



# MINUTES

Audit Committee  
Meeting

Wednesday  
3 August 2022

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

Commencing  
9.06am

## 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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UNCONFIRMED PUBLIC  
AUDIT COMMITTEE MINUTES



# MINUTES

## Shire of Victoria Plains Audit Committee Meeting

Held in the Council Chambers and via E-meeting protocol, Cavell Street, Calingiri  
on Wednesday 3 August 2022 commencing at 9.06am

### 1. DECLARATION OF OPENING

#### 1.1 Opening

The Shire President opened the meeting at 9.06am, 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 Elected Members present, 2 of whom participated as Observers.

|                           |  |
|---------------------------|--|
| Members                   | Cr P Bantock – Presiding Member (Committee member)<br>Cr N Clarke – Deputy Shire President (Committee member)<br>Cr S Woods - (Committee member)<br>Cr G O'Brien – Observer<br>Cr J Kelly – Observer (from 9.24am) |
| Staff                     | Mr S Fletcher – Temporary Chief Executive Officer<br>Mr S Brenzi – Works and Services Manager<br>Mrs G DeoCampo – Finance Co-Ordinator<br>Mrs J Klobas – Minute Officer  |
| 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

**2208-01 Officer Recommendation / Committee Resolution**

**Moved: Cr Woods**

**Seconded: Cr N Clarke**

That the Minutes of the Audit Committee Meeting held 11 April 2022 as circulated, be **CONFIRMED** as a true and correct record.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

## 6. REPORTS REQUIRING DECISION

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

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Nil

UNCONFIRMED PUBLIC  
AUDIT COMMITTEE MINUTES

**6.2 Annual Audit – Annual Audit Action Plan for 2020-2021**

|                                       |   |   |  |
|---------------------------------------|---|---|--|
| <b>File reference</b>                 |   |   |  |
| <b>Report date</b>                    | 12 July 2022  |   |  |
| <b>Applicant/proponent</b>            | Audit Committee                                       |   |  |
| <b>Officer disclosure of interest</b> | Nil   |   |  |
| <b>Previous meeting references</b>    | Audit Committee Meeting April 2022 – Item 6.2 2204-02 |   |  |
| <b>Prepared by</b>                    | Sean Fletcher, Governance Officer                     |   |  |
| <b>Authorised by</b>                  | ACEO  |   |  |
| <b>Attachments</b>                    |   |   |  |
| Attachment 1a                         | Page  | 2 | Management Letter with Responses from CEO – Confidential |
| Attachment 1b                         | Page  | 6 | Audit Risk Action Plan 2020-2021 – Confidential          |

**PURPOSE**

That the Audit Committee accepts the Audit Risk Action Plan that addresses the two moderate and one minor risk from the 2020-2021 Audit.

**BACKGROUND**

At the ACM held on 11 April 2022, the committee reviewed the Auditor General's report regarding the Shire's 2020/2021 annual financial report. As a result, the committee resolved the following:

**Moved: Cr S Woods****Seconded: Cr N Clarke**

That the Audit Committee:

1. **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.
2. **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*.
3. **ASSISTS** the CEO regarding the Action Plain 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.

4. **RECOMMENDS** that Council in accordance with:
  - a. 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.
  - b. Section 7.12A of the *Local Government Act 1995*, **ACCEPTS** the CEO's draft Report in Point 2 and that this report is:
    - i. Submitted to the Minister within 3 months;
    - ii. Put on the Shire's website within 14 days after the Report is given to the Minister.
  - c. **NOTES** the Action Plan in Point 3.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

The purpose of today's report is to advise the committee on matters regarding the Action Plan to address the Moderate and Minor Risks..

## COMMENT

### Management Letter (Attachments 1a and 1b - Confidential)

At the meeting on 11 April 2022, the committee was advised that the CEO will report to it each quarter on the progress of resolving the moderate and minor risks. The resolution noted that these risks in an Action Plan had to be addressed by 30 June 2022.

As advised at the meeting on 11 April, the Management Letter and Shire response is confidential in nature as per the requirements of the Office of the Auditor General. The update to the Action Plan is provided under confidential cover as part of Attachments 1a and 1b.

## CORPORATE CONTEXT

### Strategic Community Plan

| Civic Leadership | <i>to better allocate scarce resources and effectively interact with the community</i>     |  |
|------------------|--|--|
| 5.1              | Implement measures to improve relationship and communication between Council and community | <ul style="list-style-type: none"> <li>Implementation of initiatives to better connect Council with the community and associated matters.</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)

| Consequence  | Consequence Rating:  | Likelihood Rating:   | Risk Rating  | Risk Acceptance/ Controls   | Mitigation and Outcome  |
|--|--|--|--|---|---|
| <b>Non-compliance</b><br><br>Not adhering to:<br><br>1. Recommendations in the Management Letter regarding moderate/minor risks<br><br>2. Not addressing OAG's Significant Adverse Trends through an appropriate Action Plan | High (4)<br><br>Non-compliance results in termination of services or imposed penalties to Shire/Officers | Likely (4)<br><br>The event will probably occur in most circumstances i.e. At least once per year<br><br><b>The irony with improved controls is that additional non-compliant matters have come out of the</b> | High (16)<br><br>This was previously an Extreme Rating | CEO & Council (and Audit Committee)<br><br>Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring<br><br>Adequate: Whilst some inadequacies have been identified; Processes (Controls) are in place, are being addressed / complied | CEO (and by extension – senior staff) to ensure that:<br><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 |



|  |  |   |  |  |  |
|--|--|---|--|--|--|
|  |  | <p>woodwork. This is the subject of a further report to the Audit Committee in due course</p> |  | <p>with and are subject to periodic review and testing. This includes:</p> <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> | <p>comply with the Code of Conduct re keeping informed (understanding reports) and undertaking training and development. Also, must follow Integrated Planning.</p> <p>The above will, over time, ensure that the risk is maintained as Moderate/Low</p> |
|--|--|---|--|--|--|

**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

**2208-02 Officer’s Recommendation / Committee Recommendation**

**Moved: Cr N Clarke**

**Seconded: Cr S Woods**

That the Audit Committee **ACCEPTS** the Audit Risk Action Plan 2020-2021 and **ADVISES** the CEO it is satisfied that the moderate and minor risks have been addressed adequately.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED PUBLIC AUDIT COMMITTEE MINUTES

**6.3.1 Internal Audits – May and June 2022**

|                                       |                              |
|---------------------------------------|------------------------------|
| <b>File reference</b>                 |                              |
| <b>Report date</b>                    | 12 July 2022                 |
| <b>Applicant/proponent</b>            | Temporary CEO                |
| <b>Officer disclosure of interest</b> | Nil                          |
| <b>Previous meeting references</b>    | Nil                          |
| <b>Prepared by</b>                    | Sean Fletcher, Temporary CEO |
| <b>Authorised by</b>                  | ACEO                         |
| <b>Attachments</b>                    |                              |
| Attachment 1                          | Page                         |
|                                       | Nil                          |

**PURPOSE**

This report is an update to the Audit Committee on the internal audits conducted regarding May and June as per the Shire's Compliance Calendar.

