



UNCONFIRMED MINUTES

Audit and Risk Committee Meeting Tuesday, 14 June 2022

Date: Tuesday, 14 June 2022

Time: 3.00pm

Location: Council Chambers, York Town Hall, York

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**MINUTES OF SHIRE OF YORK
AUDIT AND RISK COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, YORK TOWN HALL, YORK
ON TUESDAY, 14 JUNE 2022 AT 3.00PM**

1 OPENING

1.1 Declaration of Opening

Cr Denese Smythe, Presiding Member, declared the meeting open at 3.00pm.

1.2 Acknowledgement / Disclaimer

The Presiding Member advised the following:

"The York Shire Council acknowledges the traditional owners of the land on which this meeting is held.

This meeting is being recorded on a digital audio device to assist with minute taking purposes. The public is reminded that in accordance with Section 6.16 of the Shire of York Local Government (Council Meetings) Local Law 2016 that nobody shall use any visual or vocal recording device or instrument to record the proceedings of Council without the written permission of the presiding member.

I wish to draw attention to the Disclaimer Notice contained within the agenda document and advise members of the public that any decisions made at the meeting today, can be revoked, pursuant to the Local Government Act 1995.

Therefore members of the public should not rely on any decisions until formal notification in writing by Council has been received. Any plans or documents in agendas and minutes may be subject to copyright. The express permission of the copyright owner must be obtained before copying any copyright material."

1.3 Attendance via Electronic Means

Nil

1.4 Standing Orders

Nil

1.5 Announcement of Visitors

Nil

1.6 Declarations of Interest that Might Cause a Conflict

Nil

1.7 Declaration of Financial Interests

Nil

1.8 Disclosure of Interests that May Affect Impartiality

Nil

2 ATTENDANCE

2.1 Members

Cr Denese Smythe, Presiding Member

Cr Denis Warnick; Cr Pam Heaton; Cr Kevin Trent; Mr Peter Carden

2.2 Staff

Chris Linnell, Chief Executive Officer; Alina Behan, Executive Manager Corporate & Community Services; Sinead McGuire, Executive Manager Infrastructure & Development Services; Vanessa Green, Council & Executive Support Officer

2.3 Apologies

Nil

2.4 Leave of Absence Previously Approved

Nil

2.5 Number of People in the Gallery at Commencement of Meeting

There were zero (0) people in the Gallery at the commencement of the meeting.

3 QUESTIONS FROM PREVIOUS MEETINGS

Nil

4 PUBLIC QUESTION TIME

Public Question Time is conducted in accordance with the Act and Regulations. In addition to this the Shire's *Local Government (Council Meetings) Local Law 2016* states –

6.7 Other procedures for question time for the public

- (1) A member of the public who wishes to ask a question during question time must identify themselves and register with a Council Officer immediately prior to the meeting.
- (2) A question may be taken on notice by the Council for later response.
- (3) When a question is taken on notice the CEO is to ensure that—
 - (a) a response is given to the member of the public in writing; and
 - (b) a summary of the response is included in the agenda of the next meeting of the Council.
- (4) Where a question relating to a matter in which a relevant person has an interest is directed to the relevant person, the relevant person is to—
 - (a) declare that he or she has an interest in the matter; and
 - (b) allow another person to respond to the question.
- (5) Each member of the public with a question is entitled to ask up to 2 questions before other members of the public will be invited to ask their questions.
- (6) Where a member of the public provides written questions then the Presiding Member may elect for the questions to be responded to as normal business correspondence.

- (7) The Presiding Member may decide that a public question shall not be responded to where—
- (a) the same or similar question was asked at a previous meeting, a response was provided and the member of the public is directed to the minutes of the meeting at which the response was provided;
 - (b) the member of the public uses public question time to make a statement, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the statement as a question; or
 - (c) the member of the public asks a question that is offensive or defamatory in nature, provided that the Presiding Member has taken all reasonable steps to assist the member of the public to phrase the question in a manner that is not offensive or defamatory.
- (8) A member of the public shall have 2 minutes to submit a question.
- (9) The Council, by resolution, may agree to extend public question time.
- (10) Where any questions remain unasked at the end of public question time they may be submitted to the CEO who will reply in writing and include the questions and answers in the agenda for the next ordinary Council meeting.
- (11) Where an answer to a question is given at a meeting, a summary of the question and the answer is to be included in the minutes.

Public Question Time commenced at 3.03pm.

4.1 Written Questions – Current Agenda

Nil

4.2 Public Question Time

Nil

As there were no questions asked, Public Question Time concluded at 3.03pm.

5 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

6 PRESENTATIONS

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

COMMITTEE RECOMMENDATION

Moved: Cr Kevin Trent

Seconded: Mr Peter Carden

That the minutes of the Audit and Risk Committee Meeting held on 8 March 2022 and the Special Audit and Risk Committee Meeting held on 5 April 2022 be confirmed as a correct record of proceedings.

CARRIED: 5/0

8 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

The Shire President welcomed the Committee's new member, Cr Pam Heaton.

