



MINUTES

AUDIT & RISK MANAGEMENT COMMITTEE

held on

Thursday, 14 March 2024 at 6:00pm

at the

**Shire of Morawa Council Chambers,
26 Winfield Street, Morawa**



WESTERN AUSTRALIA'S
WILDFLOWER COUNTRY

'This meeting is being recorded on audio tape and to assist with minute taking purposes. The public is reminded that in accordance with Section 6.16 of the Shire of Morawa Meeting Procedures Local Law 2012 that nobody shall use any visual or vocal recording device or instrument to record the proceedings of Council without the written permission of the presiding member.'

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Morawa for any act, omission, statement or intimation occurring during Council Meetings. The Shire of Morawa disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission, and statement of intimation occurring during Council Meetings.

Any person or legal entity that acts or fails to act in reliance upon any statement, act or omission occurring in a Council Meeting does so at their own risk. The Shire of Morawa advises that any person or legal entity should only rely on formal confirmation or notification of Council resolutions.

DISCLOSURE OF FINANCIAL/ IMPARTIALITY/ PROXIMITY INTERESTS

Local Government Act 1995 – Section 5.65, 5.70 and 5.71 Local Government (Administration) Regulation 34C

<i>This form is provided to enable members and officers to disclose an Interest in a matter in accordance with the regulations of Section 5.65, 5.70 and 5.71 of the Local Government Act and Local Government (Administration) Regulation 34C</i>			
Name of person declaring the interest			
Position			
Date of Meeting			
Type of Meeting (Please circle one)	Council Meeting/ Committee Meeting/ Special Council Meeting Workshop/ Public Agenda Briefing/ Confidential Briefing		
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality

Signature: _____

Date: _____

Important Note: Should you declare a **Financial** or **Proximity** Interest, in accordance with the Act and Regulations noted above, you are required to leave the room while the item is being considered. For an **Impartiality** Interest, you must state the following prior to the consideration of the item:

“With regard to agenda item (read item number and title), I disclose that I have an impartiality interest because (read your reason for interest). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”

This page is blank intentionally.

Item 1	Opening of Meeting	6
Item 2	Acknowledgement of Traditional Owners and Dignitaries.....	6
Item 3	Recording of Attendance	6
3.1	Attendance	6
3.2	Apologies.....	6
3.3	Approved Leave of Absence.....	6
3.4	Disclosure of Interests	6
Item 4	Applications for Leave of Absence	6
Item 5	Response to Previous Questions	6
Item 6	Questions from Members without Notice.....	6
Item 7	Announcements by Presiding Member without Discussion	7
Item 8	Declarations of All Members to have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting.....	7
Item 9	Confirmation of Minutes of Previous Meeting	7
Item 10	Reports of Officers.....	8
10.1	2022-2023 Regulation 17 Actions Update	8
10.2	2023 Compliance Audit Return.....	10
10.3	2022 Financial Management Review – Status Report Update	13
Item 11	Motions of Which Previous Notice Has Been Given	15
Item 12	New Business of an Urgent Nature	15
Item 13	Closure	15
13.1	Date of Next Meeting.....	15
13.2	Closure	15

Item 1 Opening of Meeting

The Presiding Member declared the meeting open at 6:00pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The Presiding Member acknowledges the traditional custodians, the Yamatji people, and recognises the contribution of Yamatji Elders past, present and future, in working together for the future of Morawa.

Item 3 Recording of Attendance**3.1 Attendance****Committee Members – Electronic Attendance**

President Councillor Karen Chappel (Presiding Member)
Councillor Debbie Collins

Committee Members – In Person Attendance

Deputy President Councillor Ken Stokes
Councillor Diana North

Staff – In Person Attendance

Chief Executive Officer
Executive Manager Corporate & Community Services

Scott Wildgoose
Jackie Hawkins

3.2 Apologies

Nil

3.3 Approved Leave of Absence

Nil

3.4 Disclosure of Interests

Nil

Item 4 Applications for Leave of Absence

Nil

Item 5 Response to Previous Questions

Nil

Item 6 Questions from Members without Notice

Nil

Item 7 Announcements by Presiding Member without Discussion

Nil

Item 8 Declarations of All Members to have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

The Committee Members to declare that they had given due consideration to all matters contained in the agenda.