**BACKGROUND**

The Shire's Compliance Calendar schedules the following internal audits for May and June 2022:

**May**

|     | Compliance Action  | Compliance Requirement    | Section / Ref                 | Good Practice Resources and LG Operational Procedures                 |
|-----|--|---------------------------|-------------------------------|---|
|     | <b>Internal Audits</b><br>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.   |                           |                               |   |
| May | <b>Elections - Enrolment Eligibility Claims (Owners and Occupiers) Register - Internal Audit</b> - CEO is to maintain a register recording decisions - audit for compliance with s.4.32 and Reg.13.  | Local Government Act 1995 | s.4.32(6)<br>Elections Reg.13 | <b>WALGA</b> website - Template Enrolment Eligibility Claims Register |
| May | <b>Trust Fund s.6.9 - Internal Audit</b><br>Conduct an audit of the Trust Fund to ensure compliance with the following:<br><ul style="list-style-type: none"> <li>Trust Fund holds all money or value of assets required by this Act or other written laws</li> <li>Money or value of assets held only applied for the purposes of the Trusts affecting it.</li> <li>Money or value of assets is paid or delivered to the person entitled to it, when due - including interest earned.</li> <li>Money held for 10 years may be transferred to Municipal Fund, but LG is required to repay the money, together with interest earned, to a person claiming and establishing a right to repayment - records have been retained and protected to evidence entitlement.</li> </ul> Option: Report Audit Outcomes / Actions to Audit Committee | n/a                       | n/a                           |   |

The internal audits for May were not conducted. However, I can advise that:

- I have now located the Shire's Owner Occupier's register and spoken to the Returning Officer for the 2021 local government elections who confirmed that the Shire received two applications to be on the register. However, these were submitted after the cut-off date. I am now processing these applications accordingly.

- The review of the Trust Fund is part of the financial management systems review being conducted by Butler Settineri on-site July 11 – July 15 2022.

## June

|     | Compliance Action  | Compliance Requirement    | Section / Ref | Good Practice Resources and LG Operational Procedures   |
|-----|--|---------------------------|---------------|---|
|     | <b>Internal Audits</b><br>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. |                           |               |   |
| Jun | <b>Approved Gates across Public Thoroughfares Register - Internal Audit</b><br>Review Register for compliance with ULP.Reg.9 and ensure Register accurately records all gates and other devices approved across public thoroughfares.    | Local Government Act 1995 | ULP.Reg.9(4)  |   |
| Jun | <b>Local Laws - to be publicised - Internal Audit</b><br>Ensure all Local Laws (as amended) are available on website, libraries and LG's Office  | Local Government Act 1995 | s.3.15        | <b>WALGA</b> website - Local Laws Manual Subscription Service<br><b>DLGSCI</b> website - Local Laws Statutory Procedures Checklist<br><b>DLGSCI</b> website - Local Laws Register |

The Shire was unable to undertake the internal audits for June. As far as I can tell, the Shire does not have a register of approved gates across public thoroughfares. I have advised the Manager of Works and Services accordingly.

The internal audit of the Shire's local laws can be undertaken in August 2022.

### COMMENT

As per the background section re May and June 2022..

### Remaining Internal Audits

The internal audits due for the remainder of the year are as follows:

#### July

- Availability of Disability Access and Inclusion Plan;
- Appointment of Public Interest Disclosure Officer.

#### August

- Public Interest Disclosure Procedures are published and consistent with the Commissions guidelines;
- LEMC is constituted and procedures established;
- LEMC is compliant with LEMA model.

#### November

- Review the Shire's template permits, licences, notices and approval letters issued under the Act and Local Laws to ensure they include advice to the recipient of their objection and review rights

#### December

- Review level of compliance achieved in response to Compliance Calendar Actions.

### CONSULTATION

CEO

**STATUTORY CONTEXT**

As set out in the background section to this report.

**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

5.4.5 Maximise operational efficiencies whilst maintaining appropriate controls.

**Relevant Council Policies**

1.10 Enterprise Risk Management

**Risk Management**

| Consequence                                    | Consequence Rating:                          | Likelihood Rating:                  | Risk Rating | Risk Acceptance     | Mitigation and Outcome  |
|--|--|-------------------------------------|-------------|---------------------|---|
| 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 |             |                     |   |

Although the internal audits were not conducted for May and June, the issues regarding each category to be audited have been identified and are being acted on by Shire officers.

**FINANCIAL IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Absolute majority required: No

|                |  |
|----------------|--|
| <b>2208-03</b> | <b>Officer's Recommendation / Committee Recommendation</b> |
|----------------|--|

**Moved: Cr N Clarke**

**Seconded: Cr S Woods**

That the Audit Committee **ADVISES** the CEO it **NOTES** the outcomes of the May and June 2022 Internal Audits as follows:

1. The Shire's Owner Occupier's register is under further review and will be updated accordingly.
2. The review of the Trust Fund is part of the financial management systems review being conducted by Butler Settineri on-site July 11 – July 15 2022.

3. The Shire does not have a register of approved gates across public thoroughfares. The Manager of Works and Services is identifying a suitable process accordingly.
4. The internal audit of the Shire's local laws can be undertaken in August 2022.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED PUBLIC  
AUDIT COMMITTEE MINUTES

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

|                                       |                                    |   |  |
|---------------------------------------|------------------------------------|---|--|
| <b>File reference</b>                 |                                    |   |  |
| <b>Report date</b>                    | 11 July 2022                       |   |  |
| <b>Applicant/proponent</b>            | Audit Committee                    |   |  |
| <b>Officer disclosure of interest</b> | Nil                                |   |  |
| <b>Previous meeting references</b>    | March 2022 ACM: Item 6.3 - 2203-04 |   |  |
| <b>Prepared by</b>                    | Sean Fletcher, Temporary CEO       |   |  |
| <b>Authorised by</b>                  | ACEO                               |   |  |
| <b>Attachments</b>                    |                                    |   |  |
| Attachment 1                          | Page                               | 2 | Butler Settineri – RFQ 2022 Financial Management Systems Review and Audit Regulation 17 Review |

**PURPOSE**

To update the Audit Committee on the status of the Financial Management Systems Review and the Regulation 17 Review.

