



MINUTES

AUDIT & RISK MANAGEMENT COMMITTEE

held on

Thursday, 20 March 2025 at 4.30pm

at the

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



WESTERN AUSTRALIA'S
WILDFLOWER COUNTRY

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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.”

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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	2024 Compliance Audit Return.....	10
10.3	Appointment of Independent Committee Chairperson and Updated Terms of Reference	13
10.4	Audit Timetable.....	15
10.5	Confidential Report - Structural Assessment – Shire Depot (68 Valentine Road)	17
Item 11	Motions of Which Previous Notice Has Been Given	18
Item 12	New Business of an Urgent Nature	18
Item 13	Closure	18
13.1	Date of Next Meeting.....	18
13.2	Closure	18

Item 1 Opening of Meeting

The Presiding Member declared the meeting open at 4:31pm.

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 – In Person Attendance**

President Councillor Karen Chappel (Presiding Member)

Deputy President Councillor Ken Stokes

Councillor Diana North

Staff

Chief Executive Officer

Michael Cole

A/Executive Manager Corporate and Community Services Stuart Taylor

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

Presiding Member announced the resignation of Councillor Debbie Collins from the Audit & Risk Management Committee. A new Committee Member will be appointed at the 17 April 2025 Ordinary Council Meeting.

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 declared 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 Diana North

Item 9 Confirmation of Minutes of Previous Meeting

The Minutes of the 16 December 2024 Audit & Risk Management Committee Meeting were provided under separate cover via the Shire of Morawa’s secure portal to all Councillors on 19 December 2024.

OFFICER’S RECOMMENDATION/COMMITTEE RESOLUTION

250301

Moved: Cr North

Seconded: Cr Stokes

That the Audit & Risk Management Committee Meeting Minutes held on Monday, 16 December 2024 are confirmed to be a true and correct record.

CARRIED BY SIMPLE MAJORITY 3/0

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: Executive Assistant

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/COMMITTEE RESOLUTION

250302

Moved: Cr Stokes

Seconded: Cr North

That the Audit & Risk Management Committee:

- 1. Notes the Reg 17 review update for March 2025 and accepts the actions taken so far.**

CARRIED BY SIMPLE MAJORITY 3/0

PURPOSE

For the Audit & Risk Management Committee to be updated on the status of the action items relating to the 2023 Regulation 17 Assessment.

DETAIL

Background

The Audit & Risk Management 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 review’s 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*. Procedure and plan development delays are an unfortunate outcome of workforce shortages and resource constraints, but all critical items have

been reviewed and the current stage of development is a further enhancement or documentation of existing practices.

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 Regulation 17 Audit is essentially a risk mitigation/identification measure focussed on providing the Committee with information relating to potential systems or procedure risk areas. The current outcomes are falling behind schedule which increases the risk of not all items being completed by 2026, this is a risk but the Shire would need to pivot resources away from other key deliverables in order to achieve the current timeframes.

CONCLUSION

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

ATTACHMENTS

Attachment 1 – 10.1a Shire of Morawa Reg 17 Action Items – March 2025 Update

10.2 2024 Compliance Audit Return

Author: Executive Assistant

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/COMMITTEE RESOLUTION**250303****Moved: Cr North****Seconded: Cr Stokes**

That with respect to the Local Government 2024 Compliance Audit Return for the Shire of Morawa, the Audit and Risk Management Committee recommend that Council:

1. Note and accept the 2024 Compliance Audit Return (*Attachment 1*) for the Local Government of the Shire of Morawa for the period 1 January 2024 to 31 December 2024; and
2. Request the Chief Executive Officer to submit a certified copy of the 2024 Compliance Audit Return to the Director General of the Department of Local Government Sport and Cultural Industries by 31 March 2025.

CARRIED BY SIMPLE MAJORITY 3/0

PURPOSE

The Department of Local Government, Sport and Cultural Industries (the Department) has distributed the 2024 Compliance Audit Return (the Return) for completion by the Shire of Morawa.

The Return is one of the tools that allow the Audit and Risk Management 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 2024 Return has been prepared by electronic means and will be submitted via the Department's online portal.

The Shire of Morawa 2024 Compliance Audit Return will be presented for review at the ordinary meeting of Council being held on 20 March 2025.

The Shire has seen gradual improvement across all metrics based on previous reports in recent years. This years Return marks the first since 2018 to be fully compliant.

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 2024 return has seen a continuation of improvement in the Shire's compliance practises. No remediation action is required.

ATTACHMENTS

Attachment 1 – 10.2a 2024 Compliance Audit Return

10.3 Appointment of Independent Committee Chairperson and Updated Terms of Reference

Author: Executive Assistant

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/COMMITTEE RESOLUTION

250304

Moved: Cr Stokes

Seconded: Cr North

That the Audit & Risk Management Committee recommend that Council:

1. Endorse the appointment Mr Nils Hay, CEO of the Mid West Development Commission, as the Independent Chairperson of the Committee.
2. The Appointment be in effect until 18 October 2025.
3. Endorse the updated Audit & Risk Management Committee Terms of Reference to reflect the membership change, per *Attachment 1*.
4. Direct the CEO to write to Mr Hay confirming his appointment and updated Terms of Reference.

CARRIED BY SIMPLE MAJORITY 3/0

PURPOSE

To appoint an Independent Chairperson to the Audit & Risk Management Committee (Committee) and endorse the updated Terms of Reference in line with proposed membership structure.

