



MINUTES

AUDIT COMMITTEE

12 MARCH 2024



DISCLAIMER

No responsibility is implied or accepted by the Shire of Wagin for any act, omission or statement or intimation occurring during Council or committee meetings.

The Shire of Wagin 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 or statement or intimation occurring during Council or committee meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or committee meeting does so at that person's or legal entity's own risk.

In particular and without detracting in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by any member or officer of the Shire of Wagin during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Wagin

The Shire of Wagin advises that anyone who has any application lodged with the Shire of Wagin shall obtain and should only rely on **WRITTEN CONFIRMATION** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Wagin in respect of the application.

Dr Kenneth Parker
CHIEF EXECUTIVE OFFICER



CONTENTS

1.	OFFICIAL OPENING	4
2.	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)	4
3.	PETITIONS/DEPUTATIONS/PRESENTATIONS	4
4.	DISCLOSURE OF FINANCIAL AND OTHER INTERESTS	4
5.	CONFIRMATION OF PREVIOUS MEETING MINUTES	4
5.1	MINUTES FROM THE AUDIT COMMITTEE MEETING HELD 19 DECEMBER 2023	4
6.	REPORTS TO COMMITTEE	5
6.1	2023 COMPLIANCE AUDIT RETURN	5
7.	URGENT BUSINESS	10
8.	CLOSURE	10

UNCONFIRMED



1. OFFICIAL OPENING

The Presiding Member opened the meeting at 5:30 pm.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

COUNCILLORS

Cr Phillip Blight
Cr Bryan Kilpatrick
Cr Sherryl Chilcott
Cr Wade Longmuir
Cr Ann O'Brien

Shire President
Deputy Shire President
Elected Member
Elected Member
Elected Member

STAFF

Kenneth Parker
John Fathers
Donna Fawcett
Allen Hicks

Chief Executive Officer
Deputy Chief Executive Officer
Manager of Finance
Manager of Works

APOLOGIES

Cr Greg Ball
Cr Geoff West

Elected Member
Elected Member

3. PETITIONS/DEPUTATIONS/PRESENTATIONS

4. DISCLOSURE OF FINANCIAL AND OTHER INTERESTS

5. CONFIRMATION OF PREVIOUS MEETING MINUTES

5.1 MINUTES FROM THE AUDIT COMMITTEE MEETING HELD 19 DECEMBER 2023

COMMITTEE DECISION

Moved Cr S M Chilcott

Seconded Cr B L Kilpatrick

That the minutes of the Audit Committee meeting held on 19 December 2023 and circulated to all Councillors, be confirmed as a true and accurate record.

CARRIED 5/0

6. REPORTS TO COMMITTEE

6.1 2023 COMPLIANCE AUDIT RETURN

AUTHOR OF REPORT:	Chief Executive Officer
SENIOR OFFICER:	Not Applicable
DATE OF REPORT:	12 March 2024
PREVIOUS REPORT(S):	9 March 2023
DISCLOSURE OF INTEREST:	NIL
FILE REFERENCE:	FM.AD.2
ATTACHMENTS:	1. Compliance Audit Return (CAR), calendar year 2023.

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Moved Cr B L Kilpatrick

Seconded Cr W J Longmuir

That the Audit Committee recommend to Council that Council:

1. **APPROVES** the 2023 Compliance Audit Return for the period 1 January 2023 to 31 December 2023, as shown in attachment 1.
2. **AUTHORISES** the Shire President and Chief Executive Officer to certify the Compliance Audit Return
3. **AUTHORISES** the certified Compliance Audit Return being submitted to the Department of Local Government, Sport and Cultural Industries.

CARRIED 5/0

BRIEF SUMMARY

The Compliance Audit Return is a legislative requirement used to assess compliance with elements of the *Local Government Act 1995* (the Act). The Compliance Audit Return takes the form of a questionnaire which, once completed and certified, is provided to the Department of Local Government, Sport and Cultural Industries (DLGSC).

BACKGROUND/COMMENT

The Compliance Audit Return provides a means to self-check compliance with statutory requirements. The 2023 Compliance Audit Return contains questions related to:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions
- Tenders of Providing Goods and Services

The 2023 Compliance Audit Return was made available to local governments on 20 December 2023.

Responses to the Compliance Audit Report are compiled by the Shire's senior staff team, who conduct the following assurance checks on the answers provided by the responsible functional areas:

- Verifies that evidenced records and their content exist in the record management system
- Verifies that evidenced Council resolutions did occur in the manner described through the review of Council minutes

Findings

The 2023 Compliance Audit Return identified five (5) non-compliances as follows:

Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If yes, please provide the adoption date or the date of the most recent review in the Comments section?	NO	The Strategic Community Plan 2020 – 2030 adopted in August 2022 removed the Corporate Business Plan. In that sense while the Shire has in the past adopted a Corporate Business Plan it does not have an active Corporate Business Plan.
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	NO	The Shire does not have an adopted Corporate Business Plan

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	NO	Last review considered by Council was the review conducted in June 2020. A review is currently underway.
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with <i>Local Government (Audit) Regulations 1996</i> regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	NO	Last review considered by Council was the review conducted in June 2020. A review is currently underway.