9 OFFICER'S REPORTS

9.1 FINANCE AND COSTING REVIEW SUMMARY – QUARTER THREE

File Number:	4.0453
Author:	Alina Behan, Executive Manager Corporate & Community Services
Authoriser:	Chris Linnell, Chief Executive Officer
Previously before Council:	Not applicable
Appendices:	1. Finance and Costing Review Q3 2022/23 ↓ 2. Extract from March 2022 Monthly Financial Statements ↓

NATURE OF THE AUDIT COMMITTEE'S ROLE IN THE MATTER

Review

PURPOSE OF REPORT

This report presents the results of the third quarter Finance and Costing Review (FACR) to the Audit and Risk Committee (the Committee) for its consideration and recommendation to Council.

BACKGROUND

On a quarterly basis, Officers undertake a FACR, the results of which are presented to the Committee. This process was implemented to ensure regular monitoring of income and expenditure in accordance with the adopted budget and to improve accountability, transparency and knowledge of Officers who are responsible for accounts within the budget.

The third quarter review assists to inform the budget planning process by highlighting over or under income and expenditures and forecasting the year end position. As a result, the timing of this review complements the timing for close-off of carry forwards in the development of next year's draft budget.

A comprehensive review of the 2021/22 Adopted Budget and year to date actuals to 31 March 2022 has been undertaken inclusive of the amendments previously endorsed by Council to date. Officers have reported on major variances in accordance with the reporting thresholds adopted by Council and provided comments where applicable.

COMMENTS AND DETAILS

As part of the annual budget preparation, Officers across the organisation are assigned projects and accounts within the budget for which they are responsible to monitor and manage. During April and May following the close of the third quarter, responsible Officers met with the Executive Leadership Team to analyse budgets and consider any necessary variations to the Adopted Budget. The review considers a number of factors including what has occurred during the previous three quarters, the likely operating environment over the remaining months and the estimated impact on the Shire's financial position at year end.

Following this review process, a summary of all material variances was compiled for consideration by the Committee. The total proposed adjustments in the third quarter of the 2021/22 Financial year represent a net change of \$141,818 and are presented as Appendix 1 FACR Q3 21/22.

Operating income:

Notable changes to operating include:

1. Grant funds of \$25,000 received from the National Australia Day Council to support Australia Day celebrations and the Ballardong Boodja Day.

Operating Expenses:

The third quarter review identified minor uplifts in expenses across a number of general ledger line items, but these were offset by a reduction in the operating expenditure or grant funding:

1. Public relations expenditure increased by \$12,000 due to Australia Day and the Ballardong Boodja celebrations. This was offset by significant grant funding.
2. Vehicle maintenance costs have increased due to parts scarcity and the unavailability of replacement vehicles.
3. Furniture and Equipment Administration has seen additional expenditure throughout the year due to unforeseen omissions in the original procurement for Altus systems upgrades.

Capital Programme:

Major variance to the capital program include:

1. The most significant change to the capital budget has resulted from the withdrawal from sale of 2 Dinsdale Street. This property is now required to service staff accommodation. This affects both the income from sale and the resultant transfer to reserve funding of the income.
2. The hardstand and cover initially proposed to improve amenity is no longer required to the property maintenance officer shed freeing up \$13,400 in budget to service other overruns.

The March Financial Statements (extract presented as Appendix 2) predict a \$5,234,990 surplus. This is comprised of approximately \$1 million surplus position in operating (revenue/expenses) and approximately \$2.8 million in capital. The operating surplus can be attributed to lower staffing costs due to unfilled positions, lower purchasing and higher than expected incomes across a range of programmes. The capital position is in surplus mainly due to the non-delivery of infrastructure assets. Much of this will be carried forward into the next financial year for delivery although some large items such as the new grader are expected to be received before year end.

This surplus position presents a number of risks in the following financial year:

Operational: The increased capital carry-forwards need to be considered against proposed work program for 2022/23 to ensure adequate resourcing. This will be mitigated by the increased staffing proposed in the organisational review and through the 2022/23 budgeting process.

Reputational: Residents may object to proposed rates increases noting the larger than usual surplus. This will be mitigated by communicating the works program to Council and residents.

OPTIONS

The Committee has the following options:

Option 1: The Committee could recommend to Council that it accepts the third quarter FACR and requests the Chief Executive Officer to amend the budget in accordance with the variations.

Option 2: The Committee could recommend to Council that it rejects the third quarter FACR.

Option 1 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

Office of the Auditor General

Department of Local Government, Sport & Cultural Industries

Executive Leadership Team

Policy Related

F3 Significant Accounting Policies

F11 Financial Planning and Sustainability

Financial

The financial impact of the FACR for the quarter ending 31 March 2022 is presented in Appendix 1. A year end surplus of \$5,234,990 was predicted prior to the FACR process.

Legal and Statutory

Section 6.2 of the *Local Government Act 1995* is applicable and states:

“6.2. Local government to prepare annual budget

- (1) *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.*

** Absolute majority required.*

- (2) *In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —*
 - (a) *the expenditure by the local government; and*
 - (b) *the revenue and income, independent of general rates, of the local government; and*
 - (c) *the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.*
- (3) *For the purposes of subsections (2)(a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.*
- (4) *The annual budget is to incorporate —*
 - (a) *particulars of the estimated expenditure proposed to be incurred by the local government; and*
 - (b) *detailed information relating to the rates and service charges which will apply to land within the district including —*
 - (i) *the amount it is estimated will be yielded by the general rate; and*
 - (ii) *the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;*
 - and*
 - (c) *the fees and charges proposed to be imposed by the local government; and*
 - (d) *the particulars of borrowings and other financial accommodation proposed to be entered into by the local government; and*
 - (e) *details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used; and*
 - (f) *particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and*
 - (g) *such other matters as are prescribed.*
- (5) *Regulations may provide for —*
 - (a) *the form of the annual budget; and*
 - (b) *the contents of the annual budget; and*
 - (c) *the information to be contained in or to accompany the annual budget.”*

