



Shire of Dardanup

A G E N D A

AUDIT & RISK COMMITTEE MEETING

To Be Held

Wednesday, 4 March 2020
Commencing at 2.00pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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NOTICE OF AN AUDIT & RISK COMMITTEE MEETING

Dear Committee Member

The Audit & Risk Committee Meeting of the Shire of Dardanup will be held on Wednesday 4 March 2020 in the Council Chambers, Shire of Dardanup - Administration Centre Eaton, 1 Council Drive, Eaton - commencing at 2.00pm.



MR ANDRÉ SCHÖNFELDT
Chief Executive Officer

Date: 26 February 2020

Note: If interested persons would like to make comment on any items in this agenda, please email records@dardanup.wa.gov.au or hand deliver written comment to the Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton. To be included in the meeting comments are to be delivered no later than 48 hours prior to the meeting.

The Chief Executive Officer will use his discretion as to whether the written comments are relevant and applicable to the meeting before approving their inclusion in the meeting.

MISSION 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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COMMITTEE MEMBERSHIP:

- CR. T GARDINER - CHAIRPERSON
- CR M BENNETT – DEPUTY CHAIRPERSON
- CR P ROBINSON
- CR. C BOYCE
- CR. M HUTCHINSON

TERMS OF REFERENCE

The Terms of Reference for this Committee are located in the Tardis records system – refer to the following link:
[2019 - ToR - Audit and Risk Committee](#)

COUNCIL ROLE

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

DISCLAIMER

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

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

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

RISK ASSESSMENT

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

RISK CATEGORY CONSEQUENCE TABLE - GUIDELINE

Rating (Level)	Health	Financial Impact	Service Interruption	Legal and Compliance	Reputational	Environment
Insignificant (1)	Near miss Minor first aid injuries	Less than \$10,000	No material service interruption - backlog cleared < 6 hours	Compliance - No noticeable regulatory or statutory impact. Legal - Threat of litigation requiring small compensation. Contract - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries	\$10,001 - \$50,000	Short term temporary interruption – backlog cleared < 1 day	Compliance - Some temporary non compliances. Legal - Single minor litigation. Contract - Results in meeting between two parties in which one party expresses concern.	Substantiated, low impact, low news item	Contained, reversible impact managed by internal response
Moderate (3)	Lost time injury <30 days	\$50,001 - \$300,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Compliance - Short term non-compliance but with significant regulatory requirements imposed. Legal - Single moderate litigation or numerous minor litigations. Contract - Receive verbal advice that, if breaches continue, a default notice may be issued.	Substantiated, public embarrassment, moderate impact, moderate news profile	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury >30 days	\$300,001 - \$1.5 million	Prolonged interruption of services – additional resources; performance affected < 1 month	Compliance - Non-compliance results in termination of services or imposed penalties. Legal - Single major litigation or numerous moderate litigations. Contract - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than \$1.5 million	Indeterminate prolonged interruption of services – non-performance > 1 month	Compliance - Non-compliance results in litigation, criminal charges or significant damages or penalties. Legal - Numerous major litigations. Contract - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Uncontained, irreversible impact

RISK - LIKELIHOOD TABLE

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	Almost Certain	The event is expected to occur in most circumstances	The event is expected to occur more than once per year
4	Likely	The event will probably occur in most circumstances	The event will probably occur at least once per year
3	Possible	The event should occur at some time	The event should occur at least once in 3 years
2	Unlikely	The event could occur at some time	The event could occur at least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	The event is not expected to occur more than once in 15 years

LEVEL OF RISK GUIDE

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

SHIRE OF DARDANUP

AGENDA FOR THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING TO BE HELD ON WEDNESDAY, 4 MARCH 2020, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.

1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
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The Chairperson, Cr. T G Gardiner to declare the meeting open, welcome those in attendance and refer 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 by recognising the strength, resilience and capacity of Wardandi people in this land.

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.

Committee members acknowledge that only the Chief Executive Officer or a member of the Shire of Dardanup staff appointed by the Chief Executive Officer is to have contact with consultants and suppliers that are appointed under contract to undertake the development and implementation of projects.

The exception to this Policy is when there is a meeting of the committee or working group with the consultant and the Chief Executive Officer or the Chief Executive Officer's representative is present.

Members of committees acknowledge that a breach of this Policy may result in a request to Council to have them removed from the committee.

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, please proceed to the Assembly Area points located to the western side of the front office car park near the skate park and gazebo where we will meet (and complete a roll call).

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

2.2 Apologies

3. PRESENTATIONS

3.1 JLT Public Sector Report – Mrs Cindy Barbetti – Compliance Officer

Presentation on the JLT Public Sector Report to be made by Mrs Cindy Barbetti.

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 Audit & Risk Committee Meeting Held 4 December 2019

OFFICER RECOMMENDED RESOLUTION

THAT the Minutes of the Audit & Risk Committee Meeting held on 4 December 2019, be confirmed as true and correct subject to no / the following corrections:

5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

It is recommended that the following item be heard behind closed doors.

Shire of Dardanup Standing Orders & Local Government Act 1995 Section 5.23 - Matters for Which Meeting May Be Closed:

Standing Order and the Local Government Act 1995 provides for Council to resolve to close the meeting to the public and proceed behind closed doors for matters:

- S 5.23 (1) Subject to subsection (2), the following are to be open to members of the public-*
- (a) all Council meetings; and*
 - (b) all meetings of any committee to which a local government power or duty has been delegated.*
- (2) If a meeting is being held by a Council or by a committee referred to in subsection (1) (b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following -*
- (a) a matter affecting an employee or employees;*
 - (b) the personal affairs of any person;*
 - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;*
 - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;*
 - (e) a matter that if disclosed, would reveal -*
 - (i) a trade secret;*
 - (ii) information that has a commercial value to a person; or*
 - (iii) information about the business, professional, commercial or financial affairs of a person,**where the trade secret or information is held by, or is about, a person other than the local government;*
 - (f) a matter that if disclosed, could be reasonably expected to -*
 - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;*
 - (ii) endanger the security of the local government's property; or*
 - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety;*

- (g) information which is the subject of a direction given under section 23 (1a) of the Parliamentary Commissioner Act 1971; and
- (h) such other matters as may be prescribed.
- (3) A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.