**BACKGROUND**

At the March 2022 ACM, the Committee was advised that the Financial Management Systems Review and the Regulation 17 Review 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 further. The process regarding both reviews was amended as follows:

| <b>Key area</b>                                       | <b>Target date</b> | <b>Person responsible</b> |
|---|--------------------|---------------------------|
| <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                       |

**Key:**

SOVP = Glenda Teede (CEO), Jill Brazil, Glenn Deocampo.

BSA = Butler Settineri Audit [Marcia Johnson (Director) and team]

**COMMENT**

Both reviews have now been conducted by Dry/Kirkness (Butler Settineri) on site: 11 July 2022 – 15 July 2022. It is expected that the closing out of the process regarding the reviews, will be as per the listed timetable. Please note the final report will be presented to the Audit Committee.

**CONSULTATION**

Management Group  
Finance Coordinator  
Dry/Kirkkness (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 Audit 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**

**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 | <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  |   |

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><br><br><b>The Shire has struggled to undertake the FMS Review, the Reg17 Review and CAR within required timeframes.</b> | Major(4)<br><br>Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire/Officers | Likely (4)<br><br>At least once in 3 years | High (16)   | CEO, SMT, Audit Committee<br>Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring<br><br>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 FMR Review and the Regulation 17 Review has been budgeted for. The cost to undertake both reviews is \$16,000 (ex GST).

**VOTING REQUIREMENTS**

Absolute majority required: No

|                |  |
|----------------|--|
| <b>2208-04</b> | <b>Officer Recommendation / Committee Recommendation</b> |
|----------------|--|

**Moved: Cr S Woods**

**Seconded: Cr N Clarke**

That the Audit Committee **ACCEPTS** the report on the update regarding the:

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

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**



## 6.4 Financial Reporting – Improved Financial Management and Reporting

|                                       |                                |   |  |
|---------------------------------------|--------------------------------|---|--|
| <b>File reference</b>                 |                                |   |  |
| <b>Report date</b>                    | 11 July 2022                   |   |  |
| <b>Applicant/proponent</b>            | Audit Committee                |   |  |
| <b>Officer disclosure of interest</b> | Nil                            |   |  |
| <b>Previous meeting references</b>    |                                |   |  |
| <b>Prepared by</b>                    | Sean Fletcher, Temporary CEO   |   |  |
| <b>Authorised by</b>                  | Entered once authorised by CEO |   |  |
| <b>Attachments</b>                    |                                |   |  |
| Attachment 1                          | Page                           | 4 | DLGSCI - Improved Financial Management and Reporting |

### PURPOSE

To provide the Audit Committee with an update on improved financial management and reporting reforms introduced for local government.

### BACKGROUND

As advised at the June Briefing Session, and back at the March 2022 ACM, work has commenced on developing the Model Financial Statements for local governments in WA. Other reforms to be rolled out include:

- The introduction of a compulsory rates and revenue policy;
- Adjustments to how financial ratios are reported i.e. will be removed from the audited reports;
- Compulsory public reporting of employee credit card statements with Council meeting agendas;
- Changes to the roll of the Audit committee;
- Waste collection costs to be itemised separately on rate notices..

### COMMENT

As per the Minister's earlier media statement on 16 June 2022, amendments will be made to the *Local Government (Audit) Regulations 1996* and the *Local Government (Financial Management) Regulations 1996*. Of these, the standardised templates, referred to as model financial statements, will be introduced to the sector before the end of 2022 and available for use by April 2023. In particular, smaller local governments such as the Shire of Victoria Plains will have more streamlined standard financial statements, reflecting the generally less complex operations of the Shire..

Financial ratios, will be removed from the audited section of the report, because the underlying financial information is still contained in the audited part of the financial statements. This is based on a recommendation by the OAG.

The level of greater consistency will also improve the budgeting and reporting process for local governments. These changes have also been designed to reduce administrative costs, further benefiting ratepayers.

OAG audits on local government financial statements will still be carried out in accordance with Australian Auditing Standards, and will remain generally consistent with reporting for State Government agencies.

### CONSULTATION

June Briefing Session;  
Weekly update to Elected Members

### STATUTORY CONTEXT

Nil

## 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 | <ul style="list-style-type: none"> <li>Implementation of initiatives to better connect Council with the community and associated matters.</li> </ul> |
| 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, which includes financial reporting.

### Risk Management

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

### FINANCIAL IMPLICATIONS

Nil

### VOTING REQUIREMENTS

Absolute majority required: No

### 2208-05 Officer Recommendation / Committee Recommendation

Moved: Cr N Clarke

Seconded: Cr S Woods

That the Audit Committee **RECIEVES** the report on the update regarding improved financial management and reporting.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

## 6.5 Risk Management Issues – Quarterly Update

|                                       |                                      |
|---------------------------------------|--------------------------------------|
| <b>File reference</b>                 |                                      |
| <b>Report date</b>                    | 12 July 2022                         |
| <b>Applicant/proponent</b>            | Temporary CEO                        |
| <b>Officer disclosure of interest</b> | Nil                                  |
| <b>Previous meeting references</b>    | March ACM 2022: Item 6.5 2203-06     |
| <b>Prepared by</b>                    | Sean Fletcher, Governance Officer    |
| <b>Authorised by</b>                  | Entered once authorised by CEO       |
| <b>Attachments</b>                    |                                      |
| Attachment 1                          | Page 5 Business Continuity Plan 2019 |

### 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.

#### 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 process can commence once the cost of \$3,500 is approved by Council, subject to the Budget Review.

### COMMENT

#### Updating of Shire's Risk Procedures

Regretfully, the allocation to allow the review of the Shire's risk procedures did not occur. However, the allocation required for LGIS to undertake this work is in the 2022/2023 Budget.

During the Financial Management Systems and Regulation 17 Reviews that commenced on 11 July 2022, I provided the Shire's current risk procedures, profiles and dashboard and explained that these

are out of date and require a review. I also advised that a budget allocation has been made so that the update can occur regarding the Shire's risk processes and that we will then be in a position to compile a risk register. I also advised that I have appointed the Building Surveyor to have management of the risk function going forward.

### Business Continuity Plan

The need for a Business Continuity Plan (BCP) was considered by the Audit Committee at its meeting on 26 June 2109. At that time the Committee noted the following

- The absence of a Business Continuity Plan was noted in both – - Compliance and Controls Review – Moore Stephens of December 2016, and - Better Practice Review – Dept of Local Government Sporting and Cultural Industries of February 2017;
- There is no legislative requirement for a Business Continuity Plan as such, however there are a number of other indications that it is an aspect that should be considered:
  - The risk management controls in the Audit Regulations,
  - The requirements of the State Records Act for disaster management of records, including electronic records.
- With the exception of employee safety and security, records are perhaps the most critical aspect of a local government's activities. Insurance will cover damage or loss of infrastructure, plant and equipment etc, and although insurance will cover the cost of records reinstatement, it would not compensate for the loss of old records for which there are no copies (eg: old minute books, rate records, cemetery records etc) or the corporate knowledge held by people no longer working with the Shire.

The Audit Committee subsequently recommended the draft BCP to Council (A1906-06). Council subsequently adopted the BCP at its meeting on 31 July 2019 (1907-10).

Further to the above the COVID-19 pandemic revealed the inadequacies of the BCP in dealing with matters where the organisation is impacted by State health and emergency mandates and the need for remote working by staff and staff affected by disease. Such a hazard/incident is highly disruptive to the organisation.

It is clear that the BCP is long overdue for a review. With this in mind, the CEO would like to workshop a review of the BCP and that the Audit Committee. This will be facilitated by existing staff.

### Confidential Matters from ACM 11 April 2022

The author will give an update to the committee on the following matters:

- 6.5.1 Update on Investigation into Gravel Compensation Matters - Confidential
- 6.5.2 Works Outstanding Accounts - Confidential

### CONSULTATION

Management Team

### STATUTORY CONTEXT

Nil

### 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 Information only</b> | Insignificant (1)<br><br>No noticeable regulatory or statutory impact | Likely (4)<br><br>At least once per year | Low (4)     | Operational Manager | Audit Committee continues to receive updates |

**FINANCIAL IMPLICATIONS**

Review of risk management procedures by LGIS: \$3,500. Cost to be funded by the 2022/2023 Budget

**VOTING REQUIREMENTS**

Absolute majority required: No

|                        |
|------------------------|
| Officer Recommendation |
|------------------------|

That the Audit Committee:

1. **ACCEPTS** the report on the update regarding the Shire's Risk Management issues.
2. **UNDERTAKES** a review of the Shire's Business Continuity Plan in August 2022 with a view to submit a revised plan to Council by the end of November 2022.

|                |                                 |
|----------------|---------------------------------|
| <b>2208-06</b> | <b>Committee Recommendation</b> |
|----------------|---------------------------------|

**Moved: Cr S Woods**

**Seconded: Cr N Clarke**

That the Audit Committee:

1. **ACCEPTS** the report on the update regarding the Shire's Risk Management issues.
2. **UNDERTAKES** a review of the Shire's Business Continuity Plan in August / September 2022 with a view to submit a revised plan to Council by the end of November 2022.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

Reason for Variation

Update point 2 of the Resolution to include review of the Business Continuity Plan in August / September 2022 to allow additional time to workshop.

## 6.6 Controls, Systems and Procedures - Proposed Implementation of Financial Hardship Policy - COVID-19

|                                       |                                    |    |  |
|---------------------------------------|------------------------------------|----|--|
| <b>File reference</b>                 |                                    |    |  |
| <b>Report date</b>                    | 13 July 2022                       |    |  |
| <b>Applicant/proponent</b>            | Minister for Local Government      |    |  |
| <b>Officer disclosure of interest</b> | Nil                                |    |  |
| <b>Previous meeting references</b>    | 27 May 2020 OCM Item 8.4 - 2005-07 |    |  |
| <b>Prepared by</b>                    | Sean Fletcher, Temporary CEO       |    |  |
| <b>Authorised by</b>                  | Entered once authorised by CEO     |    |  |
| <b>Attachments</b>                    |                                    |    |  |
| Attachment 1                          | Page                               | 27 | <i>Local Government (COVID-19 Response) Order 2022</i> |
| Attachment 3                          | Page                               | 30 | Revised Financial Hardship Policy 3.6                  |

### PURPOSE

For the Audit Committee to consider revisions to Policy 3.6 - Financial Hardship Policy recognising the 2022/2023 financial year and beyond and to make a recommendation to Council to adopt the revised policy accordingly.

### BACKGROUND

On the 8 May 2020, the Minister for Local Government signed an Order under the Local Government Act that deals with issues relating to the requirements to hold public meetings, for access to information when local government offices are closed due to the COVID-19 pandemic, and budgetary matters (including financial hardship).

The Minister stated some of the budgetary measures to help ratepayers who have been adversely impacted by this COVID-19 pandemic include assessing rate relief and fees and charges relief. He considers these measures are vital in maximising assistance to get the State's economy back on track.

The original Order recognises that local government is in the best position to assess whether a person in their district is in hardship including residential and small business ratepayers due to the COVID-19. Pandemic. This order was originally for the 2020/2021 year and Council adopted Policy 3.6 on 27 May 2020 accordingly. This policy also took into account any matters carried forward into 2021/2022.

The Minister subsequently issued *Local Government (COVID-19 Response) Amendment Order 2021* to recognise the continuation of the pandemic and the hardship associated with it. The Shire along with all local governments was subsequently audited by the OAG regarding having a suitable policy in place to cover 2020/2021 – 2021/2022. The Shire was found to be compliant.

The Minister has now issued *Local Government (COVID-19 Response) Amendment Order 2022*. This order caps the interest rate on debt owing at 7%.

### COMMENT

The CEO currently has under Delegation 3.5, the power to make arrangements for the recovery of rates, service charges and sundry debts as follows:

#### 3.5 FUNCTION DELEGATED

1. The CEO is delegated authority to negotiate an agreement for the payment of rates, service charge and sundry debts, together with the costs of proceedings, if any, for that recovery, subject to any administrative or instalment charges, penalty interest etc being incorporated into the agreement.

Policy 3.6 is written in a way that compliments the CEO's delegation and allows the CEO to take into account other relevant financial hardship criteria if need be. This includes the ability to:

- Make payment arrangements that are in excess of the rate instalments that usually apply. Note this does not apply to the payment of the Emergency Services Levy;
- Suspend or waive interest charges;
- Defer rates for those who hold a concession card;
- Suspension of any debt recovery action;
- Put in place a mechanism of review for decisions made under the policy; and
- Maintain confidentiality regarding any applications for hardship relief and provide additional time in responding to such a case.

The changes made to Policy 3.6 include:

| Section                 | Current   | Amendment  | Comment   |
|-------------------------|---|--|---|
| <b>2. Scope</b>         | 2. Rates and service charges levied for the 2020/21 financial year.   | 2. Rates and service charges levied for each financial year from, and including, 2020/21 year onwards.   | Recognises 2020/2021 and subsequent out years   |
| <b>7. Debt Recovery</b> | <p>Where a ratepayer has not reasonably adhered to the agreed payment plan, then for any Rates and Service Charge debts that remain outstanding on 1 July 2021, we will offer the ratepayer one further opportunity of adhering to a payment plan that will clear the total debt by the end of the 2021/2022 financial year.</p> <p>Rates and service charge debts that remain outstanding at the end of the 2021/22 financial year, will then be subject to the rates debt recovery procedures prescribed in the <i>Local Government Act 1995</i>.</p> | <p>Where a ratepayer has not reasonably adhered to the agreed payment plan, then for any Rates and Service Charge debts that remain outstanding on 1 July each year, we will offer the ratepayer one further opportunity of adhering to a payment plan that will clear the total debt by the end of that financial year (1 July – 30 June).</p> <p>Rates and service charge debts that remain outstanding at the end of the financial year, will then be subject to the rates debt recovery procedures prescribed in the <i>Local Government Act 1995</i>.</p> | Recognises that if there are still debts outstanding at the end of the agreed repayment period, a further 12 months (financial year) will be offered to clear the debt in question. |

Through the adoption of revised Policy 3.6 and in conjunction with the Order, the Shire will be in a position to do the following:

1. Charge a maximum of 7% (previously 8%) for overdue monies (i.e. accounts owing other than rates or service charges) instead of 11%. With the financial hardship policy in place, the Shire will be able to waive the charging of the rate of interest for those considered under financial hardship;
2. Charge the existing 5.5% on payment of rates by instalments. If the policy is not in place, the maximum allowed is 3%. With the financial hardship policy in place, the Shire will also be able to waive the charging of the rate of interest for those considered under financial hardship;

3. Charge a maximum of 7% (previously 8%) instead of 11% for overdue rates and services charges. With the financial hardship policy in place, the Shire will be able to waive the charging of the rate of interest for those considered under financial hardship.

As revised Policy 3.6 calls up *Local Government (COVID-19 Response) Amendment Order 2022* through the section: Legislation/Local Law section, the percentage rates listed in this order are the ones that must be applied.

## CONSULTATION

Council – 21 April 2020 OCM Report; COVID-19 Framework Workshop – 30 April 2020.

Council – May OCM 2020.

Management Team Meeting (including financial support consultant) 13 July 2022.

## STATUTORY CONTEXT

### Local Government Act

#### 2.7. Role of council

- (1) The council —
  - (a) governs the local government's affairs; and
  - (b) is responsible for the performance of the local government's functions.
- (2) Without limiting subsection (1), the council is to —
  - (a) oversee the allocation of the local government's finances and resources; and
  - (b) determine the local government's policies.

It can be seen of Council's four key functions, it has a direct responsibility to determine the Shire's policies at Council level.

#### 6.49. Agreement as to payment of rates and service charges

A local government may accept payment of a rate or service charge due and payable by a person in accordance with an agreement made with the person.

### Local Government (COVID-19 Response) Amendment Order 2022

#### **Clause 8: Section 6.13 modified - Interest on money owing to local governments (Overdue Amounts)**

Section 6.13 allows local governments to charge interest on overdue amounts, with the rate set by the local government in its budget. The rate is capped in the *Local Government (Financial Management) Regulations 1996* at 11%.

The interest that can be charged on amounts owing by others was previously capped at 8%. This will now be capped at 7%.

#### **Clause 13: Section 6.45 modified - Options for payment of rates or service charges (Payment of Rates by Instalments)**

Section 6.45(3) allows a local government to charge an additional amount if a payment of rates or service charge is made in instalments. This is capped at 5.5% in the *Local Government (Financial Management) Regulations 1996*.

Recognising the substantial hardship likely to be caused to many ratepayers because of consequences of the pandemic, local governments will be unable to charge excluded persons interest for payment by instalments for the 2022/2023 financial year.

If a local government does not have in place a financial hardship policy, the interest rate that they can charge other ratepayers for payment by instalments will be capped at 3%.

#### **Clause 14: Section 6.51 modified - Accrual of interest on overdue rates or service charges**

Section 6.51 allows local governments to charge interest on overdue amounts of rates and service charges. The rate is set by the local government by resolution when it imposes the rate or service



charge. The rate is capped in the *Local Government (Financial Management) Regulations 1996* at 11%.

This provides relief for those residential and small business ratepayers who are experiencing financial hardship because of the COVID-19 pandemic. Local governments will determine the applications for hardship.

The interest that can be charged on amounts owing by others will be capped at 7% - the interest rate used by the Australian Taxation Office on overdue amounts.

This section also allows for the deferment of rates for concession card holders.

## 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   |   |

Although there is not a specific strategy that relates to the matter of financial hardship, the matter of the Shire's scarce resources and what to do them is a part of the outcome for this part of the SCP. This is in accordance with Section 1.3 of the Local Government Act that requires local governments to give consideration of the current and future needs of those in its district.

### 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>   |
|------------------------------------|--|--|--------------------|----------------------------|---|
| <b>Compliance Information only</b> | Moderate (3)<br><br>Short term non-compliance but with significant regulatory requirements imposed | Likely (4)<br><br>At least once per year | High (12)          | Senior Management Team/CEO | Risk reduced to Low - CEO ensures policy is updated to reflect the orders issued by the Minister as per the Compliance Calendar |

### Delegations

3.4 Rates record, extensions and objections

3.5 Sundry and rate debtors – Recovery and agreements

3.6 Write off of sundry debts

### Policy

New Policy

**FINANCIAL IMPLICATIONS**

The Shire has 618 ratepayers. The total relief that may be applied will be between \$5,000 - \$13,000, respectively, although this may change dependent on the number of rate payers who are assessed as meeting financial hardship.

