



# MINUTES

Audit Committee

Meeting 11 April 2022

Shire of Victoria Plains  
Council Chambers,  
Calingiri AND  
via E-Meeting Protocol

Commencing –  
3.57pm

## DISCLAIMER:

The recommendations contained in this document are officers' recommendations only and should not be acted upon.

The decisions of the Committee are not considered final until the minutes of the Committee meeting are adopted by Council at a subsequent meeting or advised in writing by the CEO or authorised person.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification.

Please note that meetings may be recorded for minute taking purposes.

### **E – Disclaimer**

It is the Presiding Member's responsibility to preserve order in the meeting and this can be more difficult in an eMeeting. Therefore, each Council Member must consistently and respectfully follow the Local Government's Meeting Procedures Local Law, any additional eMeeting guidance provided by the Local Government and support the Presiding Member in their conduct of the eMeeting.

The pace of an eMeeting should be slow and orderly. The following practices will help avoid confusion and support effective eMeetings:

Speak clearly and slowly, as connections may be distorted or delayed;

Always state your name to indicate to the Presiding Member that you wish to speak. Restate your name if the Presiding Member has not heard you at first;

In debate, only speak after the Presiding Member has acknowledged you. Then state your name, so that others know who is speaking;

Follow the Presiding Member's directions and rulings;

If you are unclear about what is happening in an eMeeting, immediately state your name to draw the Presiding Member's attention and enable you to then seek clarification from the Presiding Member;

Avoid looking for opportunities to call Points of Order; instead, politely and respectfully gain the Presiding Member's attention and explain any deviation from your Meeting Procedures, the Local Government Act or any other relevant matter.

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CONFIRMED PUBLIC



# MINUTES

## Shire of Victoria Plains Audit Committee Meeting

Held in the Council Chambers and via E-meeting protocol, Cavell Street, Calingiri  
on Monday 11 April 2022 commencing at 3.57pm.

### 1. DECLARATION OF OPENING

#### 1.1 Opening

The Shire President opened the meeting at 3.57pm, welcoming Audit Committee Members and staff to the meeting.

#### 1.2 Announcements by Presiding Member

The meeting shall be run in accordance with the Shire's *Meeting Procedures Local Law 2018*, with 5 members present, one of whom is attending via teleconference, albeit as an Observer, and therefore E-Meeting procedures will be required.

### 2. RECORD OF ATTENDANCE

Members	Cr P Bantock – Presiding Member Cr N Clarke – Deputy Shire President Cr S Woods
Observers	Cr G O'Brien Cr D Lovelock
Staff	CEO – Ms G Teede Governance Officer – Mr S Fletcher Minute Officer – Mrs J Klobas – via teleconference RSM – Mr T Bates – via teleconference (4.09pm until 4.15pm)
Apologies	Nil
Approved leave of absence	Nil
Members of the public	N/A

**3. DISCLOSURES OF INTEREST**

	<i>Type</i>	<i>Item</i>	<i>Person / Details</i>
3.1	Financial		Nil
3.2	Proximity		Nil
3.3	Impartiality		Nil

**4. PUBLIC QUESTION TIME**

Not required – Committee has no delegated authority

**5. CONFIRMATION OF MINUTES****VOTING REQUIREMENTS**

Absolute Majority Required: No

**2204-01 Officer Recommendation/Committee Recommendation**

**Moved: Cr S Woods**

**Seconded: Cr N Clarke**

That the Minutes of the Audit Committee Meeting held 23 March 2022 as circulated, be **CONFIRMED** as a true and correct record.

**CARRIED BY UNANIMOUS DECISION OF COUNCIL**

## 6. REPORTS REQUIRING DECISION

### 6.1 Updates on the Functions of the Audit Committee

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Nil Report

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Mr T Bates, (RSM Finance Consultant) joined the meeting via teleconference at 4.09pm to assist with Council queries.

## 6.2 Annual Audit - Consideration of the Auditor's Report (Opinion), The Management Letter and the Annual Financial Report (Statements) for 2020-2021

<b>File reference</b>			
<b>Report date</b>		4 April 2022	
<b>Applicant/proponent</b>		Audit Committee	
<b>Officer disclosure of interest</b>		Nil	
<b>Previous meeting references</b>		Audit Committee Meeting 23 March 2022	
<b>Prepared by</b>		Sean Fletcher, Governance Officer	
<b>Authorised by</b>		CEO	
<b>Attachments</b>			
Attachment 1	Page	2	Independent Auditor's Report (Opinion)
Attachment 2	Page	N/A	Management Letter with Responses from CEO - <b>Confidential</b>
Attachment 3	Page	5	Annual Financial Report (Statements) 2020-2021
Attachment 4	Page	53	Report on Significant Matter

### PURPOSE

That the Audit Committee considers and advises Council on the:

1. 2020/2021 Auditor's Report (Opinion) regarding its key findings;
2. The Management Letter with Responses from the CEO; and
3. 2020-2021 Annual Financial Report (Annual Financial Statements).

### BACKGROUND

The Shire is required to receive the audited annual financial statements for the preceding financial year by 31 December each year. However, due to the change in auditors for 2020/2021, matters regarding the impact of COVID-19 and delays experienced with the Office of the Auditor General, the 2020-2021 Annual Audit exit meeting was not held until 8 February 2022. Subsequently, the Management Letter (the OAG's position is that this letter is a confidential item), the Independent Auditor's Report (Opinion) and the Annual Financial Statements were not ready and signed off until 23 March 2022. The Shire was then able to access these documents on 30 March 2022. The Auditor's Report and the Annual Financial Statements form part of the Shire's Annual Report.

With respect to the outcomes of the Annual Audit, the Audit Committee is required to assist the CEO regarding the following:

1. Significant Matters i.e. those matters of a significant adverse trend.
2. Material Matters re Risk – Significant (Identified in the Auditor's Report and the Management Letter), Moderate and Minor Risks (identified in the Management Letter).

### COMMENT

#### Auditor's Report (Attachment 1)

The Auditor General's delegate, states that in his opinion, that the 2020/2021 annual financial report is based on proper accounts and records and fairly represents the results of the operations of the Shire.

The Auditor General reports the following:

**Significant Matters (Significant Adverse Trend)**

(i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:

- a. The Operating Surplus Ratio as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries’ standard for the last three financial years.

Comment

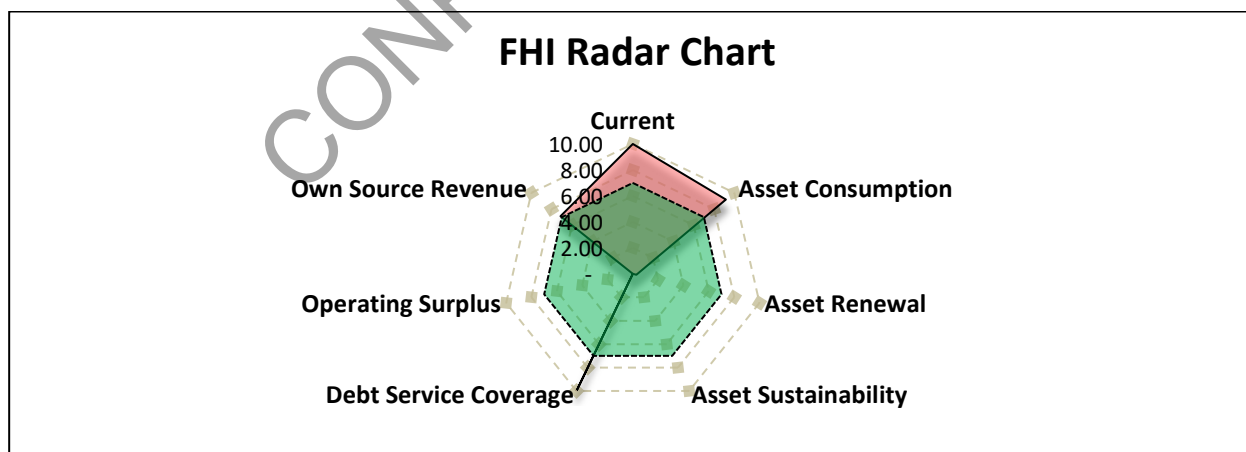
As the matter regarding the Operating Surplus Ratio has been a concern for at least three years or more, it is classified as a significant adverse trend.