Note: The Chairperson to advise that the meeting will be behind closed doors toward the end of the meeting to discuss

- A matter that if disclosed could be reasonably expected to endanger the security of the local governments property

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

None.

7. DECLARATION OF INTEREST

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

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

8. REPORTS OF OFFICERS AND COMMITTEES

8.1 Title: Update on the Financial Management Systems Review Actions

Reporting Department: Corporate & Governance

Reporting Officer: Mr Phil Anastasakis - Deputy Chief Executive Officer

Legislation: Local Government Act 1995 and Local Government (Financial Management) Regulations 1996

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) Local Government Financial Management Regulation 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 (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 Audit Committee meeting held on 6 March 2019.

At the Audit Committee Meeting of the 17 July 2019 and subsequent Council meeting of 14 August 2019, the following was resolved [249-19]:

THAT Council acknowledges that all actions arising from the February 2019 Financial Management Systems Review, except 7.2.1 Code of Conduct, have been completed.

This report is provided to the Audit and Risk Committee meeting as an update by management on the current status of the only outstanding action resulting from the review, being 7.2.1 Code of Conduct.

Legal Implications

Local Government Act 1995

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

- (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.*

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 previous review was undertaken by Butler Settineri in 2015 and presented to the Chief Executive Officer on 13 January 2016. The scope of the previous review was to compare the financial policies adopted by the Shire with the minimum requirements of the Local Government Act 1995 and its associated regulations and to determine the extent to which the stated policies and procedures as adopted by the Shire have been implemented by the Chief Executive Officer.

Budget Implications

The annual budget provides sufficient expenditure allocation for consultancies to cover the cost of the next review which will capture the period from January 2019 to December 2021.

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: 8.1) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Financial Management System review not being undertaken in accordance with regulation 5(2)(c) Local Government Financial Management Regulation 1996 and not less than once in every 3 financial years.
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>

As the Financial Management System review was completed by an independent professional third party recognised accounting firm and delivered within the required timeframe (not less than once in every 3 financial years) the Risk Assessment for this report is considered low.

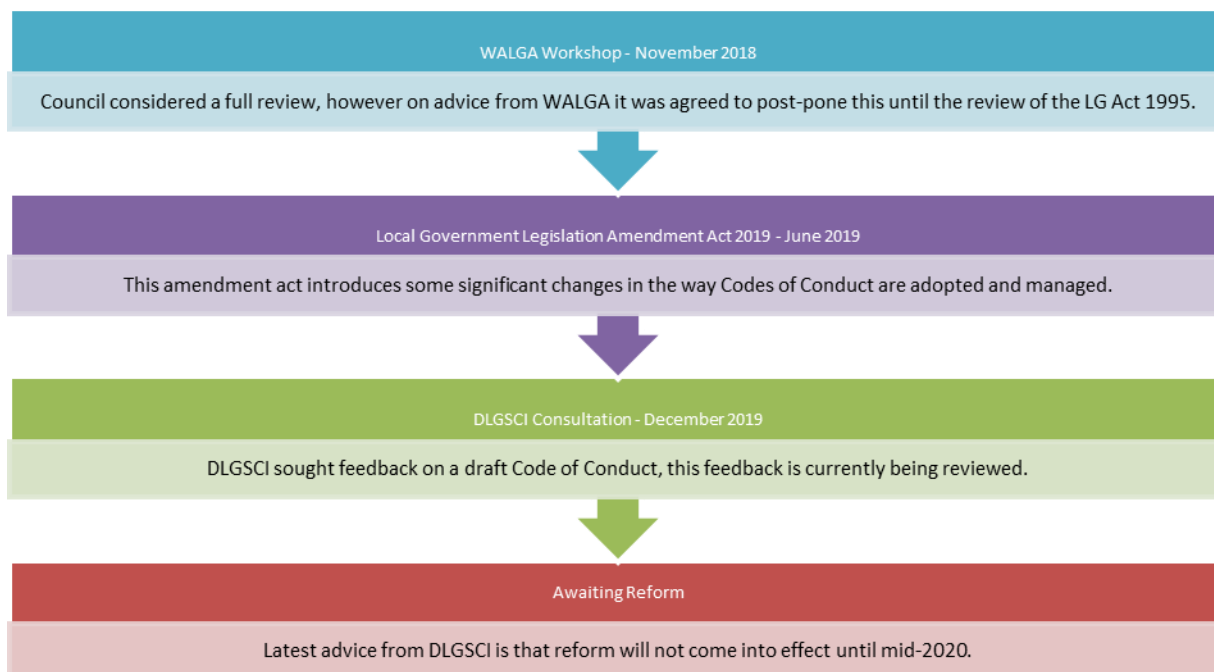
Officer Comment

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 for this action is provided in the table below:

Ref	Issue	Risk Rating	Proposed Completion Date	Status
7.	Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations			
7.2.1	<p>Code of Conduct 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>Auditor Recommendation We recommend the Code of Conduct be reviewed and subsequently communicated to current Council Members, Committee Members and Staff.</p> <p>Management Comment 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>	Minor	<p>Former proposed completion date: 31 December 2019</p> <p>Now extended to: 30 June 2020</p>	In Progress

The Auditor finding reported that the Code of Conduct had last been reviewed and adopted by Council on 6 November 2013. This date was the last time it went to Council in an adopted format, management have advised that the Code of Conduct has been reviewed since then.

- *Progression of Code of Conduct:*



Due to the substantial changes in the amendment act, it was decided that the current Code of Conduct review be deferred until the new legislation relating to Codes of Conduct is passed.