Regulation 5 of the *Local Government (Financial Management) Regulations 1996* details the CEO's duties in relation to financial management and states:

“5. CEO’s duties as to financial management

- (1) *Efficient systems and procedures are to be established by the CEO of a local government —*
 - (a) *for the proper collection of all money owing to the local government; and*
 - (b) *for the safe custody and security of all money collected or held by the local government; and*
 - (c) *for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
 - (d) *to ensure proper accounting for municipal or trust —*
 - (i) *revenue received or receivable; and*
 - (ii) *expenses paid or payable; and*
 - (iii) *assets and liabilities;**and*
 - (e) *to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
 - (f) *for the maintenance of payroll, stock control and costing records; and*
 - (g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) *The CEO is to —*
 - (a) *ensure that the resources of the local government are effectively and efficiently managed; and*
 - (b) *assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
 - (c) *undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.”*

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* is applicable to the budget review and states:

“33A. Review of budget

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *The review of an annual budget for a financial year must —*
 - (a) *consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - (b) *consider the local government’s financial position as at the date of the review; and*
 - (c) *review the outcomes for the end of that financial year that are forecast in the budget.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
- (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required.*

- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.”*

Risk Related

Failure to monitor and financially manage budgeted projects exposes Council to significant risk. This report helps to mitigate that risk.

However, the review does not seek to make amendments below the materiality threshold unless strictly necessary. The materiality threshold is set at \$5,000 as adopted by Council. Should a number of accounts exceed their budget within these thresholds, it poses a risk that the forecasted year end position may be understated.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION

Moved: Mr Peter Carden

Seconded: Cr Kevin Trent

That, with regard to the Finance and Costing Review Summary – Quarter Three, the Audit and Risk Committee recommends to Council that it:


- 1. Resolves to accept the third quarter Finance and Costing Review Summary, as presented in Appendix 1.**
- 2. Notes the supporting information to the third quarter Finance and Costing Review, as presented in Appendix 2.**
- 3. Requests the Chief Executive Officer to amend the budget in accordance with the variations, as presented in Appendix 1.**


CARRIED: 5/0



FINANCE AND COSTING REVIEW SUMMARY 2021/22 - Quarter 3

DESCRIPTION	COA	CURRENT BUDGET	FACR IMPACT QUARTER 3	FORECASTED YEAR END	COMMENTS/JUSTIFICATION FOR REQUEST
CARRY FORWARD SURPLUS FROM QTR 2		0	(108,818)	(108,818)	ESTIMATED SURPLUS FROM MID YEAR BUDGET REVIEW REPORTED TO AUDIT AND RISK COMMITTEE 5 APRIL 2022
PUBLIC RELATIONS	41112	61,706	12,000	73,706	ADDITIONAL EXPENSES INCURRED DUE TO AUSTRALIA DAY CELEBRATIONS AND 2022 BALLARDONG BOODJA DAY OFFSET BY AUSTRALIA DAY GRANT INCOME
AUSTRALIA DAY COUNCIL MUN	41268	0	(25,000)	(25,000)	UNBUDGETED INCOME TO SUPPORT AUSTRALIA DAY CELEBRATIONS AND BALLARDONG BOODJA DAY
STRATEGIC PLANNING MUN	41124	5,000	(5,000)	0	NO PLANNED EXPENSES FOR STRATEGIC PLANNING. TO BE REPURPOSED TO SUPPORT FUNDING REQUIRED FOR SCHEDULE (4) MOTOR VEHICLE AND SUNDRY
MOTOR VEHICLE EXPENSES	42114	14,000	5,000	19,000	ADDITIONAL VEHICLE RELATED MAINTENANCE EXPENSES ADDITIONAL FUNDS REQUIRED FOR 21/22
OFFICE EXP-OFFICE EQUIP MTCE MUN	42186	29,843	(5,000)	24,843	REDUCE BY \$5K TO BE REPURPOSED TTO SUPPPORT FUNDING REQUIRED FOR SCHEDULE OFFICE EXP SUNDRY
OFFICE EXP-SUNDRY MUN	42190	20,000	5,000	25,000	ADDITIONAL FUNDS REQUIRED DUE TO INCREASED ADVERTISING AND EMPLOYMENT EXPENSES FOR RECRUITMENT
FURNITURE & EQUIPMENT ADMIN MUN	43142	100,870	13,800	114,670	ORIGINAL BUDGET \$81115 TOPPED UP IN FACR2 \$19755. ADDITIONAL \$14K REQUIRED FOR ALTUS ECM REPORTING MODULE
TRANSFER TO RESERVES FUNDS	43143	300,000	(250,000)	50,000	REDUCE BY \$250K TRANSFER NOT REQUIRED DUE WITHDRAWN SALE OF 2 DINSDALE ST
ANIMAL CONTROL SALARIES	52163	30,606	(1,500)	29,106	NO RANGER FOR PART OF THE YEAR, FUNDS TO BE REPURPOSED AS PART OF ANIMAL CONTROL EXPENSES
ANIMAL CONTROL SUNDRY EXPENDITURE	52172	500	1,500	2,000	ADDITIONAL FUNDS REQUIRED DUE TO INCREASE OF CATS IMPOUNDED

