



**MINUTES**  
**Audit Committee Meeting**  
**16 March 2023**

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

**Commencing – 10.01AM**

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES

## **DISCLAIMER:**

The recommendations contained in this document are officers' recommendations only and should not be acted upon until Council has resolved to adopt those recommendations.

The resolutions of Council should be confirmed by perusing the minutes of the Council meeting at which these recommendations were considered. Resolutions are not considered final until the minutes of the meeting are confirmed 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 of Council's decision.

### Recording of Meeting

Members of the public are advised that meetings of Council are audio recorded to assist with ensuring an accurate record of the meeting is provided for the formal minutes of the meeting. In terms of the Privacy Act 1998 this may involve the recording of personal information provided at the meeting. The provision of any information that is recorded is voluntary, however if any person does not wish to be recorded they should not address or request to address the meeting. By remaining in this meeting, you consent to the recording of the meeting.

You are not permitted to record this meeting with any recording device, unless you have the express authorisation of the Council of the Shire of Victoria Plains.

## **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.

**Commonly-used abbreviations**

AAS / AASB	Australian Accounting Standard / Australian Accounting Standards Board
BF Act	Bush Fire Act 1954
BFB	Bush fire brigade
CEO	Chief Executive Officer
CDO	Community Development Officer
DBCA	Dept of Biodiversity, Conservation and Attractions
DFES	Dept of Fire and Emergency Services
DPLH	Dept of Planning, Lands and Heritage
DWER	Dept of Water and Environmental Regulation
EHO	Environmental Health Officer
EFT	Electronic Funds Transfer
FAM	Finance and Administration Manager
JSCDL	Parliamentary Joint Standing Committee on Delegated Legislation
LEMA	Local Emergency Management Arrangements
LEMC	Local Emergency Management Committee
LG Act	Local Government Act 1995
LGGC	WA Local Government Grant Commission
LPP	Local Planning Policy
LPS	Local Planning Scheme
MOU	Memorandum of Understanding
MRWA	Main Roads WA
NNTT	National Native Title Tribunal
OAG	Office of Auditor General
OCM	Ordinary Council Meeting
PTA	Public Transport Authority
RRG	Regional Roads Group
RTR	Roads to Recovery
SAT	State Administrative Tribunal
SEMC	State Emergency Management Committee
SGC	Superannuation Guarantee Contribution
SJAA	St John Ambulance Association
SWALSC	South West Aboriginal Land and Sea Council
WAEC	WA Electoral Commission
WALGA	WA Local Government Association
WSM	Works and Services Manager

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UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES



# MINUTES

Audit Committee Meeting of the Victoria Plains Shire Council  
Held in the Calingiri Shire Chambers and via E-meeting Protocol  
on 16 March 2023 commencing at 10.01 AM

## 1. DECLARATION OF OPENING

### 1.1 Opening

The Shire President and Presiding Member declared the meeting open at 10.01am.

### 1.2 Announcements by Shire President

The Shire President reminded Elected Members that the meeting was being recorded for the purposes of Minute Taking and uploading of the recording to the Shire Website for public viewing and the meeting will be run in accordance with the Shire's *Meeting Procedures Law 2018*.

## 2. REMOTE ATTENDANCE BY ELECTED MEMBERS

### THAT:

- Under regulation 14C (2)(b) of the Admin Regulations, the Shire President can approve Elected Member attendance by electronic means;
- In doing so, under r.14C (5) the Shire President must have regard as to whether the location that the Elected Member intends to attend the meeting, and the equipment intended to be used to attend the meeting, are suitable;
- Electronic means includes, as per r.14CA(2) by telephone or video conference;
- Suitable equipment would include an electronic device that can hold a Teams meeting, and perhaps, the use of headphones;
- In accordance with r.14CA (5) the Elected Member must declare that they are able to maintain confidentiality during the meeting. Under r.14CA(7), the declaration by the Elected Member is recorded in the minutes of the meeting;
- Summarily, according to Departmental guidance, a suitable location is one that is quiet and private e.g. a private room in your house. If there are other people at the location at the time of the meeting, an Elected Member may be required to close a door and wear headphones.

## REMOTE ATTENDANCE BY ELECTED MEMBERS

N.A

**3. RECORD OF ATTENDANCE**

Members present	Cr P Bantock: Cr S Woods: Cr G O'Brien:	Shire President and Presiding Member Committee Member Delegate and voting Member (joined the Meeting at 10.15 am).
Staff attending	CEO: Manager Finance & Administration: Council Support Officer:	Mr S Fletcher Mr C Ashe Ms J Klobas
Apologies	Cr N Clarke	
Approved leave of absence	Nil	
Visitors	Nil	
Members of the public	Nil	

**4. DISCLOSURES OF INTEREST**

*Refer – Local Government Act, Regulations, Code of Conduct, and Declaration Forms in Councillor folders.*

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

**5. MINUTES OF MEETINGS****5.1 Confirmation of Council Meeting Minutes****VOTING REQUIREMENTS**

Absolute Majority Required: No

<b>2203-01</b>	<b>Officer Recommendation / Audit Committee Recommendation</b>
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**Moved: Cr S Woods**

**Seconded: Cr P Bantock**

That the Minutes of the Audit Committee Meeting held 13 February 2023 as circulated, be **CONFIRMED** as a true and correct record.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

**6. REPORTS REQUIRING DECISION****6.3.1 Budget Review 22-23 as at 31 January 2023**

<b>File reference</b>	12.2.1		
<b>Report date</b>	23 February 2023		
<b>Applicant/proponent</b>	Audit Committee		
<b>Officer disclosure of interest</b>	NIL		
<b>Previous meeting references</b>	N/A		
<b>Prepared by</b>	Colin Ashe, MFA		
<b>Senior Officer</b>	CEO		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	2	Budget Amendments No. 2 – Jan 23
Attachment 2	Page	5	Annual Statutory Budget – Budget Review 2022-23

**PURPOSE**

To conduct the second budget review for 2022-23 based on January 23 financial statements for the Audit Committee approval.

**BACKGROUND**

Council approved the 2022-23 budget that included total expenditure (operating and capital less non-cash operating activities such as depreciation) of \$15,762,339. This included a significant capital works program, a plant replacement program and much needed additional operating expenditure. This resulted in a final budget deficit of (\$192,160) which the management team was confident significant savings could be made to have this reduced as the financial year progressed.

The second budget review has now been completed utilising Jan 23 data for the audit committee to review.

**COMMENT**

The first budget review utilising Oct 22 financial statements forecast a revised budget deficit of (\$93,563) despite several challenges in the budget numbers themselves. This included impacts nationally and internationally in terms of the economy such as inflation and material price escalation.

These factors, out of the control of the shire has continued into 2023 and has significantly impacted the capital works program in AGLIME and WSNF funded projects:

The Works and Services Manager approached the market on several occasions, the first time in late 2022 and as the two respondents were developing their costings, it became very apparent the tendered price was going to exceed the budgeted amount. The partial costing revealed \$4 million plus price tag and this was without the sealing works.

At this point they were advised to stop any further costings and the shire management team would inform of the next step accordingly. This then led to directly approaching some vendors already working in the vicinity of AGLIME and WSNF locations and descoping / reducing some of the specifications whilst not compromising the quality of the new construction in an effort to deliver the program. This resulted in the following.

**WSNF:**

The tendered quotation to complete the road construction was \$3,625,328 against a remaining budget of \$3,296,488, some \$328,840 in excess of the budget available.

**AGLIME:**

The tendered quotation to complete the road construction was \$1,525,689 against a remaining budget of \$783,480, some \$742,209 in excess of the budget available.

A meeting was held with WSN and Shire to ascertain if there was a solution to this road construction budget deficit with the outcome that additional funds could not be secured. Further, it was required that the original specifications needed to be adhered to, significantly increasing the already over budget tendered price than that quoted above.

The decision was made to defer both of these road construction activities into 2023/24 pending a revision of quotations using local content (contractors) in an attempt to reduce costs.

Whilst this has been a disappointing outcome, it has had no real effect on the budget for 2022/23 as:

- capital funding already received has been quarantined as restricted funding (i.e. not included in the municipal bank account balance) and;
- since no further capital expenditure will be incurred, no further capital funding will be triggered in 22/23 as the offset for these two projects.

Other capital infrastructure projects funded by roads to recovery (\$344,594) and LRCIP (\$712,824) are continuing and forecast to be completed this financial year on time and budget.

**OTHER MATTERS:**

Loan funding of \$1,500,000 for the Plant Replacement Program has been received with excess funding placed into the Plant Replacement Reserve of \$518,109.

Transfer to Reserves totalling \$203,000 has been completed in Feb 23 meeting council's budget commitment.

**BUDGET REVIEW SUMMARY**

On the surface, it may appear that the original budget deficit of (\$192,160) should be relatively simple to extinguish given the savings alone in the Plant Replacement program of \$168,109. However it should be acknowledged the significant variations in budget items that have been uncovered during the year, along with activities required to be implemented in accordance with strategic planning which has added complexities, and therefore requiring strong financial management.

Some of these items include:

- An increase in parts and repairs cost due to the aging fleet - \$55,000
- Duplicate budgeting in general rates and ex-gratia rates - \$100,000 (net)
- Engagement of consultants for IT Operating system - \$23,000
- Contract cleaning - \$20,000
- Housing fit out - \$17,000
- Bushfire Risk Mitigation Coordinator - \$61,232
- IT Support - \$30,257
- Salary and Temporary management costs - \$64,705
- Temporary Fuel Tank - \$12,000
- Councillor iPads - \$12,803
- ORB fit out - \$10,500



Despite the continued challenges, management has worked hard to meet its commitment of a balanced budget and is now forecasting a surplus of \$81,709 by 30 June 2023. There are still some areas of concern, particularly in the parts and repairs and this will need to be monitored closely to ensure at least a balanced budget is achieved.

## CONSULTATION

Mr Sean Fletcher, Chief Executive Officer

## STATUTORY CONTEXT

Local Government Act 1995 and associated regulations in particular;

Local Government (Financial Management) Regulations 1996; regulation 33A requires a budget review to be undertaken between 01 Jan and 31 Mar of its financial performance from 01 Jul to 31 Dec.

## CORPORATE CONTEXT

### Strategic Business Plan/Corporate Business Plan

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Council is supported by a skilled team

Strategic Priority 4.3 - Management considers budget reviews in addition to statutory requirements as good governance allowing early intervention to identify any significant issues.

### Delegation

NIL

### Policy Implications

Section 3 – Financial Management

### Other Corporate Document

NIL

### Risk Analysis

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
<b>Compliance</b>	Moderate (3)  Short term non-compliance but with significant regulatory	Unlikely (2)  The event could occur at some time	Moderate (6)	Operational Manager  Risk acceptable with adequate controls, managed by specific procedures and	Ensuring frequent budget reviews in excess of statutory requirements will ensure that the residual risk is low.

	requirements imposed			subject to semi-annual monitoring	
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**FINANCIAL IMPLICATIONS**

Amendments to the budget will provide better forecasting and therefore management of councils finances.

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>2203-02</b>	<b>Officer Recommendation / Audit Committee Recommendation</b>
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**Moved: Cr S Woods**

**Seconded: Cr P Bantock**

That the Audit Committee **RECOMMENDS** that Council **APPROVES**:

1. the budget review and budget amendments and set out in attachment 1 and 2.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES

### 6.3.2 Internal Audits – Update re Financial Systems Review and Regulation 17 Review

<b>File reference</b>			
<b>Report date</b>			9 January 2023
<b>Applicant/proponent</b>			Audit Committee
<b>Officer disclosure of interest</b>			Nil
<b>Previous meeting references</b>			ACM December 21 2022 Item 6.3.2
<b>Prepared by</b>			Sean Fletcher, CEO
<b>Authorised by</b>			CEO
<b>Attachments</b>			
Attachment 1	Page	31	Dry Kirkness Report – Financial Management, Risk Management, Internal Control and Legislative Compliance Report

#### PURPOSE

To provide the Audit Committee on the outcomes of the Financial Management Systems Review and the Regulation 17 Review.

#### BACKGROUND

The Financial Management Systems Review and the Regulation 17 Review are required to be conducted every three financial years. However, it is now six years since the reviews were last undertaken.

The Audit Committee in 2019 resolved that an external contractor is engaged for this purpose. Butler Settineri was subsequently appointed by the former CEO. Butler Settineri rebranded as Dry Kirkness during 2022.

At the March 2022 ACM, the Committee was advised that both reviews would be conducted between March and April 2022. The scope for both reviews was provided to the Audit Committee at this meeting. Due to matters regarding competing time and resources, the reviews were delayed.. The process regarding both reviews was amended as follows:

Key area	Target date	Person responsible
<b>Audit Planning</b>		
Send list of requirements for planning and site visit	15 June 2022	BSA
Planning information provided to BSA	24 June 2022	SOVP
Planning and Risk Assessment	30 June 2022	BSA
Sample Selections to SOVP	1 July 2022	BSA
Site visit	11 – 14 July 2022	BSA & SOVP
Completion of Field work	15 July 2022	BSA & SOVP
Review by Director	22 July 2022	BSA
Findings – discussions with management	29 July 2022	BSA & SOVP
Draft report provided to management for comment	5 August 2022	BSA
Responses provided by management	12 August 2022	SOVP
Report Finalised	19 August 2022	BSA

Report presented to Audit Committee by BSA	TBC	BSA
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The reviews were conducted by Dry/Kirkness on site: 11 July 2022 – 15 July 2022. The expectation at that time was a report would be available at the end of August 2022. However, there were annual audit impacts for DryKirkness and several matters that the Shire needed to provide further information on, which has now been done. The draft report was received on 16 December 2022, responded to by the CEO and Manager Finance and Administration and subsequently finalised the same day by Dry Kirkness.

The final report as set out in Attachment One is presented to the Audit Committee as part of the CEO's responsibilities on advising the Audit Committee on these matters.

## COMMENT

### Engagement Protocols

The Dry Kirkness report (Attachment One) is provided in accordance with the agreed upon procedures outline in the engagement letter dated 28 April 2022 as follows:

- To assist the Chief Executive Officer (CEO) to satisfy the requirements of Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 and Regulation 17(1) of the Local Government (Audit) Regulations 1996:
  - Review the Shire's compliance with Local Government laws and regulations through enquiry, inspection and observation.
  - Review the appropriateness and effectiveness of the Shire's systems and procedures in relation to financial management, risk management and internal controls by performing system walkthroughs, enquiry, inspection, and observation.
- The engagement was conducted in accordance with the Standards on Related Services ASRS 4400 Agreed-Upon Procedures Engagements to Report Factual Findings. The review covered the period 1 January 2021 to 31 December 2021
- The work was limited to that described in this report and was performed in accordance with ASRS 4400 as issued by AUASB.

The work was based only on the information made available up to the date of the review. This report is intended solely for the Shire's internal use and benefit and may not be relied on by any other party.

## Outcomes

### 3.1 Risk Management, Legislative Compliance and Internal Controls Review

#### *Risk Management:*

The Shire has developed a Risk Management Framework based on AS/NZS ISO 31000:2018 Risk Management – Guidelines. However, the Shire has not implemented a risk management process to achieve a structured approach to the management of risks.

The Shire's risk management process was not effective in identifying risks and improvements throughout the Shire's key business areas. This was identified this as an improvement area.

#### *Legislative Compliance:*

The Council has adopted various governance policies. The Chief Executive Officer is responsible for ensuring that legislative requirements are met, a compliance calendar is used in this process. The Shire's legislative compliance process is appropriate and effective.

#### *Internal Controls:*

The Shire has several policies and procedures documented and implemented over key financial areas. Considering the size, resources and operations of the Shire the internal control framework, policies and procedures as described to us are appropriate for most areas of operations.

