



SHIRE OF COOLGARDIE

A G E N D A
OF THE
AUDIT COMMITTEE MEETING

14 February 2017

6.00pm

Kambalda

Committee Members

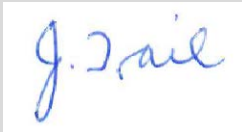
Cr Cullen
Cr Rathbone
Cr Botting
Cr Johnstone
Cr Karafilis
Cr Lindup
Cr Logan

SHIRE OF COOLGARDIE

NOTICE OF THE AUDIT COMMITTEE MEETING

Dear Committee Member

The meeting of the Shire of Coolgardie Audit Committee will be held on Tuesday 14 February 2017 at 6.00pm in Kambalda in the Kambalda Recreation Centre, Barnes Drive Kambalda.

A handwritten signature in blue ink that reads "J. Trail". The signature is written in a cursive style and is contained within a white rectangular box.

**JAMES TRAIL
ACTING CHIEF EXECUTIVE OFFICER**

SHIRE OF COOLGARDIE

DISCLOSURE OF INTERESTS

TO THE CHIEF EXECUTIVE OFFICER:

Under the Provisions of Division 6 of Part 5 of the Local Government Act 1995, I hereby disclose a Financial Interest/s in the matter/s listed on this form, which is/are scheduled for consideration at the meeting of Council to be held on:

TUESDAY _____ 2016

Where indicated by the word 'YES' in column 6, I will be seeking a determination (under Section 5.68) by the meeting, for reasons I will expand on.

(Print Name) _____ (Signature) _____ (Date)

NOTE: Members of Council are asked to deliver this completed form to the Chief Executive Officer on the day of the Council Meeting as required by the Act. Where this is not practicable the Disclosure/s may be telephoned to the Council Office on 9080 2111 and/or the form subsequently passed to the Chief Executive Officer prior to the meeting.

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1.0 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2.0 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

2.1 PRESENT:

Cr M Cullen
Cr T Rathbone
Cr S Botting
Cr K Johnstone
Cr N Karafilis
Cr K Lindup

MEMBERS OF STAFF:

Acting Chief Executive Officer, James Trail
Deputy Chief Executive Officer, Jill O'Brien
Executive assistant, Tyler Thornton

2.2 APOLOGIES:

Cr Logan

2.3 APPROVED LEAVE OF ABSENCE:

3.0 DECLARATIONS OF INTEREST

3.1 DECLARATIONS OF FINANCIAL INTERESTS – LOCAL GOVERNMENT ACT SECTION 5.60A

3.2 DECLARATIONS OF PROXIMITY INTERESTS – LOCAL GOVERNMENT ACT SECTION 5.60B

3.3 DECLARATIONS OF IMPARTIALITY INTERESTS – ADMINISTRATION REGULATION 34C

4.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

ITEM 4.1 AUDIT COMMITTEE MEETING OF COUNCIL 9 August 2016

OFFICERS RECOMMENDATION:

That the minutes of the Audit Committee Meeting of Council 9 August 2016 be confirmed as a true and accurate record.

5.0 REPORTS

AGENDA REFERENCE: 5.1

SUBJECT: Audit Scope

LOCATION: NIL

APPLICANT: NIL

FILE REFERENCE: NAM5317

DISCLOSURE OF INTEREST: NIL

DATE: 21 April 2016

AUTHOR: James Trail – Acting Chief Executive Officer

SUMMARY:

The Audit Committee is required to recommend the appointment of an Auditor (Section 7.3(1) Local Government Act 1995). The appointment will be for one year being Financial Year ending 30 June 2016 with an option for a one year extension to 30 June 2017.

BACKGROUND:

At the April Ordinary Meeting of Council, it was proposed that Council appoint their current auditor, Wen-Shien Chai of Moore Stephens for a further year, with an option of a second year dependent on action taken by the Department of Local Government and Communities. This was deemed to place the Shire in an excellent position to work with the Auditor General and to ensure continuity by maintaining the important relationship with Moore Stephens as the Shire implemented the recommendations of the recent probity audit undertaken by the Department of Local Government and Communities.

