



Shire of Dardanup

# MINUTES

# AUDIT & RISK COMMITTEE MEETING

Held

1 December 2021

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

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## **VISION STATEMENT**

“Provide effective leadership in encouraging balanced growth and development of the Shire while recognizing the diverse needs of our communities.”

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# TABLE OF CONTENTS

<b>1</b>	<b>DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS .....</b>	<b>1</b>
<b>2.</b>	<b>RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED .....</b>	<b>1</b>
2.1	Attendance.....	1
2.2	Apologies.....	1
<b>3.</b>	<b>ELECTION OF CHAIRPERSON &amp; DEPUTY CHAIRPERSON .....</b>	<b>2</b>
3.1	Election of Chairperson .....	2
3.2	Election of Deputy Chairperson .....	3
<b>4.</b>	<b>PRESENTATIONS .....</b>	<b>3</b>
<b>5.</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETING.....</b>	<b>4</b>
5.1	Audit & Risk Committee Meeting Held 8 September 2021 .....	4
<b>6.</b>	<b>ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED.....</b>	<b>4</b>
<b>7.</b>	<b>QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN .....</b>	<b>4</b>
<b>8.</b>	<b>DECLARATION OF INTEREST .....</b>	<b>4</b>
<b>9</b>	<b>REPORTS OF OFFICERS AND COMMITTEES .....</b>	<b>5</b>
9.1	Title: Annual Meeting – 2020/21 Draft Audit Report .....	5
9.2	Title: 2020/21 Annual Financial Report.....	12
9.3	Title: Update on Regulation 17 Audit Findings .....	24
9.4	Title: Financial Management System Review Update .....	29
9.5	Title: Bi-Annual Risk Management Dashboard Report .....	33
9.6	Title: Western Australian Auditor General Schedule of Reports .....	37
9.7	Title: Confirmation Committee responsibilities have been carried out .....	41
9.8	Title: Annual Audit Work Plan .....	47
<b>10.</b>	<b>ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN .....</b>	<b>53</b>
<b>11.</b>	<b>NEW BUSINESS OF AN URGENT NATURE.....</b>	<b>53</b>
<b>12.</b>	<b>MATTERS BEHIND CLOSED DOORS .....</b>	<b>53</b>
<b>13.</b>	<b>CLOSURE OF MEETING.....</b>	<b>53</b>

COMMITTEE MEMBERSHIP:

- CR M BENNETT
- CR J DOW
- CR T GARDINER
- CR. M HUTCHINSON
- CR. P PERKS

AUDIT & RISK COMMITTEE CHARTER

The Terms of Reference for this Committee are located in the Tardis records system – refer to the following link:  
[2021 - 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

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

**SHIRE OF DARDANUP****MINUTES OF THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING HELD ON WEDNESDAY, 1 DECEMBER 2021, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.****1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The Presiding Officer, Mr André Schönfeldt, declared the meeting open at 2.00pm 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.*

*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 AttendanceVoting

Cr Mick Bennett		Elected Member
Cr Tyrrell Gardiner	-	Elected Member
Cr Patricia Perks	-	Elected Member
Cr Janice Dow	-	Elected Member
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 Donna Bailye	-	PA – Deputy Chief Executive Officer
Mrs Natalie Hopkins	-	Manager Financial Services
Mrs Cathy Lee	-	Manager Governance & HR
Mr Ray Pryce	-	Accountant
Mrs Cindy Barbetti	-	Compliance Officer
Mrs Rhianna Scheffner	-	Governance Co-Ordinator [2.49pm]
Mr Kieran O’Brien	-	Business Solutions Team Leader
Mr Matthew Mangano	-	Business Solutions Officer

Visitors

Mr Suraj Karki	-	Office of the Auditor General for WA
Ms Hayley Platt	-	Auditors – Moore Australia (WA) [Zoom 2:09pm]
Mr Wen-Shien Chai	-	Auditors – Moore Australia (WA) [Zoom: 2.09pm]

2.2 Apologies**3. ELECTION OF CHAIRPERSON & DEPUTY CHAIRPERSON**3.1 Election of Chairperson

Nominations for the position of Chairperson are to be given to Mr André Schönfeldt who will be the Presiding Officer for the election in writing [forms available from the Chief Executive Officer].

The position of Chairperson will expire on the October 2023 being the date of the next ordinary election Local Government Act 1995 2.28(2) Item 12.

The nominee is to accept the nomination in writing to the position of Chairperson.

If more than one person is nominated, voting is to be conducted by secret ballot, with the candidate that receives the greater number of votes being elected.

*Discussion:*

*Two nominations were provided to the Presiding Officer, Chief Executive Officer – Mr André Schönfeldt.*

*Cr Tyrrell Gardiner was nominated for the position of Chairperson by Cr Patricia Perks.  
Cr Tyrrell Gardiner was nominated for the position of Chairperson by Cr Michael Bennett.*

*Cr Tyrrell Gardiner accepted the nomination and was declared as Chairperson.*

*Cr Tyrrell Gardiner assumed the Chair.*

### 3.2 Election of Deputy Chairperson

Nominations for the position of Deputy Chairperson are to be given to the Chairperson in writing [forms available from Chief Executive Officer].

The position of Deputy Chairperson will expire in October 2023 being the date of the next ordinary election Local Government Act 1995 2.28(2) Item 12.

The nominee is to accept the nomination in writing to the position of Deputy Chairperson.

If more than one person is nominated, voting is to be conducted by secret ballot, with the candidate that receives the greater number of votes being elected.

#### *Discussion:*

*Two nominations were provided to the Chairperson.*

*Cr Janice Dow was nominated for the position of Deputy Chairperson by Cr Michael Bennett.  
Cr Mark Hutchinson was nominated for the position of Chairperson by Cr Patricia Perks.*

*Following discussion, Cr Janice Dow withdrew the nomination for the position of Deputy Chairperson*

*Cr Mark Hutchinson was declared as Deputy Chairperson.*

#### **DECLARATION**

**Following due process as per Section 5.12 and Schedule 2.3 of the Local Government Act 1995 the following people are declared:**

**Cr Tyrrell Gardiner - Chairperson  
Cr Mark Hutchinson - Deputy Chairperson**

**of the Audit & Risk Committee.**

#### **4. PRESENTATIONS**

None.

**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

5.1 Audit & Risk Committee Meeting Held 8 September 2021

**AUDIT & RISK COMMITTEE RESOLUTION**

24-21            MOVED -        Cr M Hutchinson                    SECONDED -            Cr M Bennett

**THAT the Minutes of the Audit & Risk Committee Meeting held on 8<sup>th</sup> of September 2021, be confirmed as true and correct subject to no corrections.**

CARRIED  
5/0

**6. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED**

None.

**7. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

None.

**8. 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. T Gardiner asked Councillors if there were any Declarations of Interest to be made.*

*There were no Declarations of Interest made.*

*Note: Mr Theo Naudé left the room at 2.06pm and returned at 2.09pm.*

*Note: Auditors, Ms Hayley Platt and Mr Wen Shien Chai joined the meeting via Zoom at 2.09pm.*

*Note: Mr Kieren O'Brien and Mr Matthew Mangano left the meeting at 2.10pm.*



<b>9      REPORTS OF OFFICERS AND COMMITTEES</b>
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9.1      Title:    Annual Meeting – 2020/21 Draft Audit Report

<i>Reporting Department:</i>	<i>Corporate &amp; Governance</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis – Deputy Chief Executive Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 Local Government (Audit) Regulations 1996 Local Government Amendment (Auditing) Act 2017</i>
<i>Attachments:</i>	<i>AAR 9.1A –2020/21 Draft Auditor Report AAR 9.1B – Risk Assessment</i>

**Overview**

This report to the Audit and Risk Committee enables an Audit Exit Meeting to be conducted for the 2020/21 audit. It also provides an opportunity for the auditor to present to the Audit and Risk Committee the draft Audit Report for the 2020/21 Annual Financial Statements (Appendix 9.1A - Confidential Document - to be provided under separate cover), together with an occasion to raise any concerns associated with the audit process.

**Background**

- *Audit Exit Meeting*

In accordance with section 7.12A (2) of the Local Government Act and the Local Government (Audit) Regulation 1996, Council is required to meet with the external auditor at least once per year. Council has delegated to the Audit & Risk Committee the power to meet with the external auditor in accordance with the provisions of the Act.

Whilst the Audit Entrance Meeting held in May 2021 provided an overview on how the audit process is undertaken, the Audit Exit Meeting provides an opportunity for the full Audit & Risk Committee to openly discuss items or concerns pertaining to the 2020/21 Annual Financial Report.

At the Ordinary Council Meeting dated 16 December 2020 [Council Res 358-20], Council received and endorsed the *2021 Annual Audit Work Plan* document which included recommendations from the Office of the Auditor General (OAG) *Western Australian Public Sector Audit Committees – Better Practice Guide*.

Outlining the functions, responsibilities and associated activities, section 6 of the *2021 Annual Audit Work Plan* stipulates the Audit & Risk Committee is -

*‘To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses’.*

- *Annual Meeting – 2020/21 Draft Audit Report*

On the recommendation of its Audit & Risk Committee, Council is required to appoint an auditor per s7.3 of the *Local Government Act 1995 (LGA 1995)*. The *LGA 1995* also requires that the Local Government meet annually with the auditor.

From 1 July 2017, the *Local Government Amendment (Auditing) Act 2017* was enacted giving the Auditor General a mandate to audit all Western Australian local governments. *The Local Government Amendment (Auditing) Act 2017* is an Act to amend the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General and for related purposes. The change in legislation effectively required all local government audits to come under the control of the Office of the Auditor General (OAG).

