



Shire of Dardanup

MINUTES

AUDIT & RISK COMMITTEE MEETING

Held

16th March 2022

As an

E-Meeting
Via Zoom

This document is available in alternative formats such as:
~ Large Print
~ Electronic Format [disk or emailed]
Upon request.

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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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

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

SHIRE OF DARDANUP

MINUTES OF THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING HELD ON WEDNESDAY, 16TH MARCH 2022, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairperson declared the meeting open at 2.07pm, welcomed those in attendance and referred to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

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

Emergency Procedure

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

Affirmation of Civic Duty and Responsibility

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

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

The Chairperson will confirm that each person expected to attend the meeting is connected to the eMeeting platform and therefore in attendance [Roll Call].

The Chairperson will call the names of elected members and staff. Each person is to respond when their name is called to confirm that they are in attendance.

Chairperson will then ask “Is there anyone in attendance that has not yet been recorded?”

2.1 Attendance

Voting

Cr Mick Bennett		Elected Member
Cr Tyrrell Gardiner	-	Elected Member (Chairperson)
Cr Patricia Perks	-	Elected Member
Cr Janice Dow	-	Elected Member
Cr Mark Hutchinson	-	Elected Member (Deputy Chairperson)

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
Mrs Cindy Barbetti	-	Compliance Officer
Mr Chris Murray	-	Manager Information Services
Mrs Tricia Richards	-	Assistant Accountant

Visitors

Mr Tim Partridge	-	AMD Chartered Accountants
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2.2 Apologies

3. PRESENTATIONS

3.1 Mr Tim Partridge – AMD – Financial Management Systems Review

Mr Tim Partridge will speak to the recently completed Financial Management System Review.

Discussion

The Chairperson advised that Mr Tim Partridge would discuss the Financial Management Systems Review Report at Item 8.2.

8 REPORTS OF OFFICERS AND COMMITTEES
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8.1 Title: 2021 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>
<i>Attachments:</i>	<i>Appendix AAR: 8.1 – Risk Assessment</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 1st January 2021 to 31st December 2021 against the requirements set out in the 2021 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 1.1.3 - 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

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: 8.1) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.					
Risk Event	2021 Compliance Audit Return - CAR				
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)				
Risk Action Plan (treatment or controls proposed)	Not applicable.				
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.				
Risk Category Assessed Against	<table border="0"> <tr> <td>Legal and Compliance</td> <td>Non-compliance would result in imposed penalties.</td> </tr> <tr> <td>Reputational</td> <td>High impact to Shire reputation if not carried out.</td> </tr> </table>	Legal and Compliance	Non-compliance would result in imposed penalties.	Reputational	High impact to Shire reputation if not carried out.
Legal and Compliance	Non-compliance would result in imposed penalties.				
Reputational	High impact to Shire reputation if not carried out.				

Officer Comment

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

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

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

When viewing the CAR, please note that the answers to the questions relate only to the 2021 calendar year.

Council has met compliance requirements in all areas outlined in the 2021 CAR, with the recommendation to Council to adopt the CAR as outlined below.

Council Role - Legislative.

Voting Requirements - Absolute Majority.

Change to Officer Recommendation: No change.

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

AAR 02-22 MOVED - Cr T Gardiner SECONDED - Cr M Bennett

THAT the Audit & Risk Committee recommend that Council adopts the 2021 Compliance Audit Return [CAR] as the official Return of Council for the period 1st January 2021 to 31st December 2021 as follows:

Dardanup - Compliance Audit Return 2021

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2021?	N/A		ANDRÉ SCHÖNFELDT – Chief Executive Officer
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2021?	N/A		ANDRÉ SCHÖNFELDT – Chief Executive Officer
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	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 2021?	N/A		ANDRÉ SCHÖNFELDT – Chief Executive Officer
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2021?	N/A		ANDRÉ SCHÖNFELDT – Chief Executive Officer
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		ANDRÉ SCHÖNFELDT – Chief Executive Officer

Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes		Cathy Lee - Manager Governance & HR
2	s5.16	Were all delegations to committees in writing?	Yes		Cathy Lee - Manager Governance & HR
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	Yes		Cathy Lee - Manager Governance & HR
4	s5.18	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 2020/2021 financial year?	Yes		Cathy Lee - Manager Governance & HR
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Cathy Lee - Manager Governance & HR
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Cathy Lee - Manager Governance & HR
8	s5.42(2)	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	s5.16(3)(b) & 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 Division 4 of the Act to the CEO and to employees?	Yes		CATHY LEE - Manager Governance & HR
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 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 in accordance with Admin Reg 19?	Yes		CATHY LEE - Manager Governance & HR

