



Audit and Risk Committee Meeting

Wednesday 8 February 2023
Commencing at 4.30pm

Held at the Council Chambers, 6177 Great Northern Highway, Bindoon

PREFACE

When the Chief Executive Officer approves these minutes for distribution they are in essence "Unconfirmed" until the following Chattering Audit & Risk Committee meeting, where the minutes will be confirmed subject to any amendments.

The "Confirmed" minutes are then signed off by the Presiding Member.

Attachments that formed part of the agenda, in addition to those tabled at the Chattering Audit & Risk Committee meeting are put together as an addendum to these Minutes.

UNCONFIRMED MINUTES

These Audit Committee minutes were approved for distribution on 9 February 2023.



Melinda Prinsloo
Acting Chief Executive Officer

CONFIRMED MINUTES

These Audit Committee minutes were confirmed at the Chattering Audit Committee meeting held on

Signed _____

NOTE: the Chairperson at the meeting at which these minutes are confirmed is the person who signs above.

OBJECTIVES

The primary objective of the Chattering Audit & Risk Committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the Chief Executive Officer to ensure the effective and efficient management of local government's financial accounting systems and compliance with legislation.

The committee is to facilitate:

- (a) the enhancement of the credibility of external financial reporting
- (b) compliance with laws and regulations as well as use of best practise guidelines relative to auditing
- (c) the provision of an effective means of communication between the external auditor, the Chief Executive Officer and the Council.



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Good evening ladies and gentlemen, we wish to acknowledge the traditional custodians of the land within the Shire of Chittering, the Yued and Whadjuk peoples. We would like to pay respect to the Elders of the Nyoongar nation, past and present, who have walked and cared for the land, we acknowledge and respect their continuing culture, and the contributions made to this region.

1. DECLARATION OF OPENING OF MEETING

The Presiding Member declared the meeting open at 4.33pm.

2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE / ANNOUNCEMENTS

2.1 Attendance

Cr Kylie Hughes	Presiding Member
Cr Mark Campbell	Deputy Presiding Member
Cr Aaron King	
Cr Mary Angus	
Cr Carmel Ross	
Cr John Curtis	
Melinda Prinsloo	Acting Chief Executive Officer
Sue Mills	Acting Executive Manager Corporate Services
Denaye Kerr	Executive Assistant

2.2 Apologies

Cr David Dewar

2.3 Approved leave of absence

Nil

3. DISCLOSURE OF INTEREST

Nil

4. PUBLIC QUESTION TIME

4.1 Response to previous public questions taken on notice

Nil

4.2 Public question time

Nil

5. CONFIRMATION OF MINUTES: 9 March 2022

OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Moved Cr Ross, Seconded Cr Campbell

That the minutes of the Audit and Risk Committee Meeting held on Wednesday 9 March 2022 be confirmed as a true and correct record of proceedings.

CARRIED UNANIMOUSLY 6 / 0

TIME: 4.34PM

6. PURPOSE OF MEETING

6.1 2021-2022 Annual Report and Setting of Annual Electors Meeting

Applicant	Shire of Chittering
File ref	GOV.CM.2023
Author	Executive Assistant
Authorising Officer	Acting Chief Executive Officer
Disclosure of interest	Nil
Voting requirements	Absolute Majority (per local government act)
Attachments	1. "Draft" 2021-2022 Annual Report

	Authority / Discretion	Definition
<input type="checkbox"/>	Advocacy	<i>When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>When Council initiates or adopts a policy position, or a local law</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include development applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal</i>
<input type="checkbox"/>	Information	<i>Includes items for information purposes only and do not require a decision of Council (to 'note' only)</i>

Executive Summary

The Audit Committee is requested to accept the 2021-2022 Annual Report and recommend the date for the Annual Meeting of Electors.

Background

The *Local Government Act 1995* requires a local government to prepare an Annual Report each financial year and to hold an Annual Electors Meeting.

The Annual Electors Meeting is to be held on a day selected by the local government, but not more than 56 days after the report is accepted by the local government.

The annual audit was undertaken by the Office of the Auditor General and signed off by the Director, Renuka Venkatraman on 20 December 2022.

Council, at their Ordinary Council Meeting held on 15 August 2018, resolved to:

...adopt the practice of holding the annual electors meeting, on a rotating basis, in the larger population centres of Muchea, Lower Chittering and Bindoon; with the 2018 meeting held in Muchea, 2019 in Lower Chittering and 2020 in Bindoon.

Following on from this resolution the 2021 meeting will be held in Muchea, 2022 in Lower Chittering and 2023 in Bindoon.

Therefore, the 2022 Annual Electors Meeting will be held in Lower Chittering.