In 2019/20 Council received its first annual audit of the financial statements under the direction of the Office of the Auditor General (OAG) which was outsourced to Council's previous auditors. In 2020/21 the OAG continued its standard practice by outsourcing approximately 85% of local government annual financial audits by partnering with accredited audit firms to improve its audit processes, quality and reporting. The OAG maintains an active role in quality control and engagement throughout the audit process.

In April 2021 Council received notification from the OAG advising that audit firm Moore Australia (WA) had been appointed to conduct the annual financial audit for a 3 year period, commencing with the audit for the year ended 30 June 2021.

During the 2020/21 financial year, Council staff liaised directly with Moore Australia, who in turn, communicated directly with the OAG throughout the process. The interim audit was conducted onsite from 12<sup>th</sup> to 14<sup>th</sup> of May 2021 with the Interim Audit Results report presented to the Audit & Risk Committee on the 8<sup>th</sup> September 2021.

The final audit was held from 11<sup>th</sup> to 14<sup>th</sup> of October 2021. The results from the final audit are presented within this draft unqualified audit report.

The Audit and Risk Committee meeting is scheduled to be held on Wednesday 1<sup>st</sup> December 2021. This provides the opportunity for the Audit and Risk Committee to meet in person with the OAG Assistant Director of Financial Audit, Mr Suraj Karki, as well as Moore Australia (WA) auditors Mr Wen-Shien Chai, and Ms Hayley Platt (via Zoom).

### **Legal Implications**

#### *Local Government Act 1995*

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

- (1) *A local government is to do everything in its power to —*
  - (a) *assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and*
  - (b) *ensure that audits are conducted successfully and expeditiously.*
- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*

#### *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.]*

#### **Local Government (Financial Management) Regulations 1996, Regulation 5:**

##### **5. CEO's duties as to financial management**

- (1) *Efficient systems and procedures are to be established by the CEO of a local government —*
- (a) *for the proper collection of all money owing to the local government; and*
  - (b) *for the safe custody and security of all money collected or held by the local government; and*
  - (c) *for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
  - (d) *to ensure proper accounting for municipal or trust —*
    - (i) *revenue received or receivable; and*
    - (ii) *expenses paid or payable; and*
    - (iii) *assets and liabilities;*
- and*
- (e) *to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
  - (f) *for the maintenance of payroll, stock control and costing records; and*
  - (g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (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.*

##### **s7.2. Audit**

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

##### **7.3. Appointment of auditors**

- (1) *Subject to subsection (1A), a local government is to, from time to time whenever such an appointment is necessary or expedient, appoint\* a person, on the recommendation of the audit committee, to be its auditor.*

*\* Absolute majority required.*

##### **7.9. Audit to be conducted**

- (1) *An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —*
- (a) *the mayor or president; and*
  - (b) *the CEO of the local government; and*
  - (c) *the Minister.*

- (2) Without limiting the generality of subsection (1), where the auditor considers that —
- (a) there is any error or deficiency in an account or financial report submitted for audit; or
  - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
  - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government,
- details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.

7.12AB. Conducting a financial audit

The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.

7.12AD. Reporting on a financial audit

- (1) The auditor must prepare and sign a report on a financial audit.
- (2) The auditor must give the report to —
- (a) the mayor, president or chairperson of the local government; and
  - (b) the CEO of the local government; and
  - (c) the Minister.

7.12A. Duties of local government with respect to audits

- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must —
- aa) examine an audit report received by the local government; and
  - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
  - (b) ensure that appropriate action is taken in respect of those matters.

**Local Government (Audit) Regulations 1996**

9. Performance of audit

- (3) An auditor must carry out the work necessary to form an opinion whether the annual financial report —
- (a) is based on proper accounts and records; and
  - (b) fairly represents the results of the operations of the local government for the financial year and the financial position of the local government at 30 June in accordance with —
    - (i) the Act; and
    - (ii) the Australian Accounting Standards (to the extent that they are not inconsistent with the Act).

**Local Government Amendment (Auditing) Act 2017**

No. 5 of 2017

An Act to amend the Local Government Act 1995 to provide for the auditing of local governments by the Auditor General and for related purposes.

3. Act amended

This Act amends the Local Government Act 1995.

4. Section 1.4 amended

- (1) In section 1.4 delete the definition of auditor and insert:
- auditor** means —
- (a) in relation to an audit, other than a performance audit —
    - (i) in relation to a local government that has an audit contract that is in force — a person for the time being appointed under Part 7 Division 2 to be the auditor of the local government; and
    - (ii) in relation to a local government that does not have an audit contract that is in force — the Auditor General;
  - and
  - (b) in relation to a performance audit — the Auditor General;

**Strategic Community Plan**

- Strategy 1.1.1 - To be equitable, inclusive and transparent in decision making. (Service Priority: High)
- Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)
- Strategy 1.3.1 - Implement the Integrated Planning and Reporting Framework including the LongTerm Financial Plan, Workforce Plan, Asset Management Plans and Corporate Business Plan. (Service Priority: High)
- Strategy 1.3.2 - Monitor and produce statutory budgetary and financial reporting requirements applicable to local government operations. (Service Priority: High)

**Environment** - None.

**Precedents**

The Audit and Risk Committee has in previous years met with the Auditor to consider the audit of the Annual Financial Statements and financial position of Council.

**Budget Implications**

The 2021/22 budget provides an allocation \$22,427 for the conduct of the annual audit.

The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Rate Setting Statement.

**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** - None.

**Risk Assessment** -

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:9.1B) for full assessment document.

<b>Tier 1 – No discernible Inherent Risk has been identified (no Risk Theme or Consequence).</b>	
Risk Event	Annual Meeting – 2020/21 Draft Audit 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	<ul style="list-style-type: none"> <li>Legal &amp; Compliance - Not meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996 and Australian Accounting Standards.</li> <li>Reputational – Loss of reputation through non-compliance or mismanagement of funds.</li> </ul>

**Officer Comment**

Council's auditors Moore Australia (WA) visited the Council office in October 2021 to conduct the final audit, with three audit staff in attendance. Council staff had prepared the draft annual financial statements, together with all of the working files and audit material provided to the auditors during their visit. Council staff subsequently worked with the auditors to finalise the annual financial statements.

The audit did not identify any areas of concern and the auditors have provided an unqualified Audit Report. The Audit Report (Appendix AAR: 9.1A) advises that the financial report of the Shire of Dardanup gives a true and fair view of the Shire of Dardanup financial position as at 30<sup>th</sup> of June 2021 and of its performance during the year, and complies with Australian Accounting Standards.

- *Audit Closed Door Session*

At the release of OAG reports presented to Parliament, Council staff review each report to determine if any of the OAG recommendations can be made to improve Council's current processes. The OAG report *Western Australian Public Sector Audit Committees – Better Practice Guide* provided guidance to local governments to recommend that during the financial audit exit meeting with the OAG, the audit committee has a closed-door session with the auditors without management present.

This recommendation was subsequently adopted in the Audit & Risk Committee Charter 'Terms of Reference' and forms the basis of this report. It is proposed that in order to allow the Audit & Risk Committee to meet with the Council Auditors without Shire management present, that the Committee Suspend Standing Orders and go Behind Closed Doors.

**Council Role** - Executive.

**Voting Requirements** - Simple Majority.

**Change to Officer Recommendation** No Change.

## PROCESS

To enable the Audit & Risk Committee and the Council Auditors to conduct a closed door session without Shire management present, the Committee resolved to Go Behind Closed Doors and Suspend Standing Orders.

**AUDIT & RISK COMMITTEE RESOLUTION 'A'**

25-21                      MOVED -              Cr J Dow    SECONDED -              Cr P Perks

**THAT the Audit & Risk Committee Go Behind Closed Doors [2.24pm] and Suspend Standing Order.**

- a matter affecting an employee or employees;
- legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.

CARRIED  
5/0



9.2 Title: 2020/21 Annual Financial Report

<i>Reporting Department:</i>	<i>Corporate &amp; Governance</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis – Deputy Chief Executive Officer Mrs Natalie Hopkins – Manager Financial Services</i>
<i>Legislation:</i>	<i>Local Government Act 1995 Local Government (Financial Management) Reg 1996</i>
<i>Attachments:</i>	<i>AAR 9.2A –2020/21 Annual Financial Report AAR 9.2B – Risk Assessment</i>

**Overview**

This report presents the Annual Financial Report for the 2020/21 financial year to the Audit and Risk Committee and Council for consideration and adoption.

**Background**

Section 6.4 of the *Local Government Act 1995* requires a Local Government to prepare an Annual Financial Report each financial year. This report has been audited and is provided as (Appendix AAR: 9.2A).

The Annual Financial Report has been prepared in accordance with the *Local Government (Financial Management) Regulations 1996* and includes the following:

- Statement by the Chief Executive Officer;
- Statement of Comprehensive Income (by Nature or Type);
- Statement of Comprehensive Income (by Program);
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Rate Setting Statement;
- Notes to and forming Part of the Financial Statements; and
- Auditor Report.

In accordance with section 5.53 of the *Local Government Act 1995*, the 2020/21 Annual Financial Report forms part of the Annual Report.

The adoption of the Annual Financial Report by Council allows for the adoption of the Annual Report and the holding of the Annual Electors Meeting which is proposed to be held on Tuesday 25<sup>th</sup> of January 2022, commencing at 7.00pm in the Eaton Council Chambers, following the completion of the monthly Council meeting.