As per *Local Government Operational Guidelines No18 – Financial Ratios* published by the Department in 2013, The Operating Surplus Ratio measure is described as follows:

*A key indicator of a local government's financial performance is measured by the 'Operating Surplus Ratio'. If a local government consistently achieves a positive operating surplus ratio and has soundly based long term financial plans showing that it can continue to do so in future, having regard to asset management and the community's service level needs, then it is considered financially sustainable.*

*A positive ratio indicates the percentage of total own source revenue available to help fund proposed capital expenditure, transfer to cash reserves or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue (principally rates) that would have been required to achieve a break-even operating result.*

So, this ratio is a measure of a local government’s ability to cover its operational costs and have revenues available for capital funding or other purposes. In terms of the Shire’s seven ratios, the Operating Health Surplus Ratio is the one that is impacting most on the Shire’s financial health. This is shown using the Department of Local Government’s Financial Health Index (FHI):



The Shire’s financial health based on all seven ratios is 59 (For the current list of the ratios and their score, see the Financial Ratios section in today’s agenda item). A FHI of 70 and above indicates sound financial health.

A key solution to this problem, as provided in previous years, would be for the Shire to adhere to key parts of the Integrated Planning and Reporting Framework as outlined in the Strategic Resource Plan (Long Term Financial Plan and Asset Management Plan) as well as perhaps some other things such as improved financial work practices.



To this extent, Council recognised in setting the 2021/2022 Budget that by not following the upper end of the rate increases specified in the Shire's Long Term Financial Plan previously (7%), this has impacted on the Shire's ability to have cash that it can use to fund capital projects and put into its reserves. The Shire has been fortunate to receive key funding through the LRCI Program to help fund capital projects.

In terms of improved financial work practices, a range of factors can, and have been implemented. This includes reducing overheads through more realistic service delivery and provision of facilities, following up debtors more effectively, leasing key plant/borrowing funds at low interest rates, effective creditors practices including better purchasing management, selling off underperforming assets or those surplus to requirements.

### **Material Matters (Significant Risk)**

As such, there were no matters of significant risk identified and reported.

### **Management Letter (Attachment 2)**

As this document is confidential in nature as per the requirements of the Office of the Auditor General, further discussion is provided under confidential cover as part of Attachment 2. For the public record, there were no significant risks. However, there are two moderate risks and one minor risk.

The CEO will report to the Audit Committee each quarter on the progress of addressing the moderate and minor risks as part of the regular report on managing the Shire's risks.

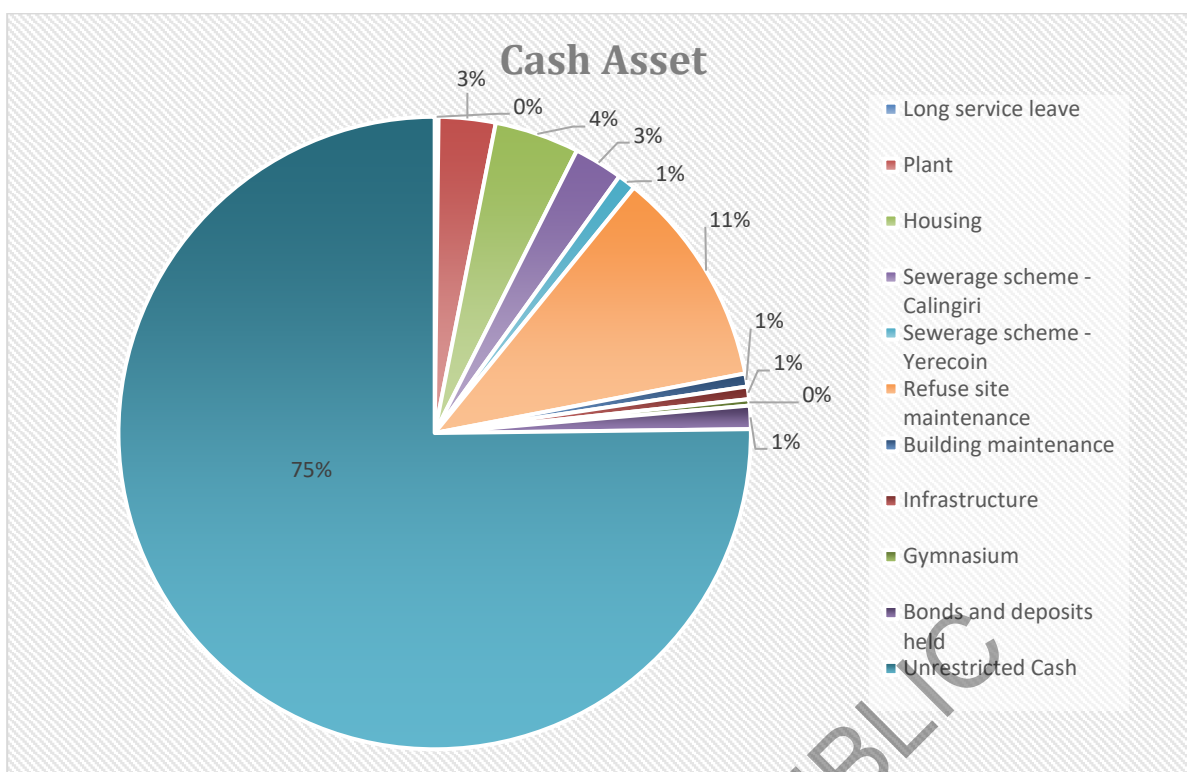
### **Annual Financial Report (Statements) 2020-2021 (Attachment 3)**

In summary, the Annual Financial Statements include information confirming the following:

#### **CASH**

The Shire of Victoria Plains completed the financial year 2020/2021 with \$2.28 million in cash and cash equivalents, an increase of 55% from last financial year.

The graph below shows \$1.715 million in unrestricted funds, and \$0.565 million in restricted funds held in various reserves. 29% of the unrestricted funds were placed in fixed term deposit account.



### RESERVES

The Reserve accounts are created for specific purpose to fund the future projects. As at 30 June 2021, the Cash-Backed Reserves balance was \$538,866 against a budgeted closing balance of \$435,659. A transfer of funds Refuse Site maintenance reserve decreased the total funds by 5% compared from last financial year.

Reserves	2021 Actual	2021 Budget	2020 Actual
Opening Balance	564,979	472,889	470,117
Net Transfers	(26,113)	(37,230)	94,863
<b>Closing Balance</b>	<b>538,866</b>	<b>435,659</b>	<b>564,979</b>

### BORROWINGS

Council can raise funds for a specific project by way of borrowing. As at 30 June 2021, the total principal owing was \$306,547. These loans funded the Calingiri Sports Pavilion, Piawaning Water Supply, and Calingiri Football Club (self-supporting loan). There were no new borrowings during the 2020/2021 financial year.