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		CATHY LEE - Manager Governance & HR
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		CATHY LEE - Manager Governance & HR
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		CATHY LEE - Manager Governance & HR
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		CATHY LEE - Manager Governance & HR
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		CATHY LEE - Manager Governance & HR
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		CATHY LEE - Manager Governance & HR
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		CATHY LEE - Manager Governance & HR
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		CATHY LEE - Manager Governance & HR
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		CATHY LEE - Manager Governance & HR
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		CATHY LEE - Manager Governance & HR

11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes	CATHY LEE - Manager Governance & HR
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	CATHY LEE - Manager Governance & HR
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes	CATHY LEE - Manager Governance & HR
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	CATHY LEE - Manager Governance & HR
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?* *Question not applicable after 2 Feb 2021	Yes	CATHY LEE - Manager Governance & HR
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	Yes	CATHY LEE - Manager Governance & HR
		*Question not applicable after 2 Feb 2021		
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	CATHY LEE - Manager Governance & HR
18	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	CATHY LEE - Manager Governance & HR
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A	CATHY LEE - Manager Governance & HR

20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	N/A		CATHY LEE - Manager Governance & HR
		*Question not applicable after 2 Feb 2021			
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	Yes		CATHY LEE - Manager Governance & HR
		*Question not applicable after 2 Feb 2021			
22	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	OCM held 24 February 2021 Resolution: 30-21	CATHY LEE - Manager Governance & HR
23	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4)?	Yes	OCM held 24 February 2021 Resolution: 30-21	CATHY LEE - Manager Governance & HR
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		CATHY LEE - Manager Governance & HR
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	Yes		CATHY LEE - Manager Governance & HR

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	Yes		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 local public notice for each disposal of property?	Yes		CATHY LEE - Manager Governance & HR

Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms	Yes		CATHY LEE - Manager Governance & HR

		completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?			
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	N/A		CATHY LEE - Manager Governance & HR
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes		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	OCM held 30/09/20 Council Resolution 279-20	PHIL ANASTASAKIS - Deputy CEO
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes	OCM held 30/06/21 Council Resolution 188-21	PHIL ANASTASAKIS - Deputy CEO
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	Yes	OCM held 15/12/21 Council Resolution 414-21	PHIL ANASTASAKIS - Deputy CEO
4	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 to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A		PHIL ANASTASAKIS - Deputy CEO
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	There were no significant matters reported in the Auditors Report.	PHIL ANASTASAKIS - Deputy CEO

6	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		PHIL ANASTASAKIS - Deputy CEO
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes		PHIL ANASTASAKIS - Deputy CEO

Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	2018-2028 SCP Adopted OCM 28/03/18 Council Resolution 89-18 2020-2030 Internal Review adopted 27/05/20	PHIL ANASTASAKIS - Deputy CEO
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Draft Corporate Business Plan Adopted OCM 28/04/21 Council Resolution 114-21 Final Corporate Business Plan Adopted SCM 02/06/21 Council Resolution 160-21	PHIL ANASTASAKIS - Deputy CEO
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		PHIL ANASTASAKIS - Deputy CEO

Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		CATHY LEE - Manager Governance & HR
2	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A		CATHY LEE - Manager Governance & HR
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		CATHY LEE - Manager Governance & HR
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position?	N/A		CATHY LEE - Manager Governance & HR

		under section 5.36(4)?		
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	CATHY LEE - Manager Governance & HR
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	CATHY LEE - Manager Governance & HR

Official Conduct

No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	N/A		ANDRÉ SCHÖNFELDT - Chief Executive Officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? Does the complaints register include all information required by section 5.121(2)?	Yes		ANDRÉ SCHÖNFELDT - Chief Executive Officer
3	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes		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 Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	N/A	Not due until 2022.	PHIL ANASTASAKIS - Deputy CEO
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 Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	N/A	Not due until 2022.	PHIL ANASTASAKIS - Deputy CEO

3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes	PHIL ANASTASAKIS - Deputy CEO
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events ?	Yes	PHIL ANASTASAKIS - Deputy CEO
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes	Cathy Lee
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Cathy Lee
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	No	Cathy Lee
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes	Cathy Lee
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all it's expenditure, revenue and income?	Yes	Cathy Lee

