



AUDIT AND RISK MANAGEMENT COMMITTEE MEETING MINUTES

Held on

Thursday, 15 April 2021

Commencing at 5.00pm

Shire of Donnybrook Balingup Council Chambers, Donnybrook

A handwritten signature in black ink, appearing to read 'BGR' followed by a flourish.

Ben Rose
Chief Executive Officer

16 April 2021

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SHIRE OF DONNYBROOK BALINGUP
AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES

Held at the Council Chambers
15 April 2021 at 5.00pm

1 DECLARATION OF OPENING

Chairperson – Acknowledgment of Country

The Chairperson acknowledged the traditional custodians of the land, the Wardandi People, and the Noongar Nation, paying respects to Elders, past and present and emerging.

The Chairperson declared the meeting open at 5.00pm and welcomed the members of the committee.

2 ATTENDANCE

MEMBERS PRESENT

COUNCILLORS	STAFF
Cr Jackie Massey (Deputy Shire President) Cr Leanne Wringe Cr Chaz Newman	Ben Rose - CEO Paul Breman – EMCC Jaimee Earl – Minute Taker
EXTERNAL MEMBERS	GUEST
Mr Ian Telfer – Chairperson	Cr Brian Piesse – Shire President (Ex-Officio)

GUESTS PRESENT

No guests in attendance.

2.1 APOLOGIES

Carly Anderson was an apology to the meeting.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3 ANNOUNCEMENTS FROM CHAIRPERSON

Nil.

4 DECLARATION OF INTEREST

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Committee Members to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the *Act*.

Nil.

5 PUBLIC QUESTION TIME

5.1 RESPONSES TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Questions were received from Mr John Bailey prior to the January 2021 Meeting and taken on notice. Questions and answers are provided at [Attachment 5.1\(1\)](#).

Questions were received from Mr Shane Sercombe prior to the January 2021 Meeting and taken on notice. Questions and answers are provided at [Attachment 5.1\(2\)](#).

5.2 PUBLIC QUESTION TIME

Nil.

6 PRESENTATIONS

6.1 DEPUTATIONS

Nil.

7 CONFIRMATION OF MINUTES

Minutes of the Audit and Risk Management Committee meeting held **28 January 2021** are attached (*Attachment 7.1*).

EXECUTIVE RECOMMENDATION

That the Minutes of the Audit and Risk Management Committee meeting held 28 January 2021 be confirmed as a true and correct record.

COMMITTEE RESOLUTION

Moved Cr Massey Seconded Cr Wringe

That the Minutes of the Audit and Risk Management Committee meeting held 28 January 2021 be confirmed as a true and correct record.

CARRIED 4/0

8 REPORTS OF OFFICERS

8.1 COMPLIANCE AUDIT RETURN – STATUS UPDATE REPORT

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	N/A
Author	Paul Breman, Executive Manager Corporate and Community
Responsible Manager	Paul Breman, Executive Manager Corporate and Community
Attachments	8.1(1): 2020 CAR Update Report
Voting Requirements	Simple Majority

Executive Recommendation
<p>That the Audit and Risk Management Committee:</p> <p>Receive the Compliance Audit Return (CAR) Report as attached at <u>Attachment 8.1(1)</u> as a status update of the actions taken to date to achieve compliance with regard to selected items identified as non-compliant within the 2020 Compliance Audit Return.</p>

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.2	Seek a high level of legislative compliance and effective internal controls.

EXECUTIVE SUMMARY

At the February 2021 Ordinary Council Meeting the Council passed the following resolution:

That Council:

- 1. Adopt the 2020 Compliance Audit Return as presented at attachment 8.4(1) for the Shire of Donnybrook Balingup for the period 1 January 2020 to 31 December 2020; and*
- 2. Instruct the CEO prepare a report identifying the actions to be taken to achieve compliance with the items identified within the 2020 Compliance Audit Return to be presented to the next Audit and Risk Management Committee Meeting.*

The above resolution contains an instruction to the Chief Executive Officer to report on the actions to be achieved toward compliance for those items reported as non-compliant in the 2020 Compliance Audit Return. This item serves to action that instruction by presenting a status update report to the Committee.

BACKGROUND

A Local Government Compliance Audit Return (CAR) is required to be undertaken in accordance with the *Local Government (Audit) Regulations 1996* Reg. 14(1).

The Audit was conducted by staff for the period 1st January to 31st December 2020, within the scope and in the format required by the Department of Local Government, Sport and Cultural Industries.

