



# Audit and Risk Committee Meeting

Wednesday 17 March 2021  
Commencing at 4.30pm

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

#### PREFACE

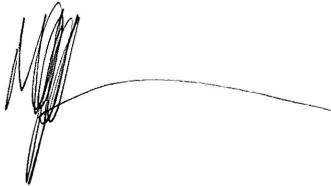
When the Chief Executive Officer approves these minutes for distribution they are in essence "Unconfirmed" until the following Chittering Audit & Risk Committee meeting, where the minutes will be confirmed subject to any amendments.

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 Chittering Audit & Risk Committee meeting are put together as an addendum to these Minutes.

#### UNCONFIRMED MINUTES

These Audit Committee minutes were approved for distribution on 24 March 2021



**Matthew Gilfellow**  
Chief Executive Officer

#### CONFIRMED MINUTES

These Audit Committee minutes were confirmed at the Chittering 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 Chittering 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.



## TABLE OF CONTENTS

<b>AUDIT AND RISK COMMITTEE MEETING</b>		<b>1</b>
<b>1.</b>	<b>DECLARATION OF OPENING OF MEETING / ANNOUNCEMENTS OF VISITORS</b>	<b>4</b>
<b>2.</b>	<b>RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE / ANNOUNCEMENTS</b>	<b>4</b>
2.1	Attendance	4
2.2	Apologies	4
2.3	Approved leave of absence	4
<b>3.</b>	<b>DISCLOSURE OF INTEREST</b>	<b>4</b>
<b>4.</b>	<b>PUBLIC QUESTION TIME</b>	<b>4</b>
4.1	Response to previous public questions taken on notice	5
4.2	Public question time	5
<b>5.</b>	<b>CONFIRMATION OF MINUTES: 11 MARCH 2020</b>	<b>5</b>
<b>6.</b>	<b>PURPOSE OF MEETING</b>	<b>5</b>
6.1	Local Government Compliance Audit Return for 2020	5
6.2	Financial Management Review	23
<b>7.</b>	<b>CLOSURE</b>	<b>27</b>

\* indicates separate attachments

*Good evening Councillors, staff, ladies and gentlemen, we wish to acknowledge the traditional custodians of the land we are meeting on, the Yued people. 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 / ANNOUNCEMENTS OF VISITORS**

The Chairperson opened at 4:30pm

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

### **2.1 Attendance**

*The following members were in attendance:*

Cr Kylie Hughes                      Chairperson  
Cr Carmel Ross  
Cr Peter Osborn  
Cr Mary Angus  
Cr John Curtis

*The following staff were in attendance:*

Matthew Gilfellow                      Chief Executive Officer  
Melinda Prinsloo                      Executive Manager Corporate Services

*Members of the general public:*

Cr Mark Campbell

### **2.2 Apologies**

### **2.3 Approved leave of absence**

## **3. DISCLOSURE OF INTEREST**

Nil

#### 4. PUBLIC QUESTION TIME

##### 4.1 Response to previous public questions taken on notice

Nil

##### 4.2 4.2 Public question time

Nil

#### 5. CONFIRMATION OF MINUTES: 11 March 2020

**COMMITTEE RESOLUTION**

Moved Cr Osborn / Seconded Cr Angus

That the minutes of the Audit and Risk Committee Meeting held on Wednesday 11 March 2020 be confirmed as a true and correct record of proceedings.

**CARRIED 5/0**  
16:32PM

#### 6. PURPOSE OF MEETING

##### 6.1 Local Government Compliance Audit Return for 2020

<b>Applicant</b>	Shire of Chittering
<b>File ref</b>	04/02/0002
<b>Prepared by</b>	Support Officer Governance
<b>Supervised by</b>	Chief Executive Officer
<b>Voting requirements</b>	Simple Majority
<b>Attachments</b>	1. Compliance Audit Return for 2020

##### **Executive Summary**

The Audit Committee is requested to review the Compliance Audit Return for 2020 and present to Council for adoption prior to 31 March 2021.