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (3)] in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	Existing Policy CnG CP034 Procurement Policy refers to a \$150,000 tender threshold, except where tender exemption applies.	PHIL ANASTASAKIS - Deputy CEO
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes	Existing Policy refers to a \$150,000 tender threshold, except where tender exemption applies.	PHIL ANASTASAKIS - Deputy CEO
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		PHIL ANASTASAKIS - Deputy CEO
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		PHIL ANASTASAKIS - Deputy CEO
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		PHIL ANASTASAKIS - Deputy CEO
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		PHIL ANASTASAKIS - Deputy CEO
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		PHIL ANASTASAKIS - Deputy CEO
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		PHIL ANASTASAKIS - Deputy CEO
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which	Yes		PHIL ANASTASAKIS - Deputy CEO

		tender to accept?		
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	PHIL ANASTASAKIS - Deputy CEO
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	Yes	PHIL ANASTASAKIS - Deputy CEO
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	PHIL ANASTASAKIS - Deputy CEO
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	PHIL ANASTASAKIS - Deputy CEO
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	Yes	PHIL ANASTASAKIS - Deputy CEO
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	PHIL ANASTASAKIS - Deputy CEO
16	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 notice of the variation?	N/A	PHIL ANASTASAKIS - Deputy CEO
17	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 pre-qualified supplier panel application?	N/A	PHIL ANASTASAKIS - Deputy CEO
18	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	PHIL ANASTASAKIS - Deputy CEO
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in	N/A	PHIL ANASTASAKIS - Deputy CEO

		the invitation for applications?		
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	PHIL ANASTASAKIS - Deputy CEO
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	PHIL ANASTASAKIS - Deputy CEO
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	PHIL ANASTASAKIS - Deputy CEO

CARRIED

5/0

Absolute Majority

8.2 Title: 2022 Financial Management Systems Review

Reporting Department:	<i>Corporate & Governance Directorate Mr André Schönfeldt - Chief Executive Officer Mr Phil Anastasakis - Deputy CEO Local Government Act 1995</i>
Legislation:	<i>Local Government (Financial Management) Regulations 1996</i>
Attachments:	<i>Appendix AAR: 8.2 - Risk Assessment AMD Report – Confidential Attachment – Under Separate Cover</i>

Overview

This report provides the Audit and Risk Committee with the Auditor opinion and written report on the recently conducted Financial Management System Review (FMSR) audit, together with management comments.

Background

It has been 3 years since the last Financial Management Systems Review was conducted for the Shire of Dardanup. The purpose of the review is to assist the CEO in fulfilling his responsibilities under Section 6.10 of the *Local Government Act 1995* and Regulation 5(1) of the *Local Government (Financial Management) Regulations 1996*, which details the CEO's duties as to financial management.

The FMSR is in accordance with *Local Government (Financial Management) Regulation 5(2)(c)*, whereby the Shire of Dardanup is required to regularly review the appropriateness and effectiveness of its financial management systems and procedures (not less than once in every 3 financial years) and report to Council the results of those reviews.

This review has been undertaken by AMD Chartered Accountants and a review report has been prepared together with the management comments (refer to Confidential Attachment provided to Committee members only under separate cover).

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 1.1.1 - 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

Year	Review Method	Conducted By	Report Received	Resolution Number
2016	External	Butler Settineri	Ordinary Council Meeting 27 th January 2016	OCM 08-16
2019	External	AMD Chartered Accountants	Audit Committee 6 th March 2022	AUD 04-19
			Ordinary Council Meeting 27 th March 2019	OCM 56-19

Budget Implications

The 2021/22 Annual Budget provides an allocation of \$11,000 to conduct the 3 yearly review (GL#0412012) with the successful quote coming in under budget.

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

Nil Council Policy.

Delegation 1.3.8 Financial Management Systems and Procedures.

Risk Assessment

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

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Financial Management Systems Review
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 (Financial Management) Regulations 1996, Regulation 5.</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

As the previous Financial Management Systems Review was conducted 3 years ago, it was timely for the Chief Executive Officer to conduct another review for the period 1st January 2019 to 31st December 2021. It was considered appropriate for the review to be undertaken by an external

auditing firm familiar with local government functions to reinforce the transparency and independence of the process.

The Scope of Work for the review was based on Regulation 5(1) of the *Local Government (Financial Management) Regulations 1996* and covered the following:

- Collection of money;
- Custody and security of money;
- Maintenance and security of the financial records;
- Accounting for municipal or trust transactions;
- Authorisation for incurring liabilities and making payments;
- Maintenance of payroll, stock control and costing records; and
- Preparation of budgets, budget reviews, accounts and reports required by the *Local Government Act 1995* and/or the associated regulations.