Consultation Summary

Local

- Acting Chief Executive Officer
- Acting Executive Manager Corporate Services

State

Nil

Legislative Implications

State

- Local Government Act 1995, Section 5.54(2)
(2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.'*
- Local Government Act 1995, Section 5.27
Electors' general meetings
(1) *A general meeting of the electors of a district is to be held once every financial year.*
(2) *A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.*
(3) *The matters to be discussed at general electors' meetings are to be those prescribed.*
- Local Government Act 1995 Section 5.29
Convening electors' meetings
(1) *The CEO is to convene an electors' meeting by giving—*
(a) *at least 14 days' local public notice; and*
(b) *each council member at least 14 days' notice, of the date, time, place and purpose of the meeting.*

Local

Nil

Policy Implications

State

Nil

Local

Nil

Financial Implications

Nil

Strategic Implications

State

Nil

Local

- Strategic Community Plan 2017-2027

Focus area: Strong leadership
Objective: S5.1 An engaged community
Strategy: S5.1.1 Encourage and promote community engagement

Site Inspection

Not applicable

Risk Assessment / Implications

Risk	Likelihood	Consequences	Risk Analysis	Mitigation
Risk Category: Compliance	Likely	Moderate	High	By bringing this through the Audit and Risk Committee and ultimately Council this risk is being mitigated and compliance will be met.
Opportunity: Nil				

Officer Comment/Details

Annual Financial Report:

The Shire of Chittering received an unqualified audit for the 2021/22 financial year. The audit opinion received (attached), stated that the Shire's financial report "is based on proper accounts and records and fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022, and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards."

The audit highlighted areas for improvement in internal control for fair value frequency of valuations, which was due to a timing issue whereby the fair value valuations received were not complete and could not be included in the 2021/22 year reporting. Also excessive annual leave accrued, which has been addressed and management is working with officers to reduce annual leave accruals.

Annual Electors Meeting:

To meet the legislative requirements, the Annual Electors Meeting must be held by 12 April 2023.

It is recommended that the Audit Committee adopt the 2021-2022 Annual Report and recommend to the Council the date for the Annual General Meeting of Electors for Wednesday 22 March 2023, to be held at the Lower Chittering Hall, 23 Chittering Valley Road, Lower Chittering commencing at 7.00pm.

MOTION / COMMITTEE RESOLUTION

Moved Cr Angus, seconded Cr Campbell
That the Committee suspend Standing Order.

CARRIED UNANIMOUSLY 6 / 0

TIME: 4.38PM

MOTION / COMMITTEE RESOLUTION

Moved Cr Ross, seconded Cr Campbell
That the Committee resume Standing Order.

CARRIED UNANIMOUSLY 6 / 0

TIME: 4.40PM

OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Moved Cr Angus, seconded Cr Campbell

That the Audit and Risk Committee recommends to Council that it:

- 1. Receives the Audit Report of 20 December 2022 (as incorporated within the Annual Report);**
- 2. Pursuant to Section 5.54 and 5.55 of the Local Government Act 1995, accepts the 2021-2022 Annual Report; and**
- 3. Convenes the Annual Electors Meeting on Wednesday 22 March 2023 at the Lower Chittering Hall, 23 Chittering Valley Road, Lower Chittering commencing at 7.00pm.**

CARRIED UNANIMOUSLY 6 / 0

TIME: 4.41PM

6.2 Compliance Audit Return 2022

Applicant	Shire of Chittering
File ref	04/02/0002
Author	Support Officer Governance
Authorising Officer	Chief Executive Officer
Disclosure of interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure
Voting requirements	Simple Majority
Attachments	1. Compliance Audit Return for 2022

	Authority / Discretion	Definition
<input type="checkbox"/>	Advocacy	<i>When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>When Council initiates or adopts a policy position, or a local law</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include development applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal</i>
<input type="checkbox"/>	Information	<i>Includes items for information purposes only and do not require a decision of Council (to 'note' only)</i>

Executive Summary

The Audit and Risk Committee is requested to review the Compliance Audit Return for 2022 and present to Council for adoption prior to 31 March 2022.

Background

Each local government is to carry out a Compliance Audit for the period 1 January to 31 December against certain requirements included within a Compliance Audit Return (CAR) provided by the Department of Local Government. The CAR, once completed, is to be presented to the Audit and Risk Committee and then a report is to be presented to Council for adoption of the return. A copy of the completed CAR is included as Attachment 1.

The Department are currently undergoing an upgrade to their Smart Hub so the attachment may look different to previous years, however, the information contained within is the same and will be submitted to the DLGSC in the same manner once the link becomes available again and officers have the ability to gain access.