**VOTING REQUIREMENTS**

Absolute majority required: No

|                |  |
|----------------|--|
| <b>2208-07</b> | <b>Officer's Recommendation / Committee Recommendation</b> |
|----------------|--|

**Moved: Cr S Woods**

**Seconded: Cr N Clarke**

That the Audit Committee **RECOMMENDS** to Council in accordance with section 2.7(b) of the *Local Government Act 1995*, and the *Local Government (COVID-19 Response) Order 2022* adopts the revised Policy 3.6 - Financial Hardship Policy COVID-19 as set out in Attachment 2.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED PUBLIC  
AUDIT COMMITTEE MINUTES

## 6.7 Matters of Compliance

|                                       |                              |
|---------------------------------------|------------------------------|
| <b>File reference</b>                 |                              |
| <b>Report date</b>                    | 12 July 2022                 |
| <b>Applicant/proponent</b>            | Temporary CEO                |
| <b>Officer disclosure of interest</b> | Nil                          |
| <b>Previous meeting references</b>    | ACM 23 April 2022: 2204-08   |
| <b>Prepared by</b>                    | Sean Fletcher, Temporary CEO |
| <b>Authorised by</b>                  | ACEO                         |
| <b>Attachments</b>                    |                              |
| Attachment 1                          | Page                         |
|                                       | Nil                          |

### PURPOSE

That the Audit Committee accepts the update regarding the Shire's compliance calendar for the June 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 the compliance challenges faced by the CEO and the staff in general.

At the April meeting of the Audit Committee, the following update was provided for the March Quarter:

|          | <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 Services Levy requires confirmation</li> <li>Reconciliation of</li> </ul>  |

|              |           |           |          |           |           |  |
|--------------|-----------|-----------|----------|-----------|-----------|--|
|              |           |           |          |           |           | Emergency Services Levy Required <ul style="list-style-type: none"> <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> |  |

**Table 1 – Summary of Compliance Calendar Actions March Quarter**

#### Notes to March Quarter

The CAR went to the Audit Committee and Council in April 2022. The Financial Management Systems Review and the Reg17 Review are being conducted 11/07 – 15/07/22. The Building Services Levy is reconciled each month. The EM attendance register has been updated. The review of authorisations was completed in June. The completion rate as at June is 72%.

#### COMMENT

An overview of actions required, closed out and the completion rate for the June 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>  |
|--------------|-------------------------|------------------------|-----------------------------|---------------------------|--------------------------|--|
| April        | 12                      | 2                      | 3                           | 7                         | 78                       | <ul style="list-style-type: none"> <li>Local heritage Survey included in Budget. RFQ issued to qualified consultants</li> <li>EEO Collection outstanding</li> </ul>  |
| May          | 14                      | 4                      | 1                           | 9                         | 64                       | <ul style="list-style-type: none"> <li>Purchasing Limits Register to be established</li> <li>Designated Officers for Fines Enforcement Registry to be confirmed</li> <li>Purchasing Policy to be reviewed as part of Major Policy Review</li> <li>CBP Annual Review to be conducted</li> </ul> |
| June         | 24                      | 8                      | 9                           | 7                         | 47                       | <ul style="list-style-type: none"> <li>Matters regarding freedom of Information required to be verified</li> <li>Appointment of CBFCO and DCBFO to be conducted</li> </ul>   |
| <b>Total</b> | <b>50</b>               | <b>14</b>              | <b>13</b>                   | <b>23</b>                 | <b>64</b>                | <b>Up from 48% March Quarter</b>   |

**Table 2 – Summary of Compliance Calendar Actions June Quarter**

The completion rate for the June Quarter was much improved on the March Quarter from 48% up to 64%. With the further closing out of compliance actions for the March Quarter now at 72%, the overall completion rate is 68%.

**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               | 1                  | Matters regarding the new SCP, CBP, WFP, LTFP and AMP have continued to be actioned through the June Quarter. Adoption of SCP on-track   |
| Internal Audits                       | 19               | 7                  | March - 3 internal audits completed<br>April – 4 internal audits completed   |
| Annual Report – Includes Annual Audit | 22               | 22                 | With the adoption of the Annual Report, this compliance activity will be completed. Annuals and Auditor's opinion uploaded 31 March 2022   |

**Regulation 17 Review**

The compliance calendar provided satisfactory evidence during the Reg 17 Review conducted on 11-17 July 2022 regarding tracking and managing the budget process and other key compliance matters.

**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 | <ul style="list-style-type: none"> <li>Implementation of initiatives to better connect Council with the community and associated matters.</li> </ul> |
| 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><br><br><b>Managing compliance is a key pillar regarding the function of the Shire</b> | Major (4)<br><br>Non-compliance results in termination of services or imposed penalties to Shire/Officers | Likely (4)<br><br>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:<br><br><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

### 2208-08 Officer Recommendation / Committee Recommendation

Moved: Cr N Clarke

Seconded: Cr S Woods

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

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

*Cr J Kelly joined the meeting as an observer at 9.24am.*

## 6.8 Integrated Planning and Reporting

|                                       |                                   |
|---------------------------------------|-----------------------------------|
| <b>File reference</b>                 |                                   |
| <b>Report date</b>                    | 8 July 2022                       |
| <b>Applicant/proponent</b>            | Audit Committee                   |
| <b>Officer disclosure of interest</b> | Nil                               |
| <b>Previous meeting references</b>    |                                   |
| <b>Prepared by</b>                    | Sean Fletcher, Governance Officer |
| <b>Authorised by</b>                  | CEO                               |
| <b>Attachments</b>                    |                                   |
| Attachment 1                          | Page                              |
|                                       | Nil                               |