The Council resolved:

COUNCIL RESOLUTION: # 061/16

MOVED: COUNCILLOR, S BOTTING
SECONDED: COUNCILLOR, K LINDUP

That Council appoint Moore Stephens partner Wen-Shien Chai as lead audit partner as auditor for the Shire of Coolgardie to conduct annual audits in compliance with Local Government (Audit) Regulation 3(b) and to report any matters of non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law for a period of one year being the year ending 30 June 2016 with an option to extend to the year ending 30 June 2017.

CARRIED 7/0

COMMENT:

Over the past 4 months, Shire staff and Moore Stephens have been working on preparing a set of Financial Statements for 2016/2016. The time delay has been due to a number of issues that have arisen, that staff and the auditors were unaware of. Moore Stephens will provide a report to the Shire on what issues have been identified.

Given this fact and the recent probity audit, the Acting CEO is of the opinion the scope of the audit for 2016/2017 and moving forward should be reviewed and expanded.

The request is for the Audit Committee to recommend to Council for the Acting CEO to negotiate an expanded audit scope with Moore Stephens for consideration at the March Ordinary Meeting of Council.

CONSULTATION:

Moore Stephens

STATUTORY ENVIRONMENT:

Local Government Act 1995 Section 7.3.

POLICY IMPLICATIONS:

NIL

FINANCIAL IMPLICATIONS:

NIL

STRATEGIC IMPLICATION:

Solutions focussed and customer oriented organisation.

- High quality corporate governance, accountability and compliance.

VOTING REQUIREMENT: Simple Majority

OFFICER RECOMMENDATION:

The Audit Committee recommend to Council that the Acting Chief Executive Officer negotiate a revised annual audit scope for 2016/2017 with Moore Stephens and present the revised audit scope to the March Ordinary Meeting of Council for consideration.

AGENDA REFERENCE: 5.2

SUBJECT: LGIS OSH Action Plan

LOCATION: Shire of Coolgardie

APPLICANT: NIL

FILE REFERENCE: NAM5308

DISCLOSURE OF INTEREST:

DATE: 7 February 2017

AUTHOR: Rebecca Horan, HR Advisor

SUMMARY:

The purpose of this report is to provide Council with an update on the OSH Action Plan.

BACKGROUND:

Katherine Kempin (Senior OSH Consultant) met with HR Advisor Bec Horan on 14 and 15 July 2016 to conduct the assessment. All evidence for the assessment was examined and verified onsite through examination of documentation, workplace inspections and interviews with workers for the Shire of Coolgardie. The assessment was undertaken against the Tier 2 OSH Checklist using the LGIS coring methodology.

The OSH Action Plan was tabled at the Ordinary Meeting of Council held in November 2016.

COMMENT:

The HR Advisor has been working with Kathy Brooking (Swimming Pool Coordinator) to action the requirements indicated in the OSH Action Plan.

Action Item	Element No. (Taken from Checklist)	Finding Score	Requirements	Actions to be taken	Comment
1	1.2	0	The OSH Policy is endorsed and communicated	<p>CEO to endorse the Osh Policy by signing it.</p> <p>OSH Policy to be communicated to workers through induction and tabled at OSH Committee.</p> <p>OSH Policy to be displayed at all customer facing areas eg reception.</p>	OSH Policy is in review. A dedicated noticeboard will be in place at all work locations for safety information only. HR to include the policy as part of new staff induction.
2	1.3	0	The OSH Policy gets reviewed at regular intervals	<p>Review the OSH Policy now to ensure it is appropriate.</p> <p>Review the OSH Policy at least annually thereafter.</p> <p>Include the annual review in the OSH Committee's Term's of Reference.</p>	The policy will be endorsed on a regular basis by the OSH Committee.
3	1.4	1	OSH responsibilities are documented at all levels	Ensure OSH responsibilities are documented at all levels eg within position descriptions or a procedure.	OSH responsibilities have been added to the newly created or updated position descriptions. All position descriptions will be reviewed.
4	1.5	1	Managers and Supervisors are held accountable for OSH.	Ensure that during the performance reviews with Managers and Supervisors OSH is measured and documented.	Performance Reviews will be conducted in April and OSH Responsibilities will be included in the review paperwork.
5	1.7	1	Resources get reviewed to ensure they are sufficient.	Senior management to review safety and health resources at least annually and that the review is documented.	This will now be reviewed as part of the budget process to ensure that enough funds are allocated for resources.
6	1.8	0	The organisations approach to OSH is planned.	<p>Senior management to develop and implement safety and health objectives and targets.</p> <p>Senior management to develop and implement an</p>	To be completed

