



SHIRE OF  
**Chapman Valley**  
*love the rural life!*

# AGENDA

## FINANCE, AUDIT & RISK COMMITTEE MEETING 8<sup>th</sup> FEBRUARY 2019 COUNCIL CHAMBERS NABAWA 2.00PM

### Committee Purpose & Delegations

The purpose of the Committee in fulfilling the requirements of Local Government (Audit) Regulation 17 by assisting the Chief Executive Officer to:

- a) provide an independent oversight of the financial systems of the local government on behalf of the Council;
- b) guide and assist the local government in respect to financial management;
- c) contribute to the Shire's corporate governance, stewardship, leadership and control responsibilities in relation to financial reporting and audit;
- d) guide and assist with the Internal Audit and Risk Management;
- e) oversee the implementation of audit recommendations made by the auditor, which have been accepted by council; and
- f) oversee accepted recommendations arising from reviews of local government systems and procedures.

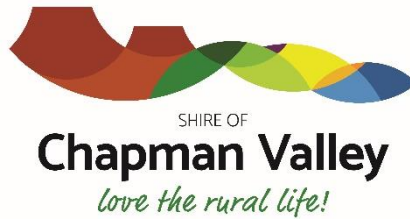
Delegation – Nil

### **The Finance, Audit & Risk Committee is comprised of:**

**Cr A Farrell (Presiding Member)**  
**Cr T Royce**  
**Cr D Forth**

<b>Chief Executive Officer</b>	<b>(Observer)</b>
<b>Manager Finance &amp; Corporate Services</b>	<b>(Observer)</b>
<b>Accountant</b>	<b>(Observer)</b>

# DISCLAIMER



No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on written confirmation of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read "M. Battilana", is written over a large, stylized, circular scribble.

Maurice Battilana  
**CHIEF EXECUTIVE OFFICER**

# AGENDA

## FINANCE, AUDIT & RISK COMMITTEE MEETING TO BE HELD IN THE COUNCIL CHAMBERS, NABAWA FRIDAY 8<sup>th</sup> FEBRUARY 2019 AT 2.00PM

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### ORDER OF BUSINESS

#### 1.0 Declaration of Opening / Announcements of Visitors

#### 2.0 Announcements from the Presiding Member

#### 3.0 Attendance

##### 3.1 Present

Please note that Mr Greg Goodwin from Moore Stephens WA will be attending the meeting via phone link.

##### 3.2 Apologies

##### 3.3 Leave of Absence (Previously approved)

#### 4.0 Declaration of Interest

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

Section 5.60A:

*"a person has a **financial interest** in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person."*

Section 5.60B:

*"a person has a **proximity interest** in a matter if the matter concerns –  
(a) a proposed change to a planning scheme affecting land that adjoins the person's land; or  
(b) a proposed change to the zoning or use of land that adjoins the person's land; or  
(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land."*

Regulation 34C (Impartiality):

*"**interest** means an interest that could, or could reasonably be perceived to, adversely affect the **impartiality** of the person having the interest and includes an interest arising from kinship, friendship or membership of an association."*

#### 5.0 Petitions / Deputations / Presentations

#### 6.0 Confirmation of Minutes from previous meetings

Finance and Audit Committee Meeting held on 26<sup>th</sup> July 2018

Recommend that the Minutes of the Finance and Audit Committee of the Shire of Chapman Valley held on Friday 26<sup>th</sup> July 2018 be confirmed as a true and accurate record of proceedings. (Supplied under separate cover).

#### 7.0 Items to be dealt with En Bloc

## **8.0 Officers' Reports**

8.1	Management Report 30 June 2018	Page 6
8.2	Audit Report 30 June 2018	Page 10
8.3	Compliance Audit Return 2018	Page 14
8.4	Review of Long Term Financial Plan; Asset Management Plan & Workforce Plan	Page 16

## **9.0 Information Items**

9.1	Risk Management Procedure (Review)	Page 20
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## **10.0 Urgent Business Approved by the Presiding Member or by a Decision of the Committee**

## **11.0 Closure**

# **Chief Executive Officer and Manager Finance & Corporate Services Report February 2019**

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## **Contents**

### **8.0 AGENDA ITEMS**

- 8.1 Management Report (30 June 2018)
- 8.2 Audit Report (30 June 2018)
- 8.3 Compliance Audit Report (2018)
- 8.4 Review of Long Term Financial Plan;  
Asset Management Plan & Workforce Plan