### 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:

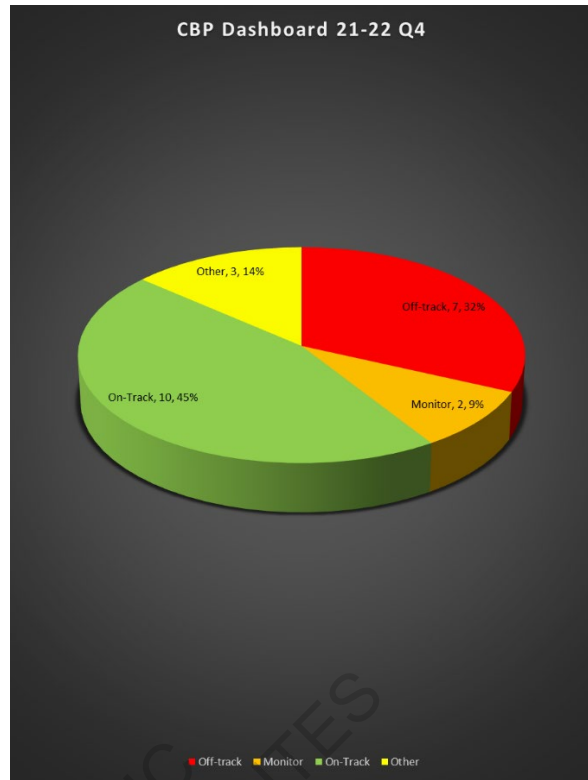
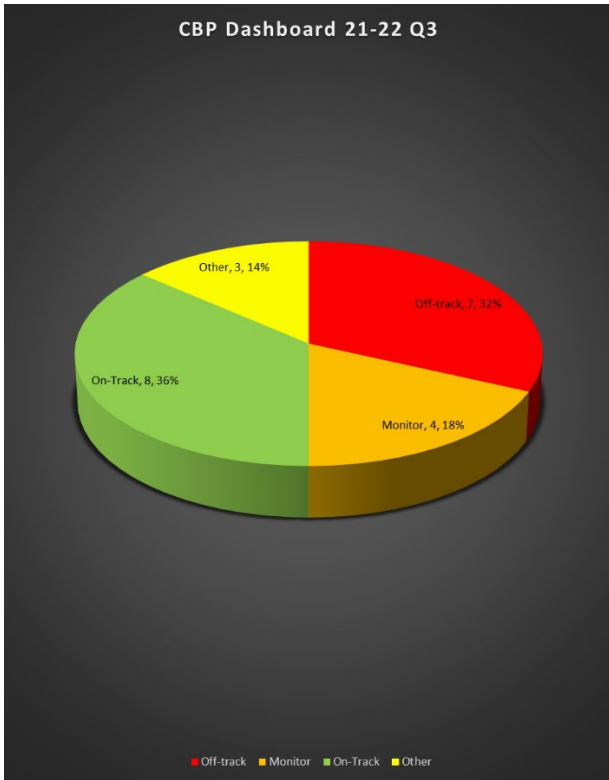
| Plan Type                      | Date Adopted   | Due  | Comment  |
|--------------------------------|----------------|--|--|
| Strategic Community Plan (SCP) | 18 March 2018  | Next plan due June 2022  | Major Review Process: <ul style="list-style-type: none"> <li>SCP Draft 3 has been issued for comment</li> <li>Adopt at July OCM</li> </ul> |
| Corporate Business Plan (CBP)  | 12 August 2019 | Next Plan due August 2023  | Draft underway   |
| Strategic Resource Plan        | 12 August 2019 | Contains the Long Tern Financial Plan (LTFP) and Asset Management Plan (AMP) | <ul style="list-style-type: none"> <li>Draft LTFP underway</li> <li>Draft AMP underway – expected completion End August 2022</li> </ul>    |
| Work Force Plan (WFP)          | 12 August 2019 | Next Plan due August 2023  | Draft Underway   |
| ICT Plan                       | New            | 2022   | Wallis Computing is currently drafting new plan  |

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

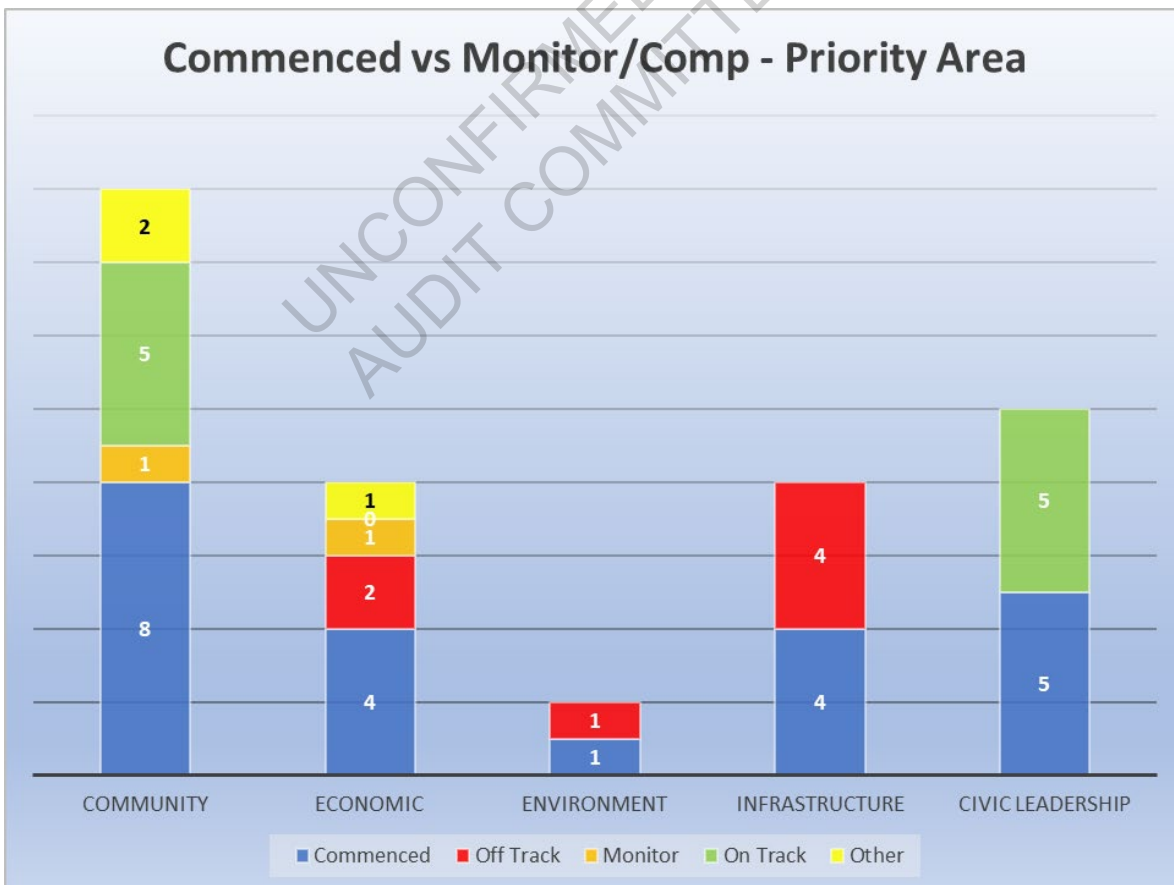
A workshop will be conducted with Council on 27 July 2022 to close out the annual review of the CBP.

