



Shire of Dardanup

MINUTES

AUDIT & RISK COMMITTEE MEETING

Held

13th March 2024

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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VISION STATEMENT

“The Shire of Dardanup is a healthy, self-sufficient and sustainable community, that is connected and inclusive, and where our culture and innovation are celebrated.”

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COMMITTEE MEMBERSHIP:

- CR T GARDINER
- CR M HUTCHINSON
- CR. E LILLY
- CR. S GILLESPIE
- CR. J MANONI

AUDIT & RISK COMMITTEE CHARTER

The Terms of Reference for this Committee are located in the Tardis records system – refer to the following link:

[2023 - ToR - Audit and Risk Committee](#)

COUNCIL ROLE

| | |
|---------------------|---|
| Advocacy | When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency. |
| Executive/Strategic | The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets. |
| Legislative | Includes adopting local laws, town planning schemes and policies. |
| Review | When Council reviews decisions made by Officers. |
| Quasi-Judicial | <p>When Council determines an application/matter that directly affects a person’s rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p> |

DISCLAIMER

“Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire’s decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person’s knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request.”

RISK ASSESSMENT

| | |
|----------------------------|--|
| Inherent Risk | The level of risk in place in order to achieve the objectives of the Council and before actions are taken to alter the risk’s impact or likelihood. |
| Residual Risk | The remaining level of risk following the development and implementation of Council’s response. |
| Strategic Context | These risks are associated with achieving Council’s long term objectives. |
| Operational Context | These risks are associated with the day-to-day activities of the Council. |
| Project Context | <p>Project risk has two main components:</p> <ul style="list-style-type: none"> • Direct refers to the risks that may arise as a result of project, which may prevent the Council from meeting its objectives. • Indirect refers to the risks which threaten the delivery of project outcomes. |

SHIRE OF DARDANUP**MINUTES OF THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING TO BE HELD ON WEDNESDAY, 13TH MARCH 2024, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.41PM.****1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The Chairperson, Cr Ellen Lilly declared the meeting open, welcomed those in attendance and referred to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region and pay our respects to their elders, past, present and emerging. The Shire of Dardanup also respects and celebrates all cultures of all our residents and those visitors to our Shire.

Emergency Procedure

In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, you will be directed to an appropriate Assembly Area where we will meet (and complete a roll call).

Affirmation of Civic Duty and Responsibility

Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED**2.1 Attendance**Voting

| | | |
|---------------------|---|--------------------------------------|
| Cr Ellen Lilly | - | Deputy Shire President - Chairperson |
| Cr Tyrrell Gardiner | - | Shire President |
| Cr Mark Hutchinson | - | Elected Member |

Non-Voting

| | | |
|---------------------|---|--------------------------------|
| Mr André Schönfeldt | - | Chief Executive Officer |
| Mr Phil Anastasakis | - | Deputy Chief Executive Officer |
| Mr Theo Naudé | - | Director Infrastructure |
| Mrs Natalie Hopkins | - | Manager Financial Services |

| | | |
|--------------------|---|---|
| Mr Chris Murray | - | Manager Information Services |
| Mrs Donna Bailye | - | Manager Governance |
| Mrs Cindy Barbetti | - | Corporate Excellence & Compliance Officer |
| Mrs Rebecca Hobby | - | PA – Deputy Chief Executive Officer |
| Mr Tim Partridge | - | AMD, Director |

2.2 Apologies

Voting

| | | |
|---------------------|---|----------------|
| Cr Jack Manoni | - | Elected Member |
| Cr Stacey Gillespie | - | Elected Member |

Non-Voting

| | | |
|----------------------|---|-------------------------------------|
| Mr Ashwin Nair | - | Director of Sustainable Development |
| Mr Ricky Depillo | - | Accountant |
| Mrs Katherine Kaurin | - | Assistant Accountant |
| Ms Tricia Richards | - | Assistant Accountant |

3. PRESENTATIONS

None.

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 Minutes - Audit and Risk – 6th December 2023

OFFICER RECOMMENDED RESOLUTION & AUDIT & RISK COMMITTEE RESOLUTION

AAR 01-24 MOVED - Cr. Mark Hutchinson SECONDED - Cr. Ellen Lilly

THAT the Minutes of the Audit & Risk Committee Meeting held on 6th of December 2023, be confirmed as true and correct subject to no corrections.

CARRIED
3/0

5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

None.

6. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

7. DECLARATION OF INTEREST

“Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.”

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

Discussion:

Chairperson, Cr. Ellen Lilly asked the Committee members if there were any Declarations of Interest to be made.

There were no Declarations of Interest made.

| |
|--|
| 8 REPORTS OF OFFICERS AND COMMITTEES |
|--|

| |
|----------------|
| PROCESS |
|----------------|

Committee Chairperson, Cr Ellen Lilly, advised the meeting [2.42pm] that due to an external party, Mr Tim Partridge, AMD, being in attendance, the first item of business to be dealt with would be Item “8.4 - Title: Regulation 17 Review of Local Government Systems and Procedures” which could be found on Page 22 of the agenda.