<b>AGENDA ITEM:</b>	<b>8.1</b>
<b>SUBJECT:</b>	<b>MANAGEMENT REPORT - 30 JUNE 2018</b>
<b>PROPONENT:</b>	<b>FINANCE &amp; AUDIT COMMITTEE</b>
<b>SITE:</b>	<b>COUNCIL CHAMBERS</b>
<b>FILE REFERENCE:</b>	<b>305.05</b>
<b>PREVIOUS REFERENCE:</b>	<b>N/A</b>
<b>DATE:</b>	<b>8<sup>th</sup> FEBRUARY 2019</b>
<b>AUTHORS:</b>	<b>MAURICE BATTILANA &amp; DIANNE RAYMOND</b>

#### SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
8.1(a)	Management Report 2017/2018	√	

#### DISCLOSURE OF INTEREST

Nil

#### BACKGROUND

The Shire of Chapman Valley has received the Management Report from its Auditors - Moore Stephens (Please refer to Management Report Letter submitted at **Attachment 8.1(a)**).

#### COMMENT

The Management Report is attached, which identifies all areas raised by the Auditors for Committee and Council consideration.

#### STATUTORY ENVIRONMENT

Part 7 *Local Government Act 1995* and the Local Government (Audit) Regulations 1996

#### POLICY IMPLICATIONS

None applicable

#### FINANCIAL IMPLICATIONS

The long term financial viability of the Shire is of importance for future service delivery levels provided to the Shire's constituents.

- **Long Term Financial Plan (LTFP):**

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

#### STRATEGIC IMPLICATIONS

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

- **Strategic Community Plan/Corporate Business Plan:**

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.

## CONSULTATION

Council staff have been in contact and discussion with Council auditors throughout the audit review process.

## RISK ASSESSMENT

The audit report has not highlighted any significant areas of risk.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

## VOTING REQUIREMENTS

Simple Majority

## STAFF RECOMMENDATION

The Finance, Audit & Risk Committee recommends to Council the Management Report for year ending 30 June 2018 be received and, other than monitoring the levels and trends of all ratios, there are no actions required out of the report.

26 November 2018

The Shire President  
Shire of Chapman Valley  
PO Box 1  
NABAWA WA 6532

## MOORE STEPHENS

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace,  
WA 6831

T +61 (0)8 9225 5355  
F +61 (0)8 9225 6181

[www.moorestephens.com.au](http://www.moorestephens.com.au)

Dear Cr Farrell

### MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018

We advise that we have completed our audit procedures for the year ended 30 June 2018.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted the following matters we wish to draw to your attention:

#### COMMENT ON OPERATING SURPLUS RATIO

This ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue which includes rates and operating grants. In addition, when the ratio is negative, it indicates operating expenditure is greater than operating income.

The Operating Surplus Ratio for the current year of -0.34 and last year of -0.14, are both below the DLGSCI standard of 0.01, and the current year's ratio is below last year.

Whilst we do not consider this a significant indication of an adverse trend within the financial position of the Shire, Council and Management should continue their efforts in improving the operating position of the Shire. This includes considering the sustainability of the current rating structure, identifying potential new avenues of revenue, and finding the optimum level of the Shire's operating expenses.

Interpretation of this ratio should be considered together with the Asset Renewal Funding Ratio (ARFR). The ARFR of 1.07 is above its target of 0.75 indicating the planned renewal and replacement expenditure over the next 10 years is sufficient to meet the required renewal and replacement expenditure. The Shire's Asset Management Plans indicate average annual capital renewal and replacement expenditure of \$1.5million is required which is below current depreciation expense of \$2.3million. As depreciation expense is a significant component of operating expenditure, management should consider whether the current level of depreciation is overstating the annual deterioration of the assets during asset management planning.

#### LONG TERM FINANCIAL PLAN AND ASSET MANAGEMENT PLAN

During our review of the Financial ratio's, we noted the Shire's Long Term Financial Plan (LTFP) and Asset Management Plan (AMP) do not reflect 10 years' worth of forecast expenditure.

Whilst we are satisfied the current year ratios were supported by verifiable information and reasonable assumptions, management should consider developing a process of reviewing the LTFP and AMP, to ensure the ratios are appropriately calculated in future years.