				OSH Management Plan. Senior management to meet and review the implementation of the OSH management plan. Minutes to be maintained.	
7	2.2	1	Consultation arrangements have been agreed to with workers and have been communicated with them.	Develop and implement a term of reference for the OSH Committee and communicate this to workers.	This has been completed. Copies provided to Osh Committee and placed on safety noticeboards.
8	2.4	0	When used, contractors are consulted about safety issues.	Develop and implement a process for consulting with contractors on safety and health issues and that it is documented.	To be completed
9	2.6	1	Consultation arrangements are reviewed to ensure they remain effective.	Ensure the OSH Committee review consultative arrangements at least biennial and that this review is documented.	OSH Consultative Committee formed and meeting held 31/01/2017.
10	2.7	0	Senior management are involved in consultation arrangements.	Senior management to regularly attend OSH Committee meetings.	CEO & Deputy CEO attended meeting on 31/01/2017 and at least one of them will continue to attend. MYOSH has been updated to include management.
11	2.8	0	Managers/Supervisors are aware of the Issue Resolution Process.	Develop and implement an Issue Resolution process. Further information can be obtained from Worksafe WA.	OSH committee flowchart and workplace inspection flowchart have been completed and displayed for all staff to see.
12	3.1	1	There is a process for identifying, assessing and controlling hazards.	Review the hazard and risk procedure now to ensure it is appropriate. Ensure the hazard and risk procedure is reviewed biennially thereafter. Hazard and risk procedure to be communicated to workers through induction and tabled at the OSH	Safety reps and management to have more training on MYOSH. New MYOSH modules purchased.

				Meeting.	
13	3.2	0	Controls have been implemented for identified hazards.	Training to be provided to senior management and OSH Reps on how to record control measures for identified hazards within MYOSH and on Hazard/Incident Report forms.	MYOSH Inspection module purchased and staff to have training
14	3.3	0	SWP/SWMS/JSA's are developed for tasks with significant safety risks.	Senior management and supervisors to identify tasks with significant risk. Supervisors and workers to develop SWP/SWMS for those tasks.	MYOSH SWM's module purchased and osh reps and management to be trained.
15	3.4	0	SWP/SWMS/JSA's get reviewed to ensure they remain appropriate	Once developed all SWP?SWMS must be reviewed on a regular basis to ensure they remain appropriate to the task.	SWM's reviews implemented – email notification for update
16	3.5	1	Emergency procedures are in place and get practiced	Identify the emergency situations for each workplace and develop procedures for each situation. Review the emergency diagrams within each workplace to ensure they comply with AS3745. Emergency drills to occur at least annually for each workplace. Emergency drills to be documented and reviewed for effectiveness. Workers to be trained on Warden duties. LGIS emergency specialist can assist if needed.	TBC – update for all sites, consistent process and training in toolbox meeting before we practice scenarios. Practice scenarios to be viewed and given rating by HR and safety rep panel.
17	3.6	0	Implemented controls get reviewed to ensure they are effective.	Manager with OSH Representatives to regularly review hazard and incident control measures. These reviews should be documented.	To create a control/review measure for effectiveness.
18	3.7	0	There are documented procedures for the	Develop and implement a procedure for the effective management of contractors throughout	Have downloaded the Contractor Management Toolkit. Forms and templates to be reviewed and