**Legal Implications**

*Local Government Act 1995*

5.53. *Annual Reports*

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain —*
  - (f) *the financial report for the financial year; and*

6.4. *Financial Report*

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*



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

#### **Local Government (Financial Management) Regulations 1996**

##### *4. AAS, effect of*

- (1) *These regulations are in addition to and not in derogation of the requirements of the AAS.*
- (2) *If a provision of the AAS is inconsistent with a provision of these regulations, the provision of these regulations prevails to the extent of the inconsistency.*
- (3) *All words in the Act or these regulations that import revenue or expenditure are to be interpreted to permit compliance with the requirements of the AAS.*

##### *5A. Local governments to comply with AAS*

*Subject to regulation 4, the annual budget, annual financial report and other financial reports of a local government must comply with the AAS.*

##### *R36. Annual financial report, content of (Act s. 6.4(2))*

- (1) *The annual financial report is to include —*
  - (a) *a statement setting out all movements of money to and from reserve accounts which has not been included in the income statement but which has been included in the rate setting statement; and*
  - (b) *if the net current assets carried forward from the previous financial year for the purpose of the budget of the financial year to which the report relates is different from the net current assets shown in the audited annual financial report for the previous financial year, the amount of that difference; and*
  - [(c), (d) *deleted*]
  - (e) *in relation to the disposal of a class of assets —*
    - (i) *the net book value of that class of assets; and*
    - (ii) *the sale price of that class of assets; and*
    - (iii) *the profit or loss on the sale of that class of assets; and*
  - (f) *notes or statements containing the information set forth in regulations 37 to 50.*
- (2) *The annual financial report is to include the following —*
  - (a) *the rate setting statement included under regulation 22(1)(d) in the annual budget for the year to which the report relates;*
  - (b) *adjacent to each item in that rate setting statement that states an amount, the end-of-year amount for the item;*
  - (c) *adjacent to each item in the income statement that states an end-of-year amount, the original or amended budget estimate for the item;*
  - (d) *adjacent to each item that states an end-of-year amount required by a provision of these regulations listed in the Table to this subregulation, the original or amended budget estimate for the item.*

*R37. Trust fund, information about in annual financial report*

*R38. Reserve accounts, information about in annual financial report*

*R39. Rates, information about in annual financial report*

- R40. *Service charges, information about in annual financial report*
- R41. *Fees and charges, information about in annual financial report*
- R42. *Discounts for early payment etc., information about in annual financial report*
- R43. *Interest charges etc., information about in annual financial report*
- R44. *Fees etc. to council members, information about in annual financial report*
- R45. *Trading undertakings, information about in annual financial report*
- R46. *Major land transactions, information about in annual financial report*
- R47. *Completed major land transactions, information about in annual financial report*
- R48. *Borrowings, information about in annual financial report*
- R49. *Invested money, information about in annual financial report*
- R50. *Financial ratios to be included in annual financial report*
- R51. *Annual financial report to be signed etc. by CEO and given to Department*

### **Strategic Community Plan**

- Strategy 1.3.1 Implement the Integrated Planning and Reporting Framework including the Long Term Financial Plan, Workforce Plan, Asset Management Plans and Corporate Business Plan. (Service Priority: High)
- Strategy 1.3.2 Monitor and produce statutory budgetary and financial reporting requirements applicable to local government operations. (Service Priority: High)

**Environment** - None.

### **Precedents**

Each year the Council is required to receive the audited Annual Financial Report.

### **Budget Implications**

The Annual Financial Report is produced internally and the preparation and printing costs are incorporated within the staffing, printing and stationery budgets. The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Rate Setting Statement.

### **Budget – Whole of Life Cost**

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

### **Council Policy Compliance**

CnG CP128 – *Significant Accounting Policies* applies.

### **Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 9.2B) for full assessment document.

<b>Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.</b>	
Risk Event	2020/21 Annual Financial 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 - Risk of Council breaching the Local Government Act 1995 – Risk that the audited 2020/21 Annual Financial Report is not received by Council.

### **Officer Comment**

The 2020/21 Annual Financial Report has been produced in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996*, and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Annual Financial Statements for the year ended 30<sup>th</sup> of June 2021 have been completed, and have been audited by the Office of the Auditor General (OAG) appointed auditors, Moore Australia (WA). Council’s Auditors have issued an unqualified draft Audit Report (Appendix AAR: 9.2A). The draft Audit Report is also shown on page 61 of the Annual Financial Report and will form part of the Annual Report scheduled to be adopted at the ordinary Council meeting on 15<sup>th</sup> of December 2021.

The financial statements includes additional new Notes and Disclosures relating to Changes in Accounting Policy, Future Policy and Correction of Error summarised below.

- *Changes to Australian Accounting Standards Board (AASB)*

During the year, two new Australian Accounting Standards came into effect on 1<sup>st</sup> July 2020 that apply for the first time to Local Governments for the financial year ending 30<sup>th</sup> June 2021. The new standards include:

*AASB 1059 Service Concession Arrangements - Grantor*

*AASB 2018-7 Amendment to Australian Accounting Standards – Definition of Material*

*AASB 1059 Service Concession Arrangements – Grantors* establishes the accounting principles a Local Government shall apply where a third-party operator constructs an asset for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified amount of time. Where in these circumstances, the third-party operator, provides a public service on behalf of the Shire and is deemed to manage at least some of the services under its own discretion, the assets are classified as service concession assets. For example, a local government enters into an arrangement for the provision of public services in a community or remote area eg doctor’s surgery, hospital or aged care accommodation. This standard is not expected to impact the majority of local governments.

*AASB 2018-7 Amendment to Australian Accounting Standards – Definition of Material* refines the definition of material in *AASB 101 Presentation of the Financial Statements*. The updated definition clarifies ‘*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity*’.

Prior year AASB changes continue to impact Council's financial resources significantly and are summarised below.

➤ *AASB 15 Revenue from Contracts with Customers*

*AASB 15 Revenue from Contracts with Customers* required Council to assess grant and other revenue for which there is a future contract performance obligation.

➤ *AASB 16 Leases*

Recognition Council's Lease Liability has meant the vast majority of existing leases now require Council to capitalise each lease from the date of adopting the new standard, or on commencement of a new lease. The accounting treatment requires Council to measure and record the lease liability of all Leases at the present value of the future lease payments (using a discount rate), and recognise a corresponding right-of-use (ROU) asset which is depreciated over the life of the ROU asset (i.e. 'over the life of the lease').

➤ *AASB 1058 Income of Not-for-Profit Entities*

Similar to *AASB 15*, *AASB 1058 Income of Not-for-Profit Entities* is about deciding which accounting period various items of revenue belong to. As per prior audited financial statements, Council has continued to recognise rates received in advance as 'Prepaid Rates' and revenue received in advance 'Prepaid Revenue' in the Statement of Financial Position.

• *Financial Ratios*

Council is in good financial health and this is reflected in its statutory financial ratios that require reporting in the Annual Financial Report. The draft Annual Financial Report incorporates the 2021 financial ratios, noting that the majority of each individual ratio is favourably reported at either the same rating as the prior financial year (2020) or an improvement on last year, with the exception of the Operating Surplus Ratio.

It is important to note that statutory financial ratios are not intended to be the only factor to consider in assessing Council's overall performance. Other factors include the range of services offered, the efficiency of services delivered and overall community satisfaction.

• *Current Ratio*

*Formulae*

$$\frac{\text{(Current Assets MINUS Restricted Assets)}}{\text{(Current Liabilities MINUS Liabilities Associated with Restricted Assets)}}$$

30<sup>th</sup> of June 21 = 1.512 or 151.2%

Department Standard = Achieving Standard

Department of Local Government Description & Benchmark:

*This is a modified commercial ratio designed to focus on the liquidity position of a local government that has arisen from past year's transactions.*

*The standard is not met if the ratio is lower than 1:1 (less than 100%).*

*Achieving Standard is met if the ratio is greater than 1:1 (100% or greater).*

*A ratio less than 1:1 means that a local government does not have sufficient assets that can be quickly converted into cash to meet its immediate cash commitments.*

*This may arise from a budget deficit from the past year, a Council decision to operate an overdraft or a decision to fund leave entitlements from next year's revenues.*

Officer Comment

The Current Ratio, as adopted by the Department of Local Government is modified from the standard commercial calculation of the Current Ratio. The Department requires "Restricted Assets" (cash backed reserve funds) to be excluded from the calculation.

The Current Ratio is calculated in the commercial world as follows;

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

While the Shire of Dardanup does meet the required Department benchmark, if the standard commercial calculation of the Current Ratio was made, the Shire's Current Ratio as at 30<sup>th</sup> June 2021 would be calculated at 665.2%, meaning the Shire has a multiple of 6.652 in liquid Current Assets to meet its Current Liabilities.

- Asset Sustainability Ratio (ASR)

*Formulae*

$$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation expense}}$$

30<sup>th</sup> June 21 = 1.312 or 131.2%

Department Standard = Standard Improving

Department of Local Government Description & Benchmark:

*This ratio indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.*

*Achieving Standard is met if the ratio data can be calculated and ratio is 90% (0.90)*

*Standard Improving is met if the ratio is between 90% and 110% (or 0.90 and 1.10)*

*Capital / Renewal Expenditure means expenditure to renew or replace existing assets. In other words, it is expenditure on an existing asset to return the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure. As it reinstates existing service potential it may reduce operating and maintenance costs.*

Officer Comment

Council's asset management planning process has identified and is rectifying the existing infrastructure renewal backlog. Council has acknowledged this backlog and has committed funding to renew its asset base for a number of years. The ratio result for 30<sup>th</sup> June 2021 is reflective of this commitment.

- Debt Service Cover Ratio

30<sup>th</sup> of June 21 = 4.368

Department Standard = Achieving Standard

*Formulae*

$$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$$

Department of Local Government Description & Benchmark:

*This ratio is the measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.*

*Achieving Standard is met if the ratio is greater than or equal to 2.*

*Advanced Standard is met at a higher level if this ratio is greater than 5.*

Officer Comment

The Shire's integrated financial management process has led to a significant reduction in the reliance on borrowed funds. Since the commencement of Council's Asset Management & Integrated Financial Planning process in 2005, the reduced reliance on borrowings has been a key demonstrable benefit. Borrowings are planned through Council's Debt Management Plan rather than used to meet immediate or operational funding requirements.