##### **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 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**.

**Consultation/Communication Implications**

Local

Chief Executive Officer  
Executive Manager Technical Services

State

Nil

**Legislative Implications**

State

Local Government Act 1995  
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 Implications**

Local

Nil

State

Nil

**Site Inspection**

Not applicable

**Triple Bottom Line Assessment**

Economic implications

There are no known significant economic implications associated with this proposal.

Social implications

There are no known significant social implications associated with this proposal.

Environmental implications

There are no known significant environmental implications associated with this proposal.

**Officer Comment/Details**

The CAR for the 2020 calendar year has been completed by the Support Officer Governance. It is recommended that the Audit Committee review the CAR and recommend to Council that the CAR be adopted by Council at the next Ordinary meeting to be held on 17 March 2021.

**COMMITTEE RESOLUTION**

**Moved Cr Ross / Seconded Cr Angus**

**That the Audit Committee reviews the Local Government Compliance Audit Return for the period 1 January 2020 to 31 December 2020 and presents to Council for adoption at the Ordinary Meeting of Council on 17 March 2021.**

**CARRIED 5/0**

16:38PM

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

**Chittering - Compliance Audit Return 2020**

**Certified Copy of Return**

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes.

<b>Commercial Enterprises by Local Governments</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.59(2)(a) F&G Reqs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2020?	N/A		Michelle Nagel
2	s3.59(2)(b) F&G Reqs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A		Michelle Nagel
3	s3.59(2)(c) F&G Reqs 7,8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2020?	N/A		Michelle Nagel
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2020?	N/A		Michelle Nagel
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



<b>Delegation of Power/Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Michelle Nagel
2	s5.16	Were all delegations to committees in writing?	N/A		Michelle Nagel
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Michelle Nagel
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Michelle Nagel
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	N/A		Michelle Nagel
6	s5.42(1) & s5.43 Admin Req 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act?	Yes		Michelle Nagel
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Michelle Nagel
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Michelle Nagel
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Michelle Nagel
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Michelle Nagel
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Michelle Nagel
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	Yes		Michelle Nagel
13	s5.46(3) Admin Req 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Req 19?	Yes		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	No	Cr John Davis did not leave the November 2020 meeting - however he resigned at a later point in the meeting	Michelle Nagel
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Michelle Nagel
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Michelle Nagel
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Michelle Nagel
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes		Michelle Nagel
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Michelle Nagel
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Michelle Nagel
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Michelle Nagel
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Michelle Nagel
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Michelle Nagel
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Michelle Nagel
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Michelle Nagel
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the	Yes		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



		CEO remove from the register all records relating to that person?		
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Michelle Nagel
15	Rules of Conduct <del>Reg</del> 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct <del>Reg</del> 11(2)?	Yes	Michelle Nagel
16	Rules of Conduct <del>Reg</del> 11(6)	Where a council member disclosed an interest under Rules of Conduct <del>Reg</del> 11(2) was the nature of the interest recorded in the minutes?	Yes	Michelle Nagel
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	Michelle Nagel
18	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	Michelle Nagel
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection <del>5.71B(6)</del> recorded in the minutes of the council meeting at which the decision was considered?	N/A	Michelle Nagel
20	s5.103 Admin <del>Regs</del> 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin <del>Regs</del> 34B and 34C to be observed by council members, committee members and employees?	Yes	Michelle Nagel
21	Admin <del>Reg</del> 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin <del>Reg</del> 34B(5)?	Yes	Michelle Nagel

Attachment 1 – Chittering Compliance Audit Return 2020

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes		Michelle Nagel
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	Yes		Michelle Nagel
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	N/A		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



<b>Disposal of Property</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	N/A		Michelle Nagel
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



<b>Elections</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	Yes		Michelle Nagel
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years?	Yes		Michelle Nagel
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	N/A		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		Michelle Nagel
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes		Michelle Nagel
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	Yes		Michelle Nagel
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	Yes		Michelle Nagel
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	No	Auditors wrote to DLG informing them of this	Michelle Nagel
6	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes		Michelle Nagel
7	s7.12A(4)(a)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?	Yes		Michelle Nagel
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes		Michelle Nagel
9	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	Yes		Michelle Nagel
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	Yes		Michelle Nagel
11	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	Yes		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