			management of contractors	the Shire. The Shire would benefit from the complimentary OSH Contractor Management Toolkit available from LGIS.	procedures to be created. Need to confirm a site for contractors to sign in and out of in both towns.
19	3.8	0	Contractor safety performance is monitored	Establish and implement a process for monitoring contractor safety performance. This process should be documented and records kept, eg checklist, diary notes and reports.	Procedure needs to be created
20	4.3	1	Workers are provided appropriate supervision to ensure they perform their work safely	Ensure workers are supervised by a competent person when performing high risk and other work tasks. Supervisory arrangements should be included within the SWP/SWMS.	Induction of all staff in site specific tasks. All staff responsible for their work actions. Supervisors need to ensure they regularly oversee staff in high risk activities to ensure safe work methods are being used. Toolbox meetings to run on a regular basis.
21	4.4	1	Information is provided to workers to ensure they perform their work safely (eg SDS, plant and equipment manuals)	Review Hazardous Substance Registers in all workplaces and complete risk assessments on all hazardous substances. This should be documented on the register.	We have the MYOSH chemical module. Staff need more training. Site information needs updating.
22	4.6	1	The training program is reviewed to ensure it remains appropriate.	The Executive team and OSH Committee to regularly review the training program. This should be included in the terms of reference.	Training program to mirror site area's equipment, vehicles, plant and regulations. Training module is included in MYOSH and sends a reminder when training is due.
23	5.1	1	Procedures for reporting hazards and incidents are in place and have been communicated to workers.	Senior management and the OSH Committee to enforce the hazard and incident reporting procedure.	MYOSH use for reporting. Training for management.
24	5.2	0	When reported, hazards and incidents are acted upon in a timely fashion.	Include within the hazard and incident reporting procedure suitable timeframes for action and control hazards. Dates should be recorded to effectively measure performance.	MYOSH Training for supervisors and management on how to action hazards and incidents.

25	5.3	0	The organisation is aware of Worksafe incident notification requirements.	Review the worksafe incident notification procedure. Ensure the procedure is communicated to the workforce.	In progress. Will be part of OSH Procedure.
26	5.4	1	Incident and Hazard reports are kept on file	Ensure incident and hazard reports are recorded within MYOSH and all hard copies are sent to HR for recordkeeping.	MYOSH will now be used instead of paper on the day of staff related incidents.
27	5.5	1	Hazards and incidents are monitored by management.	Establish a process where senior management regularly monitor hazards and incidents and that this monitoring is documented.	OSH Committee and management will review incidents/accidents on a bi monthly basis as part of agenda template with actions arising from the meeting.
28	5.6	1	There is an incident investigation procedure	Review the incident and investigation procedure and implement.	OSH Reps will investigate on the day with management of all staff related incidents/accidents. MYOSH will be a key tool in reporting and management notification and finalisation reporting.
29	5.8	0	Remedial action is taken if performance drops off.	Establish measureable KPI's for the organisations safety and health performance. This should be documented on the OSH Management Plan that also includes your objectives and targets. If the Shire's performance against these objectives and targets drop, remedial action should be taken.	HR use of MYOSH for reporting for KPI's on Shire's performance and remedial action procedure to be created.
30	Depot (Kambalda) – Workplace Inspection	1	Asbestos Register is in place and effectively implemented in accordance with Code of Practice for the Management and Control of Asbestos in Workplaces (NOHSC:2018 (2005)).	A competent person should review the asbestos register annually. A plan should be implemented to eliminate all high to medium risks within an appropriate timeframe.	Will advise contracted EHO to review the register and provide recommendations.
31	Dept (Kambalda) – Workplace	0	Structural Integrity of buildings has been appropriately maintained.	A competent person should risk assess the male and female toilets. A plan should be implemented to eliminate the risk within an appropriate	Toilets will be demolished and replaced after budget review.

	Inspection			timeframe.	
32	Visitors Centre (Coolgardie) – Workplace Inspection	0	Ambient temperature of the building has been appropriately controlled.	A competent person should assess the ambient temperature at the Visitors Centre.	To be completed

CONSULTATION:

LGIS, Risk Management
MYOSH
Workplace Health and Safety Committee

STATUTORY ENVIRONMENT:

Occupational Safety and Health Act 1994
Occupational Safety and Health Regulations 1996

POLICY IMPLICATIONS:

NIL

FINANCIAL IMPLICATIONS:

\$30,000 has been allocated in the current budget for Occupational Health and Safety. We will also soon receive a scheme member dividend from LGIS, this is allocated to us each year, with last years dividend being \$10,035.08. These funds can be used to assist with completing the actions from the OSH Action Plan.