8.4 [Title: Regulation 17 Review of Local Government Systems and Procedures](#)

| | |
|-----------------------------|---|
| Reporting Department | <i>Corporate & Governance Directorate</i> |
| Responsible Officer | <i>Mr André Schönfeldt - Chief Executive Officer</i> |
| Reporting Officer | <i>Mr Phil Anastasakis - Deputy CEO</i> |
| Legislation | <i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i> |
| Council Role | <i>Legislative.</i> |
| Voting Requirement | <i>Simple Majority.</i> |
| Attachments | <i>AAR: 8.4 - Risk Assessment Confidential Attachment – Regulation 17 Review Report</i> |

Overview

This report presents the Chief Executive Officer’s review pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*.

Note: Mr Chris Murray, Manager Information Services, joined the meeting at 2.43pm.

Change to Officer Recommendation - No Change.

**OFFICER RECOMMENDED RESOLUTION &
AUDIT & RISK COMMITTEE RESOLUTION**

AAR 02-24 MOVED - Cr. Tyrrell Gardiner SECONDED - Cr. Mark Hutchinson

THAT the Audit and Risk Committee recommend that Council:

- 1. Receives the report from the Chief Executive Officer incorporating the review and findings of AMD Chartered Accountants (dated 23rd of February 2024) on the Local Government systems and procedures under Regulation 17 of the *Local Government (Audit) Regulations 1996* (refer to Confidential Attachment under separate cover).**
- 2. Request that the Chief Executive Officer provide an update of the actions required from the findings of the Regulation 17 Audit to each future Audit and Risk Committee meeting until resolved.**

*CARRIED
3/0*

Background

It has been three (3) years since the last Regulation 17 Review (the 'review') was conducted for the Shire. The purpose of the review is to assist the Chief Executive Officer (CEO) in meeting the reporting requirements under Regulation 17 of the *Local Government (Audit) Regulations 1996*.

This review is a compliance exercise which considers each of the three elements under Regulation 17. The review provides the CEO with a clear understanding as to the appropriateness and effectiveness of the Shire's current systems and processes and articulate any areas of improvement.

The previous review was performed externally by AMD Chartered Accountants and presented by the CEO to the Audit and Risk Committee on the 3rd of March 2021 [AAR 02-21].

This review is for the period ended 31st of December 2023, and was once again conducted by AMD Chartered Accountants.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996 (as Amended):

Reg 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.*

Reg 16. Functions of audit committee

An audit committee has the following functions —

- (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —*
 - (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*

Council Plan

13.1 - Adopt best practice governance.

13.2 - Manage the Shire's resources responsibly.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

The scope for previous reviews has included all 3 areas of (a) Risk Management; (b) Internal Controls; and (c) Legislative Compliance. Shown in the table below is a summary of prior reviews and when they have been presented to the Audit and Risk Committee and Council.

| Year | Review Method | Conducted By | Report Received | Resolution Number |
|------|---------------|---------------------------|--|-------------------|
| 2014 | Internal | Shire of Dardanup Staff | Audit Committee 26 November 2014 | AUD 07/14 |
| | | | Ordinary Council Meeting 17 December 2014 | OCM 417/14 |
| 2017 | External | AMD Chartered Accountants | Audit Committee 13 December 2017 | AUD 06-17 |
| | | | Ordinary Council Meeting 13 December 2017 | OCM 334-17 |
| 2021 | External | AMD Chartered Accountants | Audit Committee 3 March 2021 | AAR 02-21 |
| | | | Ordinary Council Meeting 31 March 2021 | OCM 67-21 |

Budget Implications

The 2023-2024 Annual Budget provides an allocation of \$10,868 to conduct the three yearly review (GL#0412012).

Three (3) quotes were obtained for this audit, via WALGA e-Quotes, which all exceeded the budget. However, the quote from AMD was determined to be the best value for money and was accepted.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

- Shire of Dardanup Risk Management Governance Framework (which incorporates AP023 Risk Management Policy and PR036 Risk Management Procedure).
- CnG CP304 – Fraud, Corruption and Misconduct.
- Delegation 1.3.9 Audit – CEO Review of Systems and Procedures.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.4) for full assessment document.

| Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk. | |
|--|---|
| Risk Event | Regulation 17 Review of Local Government Systems and Procedures |
| Inherent Risk Rating (prior to treatment or control) | Low (1 - 4) |
| Risk Action Plan (treatment or controls proposed) | As the Inherent Risk Rating is below 12, this is not applicable. |
| Residual Risk Rating (after treatment or controls) | As the Inherent Risk Rating is below 12, this is not applicable. |
| Risk Category Assessed Against | Legal and Compliance Failure to fulfil obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17. Reputational Council’s reputation could be seen in a negative light for not adhering to its |

| Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk. | |
|--|--|
| | requirement to fulfil duties and functions that are prescribed in legislation. |

Officer Comment

As the previous Regulation 17 review was conducted three (3) years ago, it was timely for the CEO to conduct another review in 2023/2024. It was considered appropriate for the review to be undertaken by an external auditing firm familiar with local government functions to reinforce the transparency and independence of the process. Council’s existing financial auditors, Moore Australia, were excluded from the process to ensure independence in the review process.