 FINANCE AND COSTING REVIEW SUMMARY 2021/22 - Quarter 3					
DESCRIPTION	COA	CURRENT BUDGET	FACR IMPACT QUARTER 3	FORECASTED YEAR END	COMMENTS/JUSTIFICATION FOR REQUEST
PANDEMIC RESPONSE	77165	10,000	3,000	13,000	COVID SUPPORT PACKS AND RAT TESTS PURCHASED
GRANTS EXPENDITURE PROJECTS	118187	5,000	(5,000)	0	SHIRE CONTRIBUTION TO TOWN HALL CHAMBERS HONOUR BOARD PROJECT NO EXPENSES EXPECTED TO BE COMPLETED BY EOFY
ARTS AND CULTURAL HERITAGE PLANNING MUN	119122	9,000	(9,000)	0	ADJUSTED AT FACR 1 FOR PUBLIC ART PLAN HOWEVER NOT EXPECTED TO BE COMPLETED BY EOFY. RAP PLAN NOT FINALISED AND CULTURAL AWARENESS TRAINING TO OCCUR IN 22/23. FUNDS TO BE REPURPOSED
AVON PARK MAINTENANCE	113100	127,043	(7,705)	119,338	REPURPOSE FUNDS NOT REQUIRED TO OTHER PARKS & GARDENS
ARBORETUM MAINTENANCE - FORD/GREY ST	113107	2,323	1,237	3,560	TOP UP REQUIRED FROM AVON PARK MAINTENANCE
TOILETS AVON PARK	113115	24,013	6,468	30,481	TOP UP REQUIRED FROM AVON PARK MAINTENANCE
TRANSFER TO RESERVE - RECREATION	113304	100,000	(100,000)	0	TRANSFER NOT REQUIRED
TRANSFER TO RESERVE - SWIMMING POOL	TBA	0	100,000	100,000	REALLOCATION OF RECREATION RESERVE FUNDING FOR FUTURE SWIMMING POOL WORKS
REGIONAL ROAD GROUP PROJECTS MUN	122401	50,000	(25,000)	25,000	REDUCED AT FACR1 REQUEST TO REDUCE DOWN TO \$25K
AREA PROMOTION MUN	132145	71,000	(6,400)	64,600	FUNDS REPURPOSED FOR DEPOT STAFF ASSISTANCE DURING EVENT PEAK PERIOD AND BANNER INSTALLATION AND REMOVAL

 FINANCE AND COSTING REVIEW SUMMARY 2021/22 - Quarter 3					
DESCRIPTION	COA	CURRENT BUDGET	FACR IMPACT QUARTER 3	FORECASTED YEAR END	COMMENTS/JUSTIFICATION FOR REQUEST
STAFF TRAINING/CONFERENCES MUN	42171	70,230	5,000	75,230	ADDITIONAL TRAINING EXPENSES REQUIRED UPSKILLING STAFF TO FILL VACANCIES
INFORMATION BAYS/TELEPHONE BOX	132146	2,947	2,487	5,434	SHIRE PLANT AND LABOUR EXPENSES MORE THAN BUDGETED
BANNER INSTALLATION & REMOVAL MUN	132154	2,502	2,413	4,915	ADDITIONAL BANNER EXPENSES EXPECTED DUE TO EVENT SEASON
FESTIVALS AND EVENTS - SHIRE ASSISTANCE MUN	132160	5,811	1,500	7,311	ADDITIONAL FUNDS REQUIRED FOR DEPOT STAFF ASSISTANCE DURING EVENT PEAK
PROTECTIVE CLOTHING MUN	143164	10,000	2,885	12,885	NEW STAFF ADDITIONAL PROTECTIVE CLOTHING PURCHASED
MEETING ATTENDANCE MUN	143167	8,796	3,115	11,911	ADDITIONAL TOOL BOX MEETINGS AND ADDITIONAL STAFF ATTENDEES
SAFETY MANAGEMENT MUN	143168	7,739	5,000	12,739	SAFETY MANAGEMENT TRAINING REQUIRED DUE TO ADDITIONAL STAFF
DEPOT - BUILDINGS CAPITAL MUN	143304	13,800	(13,800)	0	HARDSTAND LEAN TO SHED NO LONGER REQUIRED BY PROPERTY MAINTENANCE OFFICER
PROCEEDS - SALE OF LAND MUN	144297	(250,000)	250,000	0	EXPECTED PROCEEDS WITHDRAWN SALE OF LAND AND BUILDING OF 2 DINSDALE ST
NET IMPACT - QUARTER 3		832,729	(141,818)	690,911	

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SHIRE OF YORK
STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MARCH 2022