STRATEGIC IMPLICATION: NIL

VOTING REQUIREMENT: Simple Majority

OFFICER RECOMMENDATION:

The Audit Committee recommends to Council that the OSH Audit Action List as at 31st January 2017 be accepted at the February Ordinary Meeting of Council on 28th February 2017.

AGENDA REFERENCE: 5.3

SUBJECT: Audit Report Period Ending 30 June 2015

APPLICANT: NIL

FILE REFERENCE: NAM5319

DISCLOSURE OF INTEREST: NIL

DATE: 9th February 2017

AUTHOR: James Trail, Acting Chief Executive Officer

SUMMARY:

To receive the Audit report and analysis of the Annual Financial Report for period ending 30th June 2015 not presented to the May 2015 ordinary meeting of Council as per Council Resolution 060/16

BACKGROUND:

At the Ordinary Meeting of Council on Tuesday 26th April 2016, the Council resolved the following:

COUNCIL RESOLUTION: # 060/16

MOVED: COUNCILLOR, B LOGAN

SECONDED: COUNCILLOR, T RATHBONE

That Council

- 1. Accept the Annual Report for the year ended 30 June 2015 in accordance with Section 5.54 of the Local Government Act 1995, and***
- 2. Note that the Audit report and analysis of the Annual Financial Report will be presented to the May 2015 ordinary meeting of Council, and***
- 3. Resolve that the date for the Annual meeting of Electors be set for: 17 May 2016 6pm time at the Kambalda Community Recreation Centre.***

CARRIED 7/0

The audit report and analysis of the Annual Financial Report appears not to have been presented to Council as per Resolution 060/16

COMMENT:

The Council will note that the issues raised by Moore Stephens in the Management Report for the Year ended 30 June 2015 were detailed in the Probity Audit Review.

Given that the Management Report and analysis of the Annual Financial Report were not presented to Council in May 2016, management response to the issues were not presented. Consequently, an action

plan with assigned responsibilities and timeframes was not able to be adopted and endorsed by Council and the Department advised.

Furthermore, at the Ordinary Meeting of Council in April 2015, the Council did not accept an annual report in the prescribed format as per Section 5.53 of the Local Government Act 1995. Consequently the Shire is non-compliant in doing so.

CONSULTATION:

Nil

STATUTORY ENVIRONMENT:

Section 5.54 Local Government Act 1995 as amended.

POLICY IMPLICATIONS:

NIL

FINANCIAL IMPLICATIONS:

NIL

STRATEGIC IMPLICATION:

Solutions focussed and customer oriented organisation.

- High quality corporate governance, accountability and compliance.
- Effective communication and engagement processes.

VOTING REQUIREMENT: Simple Majority

OFFICER RECOMMENDATION:

The Audit Committee recommend to Council that

1. The Annual Report for the year ended 30 June 2015 be accepted at the Ordinary Meeting of Council on 28th February 2017
2. The Management Report for the Year ended 30 June 2015 and Independent Auditors Report as attached, be accepted at the Ordinary Meeting of Council on 28th February 2017
3. The non-compliance of the prescribed format of the annual report as per Section 5.53 of the Local Government Act 1995 accepted at the April 2016 Ordinary Meeting of Council, be included in the Annual Compliance Return for 2016
4. The Management Report for the Year ended 30 June 2015 is accepted as an analysis of the Annual Financial Report for the period ended 30 June 2015.

AGENDA REFERENCE: 5.4

SUBJECT: Draft Annual Financial Statements 30th June 2016

LOCATION: NIL

APPLICANT: NIL

FILE REFERENCE: NAM5320

DISCLOSURE OF INTEREST: NIL

DATE: 21 April 2015

AUTHOR: James Trail – Acting Chief Executive Officer

SUMMARY:

To Note the Draft Annual Financial Statements for period ending 30th June 2016.

BACKGROUND:

The draft annual financial statements for period ending 30th June 2016 are presented to the Audit Committee to note for discussion.

Shire staff and Moore Stephens have been working collectively to prepare a set of statements for the auditors. The Shire auditors will be on site at the Shire offices 15th and 16th February.