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	Breach of Tender policy noted at Special Meeting of Council minutes 26 May 2023.

Comments

Corporate Business Plan

It is a legislative requirement that every local government has a Corporate Business Plan that set out how it will achieve the aspirations of the Strategic Community Plan over the next four years. The Corporate Business Plan identifies and prioritises the principal strategies and activities the Council will undertake within the resources available to the Shire.

The Corporate Business Plan is considered by Officers to be the chief practical planning document used in budget preparation, resource management and internal work planning and deployment.

The Shire previously incorporated its Corporate Business Plan within its Strategic Community Plan but in August 2022 removed it from the Strategic Community Plan.

The preparation of a Corporate Business Plan is considered to be a critical priority for the organisation and since the commencement of the CEO on 29 January and internal draft of projects has been prepared by internal discussion prior to presentation at the 19 March 2024 Council Forum.

As a key document, it is proposed that the Corporate Business Plan is prepared over a series of workshops with Council and circulated for public comment prior to formal consideration by Council in time for the 2024-25 financial year.

Regulation 5 and Regulation 17 reviews

Every three financial years a local government is required to conduct a review of its financial management systems and procedures (Regulation 5 of the FM Regulations) and of its systems and procedures in relation to risk management, internal control and legislative compliance. The last review was adopted by Council in June 2020 being the 2019-20 financial year.

The Shire has appointed an external entity to undertake the reviews the findings of which will be presented to an Audit Committee meeting later this year. The review findings are anticipated to provide an opportunity to plan a journey of continuous improvement in respect to financial control and general governance.

Since commencing, the Shire's new executive team have been introducing minor reforms in these areas to improve systems and processes. Generally, basic compliance and fraud mitigation are in place but the Regulation 5 and 17 reviews will likely identify a pathway to better practice.

Tender Policy

Council policy F.15 Purchasing and Tender Guide states that the purchase of goods valued at \$250,000 or greater is to be by public tender in accordance with the Act and Council policy.

The Shire of Wagin prepared a request for tender which was lodged by WALGA equates 6 September 2022. This is provided for by regulation 11. 2. (b) of the *Local Government (functions and General) Regulations 1996*. There were two responses from suppliers previously engaged by the local government. As the suppliers were equal in criteria, an evaluation was made on price. This recommendation was not tabled at a subsequent Council meeting prior to acceptance and as such is a breach of the relevant policy.

An item to Council was presented at a Special Meeting of Council on 26 May 2023 that sought Council's retrospective endorsement of the recommendation and noted the breach of Council's F.15 purchasing and Tender Guide. While the Tender was called for the 2022 calendar year the realisation of the breach was not discovered until May 2023, therefore was not indicated on the 2022 Compliance Audit Return.

Regulation 17 and Regulation 5 review which are currently underway may identify opportunities to improve the Shire's practices associated with Procurement including Tenders.

CONSULTATION/COMMUNICATION

Nil.

STATUTORY/LEGAL IMPLICATIONS

Section 7.13(1)(i) of the Act requires local governments to carry out a compliance audit in a manner specified in the Regulations. Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* require:

- a local government to carry out a compliance audit return for the period 1 January to 31 December in each year;
- the local government's audit committee to review the compliance audit return and report to Council the results of that review;
- following Council's approval, the certification of the compliance audit return by the President and Chief Executive Officer; and the certified copy of the compliance audit return be provided to the Department of Local Government, Sport and Cultural Industries' Chief Executive Officer by 31 March of that year



POLICY IMPLICATIONS

Compliance is a key pillar in the delivery of good governance; a number of council policies apply in the preparation of informing documents to this return, including:

- A.9 Elected Member Records Management;
- A.18 Asset Management;
- A.21 Continuing Professional Development – Elected Members;
- A.26 Legislative Compliance;
- A.27 Standard for CEO Recruitment, Performance and Termination;
- C.1 Standing Committees; all finance policies.

FINANCIAL IMPLICATIONS

There is no direct financial implication to this item.

STRATEGIC IMPLICATIONS

This report is linked to Strategic Community Plan area of Council Leadership.

VOTING REQUIREMENTS

Simple Majority

7. URGENT BUSINESS

8. CLOSURE

The Presiding member closed the meeting at 5:45 pm.

I certify that this copy of the minutes is a true and correct record of the meeting held on 12 March 2024

Signed

Presiding Elected Member

Date: