and approval, prior to presentation to Council for Adoption.

**Background**

The Compliance Audit Return is to assist Council in monitoring its organisational functions. Council is required to note any areas of non-compliance and endorse remedial action.

The Audit is provided by the Department of Local Government through their secure website platform named Smart Hub. The same audit is required to be completed by every WA local government. The Department considers, from a large range of issues it can audit, which ones will be specific to the year in question (i.e. each year the audit questions can change).

For 2017, there were 94 questions over 10 disciplines. This includes an additional discipline (2016 saw 87 questions over 9 disciplines) that is for the area of Integrated Planning and Reporting. The return is fully compliant.

**ATTACHMENT 7.2**

**Comment**

The Return is required to be presented to Council for adoption before its submission to the Department of Local Government and Communities.

**Consultation**

Chief Executive Officer  
Director Corporate Services  
Procurement Coordinator

**Statutory Environment**

Section 7.13(i) of the *Local Government Act 1995*  
Regulations 13, 14 & 15 of the *Local Government (Audit) Regulations 1996*

**Financial Implications**

There are no financial implications for this matter.

**Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017 - 2027  
Goal 5 – Inspiring Governance  
Objective 3 – 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 “High”. The high level of risk is being driven by the risk of a compliance breach requiring an internal investigation. As a high risk matter, the Director of Corporate Services and his staff actively monitor these matters.

**Policy Implications**

There are no policy implications to 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 Local Government Compliance Audit Return For 2017 that the Audit & Risk Committee recommend to Council, that Council:**

- 1. Accept the Compliance Audit Return (ATTACHMENT 7.2) of the Council for the period 1 January 2017 to 31 December 2017; and**
- 2. Request the Chief Executive Officer to submit a certified copy of the Compliance Audit Return to the Director General of the Department of Local Government and Communities by 31 March 2018.**

**CARRIED 4/0**

**Crs Foster, Lynch, White and Dias voted for the motion**

### 7.3 LOCAL GOVERNMENT ROAD INVENTORY DATA

MINUTE: 14/2018

<b>FILE REFERENCE:</b>	GS05
<b>AUTHOR'S NAME AND POSITION:</b>	Kevin Hannagan Acting Director Infrastructure Services
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Local Government Grants Commission
<b>DATE REPORT WRITTEN:</b>	25 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

#### Summary

For the Audit Committee to be advised of a reduction in the Shires, Local Government Grants Commission, General Purpose grant of approximately \$500,000 p.a. and the Road grant of \$75,000 p.a. from the Financial Year End 2018/19.

#### Background

The WA Local Government Grants Commission (LGGC) is a statutory body established under the Local Government Grants Act 1978. Its principle function is the making of recommendations to the Minister for Local Government on the allocations of financial assistance grants among 138 local governments in Western Australia. The grants are the State's entitlement for financial assistance from the Commonwealth Government.

The funding provided to local governments is allocated on the basis of horizontal equalisation to ensure that each local government in the State is able to function at a standard not lower than the average standard of other local governments. All local governments are entitled to receive at least the minimum grant. That minimum grant cannot be less than 30 per cent of what the local government would receive if all grants were allocated on a per capita basis.

There are two grant components:

#### General Purpose

The balanced budget approach has been used to calculate General Purpose Grants since 1994.

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The grants commission calculates the equalisation requirement of each local government by assessing the revenue raising capacity and expenditure needed of each local government. Five categories (called standards) have been used to calculate revenue raising ability and six categories have been used to establish expenditure need.

The equalisation requirement is the difference between the assessed expenditure needed and the assessed revenue raising capacity of each local government. A range of cost adjustors have been developed by the grants commission (for example: location, population dispersion and socio-economic disadvantage) and are included in the calculation of the standards to recognise the additional costs a local government faces due to its physical or demographic characteristics.

### Local Roads

The grants commission uses an asset preservation model for local road funding. This model is used to assess the cost of maintaining a local government's road network and takes into account annual and recurrent maintenance costs and the costs of reconstruction at the end of a road's useful life.

### **Comment**

This report focuses on the local road funding grant component (note: road data, also has an impact on the general purpose grant as road lengths are a component of 'Transport' the general purpose grant formulae).

The Shire of Ashburton keeps infrastructure related data in its 'Assetic' database system. The Assetic system is a sophisticated system designed to enable prediction modelling and optimisation outcomes to asset custodians to facilitate superior decision making. By applying advanced analytics to dynamic life-cycle and maintenance data, Assetic enables visualisation of strategy and service level scenarios to manage and maintain assets, improve service levels and reduce capital and maintenance spending. This system is in progress to be fully implemented.