COMMENT:

The draft annual statements for the period ending 30th June 2016 are presented to the audit committee for discussion. The preparation of the statements has been undertaken by Moore Stephens and shire staff. A number of issues have been identified that both shire staff and the auditors were not aware of. These include:

1. Pensioners not reconciled for 3 years
2. Depreciation not posted monthly through synergy
3. Bank reconciliations not being completed and reconciled monthly and signed off
4. Control accounts not correctly reconciled
5. Shire staff responsible for relevant control accounts not appropriately trained in process and procedure for completing reconciliation
6. FBT for last four years not balanced, reconciled and appropriately accounted for
7. Income and expenses being coded to the same general ledger
8. Reserve transfers for 2014-2015 financial year not done
9. Depreciation rates in Asset Finda not reconciled to asset ledger and rates in synergy

The draft financial ratio's show an improvement from the 14-15 financial year:

Ratio	Basic Standard	2016	2015	2014
Current Ratio	>=0.9	2.41	1.15	0.92
Asset Sustainability	>=0.9	1.64	0.54	0.68
Debt Service Cover	>=2	8.87	2.42	6.49
Operating Surplus	>=0.15	0.21	-0.42	-0.209
Own Source Revenue Co	>=0.6	1.06	0.62	0.744
Asset Consumption	>=0.75	0.99	0.89	0.674
Asset Renewal Funding	>=1.05	0.242	N/A	N/A

The most pleasing improvement is in the operating surplus ratio. It is extremely important the Shire continues to ensure that this ratio improves along with the current ratio.

The current outstanding issues with regards to the draft financials are:

- Operating statement by NT does not match SOCI by program – Income diff by \$22,813 revenue (being reserve transfers), \$38,005 Expenses (Being \$34,670 transfer to reserve, \$3,335 Disposal of assets), and \$15,192 total.
- Reserve transfers for 2015 were not processed in 2015. These were processed in 15-16 year. Need to journal back the movements. Exception – extra \$11856 in Roads Reserve. Probably part of cy transfer. Shows in equity report as other adjustment.
- Depreciation only run for 15-16 in Furniture and Equipment and some in Land and Buildings as 3 properties were disposed.
- Revaluations for Plant and Equipment and Furniture not processed yet.
- \$401,081,313 net value in asset register has no program allocation.
- Self supporting Loans receivable is a negative figure. Needs reconciling
- Provision for doubtful debt has not been adjusted
- Leave liability has not been accrued
- Prepayments to LGIS not expensed during the period. Accrued prepayments need review to determine current amount prepaid.
- Discrepancy of trust liability to cash at bank accounted for a payable
- Risk note not completed yet
- No supplementary ratio calculated – if needed
- No change to joint venture asset totals (CEO advised). Auditor has queried as other shires have had revaluations.

Furthermore clarity needs to be provided around the draft surplus of \$3,143,357. First glance appears to indicate either:

- Operational savings
- Capital savings
- Unspent capital projects

As explained by David Tomasi in late 2016, the surplus is significantly due to the doubtful debt provision of \$1,561,612 which is still yet unresolved.

It should also be noted that no reserve transfers have been detailed in the draft statements. This has now been worked through and information provided.

Currently Cash at bank and equivalents detail:

Unrestricted Cash \$1,048,796

Restricted Cash \$4,357,462

Further analysis has proposed that restricted cash increase to \$5,308,468 with \$97,790 as unrestricted cash. This will be discussed during the audit.

On finalisation of the draft annual financial statements the 2016/2017 Budget will need to be amended. It is proposed to do this as part of the budget review. The major areas to be impacted will be:

- Brought forward surplus
- Transfer to reserves

CONSULTATION:

Moore Stephens
Shire staff
DLG

STATUTORY ENVIRONMENT:

Section 5.53 AND 5.54 Local Government Act 1995 as amended.

POLICY IMPLICATIONS:

NIL

FINANCIAL IMPLICATIONS:

NIL

STRATEGIC IMPLICATION:

Solutions focussed and customer oriented organisation.

- High quality corporate governance, accountability and compliance.
- Effective communication and engagement processes.

VOTING REQUIREMENT: Simple Majority

OFFICER RECOMMENDATION:

That the Audit Committee notes the Draft Annual Financial Statements for the period ending 30th June

6.0 CLOSURE OF MEETING