A Request for Quote (RFQ) was issued in December 2021 with respondents submitting their proposed methodology and approach towards undertaking the review. AMD Chartered Accountants were appointed as the successful firm to undertake the review with adherence to the following timeline:

Early February 2022	Onsite Visit
21st February 2022	Draft FMSR Report to be provided to Deputy CEO
28th February 2022	Final FMSR Report Due to CEO
16th March 2022	In-person presentation of FMSR Report to the Audit and Risk Committee

The following Shire of Dardanup locations were subject to the review of processes, procedures and testing:

- Administration Centre – 1 Council Drive, Eaton 6232;
- Administration Centre – 3 Little Street, Dardanup 6236;
- Depot facility – Martin Pelusey Road, Waterloo 6228;
- Waste Transfer Station – Banksia Road, Dardanup 6236;
- Eaton Recreation Centre & 24hr Gym – 18 Recreation Drive, Eaton; and
- Eaton Community Library – 2 Sanford Way, Eaton 6232.

On completion of the review, AMD Chartered Accountants issued a written report advising that in the context of the Shire of Dardanup's overall internal control environment, the Policies, Procedures and Processes in place are appropriate, and have been operating effectively at the time of the review. AMD have noted that they had very few findings following completion of their review, relative to other similar sized local governments where they have completed the same review on their behalf.

The following table provides a summary of the findings raised in the report, together with management comment:

Ref	Issue	Risk Rating
2.	Collection of money We have no findings to report in respect of the collection of money.	
3.	Custody and security of money We have no findings to report in respect of the security of cash.	
4.	Maintenance and security of financial records	
4.2.1	<p>Key Security Key cabinet at the Shire depot was unlocked during the time of our onsite visit.</p> <p>Recommendation We recommend the key cabinet be secured following the access of keys.</p> <p>Management Comment: Council agrees with AMD recommendation. Management have reminded staff of their obligations to ensure the Dardanup Depot Key Cabinet is to remain locked at all times. A Key Register allows Users to 'Sign In / Sign Out' the register and Access Codes are provided to relevant staff.</p> <p>Responsible Officer: Jason Gick Completion Date: 22 February 2022</p>	Low
5.	Accounting for municipal and trust transactions	
5.2.1	<p>Business Activity Statement Independent Review We noted BAS's are not signed to evidence independent review prior to lodgement.</p> <p>Recommendation We recommend BAS's be subject to independent review, and signed off to evidence independent review.</p> <p>Management Comment: Whilst General Journal Entries related to the Business Activity Statement (BAS) preparation are reviewed independently prior to lodgment, and the BAS Return is reviewed independently post lodgment, Management agree with the Recommendation that the BAS lodgment should be reviewed independently (and evidenced sign off) in its entirety 'prior to lodgment'.</p> <p>In accordance with the Recommendation, Council Officers have enacted the recommendation of an Independent Review & Authorisation Process prior to lodgment, which will take effect immediately in line with the next BAS Return in March 2022.</p> <p>Responsible Officer: Natalie Hopkins Completion Date: 21 February 2022</p>	Low
5.2.2	<p>Loan Reconciliation Independent Review Loan reconciliations not subject to independent review.</p> <p>Recommendation Reconciliations are a key control and should be signed by the preparer, and reviewed by someone independent of the reconciliation function, with evidence of independent review via physical or electronic sign off, and date of independent review.</p> <p>Management Comment: Management agree that the Loans Reconciliation should be independently reviewed with evidence of a physical or electronic signature. Loans Reconciliations are signed off each month, however, the reconciliation for 31 December 2021 was inadvertently missed. An updated and signed Loans / Borrowings Reconciliation at 31 December 2021 has since been provided to the Audit firm.</p> <p>Responsible Officer: Natalie Hopkins Completion Date: 21 February 2022</p>	Low