The benefit of such a process is evident by borrowing related financial ratios. Despite sustained population and fiscal demand upon Council's budget, historically these ratios have demonstrated a sustained improving trend.

However, as a result of the new Wanju Developer Contribution Plan Loan of \$750,000 taken out in the 2020/21 financial year, the increased borrowings has adversely affected the Department Standard Rating; with a change from *Advanced Standard* at 30<sup>th</sup> of June 2020 to *Achieving Standard* at 30<sup>th</sup> of June 2021.

Borrowings are planned for future projects; the structured process to borrowing planning ensures these projects are able to be undertaken with affordable and sustainable debt levels.

- Operating Surplus Ratio

30<sup>th</sup> of June 21 = -0.181

Department Standard = Standard Not Met

*Formulae*

$$\frac{\text{Operating Revenue MINUS Operating Expense}}{\text{Own Source Operating Revenue}}$$

Department of Local Government Description & Benchmark:

*This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.*

*Achieving Standard is met if the operating surplus ratio is between 0% and 15% (0 and 0.15).*

*Advanced Standard is met if the operating surplus ratio is greater than 15% (>0.15).*

*“Operating Revenue” Means the revenue that is operating revenue for the purposes of the AAS, excluding grants and contributions for the development or acquisition of assets.*

*“Operating Expense” Means the expense that is operating expense for the purposes of the AAS.*

*“Own Source Operating Revenue” Means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.*

### Officer Comment

Meeting this standard is dependent upon achieving an Operating Surplus as defined by the Department. Operating Surplus is ordinarily calculated as Operating Revenue minus Operating Expenditure. The Department requires the exclusion of grants and contribution revenue for the development of assets from the calculation. Council’s Operating Surplus as at 30<sup>th</sup> of June 2021 = (\$3,139,891). The 2021 Operating Surplus Ratio has been negatively impacted from *Achieving Standard* at 30<sup>th</sup> of June 2020 to *Standard Not Met* for the year ended 30<sup>th</sup> of June 2021 due largely to the exclusion of non-operating grants, the write down and demolition of various building and infrastructure assets, and reduced interest earnings.

This ratio demonstrates the ability to service its day to day operational costs, including asset depreciation from its revenue base. If a local government consistently achieves a positive operating surplus ratio and has sound long term financial plans showing that it can continue to do so in the future, having regard to asset management and the community’s service level needs, then it is considered financially sustainable.

The inclusion depreciation expense (a non-cash expense) as part of this calculation provides a challenge to meet this ratio into the future. As the Council’s asset base increases the ratio has an expectation to meet annual depreciation expenditure from revenue.

- Own Source Revenue Coverage Ratio

30<sup>th</sup> of June 21 = 0.754

Department Standard = Achieving Standard

### *Formulae*

$$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$$

Department of Local Government Description & Benchmark:

*This ratio is the measurement of a local government’s ability to cover its costs through its own revenue efforts. Different standards have been established to recognise the varying revenue raising capacities across the sector, where some rural and remote local governments have limited rate bases and revenue raising capacity, whereas others such as major metropolitan and regional local governments have significant rate bases and other own source revenues.*

*Achieving Standard is met if the ratio is between 40% and 90% (or 0.4 and 0.9)*

*Advanced Standard is met if the ratio is greater than 90% (or > 0.9)*

*“Own Source Operating Revenue”*

*Means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.*

Officer Comment

The ratio measures Council's ability to cover operating expenses from own source revenue (ie revenue, excluding grants). The higher the ratio, the more self-reliant a local government is.

This ratio is maximised by:

- a) Greater reliance upon user pay services;
- b) Reduced Operating Expenditure; and
- c) Ongoing commitment to fund Council's asset base from its own source funds.

- Asset Consumption Ratio (ACR)

30<sup>th</sup> of June 21 = 0.653 (65.3%)

Department Standard = Standard Improving

*Formulae*

$$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$$

Department of Local Government Description & Benchmark:

*This ratio measures the extent to which depreciable assets have been consumed, by comparing their written down value to their replacement cost.*

*Achieving Standard is met if the ratio data can be identified and ratio is 50% or greater (0.50 or >).*

*Standard Improving is met if the ratio is between 60% and 75% (0.60 and 0.75).*

Officer Comment

This ratio essentially measures the depreciated state of Council's asset base. 100% would mean all brand new assets, 0% would mean all the assets have reached the end of their life.

The result of 65.3% indicates that Council Assets are at 65.3% of their useful life.

This ratio is improved by a sustained program of renewing assets.

Council's current asset management planning process is addressing the backlog of infrastructure renewal. Ongoing commitment to funding this process is required to improve performance in this area.



- Asset Renewal Funding Ratio

30<sup>th</sup> of June 21 = 1.601 (160.1%)

Department Standard = Standard Improving

Formulae

$$\frac{\text{Net Present Value of Planned Capital Renewals over 10 years}}{\text{Net Present Value of Required Capital Expenditure over 10 years}}$$

This ratio is a measure of the ability of a local government to fund its identified asset renewal / replacement requirements over a period of 10 years.

Department of Local Government Description & Benchmark:

*This ratio is a measure of the ability of a local government to fund its projected asset renewal/replacements in the future.*

*The ratio is calculated from information included in the local government's Long Term Financial Plan and Asset Management Plan; not the Annual Financial Report. For the ratio to be meaningful, a consistent discount rate should generally be applied in NPV calculations.*

*Achieving Standard is met if the ratio is between 75% and 95% (or 0.75 and 0.95)*

*Standard Improving is met if the ratio is between 95% and 105% (or 0.95 and 1.05), and*

*The Asset Sustainability Ratio falls within the range 90% to 110%, and*

*Asset Consumption Ratio falls within the range 50% to 75%*

Officer Comment

The Asset Renewal Funding Ratio should be read in conjunction with Asset Consumption Ratio (ACR) and the Asset Sustainability Ratio (ASR). This ratio measures asset renewal works identified as being required against actual planned asset renews expenditure. To meet the standard this ratio must be met in addition to the Asset Consumption Ratio (ACR) and the Asset Sustainability Ratio (ASR).

For the year ended 30<sup>th</sup> of June 2021 the Shire of Dardanup has met the 3 required ratio benchmarks.

Council's commitment to its integrated financial planning process and addressing its infrastructure backlog from own sourced funds, has been integral to achieving the benchmark standard.

- Financial Summary

As at 30<sup>th</sup> of June 2021 Council's Equity (Total Assets *minus* Total Liabilities) increased by \$15,346,124 from \$190,190,278 to \$205,536,402. The increase in Total Equity is primarily due to the revaluation of Land, Building and Bridges, which are required to be revalued n more than every 5 years in accordance with the *Local Government (Financial Management) Regulations 1996*.

Council's carry forward surplus at 30<sup>th</sup> June 2021 is \$961,190. This was against the forecast budgeted carry forward surplus in the 2021/22 budget of \$169,557. The favourable variance of \$791,633 has been presented to Council at the Special Council Meeting dated 17<sup>th</sup> of November 2021 as part of the 2021/22 Budget Review – October 2021 report for consideration. The total carry forward surplus amount equates to approximately 2.3% of total budgeted expenditure for 2020/21.

In summary, the Shire of Dardanup is in a sound financial position.

This result is directly attributed to:

1. Comprehensive integrated financial planning model;
2. Commitment to investment in infrastructure asset renewal;
3. Cash backed funding model for future asset obligations; and
4. Structured planning for all borrowings.

I would like to take the opportunity to thank all Corporate & Governance staff for their efforts and high service standard during the year under review.

Council is requested to consider and receive the audited Annual Financial Statements for the 2020/21 financial year.

**Council Role** - Executive.

**Voting Requirements** - Simple Majority.

## ITEM 9.2– FURTHER INFORMATION

### Officer Comment:

Following the distribution of the Audit & Risk Committee Meeting Agenda on Friday, our Auditors Moore Australia (WA) have requested the following changes to the Annual Financial Report as provided for in (Appendix AAR: 9.2A).

The minor disclosure changes in the updated Annual Financial Report are summarised as follows:

Page 5	Reference to Note 35 (refer asterisk *) has been added to this page;
Page 6	The word 'restated' removed;
Page 7	Note column note '35' added; Reference to Note 35 (refer asterisk *) has been added to this page;
Page 14	'Commonwealth certifications' has been added to Note 2(b) which identifies Other Services provided by Council's auditors e.g. grant acquittals;
Page 16	Note column note '35' added; the 2020 figures have been updated to reflect contract liabilities and capital grant liabilities held as at 30 June 2020;
Page 17	Note 4 now includes a reference to Reserve Funds for which a capital grant liability (contract liability) exists;
Page 18	Note 4 updated to include reference to section 154 of the Planning and Development Act 2005 for cash in lieu public open space contributions;
Page 19	Reference to Note 35 has been added to <i>Note 5 - Other Financial Assets</i> ;
Page 23	Duplicated column removed;
Page 30	Rows removed that have no impact on the 2020/21 Annual Financial Report;
Page 34	Renaming from 'Capital Grant Liability' to 'Capital Grant Liabilities';
Page 40	Reference to Note 35, Note 11(a) and 11(c) has been added to <i>Note 22 - Notes to the Statement of Cash Flows</i> ;
Page 51	Reference to Note 34 has been added to <i>Note 31 – Rate Setting Statement Information</i> ;

**Change to Officer Recommendation** No Change.

**AUDIT & RISK COMMITTEE RESOLUTION**

28-21            MOVED -        Cr M Bennett                            SECONDED -            Cr P Perks

**THAT the Audit & Risk Committee recommends that Council receive the Shire of Dardanup 2020/21 audited Annual Financial Statements for the financial year ended 30<sup>th</sup> of June 2021 (Appendix AAR: 9.2A).**

CARRIED  
5/0

9.3 Title: Update on Regulation 17 Audit Findings

<b>Reporting Department:</b>	<i>Corporate &amp; Governance Directorate Mr Phil Anastasakis - Deputy CEO Local Government Act 1995</i>
<b>Legislation:</b>	<i>Local Government (Audit) Regulations 1996</i>
<b>Attachments:</b>	<i>AAR 9.3A – Regulation 17 Report AAR 9.3B – Risk Assessment</i>

**Overview**

To provide the Audit and Risk Committee with an update on the findings from the audit undertaken pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*.