To be eligible for local road funding, local governments must ensure road inventory data submitted to the Grants Commission via Main Roads WA's 'IRIS' portal system only includes roads for which the Shire has accepted responsibility for care, control and maintenance.

The Shires Assetic system contains data on all roads within the Shire. Roads that are not eligible for funding include mining company roads, roads in company towns, national parks and forestry roads and totalled approximately 350 kms. These roads are to be 'flagged' within the database as they do not qualify for funding. Unfortunately the Shire's database included all roads as eligible for funding. Shire staff contacted the LGGC in 2016 and advised them that the Shire had been checking its databases and had inadvertently received funding for such roads. The LGGC in 2016/17 Financial Year End calculated the Shires road grant excluding these roads. This resulted in a reduction in the Roads Grant of approximately \$150,000 p.a.

The Shire has now received a letter from the LGGC on this matter. The Commission has now advised that the Shires General Purpose grant should also be reduced (approximately \$500,000 p.a.) as the length of Shire managed roads also impacts this grants 'Transport' component. The LGGC have also done a calculation going back seven years and have estimated that the Shire has received approximately \$3,000,000 in grants (general and road) that it should not have. The LGGC is considering whether to 'claw back' this amount by reducing future grants and has asked the Shire to comment on this matter.

**ATTACHMENT 7.3A**

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The Shire President and Chief Executive Officer have met with the Chair of the LGGC and were advised that since writing the letter the LGGC have reviewed the Shires grant allocations further back than seven years and are now of the view that the Shire has been over funded by approximately \$10,000,000.

The Audit Committee is advised that even if the LGGC does not 'claw back' the over funding it is highly likely that the Shires General Purpose grant will be reduced by approximately \$500,000 in the 2018/19 Financial Year End.

The LGGC is now requiring each local government Chief Executive Officer to sign a "Declaration of Road Inventory Data". Infrastructure Services staff have now undertaken a comprehensive review of the Assetic database information and have identified that 'closed roads' are still flagged for funding. These roads will now be flagged as ineligible for funding. It is estimated that the Shires Road Funding Grant may be reduced by up to \$75,000 in the 2018/19 Financial Year End.

### **ATTACHMENT 7.3B**

The LGGC road data is also used by main Roads WA for the calculation of the Shires' Regional Roads Group grant, this grant may also be reduced but the full impact is unknown at this time. Additionally the LGGC data has a flow on effect to the calculation of the Federal Government's Roads to Recovery grant, this grant may also be reduced but the full impact is unknown at this time.

Attached is a copy of the Shire President's response to the LGGC letter.

### **ATTACHMENT 7.3C**

#### **Consultation**

Chief Executive Officer  
Director – Corporate Services  
Chair, Local Government Grants Commission  
Roads Consultant, Local Government Grants Commission

#### **Statutory Environment**

*Local Government (Financial Assistance) Act 1995 – Commonwealth*  
*Local Government Grants Act 1978 – Section 12*

#### **Financial Implications**

Likely reduction in the Shires Financial Assistance Grants, General Purpose grant of \$500,000 p.a. and Road grant of \$75,000 p.a. commencing the 2018/19 Financial Year End.

#### **Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027  
Goal 4 – Quality Services and Infrastructure  
Objective 01 – Quality Public Infrastructure

#### **Risk Management**

This item has been evaluated against the Shire of Ashburton's Risk Management Framework. The perceived level of risk from the Risk Matrix is considered to be "Moderate / Likely (12)" in light of the potential reduction in grants. As the Risk Acceptance is considered to be "High", the Executive Management Team will monitor progress of this item.

#### **Policy Implications**

There were no policy implications identified.

**Voting Requirement**

Simple Majority Required

**Officers Recommendation**

That with respect to Local Government Road Inventory Data the Audit & Risk Committee recommend to Council, that Council:

1. Note this report; and
2. Request an update report when the Local Government Grants Commission respond to the Shire's correspondence as outlined in this Report; and
3. Request the Chief Executive Officer to provide further update to the Audit & Risk Committee when the Local Government Grants Commission responds to the Shire's correspondence as outlined in this Report; and

**Committee Decision**

**MOVED: Cr P Foster**

**SECONDED: Cr M Lynch**

**That with respect to Local Government Road Inventory Data the Audit & Risk Committee recommend to Council, that Council:**

1. **Note this report; and**
2. **Request an update report when the Local Government Grants Commission respond to the Shire's correspondence as outlined in this Report; and**
3. **Request the Chief Executive Officer to provide further update to the Audit & Risk Committee when the Local Government Grants Commission responds to the Shire's correspondence as outlined in this Report; and**
4. **Request the Chief Executive Officer to immediately review the road register and report back to the Audit and Risk Committee on 19 June 2018.**

**CARRIED 4/0**

**Crs Foster, Lynch, White and Dias voted for the motion**

**Reason for change of recommendation**

To provide Councillors an update on the Road Register.