After conducting the checking process, the 2020 CAR contained a compliance item for as set out below:

Topic	Item Number	Matter
Optional Questions	5	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?
Optional Questions	6	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?
Optional Questions	1	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 2020? If yes, please provide the date of council's resolution to accept the report
Tenders for Providing Goods and Services	8	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?

These compliance items have been noted by Staff and are not expected to occur again in the future.

The Department of Local Government, Sport and Cultural Industries (DLGSCI) requires local governments to conduct an annual assessment of their compliance with key

components of the *Local Government Act 1995* (the Act) and associated Regulations. The 2020 CAR must be adopted and provided to the DLGSCI by 31 March 2021.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Not Applicable.

STATUTORY COMPLIANCE

Under *Regulation 14 of the Local Government (Audit) Regulations 1996* the 2020 CAR is to be reviewed by Council's Audit Committee and then the results reported to Council for adoption.

Following presentation to Council at the February ordinary meeting of the Council, a certified copy of the 2020 CAR, along with an extract of the minutes of the meeting at which the CAR was adopted by Council, was submitted to the DLGSCI on 17 March 2021, well within the 31 March 2021 deadline.

No feedback has been received to date from the DLGSCI on the contents of the 2020 CAR.

CONSULTATION

Not Applicable.

OFFICER COMMENT/CONCLUSION

The attached CAR - Status Update Report, will be presented to successive meetings of the Audit and Risk Management Committee until all items raised in the report are completed.

EXECUTIVE RECOMMENDATION

Moved Cr Wringe Seconded Cr Massey

That the Audit and Risk Management Committee:

Receive the Compliance Audit Return (CAR) Report as attached at Attachment 8.1(1) as a status update of the actions taken to date to achieve compliance with regard to selected items identified as non-compliant within the 2020 Compliance Audit Return.

AMENDMENT

Moved Cr Wringe Seconded Cr Massey

That the Audit and Risk Management Committee:

Receive the Compliance Audit Return (CAR) Report ~~as attached~~ at Attachment 8.1(1) as a status update of the actions taken to date to achieve compliance with regard to selected items identified as non-compliant within the 2020 Compliance Audit Return, subject to priority and timelines being included for Council consideration.

CARRIED 4/0

COMMITTEE RESOLUTION

Moved Cr Wringe Seconded Cr Massey

That the Audit and Risk Management Committee:

Receive the Compliance Audit Return (CAR) Report at Attachment 8.1(1) as a status update of the actions taken to date to achieve compliance with regard to selected items identified as non-compliant within the 2020 Compliance Audit Return, subject to priority and timelines being included for Council consideration.

8.2 LOCAL GOVERNMENT (AUDIT) REGULATIONS 17 – STATUS UPDATE

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	N/A
Author	Paul Breman, Executive Manager Corporate and Community
Responsible Manager	Paul Breman, Executive Manager Corporate and Community
Attachments	8.2(1): LG (Audit) Regulation 17 - Status Update
Voting Requirements	Simple Majority

Executive Recommendation
<p>That the Audit and Risk Management Committee:</p> <p>Receive the LG (Audit) Regulation 17 Status Update Report as attached at <u>Attachment 8.2(1)</u> in relation to the progress of items identified on the current Audit Regulation 17 Report.</p>

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.3	Monitor and measure organisational performance

EXECUTIVE SUMMARY

The attached LG (Audit) Regulation 17 Status Update Report is presented to the Audit and Risk Management committee for their information and to monitor progress toward actioning items identified in the most recent Audit Regulation 17 report.

BACKGROUND

The last Review was undertaken by AMD Chartered Accountants in December 2018 and the results received by the Shire in February 2019 are attached (Attachment 8.4(1)).

A status report on the identified actions from the Review and their status of resolution is attached at Attachment 8.2(1).

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Not Applicable.

STATUTORY COMPLIANCE

Reg. 7 of the Local Government (Audit) Regulations 1996 requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures not less than once in every 3 financial years in relation to:

- risk management; and
- internal control; and
- legislative compliance.

The CEO is to report to the Audit and Risk Management Committee the results of that review.

CONSULTATION

Not Applicable.

OFFICER COMMENT/CONCLUSION

The Audit and Risk Management Committee considered a report from the Executive Manager Corporate and Community Services in January 2021, presenting the finding of a review of risk management, internal controls and legislative compliance as required by the Local Government (Audit) Regulation (Reg 17).