We have however identified several improvements in order to the Shire to have adequate and effective internal controls in place.

### 3.2 Financial Management Review

From the work performed during their review, it was noted that the financial management framework requires improvement. Dry Kirkness identified several financial management internal controls that are not effective and resulted in significant ratings. The detailed recommendations for improvement can be found in Appendix A of this report. A summary is provided in the next section below.

The recommendations were discussed with management and the action plans to address these risks within acceptable timeframes were agreed on. In particular, since the author's engagement as the Temporary CEO on 3 June 2022, key improvements have been made in many of the significant rating areas and this is reflected in the management comments to the Dry Kirkness report.

**Summary of Recommended Improvements**

The recommended improvements by Dry Kirkness and the changes implemented, or to be implemented, by the management team are summarised as follows:

Area	Items	Rating	Comment on Improvements
<b>Risk Management</b>	5	Significant 2 Moderate 2 Minor 1	<ul style="list-style-type: none"> <li>• New risk profiles have been developed</li> <li>• Risk register to be implemented end of Jan 2023</li> <li>• Business Continuity Plan in place</li> <li>• ICT Disaster Recovery Plan to be costed for 23/24 Budget</li> <li>• Records Disaster Plan to be tested by 31 March 2023</li> </ul>
<b>Financial Management Controls</b>	22	Significant 10 Moderate 8 Minor 4	<p>Those matters to be implemented by 1 February 2023 are now in place:</p> <ul style="list-style-type: none"> <li>• Review of changes to supplier and employee information;</li> <li>• Changes not verified by Shire employees;</li> <li>• ABN checks of new suppliers</li> <li>• Bank Account Deposits are now authorised by two employees;</li> <li>• User rights access to Synergy to be correctly in place by 31 March 2023;</li> <li>• Senior staff now review journal entries;</li> <li>• Depot Clerk now has correct purchasing authority</li> <li>• All purchases received are now certified with two step process;</li> <li>• All invoices are issued use a two step process;</li> <li>• Correct authorising of payments is now in place re CEO, MFA and Finance Coordinator;</li> <li>• All new contracts are now signed before engagement;</li> <li>• No resignation letter received in 1 instance – noted;</li> <li>• Process is in place that documents justification when filling a vacancy due to urgent need;</li> <li>• There is an independent review of the external rates function. Will come inhouse 1 Jan – 1 July 2023;</li> <li>• Grants Register has been in place since August 2022;</li> <li>• Bank reconciliations have been verified by an independent officer since August 2022;</li> <li>• Monthly asset reconciliations not conducted monthly. These will be conducted quarterly;</li> </ul>

				<ul style="list-style-type: none"> <li>Fixed asset stock takes will be conducted annually including 2022/23;</li> <li>Portable and attractive assets register in place;</li> <li>Asset disposal template to be implemented by 30 June 2023;</li> <li>Review of admin allocated rates and plant recovery rates to be undertaken for 2023/24;</li> </ul>
<b>Legislative Compliance</b>	2	Moderate Minor	1 1	<ul style="list-style-type: none"> <li>No gifts were received for an entry to occur;</li> <li>The Tender Register does exist. Tighter controls are being implemented</li> </ul>

The next Financial Management Systems Review and Regulation 17 Review is due in July 2025.

### CONSULTATION

Management Group  
Finance Coordinator  
Dry/Kirkness (Butler Settineri)

### STATUTORY CONTEXT

#### Local Government 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.

**Local Government Financial Management Regulations – Regulation 5(2)(c )**

- (2) The CEO is to:
- (a) ensure that the resources of the local government are effectively and efficiently managed; and
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

**Local Government Audit Regulation 14(3A)**

Under section 14(3A) of the Regulations, the Audit Committee:

(3A) The local government's audit committee is to review the compliance audit return (CAR) and is to report to the council the results of that review.

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

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed  Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Councilors attend training and feel supported in their role
	Council is supported by a skilled team

The Financial Management Systems Review and the Reg 17 Review are key internal audits, that have been conducted externally on this occasion.

**Risk Management**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
<b>Compliance</b>  The Shire has struggled to undertake the FMS Review, the Reg17 Review and CAR within required timeframes.	Major(4)  Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire/Officers	Likely (4)  At least once in 3 years	High (16)	CEO, SMT, Audit Committee  Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring  The controls required are following the requirements of the LG Act, The Audit Regulations	Providing the Audit Committee assist the CEO in obtaining sufficient resources from Council to undertake the internal audits as required, the risk is reduced from High to Low.



**FINANCIAL IMPLICATIONS**

The cost of the FMS Review and the Regulation 17 Review is budgeted for re 2022/2023. The cost to undertake both reviews is \$16,000 (ex GST).

**VOTING REQUIREMENTS**

Absolute majority required: No

<b>2203-03</b>	<b>Officer Recommendation / Audit Committee Recommendation</b>
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**Moved: Cr P Bantock**

**Seconded: Cr S Woods**

That the Audit Committee in accordance with Regulation 5(2)(c ) of the *Local Government (Financial Management) Regulations 1996* and Regulation 17(3) of the *Local Government (Audit) Regulations 1996* is **SATISFIED** with the report by Dry Kirkness (Attachment One) and the responses provided by the CEO to the:

1. Financial Management Systems Review.
2. Regulation 17 Review.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES

### 6.3.3 Risk Management Issues – Quarterly Update

<b>File reference</b>			
<b>Report date</b>	7 March 2023		
<b>Applicant/proponent</b>	CEO		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>			
<b>Prepared by</b>	Sean Fletcher, CEO		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	51	Risk Management Framework (Risk Management Procedures)

#### PURPOSE

That the Audit Committee accepts the update regarding risk management issues and to undertake a review of the Business Continuity Plan during August 2022.

#### BACKGROUND

The CEO is to report to the Audit Committee on a quarterly basis regarding the Shire's Risk Management Procedures. This includes the Risk Dashboard and progress against

#### March 2021

At the March 2021 ACM, the Audit Committee resolved, in part, the following:

That the Audit Committee advises the CEO the following:

2. Acknowledges that the Shire has commenced to address a key risk area regarding workplace safety and security.
3. The risk management dashboard and profiles software will need to be obtained from LGIS and it is suggested that:
  - a. A suitable staff resource (Risk Framework Owner) is allocated to this task; and
  - b. That establishment of a current risk dashboard and risk profiles are resolved with the Risk Coordinator by 30 April 2021.

#### August 2021

Council adopted the Occupational Safety and Health policy on 26 May 2021.

The risk management dashboard and profiles have been located. They now need further updating by an appropriate staff resource.

#### 8 December 2021

LGIS advised on 8 December 2021 that since it is three years since the risk management procedures were implemented, they are now due for review. The Risk Dashboard will then be updated and reported against from there. The expected cost was \$3,500. This was planned for the Budget Review, but did not happen.

#### July 2022

The Audit Committee was advised that the allocation to allow the review of the Shire's risk procedures was put in the 2022/2023 Budget. As a result, the review was conducted by LGIS with key staff on

**November 2022**

The Public Sector Commission has advised that it has released a new guide called Development of Detection Systems for Misconduct and Corruption in the Workplace. Misconduct and corruption is a key risk for any local government. The author attended the webinar regarding this requirement on 9 December 2022 and as a result has asked the Records Officer to commence developing an appropriate policy and process regarding this requirement.

**December 2022**

On the 20 September 2022 key staff undertook a workshop to update the Shire’s risk dashboard and underpinning risk profiles and procedures. As a result, the Shire’s risk status is encapsulated within the following web diagram.



In essence for each risk profile, the greater the distance between the green line (residual risk) and the inherent risk (red line), the greater the concern. The author confirmed with Ben Galvin from LGIS on 15 November 2022 that the Shire is now in a position to finalise changes to the risk policy and finalise the new risk framework.

A copy of the risk dashboard was provided at the Committee’s December 2022 meeting.

**COMMENT**

As part of the review process, the Risk Management Framework was updated by the senior management team. A copy is provided in Attachment 1 for the Committee’s information. The Risk Assessment and Acceptance Criteria, which also forms part of the Risk Management Framework was also updated at the same time.

The Risk Assessment and Acceptance Criteria is set by Council. The Risk Assessment and Acceptance (Page 17 in Attachment 1) consists of the following:

**The Measures of Consequence**

The suggested measures (type) are in keeping with the existing measures adopted previously with additional explanation provided for each band regarding Compliance, Reputation, Property and Environmental.

Measures of Consequence							
Type	Health	Financial Impact	Service Interruptions	Compliance	Reputation	Property	Environmental
Insignificant (1)	Near miss / minor first aid injuries	Less than \$10,000	No material service interruption	No noticeable regulatory or statutory impact. Threat of litigation. No effect on contract performance.	Unsubstantiated, low impact, no media involvement <b>Example</b> Gossip, Facebook item seen by limited persons	Inconsequential or no damage.	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries / Lost time injury <30 Days	\$10,000 - \$50,000	Short term temporary interruption – backlog cleared (< 1 day)	Some temporary non compliances. Single minor litigation. Requires formal meeting with contracted party where concern is raised.	Substantiated, low impact, low news profile <b>Example</b> Local paper / Industry news article, Facebook item seen by multiple groups	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Medical type injuries / Lost time injury >30 Days	\$50,001 to \$250,000	Medium term temporary interruption – backlog cleared by additional resources (< 1 week)	Short term non-compliance but with no significant regulatory requirements imposed. Single moderate litigation or numerous minor litigations.	Substantiated, public embarrassment, moderate impact, moderate news profile. <b>Example</b> State-wide paper, TV News story.	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Long-term disability / multiple injuries	\$250,001 to \$1,000,000	Prolonged interruption of services – additional resources; performance affected (< 1 month)	Non-compliance results in termination of service or imposed penalties. Single major litigation.	Substantiated, public embarrassment, high impact, high news profile, Third Party actions <b>Example</b> Australia wide news stories. Regulatory / Political commentary involvement	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	>\$1,000,000	Indeterminate, prolonged interruption of services – non-performance (> 1 month)	Non-compliance results in litigation, criminal charges or significant damages or penalties. Numerous major litigations / class action.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, Third Party actions <b>Example</b> World wide news, Focused articles (e.g. 60 minutes). Regulatory / Political oversight and involvement.	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

### The Measures of Likelihood

Further detail has been provided regarding the percentages for each likelihood of risk a incident occurring.

Measures of Likelihood			
Level	Rating	Description	Frequency
5	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year
4	Likely	The event will probably occur in most circumstances(>50% chance)	At least once per year
3	Possible	The event should occur at some time(20% chance)	At least once in 3 years
2	Unlikely	The event could occur at some time(<10% chance)	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances(<5% chance)	Less than once in 15 years

### Risk Matrix

No change. This is in keeping with the Standard.

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

### Risk Acceptance Criteria

The level of responsibility has been updated to reflect the situation at the Shire.

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager (e.g. MFA, MWS, PBuS, CESM)
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive Team (SMT)
EXTREME	Unacceptable	Risk generally not acceptable	CEO & Council

### Existing Control Ratings

Improvements have been made to the description.

Existing Controls Ratings		
Rating	Foreseeable	Description
Effective	There is <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.

### CONSULTATION

Senior Management Team  
Council Briefing Session 17 October 2022

### STATUTORY CONTEXT

Nil

### CORPORATE CONTEXT

Strategic Community Plan and Corporate Business Plan

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Councilors attend training and feel supported in their role
	Council is supported by a skilled team

Risk management is a key principle regarding the inherent (possibility of) risks that organisations face. For the Shire the updating of the risk dashboard, profiles and procedures are key to a proactive and well governed Shire.

## Policy

### Policy 1.10 Enterprise Risk Management

#### 9. Risk Appetite

- 9.1 The Shire quantified its risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Procedures and are subject to ongoing review in conjunction with this policy.
- 9.2 All organisational risks to be reported at a corporate level are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment.

## Risk Management

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
Compliance	Insignificant (1)	Likely (4)	Low (4)	Operational Manager	Audit Committee continues to receive updates
Information and Recommendation to Council	No noticeable regulatory or statutory impact	At least once per year			

## FINANCIAL IMPLICATIONS

Nil

## VOTING REQUIREMENTS

Absolute majority required: No

**2203-04 Officer Recommendation / Audit Committee Recommendation**

Moved: Cr S Woods

Seconded: Cr P Bantock

That the Audit Committee **RECOMMENDS** to Council that it amends the Risk Assessment and Acceptance Criteria for the Shire of Victoria Plains to the following (As set out in Attachment 1):

Measures of Consequence							
Type	Health	Financial Impact	Service Interruptions	Compliance	Reputation	Property	Environmental
Insignificant (1)	Near miss / minor first aid injuries	Less than \$10,000	No material service interruption	No noticeable regulatory or statutory impact. Threat of litigation. No effect on contract performance.	Unsubstantiated, low impact, no media involvement <b>Example</b> Gossip, Facebook item seen by limited persons	Inconsequential or no damage.	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries / Lost time injury <30 Days	\$10,000 - \$50,000	Short term temporary interruption – backlog cleared (< 1 day)	Some temporary non compliances. Single minor litigation. Requires formal meeting with contracted party where concern is raised.	Substantiated, low impact, low news profile <b>Example</b> Local paper / Industry news article, Facebook item seen by multiple groups	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
Moderate (3)	Medical type injuries / Lost time injury >30 Days	\$50,001 to \$250,000	Medium term temporary interruption – backlog cleared by additional resources (< 1 week)	Short term non-compliance but with no significant regulatory requirements imposed. Single moderate litigation or numerous minor litigations.	Substantiated, public embarrassment, moderate impact, moderate news profile. <b>Example</b> State-wide paper, TV News story.	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
Major (4)	Long-term disability / multiple injuries	\$250,001 to \$1,000,000	Prolonged interruption of services – additional resources, performance affected (< 1 month)	Non-compliance results in termination of service or imposed penalties. Single major litigation.	Substantiated, public embarrassment, high impact, high news profile, Third Party actions <b>Example</b> Australia wide news stories. Regulatory / Political commentary involvement	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	>\$1,000,000	Indeterminate prolonged interruption of services – non-performance (> 1 month)	Non-compliance results in litigation, criminal charges or significant damages or penalties. Numerous major litigations / class action.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, Third Party actions <b>Example</b> World wide news, Focused articles (e.g. 60 minutes). Regulatory / Political oversight and involvement.	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

**The Measures of Likelihood**

Measures of Likelihood			
Level	Rating	Description	Frequency
5	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year
4	Likely	The event will probably occur in most circumstances(>50% chance)	At least once per year
3	Possible	The event should occur at some time(20% chance)	At least once in 3 years
2	Unlikely	The event could occur at some time(<10% chance)	At least once in 10 years
1	Rare	The event may only occur in exceptional circumstances(<5% chance)	Less than once in 15 years

**Risk Matrix**

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

### Risk Acceptance Criteria

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager (e.g. MFA, MWS, PBus, CESM)
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive Team (SMT)
EXTREME	Unacceptable	Risk generally not acceptable	CEO & Council

### Existing Control Ratings

Existing Controls Ratings		
Rating	Foreseeable	Description
Effective	There is <u>little</u> scope for improvement.	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is <u>some</u> scope for improvement.	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a <u>need</u> for improvement or action.	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**



### 6.3.4 Matters of Compliance

<b>File reference</b>			
<b>Report date</b>	7 March 2023		
<b>Applicant/proponent</b>	CEO		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>			
<b>Prepared by</b>	Sean Fletcher, CEO		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page		Nil

#### PURPOSE

That the Audit Committee accepts the update regarding the Shire’s Compliance Calendar.