Ref	Issue	Risk Rating
6.	Authorisation for incurring liabilities and making payments	
6.2.1	<p>Tender Procurement Process One tender was open for less than 14 days after advertising in the West Australian.</p> <p>Recommendation We recommend that the Shire ensures all tender periods be open for the 14 day period as per Procurement Policy requirements.</p> <p>Management Comment: Council Tender RFT F0223092 was advertised from 22 July 2021 to closing date 6 August 2021. Advertising included South West Times (22/7/21), The West Australian (24/7/21) and Tenderlink (22/7/21) via Council's website.</p> <p>In accordance with the Local Government (Function & General) Regulations 1996 the Tender Notice RFT F0223092 was published on the local government's website and the South West Times for at least 14 days. RFT Tender F0223092 remained open for 15 days after the tender was advertised, however, it is noted The West Australian was advertised on the 24 July 2021 which permitted a total of 13 days after advertising.</p> <p>Although Tender F0223092 was compliant with the LG F&G Regulations, it is agreed that care should be taken to ensure all forms of advertising are compliant to Council's Policy CP034 Procurement and Procedure PR045 which also states 'the tender must remain open for at least 14 days after the date the tender is advertised'.</p> <p>Responsible Officer: Natalie Hopkins Completion Date: 21 February 2022</p>	Low
7.	Maintenance of payroll, stock control and costing records	
7.2.1	<p>Policies and Procedures A number of policies and procedures are potentially out of date.</p> <p>Recommendation We recommend the potentially out of date policies and procedures identified above be reviewed and updated accordingly. Policies should also include a stated next review date.</p> <p>Management Comment: Administration Policies are endorsed through the Executive Management Team to provide guidance and direction to staff on various administrative processes. Management agree that a Review Cycle and Review Date should be included in the Administration Policy and Register which would ensure all policies remain relevant and up to date.</p> <p>Responsible Officer: Cathy Lee Completion Date: 21 February 2022</p>	Moderate
8.	Preparations of budgets, budget reviews, accounts and reports required by the Act or Regulations	
	We have no findings to raise in respect to the preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations.	

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

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation No change

8.3 Title: Biannual Compliance Task Report

<i>Reporting Department:</i>	<i>Corporate & Governance Directorate</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>Appendix AAR: 8.3 – Risk Assessment (Compliance Calendar - Confidential Attachment – Under Separate Cover)</i>

Overview

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

Background

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

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

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, Regulation 17:

17. *CEO to review certain systems and procedures*

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

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

The Audit and Risk Committee received the previous biannual compliance report (incorporating the period from January 2021 to June 2021) at the September 2021 meeting.

Budget Implications

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

Budget – Whole of Life Cost

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

Council Policy Compliance

There is no current Council Policy relevant to this item.

Risk Assessment

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

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Biannual Compliance Task Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<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

This biannual report captures the last six (6) months of the 2021 calendar year (July 2021 to December 2021). Please refer Confidential Attachment provided Under Separate Cover for the compliance tasks identified. Responsible officers have provided an audit score of the progression of each task together with any necessary commentary to support the achievement of legislative compliance.

The next biannual compliance task report will be presented to the September 2022 committee meeting.

8.4 Title: 2021 JLT Public Sector Risk Report

<i>Reporting Department:</i>	<i>Corporate & Governance Directorate</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>Appendix AAR: 8.4A -2021 JLT Public Sector Risk Report Appendix AAR: 8.4B - Risk Assessment</i>

Note: Cr Perks left the meeting at 2.28pm and returned at 2.29pm.

Overview

The purpose of this report is to present to the Audit and Risk Committee the 2021 JLT Public Sector Risk Report (refer Appendix AAR: 8.4A).

Background

This is the fourth edition of the JLT Public Sector Risk Report which delivers a summary of the risk information that has been provided by various local governments across Australia. The report also acknowledges LG Professionals Australia who provided assistance to JLT with the collection of data.

The report details the key local government risks and prioritises them based upon specialised local government experience and knowledge. This report has captured strategic input from executive's right across the sector during 2021 as well as providing insight into what has changed compared to the historic information provided by Councils in earlier editions. The aim of the report is to build awareness of risks that support local governments' long-term planning and consideration of future events.

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. This report will assist with providing committee members and stakeholders with an overview of 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

The 2019 JLT Public Sector Risk Report was presented to the Audit and Risk Committee in March 2020.

Budget Implications

To remain up-to-date with emerging risk in the industry, it is 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

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 – Risk Management*
- *Procedure PR036 – Risk Management*
- *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: 8.4B).

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2021 JLT Public Sector Risk 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</p> <p>Reputational</p> <p>Not considering the local government industry risks noted in the JLT report could have implications towards managing risk in accordance with Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i> Council’s reputation could be seen in a negative light for not considering industry reported risk and the potential impact this could have to long-term planning.</p>

Officer Comment

Council affords considerable attention towards risk management, as demonstrated by the Shire of Dardanup Risk Management Governance Framework (the Framework) and risk assessment processes that have filtered through to Council's operations (Council reports, projects, event planning, work health & safety, contractor management, and liability risk).