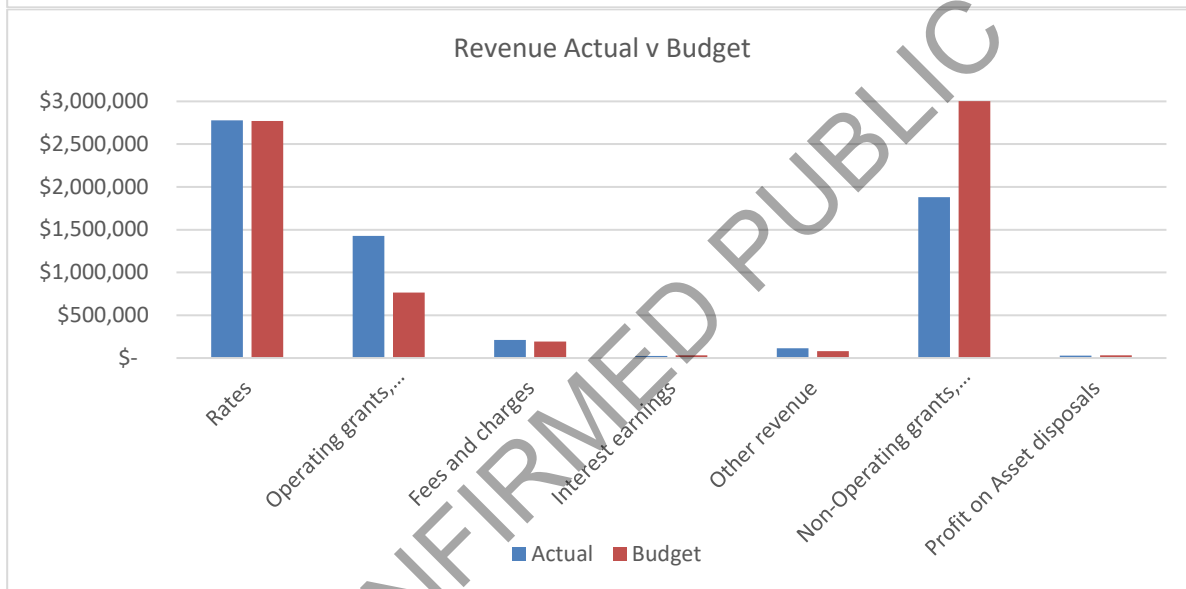
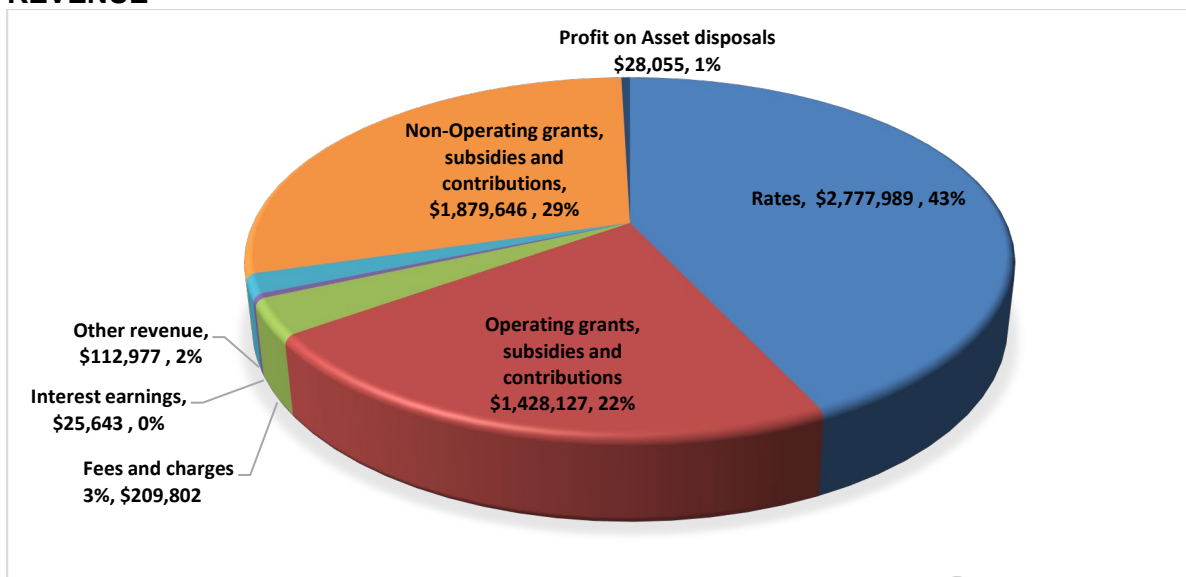
### REVENUE AND EXPENSES

The Shire's total revenue for 2021 Financial Year was \$6.46 million and expenditure, \$7.36 million, resulted to a negative net result of \$894,406 against a deficit budget of \$62,359.

The net loss is mainly contributed by non-operating grants, subsidies and contributions being lower than the budget estimates, primarily related to deferment of capital projects and projects brought forward to the following financial year, and timing of revenue recognition associated with the implementation of revised accounting standards AASB 15 and 1004

The component of these revenue and expenses are illustrated in the following charts:

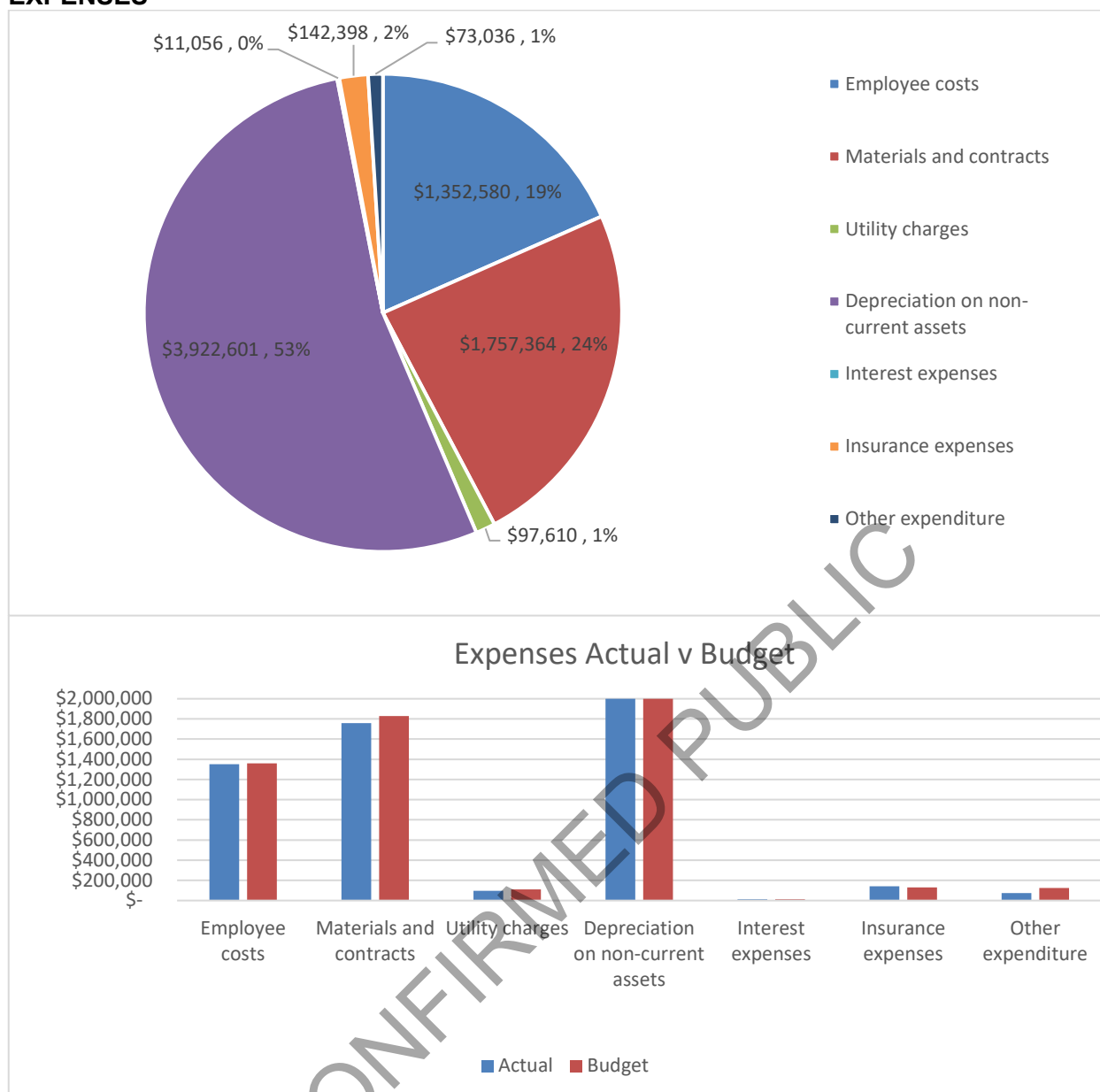
**REVENUE**



The graphs show the sources of Council’s revenue for the year 2020/2021. The main components are as follows: Operating grants, subsidies and contributions 22%, and Non-operating grants 29%, and major own source revenue Rate 43% and Fees and Charges 3%. The remaining 3% comes from other sources of revenue such interest, profit from disposal of assets and other revenue.

The total Rates noted in the graph includes Ex-Gratia rates of \$80,571. No rates discounts and waivers were offered by the Shire during the 2021 financial year.

**EXPENSES**



The graphs show Council’s expenses for financial year 2020/2021. The three main components were made up of \$1.76 million (24%) materials and contracts costs, \$1.35 million (19%) employee costs, \$3.922 million (53%) depreciation of non-current assets with the remaining \$0.324 million (4%) are from interest, insurance and other expenditure.