We noted no other matters we wish to draw to your attention.



**UNCORRECTED MISSTATEMENT**

We advise there were no uncorrected misstatements noted during the course of the audit.

We take this opportunity to thank the Shire for their assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Greg Godwin  
Partner  
Moore Stephens

Encl.

<b>AGENDA ITEM:</b>	<b>8.2</b>
<b>SUBJECT:</b>	<b>INDEPENDENT AUDIT REPORT - 30 JUNE 2018</b>
<b>PROPONENT:</b>	<b>FINANCE &amp; AUDIT COMMITTEE</b>
<b>SITE:</b>	<b>COUNCIL CHAMBERS</b>
<b>FILE REFERENCE:</b>	<b>403.05 &amp; 305.12</b>
<b>PREVIOUS REFERENCE:</b>	<b>N/A</b>
<b>DATE:</b>	<b>8th FEBRUARY 2019</b>
<b>AUTHORS:</b>	<b>MAURICE BATTILANA &amp; DIANNE RAYMOND</b>

#### SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
8.2(a)	Independent Auditors Report 2017/2018	√	

#### DISCLOSURE OF INTEREST

Nil

#### BACKGROUND

The Shire of Chapman Valley has received the final Independent Audit Report from its Auditors Moore Stephens. (Please refer to **Attachment 8.2(a)**).

#### COMMENT

As the Independent Audit Report didn't highlight any issues there is nothing to report on or bring to Council attention for further action.

#### STATUTORY ENVIRONMENT

Part 7 *Local Government Act 1995* and the Local Government (Audit) Regulations 1996

#### POLICY IMPLICATIONS

Nil

#### FINANCIAL IMPLICATIONS

The long term financial viability of the Shire is of importance for future service delivery levels provided to the Shire's constituents.

- **Long Term Financial Plan (LTFP):**

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

#### STRATEGIC IMPLICATIONS

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

- **Strategic Community Plan/Corporate Business Plan:**

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.

#### CONSULTATION

Council staff have been in contact and discussion with Council auditors throughout the audit review process.

## RISK ASSESSMENT

The audit report has not highlighted any significant areas of risk.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

## VOTING REQUIREMENTS

Simple Majority

## STAFF RECOMMENDATION

The Finance, Audit & Risk Committee recommends to Council the Final Audit Report of the Chief Executive Officer the year ending 30 June 2018 be received and it be noted there are no further actions required from the report.

## MOORE STEPHENS

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000

PO Box 5785, St Georges Terrace, WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

[www.moorestephenswa.com.au](http://www.moorestephenswa.com.au)

### INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY

#### *Opinion on the Audit of the Financial Report*

We have audited the accompanying financial report of the Shire of Chapman Valley (the Shire), which comprises the statement of financial position as at 30 June 2017, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Chapman Valley is in accordance with the *Local Government Act 1995 (as amended)* and the *Local Government (Financial Management) Regulations 1996 (as amended)*, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Report on Other Legal and Regulatory Requirements*

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the *Local Government Act 1995 (as amended)*, the *Local Government (Financial Management) Regulations 1996 (as amended)* or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 60 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
  - i. verifiable information; and
  - ii. reasonably assumption.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

**INDEPENDENT AUDITOR'S REPORT  
TO THE ELECTORS OF THE SHIRE OF CHAPMAN VALLEY (CONTINUED)**

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

***Responsibilities of Management and Council for the Financial Report***

Management is responsible for the preparation of this financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995 (as amended)* and the *Local Government (Financial Management) Regulations 1996 (as amended)* and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Council is responsible for overseeing the Shire's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_files/ar3.pdf](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 29 November 2017  
Perth, WA

<b>AGENDA ITEM:</b>	<b>8.3</b>
<b>SUBJECT:</b>	<b>COMPLIANCE AUDIT RETURN (2018)</b>
<b>PROPONENT:</b>	<b>FINANCE &amp; AUDIT COMMITTEE</b>
<b>SITE:</b>	<b>COUNCIL CHAMBERS</b>
<b>FILE REFERENCE:</b>	<b>403.05 &amp; 305.12</b>
<b>PREVIOUS REFERENCE:</b>	<b>N/A</b>
<b>DATE:</b>	<b>8th FEBRUARY 2019</b>
<b>AUTHOR:</b>	<b>MAURICE BATTILANA</b>

#### SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
8.3(a)	Compliance Audit Return 2018		√

#### DISCLOSURE OF INTEREST

Nil

#### BACKGROUND

Every Local Government Authority in Western Australia is required to complete the Compliance Audit Return (CAR) each year. The purpose of this item is to present the 2018 Compliance Audit Return to the Committee to review prior to going to Council for formal adoption and forward a certified copy to the Department of Local Government.