	2021/22 ANNUAL BUDGET	2020/21 CURRENT BUDGET	2021/22 YTD BUDGET	2021/22 YTD ACTUAL 31/03/2022	VAR TO YTD BUDGET \$	VAR TO BUDGET %
OPERATING REVENUE						
General Purpose Funding	7,175,443	7,175,443	6,966,982	7,031,790	64,808	1%
Governance	2,720	2,720	2,007	34,978	32,971	1643%
Law, Order Public Safety	122,367	122,367	102,137	53,725	(48,412)	-47%
Health	22,800	22,800	20,794	25,845	5,051	24%
Education and Welfare	58,624	58,624	49,581	49,598	17	0%
Community Amenities	783,957	787,957	759,366	792,635	33,269	4%
Recreation and Culture	291,067	402,387	337,278	334,146	(3,132)	-1%
Transport	1,683,527	1,364,838	1,340,960	506,747	(834,213)	-62%
Economic Services	268,204	270,204	235,525	217,856	(17,669)	-8%
Other Property and Services	34,100	34,100	25,560	30,265	4,705	18%
	10,442,811	10,241,441	9,840,190	9,077,585	(762,605)	-13%
LESS OPERATING EXPENDITURE						
General Purpose Funding	(757,496)	(610,996)	(492,138)	(214,315)	277,822	-56%
Governance	(954,074)	(1,086,837)	(791,585)	(530,530)	261,055	-33%
Law, Order, Public Safety	(498,588)	(499,589)	(392,822)	(337,250)	55,573	-14%
Health	(202,490)	(248,490)	(188,193)	(169,782)	18,411	-10%
Education and Welfare	(168,968)	(178,968)	(134,109)	(93,117)	40,992	-31%
Community Amenities	(1,298,764)	(1,319,764)	(990,038)	(697,939)	292,099	-30%
Recreation and Culture	(3,297,258)	(3,566,820)	(2,676,936)	(2,445,347)	231,589	-9%
Transport	(2,681,574)	(2,751,574)	(2,084,380)	(2,569,345)	(484,965)	23%
Economic Services	(1,397,341)	(1,357,342)	(1,094,827)	(717,510)	377,317	-34%
Other Property & Services	(183,066)	(8,067)	(35,026)	(232,056)	(197,030)	563%
	(11,439,620)	(11,628,446)	(8,880,054)	(8,007,191)	872,863	-30%
Increase/(Decrease)	(996,810)	(1,387,005)	960,136	1,070,394	110,258	-207%

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26 April 2022



SHIRE OF YORK
STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MARCH 2022

	2021/22 ANNUAL BUDGET	2020/21 CURRENT BUDGET	2021/22 YTD BUDGET	2021/22 YTD ACTUAL 31/03/2022	VAR TO YTD BUDGET \$	VAR TO BUDGET %
ADD						
Principal Repayment Received - Loans	-	-	-	-	-	0%
(Profit)/Loss on sale of assets	248,950	248,950	248,950	(8,244)	(257,194)	0%
Movement in Contract Liabilities	-	-	-	-	-	0%
Net Change in LSL Reserve	-	-	-	2,406	-	0%
Accrued NC Leave Provisions	-	-	-	-	-	0%
Depreciation Written Back	2,585,950	2,518,950	1,889,109	2,209,716	320,607	0%
Rounding	3	4	-	-	-	0%
Total Non- Cash Items	2,834,903	2,767,904	2,138,059	2,203,878	63,413	-22%
Sub Total Operating	1,838,094	1,380,899	2,177,067	3,274,272	173,671	78%
LESS CAPITAL PROGRAMME						
Purchase Land & Buildings	(679,300)	(677,500)	(506,229)	(204,205)	302,024	-60%
Infrastructure Assets	(2,951,659)	(2,647,941)	(1,985,904)	(267,003)	1,718,901	-87%
Purchase Plant and Equipment	(1,106,000)	(1,086,250)	(817,034)	(128,142)	688,892	-84%
Purchase Furniture and Equipment	(121,710)	(152,785)	(149,202)	(53,811)	95,391	-64%
Repayment of Debt - Loan Principal	(251,899)	(251,899)	(188,901)	(178,019)	10,882	-6%
Transfer to Reserves	(408,000)	(408,000)	(4,000)	(11,288)	(7,288)	0%
	(5,518,568)	(5,224,375)	(3,651,270)	(842,467)	2,808,803	-77%
LESS FUNDING FROM						
Reserves	635,000	635,000	-	-	-	-100%
Loans Raised	-	-	-	-	-	0%
Proceeds from Asset Sale	612,000	603,200	-	89,091	89,091	-85%
Opening Funds	2,433,474	2,714,094	2,433,474	2,714,094	280,620	12%
	3,680,474	3,952,294	2,433,474	2,803,185	369,711	-24%
ESTIMATED SURPLUS/(DEFICIT)	-	108,818	959,271	5,234,990	3,352,185	

9.2 RISK MANAGEMENT UPDATE AS AT 12 MAY 2022

File Number: 3.00515; 4.2641

Author: Alina Behan, Executive Manager Corporate & Community Services

Authoriser: Chris Linnell, Chief Executive Officer

Previously before Council: Not applicable

Appendices: 1. Risk Dashboard - May 2022 [↓](#)

NATURE OF COMMITTEE'S ROLE IN THE MATTER

Executive

PURPOSE OF REPORT

This report provides the Audit and Risk Committee (the Committee) with an update regarding progress on the Shire's Risk Management.

BACKGROUND

An internal Risk Working Group (RWG) has been formed to enable Officers from across the organisation to meet regularly and monitor the progress against the Risk Improvement Plan, Risk Management Framework and Register. Further, the RWG is responsible for implementation of timely and effective remedial measures to address risk management deficiencies.

