



AGENDA

Audit and Risk Committee
6 March 2024



NOTICE OF MEETING

Dear Committee Members,

In accordance with the provisions of Section 5.5 of the Local Government Act, you are hereby notified that the Audit and Risk Committee Meeting has been convened for:

Date: Wednesday 6 March 2024
At: Shire Council Chambers
1 Longhurst Street, Narembeen
Commencing: 4.00pm

Rebecca McCall
Chief Executive Officer

29 February 2024

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1.	Official Opening and Welcome
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2.	Record of Attendance / Apologies / Leave of Absence
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Councillors:

Cr SW Scott	President
Cr HA Cusack	Deputy President
Cr TW Cole	
Cr MJ Currie	
Cr HJ Bald	
Cr CD Bray	
Cr AM Hardham	

Staff:

Ms R McCall	Chief Executive Officer
Mr B Forbes	Executive Manager Corporate Services
Ms K Conopo	Senior Administration Officer

Member of Public:

Apologies:

3	Disclosure of Interest
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4	Application for Leave of Absence
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5	Deputations/ Petitions/ Presentations/ Submissions
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6	Confirmation of Previous Meetings
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6.1 Audit and Risk Committee Meeting 19 December 2023
Attachment 6.1A

Voting Requirements

☒ Simple Majority ☐ Absolute Majority

Officers Recommendation – Item 6.1

That the minutes of the Shire of Narembeen Audit and Risk Committee Meeting held on Tuesday 19 December 2023, as presented, be confirmed as a true and correct record of proceedings.

7.	Officer Reports
7.1	2023 Compliance Audit Return

Date:	28 February 2024
Location:	N/A
Responsible Officer:	Ben Forbes, Executive Manager Corporate Services
Author:	Ben Forbes, Executive Manager Corporate Services
File Reference	ADM129
Previous Meeting Reference	Nil
Disclosure of Interest:	Nil
Attachments:	7.1A Compliance Audit Return Responses 7.1B – 7.1K Supporting Documentation

	Purpose of Report
<input type="checkbox"/>	Executive Decision
<input checked="" type="checkbox"/>	Legislative Requirement

	Summary
For the Audit and Risk Committee to endorse the completed Compliance Audit Return 2023.	

	Background
All local governments across the State are required by legislation to undertake a compliance audit return every calendar year.	

The return is an internal audit of performance against several requirements of the Local Government Act 1995 (the Act) and the associated regulations. The sections of the Act and the particular regulations covered by the return are specifically chosen by the Department of Local Government, Sport and Cultural Industries (the Department) as they are deemed to be 'high risk' areas of non-compliance. These areas include:

- commercial Enterprises by Local Governments
- delegation of Powers
- disclosures of Interest
- disposal of Property
- elections
- finance
- integrate Planning and Reporting
- local Government Employees
- official Conduct
- procurement (tendering).

The Compliance Audit Return for the previous year must be submitted to the Department by 31 March, following endorsement by the Local Government's Audit and Risk Committee and adoption by Council.

Comment

Management noted several areas of non-compliance for the Compliance Audit Return for the year ended 31 December 2023:

Section of the Act or Regulation	Requirements	Comments
S5.42(2)	Delegations to the CEO to be in writing	Oversight; should have been done on appointment of new CEO
S5.42(2)	Delegations by the CEO to employees to be in writing.	Oversight; should have been done on appointment of staff or changes to existing delegations
S5.46(3)	Keep a written record for all instances of delegated authority being exercised.	Historically never done; has subsequently been implemented but does not capture all instances for the year.
S5.121(3)	Publish an up-to-date copy of the complaints register on the website.	The complaints register is newly implemented and was not on the website for the full year.
Functions and General Regulation #17	Publish the tender register on the website.	The tender register is newly implemented and wasn't on the website for the full year.

Consultation

Chief Executive Officer

Statutory Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996

14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (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 subregulation (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.

[Regulation 14 inserted: Gazette 23 Apr 1999 p. 1724-5; amended: Gazette 30 Dec 2011 p. 5580-1.]

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
 - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- (2) In this regulation —

certified in relation to a compliance audit return means signed by —

(a) the mayor or president; and

(b) the CEO.

[Regulation 15 inserted: Gazette 23 Apr 1999 p. 1725; amended: Gazette 26 Jun 2018 p. 2386.]

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Strategic Priority: 4. Civic Leadership

Objective: Well governed and efficiently managed Local Government

Strategy: 4.2 Compliant and resourced Local Government

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Risk Implications

Risk Profiling Theme	Failure to Fulfill Statutory, Regulatory or Compliance Requirements
Risk Category	Compliance
Consequence Description	No noticeable regulatory or statutory impact
Consequence Rating	Insignificant (1)
Likelihood Rating	Rare (1)
Risk Matrix Rating	Low (1)
Key Controls in Place	Governance Calendar, Financial Management Framework and Legislation
Action / Treatment	Nil
Risk Rating After Treatment	Adequate

Financial Implications

Nil

Voting Requirements



Simple Majority



Absolute Majority

Officers Recommendation – Item 7.1

That the Committee endorse the 2023 Compliance Audit Return, as attached, and promote the return to Council for adoption.

7.2 Audit and Risk Terms of Reference

Date:	28 February 2024
Location:	Not Applicable
Responsible Officer:	Rebecca McCall, Chief Executive Officer
Author:	Rebecca McCall, Chief Executive Officer
File Reference	ADM588
Previous Meeting Reference	Nil
Disclosure of Interest:	Nil
Attachments:	7.2A Audit and Risk Terms of Reference

Purpose of Report

☒ Executive Decision ☐ Legislative Requirement

Summary

This item presents the Audit and Risk Committee Terms of Reference to the Audit and Risk Committee for consideration and, if satisfactory, recommend for adoption.

