



MINUTES

Audit Committee Meeting

Held in Council Chambers
Corner King & Barrack Street's, Merredin
Monday 27 March 2023
Commencing 5:30pm



| Common Acronyms Used in this Document | |
|--|--|
| WEROC | Wheatbelt East Regional Organisation of Councils |
| GECZ | Great Eastern Country Zone |
| WALGA | Western Australian Local Government Association |
| CEACA | Central East Aged Care Alliance |
| CEO | Chief Executive Officer |
| DCEO | Deputy CEO |
| EMDS | Executive Manager of Development Services |
| EMES | Executive Manager of Engineering Services |
| EMCS | Executive Manager of Corporate Services |
| EA | Executive Assistant to CEO |
| LPS | Local Planning Scheme |
| LGIS | Local Government Insurance Services |
| SRP | Strategic Resource Plan |
| CBP | Corporate Business Plan |
| CSP | Community Strategic Plan |
| MRCLC | Merredin Regional Community and Leisure Centre |
| CWVC | Central Wheatbelt Visitors Centre |
| MoU | Memorandum of Understanding |

Shire of Merredin
Audit Committee Meeting
5.30pm Monday 27 March 2023



1. Official Opening

The President acknowledged the Traditional Owners of the land on which we meet today, the Njaki Njaki people of the Nyoongar Nation and paid his respects to Elders past, present and emerging. The President then welcomed those in attendance and declared the meeting open at 5:32pm.

2. Record of Attendance / Apologies and Leave of Absence

Councillors:

| | |
|---------------|-----------|
| Cr M McKenzie | President |
| Cr D Crook | |
| Cr J Flockart | |
| Cr R Manning | |
| Cr P Patroni | |

Staff:

| | |
|----------|------|
| L Clack | CEO |
| L Boehme | EMCS |
| M Wyatt | EO |
| O Mellor | GO |

Members of the Public: Nil

Apologies: Nil

Approved Leave of Absence: Nil

3. Public Question Time

Nil

4. Disclosure of Interest

Nil

5. Confirmation of Minutes of the Previous Meeting

- 5.1 Audit Committee Meeting held on 19 December 2022
Attachment 5.1A

Voting Requirements

Simple Majority

Absolute Majority

Resolution

Moved: Cr Patroni

Seconded: Cr Crook

83115

That the minutes of the Audit Committee Meeting held on 19 December 2022 be confirmed as a true and accurate record of proceedings.

CARRIED 5/0

6. Officer's Reports

6.1 2022 Compliance Audit Return

| <h1>Administration</h1> | |  SHIRE OF MERREDIN INNOVATING THE WHEATBELT |
|--------------------------------|--|--|
| Responsible Officer: | Lisa Clack, CEO | |
| Author: | Meg Wyatt, EO | |
| Legislation: | <i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996</i> | |
| File Reference: | GR/17/19 | |
| Disclosure of Interest: | Nil | |
| Attachments: | Attachment 6.1A – 2022 Compliance Audit Return | |

Purpose of Report

Executive Decision

Legislative Requirement

To provide the Audit Committee with the information presented on the 2022 Compliance Audit Return (CAR).

Background

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996*, each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the CAR. The completed CAR is presented as Attachment 6.1A.

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires each local government's Audit Committee to review the CAR and report the results of that review to the Council.

After the CAR has been reviewed by the Audit Committee and presented to Council, a copy certified by the President and CEO, along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March.

Comment

The CAR is one of the tools available to Council in its governance monitoring role. The CAR also forms part of the DLGSC's monitoring program. The CAR enables the Council to monitor the level of compliance achieved and to take corrective action if required or proposed to prevent future like occurrences.

The 2022 CAR contains the following compliance categories:

1. Commercial Enterprises by Local Governments;
2. Delegation of Power/Duty;
3. Disclosure of Interest;
4. Disposal of Property;
5. Elections;
6. Finance;
7. Integrated Planning and Reporting;
8. Local Government Employees;
9. Official Conduct;
10. Optional;
11. Tenders for Providing Goods and Services.

The CAR provides the tools for Council to monitor legislative compliance by examining a range of prescribed subjects under Regulation 13 of the *Local Government (Audit) Regulations 1996* in detail.

Generally, the outcomes for the 2022 CAR show relatively consistent results for the organisation, with improvements in some areas. There have been some changes made by the Administration which has improved the accuracy of the reporting in the return, and the governance standards met. Of note, the procurement and tender practices of the organisation have improved significantly during the reporting period. This is primarily attributed to the diligent work of the Engineering Services and Projects area across all tenders, which have met all of the identified CAR requirements for the annual period.

There are two items of note within the return, which are reported but have both been actioned, and therefore no further remedial action is recommended at this stage.

These items are:

- The previous required review of the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) in the three financial years prior to 31 December 2022, was completed and recorded on 31 July 2020. While it is unknown the date it was considered by Council, the previous CAR submitted by the Shire to the Department, reports this as completed. Given the review was completed, the findings implemented, and previous reports to the Department indicate the 2020 review met all requirements, no other current action is recommended. The information that the date considered is unknown has been included in this CAR (Attachment 6.1A) for submission to the Department.