**7.4 ANNUAL LEAVE AND LONG SERVICE LEAVE LIABILITY OF SHIRE STAFF**

**MINUTE:** 16/2018

<b>FILE REFERENCE:</b>	PE03
<b>AUTHOR'S NAME AND POSITION:</b>	Rachel Cassidy Organisational Development Coordinator
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	28 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

**Summary**

The purpose of this report is to provide the Audit and Risk Committee with information relating to Annual Leave and Long Service Leave Accruals of Shire staff.

**Background**

Annual Leave

Every Shire of Ashburton (SoA) employee is entitled to six weeks of annual leave per year. This represents ~11.5% of the employee's annual ordinary-hours pay, but only constitutes a real liability where the full amount of leave is not taken each year, and is not otherwise budgeted for (i.e. is either carried over as a balance from one year to the next or cashed out – effectively becoming the same as unbudgeted additional hours). Longer periods of leave may potentially require a relief worker (i.e. resulting in further additional cost)

In 2016/17 financial year, SoA paid a total of 31,876.55 hours of Annual Leave at a value of \$1,256,405.45. These figures include leave taken, cashed out and paid out on termination. The SoA Annual Leave Liability as at 30 June 2017 was \$904,876.00 (including on costs).

Section 10.3.3 of the *Shire of Ashburton Enterprise Agreement 2017* provides for the Shire to request an employee with leave accruals in excess of 320 hours to reduce their Annual Leave balance giving notice.

As at 30 June 2017, 6 SoA employees, had an annual leave liability in excess of 320 hours.

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As at 30 January 2018, 12 employees had an Annual Leave balance in excess of 320 hours. Of these employees, 11 have a plan in place to manage their excess leave.

### Long Service Leave

Under the *Local Government (Long Service Leave) Regulations*, an employee is entitled to 13 calendar weeks' paid time off for every 10 years worked. When an employee with seven or more years of continuous service in (WA) Local Government service terminates, his/her balance is either paid out or transferred to his/her new Local Government Employer. There are otherwise no cash-out provisions, but an employee can choose to take half this amount of time off at double-pay, or double this amount of time off at half-pay.

In the 2016/17 financial year SoA paid a total of 1926.64 hours of Long Service Leave at a value of \$113,694.40 to employees. \$20,325.08 was paid to other Local Governments for transfer of entitlement of terminated employees.

The Shire of Ashburton Long Service Leave Liability as at 30 June 2017 was \$747,628.29. This figure includes calculations of index, discount and on costs as well as payments received from other Local Governments and payments owed to other Local Governments.

Liabilities as at 30 June 2017 are as follows:

- \$443,449.73 has been classified as current – being Long Service Leave for employees who have 7 or more years of service in WA Local Government.
- \$304,178.56 has been classified as non-current – being for Long Service Leave for employees who have less than 7 years of service in WA Local Government.
- Include a reference to the average % of employees who terminate (without transferring to another LG) before reaching the 7 year threshold.
- 7 employees, as at 30 June 2017, are entitled to take their Long Service Leave entitlements.

A summary of employees who have an excess of 13 weeks Long Service Leave is below;

<b>Employee Number</b>	<b>30 June 2017 Liability (weeks)</b>	<b>30 June 2017 Liability (\$)</b>
551	16.58	\$29,323.67
549	15.74	\$35,926.98
645	13.23	\$8,703.08
1284	13.82	\$18,255.46
96	16.35	\$21,350.09
98	18.92	\$34,294.28
536	15.77	\$33,586.77
<b>Total</b>	<b>110.41</b>	<b>\$181,440.33</b>

## MINUTES - AUDIT & RISK COMMITTEE MEETING 13 MARCH 2018

Long Service Leave Liability 2016 vs 2017:

<b>Number of employees (headcount) as at 30 June 2016</b>	<b>Liability as at 30 June 2016</b>	<b>Number of employees (headcount) as at 30 June 2017</b>	<b>Liability as at 30 June 2017</b>
192	\$685,586.41*	188	\$732,573.52*

\*Values include current and non-current liabilities. A 2.4% pay rise was granted to staff effective 01 July 2016.