**CAPITAL EXPENDITURE**

The Council budgeted \$4,242,500 for capital expenditure, \$293,902 was spent on Property, Plant and Equipment, and \$2,079,559 on Construction of Infrastructures. A number of the capital projects are being carried forward to the next financial year (2021/2022), such as LRCIP funded projects.

**Road infrastructure**

Total road grants income received for the financial year amounted to \$2,558,562 as follows:

- Grants Commission – Local Roads \$ 552,263
- Grant – Direct Road \$ 132,995
- Grant – Regional Road Group – Road Projects \$ 278,481
- Grant – Roads to Recovery \$ 229,267
- Grant – Main Roads (Mogumber Yarawindah) \$1,036,940
- Grant – Local Rural Community Infrastructure Program \$ 328,616

Total road expenditure was \$2,826,702 excluding depreciation as follows:

- Roads Construction \$1,956,978
- Road Maintenance \$ 869,724

The major roads construction works were:

- Toodyay-Bindi Bindi Road
- Gillingarra- Glentromie Road
- Bolgart West Road
- Mogumber – Yarrawindah
- Yerecoin Southeast Road

### Major Plant

There were no items of major plant purchased during the 2021 financial year.

### FAIR VALUE

The fair value of land, buildings and infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each reporting period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings and infrastructure, investment properties and vested improvements to be shown at fair value.

In reviewing the fair values of land, buildings and infrastructure at 30 June 2021, it was determined that the recorded values reflected current market conditions. The next revaluation of Land and Buildings will be reflected in financial year 2021/2022.

### NET SURPLUS / DEFICIT CARRIED FORWARD

The 2021 financial year has resulted in a net surplus carried forward of \$0.894 million against a balanced budget.

### FINANCIAL RATIOS

The Department of Local Government emphasize the purpose of Financial Ratios which is “to provide users of annual financial reports with a clearer interpretation of performance and financial results of a local government”. Financial Ratios are required to be reported in accordance with the Local Government (Financial Management) Regulations. The Shires ratios for 2021 are:

	2021 Actual	DLGSCI Benchmark*
Current Ratio	1.96	≥ 1.00
Asset Consumption Ratio	0.68	≥ 0.50
Asset Renewal Funding Ratio	0.51	≥ 0.75
Asset Sustainability Ratio	0.50	≥ 0.90
Debt Service Cover Ratio	17.34	≥ 2.00
Operating Surplus Ratio	(0.90)	≥ 0.01
Own Source Revenue Coverage Ratio	0.42	≥ 0.40

\*Department of Local Government, Sport and Cultural Industries

### OTHER COMMENTS – ANNUAL REPORT

With consideration of the Annual Financial Statements and the Auditor’s Report, these can now proceed as part of the Shire’s 2020-2021 Annual Report. This means that once the Annual Report is accepted by Council, the Annual General Meeting of Electors can be set and the Annual Report, including the 2020-2021 Annual Financial Statements, presented to that meeting.

**CONSULTATION**

Glenda Teede, CEO  
Glenn Deocampo – Coordinator Financial Services  
Travis Bate, RSM

**STATUTORY CONTEXT****Local Government Act****5.53. Annual reports (in part)**

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
  - (f) the financial report for the financial year; and
  - (h) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year.

**6.4. Financial report**

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
  - (a) be prepared and presented in the manner and form prescribed; and
  - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
  - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
  - (b) the annual financial report of the local government for the preceding financial year.

**5.54. Acceptance of annual reports**

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.  
*\* Absolute majority required.*
- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

**7.2. Audit**

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

**7.12A. Duties of local government with respect to audits**

- (4) A local government must —
  - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
  - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

**Audit Regulations****16 Functions of Audit Committee (in part)**

- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
- (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c)

**CORPORATE CONTEXT****Strategic Community Plan**

<b>Civic Leadership</b>	<b><i>to better allocate scarce resources and effectively interact with the community</i></b>	
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> <li>• <i>Implementation of initiatives to better connect Council with the community and associated matters.</i></li> </ul>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

**Corporate Business Plan**

- 5.4.2 Maintain accountability and financial responsibility in accordance with Long Term Financial Plan
- 5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation
- 5.4.4 Support and facilitate ongoing relevant training and capacity building for staff
- 5.4.5 Maximise operational efficiencies whilst maintaining appropriate controls.

**Risk Management (Risk Procedures)**

<b>Consequence</b>	<b>Consequence Rating:</b>	<b>Likelihood Rating:</b>	<b>Risk Rating</b>	<b>Risk Acceptance/ Controls</b>	<b>Mitigation and Outcome</b>
<b>Non-compliance</b>  Not adhering to:  1. Recommendations in the Management Letter regarding moderate/minor risks  2. Not addressing OAG's Significant Adverse Trends through an appropriate Action Plan	High (4)  Non-compliance results in termination of services or imposed penalties to Shire/Officers	Likely (4)  The event will probably occur in most circumstances i.e. At least once per year  <b>The irony with improved controls is that additional non-compliant matters have come out of the woodwork. This</b>	High (16)  This was previously an Extreme Rating	CEO & Council (and Audit Committee)  Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring  Adequate: Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied with and are subject to	CEO (and by extension – senior staff) to ensure that: <ul style="list-style-type: none"> <li>• Staff adhere to the purchasing policy;</li> <li>• Staff follow purchasing procedures;</li> <li>• Audit Committee is advised regarding the Significant Adverse Trends Action Plan and other plans;</li> <li>• Financial Systems Review and Reg 17 Review are completed by 30 June 2022</li> </ul> Councillors and Committee Members to ensure they comply with the Code of

		is the subject of a further report to the Audit Committee in due course	periodic review and testing. This includes: <ul style="list-style-type: none"> <li>Updating the purchasing policy annually;</li> <li>Implementation after the last audit of the purchasing approval form</li> </ul>	Conduct re keeping informed (understanding reports) and undertaking training and development. Also, must follow Integrated Planning.  The above will, over time, ensure that the risk is maintained as Moderate/Low
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**FINANCIAL IMPLICATIONS**

Ongoing strategies to address the Shire's Operating Surplus Ratio as set out in the body of this agenda item and as per the Auditor's Report.

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>2204-02</b>	<b>Officer's Recommendation/Committee Recommendation</b>
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**Moved: Cr S Woods**

**Seconded: Cr N Clarke**

That the Audit Committee:

- REVIEWS** the Shire of Victoria Plains Annual Financial Report (Statements) as set out in Attachment 3 and the Auditor's Report (Opinion) in Attachment 1 regarding other legal and regulatory requirements for 2020/2021 and consider the significant adverse trends in relation to the Shire of Victoria Plains Operating Surplus Ratio.
- ACCEPTS** the draft Report (Attachment 4) by the CEO to the Minister for Local Government regarding the significant adverse trend of the Shire's Operating Surplus Ratio and the suggested improvements required by Section 7.12A of the *Local Government Act 1995*.
- ASSISTS** the CEO regarding the Action Plan to address the Moderate and Minor Risks identified in the Shire's Management Letter as set out in Attachment 2.

**Note:** As per the Management Letter, these actions are to be completed by 30 June 2022.

- RECOMMENDS** that Council in accordance with:
  - Section 7.2 of the *Local Government Act 1995*, **ADOPTS** the 2020/2021 Annual Financial Report including the Auditor's Report (Opinion) from the Office of the Auditor General as per Attachments 3 and 4.
  - Section 7.12A of the *Local Government Act 1995*, **ACCEPTS** the CEO's draft Report in Point 2 and that this report is:
    - Submitted to the Minister within 3 months;
    - Put on the Shire's website within 14 days after the Report is given to the Minister.
  - NOTES** the Action Plan in Point 3.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

*Mr T Bates (RSM Finance Consultant), withdrew from the meeting via teleconference at 4.15pm and did not re-join.*



**6.3.1 Compliance Audit Return 2021**

<b>File reference</b>	
<b>Report date</b>	31 March 2021
<b>Applicant/proponent</b>	Department of Local Government, Sport and Cultural Industries
<b>Officer disclosure of interest</b>	Nil
<b>Previous meeting references</b>	23 March 2022 – Item 8.3
<b>Prepared by</b>	Sean Fletcher, Governance Officer
<b>Authorised by</b>	CEO
<b>Attachments</b>	
Attachment 1	Page 65 SoVP CAR 2021

**PURPOSE**

As per the Local Government (Audit) Regulations, this item regarding the Compliance Audit Return 2020 is presented to the Audit Committee to make appropriate recommendations to Council.