The latest advice received from the Department of Local Government, Sport and Cultural Industries is that following on from the feedback received from the submission period, there will be some further changes required to the Code of Conduct. It is therefore expected that this reform won't come into effect until mid-2020. An updated officer report on the status of the Code of Conduct reform will be presented to the next Audit and Risk Committee meeting scheduled for 3 June 2020.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) the Committee records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT the Audit Committee:

1. Receive the March 2020 update report on the implementation of actions required from the findings of the February 2019 Financial Management Systems Review.
2. Requests that Council acknowledges that action 7.2.1 Code of Conduct, will remain outstanding until mid-2020 when the Department of Local Government, Sport and Cultural Industries releases model Codes of Conduct.

8.2 Title: Governance Health Check – William Buck

Reporting Department: Executive
Reporting Officer: Mr André Schönfeldt - Chief Executive Officer
Legislation: Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17

Overview

This report is presented to the Audit & Risk Committee for review and endorsement of the Governance Health and Financial Sustainability Review undertaken by contractors William Buck in 2019.

Background

In accordance with the Shires Strategic Community Plan, Outcomes 1.1.2 and 1.1.3 states that the Shire:

- *Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)*
- *Maintain best practice governance systems and practices. (Service Priority: Moderate)*

In July 2019 quotes were sought for the appointment of a suitably qualified contractor to undertake a Governance Health and Financial Sustainability Review. A total of 4 submissions were received with the winning quote being awarded to William Buck at the end of July 2019. The review was undertaken in house in September 2019.

The *Governance Health and Financial Stability Review Audit Report 2018/19* produced by William Buck was provided as a Confidential Document "A" (Tardis link [MAA-R0705853](#)) to the Audit & Risk Committee on the 4 December 2019. The Committee resolved the following:

THAT the Audit and Risk Committee defer Item 9.5 – Governance Health Check – William Buck to allow for further time for review and to bring the item back to the next Audit & Risk Committee meeting on 4 March 2020.

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.*

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

Environment - None.

Precedents

A Governance Review was conducted in 2016 through the Department of Local Government based on the Guide for Undertaking Governance Reviews issued by the Australian Institute of Company Directors.

Budget Implications

A budget allowance of \$20,000 was provided for in the 2019/20 Budget to cover the cost of the review of this report.

Budget – Whole of Life Cost - None.

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

Council Policy Compliance - None.

Risk Assessment - Low.

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

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Governance Health & Financial Sustainability Review - 2019
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	<ul style="list-style-type: none"> • Financial Impact - Failure to comply with the requirements of the Act and Regulations could lead to financial penalties being imposed • Legal and Compliance - Failure to comply with the requirements of the Act and Regulations could lead to legal penalties being imposed • Reputational - Failure to comply with the requirements of the Act and Regulations could result in the public questioning the Shire procedures.

Officer Comment

The Request for Quote (RFQ) forwarded to prospective contractors provided the following scope of works:

To review systems, processes and policies, reports and recent relevant transactions to determine the Shire's level of compliance and governance health and also to consider the financial sustainability of the Shire of Dardanup, including but not limited to the following:

- *Major Land Transactions;*
- *Tendering and Procurement policy, procedures, processes and systems;*
- *Council and Committee meetings structure, processes and procedures;*
- *Gift reporting and Disclosures of Interest;*
- *Delegations and delegation reporting including associated information provided to Councillors;*
- *Complaints and Allegations policy, procedures and processes;*
- *Risk Management;*
- *Financial Management Systems, Credit Card Control; and Accounting Policies;*
- *Financial health indicators and ratios;*
- *Human Resource recruitment, appointment and induction processes (including verifying employee identity and credentials);*
- *Elected member induction, training and communications (including interactions with staff, the community and media); and*
- *Records management and compliance, including data and cyber security.*

Detailed findings were provided within the Confidential Report, and Management Comments in regards to these finding are also provided within the Confidential Report.

Council Role - Executive.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) the Committee records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT the Audit & Risk Committee request that Council receive and endorse the Governance Health and Financial Stability Review Audit Report 2018/19 as provided for in Confidential Document "A" under separate cover (Tardis Link: [MAA-R0705853](#)).

8.3 Title: 2019 Compliance Audit Return - CAR

<i>Reporting Department:</i>	<i>Corporate & Governance Directorate</i>
<i>Reporting Officer:</i>	<i>Ms Cathy Lee – Manager Governance & HR</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Audit) Regulations</i>

Overview

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

Background -

The Shire of Dardanup along with each local government in Western Australia is required to carry out a compliance audit in relation to the period 1 January 2019 to 31 December 2019 against the requirements set out in the 2019 Compliance Audit Return [CAR].

Legal Implications

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

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 -

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

Budget Implications - None.

Budget – Whole of Life Cost - None.

Council Policy Compliance - None.

Risk Assessment -

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

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

Officer Comment

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

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

Regulation 14 of the Local Government (Audit) Regulations 1996 requires that the local government's Audit Committee reviews the CAR and reports the results of that review to the Council prior to adoption by Council and the March submission to the Department.

When viewing the CAR, please note that the answers to the questions relate only to the 2019 year.

Council has met compliance in all areas as outlined in the recommended resolution below.

Council Role - Legislative.

Voting Requirements - Absolute Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) the Committee records the following reasons for amending the Officer Recommended Resolution:

AUDIT & RISK COMMITTEE RECOMMENDED RESOLUTION

THAT the Audit Committee recommend that Council adopts the Compliance Audit Return 2019 [CAR] as the official Return of Council for the period 1 January 2019 to 31 December 2019 as follows:

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
**Local Government, Sport
and Cultural Industries**

Dardanup - Compliance Audit Return 2019

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2019?	N/A		PHIL ANASTASAKIS - Deputy Chief Executive Officer
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2019?	N/A		PHIL ANASTASAKIS - Deputy Chief Executive Officer
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2019?	N/A		PHIL ANASTASAKIS - Deputy Chief Executive Officer
4	s3.59(4)	Has the local government complied with public notice and publishing requirements of each proposal to commence a major trading undertaking or enter into a major land transaction for 2019?	N/A		PHIL ANASTASAKIS - Deputy Chief Executive Officer
5	s3.59(5)	Did the Council, during 2019, resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		PHIL ANASTASAKIS - Deputy Chief Executive Officer