### CBP Quarterly Dashboard

The March Quarterly Review (Q4) will be submitted to the July 2022 OCM. In broad terms, the fourth quarterly review highlights are shown as follows



Overall Tracking: The completion rate is at 55%, up from 44% for the June Quarter, a modest improvement. 54% of actions have continued at monitor/ontrack level. 32% of actions remained off-track). 14% of actions were subject to outside influences (eg AROC, Zone) and in reality, did not progress (eg AROC, Zone) change.



On balance, the Community Priority Area (PA) delivered a consistent result, despite concerns of staff resourcing issues may have impacted. The outcome for the Civic Leadership PA shows that governance, corporate planning and training of elected members is at required levels. However, the Economic, Environment and Infrastructure PAs have been impacted further by long standing and



complex matters re water security, the delays in the provision of LRCI 3 Funding (although projects are now approved) and a lack of progress re AROC joint initiatives.

It is expected that with the adoption of the new SCP, the new Corporate Business Plan will better reflect what the Shire is required to achieve going forward.

## COMMENT

The proposed adoption of the new Strategic Community Plan at the July OCM is timely in that it has been used to inform the budget for 2022-2023. A workshop with Council regarding the budget is being held after today's ACM meeting.

## 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**

#### **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>Reputation</b><br><br>Not adhering to the Corporate Business Plan and hence the Strategic Community Plan | Major (4)<br><br>Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions | Almost Certain (5)<br><br>The event will occur at least once per year | Extreme (20) | CEO & Council<br><br>Risk only acceptable with excellent controls and treatments in place.<br><br>Adequate: Shire addressed key issues at the SEM on 3 December 2020. 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.<br><br>Elected Members have undertaken further training in IPR requirements.<br><br>The above will, over time, ensure that the risk is corrected and reduced to low that can be corrected by the appropriate manager |
| <b>Compliance</b><br><br>Not adhering to the Corporate Business Plan and hence the Strategic Community Plan | Major (4)<br><br>Non-compliance results in termination of services or imposed penalties to Shire/Officers                                | Almost Certain (5)<br><br>The event will occur at least once per year | Extreme (20) | CEO & Council<br><br>Risk only acceptable with excellent controls and treatments in place.<br><br>Adequate: Shire is improving with following its IPR obligations re the Strategic Resources Plan (LTFP), SCP and CBP   | CEO to ensure all staff undertake and follow CBP. This will, over time, ensure that the risk is corrected and reduced to low that can be corrected by the appropriate manager  |

## FINANCIAL IMPLICATIONS

Nil

## VOTING REQUIREMENTS

Absolute majority required: No

|                |  |
|----------------|--|
| <b>2208-09</b> | <b>Officer Recommendation / Committee Recommendation</b> |
|----------------|--|

Moved: Cr N Clarke

Seconded: Cr S Woods

That the Audit Committee **ACCEPTS** the update regarding Integrated Planning and Reporting.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

**6.9 Elected Member Training and Continuing Professional Development Policy**

|                                       |                               |    |                 |
|---------------------------------------|-------------------------------|----|-----------------|
| <b>File reference</b>                 |                               |    |                 |
| <b>Report date</b>                    | 18 July 2022                  |    |                 |
| <b>Applicant/proponent</b>            | Audit Committee               |    |                 |
| <b>Officer disclosure of interest</b> | Nil                           |    |                 |
| <b>Previous meeting references</b>    |                               |    |                 |
| <b>Prepared by</b>                    | Julie Klobas, Meeting Officer |    |                 |
| <b>Authorised by</b>                  | ACEO                          |    |                 |
| <b>Attachments</b>                    |                               |    |                 |
| Attachment 1                          | Page                          | 34 | Training Matrix |

**PURPOSE**

That the Audit Committee receives the updated Elected Member Training Matrix for its records.

**BACKGROUND**

To meet the requirements of Elected Member Training, as per attached, the following training has been undertaken.

There are a small number of units to be completed by 3 Elected Members which must be completed by 15 October 2022.

**COMMENT**

E Training Modules have been sent through to those Elected Members with outstanding units to complete, however 2 Elected Members will require additional training support and upgraded IPAD's to accommodate the WALGA Training Platform the E Modules are provided on as the current Elected Member IPAD's are outdated and do not accommodate the required IOS14.

***Continuing Professional Development (CPD)***

What is this new CPD requirement?

- Each council is now required to prepare and adopt a policy covering the continuing professional development of its council members.
- As noted in the Shire's policy which is published on the local government's website.

***What should be considered by the council when developing the policy?***

- The content of the policy will be determined by the council.
- It should include developmental opportunities for each councillor and a statement of the extent of payment by the local government.
- In deciding the content of the policy, council should consider:
  - the strategic direction of the local government,
  - skills gaps among the council as a whole, and
  - the needs of individual councillors.

**CONSULTATION**

Council at July briefing session.

## CORPORATE CONTEXT

### Strategic Community Plan and Corporate Business Plan

Local governments are required to report annually on who has completed training and publish this on the local government's website. The report will list each council member and the training each has completed in that financial year. This will include both the Council Members Essentials course where applicable and continuing professional development in line with the local government's policy.

Most council members value increasing their skills and knowledge in relation to this important role they undertake.

### FINANCIAL IMPLICATIONS

All E units are currently paid for at a cost of \$214.50 per E Module.

### VOTING REQUIREMENTS

Absolute majority required: No

|                |  |
|----------------|--|
| <b>2208-10</b> | <b>Officer Recommendation/Committee Recommendation</b> |
|----------------|--|

**Moved: Cr N Clarke**

**Seconded: Cr S Woods**

That the Audit Committee **ACCEPTS** the updated Elected Training Matrix for uploading to the Website in due course.

**CARRIED BY UNANIMOUS DECISION OF COMMITTEE**

UNCONFIRMED PUBLIC  
AUDIT COMMITTEE 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).*

*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 9.31am.

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### CERTIFICATION

These minutes were confirmed at the Audit Committee Meeting held on \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_  
(Presiding member at the meeting which confirmed the minutes)

#### **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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AUDIT COMMITTEE MINUTES