The Scope of Work for the review was based on the [Local Government Operational Guidelines - Number 09](#) (refer pages 17-19 of the guideline). In addition, management included in the review an audit of the preparedness of the local government in terms of mitigating cyber security risks, with particular focus on the recently adopted Cyber Security Framework.

A Request for Quote (RFQ) was subsequently issued via WALGA e-Quotes, with AMD Chartered Accountants being appointed in November 2023 to undertake the review, in accordance with the following timeline:

| | |
|--|--|
| Early December 2023 | Listing of preliminary audit evidence items to be provided by the consultant. |
| 21st December 2023 | Where possible, the preliminary audit evidence items will be provided by the Shire by this date. Any remaining items will be provided in the last week of January 2024. |
| Early February 2024 | Onsite Visit |
| 21st February 2024 | Draft Regulation 17 Report to be provided to Deputy CEO |
| 28th February 2024 | Final Regulation 17 Report due to CEO |
| 13th March 2024 at 2pm | In-person presentation of Regulation 17 Report to the Audit and Risk Committee |

The on-site visit was conducted from Wednesday the 31st of January 2024 to Friday the 2nd of February 2024, with two (2) representatives from AMD in attendance.

Provided to members of the Audit and Risk Committee is the complete 2023/2024 Regulation 17 Review Report produced by AMD Chartered Accountants, together with management comments (refer to Confidential Attachment under separate cover). Once again, this is another very good review with only four (4) minor findings and one (1) moderate finding. It is worth noting that the review period considered the Shire’s systems and procedures throughout a pandemic, and to achieve such a positive result is commendable to the Council, the Executive and all Shire staff who have worked effectively to maintain and support the good governance of the Shire of Dardanup.

The findings from this report are summarised in the table below:

| Ref | Issue | Risk Rating | Responsible Officer | Proposed Completion Date |
|---|---------------------------------------|-------------|----------------------------------|--------------------------|
| 2 Risk Management | | | | |
| 2.2.1 | Testing of Disaster Recovery Plan | Moderate | Manager Information Services | 31 December 2024 |
| 2.2.2 | Bushfire Management Plan | Low | Director Sustainable Development | 31 December 2024 |
| 3 Internal Controls | | | | |
| 3.2.1 | Daily Banking Procedure | Low | Manager Governance | 30 April 2024 |
| 3.2.2 | Purchase Orders | Low | Manager Financial Services | 30 April 2024 |
| 3.2.3 | Grant – Contract Liabilities Register | Low | Manager Financial Services | 30 April 2024 |
| 4 Legislative Compliance | | | | |
| No findings to report in respect to the Shire's legislative compliance. | | | | |

Mr Tim Partridge, Director – Audit for AMD will attend the Audit and Risk Committee to respond to any questions in relation to the report and/or the findings.

The Audit and Risk Committee under Regulation 16(c) is to review and deliberate the report, prior to formal presentation to the Council.

END REPORT

Note: Tim Partridge, Director AMD, left the meeting at 2.55pm.

PROCESS

Note: Committee Chairperson, Cr Ellen Lilly returned to the Order of Business [2.55pm] and advised the Committee that the next item for consideration would be Item 8.1.

8.1 Title: Western Australian Auditor General – Schedule of Reports March 2024

| | |
|-----------------------------|---|
| Reporting Department | <i>Corporate & Governance Directorate</i> |
| Responsible Officer | <i>Mr Phil Anastasakis - Deputy CEO</i> |
| Reporting Officer | <i>Mrs Cindy Barbetti – Corporate Excellence & Compliance Officer</i> |
| Legislation | <i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i> |
| Council Role | <i>Executive/Strategic.</i> |
| Voting Requirement | <i>Simple Majority.</i> |
| Attachments | <i>AAR: 8.1A – Risk Assessment AAR: 8.1B – Report 9 Information Systems Application Audit – Essential Eight (State Government) AAR: 8.1C – Report 10 Financial Audit Results (State Government)</i> |

Overview

This report provides the Audit and Risk Committee with a schedule of Western Australian Auditor General Reports that have been released since the December 2023 committee meeting.

Change to Officer Recommendation - No Change.