#### COMMENT

A Draft copy of the Shire of Chapman Valley 2018 Compliance Audit Return has been provided to Councillors as **Attachment 8.3(a)**.

#### STATUTORY ENVIRONMENT

Local Government Act 1995

#### POLICY IMPLICATIONS

Nil

#### FINANCIAL IMPLICATIONS

Nil

#### STRATEGIC IMPLICATIONS

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.

#### CONSULTATION

Council staff have been consulted as part of the process to complete the Compliance Audit Report.

## RISK ASSESSMENT

The Compliance Audit Report has not highlighted any significant areas of risk.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

## VOTING REQUIREMENTS

Simple Majority

## STAFF RECOMMENDATION

The Finance, Audit & Risk Committee recommends the following to Council:

1. The 2018 Compliance Audit Return be signed by the CEO and Shire President
2. The 2018 Compliance Audit Return be received and recorded in the Minutes of Council
3. The 2018 Compliance Audit Return is submitted to the Department of Local Government

<b>AGENDA ITEM:</b>	<b>8.4</b>
<b>SUBJECT:</b>	<b>REVIEW OF LONG TERM FINANCIAL PLAN; ASSET MANAGEMENT PLAN &amp; WORKFORCE PLAN</b>
<b>PROPONENT:</b>	<b>SHIRE OF CHAPMAN VALLEY</b>
<b>SITE:</b>	<b>SHIRE OF CHAPMAN VALLEY</b>
<b>FILE REFERENCE:</b>	<b>313.00</b>
<b>PREVIOUS REFERENCE:</b>	<b>MINUTE REFERENCES: 9/13-5; 11/13-9 &amp; 07/17-6</b>
<b>DATE:</b>	<b>8th FEBRUARY 2019</b>
<b>AUTHOR:</b>	<b>MAURICE BATTILANA &amp; DIANNE RAYMOND</b>

#### SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
8.4(a)	Long Term Financial Plan		√
8.4(b)	Asset Management Plan		√
8.4(c)	Draft Reviewed Workforce Plan		√
8.4(d)	Existing Workforce Plan (2015)		√

#### DISCLOSURE OF INTEREST

Nil.

#### BACKGROUND

The Shire of Chapman Valley Long Term Financial Plan (LTFP) and Workforce Plan (WP) were presented to Council's September 2013 OCM with the following resolved:

*MOVED: CR ROYCE                      SECONDED: CR HUMPHREY*

*"That Council:9/13-5*

- 1     Receive the Shire of Chapman Valley Long Term Financial Plan (subject to modification to section 8.2) and Shire of Chapman Valley Workforce Plan and forward the documents to the Department of Local Government; &*
- 2     Advise the Department of Local Government that the Asset Management Plan will be presented to the October meeting of Council and submitted thereafter.*

*Voting 8/0  
CARRIED  
Minute Reference 9/13-5"*

The Shire of Chapman Valley Asset Management Plan (AMP) was presented to the November 2013 OCM with the following being resolved:

*"That Council:*

- 1     Receive the Shire of Chapman Valley Asset Management Plan in its current format and forward the documents to the Department of Local Government; &*
- 2     Advise the Department of Local Government the Asset Management Plan may be subject to on-going review until Council is comfortable with its content.*

*Voting 7/0  
CARRIED  
Minute Reference 11/13-9"*



Council undertook a full review of the LTFP and AMP again in July 2017 with the following being resolved at the July 2017 OCM:

*Council endorse the reviewed Long Term Financial Plan and Asset Management Plan as presented, with the understanding these Plans are to be reviewed again by Council to reflect:*

- i. Outcomes of the current review being undertaken of the Shire's Strategic Community Plan and Corporate Business Plan; and*
- ii. Variations to the 2016/2017 endorsed Capital Works Programs (e.g. Roadworks, Plant and Building) as these have and will occur in the future.*

*Voting 5/1  
CARRIED  
Minute Reference 07/17-6*

## **COMMENT**

Staff have continued to work on improvements to the LTFP and AMP since the original adoption of these plans to try and make these more integrated, encompassing of all asset areas, cognisant of past actual expenditures incurred and revenues received and hopefully easier to follow and update annually.