Delegation of Power / Duty						
No	Reference	Question	Response	Comments	Respondent	
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority?	Yes		CATHY LEE - Manager Governance & HR	
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing?	Yes		CATHY LEE - Manager Governance & HR	
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17?	Yes		CATHY LEE - Manager Governance & HR	
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations?	Yes		CATHY LEE - Manager Governance & HR	
5	s5.18	Has Council reviewed delegations to its committees in the 2018/2019 financial year?	Yes		CATHY LEE - Manager Governance & HR	
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act?	Yes		CATHY LEE - Manager Governance & HR	
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority?	Yes		CATHY LEE - Manager Governance & HR	
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing?	Yes		CATHY LEE - Manager Governance & HR	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		CATHY LEE - Manager Governance & HR	
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes		CATHY LEE - Manager Governance & HR	
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees?	Yes		CATHY LEE - Manager Governance & HR	
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2018/2019 financial year?	Yes		CATHY LEE - Manager Governance & HR	
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required?	Yes		CATHY LEE - Manager Governance & HR	

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68)?	Yes		CATHY LEE - Manager Governance & HR
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings?	Yes		CATHY LEE - Manager Governance & HR
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made?	Yes		CATHY LEE - Manager Governance & HR
4	s5.73	Where the CEO had an interest relating to a gift under section 5.71A(1), was written notice given to the Council?	N/A		CATHY LEE - Manager Governance & HR
5	s5.73	Where the CEO had an interest relating to a gift in a matter in respect of a report another employee is providing advice on under section 5.71A (3), was the nature of interest disclosed when the advice or report was provided?	N/A		CATHY LEE - Manager Governance & HR
6	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day?	Yes		CATHY LEE - Manager Governance & HR
7	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day?	Yes		CATHY LEE - Manager Governance & HR
8	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2019?	Yes		CATHY LEE - Manager Governance & HR
9	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2019?	Yes		CATHY LEE - Manager Governance & HR
10	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return?	Yes		CATHY LEE - Manager Governance & HR
11	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76?	Yes		CATHY LEE - Manager Governance & HR
12	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which	Yes		CATHY LEE - Manager

		contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28?		Governance & HR
13	s5.89A Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under section 5.71A, in the form prescribed in Administration Regulation 28A?	Yes	CATHY LEE - Manager Governance & HR
14	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76?	Yes	CATHY LEE - Manager Governance & HR
15	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee?	Yes	CATHY LEE - Manager Governance & HR
16	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes?	Yes	CATHY LEE - Manager Governance & HR
17	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report?	Yes	CATHY LEE - Manager Governance & HR
18	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee?	Yes	CATHY LEE - Manager Governance & HR
19	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees?	Yes	CATHY LEE - Manager Governance & HR

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5))?	N/A		CATHY LEE - Manager Governance & HR
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required	Yes		CATHY LEE - Manager Governance & HR

local public notice for each disposal of property?

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)(2)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates?	Yes		CATHY LEE - Manager Governance & HR
2	Elect Reg 30G(3) &(4)	Did the CEO remove any 'disclosure of gifts' forms relating to an unsuccessful candidate or a successful candidate that completed the term of office from the electoral gift register, and retain those forms separately for a period of at least 2 years?	N/A		CATHY LEE - Manager Governance & HR

Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes	SCM held 23/10/2019 Resolution: 308-19	CATHY LEE - Manager Governance & HR
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes	SCM held 26/06/2019 Resolution: 180-19	CATHY LEE - Manager Governance & HR
3	s7.3(1)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor, a registered company auditor?	Yes		NATALIE HOPKINS - Manager Financial Services
4	s7.3(1), 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council?	Yes		NATALIE HOPKINS - Manager Financial Services
5	Audit Reg 10	Was the Auditor's report(s) for the financial year(s) ended 30 June received by the local government within 30 days of completion of the audit?	Yes		NATALIE HOPKINS - Manager Financial Services
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2019 received by the local government by 31 December 2019?	Yes		NATALIE HOPKINS - Manager Financial Services
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action	N/A		NATALIE HOPKINS - Manager Financial

		to be taken, did the local government, ensure that appropriate action was undertaken in respect of those matters?			Services
8	S7.12A (4)	Where the auditor identified matters as significant in the auditor's report (prepared under s7.9(1) of the Act), did the local government prepare a report stating what action had been taken or it intended to take with respect to each of the matters and give a copy to the Minister within 3 months after receipt of the audit report?	Yes	Report raised with Minister later than 3 months as there was conjecture as to whether this was required.	PHIL ANASTASAKIS - Deputy Chief Executive Officer
9	S7.12A (5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Yes		NATALIE HOPKINS - Manager Financial Services
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit?	Yes		NATALIE HOPKINS - Manager Financial Services
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit?	Yes		NATALIE HOPKINS - Manager Financial Services
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit?	Yes		NATALIE HOPKINS - Manager Financial Services
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor?	Yes		NATALIE HOPKINS - Manager Financial Services
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor?	Yes		NATALIE HOPKINS - Manager Financial Services

Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	OCM held: 15/05/2019 Resolution: 131-19	CATHY LEE - Manager Governance & HR
2	s5.56 Admin Reg 19DA (4)	Has the local government reviewed the Corporate Business Plan in the 2018-2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?	Yes	OCM held: 27/03/2019	CATHY LEE - Manager Governance & HR
3	s5.56 Admin Reg 19C	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	OCM held: 28/03/2018 Resolution: 89-18	CATHY LEE - Manager Governance & HR

4	s5.56 Admin Reg 19C (4)	Has the local government reviewed the current Strategic Community Plan. If Yes, please provide date of most recent review by Council in Comments. Note: If the current Strategic Community Plan was adopted after 1/1/2016, please respond N/A and provide adoption date in Comments?	N/A	28/03/2018	CATHY LEE - Manager Governance & HR
5	S5.56 Admin Reg 19DA (3)	Has the local government developed an Asset Management Plan(s) that covers all asset classes. If Yes, please provide the date of the most recent Plan adopted by Council in Comments?	Yes	OCM held:15/05/2019 Resolutions: 132-19; 133-19; 134-19; 135-19; 136-19; 137-19; 138-19	CATHY LEE - Manager Governance & HR
6	S5.56 Admin Reg 19DA (3)	Has the local government developed a Long Term Financial Plan. If Yes, please provide the adoption date of the most recent Plan in Comments?	Yes	OCM held:15/05/2019 Resolution: 141-19	CATHY LEE - Manager Governance & HR
7	S5.56 Admin Reg 19DA (3)	Has the local government developed a Workforce Plan. If Yes, please provide adoption date of the most recent Plan in comments?	Yes	OCM held:15/05/2019 Resolution: 140-19	CATHY LEE - Manager Governance & HR

Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A	CEO position was not made vacant in 2019.	CATHY LEE - Manager Governance & HR
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A?	N/A	CEO position was not made vacant in 2019.	CATHY LEE - Manager Governance & HR
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4)?	N/A	CEO position was not made vacant in 2019.	CATHY LEE - Manager Governance & HR
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only)?	N/A	CEO position was not made vacant in 2019.	CATHY LEE - Manager Governance & HR
5	s5.37(2)	Did the CEO inform Council of each proposal to employ or dismiss a designated senior employee?	N/A	There are no designated senior employees at Shire of Dardanup.	CATHY LEE - Manager Governance & HR

Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer?	N/A	The CEO is the Complaints Officer	MR ANDRÉ SCHÖNFELDT – Chief Executive Officer
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c)?	Yes		MR ANDRÉ SCHÖNFELDT – Chief Executive Officer
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made?	Yes		MR ANDRÉ SCHÖNFELDT – Chief Executive Officer
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint?	Yes		MR ANDRÉ SCHÖNFELDT – Chief Executive Officer
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred?	Yes		MR ANDRÉ SCHÖNFELDT – Chief Executive Officer
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c)?	Yes		MR ANDRÉ SCHÖNFELDT – Chief Executive Officer

Optional Questions

No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Local Government (Financial Management) Regulation 5(2)(c) within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	OCM held 27/03/2020 Resolution: 56-19	PHIL ANASTASAKIS - Deputy Chief Executive Officer
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulation 17 within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	OCM held 13/12/2017 Resolution: 334-17	PHIL ANASTASAKIS - Deputy Chief Executive Officer
3	Financial Management Reg 5A.	Did the local government provide AASB 124 related party information in its annual report(s) tabled at an electors meeting(s) during calendar year 2019?	Yes	Annual Electors Meeting held 23/01/2019	PHIL ANASTASAKIS - Deputy Chief Executive Officer

4	S6.4(3)	Did the local government submit to its auditor by 30 September 2019 the balanced accounts and annual financial report for the year ending 30 June 2019?	Yes		PHIL ANASTASAKIS - Deputy Chief Executive Officer
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Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2))?	Yes		NATALIE HOPKINS - Manager Financial Services
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract?	Yes		NATALIE HOPKINS - Manager Financial Services
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice?	Yes		NATALIE HOPKINS - Manager Financial Services
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16?	Yes		NATALIE HOPKINS - Manager Financial Services
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation?	Yes		NATALIE HOPKINS - Manager Financial Services
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16?	Yes		NATALIE HOPKINS - Manager Financial Services
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender?	N/A		NATALIE HOPKINS - Manager Financial Services
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria?	Yes		NATALIE HOPKINS - Manager Financial Services
9	F&G Reg 17	Did the information recorded in the local government's tender register	Yes		NATALIE HOPKINS -

		comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection?			Manager Financial Services
10	F&G Reg 19	Did the CEO give each tenderer written notice advising particulars of the successful tender or advising that no tender was accepted?	Yes		NATALIE HOPKINS - Manager Financial Services
11	F&G Reg 21 & 22	Did the local governments advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22?	Yes		NATALIE HOPKINS - Manager Financial Services
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice?	N/A		NATALIE HOPKINS - Manager Financial Services
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services?	Yes		NATALIE HOPKINS - Manager Financial Services
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest, a notice in writing in accordance with Functions & General Regulation 24?	Yes		NATALIE HOPKINS - Manager Financial Services
15	F&G Reg 24AC (1) & (2)	Has the local government established a policy on procurement of goods and services from pre-qualified suppliers in accordance with the regulations?	Yes	Council Policy CP034 & Procedure PR045	NATALIE HOPKINS - Manager Financial Services
16	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice?	N/A		NATALIE HOPKINS - Manager Financial Services
17	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE?	N/A		NATALIE HOPKINS - Manager Financial Services
18	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application?	N/A		NATALIE HOPKINS - Manager Financial Services
19	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, given notice of the variation?	N/A		NATALIE HOPKINS - Manager Financial Services
20	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications?	N/A		NATALIE HOPKINS - Manager Financial Services
21	F&G Reg 24AH(3)	In relation to the applications that	N/A		NATALIE

		were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria?		HOPKINS - Manager Financial Services
22	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG?	N/A	NATALIE HOPKINS - Manager Financial Services
23	F&G Reg 24AI	Did the CEO send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted?	N/A	NATALIE HOPKINS - Manager Financial Services
24	F&G Reg 24E	Where the local government gave a regional price preference, did the local government comply with the requirements of F&G Reg 24E including the preparation of a regional price preference policy?	N/A	NATALIE HOPKINS - Manager Financial Services
25	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy?	N/A	NATALIE HOPKINS - Manager Financial Services
26	F&G Reg 11A	Does the local government have a current purchasing policy that comply with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less?	Yes	NATALIE HOPKINS - Manager Financial Services
27	F&G Reg 11A	Did the local government comply with it's current purchasing policy in relation to the supply of goods or services where the consideration under the contract is, or is expected to be \$150,000 or less or worth \$150,000 or less?	Yes	NATALIE HOPKINS - Manager Financial Services

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

Signed Mayor / President, Dardanup

Signed CEO, Dardanup

By Absolute Majority

8.4 Title: 2020 Compliance Calendar – Bi-annual Compliance Task Report

<i>Reporting Department:</i>	<i>Corporate & Governance Directorate</i>
<i>Reporting Officer:</i>	<i>Mrs Cindy Barbetti - Compliance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17</i>

Overview

The purpose of this report is to provide the Audit and Risk Committee with an update on compliance tasks resulting from the 2020 Annual Compliance Calendar.