<b>Integrated Planning and Reporting</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted: 21 June 2017 Reviewed: 15 July 2020	Michelle Nagel
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?	Yes	Adopted: 21 June 2017 Reviewed: 15 July 2020	Michelle Nagel
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Michelle Nagel
2	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes		Michelle Nagel
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Michelle Nagel
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	Yes		Michelle Nagel
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Michelle Nagel
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



<b>Official Conduct</b>						
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>	
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes		Michelle Nagel	
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)?	Yes		Michelle Nagel	
3	s5.121(2)	Does the complaints register include all information required by section 5.121(2)?	Yes		Michelle Nagel	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes		Michelle Nagel	

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Optional Questions					
No	Reference	Question	Response	Comments	Respondent
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 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.	No	Due to COVID-19 the review was delayed - which moved it outside of the 3 year period. This was via a Council Resolution - April 2020 - Resolution 070420.	Michelle Nagel
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 Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.	No	Due to COVID-19 the review was delayed - which moved it outside of the 3 year period. This was via a Council Resolution - April 2020 - Resolution 070420.	Michelle Nagel
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	Yes		Michelle Nagel
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	Yes		Michelle Nagel
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	Yes		Michelle Nagel
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	Yes		Michelle Nagel
7	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Michelle Nagel
8	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes		Michelle Nagel
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		Michelle Nagel
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



<b>Tenders for Providing Goods and Services</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Michelle Nagel
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy 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?	Yes		Michelle Nagel
3	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Michelle Nagel
4	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Michelle Nagel
5	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Michelle Nagel
6	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes		Michelle Nagel
7	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Michelle Nagel
8	F&G Reg 17	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?	N/A	No requests for Tender were made in the past year	Michelle Nagel
9	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	No requests for Tender were made in the past year	Michelle Nagel
10	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	N/A	No requests for Tender were made in the past year	Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



11	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	N/A	No requests for Tender were made in the past year	Michelle Nagel
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A	No requests for Tender were made in the past year	Michelle Nagel
13	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	No requests for Tender were made in the past year	Michelle Nagel
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	N/A	No requests for Tender were made in the past year	Michelle Nagel
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	N/A	No requests for Tender were made in the past year	Michelle Nagel
16	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A	No requests for Tender were made in the past year	Michelle Nagel
17	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	No requests for Tender were made in the past year	Michelle Nagel
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	No requests for Tender were made in the past year	Michelle Nagel
19	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	No requests for Tender were made in the past year	Michelle Nagel
20	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A	No requests for Tender were made in the past year	Michelle Nagel
21	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Michelle Nagel
22	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Michelle Nagel

**Attachment 1 – Chittering Compliance Audit Return 2020**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Michelle Nagel
24	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	Yes	Michelle Nagel

I certify this Compliance Audit Return has been adopted by council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor/President, Chittering

\_\_\_\_\_  
Signed CEO, Chittering

## 6.2 Financial Management Review

<b>Applicant</b>	Shire of Chittering
<b>File ref</b>	12/01/1
<b>Author</b>	Executive Assistant
<b>Authorising Officer</b>	Chief Executive Officer
<b>Disclosure of interest</b>	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure
<b>Voting requirements</b>	Simple Majority
<b>Attachments</b>	1. Financial Management Review

### Executive Summary

Council is requested to receive the Financial Management Review (**Attachment 1**).

### Background

At the Ordinary Council Meeting held on 15 April 2020, Council resolved to ..."*defer the engagement of Butler Settineri (Audit) Pty Ltd to fulfil our regulatory requirements pursuant to the Local Government (Financial Management) Regulations 1996, section 5.2 to carry out the requisite Financial Management Review until 2020/21 financial year.*" (Resolution 070420).

In August 2020, the Shire engaged the services of Butler Settineri (Audit) Pty Ltd to conduct a review of the systems covering key financial management areas. Refer to "Officer Comments/Details" for a summary of the Financial Management Review (the "Review").