**BACKGROUND**

It is a requirement of all local governments to complete the Compliance Audit Return by 31 March for the preceding calendar year and submit it to the Department of Local Government, Sports and Cultural industries as part of its regulatory obligations.

The CAR is considered a key internal auditing tool. The questions examined change from year to year.

Once the CAR is reviewed by the Audit Committee, it is then submitted to Council for its consideration. It is then signed by the President and the CEO and then submitted to the Department along with a copy of the Council minutes.

**COMMENT**

The Compliance Audit Return has been completed for the 2021 year and is submitted for review.

**Audit Findings**

The Author reviewed the practices and procedures of the administration, as required under the CAR (Attachment 1). The following is a summary of the audit findings and suggested course of action for non-compliant actions regarding the CAR for 2021:

<b>Subject</b>	<b>Page</b>	<b>Question of Non-Compliance</b>	<b>Finding Matters of Non-Compliance</b>
<b>Commercial Enterprises by Local Government</b>			
<b>5 questions</b>	1/13	N/A	SoVP did not undertake any such activity for 2021. This was the same for 2019 and 2020
<b>Delegation of Power or Duty</b>			
<b>13 questions</b>	2/13	13	2019 – 4 2020 – 0 2021 – 0 Section 5.46(3) and Admin Reg 19 requires all persons exercising a delegated power or

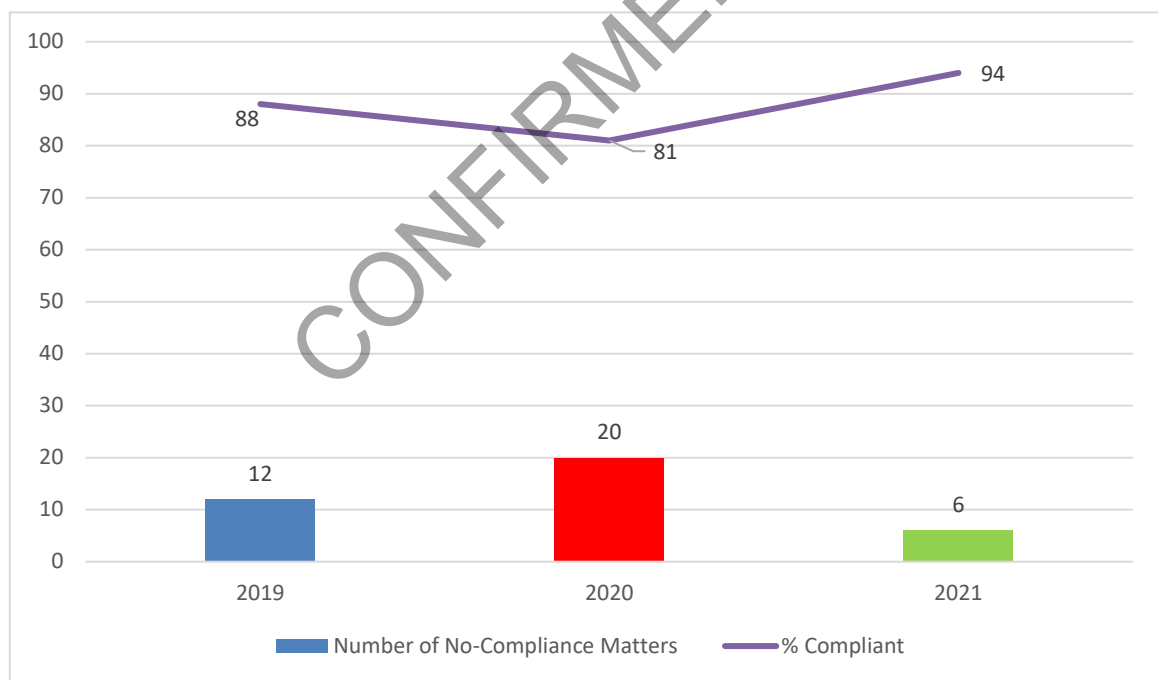
			<p>duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19.</p> <p>The Departmental Guideline regarding Delegations states that:</p> <p>“This provision does not necessarily require the keeping of a register and other efficient record keeping practices would be sufficient. However, it is recommended that such systems provide for accessible accountability of the performance of these tasks.”</p> <p><b>For Information</b></p> <ul style="list-style-type: none"> <li>• Ideally, the CEO should report when their delegation is used to Council at the Monthly Briefing Session. This has been suggested for the last two years;</li> <li>• Shire has improved its level of record registration</li> </ul>
<b>Disclosure of Interests</b>			
<b>21 questions</b>	2/13		2019 – 0 2020 – 4 2021 – 2
Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	3/13	5	<p>There seems some doubt re the annual return for one councillor was submitted by the due date</p> <p><b>For Information</b> The Department is aware of this matter</p>
On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	3/13	6	<p>There is no evidence in the respective registers that a letter of acknowledgement was issued by the CEO or President</p> <p><b>Action</b> Letters to be drafted and issued ASAP</p>
<b>Disposal of Property</b>			
<b>2 questions</b>	5/13	N/A	No matters of non-compliance.
<b>Elections</b>			
<b>3 questions</b>	6/13		2019 – 0 2020 – 3 2021 – 0

<b>Finance</b>			
<b>11 questions</b>	7/13		2019 – 2 2020 – 6 2021 – 2
Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	7/13	3	The delay was due to the audit backlog experienced by the auditors and the OAG. The exit interview was held on 8 February 2022. The signed financial statements were required to be resubmitted to the OAG on 23 March 2022. The Audit Report (Opinion) and Management letter were then produced on 23 March 2022 and made available to the Shire on 30 March 2022  <b>For Information</b> President advised the OAG representative and the auditors at the exit meeting on 8 February 2022 that the delay for the second year running of the annual audit report was of concern
Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	7/13	7	See Question 3
<b>Integrated Planning and Reporting</b>			
<b>3 questions</b>	8/13	N/A	Compliant
<b>Local Government Employees</b>			
<b>6 questions</b>	8/13		2020 – 0 2021 – 1
Did the CEO inform council of each proposal to employ or dismiss senior employee?		5	The current Manager of Works and Services commenced on 29 November 2021  <b>Action</b> CEO to formally advise Council ASAP
<b>Official Conduct</b>			
<b>3 questions</b>	9/13		2019 – 0 2020 – 2 2021 – 0
<b>Optional Questions</b>			
<b>9 questions</b>	10/13		2019 – 0 2020 – 3 2021 – 0

**Tenders for Providing Goods and Services**

<b>24 questions</b>	11/13		2019 – 4 2020 – 1 2021 – 1
Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	11/13	1	There were two (2) instances where the Shire did not obtain a quote or an engagement letter re legal services - this was deemed a moderate risk by the OAG  <b>Information</b> Despite the purchasing policy allowing quotes from a single source re legal matters, the OAG wanted to see some testing of the market. CEO has agreed to undertake testing of the market as appropriate.

**Summary of Non-Compliance by Year**



**CONSULTATION**

CEO

Audit Committee – At its meeting on 23 March 2022

**STATUTORY CONTEXT**

Local Government (Audit) Regulations 1996 –

- r.14 – Compliance Audit Return to be reviewed by Audit Committee and report to Council;
- r.15 – once considered by Council, the Return is to be signed by the President and CEO and lodged with the Department by 31 March.

**CORPORATE CONTEXT**  
**Strategic Community Plan**

<b>Civic Leadership</b>		<b><i>to better allocate scarce resources and effectively interact with the community</i></b>
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> <li>• <i>Implementation of initiatives to better connect Council with the community and associated matters.</i></li> </ul>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

**Corporate Business Plan**

5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation

**Risk Management (Risk Governance Framework)**

The CAR is a key mechanism regarding the compliance of the Shire. Failing to complete the CAR by the due date and failing to action the matters of non-compliance opens the Shire up to further risk regarding its operations and investigation by the Department of Local Government.