#### BACKGROUND

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

As advised at the December 2022 Audit Committee Meeting, the CEO implemented Monday.com to manage the Compliance Calendar and would be rolling this out from January 2023.

In terms of process, the Personal Assistant to the CEO sets out the compliance actions for each quarter (e.g. January – March), including allocating tasks to the relevant officer. She then monitors the progress accordingly. Overall, this approach has been much easier for staff to update the compliance actions. The new compliance calendar is shown in Diagram 1:

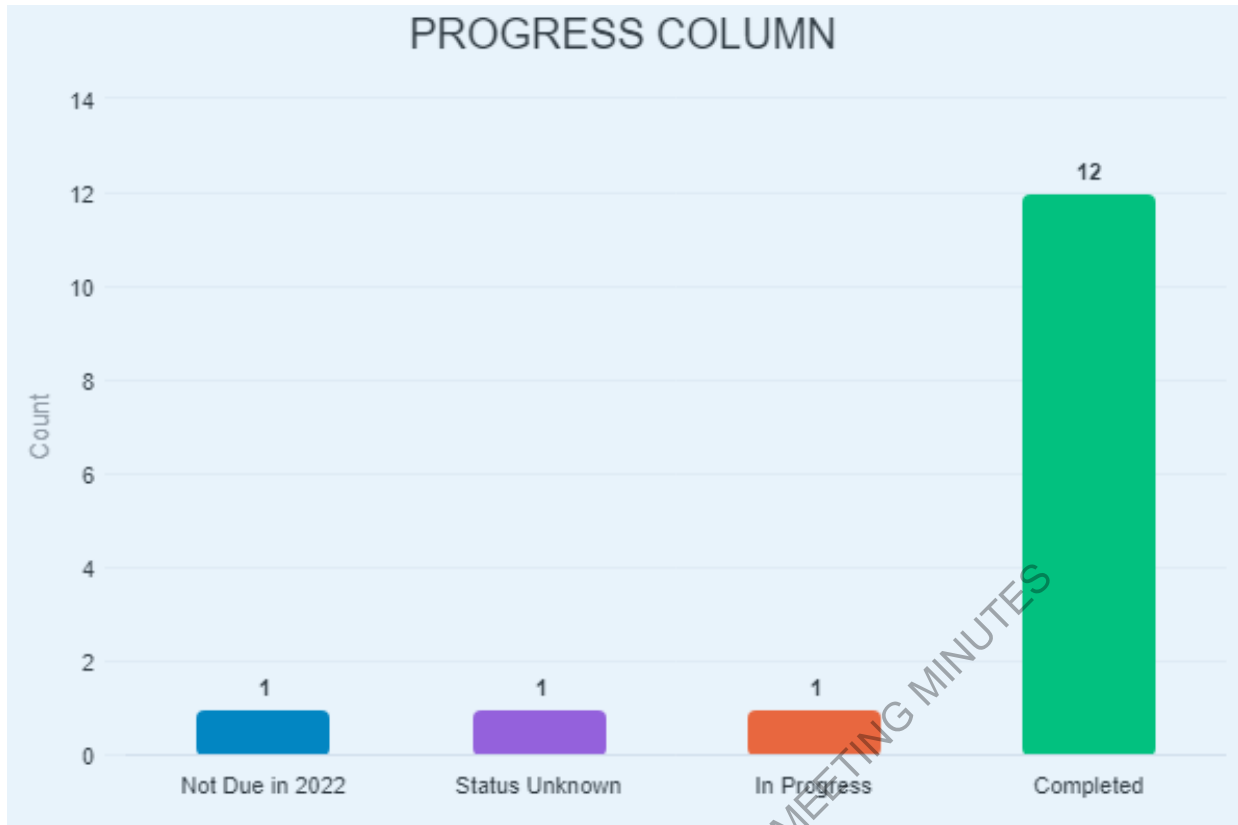
Item	Tasking	Progress	Month	Status 1	Compliance Action	Comments
Compliance Audit Return - Undertake Audit	CA	In Progress	January	Working...	Undertake the Compliance Audit Ret...	Do in February
Annual Budget Review - Commence Review	CA	In Progress	January	Working...	Between 1 January and 31 March in ea...	
Record Keeping Plan - Review	MR JK	Not Due in 2023	January		The LG's Record Keeping Plan must b...	
Local Planning Scheme - Review		Not Due in 2023	January			No Action Required 2023
+ Add Item						

Diagram 1 – Snippet of Compliance Calendar in Monday.com

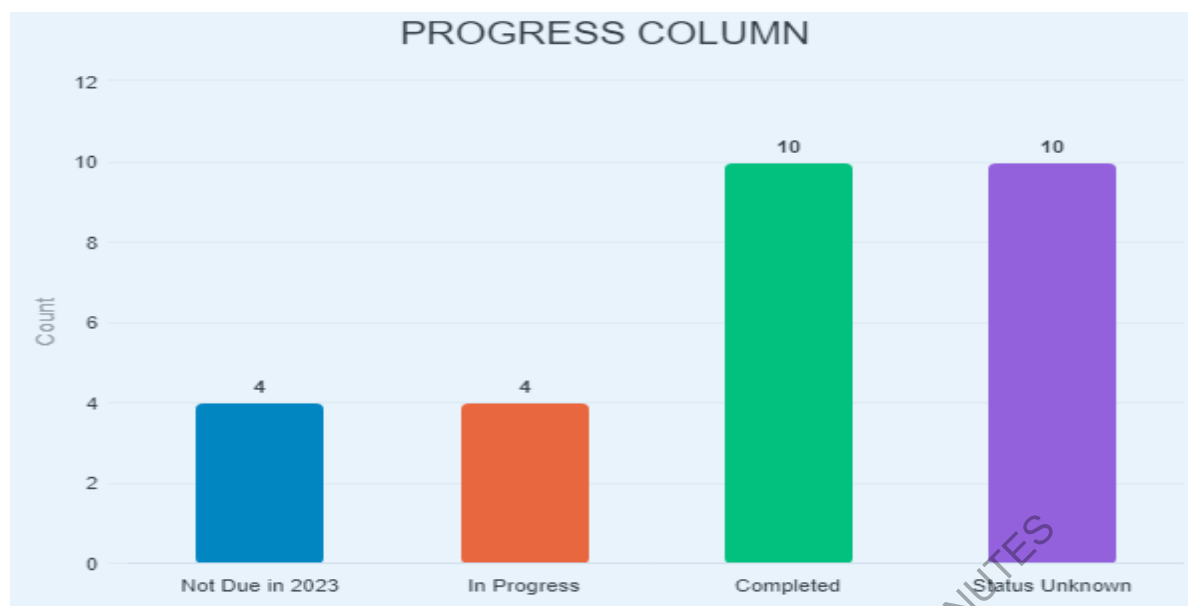
#### COMMENT

The update regarding the compliance actions is as follows:

**November/December 2022**



There were 12 matter completed for November/December including the review of the Master Compliance Calendar, the monthly financial statements, setting of meeting dates by the CEO and the issue of rates instalments. The matter not due is to do with an election matter i.e. declarations of office.

**March Quarter 2023**

It can be seen so far that ten compliance activities have been completed for January and February including the monthly financial statements for December/January, updating of the financial interest registers, the Salaries and Allowance Review (nil return), the Elected Member attendance register, the review of rate exempted properties.

The four activities not due for review include the Record Keeping Plan (completed November 2021), the Local Planning Scheme Review (completed 2021), the Local Law Review (due 2026?) and the Ward Review (as this was completed in 2022 at the behest of the Local Government Advisory Board and then the Minister for Local Government).

There are ten matters where the status is not known as these are the compliance activities for March that are yet to be undertaken.

**Other Matters**

The other matters are those items that typically occur over a much longer cycle and are to be either included in the Compliance Calendar during March 2023 or established as a separate report:

- Actions to be allocated. This includes waste management plans (drafts are completed), the waste water charter (to be allocated);
- Integrated Planning;
- Internal Audits;
- The Annual Report, which also includes the annual audit. Note that this compliance activity is in effect completed with the annual meeting of electors on the 22 March 2023, the last action to be completed (31 out of 32 actions completed)..