Background

The Shire of Dardanup (Council) as a Local Government entity is required to fulfil duties and functions that are prescribed in legislation. This emulates the expectation of the community and State Government that Council will meet these requirements. This expectation is prescribed in the Local Government (Audit) Regulations 1996, Regulation 17 which requires the management of legislative compliance.

To support the Council in meeting compliance obligations, the Compliance Manual, incorporating the Annual Compliance Calendar has been developed. The calendar is a tool to identify the yearly compliance activities throughout the calendar year. The objective is to assist responsible officers to review their quarterly activities that require compliance and accountability across a variety of legislative components.

In December 2019, members of the Audit and Risk Committee were presented with an overview of the Compliance Manual and Annual Compliance Calendar. To continue informing members on how the manual and calendar assist and benefit the organisation, the Compliance Officer will provide a bi-annual report on compliance tasks. This report is provided as Confidential Document “B” under separate cover – (TARDIS Link: [MEE-R0706714](#)).

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

Environment - None.

Precedents - None

This is the first bi-annual compliance task report to be presented to the Audit and Risk Committee.

Budget Implications

As part of the Compliance Officer role, regular monitoring of the Compliance Manual and Annual Compliance Calendar is essential. Reporting is a further function in order to successfully achieve compliance obligations. Therefore the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost

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

Council Policy Compliance

There is no current Council Policy relevant to this item.

Risk Assessment -

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

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Not observing Council’s commitment to meeting its compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.
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.

Officer Comment

Compliance and integrity are outcomes of an organisation meeting its obligations, and is made sustainable by embedding it in the culture of the organisation and in the behaviour and attitude of people working for it. How a local government manages its compliance programs is a strong indication of the attitude of the Council towards meeting legislative requirements.

The Compliance Manual and Annual Compliance Calendar were introduced to staff at the start of 2020. The annual compliance calendar process initiates compliance work via regulatory quarterly reminders and creates auditable records for how compliance has been achieved. Responsible officers have been granted access to their relevant tasks for the quarter ended March 2020. The expectation is that these officers will indicate the progression of the task (through the Audit Score)

and provide any relevant comments. This provides ongoing monitoring of the level of compliance with legislation tasks and associated reminder tasks.

Due to the timing of the compilation of this report, members of the Audit and Risk Committee are only initially being presented with January 2020 compliance tasks, not the complete quarter. However, it was deemed beneficial and good practice to provide members with an understanding and awareness of this reporting process, albeit only for one month. The next bi-annual compliance task report that will be presented to the September 2020 meeting will hold more significance to members and stakeholders.

Overall, maintaining regulatory compliance is viewed as a fundamental goal of an effective internal control system. The ongoing reporting will ensure that an effective system is in place to provide a level of assurance that the Council is meeting its compliance obligations with the Act and associated Regulations.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) the Committee records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee receive the report on the 2020 Compliance Calendar – Bi-annual Task Report, as provided for as Confidential Document “B”: under separate cover and note the compliance tasks identified.

8.5 Title: JLT Public Sector Report 2019

<i>Reporting Department:</i>	<i>Corporate & Governance</i>
<i>Reporting Officer:</i>	<i>Mrs Cindy Barbetti – Compliance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Financial Management) Regulations 1996</i>

Overview

The purpose of this report is to present to the Audit and Risk Committee the Public Sector Risk Report 2019 (refer Appendix AAR: 8.5A) that has been compiled by Jardine Lloyd Thompson Pty Ltd (JLT).

Background

Jardine Lloyd Thompson is a global insurer with a significant presence in the local government sector nationally. This is the second edition of the JLT Risk Report which delivers a summary of the risk information that has been provided by various Local Governments across Australia.

The report summarises the key risks that Local Government's view as having a potential impact on Councils. These risks have been benchmarked against the 2018 JLT Risk Report as well as claims and risk data collected from over 500 Councils nationally. The survey respondents were a good balance of metropolitan, regional and remote Councils' from across all states.

As directed by Regulation 17 of the *Local Government (Audit) Regulations 1996*, Council is required to have an appropriate and effective system and procedures in place to manage risk. In addition, the Terms of Reference for the Audit and Risk Committee state the following as a committee objective:

- 5.7 *To consider the Shire of Dardanup Risk Management Governance Framework and progress on the relevant action plans biannually.*

This report will assist with providing committee members and stakeholders with an insight into real scenarios facing the industry and contribute to the overall management of risk at the Shire of Dardanup.

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 1.1.2 - 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)

Strategy 1.3.6 - Establish a Risk Management Governance Framework for the Shire of Dardanup. (Service Priority: High)

Environment - None.

Precedents

Whilst this is the second edition of the JLT Risk Report, the Audit and Risk Committee have not previously received a report of this nature.

Budget Implications

To remain up-to-date with emerging risk in the industry, it is beneficial and good practice for staff to spend time reviewing relevant risk reports. Therefore the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost - None.

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: 8.5B).

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	JLT Public Sector Risk Report 2019
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 17 of the Local Government (Audit) 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

Council is moving towards a greater focus on risk management, as demonstrated by the Risk Management Governance Framework and risk assessment processes that have filtered through to Council operations (Council reports, projects, event planning, occupational safety and health, contractor management, and liability risk).

The JLT Public Sector Risk Report 2019 highlights the complexity of Local Government operations and has identified the following risks that are viewed as having a potential impact on Councils:

1. Financial sustainability;
2. Cyber incidents/IT infrastructure;
3. Reputation risk;
4. Natural catastrophe/Climate change;
5. Property and Infrastructure management;
6. Increased statutory and/or regulatory requirements;
7. Ineffective governance;
8. Business continuity and community disruption;
9. Effective HR and/or WHS management;
10. Environmental management;
11. Errors, omissions or civil liability;
12. Theft, fraud and crime; and
13. Terrorism.