The next Audit Regulation 17 Review is due to be conducted by December 2021.

The attached status update report, will be presented to successive meetings of the Audit and Risk Management Committee until all items raised in the report are completed.

EXECUTIVE RECOMMENDATION

Moved Cr Newman Seconded Cr Wringe

That the Audit and Risk Management Committee:

Receive the LG (Audit) Regulation 17 Status Update Report as attached at Attachment 8.2(1) in relation to the progress of items identified on the current Audit Regulation 17 Report.

AMENDMENT

Moved Cr Newman Seconded Cr Wringe

That the Audit and Risk Management Committee:

Receive the LG (Audit) Regulation 17 Status Update Report ~~*as attached*~~ at *Attachment 8.2(1)* in relation to the progress of items identified on the current Audit Regulation 17 Report, *subject to more specific information being provided to Council in relation to resource constraints under the Update column.*

CARRIED 4/0

COMMITTEE RESOLUTION

Moved Cr Newman Seconded Cr Wringe

That the Audit and Risk Management Committee:

Receive the LG (Audit) Regulation 17 Status Update Report at *Attachment 8.2(1)* in relation to the progress of items identified on the current Audit Regulation 17 Report, subject to more specific information being provided to Council in relation to resource constraints under the Update column.

CARRIED 4/0

8.3 OFFICE OF THE AUDITOR GENERAL FINDINGS – STATUS UPDATE REPORT

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	N/A
Author	Paul Breman, Executive Manager Corporate and Community
Responsible Manager	Paul Breman, Executive Manager Corporate and Community
Attachments	8.3(1): OAG Report Findings – Status Update Report
Voting Requirements	Simple Majority

Executive Recommendation
<p>That the Audit and Risk Management Committee:</p> <p>Receive the Status Update Report on the progress of aligning the findings of the individual Office of the Auditor General performance audit reports with Shire processes and systems as attached at <u>Attachment 8.3(1)</u>.</p>

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.3	Monitor and measure organisational performance

EXECUTIVE SUMMARY

Staff intend to keep the Committee updated on status of these matters and work on strategies to progress the Office of the Auditor General (OAG) findings and recommendations in the context of their impact on risk and resources.

BACKGROUND

At the 12 November 2020 Audit and Risk Management Committee meeting, the Committee received the recommendations and findings from the Industry-based OAG Performance Audits Reports and recommended to the Council that the Chief Executive Officer prepare a matrix with Shire responses to each of the findings.

The matrix of OAG Performance Audits Reports was presented to the January 2021, meeting of the Audit and Risk Management Committee and then to the February 2021 meeting of the Council, at which the Council adopted the following resolution:

That Council:

- 1. Receive the matrix of Shire responses to each of the findings in the Auditor General's General Performance Audit Reports as attached 8.2(1); and*
- 2. Acknowledge the work to be undertaken to align the findings of the individual Office of the Auditor General's reports with Shire processes and systems; and*
- 3. Consider the risk management implications associated with the findings and recommendations of the Office of the Auditor General Performance Audits and the Shire Executive's Comments in the attachment.*

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Not Applicable.

STATUTORY COMPLIANCE

Not Applicable.

CONSULTATION

Not Applicable.

OFFICER COMMENT/CONCLUSION

The attached OAG General Findings - Status Update Report (*Attachment 8.3(1)*), will be presented to successive meetings of the Audit and Risk Management Committee to monitor the progress made toward aligning these industry-based findings and recommendations to the Shire's internal processes and systems.

EXECUTIVE RECOMMENDATION

Moved Cr Wringe Seconded Cr Massey

That the Audit and Risk Management Committee:

Receive the Status Update Report on the progress of aligning the findings of the individual Office of the Auditor General performance audit reports with Shire processes and systems as attached at Attachment 8.3(1).

AMENDMENT

Moved Cr Wringe Seconded Cr Massey

That the Audit and Risk Management Committee:

1. Receive the Status Update Report on the progress of aligning the findings of the individual Office of the Auditor General performance audit reports with Shire processes and systems as attached at Attachment 8.3(1).
2. Notes the priorities attached to each item in Attachment 8.3(1) and the associated resource requirements, and the Audit and Risk Management Committee will work towards prioritisation of these items for Council's future consideration.