**Background**

Local Government (Audit) Regulations 1996, Regulation 17 prescribes a number of matters that are to be reviewed by a local governments audit committee. These matters are in relation to:

- a) Risk management,
- b) Internal control; and
- c) Legislative compliance.

In February 2021, AMD Chartered Accountants (AMD) conducted an external Regulation 17 review with the scope of work based on the Local Government *Operational Guidelines No. 9 – Audit in Local Government*. A copy of the report (refer Appendix AAR: 9.3A) was presented to the Audit and Risk Committee on 3<sup>rd</sup> of March 2021, with the committee through Council endorsement, requesting an update of the actions from the findings to be presented to each future committee meeting until resolved [OCM 67-21].

The report received from AMD contained six (6) findings for consideration, together with management's response on how these findings will be actioned. This report details the progress of those findings.

**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;

### **Strategic Community Plan**

Strategy 1.1.1 - Ensure equitable, inclusive and transparent decision-making. (Service Priority: High)

Strategy 1.1.3 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.4 Maintain best practice governance systems and practices. (Service Priority: Moderate)

**Environment** - None.

### **Precedents**

This is the third 'update' report to be received by the Audit and Risk Committee on the progress of the findings resulting from the Regulation 17 review undertaken in February 2021.

### **Budget Implications**

Staff time is the only resource requirement needed to implement the findings from the Regulation 17 review. This remains in accordance with existing staff budgetary allocation.

Future Regulation 17 reviews will be provided for as an expenditure allocation under consultancies in the annual budget relating to the financial year of review.

### **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*.

### **Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 9.3B) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Update on Regulation 17 Audit Findings
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	<p>Legal and Compliance Failure to fulfil obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</p> <p>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.</p>

### Officer Comment

The table below provides the six (6) findings noted within the Regulation 17 Review report, together with an update on the current status and officer comment:

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
<b>2</b>	<b>Risk Management</b>				
2.2.1	Outdated Policies and Handbook	Low	Manager Governance & HR	31 December 2021	In Progress
	<p><b>Auditor Recommendation</b> We recommend those potentially out of date policies, procedures and handbooks be reviewed and updated accordingly. In addition, we recommend all policies, procedures and handbooks specify the next required review date with the review occurring in accordance with their stated review dates.</p> <p><b>Management Comment</b> The review of the Council Policy Manual is undertaken biennially and next due in the middle of 2022. A comprehensive review of Administrative Policies and Procedures is currently underway and scheduled for completion around the middle of 2021.</p> <p><b>Officer Update</b> Individual Council policies continue to be updated or created during the financial year based on need, prioritisation or changes to legislation. Nintex Promapp® Software will be launched in early 2022 with the aim towards establishing total visibility and control over the organisations administration processes. This will require staff and management collaboration as we work towards increasing accountability and improving processes.</p>				
2.2.2	Code of Conduct	Low	Manager Governance & HR	Was: 30 April 2021 Now: 30 November 2021	Completed AAR 01-12-21 Res Pending
	<p><b>Auditor Recommendation</b> We recommend:  <ul style="list-style-type: none"> <li>The Code of Conduct be updated to reflect reporting mechanisms; and</li> <li>The Code of Conduct be updated to reflect the consequences if an employee or Councillor was to breach the Code of Conduct.</li> </ul> </p> <p><b>Management Comment</b> The review of the Council Code of Conduct Policy has been placed on hold in the past due to the impending state government regulations. These regulation changes have now occurred so a comprehensive review of the current Code of Conduct policy is currently underway and scheduled for completion around the end of April 2021.</p>				

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
	<p><b>Officer Update</b></p> <p>The Code of Conduct for Council Members, Committee Members and Candidates was adopted at the 24<sup>th</sup> February 2021 Council meeting [Res 31-21]; this was based on the Model Code of Conduct in the LG Regulations.</p> <p>The Code of Conduct for Employees has been endorsed as an Administration Policy by the Executive Management Team (EMT) in November 2021 and subsequently made available to employees as part of the Annual Review Process in November/December 2021.</p> <p>This action is now completed.</p>				
2.2.3	<p><b>Framework, Plan and Procedures in Review</b></p> <p>The following Shire policies, procedures and/or plans are currently under internal review and yet to be adopted and implemented accordingly:</p> <ul style="list-style-type: none"> <li>Local Emergency Management &amp; Recovery Arrangement Plan;</li> <li>Work Health &amp; Safety Framework;</li> <li>Contractor Management – High Risk Cover Procedure; and</li> <li>Administration Policy Register and Procedure Register.</li> </ul> <p><b>Auditor Recommendation</b></p> <p>We recommend finalisation of the above Shire policies, procedures and plans including adoption by Council. Once the documents have been adopted, we recommend they are endorsed and communicated to all staff, implemented and monitored on a regular basis including testing the appropriate sections of the plan to ensure that in the event of a disaster, appropriate actions can be taken.</p> <p><b>Management Comment</b></p> <p>A number of Plans and Framework documents are scheduled for finalisation during 2021, which will be communicated to staff and monitored into the future. A comprehensive review of Administrative Policies and Procedures is currently underway and scheduled for completion around the middle of 2021.</p> <p><b>Officer Update</b></p> <ul style="list-style-type: none"> <li>Local Emergency Management &amp; Recovery Arrangement Plan – subject of a 5-yearly review, due 2021. The Local Emergency Management Arrangements (LEMA) and Local Recovery Support Plan (LRSP) (now separate) have been reviewed and endorsed by the Local Emergency Management Committee (LEMC) on 10-11-2021. These are scheduled to be presented to OCM 24-11-2021. Note: contacts within the plan are reviewed annually and this function is up-to-date.</li> <li>Work Health &amp; Safety Framework – completed; adopted in May 2021.</li> <li>Contractor Management – High Risk Cover Procedure – near completion, new WHS Officer to finalise by November 2021.</li> <li>Administration Policy Register and Procedure Register – Nintex Promapp® Software will be launched in early 2022 with the aim towards establishing total visibility and control over the organisations administration processes. This will require staff and management collaboration as we work towards increasing accountability and improving processes.</li> </ul>	Low	Manager Governance & HR	31 December 2021	In Progress
<b>3</b>	<b>Internal Controls</b>				
3.2.1	<p><b>Contract Management Framework</b></p> <p><b>Auditor Recommendation</b></p> <p>We recommend a contract management framework is designed and documented to ensure that contracts are managed appropriately and in accordance with the stated framework. This approach will include the mandatory requirement of all contractors completing some level of induction (the level of induction completed should be determined based on the risks associated with the service or goods provided), ensuring that up to date insurances are on file and the contractor invoices the Shire in accordance with the contract/agreement.</p> <p><b>Management Comment</b></p> <p>A contract management framework will be considered as part of the new Procurement Framework, together with the Risk Management Governance Framework.</p> <p><b>Officer Update</b></p> <p>The Procurement Framework (which incorporates the contract management framework) was presented and endorsed by the Executive Management Team on the 9<sup>th</sup> March 2021. Management and officer level training has been rolled out across the organisation with the Framework in force from 1 July 2021.</p> <p>In relation to the contractor induction processes, Officers are required to complete a risk assessment as per AP023 Risk Management to determine the level of risk for a project. Once the level of risk has been determined, the Officer must refer</p>	Moderate	Deputy CEO	31 December 2021	Completed AAR 01-12-21 Res pending





9.4 Title: Financial Management System Review Update

<i>Reporting Department:</i>	<i>Corporate &amp; Governance</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis - Deputy Chief Executive Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 Local Government (Model Code of Conduct) Regs 2021</i>
<i>Attachments:</i>	<i>AAR:9.4A Shire of Dardanup Financial Management Systems Review (February 2019) AAR:9.4B Risk Assessment</i>

**Overview**

This report provides the Audit and Risk Committee with an update on the implementation of the Financial Management Systems Review (FMSR) actions.

**Background**

In accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, the Chief Executive Officer is required to 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. This review was undertaken by AMD Chartered Accountants in February 2019 and the report, along with management comments were presented to the former Audit Committee meeting held on 6<sup>th</sup> of March 2019.

There were eight (8) findings noted within the 2019 report (refer Appendix AAR:9.4A) and since that time the Audit and Risk Committee have been updated as the findings have progressed towards completion.

At the committee meeting held on 3<sup>rd</sup> of June 2020 the committee acknowledged that the Code of Conduct finding was the only outstanding item and this would be reviewed once the new *Local Government (Model Code of Conduct) Regulations 2021* were enacted [AAR 15-20]. These regulations are now in place and it is timely for management to provide an update on the outstanding finding 7.2.1 Code of Conduct.