### Consultation/Communication Implications

#### Local

Executive Manager Corporate Services  
Executive Manager Development Services  
Executive Manager Technical Services  
Coordinator Financial Services

#### State

Butler Settineri

### Legislative Implications

#### State

- 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 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 not less than once in every 4 financial years) and report to the local government the results of those reviews).

Local

Nil

**Policy Implications**

State

Nil

Local

Nil

**Financial Implications**

Nil

**Strategic Implications**

Local

- Strategic Community Plan 2017-2027
  - Focus area: Strong leadership
  - Objective: S5.3 Accountable governance
  - Strategy: S5.3.1 Good governance which supports efficient and effective service delivery

State

Nil

**Site Inspection**

Not applicable

**Triple Bottom Line Assessment**

Economic implications

Where not applicable, insert “There are no known significant economic implications associated with this proposal.”

Social implications

Where not applicable, insert “There are no known significant social implications associated with this proposal.”

Environmental implications

Where not applicable, insert “There are no known significant environmental implications associated with this proposal.”

**Officer Comment/Details**

The Review process was carried out covering the period 1 July 2019 to 30 June 2020.

**COMMITTEE RESOLUTION**

**Moved Cr Angus / Seconded Cr Osborn**

**That the Audit and Risk Committee accept the findings contained in the ‘Financial Management Review’, as per Attachment 1.**

**CARRIED 5/0**  
16:50PM

# BUTLER SETTINERI

*Real People. Better Business*



FINANCIAL MANAGEMENT  
SYSTEM REVIEW

*“Better **Business**  
**People**”*

**SHIRE OF CHITTERING**

## Table of Contents

Disclaimer.....	2
Executive Summary .....	3
1.0 Background .....	3
2.0 Review Objectives and Scope .....	3
3.0 Approach .....	3
4.0 Key Findings.....	4
Appendix A Detailed Findings .....	5
Appendix B List Of Policies and Procedures Covered By This Review.....	9

## DISCLAIMER

This report is provided in accordance with the Agreed Upon Procedures engagement covering the Financial Management Review conducted on behalf of the Chief Executive Officer as required by Local Government (Financial Management) Regulation 5(2) per the Request for Quote as advertised on the Vendor Panel Pty Ltd platform and is subject to its terms and conditions.

Our work was limited to that described in this report and was performed in accordance with ASRS 4400 as issued by AUASB. It did not constitute an examination or a review in accordance with generally accepted auditing standards or assurance standards. Accordingly, we provide no opinion or other form of assurance with respect to our work or the information upon which our work was based. We did not audit or otherwise verify the information supplied to us in connection with this review, except to the extent specified in this report.

Our work was based only on the information made available up to the date of the review. Accordingly, changes in circumstances after this date or the availability of other information could affect our findings

This report is intended solely for Shire of Chittering's internal use and benefit and may not be relied on by any other party. We accept no liability or responsibility to any other party who gains access to this report.

# EXECUTIVE SUMMARY

## 1.0 Background

As outlined in the Request for Quote as advertised on the Vendor Panel Pty Ltd platform, you engaged us to perform a review of the policies, procedures and practises (“framework”) relating to particular areas of the Shire of Chittering.

The Shire of Chittering is a local government based in Western Australia. It is governed by seven (7) Councillors and the four (4) staff members as part of the Executive team of the Shire. Council is responsible for planning and making decisions on policies and developments affecting the area.

At the time of the review, the Shire employed approximately sixty (60) staff to implement the Council’s decisions, run its day-to-day operations and provide a range of programs and services for the community.

As required by Regulation 5(2) of the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer (“CEO”) is to review the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly. The CEO is also required to report to the audit committee the results of this review.

During the beginning of the month of August 2020, the CEO outsourced the above review and engaged Butler Settineri (Audit) Pty Ltd to conduct a review of the local government’s system covering key financial management areas in the framework.

## 2.0 Review objectives and scope

The objective of this review is to compare the internal control policies and procedures adopted by the Shire of Chittering with the minimum requirements of the Local Government Act 1995 and its associated regulations and to determine the extent to which the stated policies and procedures as adopted by Shire of Chittering have been implemented by the CEO.

The scope included review of the policies and procedures and the areas and cycles described in Appendix B to this report.