The Risk Management Framework was developed to address various Regulation 17 audit recommendations aimed at improving the Shire's risk management. In addition to the Regulation 17 Reviews undertaken in 2017 and 2020, and because of the findings of the 2018/19 Financial Audit, Officers have further incorporated better practice recommendations provided by the Office of the Auditor-General into the risk register.

This report presents an update of risks identified and addressed across the organisation for consideration and recommendation to Council. As requested at the Committee's March 2022 meeting (and endorsed at Council's March 2022 Ordinary Meeting), this report will now be presented quarterly (Resolution 020322). See resolution below:

COMMITTEE RECOMMENDATION

Moved: Mr Peter Carden

Seconded: Cr Kevin Trent

That, with regard to the Risk Management Update as at 28 February 2022, the Audit and Risk Committee recommends that Council:

- 1. Receives the Shire of York Risk Register Dashboard Report as at 28 February 2022 as presented in Appendix 1.**
- 2. Notes the progress made to date regarding the actions contained in the Risk Register.**
- 3. Requests the Chief Executive Officer to report progress against the Risk Register quarterly to the Audit and Risk Committee.**

CARRIED: 3/0

COMMENTS AND DETAILS

The RWG meets regularly to review and update the risk register and prioritise actions considering potential organisational opportunities and the adverse effects that could result. The RWG monitors these risks so that organisational objectives can be achieved giving consideration to the Shire's appetite for risk.

Since the last risk update good progress has been made against some risk items. Of particular note is the commencement of Asset Management Plans for Transport/Civil and Open Spaces. These items along with the accompanying condition reports and valuations will allow for a more accurate understanding of the Shire's financial position and feed into a review of the Long-Term Financial Plan. Progress against these and the Contractor Management suite of documents will also resolve concerns raised by the Office of the Auditor General.

The RWG review for this quarter was held on 12 May 2022 and the risk dashboard updated. The dashboard report details a total of fifty-five (55) actions that are still in progress or ongoing or are new actions to be completed. The updated Risk Dashboard and Profiles is presented in Appendix 1.

Asset Sustainability

Asset Management Plans (AMPs) for transport/civil are underway with an external consultant. These were scheduled for completion in the 2021/22 financial year. However, due to COVID constraints these are not likely to be completed and received until July.

The Open Space AMP is being completed in-house. However, the condition survey and valuations will be conducted by an external consultant in 2022/23 along with the Buildings AMP valuations and conditions surveys.

Business Continuity Disruption

Staffing continues to be an issue with approximately 4-5 staff absent each week with COVID or other illnesses. Recruiting new staff has been difficult due to the lack of available talent in the market. Critical workflows were identified and reviewed as part of the Business Continuity Plan and continue to be prioritised. Recruitment and marketing processes are under review to increase staff attraction. A Housing Strategy is to be developed to support key staff placements.

Document Management Processes

Records refresher training was undertaken with all staff for the new Enterprise Content Management System. A budget allocation has been made in 2022/23 for additional records staff to complete training on behalf of all staff. Software has also been budgeted for in 2022/23 to capture social media records and fulfil compliance with the *State Records Act 2000*.

Employment Practices

Annual refresher training for Record Keeping and Procurement was conducted as part of the transition to the new Altus systems and as part of new staff inductions. Year one of the Workforce Plan will commence in 2022/23 as the organisational realignment that resulted from the gap analysis is embedded. Future years of the Workforce Plan is to be finalised following completion of the Equal Opportunity Management Plan.

Engagement

The new Engagement Framework is being developed with new engagement strategies currently being tested such as Have Your Say Day, Playgroup Catch Ups and online surveys. The effectiveness of these new strategies will be measured in the 2022/23 Community Scorecard.

Environment Management

Officers are undertaking a desktop review of research into corella management to develop new strategies for York. A mosquito spray unit has been budgeted for in 2022/23 to allow quick response to residents' concerns relating to infestations. 'Hockey stick' locations will also be reviewed to ensure they match areas of registered endangered flora.

Errors, Omissions and Delays

Works are being delayed due to unavailability of stock items. The EMIDS is working with Officers to identify items on the critical path and arrange early ordering and delivery for 2022/23.

External Theft and Fraud/Misconduct

The Fraud and Corruption Management Plan is underway with LGIS, the expected completion date being July 2022. A survey was sent to all elected members and staff to test their understanding of current control measures. A cash handling refresher update is planned for Containers for Change, the Residency Museum, Visitor Centre, Pool and Customer Service.

Safety and Security

Access and alarm systems are at their end of life at the Shire Administration and in need of review at the YRCC and Residency Museum. Project briefs have been prepared as part of the budget process for replacement in 2022/23. Safety Warden training was completed at outstations.

Ongoing/Superseded Actions

It is acknowledged that some actions were not completed as planned including:

1. Development of an asset replacement program for capital equipment and vehicles
2. Develop and implement asset management processes
3. Review compliance calendar and report to Audit and Risk Committee
4. Documents clear internal processes and system to report any potential fraud, that include anonymous reporting

In the asset space, focus has been on completing the Asset Management Plan for transport and civil assets as this is where the Shire's highest capital investment lies. Additional plans will be completed in 2022/23. The purchase of new software in 2022/23 will resolve the compliance calendar as well as provide a one stop shop for notifications and reporting. Processes for reporting of potential fraud will be developed after the completion of the Fraud and Corruption Management Plan in July/August 2022.