**Legal Implications**

Local Government (Financial Management) Regulations 1996 (as Amended):

*5.CEO's duties as to financial management*

- (2) *The CEO is to —*
- (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 Act 1995

*5.103. Model code of conduct for council members, committee members and candidates*

- (1) *Regulations must prescribe a model code of conduct for council members, committee members and candidates.*
- (2) *The model code of conduct must include —*

- (a) *general principles to guide behaviour; and*
  - (b) *requirements relating to behaviour; and*
  - (c) *provisions specified to be rules of conduct.*
- (3) *The model code of conduct may include provisions about how the following are to be dealt with —*
- (a) *alleged breaches of the requirements referred to in subsection (2)(b);*
  - (b) *alleged breaches of the rules of conduct by committee members.*
- (4) *The model code of conduct cannot include a rule of conduct if contravention of the rule would, in addition to being a minor breach under section 5.105(1)(a), also be a serious breach under section 5.105(3).*
- (5) *Regulations may amend the model code of conduct.*

5.51A. *Code of conduct for employees*

- (1) *The CEO must prepare and implement a code of conduct to be observed by employees of the local government.*
- (2) *The CEO may amend the code of conduct.*
- (3) *The CEO must publish an up-to-date version of the code of conduct on the local government's official website.*
- (4) *Regulations may prescribe the content of, and other matters in relation to, codes of conduct under this section.*
- (5) *A code of conduct under this section is of no effect to the extent that it is inconsistent with regulations made for the purposes of subsection (4).*

Local Government (Model Code of Conduct) Regulations 2021

**Strategic Community Plan**

Strategy 1.1.2- Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3- Maintain best practice governance systems and practices. (Service Priority: Moderate)

**Environment** - None.

**Precedents**

The Audit and Risk Committee were last presented with an update on the outstanding actions resulting from the 2019 Financial Management Systems review at the meeting held on 3<sup>rd</sup> of June 2020.

**Budget Implications**

Staff time is the only resource requirement needed to implement the findings from the 2019 Financial Management Systems review. This remains in accordance with existing staff budgetary allocation.

Future Financial Management Systems reviews will be provided for as an expenditure allocation under consultancies in the annual budget relating to the financial year of review.

**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** - None.

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 9.4B) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Update on the Financial Management Systems Review Actions
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	<p>Legal and Compliance Failure to fulfil compliance obligations pursuant to regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.</p> <p>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.</p>

**Officer Comment**

The Code of Conduct (Item 7.2.1) remains the only outstanding action from the February 2019 Financial Management Systems Review. The auditor’s recommendation and management comment noted within the 2019 report is summarised in the table below:

Ref	Issue	Risk Rating	Completion Date	Status
<b>7.</b>	<b>Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations</b>			
<b>7.2.1</b>	<p><b>Code of Conduct</b> The Shire Code of Conduct for Council Members, Committee Members and Staff was last reviewed and adopted by Council on the 6 November 2013.</p> <p><b>Auditor Recommendation</b> We recommend the Code of Conduct be reviewed and subsequently communicated to current Council Members, Committee Members and Staff.</p> <p><b>Management Comment</b> Management acknowledges and accepts the recommendation. Council staff have been working with Councillors and WALGA during 2018 to review the Code of Conduct. This was put on hold pending the finalisation of the Local Government Act review.</p>	<b>Minor</b>	30 November 2021	Completed

As an update to finding 7.2.1, the Code of Conduct for Council Members, Committee Members and Candidates was adopted at the 24<sup>th</sup> of February 2021 Ordinary Council Meeting [Res 31-21].



9.5 Title: Bi-Annual Risk Management Dashboard Report

<i>Reporting Department:</i>	<i>Corporate &amp; Governance</i>
<i>Reporting Officer:</i>	<i>Mrs Cindy Barbetti – Senior Corporate Governance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17</i>
<i>Attachments:</i>	<i>AAR 9.5A - Risk Dashboard Report AAR 9.5B - Risk Assessment</i>

### **Overview**

The purpose of this report is to present the six-monthly Risk Dashboard Report to the Audit and Risk Committee for consideration.

### **Background**

In August 2019 Council, through the Audit and Risk Committee, adopted the revised Risk Management Governance Framework (the Framework) for the Council. The Framework has been developed to connect all of the risk management processes and methodologies and to clearly articulate the appetite for risk. This ensures Council's commitment to meeting its compliance obligations pursuant to the *Local Government (Audit) Regulations 1996*, Regulation 17.

In accordance with the reporting requirements of the Framework, the Senior Corporate Governance Officer is required to present the Audit and Risk Committee with a Risk Dashboard Report (Appendix AAR 9.5A) every six (6) months. In addition, the Terms of Reference within the Audit and Risk Committee Charter state the following as a committee objective:

- 5.8 *To consider the Shire of Dardanup Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness and progress on the relevant action plans biannually.*

The Risk Dashboard Report has been developed as part of the Framework and in collaboration with a risk consultant from Council's insurer (LGIS), and contains an overall snapshot of the following 15 Risk Theme Profiles:

1. Asset Sustainability Practices.
2. Business and Community Disruptions.
3. Failure to Fulfil Compliance Requirements (Statutory, Regulatory).
4. Document Management Processes.
5. Employment Practices.
6. Engagement Practices.
7. Environment Management.
8. Errors, Omissions and Delays.
9. External Theft and Fraud (includes Cyber Crime).
10. Management of Facilities, Venues and Events.
11. IT, Communication Systems and Infrastructure.
12. Misconduct.
13. Project/Change Management.
14. Safety and Security Practices.
15. Supplier and Contract Management.

**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.]

**Strategic Community Plan**

Strategy 1.1.3 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.4 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Strategy 1.3.5 - Implement a Risk Management Governance Framework for the Shire of Dardanup (Service Priority: High)

**Environment** - None.

**Precedents**

The Audit and Risk Committee has been presented with Risk Management Dashboard Report's at the following meetings:

Committee Meeting Date	AAR Resolution Number
4 <sup>th</sup> of December 2019	AAR 05-19
3 <sup>rd</sup> of June 2020	AAR 14-20
7 <sup>th</sup> of December 2020	AAR 26-20
16 <sup>th</sup> of June 2021	AAR 08-21

**Budget Implications**

As part of the Senior Corporate Governance Officer role, regular reporting of the Risk Management Governance Framework is essential. 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 Management Governance Framework

- Administration Policy AP023
- Procedure PR036
- Australian Standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines

### **Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 9.5B) for full assessment document.

<b>Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.</b>	
Risk Event	Bi-Annual Risk Management Dashboard 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	<p>Legal and Compliance Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</p> <p>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.</p>

### **Officer Comment**

It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

The Risk Dashboard Report for December 2021 (Appendix AAR 9.5A) summarises the risks of Council and provides the current treatment plans (actions) that have been identified by management to improve certain key control ratings. Typically these control ratings have been identified as inadequate and a treatment plan (action) has been determined to improve the control effectiveness to at least adequate.

To provide a comparison between reporting periods, table 1 below indicates that there are currently 23 treatments in place, compared with 26 treatments in June 2021. 6 new treatments have been added, with 9 being completed in the last 6 months. As treatments are cleared or completed they are removed from the Dashboard.

*Table 1 – Treatment Plan Summary*

<b>June 2021 (last reporting period)</b>			<b>December 2021 (this reporting period)</b>		
<b>Total</b>	<b>Completed</b>	<b>In Progress</b>	<b>Total</b>	<b>New</b>	<b>In Progress</b>
26	9	17	23	6	17

The Risk Dashboard Report also provides an indication of the value of the combined controls in mitigating levels of risk. This is summarised by the overall control rating (how effective the controls in place are operating) and the overall risk rating (the determined level of risk). From the last reporting period, there has been no change to the overall control rating or the overall risk rating.

In summary, the Dashboard Report shows that of the 15 Risk Profile Themes, 9 combined controls are rated as ‘Adequate’ and 6 are rated as ‘Effective’.

The Audit and Risk Committee can expect the next Risk Dashboard Biannual Report at the committee meeting scheduled for June 2022.

**Council Role** - Legislative.

**Voting Requirements** - Simple Majority.

**Change to Officer Recommendation** No Change.

#### **AUDIT & RISK COMMITTEE RESOLUTION**

31-21            MOVED -        Cr M Bennett                            SECONDED -            Cr P Perks

**THAT the Audit and Risk Committee receive the December 2021 Risk Dashboard Report provided in (Appendix AAR 9.5A).**

CARRIED  
5/0



9.6 Title: Western Australian Auditor General Schedule of Reports

<i>Reporting Department:</i>	<i>Corporate &amp; Governance Services</i>
<i>Reporting Officer:</i>	<i>Mrs Cindy Barbetti – Senior Corporate Governance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i>
<i>Attachments:</i>	<i>AAR 9.6A – Risk Assessment AAR 9.6B – OAG Report 5 Local Government COVID-19 Financial Hardship Support AAR 9.6C – Ministerial Circular 03-2020</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 September 2021 committee meeting. These reports hold some significance to the local government sector and staff have provided their observations in response to the Auditor General's findings.

### **Background**

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on 28<sup>th</sup> 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 new category of audits known as 'performance audit reports' which examine the economy, efficiency and effectiveness of any aspect of a local governments 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.

This report presents to the Audit and Risk Committee a summary of the performance reports released by the Audit General since the last committee meeting.

### **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.*

**Strategic Community Plan**

Strategy 1.1.3 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.4- Maintain best practice governance systems and practices. (Service Priority: Moderate)

Strategy 1.3.5 - Implement a Risk Management Governance Framework for the Shire of Dardanup. (Service Priority: High)

**Environment** - None.

**Precedents**

The Audit and Risk Committee previously received a report at the September 2021 meeting that responded to the reports released by the OAG from June 2021 to August 2021.

**Budget Implications**

As part of the Senior Corporate Governance 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.

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:9.6A) 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	<p>Legal and Compliance</p> <p>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.</p> <p>Reputational</p> <p>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.</p>

### 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.

There has been one (1) report released by the OAG relevant to local government operations since the last Audit and Risk Committee meeting in September 2021. This report is provided in the table below, together with a summary of the report and staff responses to the findings.