- President Councillor Karen Chappel (Presiding Member)
- Deputy President Councillor Ken Stokes
- Councillor Debbie Collins
- Councillor Diana North

Item 9 Confirmation of Minutes of Previous Meeting

The Minutes of the 18 December 2023 Audit & Risk Management Committee Meeting were provided under separate cover via the Shire of Morawa’s secure portal to all Councillors on 19 December 2023.

OFFICER’S RECOMMENDATION/RESOLUTION

240301 Moved: Cr Stokes Seconded: Cr Collins

That the Audit Committee Meeting Minutes held on Thursday, 18 December 2023 are confirmed to be a true and correct record.

CARRIED BY SIMPLE MAJORITY 4/0

Disclaimer

Members of the public are cautioned against taking any action on Council decisions, on items in this agenda in which they may have an interest, until formal notification in writing from the Shire has been received. Decisions made at this meeting can be revoked pursuant to the Local Government Act 1995.

Item 10 Reports of Officers

10.1 2022-2023 Regulation 17 Actions Update

Author: Chief Executive Officer

Authorising Officer: Chief Executive Officer

Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER’S RECOMMENDATION/RESOLUTION

240302 Moved: Cr Collins Seconded: Cr North

That the Audit Committee:

- 1. Notes the Reg 17 review update for March 2024 and accepts the actions taken so far.**

CARRIED BY SIMPLE MAJORITY 4/0

PURPOSE

For the Audit Committee to be updated on the status of the action items relating to the 2023 Regulation 17 assessment.

DETAIL

Background

The Audit Committee (Committee) is responsible for the oversight of actions related to the *Local Government (Audit) Regulations 1996*. Regulation 17 states that the CEO is to review certain systems and procedures relating to risk management, internal control, and legislative compliance at least once in every three financial years.

The last Regulation 17 review was conducted in 2022/2023 by Civic Legal as an experienced Local Government specialised legal firm.

Regulation 17 reviews are not pass or fail and centre around embedding continuous improvement within the organisation.

A number of suggested actions were highlighted as part of the reviews findings. Council has previously endorsed the CEO’s allocated timeframes against each action with the goal of delivering all actions by the time of the next review in 2026.

Update

A full update is provided in *Attachment 1*.

A large number of items that are overdue are linked to a review of the Council Policy manual and updating of policies. This is quite a time intensive task and will likely take until late 2024 as part of the staged manual review process. Procedure and plan development delays are an unfortunate outcome of workforce shortages.

LEVEL OF SIGNIFICANCE

Medium – achieving the agreed upon action items within delivery timeframe will ensure continued improvement and compliance enhancements.

CONSULTATION

Senior Management Team

LEGISLATION AND POLICY CONSIDERATIONS

Local Government Act 1995

Local Government (Audit) Regulations 1996

Strategic Community Plan 2022 to 2032

N/A

FINANCIAL AND RESOURCES IMPLICATIONS

The delivery of some action items will involve consultant support or significant current workload reallocation. This will fall within normal budgetary constraints.

RISK MANAGEMENT CONSIDERATIONS

The Reg 17 Audit is essentially a risk mitigation/identification measure focussed on providing the Audit Committee with information relating to potential systems or procedure risk areas.

CONCLUSION

The CEO has continued to work towards achieving organisation wide compliance, with a status update of the Reg 17 Review action items as presented above.

ATTACHMENTS

Attachment 1 – 10.1a Shire of Morawa Reg 17 Action Items – March 2024 Update

10.2 2023 Compliance Audit Return

Author: Chief Executive Officer

Authorising Officer: Chief Executive Officer

Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER’S RECOMMENDATION/RESOLUTION

240303 Moved: Cr Stokes Seconded: Cr North

That with respect to the Local Government Compliance Audit Return 2023 for the Shire of Morawa, the Audit Committee recommend that Council:

1. Note and accept the Compliance Audit Return (*Attachment 1*) for the Local Government of the Shire of Morawa for the period 1 January 2023 to 31 December 2023; and
2. Request the Chief Executive Officer to submit a certified copy of the Compliance Audit Return to the Director General of the Department of Local Government Sport and Cultural Industries by 31 March 2024.

CARRIED BY SIMPLE MAJORITY 4/0

PURPOSE

The Department of Local Government, Sport and Cultural Industries (the Department) has distributed the 2023 Compliance Audit Return (the Return) for completion by the Shire of Morawa.

The Return is one of the tools that allow the Audit Committee and Council to monitor how the organisation is functioning and must be presented to Council for adoption before its submission to the Department.

Each local government is to carry out a compliance audit for the period 1 January to 31 December annually against the requirements included in the Return set out by the Department.