OFFICER RECOMMENDED RESOLUTION & AUDIT & RISK COMMITTEE RESOLUTION

AAR 03-24 MOVED - Cr. Tyrrell Gardiner SECONDED - Cr. Mark Hutchinson

THAT the Audit and Risk Committee receive the March 2024 report on the Western Australian Auditor General – Schedule of Reports.

*CARRIED
3/0*

Background

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on the 28th of October 2017. The purpose of the Act was to make legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General.

The Act also provides for a category of audits known as ‘performance audit reports’ which examine the economy, efficiency, and effectiveness of any aspect of a local government’s operations. The findings of these audits are likely representative of issues in other local government entities that were not part of the sample. In addition, the Auditor General releases ‘guides’ to help support good governance within a local government’s operations.

The Auditor General encourages all entities, not just those audited, to periodically assess themselves against the risks and controls noted in each of the performance audit reports and guides when published. Testing our performance against the Auditor General findings and reporting the outcomes to the Audit and Risk Committee can be viewed as a vital component of managing compliance reporting under Regulation 17.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, r17

Reg 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 at least once every 2 calendar years.*
- (3) The CEO is to report to the audit committee the results of that review.*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

The Audit and Risk Committee previously received a report at the December 2023 meeting that responded to the reports released by the OAG from September 2023 to November 2023.

Budget Implications

As part of the Corporate Excellence & Compliance Officer role, regular monitoring and assessment of reports released by the OAG is deemed a matter of good governance and a vital component of managing compliance under Regulation 17. Therefore, the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:8.1A) for full assessment document.

| Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk. | |
|--|--|
| Risk Event | Western Australian Auditor General – Schedule of Reports |
| Inherent Risk Rating (prior to treatment or control) | Moderate (5 - 11) |
| Risk Action Plan (treatment or controls proposed) | As the Inherent Risk Rating is below 12, this is not applicable. |
| Residual Risk Rating (after treatment or controls) | As the Inherent Risk Rating is below 12, this is not applicable. |
| Risk Category Assessed Against | Legal and Compliance Not considering the risks, controls and recommendations arising from the Auditor General’s report could have an impact on Council not meeting its compliance requirements. |
| | Reputational Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation. |

Officer Comment

Council staff take an active approach by reviewing each ‘Issue’, ‘Finding’ and ‘Recommendation’ as contained in any report released by the OAG to benchmark against Council’s own internal controls and processes working towards an industry ‘best practice standard’. Identifying relevant messages and opportunities from these reports leads to continuous improvement and informed decision making.

Since the last committee meeting, there have been two (2) reports released by the OAG, both of which were focused on State government entities. However, it is still of value to consider the findings and how these can be applied in our local government environment. The reports are reflected in the table below together with officer comment:

| DATE | REPORT NO | REPORT | APPENDIX |
|---------------|------------------|---|-----------------|
| December 2023 | 9 | Information Systems Application Audit (State Government) <i>Implementation of the Essential Eight Cyber Security Controls</i> | AAR: 8.1B |
| December 2023 | 10 | Financial Audit Results <i>State Government 2022-23</i> | AAR:8.1C |

- *Report 9: Implementation of the Essential Eight Cyber Security Controls*

This audit examined the progress made by 10 State entities to implement Essential Eight controls and the accuracy of their self-assessments reported to DGov. It provides useful insights on the quality of information reported to DGov, who is already analysing and actioning the report findings.

While all the audited entities have started their Essential Eight journey, considerable work is needed to fully implement these essential controls. In most instances, the OAG found controls were only partially implemented or not working as expected, leaving entities vulnerable.

The OAG also found most entities were overly optimistic in completing their Essential Eight maturity self-assessments. This presented an inaccurate and overconfident picture of their own readiness, and also the sector's maturity in cyber security. Entities need to have an accurate understanding of their maturity to prioritise and address weaknesses, and correctly inform the government's perception of the State's cyber risk exposure. It is not uncommon, however, for entities to be overconfident when self-assessing, a trend noted by other jurisdictions in Australia.

The OAG is pleased that the government is increasingly focused on cyber security and is continuing to build the skill base and digital resilience across the public sector. The OAG also acknowledges the Australian Cyber Security Centre, which provides cyber security guidance, tools and assessment materials to implement and assess Essential Eight controls.

All chief executives, chief information officers, audit committees and boards are encouraged to maintain focus on building cyber resilience and use insights from this report to probe and monitor their maturity in this area.

The Shire of Dardanup has a dedicated Cyber Security Administrator who is responsible for managing the Shire's Cyber Security Strategy and Roadmap. While no set of mitigation strategies are guaranteed to protect against all cyber threats, organisations are recommended to implement the Essential Eight. This recommendation has been captured in the Shire's Cyber Security Strategy and is a focus throughout 2024.

Currently, the Shire is not obligated to complete self-assessments for DGov, or elsewhere. However, as noted in the Strategy, the Essential Eight components will be assessed periodically to ensure steps are taken to address areas of concern and to make sure existing and future processes meet expectations.