New actions

A number of new items have been brought to the Shire's attention during 2022 which have been added to the Risk Register. These include:

1. Review and replacement of access and alarm systems at Shire buildings
2. Development of new engagement methods to inform a new engagement framework and testing these through the community perception survey (Community Scorecard) in 2022/23
3. Review of 'hockey stick' locations for endangered flora on roadsides

Project briefs have been prepared where necessary, prioritised accordingly, and will be presented at a budget workshop for discussion prior to inclusion in the 2022/23 budget.

OPTIONS

The Committee has the following options:

Option 1: The Committee could recommend that Council requests the Chief Executive Officer to ensure all issues have been dealt with within a certain timeframe. However, Officers have focused on those issues that present the highest risk to the Shire for immediate action within current resources and will continue to work through the remaining issues on the same basis.

Option 2: The Committee could recommend that the Council accepts the Shire of York Risk Register Dashboard Report as at 12 May 2022.

Option 2 is the recommended option.

IMPLICATIONS TO CONSIDER

Consultative

LGIS

RWG

Office of the Auditor General

Strategic

Strategic Community Plan 2020-2030

Goal 5: Strong Leadership and Governance

To have effective and responsive leadership and governance, where a sense of collective purpose and shared direction combine to work together.

Policy Related

G19 Risk Assessment and Management

Financial

Financial implications of the proposed risk mitigation strategies are presented to Council as they emerge and inform the annual budget process.

Legal and Statutory

Regulation 17 of the *Local Government (Audit) Regulations 1996* is applicable and states:

“17. CEO to review certain systems and procedures

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

Risk Related

The development and regular update of an organisational Risk Register is a risk management tool.

Workforce

It is proposed that risk mitigation actions are undertaken within current resources. Where additional resources are required, this will be identified and submitted as part of the annual budget process.

VOTING REQUIREMENTS

Absolute Majority: No

COMMITTEE RECOMMENDATION

Moved: Cr Kevin Trent

Seconded: Cr Denis Warnick

That, with regard to the Risk Management Update as at 12 May 2022, the Audit and Risk Committee recommends that Council:

1. Receives the Shire of York Risk Register Dashboard Report as at 12 May 2022, as presented in Appendix 1.
2. Notes the progress made to date regarding the actions contained in the Risk Register.

AMENDMENT

Moved: Cr Denese Smythe

Seconded: Cr Pam Heaton

That the words “and that Officers will continue to work through the remaining issues and report back to the next Audit and Risk Committee Meeting in September 2022” be added to point 2.

CARRIED: 5/0**COMMITTEE RECOMMENDATION**

Moved: Cr Kevin Trent

Seconded: Cr Denis Warnick

That, with regard to the Risk Management Update as at 12 May 2022, the Audit and Risk Committee recommends that Council:

1. Receives the Shire of York Risk Register Dashboard Report as at 12 May 2022, as presented in Appendix 1.
2. Notes the progress made to date regarding the actions contained in the Risk Register and that Officers will continue to work through the remaining issues and report back to the next Audit and Risk Committee Meeting in September 2022.

CARRIED: 5/0

Shire of York
Risk Dashboard Report
May 2022

<u>Asset Sustainability practices</u>		Risk	Control
		Moderate	Adequate
Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads and playgrounds and all other assets during their lifecycle from procurement to disposal.			
Actions	Due Date	Responsibility	
Maintenance and repairs to be documented as part of AMP's to be redone	Oct-22	TSO	
Develop asset replacement program for capital equipment and vehicles	Aug-22	EMDS/WC	
Develop and implement asset management processes	Jun-22	DSC	
Open Space Asset Management Plan to be prepared	Jun-22	EMDS	
Review Asset Management Plans and noted for Council	Jun-22	EMDS	
Prepare Asset Disposal Policy for adoption by Council	Sep-22	AGC	

<u>Document Management processes</u>		Risk	Control
		Moderate	Effective
Failure to adequately capture, store, archive, retrieve, provide or dispose of documentation.			
Actions	Due Date	Responsibility	
Develop a culture of good record-keeping	Ongoing	EMG	
Develop succession planning strategies	Ongoing	EMCCS	
Prepare project brief for records digitisation and disposal for consideration in 23/24 budget	Mar-23	AGC	

<u>Business & Community disruption</u>		Risk	Control
		High	Effective
Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal business activities. This could be a natural disaster, weather event, or an act carried out by an external party (e.g. sabotage / terrorism).			
Actions	Due Date	Responsibility	
Covid Plan Work	Ongoing	EMCCS	
Staffing - Illness, Attraction and Retention	Ongoing	EMCCS	

<u>Employment practices</u>		Risk	Control
		Moderate	Adequate
Failure to effectively manage and lead human resources (full-time, part-time, casuals, temporary and volunteers).			
Actions	Due Date	Responsibility	
Training needs identified as part of annual budget process	Ongoing	Executive & Supervisors	
Review Performance Management Process quarterly	Ongoing	EMCCS	
Ensure annual budget allocation to subscribe to WALGA HR assistance services	Ongoing	EMCCS	
Implement annual training program for staff that includes refresher training on policies and procedures	Ongoing	EMCCS	
Review Workforce Plan informed gap analysis project	Jul-22	EMCCS	