It is encouraging to note that all 13 risks identified above are adequately captured and reviewed as part of the 15 risk profile themes and/or categories/key controls that have been recognised in the Shire of Dardanup's Risk Management Governance Framework.

As a point of comparison, the following table provides the key rankings in order for 2019 against the 2018 rankings:

2019		2018
1	Financial sustainability	Financial sustainability
2	Cyber incidents/IT infrastructure	Theft, fraud and crime
3	Reputation risk	Reputation risk
4	Natural catastrophe/Climate change	Increased statutory and/or regulatory requirements
5	Property and Infrastructure management	Environmental Management
6	Increased statutory and/or regulatory requirements	Property and Infrastructure management
7	Ineffective governance	Natural catastrophe/Climate change
8	Business continuity and community disruption	Cyber incidents/IT infrastructure
9	Effective HR and/or WHS management	Business continuity and community disruption
10	Environmental Management	Ineffective governance
11	Errors, omissions or civil liability	Effective HR and/or WHS management
12	Theft, fraud and crime	Errors, omissions or civil liability
13	Terrorism	Terrorism

Source: JLT Risk Report 2019

The following observations are provided for each of the risk areas identified to indicate the current approach that Council is taking. These observations are based on previous risk management reviews undertaken with management/senior staff at the Shire of Dardanup.

- *Financial Sustainability*

Financial sustainability continues to be the leading risk facing Local Governments with the limit on revenue growth, operations, rate capping and cost shifting from State and Federal Government to Local Government.

In September 2019, the Chief Executive Officer engaged an independent contractor (William Buck) to undertake a Governance Health and Financial Sustainability review. This review was an opportunity to consider the financial sustainability of the Shire of Dardanup, and the findings are provided to the Audit and Risk Committee under Item 8.2 and Confidential Document "A" under separate cover (Tardis Link: [MAA-R0705853](#)).

A Rating Strategy Review is also being considered which will aim to balance rate revenue to the delivery of services.

- *Cyber Incidents and IT Fraud*

Moving from 8th position in 2018, survey respondents said that the second highest concern facing Local Government is Cyber Incidents and IT Fraud. The main concern in the Cyber space is the emergence of cyber-attacks on data security. Council is already taking a pro-active approach in this emerging risk area by:

- Adequately insuring against cyber-attack through LGIS;
- Engaging VeeV Group in 2019 to undertake an independent review of cyber security practices (refer to Item 11.1 and Appendix AAR:11.1A)(Tardis Link: [AUD-R0645760](#)); and
- Identifying the need to implement a 'Cyber Security Incident Plan' as part of the risk management review (note: this task is due for completion by June 2020).

Local Government Professionals Australia have also made a submission to the federal government's 2020 Cyber Security Strategy identifying ways it can support local government in this area.

- *Reputation Risk*

Reputation risk has continued to be the third highest risk ranking that local government's face. The response by local governments to maintaining reputation and community trust has been through the emergence of Audit Committee's requiring consideration of 'risk' issues.

In October 2019, Council supported the recommendation to amend the title of the Audit Committee to the 'Audit and Risk Committee'. The inclusion of 'risk' to the committee will meet the obligations as set by Regulation 17 of the Audit Regulations in relation to risk management. Council also endorsed the Terms of Reference for the committee that will assist in providing purpose and structure for members.

- *Natural Catastrophes/Climate Change*

Moving up the ranks is the risk and impact of natural catastrophes and climate change which have a potential impact on Council assets and infrastructure. Council has in place an 'Incident Management and Business Continuity Response' plan which guides Council in the event of a disruption, crisis, disaster or emergency.

The 'Bushfire Risk Management Plan' (BRM Plan) has been developed and was endorsed by Council in November 2019. This plan will effectively manage bushfire risk in order to protect people, assets and other things of local value. Risk reduction works to the areas identified in the BRM plan are underway utilising Mitigation Activity Funding (MAF).

Climate change will be addressed in the 'Environment Strategy' that is currently in draft form and is due for completion by June 2020.

- *Property & Infrastructure Management*

Local Government has substantial ownership of property and infrastructure. Any damage to infrastructure in a natural catastrophe brings concerns over a local government's ability to finance their asset base and that financial loss can be significant.

Council currently has nine comprehensive Asset Management Plans and an Asset Management Working Group that focusses on developing continuity of asset management approaches and financial modelling. The focus in 2020 for Elected Members is to undertake Asset Management Training. More time and focus will be spent on reviewing items within the existing Asset Management Plans. Councillors will discuss projects, priorities and service levels to enable a more informed approach towards asset management.

Council continues to manage property risk through annual insurance on property, which ensures that property that is damaged is replaced or destroyed.

- *Increased Statutory and Regulatory Requirements*

Local Governments are facing increased statutory and regulatory requirements to ensure complete transparency and compliance with fulfilling duties and functions that are prescribed in legislation. This emulates the expectation of the community and State Government that Council will meet these requirements.

Council's methodology to managing compliance is through 'The Compliance Manual' which consists of an annual compliance calendar. *The Compliance Manual* provides a systemic approach to assist and guide staff at the Shire of Dardanup in compliance requirements. It also contributes to improved compliance outcomes and reduced risk by creating audible records for how compliance has been achieved. The first bi-annual compliance task report is provided to the Audit and Risk Committee (Refer Item 8.4 Confidential Document "B" under separate cover (TARDIS link [MEE-R0706714](#)))

In addition, each Local Government is required to carry out a compliance audit each calendar year and submit this to the Department. (Refer Item 8.3 - Compliance Audit Return).

- *Ineffective Governance*

Ineffective governance is another risk area on the rise which often leads to reputational damage with the community and other stakeholders. The main concerns in this risk area are the failure to recognise roles and responsibilities within the organisation and management of contractors, facilities and events.

This risk area was also incorporated into the Governance Health and Financial Sustainability review undertaken by William Buck. The scope of work included a review of systems, processes and policies, reports and recent relevant transactions to determine the Council's level of compliance and governance.

In February 2019, an independent review of the Financial Management Systems was undertaken by AMD Chartered Accountants. This review was in accordance with regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996. This regulations instructs that 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 (not less than once in every 3 financial years) and report to the Local Government the results of those reviews. The next review will be due in February 2022.