The Shire also engages and collaborates with the Australian Cyber Security Centre (ACSC) and receives fortnightly updates and access to the ACSC portal.

- *Report 10 Financial Audit Results – State Government 2022-23*

This report summarises the results of the OAG's annual financial audits of 122 of 130 State government entities for the year ended 30 June 2023, along with the results of a number of other audits and assurance activities.

While the focus of this report is entirely State government, it is a worthwhile exercise to consider the key takeaways and how this can be applied to the local government environment. In summary, some of those key takeaways are as follows:

- Audit qualifications have decreased for the first time in three years. This decrease reflects the concerted efforts made by entities to improve their controls, financial and KPI reporting processes.
- Underpinning these positive results was a 21% reduction in control, financial statement and KPI weaknesses which the OAG report to management as part of the financial audit.

- Many entities had repeat audit qualifications and the overall number of discrete audit qualifications is still too high. This indicates that entities are not resolving previously reported control weaknesses.
- For the first time, an adverse opinion on controls was issued to an entity, which reflects insufficient progress to address previous audit qualification matters combined with a further breakdown in controls brought about by a new system implementation. The entities finance team were diverted to this new system project and were subsequently away from routine financial management processes.
- Audit readiness remains a concern. The OAG's capacity to support entities is finite and timely reporting to Parliament is dependent on entities being audit ready and meeting agreed timeframes.
- While resource constraints continue to exist, this can no longer be a reason or an excuse for non-performance as regrettably this appears to be the norm now. We have all had to adjust to this environment by being agile, adaptive and innovative, to ensure our service obligations are delivered efficiently, effectively and without compromise.
- The OAG is developing an initiative to revamp their audit methodology and replacement of their electronic audit tool. This is being rolled out across their audit portfolio over the 2023-24 reporting season after it has been piloted by three entities this year (two State and one local government). While this comes with a variety of challenges, the OAG is confident it will deliver audit efficiencies in a variety of ways for the benefit of all in years to come.

Conclusion

The OAG report review process will continue to be applied to future reports and guides released by the Auditor General. The analysis of these reports provides Council with a greater level of confidence in internal control practices and processes throughout Council operations.

END REPORT

8.2 [Title: Compliance Audit Return](#)

| | |
|-----------------------------|---|
| Reporting Department | <i>Corporate & Governance Directorate</i> |
| Responsible Officer | <i>Mrs Donna Bailye – Manager Governance</i> |
| Reporting Officer | <i>Mrs Cindy Barbetti – Acting Manager Governance</i> |
| Legislation | <i>Local Government Act 1995</i> |
| Council Role | <i>Legislative.</i> |
| Voting Requirement | <i>Absolute Majority.</i> |
| Attachments | <i>AAR:8.2 – Risk Assessment Tool</i> |

Overview

This report presents the Compliance Annual Return to the Audit & Risk Committee to adopt and refer to Council for consideration, adoption and submission to the Department of Local Government and Communities.

Change to Officer Recommendation - No Change.

OFFICER RECOMMENDED RESOLUTION & AUDIT & RISK COMMITTEE RESOLUTION

AAR 04-24 MOVED - Cr. Ellen Lilly SECONDED - Cr. Mark Hutchinson

THAT the Audit & Risk Committee recommend that Council:

- 1. Adopts the 2023 Compliance Audit Return [CAR] as the official Return of Council for the period 1st January 2023 to 31st December 2023 as shown; and**
- 2. Authorise the Shire President and Chief Executive Officer to sign the joint Certificate.**

***Shire of Dardanup
Compliance Audit Return***

Year of Return – 2023

Status – Draft for Audit Committee

| <i>Commercial Enterprises by Local Governments</i> | | <i>Response</i> | <i>Comments</i> |
|---|--|------------------------|------------------------|
| <i>No</i> | <i>Question</i> | | |
| <i>1</i> | <i>Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?</i> | <i>N/A</i> | |
| <i>2</i> | <i>Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?</i> | <i>N/A</i> | |
| <i>3</i> | <i>Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?</i> | <i>N/A</i> | |
| <i>4</i> | <i>Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?</i> | <i>N/A</i> | |
| <i>5</i> | <i>During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?</i> | <i>N/A</i> | |