DATE	REPORT NO	REPORT	APPENDIX
October 2021	5	Local Government COVID-19 Financial Hardship Support	AAR:9.6B

- *Report 5 Local Government COVID-19 Financial Hardship Support*

This performance audit report summarised the financial hardship support provided by local government (LG) entities in 2020-21 to ratepayers impacted by the COVID-19 pandemic. This audit followed on from the distribution of Ministerial Circular 03-2020 (refer Appendix AAR:9.6C) on 8<sup>th</sup> of May 2020 by the Minister for Local Government, which encouraged LG's to adopt financial hardship policies to assist ratepayers.

Three (3) Councils were directly involved in the audit (City of Belmont, Shire of Northhampton and City of Rockingham) with WA's remaining 134 LG entities providing confirmation if they had policies in place to support ratepayers impacted by COVID-19. The Shire of Dardanup is mentioned on page 15 of the report after providing a yes or no response via email to OAG in October 2021, which was reported as follows:

LG entity	2020-21 policy	2021-22 policy	2021-22 policy on website
Dardanup, Shire of	✓	✓	✓

As an overview, Council endorsed the original CP098 COVID-19 Financial Hardship Policy for Rates and Sundry Debtors on 27-05-2020 (Res: 126-20). The policy has subsequently undergone two (2) further reviews with the most recent review occurring on 30-06-2021 (Res: 203-21).

In response to the findings noted in the OAG report, there are numerous channels and approaches that Shire of Dardanup staff have implemented to actively promote this policy and application process to inform our ratepayers of their options when it comes to applying for financial hardship due to COVID-19. These include:

- Policy and Application Form available on Council's website;
- Reverse of Rate Notice includes a section on financial hardship;
- Rates Information Brochure issued with Rate Notice includes a section on financial hardship;
- 2021-2022 Rate Notice Accompanying Information Brochure includes a section on financial hardship;
- Reverse of Final Reminder Notice includes a section on financial hardship;
- Standard letter accompanying the Final Reminder Notice provides the ratepayer with their payment arrangement options and to seek assistance from the Rates Department;
- Reverse of Instalment Notice includes a section on financial hardship;
- Direct Debit Arrangement in Default Letters includes a section on financial hardship;



9.7 Title: Confirmation Committee Responsibilities Have Been Carried Out

<b>Reporting Department:</b>	Corporate & Governance Directorate Mr Phil Anastasakis - Deputy CEO
<b>Legislation:</b>	Local Government Act 1995
<b>Attachments:</b>	AAR 9.7A – 2021 Annual Audit Work Plan AAR 9.7B – Risk Assessment

**Overview**

To provide Council, through the Audit and Risk Committee, with annual confirmation that the responsibilities outlined in the Audit and Risk Committee Charter and subsequent 2021 Annual Audit Work Plan have been carried out.

**Background**

In June 2020, the Auditor General released the 'Western Australian Public Sector Audit Committees - Better Practice Guide' as a beneficial resource to state and local governments when further developing the role of audit committees. The Guide takes into consideration the relevant functions, responsibilities and associated activities that a committee will undertake. From the publication of this Guide, management and staff considered Councils legal and regulatory requirements, as well as the operating environment, and comprehensively reviewed the role of Councils Audit and Risk Committee.

As a result, Council through the Audit and Risk Committee reconsidered and endorsed the Terms of Reference for the committee as a 'Charter' which incorporates the Terms of Reference, Instrument of Appointment and Annual Audit Work Plan template [OCM 30 September 2020 Res 279-20].

Following on from the endorsement of the Charter, the Audit and Risk Committee were then presented with the 2021 Annual Audit Work Plan (Appendix: AAR 9.7A) at the 7<sup>th</sup> of December 2021 meeting. The purpose of the Plan is to assist and guide the committee on the functions, roles and responsibilities that are undertaken in a calendar year, and this was subsequently endorsed by Council on 16<sup>th</sup> of December 2020 [Res 358-20].

The following committee operation function is noted within the Plan:

*Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.*

*Scheduled: December 2021.*

This report has been compiled in response to the above committee operation function, and seeks a direct decision from Council that the responsibilities outlined in the 2021 Annual Audit Work Plan have been carried out.

**Legal Implications**

Local Government Act 1995

7.1A. *Audit committee*

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

*\* Absolute majority required.*

- (3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.
- (4) An employee is not to be a member of an audit committee.

### **Strategic Community Plan**

Strategy 1.1.3 Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

**Environment** - None.

### **Precedents**

This is the first occurrence of confirmation that the Audit and Risk Committee responsibilities have been carried out.

### **Budget Implications**

This confirmation is administered through staff time which is supported by the salaries and wages budget specific to the Corporate and Governance directorate.

### **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**

- Audit and Risk Committee Charter
- Western Australian Public Sector Audit Committees – Better Practice Guide

### **Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 9.7B) for full assessment document.

<b>Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.</b>	
Risk Event	Confirmation committee responsibilities have been carried out.
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 Not confirming that the committees responsibilities have been carried out would not be in line with the recommendations from the Auditor General’s publication (Better Practice Guide), or the Audit and Risk Committee Charter.
	Reputational Council’s reputation could be seen in a negative light for not adhering to the functions of the Charter or the Better Practice Guide.

### **Officer Comment**

Since the emergence of Regulation 17 of the *Local Government (Audit) Regulations 1996*, an audit and risk committee operates to not only support the local government in financial management but also to provide effective corporate governance. To achieve this, Council's Audit and Risk Committee have formally met on the following four (4) occurrences throughout 2021:

- 3<sup>rd</sup> of March 2021;
- 16<sup>th</sup> of June 2021;
- 8<sup>th</sup> of September 2021; and
- 1<sup>st</sup> of December 2021.

The committee has also informally met on the following dates:

- 10<sup>th</sup> of May 2021 - Audit Entrance Meeting with Audit and Risk Committee Chair, Deputy Chair, Moore Australia representative, OAG representative & Management; and
- 24<sup>th</sup> of November 2021 – Audit and Risk Committee briefing to provide new members with an overview of their committee responsibilities and functions.

The Ordinary Council Elections and subsequent appointment of Councillors to the Audit and Risk Committee has also taken place in October 2021. The outgoing committee was represented by the following Councillors:

- Cr. M Bennett (Deputy Chairperson)
- Cr. P Robinson
- Cr. C Boyce
- Cr. T Gardiner (Chairperson)
- Cr. M Hutchinson

At the Special Council Meeting held on 20 October 2021 [Res 312-21], the following Councillors were appointed to the Audit and Risk Committee for a two (2) year term or in accordance with Section 5.11 of the *Local Government Act 1995*:

- Cr. M Bennett
- Cr. J Dow
- Cr. T Gardiner
- Cr. M Hutchinson
- Cr. P Perks

Appointment of Chairperson and Deputy Chairperson will occur at the 1<sup>st</sup> of December 2021 committee meeting.

In terms of confirming that the committee's responsibilities have been carried out, the following table provides the 2021 Annual Audit Work Plan that was endorsed for the period January 2021 to December 2021. The table also provides management's response on the completion of these functions.

Please note:

- **1. Committee Operation Biennial Review of the Charter** – this was noted in the 2021 Annual Audit Work Plan as next being due in 2022, however the Charter was considered and endorsed by Council on 29 September 2021 [Res 295-21] prior to the Ordinary Council Elections held in October 2021. Therefore, the next review of the Charter will be 2023 in line with the 2023 Council Elections.
- **9. Governance Health & Financial Sustainability Biennial Review** – is now budgeted for in 2023-24 financial year and will occur every four (4) years, not biennially as noted in the Charter.
- **10. Information Systems Security Audit** - is now budgeted for in 2022-23 financial year and as such has not been completed in the 2021 Annual Audit Work Plan. This function has been carried forward to the 2022 Annual Work Plan.
- **December 2021 Functions** - these are being presented at this committee meeting, therefore the resolution numbers are not yet to hand.

AUDIT AND RISK COMMITTEE – 2021 ANNUAL AUDIT WORK PLAN						MANAGEMENT RESPONSE
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	3 Mar 21	* Apr 21	16 Jun 21	8 Sep 21	1 Dec 21	
<b>1. Committee Operation</b>						
Biennial review of the Charter (Terms of Reference).				✓ OCM 29-09-21 Res: 295-21		Completed. This function was next due in 2022, however the Charter was considered and endorsed at OCM prior to the 2021 Council Elections.
Agree on the annual audit work plan; and set priority areas for the coming year.					✓ AAR 33-21	This function is occurring at this committee meeting
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					✓ AAR 33-21	This function is occurring at this committee meeting
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2021.</i>					✓ <i>Not minuted</i>	Completed Briefing session held 24-11-2021
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2021.</i>					✓ AAR 33-21	This function is occurring at this committee meeting
<b>2. Risk Management</b>						
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 14-08-2019 [Res 250-19] <i>Report Next Due: 30-06-2022</i>	Not Applicable – next due 2022					
Receive the biannual dashboard report			✓ AAR 08-21		✓ AAR 33-21	Completed
<b>3. Legislative Compliance</b>						
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓ AAR 04-20					Completed
Receive the biannual compliance report resulting from	✓ AAR			✓ AAR		Completed