<b>Consequence</b>	<b>Consequence Rating:</b>	<b>Likelihood Rating:</b>	<b>Risk Rating</b>	<b>Risk Acceptance/ Controls</b>	<b>Mitigation and Outcome</b>
<b>Non - compliance</b>  Not conducting CAR by 31 Mar.  Not addressing actions of non-compliance	Extreme (5)  Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire/Officers	Likely (4)  Probably occur in most circumstances  At least once per year	Extreme (20)	CEO & Council (Audit Committee)  Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring  Adequate: Much improved on previous two years. There is some scope for further improvements	The CAR 2021 was completed by 31 March 2022. However, the Department requires the Audit Committee and Council to sign off on the CAR by the same date.  The six matters of non compliance will be actioned ASAP  The CEO to update the Audit Committee on progress of outstanding items.  Councillors to observe statutory requirements regarding returns  The above will, over time, ensure that the risk is maintained as Low

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

No

**2204-03 Officer's Recommendation/Committee Recommendation****Moved: Cr S Woods****Seconded: Cr P Bantock**

That the Audit Committee in accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996* reports to Council it has made the following findings regarding the Compliance Audit Return 2021:

Subject	Page	Question of Non-Compliance	Finding
<b>Commercial Enterprises by Local Government</b>			
<b>5 questions</b>	1/13	N/A	SoVP did not undertake any such activity for 2021. This was the same for 2019 and 2020
<b>Delegation of Power or Duty</b>			
<b>13 questions</b>	2/13	13	<p>2019 – 4 2020 – 0 2021 – 0</p> <p>Section 5.46(3) and Admin Reg 19 requires all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19.</p> <p>The Departmental Guideline regarding Delegations states that:</p> <p>“This provision does not necessarily require the keeping of a register and other efficient record keeping practices would be sufficient. However, it is recommended that such systems provide for accessible accountability of the performance of these tasks.”</p> <p><b>For Information</b></p> <ul style="list-style-type: none"> <li>• Ideally, the CEO should report when their delegation is used to Council at the Monthly Briefing Session. This has been suggested for the last two years;</li> <li>• Shire has improved its level of record registration</li> </ul>

<b>Disclosure of Interests</b>			
<b>21 questions</b>	2/13		2019 – 0 2020 – 4 2021 – 2
Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	3/13	5	There seems some doubt re the annual return for one councillor was submitted by the due date  <b>For Information</b> The Department is aware of this matter
On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return.	3/13	6	There is no evidence in the respective registers that a letter of acknowledgement was issued by the CEO or President.  <b>Action</b> Letters to be drafted and issued ASAP.
<b>Disposal of Property</b>			
<b>2 questions</b>	5/13	N/A	No matters of non-compliance.
<b>Elections</b>			
<b>3 questions</b>	6/13		2019 – 0 2020 – 3 2021 – 0
<b>Finance</b>			
<b>11 questions</b>	7/13		2019 – 2 2020 – 6 2021 – 2
Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	7/13	3	The delay was due to the audit backlog experienced by the auditors and the OAG. The exit interview was held on 8 February 2022. The signed financial statements were required to be resubmitted to the OAG on 23 March 2022. The Audit Report (Opinion) and Management letter were then produced on 23 March 2022 and made available to the Shire on 30 March 2022  <b>For Information</b> President advised the OAG representative and the auditors at the exit meeting on 8 February 2022 that the delay for the second year running of the annual audit report was of concern
Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	7/13	7	See Question 3

<b>Integrated Planning and Reporting</b>			
<b>3 questions</b>	8/13	N/A	Compliant
<b>Local Government Employees</b>			
<b>6 questions</b>	8/13		2020 – 0 2021 – 1
Did the CEO inform council of each proposal to employ or dismiss senior employee?		5	The current Manager of Works and Services commenced on 29 November 2021  <b>Action</b> CEO to formally advise Council ASAP
<b>Official Conduct</b>			
<b>3 questions</b>	9/13		2019 – 0 2020 – 2 2021 – 0
<b>Optional Questions</b>			
<b>9 questions</b>	10/13		2019 – 0 2020 – 3 2021 – 0
<b>Tenders for Providing Goods and Services</b>			
<b>24 questions</b>	11/13		2019 – 4 2020 – 1 2021 – 1
Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	11/13	1	There were two (2) instances where the Shire did not obtain a quote or an engagement letter re legal services - this was deemed a moderate risk by the OAG  <b>Information</b> Despite the purchasing policy allowing quotes from a single source re legal matters, the OAG wanted to see some testing of the market. CEO has agreed to undertake testing of the market as appropriate.

CARRIED BY UNANIMOUS DECISION OF COMMITTEE



### 6.3.2 Internal Audits – March and April 2022

<b>File reference</b>			
<b>Report date</b>	5 April 2022		
<b>Applicant/proponent</b>	CEO		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>	Nil		
<b>Prepared by</b>	Sean Fletcher, Governance Officer		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page		Nil

#### PURPOSE

This report is an update to the Audit Committee on the internal audits conducted regarding March and April that were conducted in the last week of March 2022. The internal audits are part the Compliance Calendar internal audit actions.

#### BACKGROUND

The Shire's Compliance Calendar schedules the following internal audits for March and April 2022:

#### March

	Compliance Action	Compliance Requirement	Section / Ref	Good Practice Resources and LG Operational Procedures
	<b>Internal Audits</b> Recommended internal audits to verify continuing compliance. Suggested for 'annual' frequency however LGs can schedule the following Compliance Actions into the Compliance Calendar according to their needs.			
Mar	<b>Tender Register - Internal Audit</b> Review Register for compliance with F&G.Reg.17 and ensure the Register accurately and completely records all tenders.	Local Government Act 1995	F&G.Reg.17.	
Mar	<b>Integrity in Procurement - Internal Audit</b> Review policies, procedures, internal controls, relevant to purchasing activities, making payments and contract management, as well as practices for recruitment, induction and training of employees involved in procurement. Option: Report Audit Outcomes / Actions to Audit Committee	Local Government Act 1995	FM Reg.5 Audit.Reg.17(1)	WALGA website - Integrity in Procurement - Self Audit Template
Mar	<b>Official Conduct Complaints Officer - Internal Audit</b> Local Government has designated a Senior Employee [s.5.37] as its Complaints Officer, if not, then the CEO is the Complaints Officer.	Local Government Act 1995	s.5.120	DLGSC Website - Local Government Standards Panel
Mar	<b>Official Conduct Complaints Register - Internal Audit</b> Review register for compliance with s.5.121	Local Government Act 1995	s.5.121	DLGSCI Website - Local Government Standards Panel