| Delegation of Power/Duty | | Response | Comments |
|---------------------------------|---|-----------------|--|
| No | Question | | |
| 1 | Were all delegations to committees resolved by absolute majority? | Yes | 2023-2024 Delegation Register endorsed at OCM 13-12-2023 Council Resolution 298-23 By absolute majority |
| 2 | Were all delegations to committees in writing? | Yes | |
| 3 | Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995? | Yes | |
| 4 | Were all delegations to committees recorded in a register of delegations? | Yes | 2023-2024 Delegations Register |
| 5 | Has council reviewed delegations to its committees in the 2022/2023 financial year? | Yes | 2022-2023 Delegation Register endorsed at OCM 14-12-2022 Council Resolution 325-22 |
| 6 | Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995? | Yes | |
| 7 | Were all delegations to the CEO resolved by an absolute majority? | Yes | |
| 8 | Were all delegations to the CEO in writing? | Yes | |
| 9 | Were all delegations by the CEO to any employee in writing? | Yes | |
| 10 | Were all decisions by the council to amend or revoke a delegation made by absolute majority? | Yes | |
| 11 | Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees? | Yes | |
| 12 | Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year? | Yes | |
| 13 | Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19? | Yes | |

| Disclosure of Interest | | Response | Comments |
|-------------------------------|---|-----------------|---|
| No | Question | | |
| 1 | Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? | Yes | |
| 2 | Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? | N/A | |
| 3 | Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made? | Yes | |
| 4 | Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? | Yes | |
| 5 | Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023? | Yes | |
| 6 | On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return? | Yes | |
| 7 | Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local | Yes | Financial and Non-Financial Interest Register |

| Disclosure of Interest | Response | Comments |
|--|-----------------|---|
| <i>Government Act 1995?</i> | | |
| 8 <i>Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?</i> | Yes | Financial and Non-Financial Interest Register |
| 9 <i>When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?</i> | Yes | |
| 10 <i>Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?</i> | Yes | |
| 11 <i>Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?</i> | Yes | |
| 12 <i>Did the CEO publish an up-to-date version of the gift register on the local government's website?</i> | Yes | Register of Gifts and Contribution to Travel |
| 13 <i>When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?</i> | Yes | |
| 14 <i>Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?</i> | Yes | |
| 15 <i>Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?</i> | Yes | |
| 16 <i>Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?</i> | N/A | |
| 17 <i>Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered?</i> | N/A | |
| 18 <i>Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?</i> | Yes | Resolution 30-21 of OCM held 24-02-2021 |
| 19 <i>Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?</i> | Yes | Resolution 30-21 of OCM held 24-02-2021 |
| 20 <i>Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?</i> | Yes | Code of Conduct - Elected Members |
| 21 <i>Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?</i> | Yes | Code of Conduct - Employees |

| Disposal of Property | | Response | Comments |
|-----------------------------|---|-----------------|-----------------|
| No | Question | | |
| 1 | Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)? | Yes | |
| 2 | Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) in the required local public notice for each disposal of property? | Yes | |

| Elections | | Response | Comments |
|------------------|---|-----------------|---|
| No | Question | | |
| 1 | Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997? | Yes | Electoral Gift Register |
| 2 | Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? | N/A | 2023 Election – no gifts received |
| 3 | Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? | Yes | Electoral Gift Register |

| Finance | | Response | Comments |
|----------------|---|-----------------|--|
| No | Question | | |
| 1 | Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? | Yes | SCM held 25-10-2023 Council Resolution 263-23 |
| 2 | Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority? | Yes | SCM held 25-10-2023 Council Resolution 263-23 |
| 3 | Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023? | Yes | OCM held 13-12-2023 Council Resolution 305-23 and 307-23 |
| 4 | Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? | N/A | |
| 5 | Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? | N/A | |
| 6 | Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website? | N/A | |
| 7 | Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit? | Yes | |

| Integrated Planning and Reporting | | Response | Comments |
|--|---|-----------------|--|
| No | Question | | |
| 1 | Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | Presented to OCM held 22 June 2022 and again on OCM held 27 July 2022 Adopted at OCM held 27 July 2022 – Res 179-22 |
| 2 | Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | Adopted at OCM held 24 May 2023 Resolution 126-23 “That Council endorses the updated Shire of Dardanup Corporate Business Plan 2023-2026, [Appendix ORD: 12.4.4A] which forms part of Council’s adopted “Council Plan 2022-2032” |
| 3 | Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? | Yes | |

| Local Government Employees | | Response | Comments |
|-----------------------------------|---|-----------------|---|
| No | Question | | |
| 1 | Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? | N/A | No ‘Senior Employees’ at Shire of Dardanup |
| 2 | Was all information provided in applications for the position of CEO true and accurate? | N/A | No ‘Senior Employees’ at Shire of Dardanup |
| 3 | Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995? | N/A | No recruitment of Chief Executive Officer in 2023 |
| 4 | Did the CEO inform council of each proposal to employ or dismiss senior employee? | N/A | No recruitment of Chief Executive Officer in 2023 |
| 5 | Where council rejected a CEO’s recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? | N/A | No recruitment of Chief Executive Officer in 2023 |

| Official Conduct | | Response | Comments |
|-------------------------|---|-----------------|--|
| No | Question | | |
| 1 | Has the local government designated an employee to be its complaints officer? | Yes | CEO, DCEO or Manager HR |
| 2 | Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995? | Yes | Register of Complaints of Minor Breaches |
| 3 | Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995? | Yes | |
| 4 | Has the CEO published an up-to-date version of the register of the complaints on the local government’s official website? | Yes | Register of Complaints of Minor Breaches |