The 2021 JLT Public Sector Risk Report highlights the complex and changing nature of local government operations. Over the last two years, LG's across Australia have been severely impacted by the COVID-19 pandemic and other catastrophic events such as bushfires, storms, floods, cyclones and cyber-attacks. These unprecedented events have resulted in revenue challenges and an increase in community support packages, while still continuing to deliver services to the community.

The report demonstrates that the events over the past two years have heavily influenced how LG's have considered their top 14 risks, which have been ranked as follows:

1. Financial sustainability;
2. Cyber security;
3. Assets & infrastructure;
4. Disaster or catastrophic events;
5. Reputation;
6. Business continuity;
7. Climate change/adaptation;
8. Impact of pandemic;
9. Statutory & regulatory requirements;
10. Ineffective governance;
11. Waste management
12. HR/WHS management;
13. Civil liability claims; and
14. Terrorism.

It is encouraging to note that all 14 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 Framework.

The following table shows the movement of risk as reported by JLT Public Sector from 2018 to 2021:

	2018	2019	2020	2021
1	Financial Sustainability	Financial Sustainability	Financial Sustainability	Financial Sustainability
2	Theft, fraud and/or crime	Cyber Security	Assets & Infrastructure	Cyber Security
3	Reputation	Reputation	Disaster or Catastrophic Events	Assets & Infrastructure
4	Statutory & Regulatory Requirements	Natural Catastrophes	Cyber Security	Disaster or Catastrophic Events
5	Environmental Management	Climate Change / Adaptation	Reputation	Reputation
6	Assets & Infrastructure	Assets & Infrastructure	Business Continuity	Business Continuity
7	Natural Catastrophes	Statutory & Regulatory Requirements	Waste Management	Climate Change / Adaptation

	2018	2019	2020	2021
8	Cyber Security	Ineffective Governance	Statutory & Regulatory Requirements	Impact of Pandemic
9	Business Continuity	Business Continuity	Climate Change / Adaptation	Statutory & Regulatory Requirements
10	Ineffective Governance	HR/WHS Management	HR/WHS Management	Ineffective Governance
11	HR/WHS Management	Environmental Management	Ineffective Governance	Waste Management
12	Errors, omissions or civil liability exposure	Errors, omissions or civil liability exposure	Theft, fraud and crime threats (including social media)	HR/WHS Management
13		Theft, fraud and/or crime	Errors, omissions or civil liability exposure	Civil Liability Claims
14		Terrorism	Terrorism	Terrorism

The intricacy and variety of risks impacting Council are changing at a rapid rate. The Senior Corporate Governance 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.

In addition, the external 3-yearly review of the Framework will be undertaken in the first half of 2022 by Councils' insurer LGIS. The Audit and Risk Committee will be provided with an opportunity to consider the appropriateness and effectiveness of the Framework post-review, which is scheduled to occur at the June 2022 committee meeting.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation - No Change.

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

AAR 05-22 MOVED - Cr T Gardiner SECONDED - Cr M Hutchinson

THAT the Audit and Risk Committee receive the 2021 JLT Public Sector Risk Report (Appendix AAR: 8.4A) and note the 14 sector risk priorities identified.

CARRIED
5/0

8.5 Title: OAG – Audit Practice Statement February 2022

<i>Reporting Department:</i>	<i>Corporate & Governance Services</i>
<i>Reporting Officer:</i>	<i>Mrs Cindy Barbetti – Senior Corporate Governance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996</i>
<i>Attachments:</i>	<i>Appendix AAR: 8.5A – Audit Practice Statement February 2022</i> <i>Appendix AAR: 8.5B – Risk Assessment</i>

Overview

This report provides the Audit and Risk Committee with the Audit Practice Statement released by the Office of the Auditor General (OAG) in February 2022.

Background

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on 28 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 Office of the Auditor General for Western Australia.

The OAG audits approximately 145 local governments and regional councils across Western Australia. As part of this audit function, any reports and audit opinions released are tabled in Parliament to promote accountability and transparency. To assist in this function, the OAG is guided by their Audit Practice Statement (refer Appendix AAR: 8.5A) which offers a concise summary of why they audit, who they audit and how they audit. The Statement also informs Parliament of any major change in the extent or character of the audit function.

As an overview, the Statement details the following OAG audit functions:

- Types of audits undertaken;
- How the public sector is supported through the release of Better Practice Guides;
- OAG principles and approach to how they audit;
- How audit topics are chosen;
- Forming an opinion on ministerial notifications; and
- The oversight and review process that the OAG is subject to.

Legal Implications

Local Government Act 1995

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;*

- (b) *and*
in relation to a performance audit — the Auditor General;

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 version of the Audit Practice Statement was released in July 2018.