AUDIT AND RISK COMMITTEE – 2021 ANNUAL AUDIT WORK PLAN						MANAGEMENT RESPONSE
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	3 Mar 21	* Apr 21	16 Jun 21	8 Sep 21	1 Dec 21	
the Compliance Manual (incorporating the annual calendar).	03-21			18-21		
<b>4. Internal Audit</b>						
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				✓ AAR 20-21		Completed
<b>5. Financial Reporting</b>						
Consider and recommend adoption of the Annual Financial Report to Council.					✓ AAR 33-21	This function is occurring at this committee meeting
<b>6. External Audit (OAG)</b>						
Audit Entrance Meeting with Audit and Risk Committee, Management and Council Auditors. The option exists for this entrance meeting to be only with the CEO and Finance staff negating the need for an Audit and Risk Committee meeting.		* ✓ Not minuted				Completed Microsoft Teams Meeting held 10 May 2021 with Chair, Deputy Chair, Moore Australia representative, OAG representative & Management
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					✓ AAR 33-21	
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.					✓ AAR 33-21	These functions are occurring at this committee meeting
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					✓ AAR 33-21	
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	✓ AAR 05-20		✓ AAR 09-21	✓ AAR 19-21	✓ AAR 33-21	Completed
<b>7. Regulation 17 Triennial Review (report next Due: March 2021)</b>						
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	✓ AAR 02-21					Completed
Set the action plan arising from auditor recommendations from the Regulation 17 review.	✓ AAR 02-21					Completed
Receive an update on the action plan arising from auditor recommendations from the Regulation 17 review.			✓ AAR 07-21	✓ AAR 17-21	✓ AAR 33-21	Completed
<b>8. Financial Management Systems Triennial Review (report next Due: March 2022)</b>						
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	Not Applicable – next due 2022					
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2022					

AUDIT AND RISK COMMITTEE – 2021 ANNUAL AUDIT WORK PLAN						MANAGEMENT RESPONSE
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	3 Mar 21	* Apr 21	16 Jun 21	8 Sep 21	1 Dec 21	
Receive an update on the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2022					
<b>9. Governance Health &amp; Financial Sustainability Biennial Review (report next Due: March 2022)</b>						
To consider the CEO's biennial Governance Health and Financial Sustainability Review, and report to the Council the results of that review.	Not Applicable – next due 2022					
Set the action plan arising from the recommendations from the review.	Not Applicable – next due 2022					
Receive an update on the action plan arising from the recommendations from the review.	Not Applicable – next due 2022					
Undertake an independent external assessment of the Committee at least once in every three years. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.	Not Applicable – next due 2022					
<b>10. Information Systems Security Audit (report next Due: June 2021)</b>						
Receive the audit report arising from the 2 yearly Information Systems Security Audit.				*		C/F - Now scheduled for 2022-23
Set the action plan arising from the recommendations from the Information Systems Security Audit.					*	C/F - Now scheduled for 2022-23
Receive an update on the action plan arising from the recommendations from the Information Systems Security Audit.					*	C/F - Now scheduled for 2022-23

\* A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April 2021 that serves as an audit entrance meeting with Council's appointed Auditors, unless this entrance meeting can be conducted with just the CEO and Finance Staff.

**Council Role** - Legislative.

**Voting Requirements** - Simple Majority.

**Change to Officer Recommendation** No Change.

*Note: Cr M Bennett left the room at 3.04pm and returned at 3.06pm.*

#### AUDIT & RISK COMMITTEE RESOLUTION

33-21      MOVED -      Cr T Gardiner      SECONDED -      Cr P Perks

**THAT the Audit and Risk Committee:**

1. Receive this report confirming the Audit and Risk Committee's responsibilities that have been carried out in the 2021 Annual Audit Work Plan.
2. Update the pending resolution numbers noted within this report.
3. Acknowledge that the Information Systems Security Audit is now scheduled in the 2022 Annual Audit Work Plan.
4. Acknowledge that the Governance Health and Financial Sustainability Review will occur on a four (4) yearly cycle and this is next scheduled to occur in 2023-24.
5. Recommends that Council endorse this report confirming the Audit and Risk Committee's responsibilities that have been carried out in the 2021 Annual Audit WorkPlan.

CARRIED  
5/0

9.8 Title: Annual Audit Work Plan

<i>Reporting Department:</i>	<i>Corporate &amp; Governance Services</i>
<i>Reporting Officer:</i>	<i>Mr Phil Anastasakis – Deputy CEO</i>
<i>Legislation:</i>	<i>Local Government Act 1995 Local Government (Audit) Regulations 1996 Local Government (Administration) Regulations 1996</i>
<i>Attachments:</i>	<i>AAR 9.8A Risk Assessment</i>

**Overview**

This report to the Audit and Risk Committee provides members with the Annual Audit Work Plan for 2022 for their consideration and subsequent recommendation to Council.

**Background**

In accordance with section 7.1A of the *Local Government Act 1995* Council has established an Audit and Risk Committee. The Audit and Risk Committee operates in accordance with all relevant provisions of the Act and the *Local Government (Audit) Regulations 1996* and the *Local Government (Administration) Regulations 1996*.

Since the emergence of Regulation 17 of the *Local Government (Audit) Regulations 1996*, the operation of the Audit and Risk Committee has been expanded to not only support the local government in effective financial management but also to provide effective corporate governance. This is achieved through the review of systems and procedures in place relating to risk management, internal control and legislative compliance.

To assist and guide the Audit and Risk Committee on the functions, roles and responsibilities that are undertaken in a calendar year, and in accordance with the committee Charter, an Annual Audit Work Plan has been developed.

This reports presents to the committee the proposed 2022 Annual Audit Work Plan.

**Legal Implications**

*Local Government Act 1995*

7.1A. *Audit committee*

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

*\* Absolute majority required.*

- (3) *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) *An employee is not to be a member of an audit committee.*

**Strategic Community Plan**

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

**Environment** - None.

**Precedents**

This is the second Annual Audit Work Plan to be considered by the Audit and Risk Committee.

**Budget Implications**

Setting the Annual Audit Work Plan for the Audit and Risk Committee is administered through staff time which is supported by the salaries and wages budget specific to the Corporate and Governance directorate.

**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** - None.

**Risk Assessment**

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:9.8A) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2022 Annual Audit Work Plan.
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 Not considering the Annual Work Plan would not be in line with the Audit and Risk Committee Charter.
	Reputational Council’s reputation could be seen in a negative light for not adhering to the Audit and Risk Committee Charter.

**Officer Comment -**

The following Terms of Reference within the Audit and Risk Committee Charter instructs that:

*“A forward annual work plan will be agreed by the Committee each year. The forward annual work plan will cover all Committee responsibilities as detailed in this ToR”.*

The Charter provides a template to assist and guide the committee on the functions and roles and responsibilities that may be undertaken in a calendar year. Staff have used this template as a guideline and the proposed ‘Annual Audit Work Plan’ for the calendar year January 2022 to December 2022 is presented as follows:

AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	16 Mar 22	* Apr/ May 22	8 Jun 22	14 Sep 22	7 Dec 22
<b>1. Committee Operation</b>					
Biennial review of the Charter (Terms of Reference). <i>Next Due 2023.</i>	Not Applicable – next due 2023				
Agree on the annual audit work plan; and set priority areas for the coming year.					✓
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					✓
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2023.</i>	Not Applicable – next due 2023				
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2023.</i>	Not Applicable – next due 2023				
<b>2. Risk Management</b>					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 14-08-2019 [Res 250-19] <i>Report Next Due: 30-06-2022</i>			✓		
Receive the biannual dashboard report			✓		✓
<b>3 Legislative Compliance</b>					
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓				
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	✓			✓	
<b>4 Internal Audit</b>					
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken				✓	

<b>AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN</b>					
<b>FUNCTIONS, RESPONSIBILITIES &amp; ASSOCIATED ACTIVITIES</b>	<b>16 Mar 22</b>	<b>* Apr/ May 22</b>	<b>8 Jun 22</b>	<b>14 Sep 22</b>	<b>7 Dec 22</b>
by internal audit.					
<b>5. Financial Reporting</b>					
Consider and recommend adoption of the Annual Financial Report to Council.					✓
<b>6. External Audit (OAG)</b>					
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		*			
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					✓
Examine the reports of the auditor to – iii.) determine if any matters raised require action to be taken by the local government; and iv.) ensure that appropriate action is taken in respect of those matters.					✓
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					✓
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	✓		✓	✓	✓

<b>AUDIT AND RISK COMMITTEE – 2022 ANNUAL AUDIT WORK PLAN</b>					
<b>FUNCTIONS, RESPONSIBILITIES &amp; ASSOCIATED ACTIVITIES</b>	<b>16 Mar 22</b>	<b>* Apr/ May 22</b>	<b>8 Jun 22</b>	<b>14 Sep 22</b>	<b>7 Dec 22</b>
<b>7 Regulation 17 Triennial Review (report next Due: March 2024)</b>					
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	Not Applicable – next due 2024				
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not Applicable – next due 2024				
Receive an update on the action plan arising from auditor recommendations from the <b>2021</b> Regulation 17 review (until all action items are completed).	✓		✓	✓	✓
<b>8 Financial Management Systems Triennial Review (report next Due: March 2022)</b>					
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	✓				
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	✓				
Receive an update on the action plan arising from auditor recommendations from the Financial Management Systems Review.			✓	✓	✓
<b>9 Governance Health &amp; Financial Sustainability Four-Yearly Review (report next Due: 2023-24)</b>					
To consider the CEO's biennial Governance Health and Financial Sustainability Review, and report to the Council the results of that review.	Not Applicable – next due 2023-24				
Set the action plan arising from the recommendations from the review.	Not Applicable – next due 2023-24				
Receive an update on the action plan arising from the recommendations from the review.	Not Applicable – next due 2023-24				
Undertake an independent external assessment of the Committee at least once in every three years. This assessment may be included in the scope of the Governance Health and Financial	Not Applicable – next due 2023-24				





**10. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

None.

**11. 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.]

None.

**12. MATTERS BEHIND CLOSED DOORS**

None.

**13. CLOSURE OF MEETING**

The date of the next Audit & Risk Committee Meeting will be Wednesday, 16<sup>th</sup> of March 2022.

There being no further business the Chairperson declared the meeting closed at 3.08pm.