The revised LTFP has now been fine tuned to better reflect past and future expenditure and revenue of the organisation and address the issues raised in the recent audit i.e.

*"Long Term Financial Plan and Asset Management Plan*

*During our review of the Financial ratio's, we noted the Shire's Long Term Financial Plan (LTFP) and Asset Management Plan (AMP) do not reflect 10 years' worth of forecast expenditure.*

*Whilst we are satisfied the current year ratios were supported by verifiable information and reasonable assumptions, management should consider developing a process of reviewing the LTFP and AMP, to ensure ratios are appropriately calculated in future years."*

The concern raised by the Auditors was specific to the Asset Renewal Funding Ratio, which had an incorrect formula in the previous LTFP. This formula has now been corrected and reflects the correct ratio in the revised LTFP.

As Councillors will be aware the Shire has completed the Strategic Community Plan (SCP) and Corporate Business Plan (CBP) review in accordance with legislative requirements (with the assistance of Marg Hemsley from LG People). The LTFP and AMP have also been amended to accommodate endorsed SCP and CBP. The LTFP & AMP are also amended to reflect the adopted current year Budget and audited previous year Financial Statements. This ensures there is a true integration and recognition of current aspects across all the plans, budgets, etc. for the future.

The Integrated Planning and Reporting Framework is intended to integrate asset, service and financial plans to ensure local government resource capabilities are matched to their community's needs.

The Workforce Plan (WP) was reviewed in September 2015, and with the LTFP & AMP, is a working document to support the Strategic Community and Corporate Business Plans.

The purpose of a Workforce Plan is to identify the human resources and skills required to deliver the medium and long-term direction identified in the SCP and CBP.

The current WP has several strategies, which are predominantly related to recruitment processes, roles, performance management, improved technology, governance & employee procedure manuals, policy & procedure improvements. I am confident we have addressed (or are in the process of addressing) most of these within the annual administration operating budget, which form part of the operating expenditure allocated in the LTFP.

The one strategy listed in the current WP is a Service Delivery Review, which has been budgeted for in 2018/2019. However; I feel this can be deferred or discontinued as the current service delivery levels are accommodating the desired service requirements in the short and medium term. This may be something the Shire may look at in the long term.

The amendments to the WP reflects basic updates to dates, actions, statistics, etc. The WP is a working document which does not have any legislative requirement to be endorsed by Council; however, I have presented this to Council (via the Committee) to ensure there is a clear understanding of the amendments being made.

## **STATUTORY ENVIRONMENT**

Section 5.56 of the *Local Government Act 1995* states:

*“5.56 Planning for the Future*

- (1) A local government is to plan for the future of the district.*
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.”*

Section 19C of the *Local Government (Administration) Regulations 1996* addresses the Shire’s requirements in relation to the Strategic Community Plan and Section 19D the requirements in relation to the Corporate Business Plan.

## **POLICY IMPLICATIONS**

Various Council policies and procedures have an effect on the Shire’s integrated strategic planning e.g.

- 10 Year Road Works Program;
- Road Hierarchy;
- Plant Replacement Program;
- Building Capital Upgrade & Maintenance Programs;
- Disability Access & Inclusion Plan;
- Various Master/Concept Plans;
- Town Planning Policies, Procedures, Strategies, etc.

## **FINANCIAL IMPLICATIONS**

The Strategic Community Plan should be used as a guiding tool in the preparation of Council’s ongoing Annual Budgets, and inform the Shire’s Corporate Business Plan, Long-Term Financial Plan, Asset Management Plan and Workforce Plan. However, the identification of a project within the Strategic Community Plan does not guarantee it will be completed in any given year as circumstances change.

It is considered essential Council remains flexible in its approach to ensure community expectations are balanced with financial responsibility and to achieve this the Strategic Community Plan should be reviewed on a 2 to 4 yearly basis in accordance with Section 19C(4) of the *Local Government (Administration) Regulations 1996*, and the Corporate Business Plan, Long Term Financial Plan, Asset Management Plan be reviewed on an annual rolling basis during the budget preparation phase.