| Optional Questions | | Response | Comments |
|---------------------------|---|-----------------|--|
| No | Question | | |
| 1 | Did the CEO review 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) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report. | Yes | Received by Council at the 23 rd March 2022 Ordinary Council Meeting Res:75-22 |
| 2 | Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report. | Yes | Received by Council at the 31 st March 2021 Ordinary Council Meeting Res:67-21 |
| 3 | Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act? | Yes | |
| 4 | Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events? | Yes | CnG CP081 Elected Member and CEO Attendance at Events 2022-2024 Council Policy Manual |
| 5 | Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995? | Yes | |
| 6 | Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members? | Yes | CnG CP112 Councillors' Induction Training and Professional Development 2022-2024 Council Policy Manual |
| 7 | Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023? | Yes | 2022-2023 Elected Member Training |
| 8 | By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023? | Yes | |
| 9 | When adopting the annual budget, did the local government take into account all its expenditure, revenue and income? | Yes | |

| Tenders for Providing Goods and Services | | Response | Comments |
|---|---|-----------------|-----------------|
| No | Question | | |
| 1 | Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? | Yes | |
| 2 | Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? | Yes | |

| Tenders for Providing Goods and Services | | Response | Comments |
|---|--|-----------------|-----------------|
| 3 | <i>When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?</i> | Yes | |
| 4 | <i>Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?</i> | Yes | |
| 5 | <i>If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?</i> | Yes | |
| 6 | <i>Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?</i> | Yes | |
| 7 | <i>Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?</i> | Yes | |
| 8 | <i>Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?</i> | Yes | |
| 9 | <i>Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?</i> | Yes | |
| 10 | <i>Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?</i> | Yes | |
| 11 | <i>Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?</i> | Yes | |
| 12 | <i>Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?</i> | Yes | |
| 13 | <i>Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?</i> | Yes | |
| 14 | <i>Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?</i> | Yes | |
| 15 | <i>Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE?</i> | Yes | |
| 16 | <i>If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?</i> | Yes | |
| 17 | <i>Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?</i> | Yes | |

| Tenders for Providing Goods and Services | | Response | Comments |
|---|---|-----------------|-----------------|
| 18 | <i>Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?</i> | Yes | |
| 19 | <i>Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?</i> | N/A | |
| 20 | <i>Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?</i> | Yes | |
| 21 | <i>Did the CEO send each applicant written notice advising them of the outcome of their application?</i> | Yes | |
| 22 | <i>Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?</i> | N/A | |

CARRIED
3/0

Background

The Shire of Dardanup along with each local government in Western Australia, are required to carry out a Compliance Audit in relation to the period 1st January 2023 to 31st December 2023 against the requirements set out in the 2023 Compliance Audit Return (CAR).

Legal Implications

Completion of the CAR is required under Section 7.13(i) of the *Local Government Act 1995* and *Local Government (Audit) Regulations (Regulation 13)*.

Council Plan

- 13.1 - Adopt best practice governance.
- 13.2 - Manage the Shire's resources responsibly.

Environment - None.

Precedents

Council is required to complete the Compliance Audit Return on an annual basis.

Budget Implications - None.

Budget – Whole of Life Cost - None.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.2) for full assessment document.

| Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk. | | | | | |
|--|---|----------------------|---|--------------|---|
| Risk Event | 2023 Compliance Audit Return - CAR | | | | |
| Inherent Risk Rating (prior to treatment or control) | Low (1 - 4) | | | | |
| Risk Action Plan (treatment or controls proposed) | Not applicable. | | | | |
| Residual Risk Rating (after treatment or controls) | As the Inherent Risk Rating is below 12, this is not applicable. | | | | |
| Risk Category Assessed Against | <table border="0"> <tr> <td>Legal and Compliance</td> <td>Non-compliance would result in imposed penalties.</td> </tr> <tr> <td>Reputational</td> <td>High impact to Shire reputation if not carried out.</td> </tr> </table> | Legal and Compliance | Non-compliance would result in imposed penalties. | Reputational | High impact to Shire reputation if not carried out. |
| Legal and Compliance | Non-compliance would result in imposed penalties. | | | | |
| Reputational | High impact to Shire reputation if not carried out. | | | | |

Officer Comment

The following areas of compliance were audited by Council Officer's.

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

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires that the local government's Audit Committee reviews the CAR and reports the results of that review to the Council. Following the adoption by Council, the CAR must be submitted to the Department of Local Government and Communities by the 31st March each year.

When viewing the CAR, please note that the answers to the questions relate only to the 2023 calendar year.

Council has met compliance requirements in all areas outlined in the 2023 CAR, with the recommendation to Council to adopt the CAR as presented above.