<u>Failure to fulfil Compliance requirements (statutory, regulatory)</u>		Risk	Control
		Moderate	Effective
Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated internal & public domain legal documentation.			
Actions	Due Date	Responsibility	
Review the Risk Register quarterly	Ongoing	EMCCS	
Undertake training for staff that includes refresher training on policies and procedures including changes to the Local Government Act	Ongoing	EMCCS	
Review and refresh Compliance Calendar and report to AARC	Aug-22	EMCCS	

<u>Engagement practices</u>		Risk	Control
		Low	Effective
Failure to maintain effective working relationships with the Community (including local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This includes activities where communication, feedback or consultation is required and where it is in the best interests to do so.			
Actions	Due Date	Responsibility	
Implement the actions contained in the Disability Access and Inclusion Plan	Jun-22	All staff	
Develop new Engagement Framework	Dec-22	EMCCS	
Undertake Community Scorecard 22/23	Jun-23	EMCCS	

Shire of York Risk Dashboard Report May 2022

Environment management	Risk	Control
Inadequate prevention, identification, enforcement and management of environmental issues.	Moderate	Adequate
Actions	Due Date	Responsibility
Conduct a recycling education program once new waste collection contract is signed.	Dec-19	EHO
Develop a strategy to manage corella control in the Shire of York.	Dec-19	DSC
Implement regular street sweeping program to address bird droppings in CBD	Review	WC
Engage contractor to undertake pigeon culling	Ongoing	EHO
Identification of new and review of current hockey stick locations for endangered flora on roadsides	Ongoing	EMIDS

Management of Facilities / Venues / Events	Risk	Control
Failure to effectively manage the day to day operations of facilities, venues and / or events.	Low	Adequate
Actions	Due Date	Responsibility
Social distancing measures and signage to be displayed in all Shire facilities	Ongoing	DSC
Maintain and record COVID-19 cleaning regime	Ongoing	EHO
Booking forms to include details of Evacuation Plans for all facilities	Dec-19	TSO/AGC

Project / Change management	Risk	Control
Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time delays or scope changes.	Moderate	Adequate
Actions	Due Date	Responsibility
Implement an annual staff training program that includes refresher training on project management.	Jun-19	EMCCS
Develop and distribute project planning template to all staff.	Dec-19	EMCCS
Develop and implement procedures around Grants Management	Dec-19	FM
Review Project Management processes and develop checklist	Jun-22	EMIDS

Errors, omissions & delays	Risk	Control
Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process including incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff.	Moderate	Effective
Actions	Due Date	Responsibility
Implement a staff training program that includes refresher training on procurement	Ongoing	EMCCS
Works delayed by stock items	Ongoing	EMIDS

IT or communication systems and infrastructure	Risk	Control
Disruption, financial loss or damage to reputation from a failure of information technology systems. Instability, degradation of performance, or other failure of IT or communication system or infrastructure causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked.	Moderate	Adequate
Actions	Due Date	Responsibility
Investigate and implement transition to new communications provider	Jun-19	IT/P
Improve levels of service at Shire outstations (ie museum, swimming pool, depot)	Jun-19	IT/P

Safety and Security practices	Risk	Control
Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are negligence or carelessness.	Moderate	Adequate
Actions	Due Date	Responsibility
Undertake training in HR policies	Mar-19	EMCCS
Implement the recommendations of the Emergency Exercise report	Jun-19	TSO
Update Evacuation Plans for the Depot to include new security gates and undertake emergency exercise	Sep-19	EMIDS
Access register to be developed and maintained for Depot	Sep-19	DAO
Undertake access and alarm upgrades at Administration and Museum	Jun-23	EMIDS

External theft & fraud (Including Cyber)	Risk	Control
Loss of funds, assets, data or unauthorised access, (whether attempted or successful) by external parties, through any means (including electronic).	High	Adequate
Actions	Due Date	Responsibility
Review procedures and provide refresher training on cash handling	Mar-22	FM
Document clear internal processes and systems to report any potential fraud, that include anonymous reporting (Fraud & Corruption)	Jul-22	EMCCS

Misconduct	Risk	Control
Intentional activities intended to circumvent the Code of Conduct or activities in excess of authority, which circumvent endorsed policies, procedures or delegated authority.	Moderate	Adequate
Actions	Due Date	Responsibility
Undertake training for all staff on HR policies and procedures	Jun-19	EMCCS
Develop and implement an annual staff training program that includes refresher training in HR policies and procedures.	Jun-19	EMCCS
Review cash handling procedures for outstations	Sep-19	FM
Develop a Fraud and Corruption Control Plan for review every 2 years	Jul-22	EMCCS
Develop and implement a periodic fraud awareness training program for all staff	Aug-22	EMCCS

Supplier / Contract management	Risk	Control
Inadequate management of external Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes.	Moderate	Adequate
Actions	Due Date	Responsibility
Establish, maintain and monitor a register of contracts.	Jun-18	TSO
Develop Statement of Business Ethics	Jun-19	EMCCS
Seek explanations for non-compliance and provide information on PO before authorisation	Ongoing	EMG
Contractor Management Procedures	Aug-22	EMCCS

10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11 QUESTIONS FROM MEMBERS WITHOUT NOTICE

Nil

12 BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

Nil

13 CLOSURE

The Presiding Member thanked everyone for their attendance and closed the meeting at 3.23pm.