**CONSULTATION**

PA to 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.

The Compliance Calendar reflects r.17(1)(c) – legislative compliance.

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

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Councilors attend training and feel supported in their role
	Council is supported by a skilled team

The Audit Committee has a key role to play in assisting Council and the CEO regarding the effectiveness of the Shire’s controls regarding compliance through the compliance calendar.

**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

*Cr G O'Brien joined the meeting at 10.15am*

<b>2203-05</b>	<b>Officer Recommendation / Audit Committee Recommendation</b>
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**Moved: Cr S Woods**

**Seconded: Cr P Bantock**

That the Audit Committee **ACCEPTS** the update regarding the Shire's compliance calendar.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES

### 6.3.5 Integrated Planning and Reporting

<b>File reference</b>			
<b>Report date</b>	7 March 2023		
<b>Applicant/proponent</b>	CEO		
<b>Officer disclosure of interest</b>	Nil		
<b>Previous meeting references</b>			
<b>Prepared by</b>	Sean Fletcher, CEO		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	71	Key Work Action Plan

#### PURPOSE

That the Audit Committee accepts the update regarding Integrated Planning and Reporting.

#### BACKGROUND

To meet the requirements of Integrated Planning and Reporting, the Shire has the following plans in place:

Plan Type	Date Adopted	Due	Comment
Strategic Community Plan (SCP)		Next plan due June 2026	<ul style="list-style-type: none"> <li>Adopted 3 August 2022</li> </ul>
Corporate Business Plan (CBP)	TBA	Next Plan due August 2023	90% Completed: <ul style="list-style-type: none"> <li>Actions completed</li> <li>LOS completed</li> <li>Waiting on LTFP and AMP Links</li> </ul>
Long Term Financial Plan	TBA	Next Plan due August 2023	<ul style="list-style-type: none"> <li>Plan to be presented at today's ACM</li> </ul>
Asset Management Plan	AMP	Next Plan due August 2023	<ul style="list-style-type: none"> <li>Plan to be presented at today's ACM</li> </ul>
Work Force Plan (WFP)	12 August 2019	Next Plan due August 2023	<ul style="list-style-type: none"> <li>Draft WFP received and updated</li> <li>Draft to be presented at today's ACM</li> </ul>
ICT Plan	New	2022	Wallis Computing is currently drafting new plan

The SCP was adopted by Council on 3 August 2022. Since this time, drafts of the informing strategies have been completed i.e. CBP, LTFP, AMP and the WFP. The IT Plan is not compulsory.

#### Annual Review of Corporate Business Plan (CBP)

N/A

#### CBP Quarterly Dashboard

Once adopted at the March OCM, an up to date quarterly report will be brought through for Council's information at the April OCM.

In the meantime, the CEO has introduced a quarterly key work action plan which maps out the actions to be undertaken for each strategy as well as an update on the key capital projects and operating projects. See Attachment 1.

**COMMENT**

The Key Work Action Plan tracks 48 actions for 2022/2023. Each key action has an activity applied to it for the quarter, unless it is a completed action. Some activities are ongoing or span two or more quarters. The activities are tracked in the comments section. A summary of each key area is as follows:

Key Area	Sub Area	%	Comment
<b>Community</b>	Healthy, connected and safe communities	63	Key outcomes include: <ul style="list-style-type: none"> <li>Implementation of community use of the Old Road Board Building</li> <li>Progress regarding the DAIP, Public Health Plan, MOUs and Footpath Program</li> </ul>
	Inclusive community activities, events and initiatives	72	Success has been achieved re: <ul style="list-style-type: none"> <li>A range of grant programs;</li> <li>Community events including Australia Day (grant funded)</li> </ul>
	Recreational, social and heritage spaces are safe and activated	50	The local heritage survey is well underway
	Support emergency services planning, risk mitigation, response and recovery	60	Key activities include LEMC held as required, implementation of the BFB training calendar and development of the BFAC procedures (although on hold for now)
		<b>63</b>	

Key Area	Sub Area	%	Comment
<b>Economy</b>	Support the Diverse Industry Across the Shire. Support the Diverse Industry Across the Shire	42	Current activity includes <ul style="list-style-type: none"> <li>Key progress on the development of concept plan for Reserve DP158777/42 - staff housing and caravan park</li> <li>Change in Minister has delayed confirmation re key water funding</li> </ul>
	Safe and efficient transport network enables economic growth	78	Success has been achieved re: <ul style="list-style-type: none"> <li>The \$1M Plant Replacement Program - completed</li> <li>LRCI3 has continued re Culvert Program</li> </ul>
	Visitors have a positive experience across our communities	67	Activities on target: <ul style="list-style-type: none"> <li>Shires gardens and verges;</li> <li>Upgrade of the Bolgart Caravan Park</li> </ul>
		<b>62</b>	

Key Area	Sub Area	%	Comment
<b>Environment</b>	Maintain a high standard of environmental health and waste services	64	Current activity includes <ul style="list-style-type: none"> <li>Completion of the Yerecoin Hatch Sewer upgrade (LRCI2)</li> </ul>

			<ul style="list-style-type: none"> <li>Waiting on the Ministers announcement re key water funding is impacting this action</li> </ul>
	Conservation of our natural environment	54	The following has been progressed: <ul style="list-style-type: none"> <li>Implementation of the correct animal registration process is in place</li> <li>Animal welfare funding, dedicated weekly community inspection program</li> </ul>
		<b>59</b>	

Key Area	Sub Area	%	Comment
<b>Community</b>	Forward planning and implementation of plans to achieve community priorities	67	Key outcomes include: <ul style="list-style-type: none"> <li>Drafts received of the LTFFP, AMP and WFP.</li> <li>All regional meetings attended</li> </ul>
	Shire communication is regular, clear and transparent	78	Success has been achieved re: <ul style="list-style-type: none"> <li>Successful updating of the Customer Service Charter;</li> <li>Newsletter remains on track;</li> <li>Community, Event and Information Team established</li> </ul>
	Proactive and well governed shire	57	Key progress has been made re the following: <ul style="list-style-type: none"> <li>Research into a new IT system</li> <li>Matters of compliance on track including CAR, Budget Review</li> <li>There has been a lag in some of the workforce plan activity, but this will pick up for March</li> </ul>
		<b>67</b>	

Further to the above, Major Projects sit at 66% achieved (Capital Projects = 71%; Operational Projects sit at 61%).

In essence the results for the Key Action Plan shows that the Shire is achieving a level of achievement and completion that is in keeping with expectations and that project managers, due to clear direction, are capable of achieving the tasks set.

### **CONSULTATION**

Council at briefing session.

### **STATUTORY CONTEXT**

#### ***Local Government (Administration) Regulations 1996***

19DA. Corporate business plans, requirements for (Act s. 5.56)

(4) A local government is to review the current corporate business plan for its district every year.

### **Integrated Planning and Reporting – Framework and Guidelines**

Apart from the Annual Report providing progress towards the achievement of the four-yearly Shire priorities as established through the Corporate Business Plan (Intermediate Standard), the Departmental IPR Guidelines require that as a minimum, a quarterly review is conducted on the status of the CBP for each year.



## 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

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.1 Forward planning and implementation of plans to achieve community priorities	Performance against targets are regularly reported to the community
	We attend meetings of key local and regional organisations to jointly plan for our community
	Demonstrated progress towards achievement of the Corporate Business Plan

The interim CBP Action Plan demonstrates clearly that the Shire is firmly heading in the right direction regarding Action 4.1

### Risk Management

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance	Mitigation and Outcome
<b>Reputation and Compliance</b>  Not adhering to the Corporate Business Plan and hence the Strategic Community Plan	Major (4)  Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Unlikely (2)  The event could occur at some time - -10 years	Moderate (8)	Operational Manager  Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring  Adequate: The Shire continues to ensure that the CBP Quarterly Review is available publicly through a report to Council each quarter.	CEO to ensure all staff undertake and follow CBP.  Elected Members have undertaken further training in IPR requirements.  The above will, ensure that the appropriate manager can assess the risk and correct it accordingly through quarterly reporting. This will ensure that the risk is low

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required: No

Officer Recommendation
------------------------

The Audit Committee **ACCEPTS** the update regarding Integrated Planning and Reporting for March 2023.