Background

The Section 7.1A of the *Local Government Act 1995* (the Act) requires that all local governments establish an Audit & Risk Committee ("the committee"). The committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability, and internal and external audit functions.

The purposed Terms of Reference (TOR) for the committee outlines the framework and guidelines for the establishment and functioning of this committee within the Shire of Narembeen. By setting out objectives, authority, membership, role, responsibilities, and operational procedures, the TOR ensures clarity and transparency in the committee's functions.

The purpose of the TOR is to provide a structured approach to governance and oversight, specifically in areas related to financial reporting, internal controls, risk management, compliance ethics, and auditing. It serves as a blueprint for the committee's activities, guiding members in fulfilling their duties effectively and ensuring alignment with legal requirements, best practices, and organisational objectives.

Comment

The relevance of the TORs lies in the ability to enhance accountability, transparency, integrity within local government operations. It establishes clear expectations for the committee's role in mitigating risk, safeguarding assets, and promoting ethical behaviour. The TOR will assist build confidence among stakeholders by demonstrating a commitment to sound governance practices and responsible stewardship of the Shire's resources. Overall, the TOR serves as a tool for promoting good governance and strengthening the effectiveness of the Audit and Risk Committee in fulfilling its role.

The proposed TOR is provided to the committee for consideration, with the aim to subsequently recommending them for adoption by the Council.

Consultation

Executive Manager Corporate Services
Councillors – Discussion Forum February 2024

Statutory Implications

Section 7.1A of the *Local Government Act 1995* requires that all local governments establish an Aust and Risk Committee.

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Strategic Priority: 4. Civic Leadership
Objective: Well governed and efficiently managed Local Government
Strategy: 4.2 Compliant and resourced Local Government

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Risk Implications

Risk Profiling Theme	Failure to Fulfill Statutory, Regulatory or Compliance Requirements
Risk Category	Compliance
Consequence Description	No noticeable regulatory or statutory impact
Consequence Rating	Insignificant (1)
Likelihood Rating	Rare (1)
Risk Matrix Rating	Low (1)
Key Controls in Place	Risk Management Framework
Action / Treatment	Nil
Risk Rating After Treatment	Adequate

Financial Implications

There are no financial implications to Council in relation to this item as it outlines the framework and guidelines for the establishment and functioning of this committee within the Shire of Narembeen.

Voting Requirements

☒ Simple Majority

☐ Absolute Majority

Officers Recommendation – Item 7.2

That Audit and Risk Committee accepts the Audit and Risk Committee Terms of Reference as presented in Attachment 7.2A.

7.3 Risk Dashboard – Quarterly Report – February 2024

Date:	28 February 2024
Location:	Not Applicable
Responsible Officer:	Rebecca McCall, Chief Executive Officer
Author:	Rebecca McCall, Chief Executive Officer
File Reference	ADM588
Previous Meeting Reference	Nil
Disclosure of Interest:	Nil
Attachments:	7.3A Risk Dashboard Quarterly Report – February 2024

Purpose of Report

☒ Executive Decision ☐ Legislative Requirement

Summary

This item presents the Risk Dashboard – quarterly monitoring report for February 2024 to the Audit and Risk Committee for consideration and, if satisfactory, receive.

Background

The Risk Management Framework for the Shire of Narembeen sets out the approach to the identification, assessment, management, reporting and monitoring of risks. The objective is to ensure that all areas of the Shire adopt the outlined procedures to ensure:

- strong corporate governance;
- compliance with relevant legislation, regulations and internal policies;
- integrated Planning and Reporting requirements are met; and
- uncertainty and its effects on objectives are understood.

The Shire has adopted a ‘Three Lines of Defence’ model for the management of risk. This model ensures roles, responsibilities, and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the council, management, and community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate, and operational plans.

The Shire qualified its risk appetite through the development of the Shire’s Risk Assessment and Acceptance Criteria.

There is a requirement to assess and manager the risk profiles on an ongoing basis to monitor risks and treatments.

Comment

The quarterly review of risk profiles assessed emerging risks, control effectiveness and key indicator performance. Assigned actions are reflective of current risks and control environment.

The Risk Dashboard – Quarterly Review for February 2024 is presented to the Audit and Risk Committee for its review.

Consultation

Executive Manager Corporate Services

Statutory Implications

Australian Standard ISO 3100.

Western Australian Local Government Accounting Manual Section 7 outlines the internal control framework related to internal control and risk management.

Policy Implications

Risk Management Framework

Strategic Implications

Strategic Community Plan

Strategic Priority: 4. Civic Leadership

Objective: Well governed and efficiently managed Local Government

Strategy: 4.2 Compliant and resourced Local Government

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Risk Implications

Risk Profiling Theme	Failure to Fulfill Statutory, Regulatory or Compliance Requirements
Risk Category	Compliance
Consequence Description	No noticeable regulatory or statutory impact
Consequence Rating	Insignificant (1)
Likelihood Rating	Rare (1)
Risk Matrix Rating	Low (1)
Key Controls in Place	Risk Management Framework
Action / Treatment	Nil
Risk Rating After Treatment	Adequate

Financial Implications

There are no financial implications to Council in relation to this item as the Risk Dashboard identifies and evaluates risk.

Voting Requirements

☐ Simple Majority

☐ Absolute Majority

Officers Recommendation – Item 7.3

That Audit and Risk Committee receives the Risk Dashboard Quarterly Report – February 2024 as presented in Attachment 7.3A.

8. Other Business

9. Closure of Meeting

Details of the next meeting will be advised.

There being no further business, the chair declared the meeting closed at ____pm