Budget Implications

None.

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:8.5B) for full assessment document.

Tier 1 – No discernible Inherent Risk has been identified (no Risk Theme or Consequence).	
Risk Event	OAG – Audit Practice Statement February 2022 <i>The Audit Practice Statement is a guiding document to assist the Auditor General in their audit function, as required by the Auditor General Act 2006. The Audit and Risk Committee are simply receiving this report as an informing matter only, therefore there is no discernible risk to Council.</i>
Inherent Risk Rating (prior to treatment or control)	Not Applicable
Risk Action Plan (treatment or controls proposed)	Not Applicable
Residual Risk Rating (after treatment or controls)	Not Applicable
Risk Category Assessed Against	Not Applicable

Officer Comment

The release of the Audit Practice Statement has no direct implications for the Shire of Dardanup as it is a statutory requirement for the Auditor General only. It is provided to members of the Audit and Risk Committee as an informing document only.

Council Role - Executive/Strategic.

Voting Requirements - Simple Majority.

Change to Officer Recommendation - No Change.

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

AAR 06-22 MOVED - Cr M Bennett SECONDED - Cr M Hutchinson

THAT the Audit and Risk Committee receive the report on the OAG - Audit Practice Statement February 2022.

CARRIED
5/0

8.6 Title: Cyber Security Role

<i>Reporting Department:</i>	<i>Corporate & Governance Directorate</i>
<i>Reporting Officer:</i>	<i>Mr Chris Murray - Manager Information Services</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Audit) Regulations</i>
<i>Attachments:</i>	<i>Appendix AAR: 8.6 – Risk Assessment</i>

Overview

This report is to inform the Audit & Risk Committee of the progress to date regarding the implementation of the Cyber Security Administrator role.

Background

The establishment of the Cyber Security Administrator role was considered by Council on the 27th October 2021 where the following was resolved (OCM 353-21):

THAT Council:

1. *Receive the IT Services & ERP Review Report – August 2021 [Appendix BCD: 16.2A] conducted by TANGO Information Technology.*
2. *Endorse the calling of Expressions of Interest for a new ERP system for the Shire of Dardanup, with the information provided through the EOI used to develop a detailed ERP Business Case and Project Plan (ERP Report) for Council's future consideration.*
3. *Endorse the proposed Information Services staffing realignment outlined in Confidential Item 16.3 and Attachment 1, including:*
 - a) *the creation of a contracted ERP Project Manager role (1.0 FTE) funded from the IT Reserve; and*
 - b) *the creation of a Cyber Security Administrator role (0.6 FTE with 0.2 FTE shared);*

with the Workforce Plan, 2021/22 budget and LTFP updated to reflect these changes.

The 'ICT Review – ERP Project Initiation Report' was prepared by contractor TANGO Information Technology and was tabled for consideration. Specifically, the recommended and endorsed resolution from the Council meeting included 3. b) *The creation of a Cyber Security Administrator role (0.6 FTE with 0.2 FTE shared)*

The role was previously incorporated as part of the duties of the IT Manager. As a result of the restructure and personnel changes, the position has been replaced by an IT Team Leader and the Cyber Security component has been removed from the Position Description to become a dedicated role.

Cyber Security incidents are increasing each year and current advice from the Joint Cyber Security Centre is recommending that all Australian organisations should work to enhance their security posture urgently, including as a response to heightened threats from Russia as a result of the current tensions.

The Office of the Auditor General provided a report into Cyber Security in Local Government in November 2021 and made a number of recommendations as follows:

All LG entities should adopt:

- 1. Cyber security policies aligned to relevant cyber security frameworks and standards, such as the Australian Government Information Security Manual;*
- 2. Processes to identify, understand, and address relevant cyber security risks;*
- 3. Relevant controls from the Australian Cyber Security Centre's Essential Eight mitigation strategies;*
- 4. Ongoing awareness raising programs to education staff on cyber security risks;*
- 5. Technical controls to detect and prevent phishing emails;*
- 6. Processes to identify and address vulnerabilities affecting their internal and external IT infrastructure;*
- 7. Appropriate cyber security incident response strategies covering:*
 - a). cyber security incident response plan;*
 - b). Business continuity plan;*
 - c). Disaster recovery plan;*
 - d). Technical controls to detect, alert and prevent cyber intrusions.*

The Cyber Security role will be pivotal in assessing the Council's security posture and compliance with these recommendations, including incorporating these into an overarching Cyber Security Strategy for the Shire to be implemented organisation-wide.

With regard to the establishment of the Cyber Security Administrator, the following are the actions that have been undertaken to date:

- Position creation and the development of a Job Description Form and position creation;
- Recruitment commenced and the role was advertised and one response was received;
- After conducting a formal interview on the 13th of December 2021 the applicant was found to not have the necessary skills and experience and was found unsuitable for the role;
- In November 2021 a letter was prepared for the Shire of Harvey to seek their interest in sharing the resource and funding the additional FTE component. To date no response has been received;
- Following the unsuccessful selection process and lack of response from Harvey Shire, a number of external vendors were approached to provide submissions and pricing to provide the role on a contract basis. This action is consistent with the commentary in the Council meeting agenda where it was noted this may need to be a contracted service;
- A vendor has been selected that has the appropriate skills and experience to provide the role as a service; and
- As a short term solution, the engagement of Enterprise Security Services (ES2) on a three month contract is being considered.

The intention is that the short term Cyber Security as a Service arrangement with the suitably qualified vendor will be put in place while the strategy for the longer term is decided.

Legal Implications

Local Government Act 1995, Contract conditions.

Strategic Community Plan

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

Environment

None.

Precedents

The Shire of Dardanup has on a number of occasions entered into short-term contracts with external vendors when a suitably qualified and experience person hasn't been sourced for a Council position.

Budget Implications

The Cyber Security Administrator was intended to be engaged as a Level 10 employee for 2 days per week (0.4 FTE). The cost of the vendor engagement as a service is significantly higher than wages and salaries at this level. Quotes were received for a 3 month engagement at 2 days per week that ranged from \$33,000.00 – \$44,000.00. The recommended vendor came in at the lower end of this scale at \$33,000.00.

Budget funds are available in GL#1412031 *Software licensing and Services* to fund the managed Service approach for the remainder of the 2021/22 financial year. Saving's commensurate with Level 10 (0.4 FTE) will be made in Salaries and Wages to offset this contract cost.

Budget – Whole of Life Cost

As this is a short term arrangement the intention is the current cost would be a one off expenditure until guidance and decisions can be made on the longer term approach.

Council Policy Compliance

Council Policy CnP CP126 – *Cyber Security*.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.6) for full assessment document.

TIER 3 – 'High' or 'Extreme' Inherent Risk.		
Risk Event	Cyber Security Role	
Inherent Risk Rating (prior to treatment or control)	High (12 - 19)	
Risk Action Plan (treatment or controls proposed)	Engage vendor for "Cyber Security as a Service" approach for 3 months pending longer term arrangements.	
Residual Risk Rating (after treatment or controls)	Moderate (5 - 11)	
Risk Category Assessed Against	Financial	Cost of recovering from incident, would include ransomware, recovering data, delayed or loss of revenue.
	Service Interruption	Protracted outage affecting business activities of the Shire

TIER 3 – ‘High’ or ‘Extreme’ Inherent Risk.		
	Legal and Compliance	State Records Act, Privacy Breach, Litigation as a result from inappropriate PII data release
	Reputational	Possible adverse headline and media coverage from data or privacy breach.

Officer Comment

The Information Services department have been working on improving the security posture of the Shire of Dardanup and are currently implementing a 24x7 Monitoring and Response managed service through Dell Australia. Information Services is implementing Vulnerability Scanning as an urgently required activity. Planning is currently occurring for an enhanced backup and disaster recovery model. The intention is to also engage Enterprise Security Solutions (ES2) to provide the dedicated Cyber Security capability to the Shire of Dardanup for the initial 3 month engagement.

Having a dedicated Cyber Security resource will provide an assurance layer of protection for the Shire of Dardanup’s data and systems, and is intended to commence with the development of an overarching organisation-wide Cyber Security Strategy.

Council Role - Executive/Strategic

Voting Requirements - Simple Majority.

Change to Officer Recommendation - No Change.

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

AAR 07-22 MOVED - Cr T Gardiner SECONDED - Cr P Perks

THAT the Audit & Risk Committee recommend that Council notes the steps taken to fill the Cyber Security Administrator position and the alternate short-term vendor supplied “as a service” approach to implementing this capability.

CARRIED
5/0

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

None.

10. NEW BUSINESS OF AN URGENT NATURE

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

None.

11. MATTERS BEHIND CLOSED DOORS

None.

12. CLOSURE OF MEETING

The date of the next Audit & Risk Committee Meeting will be Wednesday, 8th of June 2022.

There being no further business the Chairperson declared the meeting closed at 2.44pm.