DETAIL

At the 2 March 2023 Committee meeting, it was resolved to update the Committee's Terms of Reference. As part of the update, the membership was amended in line with the impending Local Government Reforms and Regulations 17 Review recommendations. The size of the Committee was reduced from seven (7) Councillors to four (4) and an Independent Chairperson was to be implemented after the October 2023 elections.

Since that time, further consideration on the appointment of an Independent Chairperson has been delayed pending the finalisation of regulations by the State Government. A number of suitable independent candidates were considered by Shire CEO, Mr Michael Cole and Mr Nils Hay, current CEO of the Mid West Development Commission and former CEO of the Shire of Mingenew was identified.

Mr Hay was approached regarding the vacant position and he has confirmed his interest.

LEVEL OF SIGNIFICANCE

Medium – the enhancement of Risk Management is important to the organisation and Council, and a strong overarching framework and oversight committee is key to that.

CONSULTATION

Chief Executive Officer
Mr Nils Hay

LEGISLATION AND POLICY CONSIDERATIONS

Local Government Act 1995
Local Government (Administration) Regulations 1996
Local Government (Rules of Conduct) Regulations 2007

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

The introduction of an independent presiding member provides an opportunity for increased community confidence in the Shire's financial and risk management. It is recommended an independent chair have risk and financial management expertise that might otherwise not be available to the Audit and Risk Management Committee.

CONCLUSION

The Administration recommends the Audit & Risk Management Committee appoint Mr Nils Hay as the Independent Chairperson to the Committee and that the updated Terms of Reference be endorsed.

ATTACHMENTS

Attachment 1 – 10.3a Updated Terms of Reference

10.4 Audit Timetable

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/COMMITTEE RESOLUTION**250305****Moved: Cr North****Seconded: Cr Stokes**

That the Audit & Risk Management Committee note the Audit Timetable for the 2024/25 Annual Financial Statements.

CARRIED BY SIMPLE MAJORITY 3/0

PURPOSE

To inform the Audit & Risk Management Committee of proposed timetable for the audit of the 2024/25 Annual Financial Statements.

DETAIL

The audit of the Annual Financial Statements will be undertaken by Armada Auditing under contract with the Office of the Auditor General. This will be the second financial year Armada have audited the Shire of Morawa.

In preparation for the audit, Armada and Management have agreed on the attached timetable.

In summary:

- Audit Entrance Meeting – 21 March (TBC)
- Interim Information Requests – 7 April 2025
- Interim Information and samples provided by the Shire
- Interim Audit Field Work is scheduled for 19 the 22 May planning and interim information
- Interim Management Letter issued – 25 June 2025
- Draft Annual Financial Statements submitted by Shire – 30 September 2025
- Audit Field Work – 13 to 16 October 2025
- Audit Exit Meeting – 24 November 2025
- Financial Statements and Management Representation Letter signed – 26 November 2025
- Audit Report Issued – 2 December 2025
- Audit & Risk Management Committee meeting - 8 December 2025
- Ordinary Council Meeting – 15 December 2025

LEVEL OF SIGNIFICANCE

Medium – the enhancement of Risk Management is important to the organisation and Council, and a strong overarching framework and oversight committee is key to that.

CONSULTATION

Chief Executive Officer
Armada Auditing

LEGISLATION AND POLICY CONSIDERATIONS

Local Government Act 1995
Local Government (Administration) Regulations 1996
Local Government (Rules of Conduct) Regulations 2007

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

The timetable has been prepared to ensure the Shire meets its audit and financial reporting responsibilities to enable the Audit and Risk Management Committee and Council to adopt the audited Annual Financial Statements for 2024/25 before 31 December 2025.

CONCLUSION

The Administration recommends the Audit & Risk Management Committee note Audit Timetable for the 2024/25 Annual Financial Statements.

ATTACHMENTS

Attachment 1 – 10.4a Shire of Morawa Audit Timetable

10.5 Confidential Report - Structural Assessment – Shire Depot (68 Valentine Road)

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.

Motion to Suspend Standing Orders

Moved: Cr Stokes

Seconded: Cr North

ACCEPTED 3/0

Standing Orders Suspended at 4:40pm

The CEO presented a PowerPoint (Attachment 2) on the Shire Depot and the impacts on the Mid Year Budget Review.

Motion to Resume Standing Orders

Moved: Cr Stokes

Seconded: Cr North

ACCEPTED 3/0

Standing Orders Resumed at 5:50pm**OFFICER'S RECOMMENDATION/COMMITTEE RESOLUTION**

250306

Moved: Cr Stokes

Seconded: Cr North

That the Audit & Risk Management Committee:

- 1. Receives the confidential attachment BRIC Consulting Engineers - Structural Assessment Report for the Shire Depot at 68 Valentine Road Morawa.**
- 2. Note the actions taken by the Chief Executive Officer to ensure the safety of staff and members of the public.**
- 3. Notes interim alternate accommodation options for the Shire Depot operations.**
- 4. Notes the Chief Executive Officer will bring a report to Council for the Shire's future Depot requirements.**

CARRIED BY SIMPLE MAJORITY 3/0

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 Management Committee will be held on Thursday, 10 July 2025 commencing at 6.00pm.

13.2 Closure

There being no further business, the Presiding Member declared the meeting closed at 4.53pm.