### **Comment**

It is considered that both the annual leave and long service leave accrual figures presented above are manageable and therefore do not currently present a high level of risk to the Shire of Ashburton.

In a bid to achieve ongoing improvement, Shire staff will continue to review existing directives and procedures related to leave management to ensure better practice principles are integrated where possible.

It is noted that *Regulation 8 (2) of the Local Government (Long Service Leave) Regulations* states:

*“(2) Where the commencement of long service leave under regulation 6 has been postponed to meet the convenience of the worker beyond the period of 6 months mentioned in regulation 7(1)(b) the rate of payment for or in lieu of that leave shall be the rate applicable to him for ordinary time (excluding all allowances) at the end of that period of 6 months unless otherwise agreed in writing between the employer and the worker.”*

In this regard and as an incentive to reduce the Long Service Leave liability, Council should be asked to agree to Long Service Leave entitlements being renumerated at current pay rates until 31 December 2018. Any extension of this period would be referred back to Council.

### **Consultation**

Chief Executive Officer  
Directors  
Manager Organisational Development

### **Statutory Environment**

*Local Government Act 1995 s. 5.48*  
*Local Government (Long Service Leave) Regulations*  
*Shire of Ashburton Enterprise Agreement 2017*

### **Financial Implications**

Due to the basis of this report providing a summary of leave accumulations as at 30 June 2017, accepting this report will have no associated financial implications.

### **Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 1 – Effective Planning for the Future

Desired Outcome – Ensure that Shire resources are optimally applied to achieving community outcomes, whilst maintaining financial sustainability.

Goal 5 – Inspiring Governance

Objective 4 – Exemplary team and work environment

Desired Outcome – Highly-functioning Shire team that effectively manages the Shire’s resources to build strong communities.

**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”, can be managed by routine procedures, and are unlikely to need specific application of resources.

**Policy Implications**

There are currently no 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 Annual Leave and Long Service Leave Liability of Shire Staff that the Audit & Risk Committee recommend to that to Council, that Council:**

- 1. Note the report; and**
- 2. That the Shire management continue to provide Annual Leave and Long Service Leave progress reports to the Audit and Risk Committee over the next six (6) month period; and**
- 3. Support the Chief Executive Officer approving Long Service Leave entitlements being renumerated at current pay rates until 31 December 2018.**

**CARRIED 4/0**

**Crs Foster, Lynch, White and Dias voted for the motion**

## 8. CONFIDENTIAL MATTERS

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

*(2) 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.*

**Committee Decision**

**MOVED: Cr K White**

**SECONDED: Cr D Dias**

**That Council close the meeting to the public at 10.57 am pursuant to sub section 5.23 (2) (a) and (b) of the Local Government Act 1995.**

**CARRIED 4/0**

**Crs Foster, Lynch, White and Dias voted for the motion**

**8.1 CONFIDENTIAL ITEM - UPDATE ON WITTENOOM LITIGATION**

**MINUTE:** 15/2018

<b>FILE REFERENCE:</b>	LS34
<b>AUTHOR'S NAME AND POSITION:</b>	Keith Pearson Special Projects Officer
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	28 February 20118
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

Report / Attachment is Confidential as per *Local Government Act 1995, Section 5.23*.

**REASON FOR CONFIDENTIALITY**

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

- (a) *a matter affecting an employee or employees; and*
- (b) *the personal affairs of any person;*

**Officers Recommendation and Committee Decision**

**MOVED:** Cr K White

**SECONDED:** Cr M Lynch

**That with respect to Confidential Item – Update on Wittenoom Litigation that the Audit & Risk Committee recommend to Council, that Council:**

1. **Note the report; and**
2. **That the Shire management continue to provide Wittenoom Litigation progress reports to the Audit & Risk Committee over the next six (6) month period.**

**CARRIED 4/0**

**Crs Foster, Lynch, White and Dias voted for the motion**

**Committee Decision**

**MOVED: Cr M Lynch**

**SECONDED: Cr D Dias**

**That Council re-open the meeting to the public at 11.06 am.**

**CARRIED 4/0**

**Crs Foster, Lynch, White and Dias voted for the motion**

**9. NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on Tuesday 19 June 2018, at the Ashburton Hall, Ashburton Avenue, Paraburdoo commencing at a time to be determined.

**10. CLOSURE OF MEETING**

The Presiding Member closed the meeting at 11.07 am.