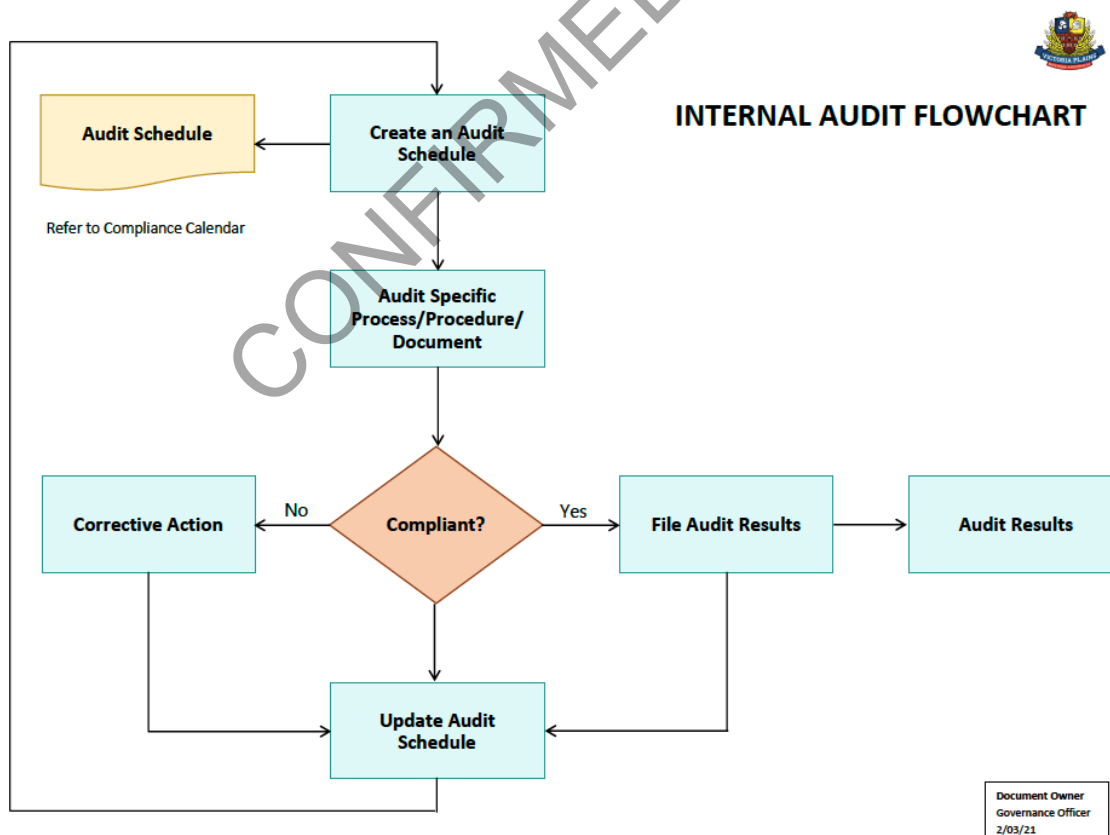
**April**

Apr	<b>Register of Gifts Online - Internal Audit</b> Audit the Register for: <ul style="list-style-type: none"> <li>• Compliance with Admin.Reg.28A</li> <li>• Register accurately records all declarations</li> <li>• Declaration form complies with disclosure requirements under s.5.89(3) &amp; (5) &amp; (5A)</li> </ul>	Local Government Act 1995	s. 5.89A Admin.Reg.28A Form 4.	<b>WALGA</b> website - Webinar Local Government Gift Declarations
Apr	<b>Notifiable Gift Register - Internal Audit</b> Review the register for: <ul style="list-style-type: none"> <li>• Compliance with Admin.Reg.34B(5)</li> <li>• Register accurately records all declarations</li> <li>• Declarations comply with Admin Reg. 34B(5) and Code of Conduct</li> </ul>	Local Government Act 1995	Admin. Regs.34B(5)	<b>WALGA</b> website - Webinar Local Government Gift Declarations
Apr	<b>Financial Interests Register - Internal Audit</b> Review the register for <ul style="list-style-type: none"> <li>• Compliance with s.5.88 and Admin. Reg. 28</li> <li>• Register accurately records all declarations</li> <li>• Declarations comply with disclosure requirements under LG Act, Part 5, Div.6, SubDiv.1.</li> </ul>	Local Government Act 1995	s.5.88 Admin.Reg.28	<b>WALGA</b> website - Webinar Local Government Gift Declarations
Apr	<b>Electoral Gift Register - Internal Audit</b> CEO to establish and maintain <ul style="list-style-type: none"> <li>• Record disclosures by candidates and donors</li> <li>• Remove disclosures relating to unsuccessful candidates and retain separately for at least 2 years.</li> <li>• Register is to be publicly available at LG Office.</li> </ul>	Local Government Act 1995	s.4.59 Elections Regs.30G, 30H Form 6	<b>WALGA</b> website - Webinar Local Government Gift Declarations <b>DLGSC</b> website - Standing for Council Information Package for Candidates

A number of these audits were undertaken in conjunction with the Compliance Audit Return (CAR) 2021 (see Item 6.3.1).

**COMMENT**

The internal audits were undertaken using the following process:



The author provided the following report to the CEO regarding the March and April Internal Audits:

### **Internal Audits – March 2022**

#### **Tender Register**

I was able to review the Tender Register as part of the CAR 2021. I can advise that the Tender Register for 2021-2022 is in order, consisting of one EOI.

#### **Integrity in Procurement**

I have deferred the internal audit as it is best conducted with WALGA's self audit template. The Shire recently became a subscriber to the WALGA procurement service, so we should be able to access this tool. I cannot do this myself as I am a consultant.

The other issue to be aware of is that the Financial Systems Review is due to be conducted shortly and this will pick up on any issues for 2021.

Finally, there is the confidential review of payment for gravel royalties in the Shire, which I should have completed within the next week.

#### **Official Conduct Complaints Officer - Internal Audit**

This audit requires confirmation regarding who is the complaints officer regarding minor complaints. As there is no senior officer to perform this role, you as CEO, are the complaints officer.

#### **Official Conduct Complaints Register**

I can confirm that there were no outcomes from minor complaints during the last 12 months that need reporting on the Shire's website.

The register is blank and shows accordingly on the Shire's website.

### **Internal Audits – April 2022**

Internal Audit	Finding	Changes Required
Register of Gifts – Online Reg28A	Conducted as part of CAR 2021. There were no gifts recorded as per Councillors and CEO	Nil
Notifiable Gift Register – 34B	Requirement removed in 2021 as separate Codes of Conduct were established for elected members and staff	Register of Gifts on-line is the Requirement. Although not required, you may wish to establish an internal register for staff?
Financial Interests Register	A review of the Register of Interests for conflicts of interest declared was conducted as part of the CAR 2021. Register consists of declarations recorded and in hardcopy for 2022 YTD, 2021, 2020, 2019 and 2018	Nil
Electoral Gift Register	Conducted as part of the CAR 2021. There were no electoral gifts re the March 2021 extraordinary election and the October 2021 ordinary elections.	Nil

**Final Comments**

The next series of internal audits are due in May 2022 and will include two items:

- Elections – Enrolment Eligibility Claims (Owner Occupiers) Register
- Trust Fund s6.9

**CONSULTATION**

CEO

**STATUTORY CONTEXT**

As set out in the background section to this report.

**CORPORATE CONTEXT****Strategic Community Plan**

<b>Civic Leadership</b>	<b>to better allocate scarce resources and effectively interact with the community</b>
5.1	Implement measures to improve relationship and communication between Council and community
5.2	Improve elected member performance
5.3	Develop an advocacy and lobbying capacity
5.4	Measures to improve organisational efficiency

• *Implementation of initiatives to better connect Council with the community and associated matters.*

**Corporate Business Plan**

5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation

5.4.5 Maximise operational efficiencies whilst maintaining appropriate controls.

**Relevant Council Policies**

1.10 Enterprise Risk Management

**Risk Management**

<b>Consequence</b>	<b>Consequence Rating:</b>	<b>Likelihood Rating:</b>	<b>Risk Rating</b>	<b>Risk Acceptance</b>	<b>Mitigation and Outcome</b>
Compliance	Insignificant (1)	Possible (3)	Low (3)	Operational Manager	The risk is now reduced to Moderate/Low and is suitable for monitoring by the appropriate manager
Not adhering to the statutory responsibilities	No noticeable regulatory or statutory impact	The event should occur at some time			

The internal audits for March and April 2022 have identified key improvements have been implemented since the last internal audit conducted in March 2021. Matters of concern at that time consisted of:

- The disorganised nature of the Tender Register;
- There was no Minor Complaints Register – online, in place;
- An electoral gifts register was established.

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required: No

**2204-04 Officer's Recommendation/Committee Recommendation****Moved: Cr S Woods****Seconded: Cr N Clarke**

That the Audit Committee advises the CEO it **ACCEPTS** the outcomes of the March and April 2022 Internal Audits and notes the results as follows:

1. The Tender Register is compliant and no further action is required.
2. Integrity in Procurement. This audit process is deferred subject to obtaining WALGA's self audit procurement tool. However, it is expected that the Financial Management Systems Review will identify issues regarding this audit.
3. Official Conduct (Minor) Complaints Officer. The internal audit confirmed that the CEO is the complaints officer in this instance. No further action is required.
4. Official Conduct (Minor) Complaints Register – A register is in place on the Shire's website regarding this matter. No further action is required.
5. The Register of Gifts – Online Reg28A is in order. No further action is required.
6. The Notifiable Gift Register – Reg34B has been removed as this regulation no longer exists.
7. The Financial Interests Register is in order. No further action is required.
8. The Electoral Gift Register is in order. No further action is required.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

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## 6.4 Financial Report

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Nil Report

## 6.5 Risk Management Issues

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The Audit Committee is asked to go into confidential session under s.5.23(f)(i) of the Local Government Act to **RECIEVE** an update regarding gravel compensation matters as:

- (f) a matter that if disclosed, could be reasonably expected to —
- (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law.