Consultation Summary

Local

Acting Chief Executive Officer
Acting Executive Manager Corporate Services
Executive Manager Technical Services

State

Nil

Legislative Implications

State

- Local Government Act 1995

5.22. Minutes of council and committee meetings

- (1) *The person presiding at a meeting of a council or a committee is to cause minutes to be kept of the meeting's proceedings.*
- (2) *The minutes of a meeting of a council or a committee are to be submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.*
- (3) *The person presiding at the meeting at which the minutes are confirmed is to sign the minutes and certify the confirmation.*

- *Local Government (Functions and General) Regulations*
- *Local Government (Administration) Regulations*
- *Local Government (Rules of Conduct) Regulations*
- *Local Government (Elections) Regulations*
- *Local Government (Audit) Regulations*

Local

Nil

Policy Implications

State

Nil

Local

Nil

Financial Implications

Nil

Strategic Assessment / Implications

Local

Nil

State

Nil

Site Inspection

Not applicable

Risk Assessment / Implications

Risk	Likelihood	Consequences	Risk Analysis	Mitigation
Risk Category: Compliance	Likely	Moderate	High	By bringing this through the Audit and Risk Committee and ultimately Council this risk is being mitigated and compliance will be met.
Opportunity: Nil				

Officer Comment/Details

The CAR for the 2022 calendar year has been completed by the Executive Management Assistant. It is recommended that the Audit and Risk Committee review the CAR and recommend to Council that the CAR be adopted by Council at the next Ordinary meeting to be held 15 February 2023.

OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Moved Cr Angus, seconded Cr Campbell

That the Audit and Risk Committee review the Local Government Compliance Audit Return for the period, 1 January 2022 to 31 December 2022, and presents to Council for adoption at the Ordinary Meeting of Council on 15 February 2023.

CARRIED UNANIMOUSLY 6 / 0

TIME: 4.41PM

6.3 Local Government Risk Management Report for 2022

Applicant	Shire of Chittering
File ref	04/02/0002
Author	Executive Management Officer
Authorising Officer	Chief Executive Officer
Disclosure of interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure
Voting requirements	Simple Majority
Attachments	1. Risk Management Report for 2022

	Authority / Discretion	Definition
<input type="checkbox"/>	Advocacy	<i>When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>When Council initiates or adopts a policy position, or a local law</i>
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<input checked="" type="checkbox"/>	Information	<i>Includes items for information purposes only and do not require a decision of Council (to 'note' only)</i>

Executive Summary

The Audit Committee is requested to note the Risk Management Report for 2022.

Background

Audit Regulation No. 17 of the *Local Government (Audit) Regulations* requires that the Chief Executive Officer review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

The review may relate to any or all of the matters referred to above, but each of those matters is to be the subject of a review not less than once in every 3 financial years. A copy of the Risk Management Report for 2022 is included as **Attachment 1**.

Consultation Summary

Local

Chief Executive Officer
Executive Manager Corporate Services
Executive Manager Technical Services
Executive Manager Development Services

State

Nil

Legislative Implications

State

Regulation 17 of the *Local Government (Audit) Regulations 1996* states:

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Local

Nil

Policy Implications

State

Nil

Local

Nil

Financial Implications

Nil

Strategic Assessment / Implications

Local

- Strategic Community Plan 2022-2032

Focus area:	Administration and Governance
Objective:	S5.2 Outcome: Accountable and Transparent Governance
Strategy:	S5.2.1 Become a leader in the areas of transparency, disclosure and public accountability

State

Nil

Site Inspection

Not applicable

Risk Assessment / Implications

Risk	Likelihood	Consequences	Risk Analysis	Mitigation
Reputational: Loss of reputation by no longer doing things that have been done in the past	Possible	Insignificant	Low	Continuing to bring this through Council will mitigate the risk.
Opportunity:				

Officer Comment/Details

The CEO and extended Executive Management Team conducted a Risk Assessment workshop during July 2022, where risks were identified and mitigating actions with deadlines determined. This report will now form part of the Integrated Performance and Reporting system that is being implemented, and will provide regular updates.

It is recommended that the Audit Committee review the Risk Management Report 2022 and recommend to Council that the report be adopted by Council at the next Ordinary meeting to be held on Wednesday 15 February 2023.

OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Moved Cr Ross, seconded Cr Campbell

That the Audit and Risk Committee:

- 1 Receive the Risk Management Report 2022; and**
- 2 Recommend to Council for approval at the Ordinary Meeting held Wednesday 15 February 2023.**

CARRIED UNANIMOUSLY 6 / 0

TIME: 4.42PM

7. CLOSURE

The Presiding Member closed the meeting at 4.45pm.