<b>2203-06</b> <b>Officer Recommendation / Audit Committee Recommendation</b>
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**Moved: Cr S Woods****Seconded: Cr G O'Brien**

That the Audit Committee **ACCEPTS** the update regarding Integrated Planning and Reporting for March 2023, noting the Corporate Business Plan (CBP), Long Term Financial Plan, Asset Management Plan and Work Force Plan (WFP) will be presented at the April 2023 Council Meeting.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE***Reason for Variation*

Following the Report Officer's verbal update regarding progress status of the Corporate Business Plan, Long Term Financial Plan, Asset Management Plan and Work Force Plan, that presentation be oved to the April 2023 Council meeting.

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES

**6.3.6 Compliance Audit Return 2022**

<b>File reference</b>	
<b>Report date</b>	9 March 2022
<b>Applicant/proponent</b>	Department of Local Government, Sport and Cultural Industries
<b>Officer disclosure of interest</b>	Nil
<b>Previous meeting references</b>	Nil
<b>Prepared by</b>	Sean Fletcher, CEO
<b>Authorised by</b>	CEO
<b>Attachments</b>	
Attachment 1	Page 76 SoVP CAR 2022

**PURPOSE**

As per the Local Government (Audit) Regulations, the Audit Committee is asked to consider the outcomes of the review of the Compliance Audit Return 2022.

**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 2022 year and is submitted for review.

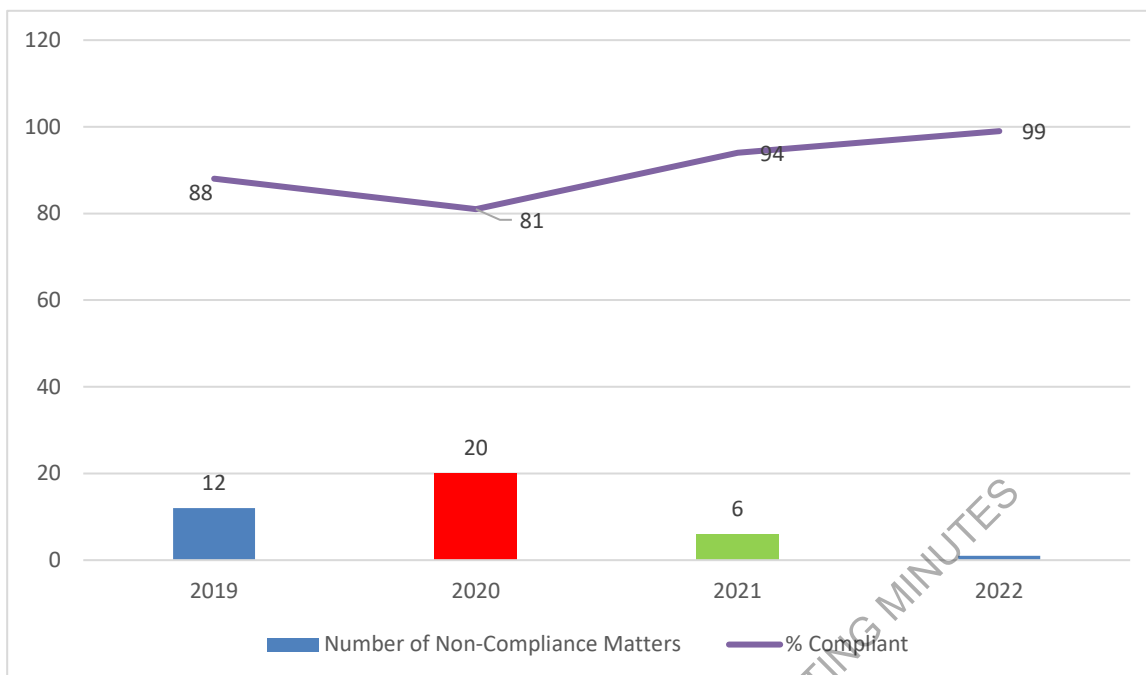
**Audit Findings**

The author, along with the PA to the CEO and the Manager Finance and Administration reviewed the practices and procedures of the administration, as required under the CAR (Attachment 1). In essence, there was only one matter of non-compliance. The following is a summary of the audit findings and suggested course of action for non-compliant actions regarding the CAR for 2022:

Subject	Page	Question of Non-Compliance	Finding Matters of Non-Compliance
<b>Commercial Enterprises by Local Government</b>			
5 questions	1/11	N/A	SoVP did not undertake any such activity for 2022. This was the same for 2019, 2020 and 2021
<b>Delegation of Power or Duty</b>			
13 questions	1/11		2019 – 4 2020 – 0 2021 – 0 2022 - 1
Were delegations to committees in writing?	1/11	2	The respective committees received their terms of reference when they met for the first time i.e. the CEO Performance Review Committee and the CEO Recruitment Committee. However, the Behaviour Complaints Committee did not meet until February 2023, at which point it received the applicable delegation
<b>Disclosure of Interests</b>			
21 questions	2/11		2019 – 0 2020 – 4 2021 – 2 2022 - 0
<b>Disposal of Property</b>			
2 questions	4/11	N/A	No matters of non-compliance.
<b>Elections</b>			
3 questions	5/11		2019 – 0 2020 – 3 2021 – 0 2022 – 0
<b>Finance</b>			
7 questions	5/11		2019 – 2 2020 – 6 2021 – 2 (11 Questions) 2022 – 0

<b>Local Government Employees</b>			
<b>5 questions</b>	6/11		2020 – 0 2021 – 1 (6 Questions) 2022 – 0
<b>Official Conduct</b>			
<b>4 questions</b>	9/13		2019 – 0 2020 – 2 2021 – 0 (3 Questions) 2022 – 0
<b>Tenders for Providing Goods and Services</b>			
<b>22 questions</b>	7/11		2019 – 4 2020 – 1 2021 – 1 (24 Questions) 2022 – 0
When regulations 11(1), 12(2) or of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	7/13	3	<b>Information</b> Although No was the response, in this situation, Reg 11(2)(b) applies i.e. an exemption applies when using the WALGA Preferred Supplier Program
<b>Integrated Planning and Reporting</b>			
<b>3 questions</b>	10/11	N/A	Compliant
<b>Optional Questions</b>			
<b>9 questions</b>	10/11		2019 – 0 2020 – 3 2021 – 0 2022 – 0

### Summary of Non-Compliance by Year



#### CONSULTATION

Ms, Candy Watson, PA to the CEO

Mr Colin Ashe, Manager Finance and Administration

Weekly Update to Councillors in February 2023 that the CAR was underway.

#### 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 and Corporate Business Plan

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance

The CAR is a key audit tool required under the Act and the regulations regarding good governance.