## 3.0 Approach

The review process was carried out covering the period 1 July 2019 to 30 June 2020 as follows:

We obtained a list of all the policies and procedures as documented by the Shire from the Executive Manager Corporate Services, Melinda Prinsloo.

We compared this listing and the relevant areas covered by these policies to the Local Government Act and Regulations, in particular the Local Government (Financial Management) Regulations, as amended from time to time.

We noted areas of concern, in particular where we identified a lack of documented policies and procedures, or where documented policies and procedures deviated from the requirements of the Regulations.

We further performed walkthroughs of all significant transaction cycles. Our decision to perform a walkthrough was based on the significance of a particular cycle in terms of either the dollar value it represented in the annual financial statements (reference year 2019/20) or the strategic importance as noted in the Regulations or discussions from management.

From these walkthroughs we noted areas of concern for discussion with management. Areas of concern include any significant deviation from the documented framework, or where the current framework did not address key risk areas.

From the work performed above, we prepared a draft report to identify specific key risk areas and potential improvement recommendations.

After consulting with management and obtaining their comments on our recommendations, we now issue our final report to the audit committee.

#### 4.0 Key Findings

From the work performed during our review, we note that the financial management framework is generally in good order.

In particular, we found that all major controls in relation to compliance and succession planning as well as financial controls for the receipting of monies, safeguarding of assets and control over expenditure are in place and functional.

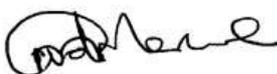
Therefore, all our findings in relation to these areas are categorised as “Moderate” or “Minor”, which indicate a generally good system of internal control.

Overall we wish to congratulate Matthew, Melinda and the team on maintaining a reasonably high level of control with regards to the financial systems of the Shire.

We do have several recommendations to make however, and the detailed findings identified during our review can be found in Appendix A of this report. These recommendations have been discussed with management and action plans to address these risks within acceptable timeframes were agreed on.

We would like to take this opportunity to thank all staff involved in this review for their courteous assistance, in particular Melinda and the finance team.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

12 October 2020

## APPENDIX A DETAILED FINDINGS

### RISK RATINGS

The Ratings in this Appendix 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. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Risk ratings have been assigned to issues raised in this report as follows:

<b>Control is Inadequate</b>	<b>Extreme</b>	<p>Can be expected to occur in most circumstances; more than 75% chance of occurring; complex process with minimal checks &amp; balances; impacting factors outside the control of the organisation.</p> <p>Those findings where there is potentially an extreme risk to the entity should the finding not be addressed by the entity promptly. An extremely significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed.</p>
	<b>Significant</b>	<p>Will probably occur in most circumstances; 50-75% chance of occurring; complex process with some checks &amp; balances; impacting factors outside the control of the organisation.</p> <p>Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed.</p>
	<b>Moderate</b>	<p>Might occur at some time; 25 – 50% chance of occurring; previous audits/reports indicate non-compliance; complex process with extensive checks &amp; balances; impacting factors outside control of organisation.</p> <p>Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.</p>
<b>Control is Adequate</b>	<b>Minor</b>	<p>Could occur at some time; less than 25% chance of occurring; non-complex process &amp;/or existence of checks and balances.</p> <p>Those findings that are not of primary concern but still warrant action being taken.</p>

Key to Titles:			
CEO	Chief Executive Officer	SFO	Supporting Finance Officer
EMCS	Executive Manager Corporate Services	FCO	Finance Coordinator
EMTS	Executive Manager Technical Services	CSO	Customer Services Support Officer
AO	Accounts Officer	HR	Human Resources