Staff are also reviewing the Contractor Management Policy (AP028) which will define low, medium and high risk contractors and the responsibilities of contractors. Further work around Contractor Management, in particular online and onsite inductions, will continue in 2020.

- *Business Continuity and Community Disruption*

Council is responding to the risk area of business continuity and community disruption by having an adequate '*Incident Management and Business Continuity Response*' plan in place that is managed by the Coordinator Emergency & Ranger Services.

In 2020 the '*Record Keeping Plan*' (RKP) for the Shire will also undergo a 5 yearly review as directed by the State Records Act 2000. The RKP incorporates the '*Recordkeeping System Disaster Recovery*' plan. This plan is essential to ensure the efficient and effective resumption of the record keeping system and the wide range of activities it supports in the event of a disaster.

Further to this, the '*Bushfire Risk Management Plan*' (BRM Plan) and the finalisation of the '*Cyber Security Incident*' plan will also assist as key controls in mitigating this risk area.

- *Effective HR and/or WHS Management*

Effective HR and/or WHS management has been identified as a risk area which demonstrates that health, safety and wellbeing of all employees is a high concern. Shire of Dardanup employees are provided with the following health and wellbeing initiatives to solidify Council's approach to maintaining a healthy and productive workplace:

- Employee Assistance Program (EAP);
- Skin Checks;
- Flu Vaccinations and additional vaccination options;
- Health Assessments;
- Hearing Tests;
- Reduced Gym Membership fees at Eaton Recreation Centre;
- Discounted Vacation Care Fees;
- Workplace Flexibility;
- Employee Satisfaction Survey;
- Fitness for Work checks;
- Provision of PPE;
- Ergonomic Workstation Assessments and Aids; and
- Promotion of Health Work-Life Balance.

In addition, the safety of contractors is paramount to Council. Currently staff are reviewing the Contractor Management Policy (AP028) to recognise Council's duty of care to ensure the safety and health of contractors. The policy will define low, medium and high risk contractors and the responsibilities of Contractors, Shire Officers and the Safety Team. Further work around Contractor Management, in particular online and onsite inductions, will continue in 2020.

- *Environmental Management*

Impacts of climate change on future Council activities and harm to people or the environment arising from waste facilities, were the main concerns raised in this risk area.

Council encourages the reduced use of natural resources such as energy and water by our community by developing responsible and practical energy and water management practices, with our local programs, policies and strategies aimed at influencing sustainable behaviour.

Our practices support and encourage the reduction of waste by taking some simple and straightforward actions in relation to the consumption and re-use of resources which will minimise the amount of waste sent to landfill.

The 'Environmental Strategy' will identify and synthesise all of the information the Shire has developed and find, new, innovative and effective opportunities to protect and enhance our natural environment and surrounds for the future.

- *Errors, omissions or civil liability exposure*

The key risks highlighted in this risk area are the potential liability issues related to damage or injury to others, and issues arising from error or omission when providing advice. Council has adequate insurance cover with LGIS for:

- Public Liability & Products Liability - legal liability to third parties for injury and/or damage to property caused by an occurrence in connection with the Council's business, \$100m any one occurrence.
- Professional Indemnity – \$100m any one occurrence.

A recent review led to the streamlining of internal and external customer requests in FUSION to ensure that requests are directed to the appropriate officer who is equipped to provide the relevant advice. The upcoming review of the Customer Service Charter, with the intention to modify this Charter into a formal Council Policy, will also assist to mitigate this risk area.

- *Theft, Fraud and Crime*

The risk area of theft, fraud and crime changed from 2nd position in 2018 to 12th in 2019. This is demonstrated by the shift in Local Governments view of theft from physical asset loss to electronic.

Local Government can be a regular target for theft of council property and vandalism. Strong community relationships contribute towards the exchanging of information and providing informal social controls (such as discouraging crime).

A recent change to the Australian Accounting Standards changed the reporting of assets with a value of less than \$5,000 from the asset register to an operating expense, and the associated inclusion of many of those assets onto the Portable and Attractive Items Register.

- *Terrorism*

Terrorism was rated as a very minor risk to Local Government across Australia. While the risk of terrorism events are extremely rare in Australia, the consequences can obviously be extreme.

Acknowledging that terrorism is a potential risk event that could lead to disruption to the local community and/or normal business activities and regularly assessing the likelihood of such an occurrence as part of the Framework review, assists in managing this risk area.

In such an event, the '*Incident Management and Business Continuity Response*' plan would be actioned to address terror related events. With the prior assistance of LGIS, staff have been exposed to simulated events to test their responsiveness and procedures when faced with an emergency (eg bomb threat).

- *Conclusion*

The intricacy and variety of risks impacting Council are changing at a rapid rate. The Compliance Officer will continue to support the reporting requirements for risk matters across the organisation and review relevant industry publications to ensure that new or emerging risks are identified.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) the Committee records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee receive the 2019 JLT Public Sector Risk Report (Appendix AAR: 8.5A) and note the 13 sector risk priorities identified.

9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN
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None.

10. NEW BUSINESS OF AN URGENT NATURE

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

11. MATTERS BEHIND CLOSED DOORS
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11.1 *Title: Cyber Security Report*

Reporting Department: Corporate & Governance Directorate

Reporting Officer: Mr Stephen Eaton – IT Manager

Legislation: Local Government Act 1995

REPORT UNDER SEPARATE COVER

Note: In accordance with the Local Government Act 1995 5.23 (2) this report is not available to the public. The Chairperson tables the confidential report on this matter and provides copies to each elected member. The report will be located in the Records Management System of the Council.

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

THAT the Audit & Risk Committee return from Behind Closed Doors.

Note: *In accordance with Standing Order 5.2(6) the Presiding Officer, may cause the motion passed by the Audit & Risk Committee whilst behind closed doors to be read out.*

12. CLOSURE OF MEETING

The date of the next Audit & Risk Committee Meeting will be Wednesday, 3 June 2020.

There being no further business the Chairperson to declare the meeting closed.