**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.

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
<p><b>Non - compliance</b></p> <p>Not conducting CAR by 31 Mar.</p> <p>Not addressing actions of non-compliance</p>	<p>Extreme (5)</p> <p>Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire/Officers</p>	<p>Likely (4)</p> <p>Probably occur in most circumstances</p> <p>At least once per year</p>	<p>Extreme (20)</p>	<p>CEO &amp; Council (Audit Committee)</p> <p>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</p> <p>Adequate: Substantial improvement on the previous three years</p>	<p>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.</p> <p>The six matters of non compliance will be actioned ASAP</p> <p>The CEO to update the Audit Committee on progress of outstanding items.</p> <p>Councillors to observe statutory requirements regarding returns</p> <p>The above will, over time, ensure that the risk is maintained as Low</p>

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

No

**2203-07 Officer Recommendation / Audit Committee Recommendation****Moved: Cr G O'Brien****Seconded: Cr S Woods**

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 2022:

<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>	1/11	N/A	SoVP did not undertake any such activity for 2022. This was the same for 2019, 2020 and 2021
<b>Delegation of Power or Duty</b>			
<b>13 questions</b>	1/11		2019 – 4 2020 – 0 2021 – 0 2022 - 1
Were delegations to committees in writing?	1/11	2	The respective committees received their terms of reference when they met for the first time i.e. the CEO Performance Review Committee and the CEO Recruitment Committee. However, the Behaviour Complaints Committee did not meet until February 2023, at which point it received the applicable delegation
<b>Disclosure of Interests</b>			
<b>21 questions</b>	2/11		2019 – 0 2020 – 4 2021 – 2 2022 - 0
<b>Disposal of Property</b>			
<b>2 questions</b>	4/11	N/A	No matters of non-compliance.



<b>Elections</b>			
<b>3 questions</b>	5/11		2019 – 0 2020 – 3 2021 – 0 2022 – 0
<b>Finance</b>			
<b>7 questions</b>	5/11		2019 – 2 2020 – 6 2021 – 2 (11 Questions) 2022 – 0
<b>Local Government Employees</b>			
<b>5 questions</b>	6/11		2020 – 0 2021 – 1 (6 Questions) 2022 – 0
<b>Official Conduct</b>			
<b>4 questions</b>	9/13		2019 – 0 2020 – 2 2021 – 0 (3 Questions) 2022 – 0
<b>Tenders for Providing Goods and Services</b>			
<b>22 questions</b>	7/11		2019 – 4 2020 – 1 2021 – 1 (24 Questions) 2022 – 0
When regulations 11(1), 12(2) or of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	7/13	3	<b>Information</b> Although No was the response, in this situation, Reg 11(2)(b) applies i.e. an exemption applies when using the WALGA Preferred Supplier Program

<b>Integrated Planning and Reporting</b>			
<b>3 questions</b>	10/11	N/A	Compliant
<b>Optional Questions</b>			
<b>9 questions</b>	10/11		2019 – 0 2020 – 3 2021 – 0 2022 – 0

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES

**6.3.7 Financial Policy Review 2023**

<b>File reference</b>	12.2.1		
<b>Report date</b>	28 February 2023		
<b>Applicant/proponent</b>	Audit Committee		
<b>Officer disclosure of interest</b>	NIL		
<b>Previous meeting references</b>	N/A		
<b>Prepared by</b>	Colin Ashe, MFA		
<b>Senior Officer</b>	CEO		
<b>Authorised by</b>	CEO		
<b>Attachments</b>			
Attachment 1	Page	88	Purchasing Framework Summary (Incl Credit Cards)
Attachment 2	Page	91	Investment Policy
Attachment 3	Page	94	Debt Management Policy
Attachment 4	Page	97	Panels of pre-qualified suppliers
Attachment 5	Page	101	Financial Hardship

**PURPOSE**

That the Audit Committee reviews and accepts the various changes to the Shires Financial Policy.

**BACKGROUND**

Council's financial policy has been reviewed and undated at various stages, including but not limited to, amendments on 26 June 2019. The following policies in section have been reviewed and recommended for amendment:

- Section 3 Financial Management
  - 3.1 Purchasing Framework
  - 3.3 Credit Cards
  - 3.4 Investments
  - 3.6 Debt Management
  - 3.7 Panels of pre-qualified suppliers
  - 3.8 Financial Hardship

**COMMENT**

The major amendments has occurred in 3.1 Purchasing Framework primarily given that the threshold for tenders has increased from \$150,000 to \$250,000. The Management team are of the view that changes will also make the process more efficient whilst maintaining satisfactory controls and compliance. A summary of these changes is provided in attachment 1 – Purchasing Framework Summary (Incl Credit Cards).

**3.3 Credit Cards**

Also referenced in attachment 1 – there is a requirement for other personnel to use the corporate credit card on internet purchases but ensuring the credit card form authorisation is completed and invoices provided will ensure adequate controls. An example is the Monster slide used on Australia Day where only credit card payments were accepted and having management undertake these purchases directly is not an efficient and cost effective use of their time.

Similarly, whilst the use of a fuel card for shire vehicle purchases can provide some control to ensure fuel is being used in a shire vehicle, there are limitations. There is also an additional cost of up to 2.5% and not all service stations accept these cards. The use of a corporate credit card for this purchase still requires receipts to be produced and a photo can be taken of the vehicle and bowser as one way of providing satisfactory evidence.

### 3.4 Investments

Minor change to include the Finance Coordinator, removal of AMP Bank as they did suffer some significant investment losses and the inclusion of Bankwest as the state bank content.

### 3.6 Debt Management

Reviewed as no changes required.

### 3.7 Panels of pre-qualified suppliers

Current policy only allows a contract with a pre-qualified supplier to be entered into for 12 months. This has been recommended to be changed to 24 months to allow for any over runs or extensions, for example a stage 2 of a project that will make it more efficient and flexible.

### 3.8 Financial Hardship

The COVID 19 financial hardship Local Government (COVID-19 Response) Amendment Order 2022 has now been revoked and all financial hardship policies combined (i.e. there was a requirement specifically for water services). Previous the policy appeared to only include rates but now includes other debts over \$500 as a catch all clause.

## CONSULTATION

Mr Sean Fletcher – CEO

Mr Silvio Brenzi – WSM

Ms Glenn Deocampo – Finance Coordinator

Ms Sue Bryan – Creditors Officer

## STATUTORY CONTEXT

Local Government (Financial Management) – Regulation 5A CEO's duties as to financial management.

Purchasing Framework (including Credit Cards and Pre-qualified suppliers):

Local Government (Functions and General) – Regulation 11A and Part 4A

Debt Management:

Local Government Act 1995 – Part 6

Investment:

Local Government Act 1995 – section 6.14

Local Government (Financial Management) – Regulation 19,28, 49

Financial Hardship:

Local Government Act 1995 – section 6.49

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**CORPORATE CONTEXT**

**Strategic Business Plan/Corporate Business Plan**

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
<b>4. CIVIC LEADERSHIP</b>	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Council is supported by a skilled team

Strategic Priority 4.3 - Management considers financial policy reviews in addition to statutory requirements as good governance and providing clear guidance to personnel.

**Delegation**

NIL

**Policy Implications**

Section 3 – Financial Management

**Other Corporate Document**

NIL

**Risk Analysis**

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance	Moderate (3) Short term non-compliance but with significant regulatory requirements imposed	Unlikely (2) The event could occur at some time	Moderate (6)	Operational Manager  Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Ensuring current and relevant financial policy ensures and enhances statutory requirements making the residual risk is low.

**FINANCIAL IMPLICATIONS**

Adherence to financial policy ensures value for money and efficiency processes to personnel.

## VOTING REQUIREMENTS

Absolute majority required: No

<b>2203-08</b>	<b>Officer Recommendation / Audit Committee Recommendation</b>
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**Moved: Cr G O'Brien**

**Seconded: Cr S Woods**

That the Audit Committee recommends that council **APPROVES** the following reviewed and amended as applicable Financial Policy:

- 3.1 Purchasing Framework
- 3.3 Credit Cards
- 3.4 Investments
- 3.6 Debt Management
- 3.7 Panels of pre-qualified suppliers
- 3.8 Financial Hardship

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES

## 7. MEETING CLOSED TO PUBLIC

*Matters for which the meeting may be closed in accordance with the Local Government Act 1995 s.5.23(2).*

N/A

*Public reading of resolutions made during a closed meeting.*

## 8. CLOSURE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at 10.34am

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## CERTIFICATION

These minutes were confirmed at the Ordinary Council Meeting held on 15.5.23 2023.

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

Date 15.5.23

**Council Minutes are unconfirmed until they have been adopted at the following meeting of Council.**

UNCONFIRMED AUDIT COMMITTEE MEETING MINUTES