- Late completion of a primary return by a staff member in an acting position. This was overdue by six days, however, was still completed close to the due date. As the completion of the return meets the governance intent of completing a return (transparency and the management of conflicts of interest), this is not considered a significant issue and no further action is required.

Policy Implications

Nil

Statutory Implications

Section 7.13(1)(i) of the *Local Government Act 1995* states:

“7.13. Regulations as to audits

- 1) *Regulations may make provision as follows —*
 - i. *requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —*
 - i. *of a financial nature or not; or*
 - ii. *under this Act or another written law.”*

Regulations 14 and 15 of the Local Government (Audit) Regulations 1996 states:

“14. Compliance audits by local governments

- 1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- 2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- 3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

“15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- 1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
 - (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
 - (b) *any additional information explaining or qualifying the compliance audit, is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*

2) *In this regulation —*

certified in relation to a compliance audit return means signed by —

(a) the mayor or president; and

(b) the CEO.”

Strategic Implications

∅ Strategic Community Plan

| | |
|---------------------------------------|--|
| Theme: | 4. Communications and Leadership |
| Service Area Objective: | 4.2 - Decision Making 4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources |
| Priorities and Strategies for Change: | Nil |

∅ Corporate Business Plan

| | |
|-------------|---|
| Key Action: | 4.1.1 – Continue to update the Integrated Planning Framework, meet statutory requirements of the Local Government Act and regulations and regulatory obligations required under other regulations |
| Timeline: | Ongoing |

Sustainability Implications

∅ Strategic Resource Plan

Nil

Risk Implications

Council would be contravening the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996* if this item was not presented to the Audit Committee for recommendation to Council.

The objective of the CAR is to identify risks to the organisation where noncompliance may have occurred enabling processes and procedures to be developed, reviewed or amended, as required.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Resolution

Moved: Cr Manning

Seconded: Cr Flockart

That the Audit Committee recommends to Council that it:

- **RECEIVES** the 2022 Compliance Audit Return;
- **ADOPTS** the 2022 Compliance Audit Return for the period 1 January 2022 to 31 December 2022 as contained in Attachment 6.1A; and
- **AUTHORISES** the Shire President and Chief Executive Officer to sign the joint certification and submit the completed 2022 Compliance Audit Return, and any additional information explaining or quantifying the compliance audit, to the Department of Local Government, Sport and Cultural Industries by 31 March 2023.

83116

CARRIED 5/0

6.2 Regulation 17 and Risk Action Plan

Corporate Services



| | |
|--------------------------------|--|
| Responsible Officer: | Leah Boehme - EMCS |
| Author: | As above |
| Legislation: | <i>Local Government (Audit) Regulations 1996</i> |
| File Reference: | Nil |
| Disclosure of Interest: | Nil |
| Attachments: | Attachment 6.2A – Reg 17 and Risk Action Plan |

Purpose of Report

Executive Decision

Legislative Requirement

The purpose of this report is to provide the Audit Committee with an update on the Shire's progress toward the actions highlighted during the Chief Executive Officer's (CEO) review of risk management, internal controls and legislative compliance, which was presented to the Audit Committee and to Council in December 2022.

Background

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of the local government systems and procedures in relation to risk management, internal control and legislation compliance.

The review may relate to any or all of the matters referred to the sub-regulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every three (3) financial years.

The CEO is to report to the Audit Committee the results of that review and then provide updates on the progress toward identified actions on a regular basis. The Shire will aim to provide updates quarterly, in March, June, September and December each year.

Comment

Attachment 6.2A outlines the steps taken toward completing the actions identified during the Reg 17 and Risk reviews. A number of items have been completed in relation to the Reg 17 findings, with a number of others being in progress.

The progress toward the Risk Dashboard items has been slower, with the majority of actions being identified as long term changes requiring at least six to twelve months before they are expected to be completed.

Policy Implications

Policy 3.24 – Risk Management applies.

Statutory Implications

Regulation 17 of the *Local Government (Audit) Regulations 1996* applies.

Strategic Implications

∅ Strategic Community Plan

Theme: 4. Communications and Leadership

Service Area Objective: 4.2. Decision Making

4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources

4.2.3 – The Council is well informed in their decision-making, supported by a skilled administration team who are committed to providing timely, strategic information and advice

4.4.1 – The Shire is continuously working to maintain efficient communication, providing open, transparent and factual information, through a variety of channels

Priorities and Strategies
for Change:

Nil

∅ Corporate Business Plan

Key Action: 4.1.1 – Continue to update the Integrated Planning Framework, meet statutory requirements of the Local Government Act and regulations and regulatory obligations required under other regulations

Directorate: Corporate Services

Timeline: Ongoing

Sustainability Implications

∅ Strategic Resource Plan

Nil

Risk Implications

In regularly reviewing the Shire's Risk Dashboard and Regulation 17 Review and providing updates to the Audit Committee and Council, the risk to the organisation should decrease.

7. Closure

There being no further business, the President thanked those in attendance and declared the meeting closed at 5:47pm.

This page has intentionally
been left blank