- **Long Term Financial Plan (LTFP):**

The LTFP will be directly affected by the annual update process.

## **STRATEGIC IMPLICATIONS**

See below.

- **Strategic Community Plan/Corporate Business Plan:**

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.
5.2	Be accountable and transparent in managing resources	Asset Management	Review Asset Management Plan regularly and maintain integration with other Strategic Plans within the Shire
		Long Term Financial Management	Review Long Term Financial Plan regularly and maintain integration with other Strategic Plans within the Shire
		Workforce Planning	Review Workforce Plan regularly and maintain integration with other Strategic Plans within the Shire

## CONSULTATION

Ongoing consultation has occurred with:

- Executive Staff; and
- Financial Consultants

## RISK ASSESSMENT

It is a legislative requirement to have a Strategic Community Plan and a Corporate Business Plan. These Plans are expected to be supported by working documents such as LTFP, AMP & WP. We are bringing the plans & working documents to a level where they are integrated and making more sense, therefore providing the organisation with a clearer indication of the future direction of the shire. However; it must be understood these are forecast documents and many unknown factors may vary the predictions and figures.

Based the forecast figure within the LTFP, AMP WP presented the risk is considered **insignificant** at this stage i.e.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

## VOTING REQUIREMENTS

Simple majority

## STAFF RECOMMENDATION

Council endorse the reviewed Long Term Financial Plan, Asset Management Plan and Workforce Plan as presented.

## 9.0 Information Items

<b>AGENDA ITEM:</b>	<b>9.1</b>
<b>SUBJECT:</b>	<b>RISK MANAGEMENT PROCEDURE - REVIEW</b>
<b>PROPONENT:</b>	<b>FINANCE &amp; AUDIT COMMITTEE</b>
<b>SITE:</b>	<b>COUNCIL CHAMBERS</b>
<b>FILE REFERENCE:</b>	<b>411.01</b>
<b>PREVIOUS REFERENCE:</b>	<b>NA</b>
<b>DATE:</b>	<b>8th FEBRUARY 2019</b>
<b>AUTHOR:</b>	<b>MAURICE BATTILANA &amp; DIANNE RAYMOND</b>

### SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
9.1(a)	Shire of Chapman Valley Risk Management Report		√

### DISCLOSURE OF INTEREST

Nil

### BACKGROUND

The State Government introduced legislation under the Local Government (Audit) Audit Regulations, 1996, to stipulate it is a legal requirement for a local government Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- a) Risk management,
- b) Internal controls; and
- c) Legislative compliance.

This is known as LG (Audit) Regulation 17.

Council adopted the *Risk Management Policy (CP-017)* at the June 2014 OCM. This Policy is complemented by the *Risk Management Procedure (CMP-028)*.

### COMMENT

Procedures are an internal operational document and though a copy has been provided under separate cover (**Attachment 9.1(a)**) for Council information there is no legal requirement for Committee or Council to adopt or endorse amendments these documents. This is an internal document the CEO and Senior Staff use to undertake the necessary analysis and review of risk management as required under legislation.

Therefore, the purpose of this item is to simply inform the Committee of the review undertaken by staff of *Risk Management Procedure (CMP-028)*. There are no changes recommended to the existing Procedure. However; the Risk Management Report has been updated to incorporate items completed and to be undertaken by staff. Council do not need to consider the changes to the Report as this is an internal operational document only.

## STATUTORY ENVIRONMENT

*Local Government (Audit) Regulations, 1996*

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 at least once every 2 calendar years.
  - (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

## POLICY IMPLICATIONS

*Risk Management Policy (CP-017)*. This Policy is complemented by the *Risk Management Procedure (CMP-028)*.

## FINANCIAL IMPLICATIONS

Nil affect.

- **Long Term Financial Plan (LTFP):**

No effect on the LTFP

## STRATEGIC IMPLICATIONS

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.

## CONSULTATION

Council staff have been consulted as part of the process to complete the Risk Management Report.

## RISK ASSESSMENT

The Risk Management Report has not highlighted any significant areas of risk.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

**VOTING REQUIREMENTS**

Simple Majority

**STAFF RECOMMENDATION**

The Committee receives the *Risk Management Report* as presented for information only.

**10.0 Urgent Business Approved by the Presiding Member or by Decision of the Committee**

**11.0 Closure**