<b>2204-05</b>	<b>Officer's Recommendation/Committee Recommendation</b>
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**Moved Cr N Clarke**

**Seconded: Cr S Woods**

That the Audit Committee **CLOSE** the meeting under section 5.23 (2)(f)(i) of the *Local Government Act 1995* to consider a matter regarding Gravel Compensation Matters at 4.33pm.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

CONFIRMED PUBLIC

## 6.5.1 Update on Investigation into Gravel Compensation Matters – Confidential Report

<b>File reference</b>	
<b>Report date</b>	5 April 2022
<b>Applicant/proponent</b>	CEO
<b>Officer disclosure of interest</b>	Nil
<b>Previous meeting references</b>	Nil
<b>Prepared by</b>	Sean Fletcher, Governance Officer
<b>Authorised by</b>	CEO
<b>Attachments</b>	
Attachment 1	Page
	Nil

### VOTING REQUIREMENTS

Absolute majority required: No

<b>2204-06</b>	<b>Officer Recommendation/Committee Recommendation</b>
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**Moved: Cr S Woods**

**Seconded: Cr N Clarke**

The Audit Committee:

1. **RECEIVES** the update on the investigation into gravel compensation matters.
2. **RECOMMENDS** that the CEO provides for information, a copy of the Item 6.5.1 to councillors at the next appropriate briefing session.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

**6.5.2 Works – Outstanding Accounts – Confidential**

<b>File reference</b>	
<b>Report date</b>	31 March 2022
<b>Applicant/proponent</b>	Shire of Victoria Plains
<b>Officer disclosure of interest</b>	Nil
<b>Previous meeting references</b>	15 December 2021
<b>Prepared by</b>	Keith Boase, Works and Services Manager
<b>Authorised by</b>	CEO
<b>Attachments</b>	
Attachment 1	Page
	Nil

**VOTING REQUIREMENTS Yes**

<b>2204-07</b>	<b>Officer Recommendation/Committee Recommendation</b>
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**Moved: Cr N Clarke****Seconded: Cr S Woods**

That the Audit Committee **ACKNOWLEDGES** the briefing on the updated financial risk and status regarding Gravel Compensation matters (Outstanding Accounts), which will be submitted to Council at the April OCM as follows:

- 1 "A special payment to Seaport Holdings P/L for an amount of \$12,651.82 from Job MG9999; and
- 2 A special payment to Wyening Mission Farm for an amount of \$17,300 from Job MG9999
- 3 A special payment to King Farming for an amount of \$3,960 from Job MG9999"

In accordance with clause 6.1(6) the *Shire of Victoria Plains Meeting Procedures Local Law 2018* **REOPENS** the meeting at 4.49pm

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**



## 6.6 Control Systems and Procedures

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Nil

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## 6.7 Matters of Compliance

<b>File reference</b>	
<b>Report date</b>	5 April 2022
<b>Applicant/proponent</b>	Audit Committee
<b>Officer disclosure of interest</b>	Nil
<b>Previous meeting references</b>	ACM 23 March 2022
<b>Prepared by</b>	Sean Fletcher, Governance Officer
<b>Authorised by</b>	CEO
<b>Attachments</b>	
Attachment 1	Page

### PURPOSE

That the Audit Committee accepts the further update regarding the Shire's compliance calendar for the March 2022 Quarter.

### BACKGROUND

The Compliance Calendar is reset each year and updated to reflect the matters of compliance for the year.

At the Audit Committee Meeting on 23 March 2022, the Committee was provided information on the compliance challenges faced by the CEO and the staff in general.

Today's report reflects matters of compliance undertaken and closed out in the March Quarter.

### COMMENT

An overview of actions required, closed out and the completion rate for the March Quarter is provided as follows:

	<b>Actions Required</b>	<b>Actions Ongoing</b>	<b>Actions Not Required</b>	<b>Actions Closed Out</b>	<b>Completion Rate %</b>	<b>Comments including matters ongoing</b>
January	13	5	4	8	62	<ul style="list-style-type: none"> <li>CAR 2021 will go to April ACM and OCM - <b>Overdue</b></li> <li>Reg 17 (3 Items) to be completed by 30 June 2022</li> <li>Submission of Building Services Levy requires confirmation</li> </ul>
February	5	4	3	1	20	<ul style="list-style-type: none"> <li>EM attendance register to be verified</li> <li>Review of Rate Exempted Properties to be undertaken at the completion of the Rates Audit currently underway</li> <li>Review of authorised persons deferred to June Quarter</li> <li>Submission of Building Services Levy requires confirmation</li> </ul>
March	11	6	1	5	45	<ul style="list-style-type: none"> <li>March Financial Report gets accepted at April OCM</li> <li>Submission of Building</li> </ul>

						<ul style="list-style-type: none"> <li>Services Levy requires confirmation</li> <li>Reconciliation of Emergency Services Levy Required</li> <li>Financial Management Systems Review to be completed by 30 June 2022</li> <li>Annual Budget Review completed 23 March. Requires submission to DLGSCI</li> <li>Review of DAIP still outstanding</li> </ul>
<b>Total</b>	<b>29</b>	<b>15</b>	<b>8</b>	<b>14</b>	<b>48</b>	

The above table shows that with Actions Ongoing, the majority of these will conclude outside the March Quarter i.e. within the next three months.

### Other Matters

The other matters are those items that typically occur over a much longer cycle:

Compliance Category	Actions Required	Actions Closed Out	Comments
Actions to be Allocated	5	0	<b>Waste Management</b> <ul style="list-style-type: none"> <li>Waste Water Audits – waiting on ERA decision re whether exemption will continue</li> <li>Review of Shire's Waste Water Customer Service Charter – December 2022</li> <li>Development of Strategic Waste Plans – working group formed</li> </ul> <b>Transport Licensing Matters</b> <ul style="list-style-type: none"> <li>Audit to be scheduled by DoT</li> </ul>
Integrated Planning	11	0	Matters regarding the new SCP, CBP, WFP, LTFP and AMP underway through February/March
Internal Audits	19	7	March - 3 internal audits completed April – 4 internal audits completed
Annual Report – Includes Annual Audit	22	8	With the adoption of the Annual Report, this compliance activity will be completed. Annuals and Auditor's opinion uploaded 31 March 2022

**CONSULTATION**  
CEO

**STATUTORY CONTEXT****Audit Regulations – Regulation 17**

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.

**CORPORATE CONTEXT****Strategic Community Plan and Corporate Business Plan**

Civic Leadership *to better allocate scarce resources and effectively interact with the community*

5.1	Implement measures to improve relationship and communication between Council and community	• <i>Implementation of initiatives to better connect Council with the community and associated matters.</i>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

5.4.3 Maintain controls to promote a high level of legislative compliance throughout the organisation

The Audit Committee has a key role to play regarding assisting Council and the CEO regarding the effectiveness of the Shire's controls.

**Risk Management**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
<b>Compliance</b>  <b>Managing compliance is a key pillar regarding the function of the Shire</b>	Major (4)  Non-compliance results in termination of services or imposed penalties to Shire/Officers	Likely (4)  At least once per year	High (16)	Currently, the risk is acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring as follows:  <b>Staff review monthly, Audit Committee advised quarterly. Is also a CEO KPI</b>	CEO (officers) & Council and Audit Committee advised monthly, quarterly, annually will ensure risk is reduced from high to low

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>2204-08</b>	<b>Officer Recommendation/Committee Recommendation</b>
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**Moved: Cr S Woods**

**Seconded: Cr N Clarke**

That the Audit Committee **ACCEPTS** the further update regarding the Shire's compliance calendar for the March 2022 Quarter.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

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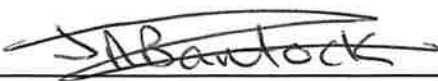
## 8. CLOSURE OF MEETING

There being no further business, the presiding member declared the meeting closed at 4.53pm.

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### CERTIFICATION

These minutes were confirmed at the Audit Committee Meeting held on 3 August 2022

Signed   
(Presiding member at the meeting which confirmed the minutes)

Date 3 August 2022

#### Committee –

- Minutes are unconfirmed until adopted at the following meeting of Committee
- Committee decisions may be authorised by Council, or by CEO authority

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