END REPORT

8.3 Title: Biannual Compliance Task Report

| | |
|-----------------------------|---|
| Reporting Department | <i>Corporate & Governance Directorate</i> |
| Responsible Officer | <i>Mr Phil Anastasakis - Deputy CEO</i> |
| Reporting Officers | <i>Mrs Cindy Barbetti – Corporate Excellence & Compliance Officer</i> |
| Legislation | <i>Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17</i> |
| Council Role | <i>Legislative.</i> |
| Voting Requirement | <i>Simple Majority.</i> |
| Attachments | <i>AAR 8.3 – Risk Assessment Confidential Attachment – Biannual Compliance Calendar</i> |

Overview

The purpose of this report is to provide the Audit and Risk Committee with the biannual compliance tasks undertaken since the last report was presented to the committee.

Change to Officer Recommendation - No Change.

OFFICER RECOMMENDED RESOLUTION & AUDIT & RISK COMMITTEE RESOLUTION

AAR 05-24 MOVED - Cr. Ellen Lilly SECONDED - Cr. Mark Hutchinson

THAT the Audit and Risk Committee receive the report on the Biannual Compliance Task Report, as provided for in the Confidential Attachment provided Under Separate Cover and note the compliance tasks identified for the for the period 1st July 2023 to 31st December 2023.

*CARRIED
3/0*

Background

Under Regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is required to review the appropriateness and effectiveness of the local government's systems and procedures, including those in relation to legislative compliance.

To ensure legislative compliance obligations are met, the Compliance Manual, incorporating the Annual Compliance Calendar has been developed. The calendar is a tool that identifies the yearly compliance tasks throughout the calendar year. In accordance with 5.10(ii) of the Audit and Risk Committee Charter, the committee is required to receive the biannual compliance report. This report informs the committee on the progression of the compliance tasks noted within the annual calendar.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, 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 at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*
- [Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]*

Council Plan

- 13.1 - Adopt best practice governance.
 13.2 - Manage the Shire's resources responsibly.
 14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

The Audit and Risk Committee received the previous biannual compliance report (incorporating the period from 1 January 2023 to 30 June 2023) at the September 2023 meeting.

Budget Implications

Effective legislative compliance management ensures compliance responsibilities are carried out and legislative requirements are met, which ultimately reduces risk. Compliance management forms part of the Corporate Excellence & Compliance Officer role. Therefore, the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

There is no current Council Policy relevant to this item.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 8.3) for full assessment document.

| Tier 2 – 'Low' or 'Moderate' Inherent Risk. | |
|--|---|
| Risk Event | Biannual Compliance Task Report |
| Inherent Risk Rating (prior to treatment or control) | Low (1 - 4) |
| Risk Action Plan (treatment or controls proposed) | As the Inherent Risk Rating is below 12, this is not applicable. |
| Residual Risk Rating (after treatment or controls) | As the Inherent Risk Rating is below 12, this is not applicable. |
| Risk Category Assessed Against | Legal and Compliance Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17. |
| | Reputational |

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.

| | |
|--|---|
| | Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation. |
|--|---|

Officer Comment

This biannual report captures the last six (6) months of the 2023 calendar year (1 July 2023 to 31 December 2023). Please refer Confidential Attachment provided Under Separate Cover for the compliance tasks identified. Responsible officers have provided an audit score of the progression of each task together with any necessary commentary to support the achievement of legislative compliance.

The next biannual compliance task report will be presented to the September 2024 committee meeting.

END OF REPORT.

8.4 Title: Regulation 17 Review of Local Government Systems and Procedures

| | |
|-----------------------------|---|
| Reporting Department | <i>Corporate & Governance Directorate</i> |
| Responsible Officer | <i>Mr André Schönfeldt - Chief Executive Officer</i> |
| Reporting Officer | <i>Mr Phil Anastasakis - Deputy CEO</i> |
| Legislation | <i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i> |
| Council Role | <i>Legislative.</i> |
| Voting Requirement | <i>Simple Majority.</i> |
| Attachments | <i>AAR: 8.4 - Risk Assessment Confidential Attachment – Regulation 17 Review Report</i> |

Note: Refer to Page 4 of the Minutes for this item.

| |
|--|
| 9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN |
|--|

None.

| |
|---|
| 10. NEW BUSINESS OF AN URGENT NATURE |
|---|

[Please Note: This is Not General Business – This is for Urgent Business Approved By the Person Presiding or by Decision. In cases of extreme urgency or other special circumstance, matters may, with the consent of the person presiding, or by decision of the members present, be raised without notice and decided by the meeting.]

| |
|--|
| 11. MATTERS BEHIND CLOSED DOORS |
|--|

| |
|-------------------------------|
| 12. CLOSURE OF MEETING |
|-------------------------------|

The Chairperson advised that the date of the next Audit & Risk Committee Meeting will be Wednesday, 12th of June 2024.

There being no further business the Chairperson declared the meeting closed at 3.11pm.