CARRIED 4/0

COMMITTEE RESOLUTION

Moved Cr Wringe Seconded Cr Massey

That the Audit and Risk Management Committee:

1. Receive the Status Update Report on the progress of aligning the findings of the individual Office of the Auditor General performance audit reports with Shire processes and systems as attached at Attachment 8.3(1).
2. Notes the priorities attached to each item in Attachment 8.3(1) and the associated resource requirements, and the Audit and Risk Management Committee will work towards prioritisation of these items for Council's future consideration.

CARRIED 4/0

8.4 FINANCIAL MANAGEMENT REVIEW

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	N/A
Author	Paul Breman, Executive Manager Corporate and Community
Responsible Manager	Paul Breman, Executive Manager Corporate and Community
Attachments	8.4(1): Financial Management Review – AMD 8.4(2): Financial Management Review Status Report
Voting Requirements	Simple Majority

Executive Recommendation
<p>That the Audit and Risk Management Committee:</p> <p>Receive from the Chief Executive Officer the Financial Management Review report dated 12 February 2019, undertaken in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, including the accompanying status update report (Attachment 8.4(1) and 8.4(2)).</p>

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.2	Seek a high level of legislative compliance and effective internal controls.

EXECUTIVE SUMMARY

Regulations 5(2)(c) of the Local Government (Financial Management) Regulations 1996, requires the Chief Executive Officer to undertake a 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 four financial years) and report to the local government the results of than Review.

BACKGROUND

To comply with the requirements of the Regulations, AMD Accountants were engaged by the Chief Executive Officer to undertake an independent review and report on Council's financial management systems and procedures. The review was undertaken by AMD in late 2018 and received in January 2019.

For reasons unknown, this item was not presented to the Audit and Risk Committee or to the Council after receipt. The timing of this oversight does correspond with some staff changes at the time.

As part of preparing the 2020 Compliance Audit return, this oversight was recognised and planning commenced to present this report to the Audit and Risk Management Committee for review.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Not Applicable.

STATUTORY COMPLIANCE

Local Government (Financial Management) Regulations 1996 The financial management responsibilities of the Chief Executive Officer are established under Regulation 5 of the Local Government (Financial Management) Regulations 1996:

“(1) Efficient systems and procedures are to be established by the CEO of a local government:

- (a) for the proper collection of all money owing to the local government;
- (b) for the safe custody and security of all money collected or held by the local government;
- (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);
- (d) to ensure proper accounting for municipal or trust:
 - (i) revenue received or receivable;
 - (ii) expenses paid or payable; and
 - (iii) assets and liabilities;
- (e) to ensure proper authorisation for the incurring of liabilities and the making of payments;
- (f) for the maintenance of payroll, stock control and costing records; and
- (g) to assist in the preparation of budgets, budget reviews, accounts and reports Required by the Act or these Regulations.”

In addition, the Chief Executive Officer is to:

- “(2) (a) ensure that the resources of the local government are effectively and efficiently managed;
- (b) assist the council to undertake reviews of fees and charges regularly (and not less not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and no less than once in every 3 financial years) and report to the local government the results of those reviews.”

CONSULTATION

Not Applicable.

OFFICER COMMENT/CONCLUSION

Although the report was not presented to the Council in a timely manner, it can be seen from the accompanying status update report, that the recommendations and matters raised in the Audit Regulation 17 report have been substantially actioned over the subsequent period.

A status update report will be presented to the Audit and Risk Management Committee at each subsequent meeting to monitor progress until all actions have been completed.

The timing for the next financial management review is during the 2021-22 financial year. In addition, the timing for the next Audit reg 17 (Risk Management, Internal controls and Legislative Compliance) review is before December 2021.

It would seem efficient to have the reviews combined into one exercise and potentially procure the services of an independent and experienced provider to undertake this role and provide the reports to the Chief Executive Officer.

COMMITTEE RESOLUTION

Moved Cr Newman Seconded Cr Massey

That the Audit and Risk Management Committee:

Receive from the Chief Executive Officer the Financial Management Review report dated 12 February 2019, undertaken in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, including the accompanying status update report (Attachment 8.4(1) and 8.4(2)).

CARRIED 4/0

8 CLOSURE

Paul Breman noted the next meeting is scheduled for 15 July 2021 and his last day with the Shire will be 30 June 2021.

The Chairperson acknowledged the Committee's appreciation for Paul's dedication and hard work with the Shire and particularly the Audit and Risk Management Committee.

The Chairperson declared the meeting closed at 6.11pm.