



AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

MINUTES

SECTION 5.9(2)(a) LGA 1995

Committee Brief

1. *Provide guidance and assistance to the local government -*
 - a) *as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - b) *as to the development of a process to be used to select and appoint a person to be an auditor; and*
2. *May provide guidance and assistance to the local government as to -*
 - a) *matters to be audited; and*
 - b) *the scope of audits; and*
 - c) *its functions under Part 6 of the Act; and*
 - d) *the carrying out of its functions relating to other audits and other matters related to financial management; and*
3. *Is to review a report given to it by the CEO under Regulation 17(3) (the CEO's report) and is to -*
 - a) *report to the Council the results of that review; and*
 - b) *give a copy of the CEO's report to the Council.*

A meeting of the Audit and Risk Management Committee
was held in the Committee Room
Lowood Road, Mount Barker WA 6324,
at 1.30pm Tuesday 22 March 2022.


Cameron Woods
CHIEF EXECUTIVE OFFICER

Committee Members

C Pavlovich, Cr A Fraser, Cr M O'Dea and Cr K Woltering (Council 171/21)

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Membership

C Pavlovich (Presiding Member)

Cr A Fraser

Cr M O'Dea

Cr K Woltering

Cr J Oldfield (Deputy for any member)

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**2 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**

1.30 pm The Presiding Member declared the meeting open.

3 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCEMembers Present

Cr C Pavlovich – Presiding Member
Cr A Fraser (joined via video conference)
Cr M O’Dea
Cr K Woltering

Visitors

Cr B Bell (from 1.39pm)
Cr L Handasyde (from 1.39pm)
Cr S Etherington (from 1.40pm)

Staff

Mr C Woods – Chief Executive Officer
Mr J Fathers – Deputy Chief Executive Officer

4 CONFIRMATION OF MINUTES

Moved Cr M O’Dea, seconded Cr A Fraser:

That the Minutes of the Ordinary meeting of the Audit and Risk Management Committee, held on 21 December 2021 as circulated, be taken as read and adopted as a correct record.

CARRIED

5 DISCLOSURE OF INTEREST

Part 5 Division 6 Local Government Act 1995

Nil

6 REPORTS OF COMMITTEE MEMBERS AND OFFICERS

6.1 COMPLIANCE AUDIT RETURN 2021

File Ref:	N57644
Attachment:	<u>Compliance Audit Report 2021</u>
Responsible Officer:	John Fathers Deputy Chief Executive Officer
Author:	Donna Fawcett Human Resources Coordinator
Proposed Meeting Date:	22 March 2022

PURPOSE

The purpose of this report is to recommend to the Council the adoption of the Compliance Audit Return for the calendar year 1 January 2021 to 31 December 2021.

BACKGROUND

A Compliance Audit is required to be completed once in each calendar year.

STATUTORY ENVIRONMENT

The Compliance Audit is required pursuant to Section 7.13 of the Local Government Act 1995. The Local Government (Audit) Regulations 1996 includes the following sub regulations in Regulation 14:

- ‘(3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be –*
- (a) presented to the council at a meeting of the council; and*
 - (b) adopted by the council; and*
 - (c) recorded in the minutes of the meeting at which it is adopted.’*

After the Compliance Audit Return has been presented to the Council, a certified copy of the return together with:

- (a) A copy of the relevant section of the minutes referred to in the regulations; and*
- (b) any additional information explaining or qualifying the Compliance Audit is to be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2021.*

EXTERNAL CONSULTATION

Not applicable.

FINANCIAL IMPLICATIONS

There are no financial implications for this report.

BUDGET IMPLICATIONS

There are no budget implications for this report.

POLICY IMPLICATIONS

Policy implications do not apply for this report and it is the opinion of the author that policy development is not required.

LEGAL IMPLICATIONS

There are no legal implications for this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as no assets are being created or acquired.

STRATEGIC IMPLICATIONS

The Shire of Plantagenet Strategic Community Plan 2017-2026 provides at Outcome 4.6 (Effective and efficient corporate and administrative services) the following Strategy:

Strategy 4.6.1:

'Provide a full range of financial services to provide accurate recording, management, security and reporting functions.'

Accordingly, the recommended outcome for this report aligns with the Strategic Community Plan.

The Shire of Plantagenet Corporate Business Plan 2016/2017 – 2020/2021 includes Action 4.6.1.2 – Ensure the Audit function is carried out in accordance with legislative requirements.

STRATEGIC RISK IMPLICATIONS

A key element of the Strategic Risk Register relates to 'Failure to Fulfil Compliance Requirements (Statutory, Regulatory)'. This section of the register contains a number of key controls, one of them being the Compliance Audit Return. Currently, the overall control rating is assessed as adequate.

REGIONAL IMPLICATIONS

There are no regional implications for this report.

OFFICER COMMENT

The total number of questions in each section and the compliance with those questions is detailed in the following table. The Compliance Audit revealed two areas of non-compliance under the Optional Questions.

Section	Questions	Compliance
Commercial Enterprises by Local Governments	5	5
Delegation of Power / Duty	13	13
Disclosure of Interest	25	25
Disposal of Property	2	2

Elections	3	3
Finance	7	7
Integrated Planning & Reporting	3	3
Local Government Employees	6	6
Official Conduct	3	3
Optional Questions	9	7
Tenders for Providing Goods & Services	22	22
Total	98	96

The completed Compliance Audit Return is attached to the report. The following comments are made in respect to the non-compliances.

1. Section 5(2)(c) of the Local Government (Financial Management) Regulations requires the CEO to review 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.

The last review under this regulation was done in June 2018. Given the Implementation of Synergysoft and the relatively late appointment of a contract auditor by the Audit General, it was determined that it would be more appropriate to wait until the new system and its processes are bedded in. Now that Lincolns have been appointed as the contract auditor, Moore Stevens has been appointed to do the Financial Management Review. As our auditor, Lincolns would be prevented from doing it.

2. Section 5.127 of the Local Government Act requires a local government to prepare a report for each financial year on the training completed by council members in the financial year and to publish the report on the local government's official website within 1 month after the end of the financial year.

While there was no councillor training undertaken during the year, the report was not completed until recently. This has now been added to the annual governance calendar as a reminder.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION / COMMITTEE DECISION

Moved Cr M O'Dea, seconded Cr K Woltering:

That it be a recommendation to the Council:

That the Compliance Audit Return for the calendar year 1 January 2021 to 31 December 2021 be adopted and submitted to the Department of Local Government, Sport and Cultural Industries.

CARRIED

7 GENERAL BUSINESS

7.1 STRATEGIC RISK REGISTER

It was noted that the administration is currently in the process of reviewing the strategic risk register for presentation to the committee. The committee requested that a report be prepared relating to the current state of play with regard to storm damage repairs, including progress of works and recoup of funds, betterment, level of relevant reserve funds and cash flow implications.

8 NEXT MEETING

To be advised.

9 CLOSURE OF MEETING

1.45 pm The Presiding Member declared the meeting closed.

CONFIRMED: PRESIDING MEMBER _____ **DATE:** ____/____/____