DETAIL

The Return identifies instances where full compliance was not achieved, providing context and/or remedial action if required, which is then endorsed by Council.

The 2023 Return has been prepared by electronic means and will be submitted via the Department’s online portal.

The Shire of Morawa Compliance Audit Report 2023 will be presented for review at the ordinary meeting of Council being held on 21 March 2024.

The Shire has seen gradual improvement across all metrics based on previous reports in recent years.

As with 2021 and 2022, the 2023 Report remains largely compliant. The area of non-compliance in 2023 is listed below.

Disclosure of Interest: One Councillor submitted their Primary Return 6 days past the permitted three (3) months for completion and lodgement.

LEVEL OF SIGNIFICANCE

Medium – requirement under *Local Government Act 1995* administered by the Department.

CONSULTATION

Chief Executive Officer
Executive Managers
Senior Staff

LEGISLATION AND POLICY CONSIDERATIONS

- *Local Government Act 1995*
- *Local Government (Administration) Regulations 1996*
- *Local Government (Rules of Conduct) Regulations 2007*
- *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 in Gazette 23 Apr 1999 p. 1724-5; amended in Gazette 30 Dec 2011 p. 5580-1.]

15. Compliance audit return, certified copy of etc. to be given to Executive Director

- (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 Executive Director 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 in Gazette 23 Apr 1999 p. 1725.]

FINANCIAL AND RESOURCES IMPLICATIONS

Nil

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Strategic Community Plan 2022 - 2032

Be future focused in all we do:

Ensure the Shire and its assets are well resourced and sustainable.

RISK MANAGEMENT CONSIDERATIONS

Shire of Morawa Risk Management Governance Framework

Appropriate governance of risk management within the Shire of Morawa provides:

- Transparency of decision making
- Clear identification of the roles and responsibilities of the risk management functions
- An effective Governance Structure to support the risk framework

CONCLUSION

The 2023 return has seen a continuation of improvement in the Shire's compliance practises and it is hoped this path of improvement will continue. No remediation action above what is already planned, is required.

ATTACHMENTS

Attachment 1 – 10.2a Compliance Audit Return 2023

10.3 2022 Financial Management Review – Status Report Update

Author: Executive Manager Corporate and Community Services

Authorising Officer: Chief Executive Officer

Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER'S RECOMMENDATION/RESOLUTION**240303****Moved: Cr North****Seconded: Cr Stokes**

That the Audit Committee:

- 1. Receive the status update report for the Financial Management Review held in 2022.**

CARRIED BY SIMPLE MAJORITY 4/0

PURPOSE

The purpose of this report is to present to the Audit & Risk Management Committee (ARMC) the Financial Management Review 2022 (FMR) status review update.

DETAIL

In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, local government CEOs are to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government not less than once in every three financial years and report to the local government the results of the reviews.

RSM Australia were engaged to undertake the review in January 2022.

From the FMR report provided management have produced a Status Report (***Attachment 1***) that lists all the outstanding issues identified and the planned actions to remedy the issues. This report has been updated with the actions taken to date and is presented to the ARMC for review.

LEVEL OF SIGNIFICANCE

Moderate– provides a representation of how effective the current controls that have been implemented at the Shire of Morawa are.

CONSULTATION

Internal

Chief Executive Officer

Finance team

LEGISLATION AND POLICY CONSIDERATIONS

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial or resource implications.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Shire of Morawa Community Strategic Plan 2022-2032

Be future focused in all we do:

1. Ensure the Shire and its assets are well resourced and sustainable.

RISK MANAGEMENT CONSIDERATIONS

Findings outlines in the FMR report are assigned a risk rating. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Preparation of a schedule of management actions and reporting progress to the ARMC ensures findings are appropriately addressed.

CONCLUSION

Whilst there are several areas where Council's systems and procedures can be improved, there are many areas where the controls in place are of a good standard.

ATTACHMENTS

Attachment 1 – 10.3a Financial Management Review Status Report Update

Attachment 2 – 10.3b FIN11 Recognition and Depreciation of Assets – Draft Policy

Item 11 Motions of Which Previous Notice Has Been Given

Nil

Item 12 New Business of an Urgent Nature

Nil

Item 13 Closure

13.1 Date of Next Meeting

The next Audit & Risk Committee will be held on Thursday, 11 July 2024 commencing at 6.00pm.

13.2 Closure

There being no further business, the President declared the meeting closed at 6:05pm.