Number	Accounting Cycle	Audit Findings/Comment	Rating	Recommendation	Management comment
1.	Compliance – Asset Management Plan	<p>We noted that the Asset Management Plan highlights infrastructure assets as a major corporate function that requires an organisation-wide approach and as such has been incorporated into the Shire’s Corporate Business Plan, Strategic Community Plan and Annual Budget.</p> <p>On review of the Corporate Business Plan we note that the Shire has adopted a 10 year replacement policy in respect of Plant and Equipment. We note an example being the school bus which has reached 10 years of service yet has not been scheduled for replacement as required by the policy.</p>	Moderate	<p>We recommend that management review the age of assets to ensure all assets are marked for replacement after the expiry of 10 years as specified in the Asset Management Plan and that the Council ensure the policy is adhered to.</p> <p>We further recommend that Council review the 10 year replacement policy as specified in the Corporate Business Plan in respect of Plant and Equipment to include a consideration of the condition of assets before making the decision to replace the assets based on the 10 year policy.</p>	<p>Management acknowledges the finding.</p> <p>A review of the 10 year replacement policy will be conducted to better reflect the operational considerations when assets are renewed or replaced.</p>

2.	Compliance – Corporate Business Plan	We noted that the current Corporate Business Plan was adopted in 2018 and covers the period 2017 to 2021.	Minor	We recommend that the Corporate Business Plan be updated within the next 12 months to cover the period to 2030.	Management acknowledges the finding. The CBP will be reviewed within the coming year.
3.	Payroll - Employee Termination Checklist	We noted that while there is an Employee Termination Checklist in place, there is no requirement to evidence the sign-off of each procedure listed or the overall sign off of the form.	Minor	We recommend that the Employee Termination Checklist be updated to include a requirement for each procedure to be signed off by the member of management completing the Employee Termination Checklist to ensure the procedures are completed.	Management acknowledges the finding.  The employee termination checklist has been amended to include an additional level of sign-off.
4.	IT Control Environment - Cyber Attack Policy	On review of the IT control environment, we noted that there is no Disaster Recovery Plan in place which details policy concerning back-up procedures, the protection of electronic data and records and the recovery of these in the event of a disaster. We note that there is no formal policy covering the Shire's response to cyber-attacks.	Moderate	We recommend that a Disaster Recovery Plan be adopted which details policy concerning back-up procedures, the protection of electronic data and records and the recovery of these in the event of a disaster.  We further recommend that a formal policy covering the Shire's response to cyber-attacks is adopted.	Management acknowledges the finding and will formalise the current stringent backup-regime and cyber-attack monitoring & controls into a policy.

5.	IT Control Environment – Server Cabinet	We noted that the server cabinet is not enclosed and that the cabling is not stored neatly. This increases the risk of physical damage and potential loss or business disruption whether accidental or intentional.	Moderate	We recommend that the server cabinet is enclosed and that all cables are stored neatly to limit the risk of physical damage and potential loss or business disruption.	<p>Management Acknowledges the finding.</p> <p>A lock has been ordered for the server room, to add a level of security.</p>
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## APPENDIX B LIST OF POLICIES AND PROCEDURES COVERED BY THIS REVIEW

### ▀ Shire Policies included in the Policy Manual Reviewed November 2020

- » Risk Management Policy
- » Purchasing & Procurement Policy
- » Purchasing Authority Limits Policy
- » Rate Recovery Policy
- » Delegation Authority Register
- » Management of Investments Policy
- » Corporate Credit Card Policy
- » Staff Policies
- » Asset Management Policy (separate policy)
- » Business Continuity Plan (separate policy)

### ▀ Shire Procedures

- » Internal Control Procedure

### ▀ Legislative Compliance

- » Local Government (Audit) Regulations 1996  
*Regulation 7, Regulation 10 and Regulation 17*
- » Section 7 of the Department of Local Government Accounting Manual
- » Local Government (Elections) Regulation 1996  
*Part 5A Disclosure of gifts-30G Register*
- » Local Government (Administration) Regulation 1996  
*Part 4 Local Government Employees-Regulation 18A to 18G*

- » Local Government Act 1995
  - Section 6.4*
  - Section 5.16 to 5.18A*
  - Section 5.36 to 5.37*
  - Section 5.45 to 5.46*
  - Section 5.67 to 5.68*
  - Section 5.73 to 5.77*
  - Section 5.88*
  - Section 5.103*
  - Section 5.120 to 5.121*
  - Section 3.57 to 3.58*
  - Section 7.1A to 7.1C*
  - Section 7.3*
  - Section 7.9*
  - Section 7.12*
  
- » Local Government (Functions and General) Regulations 1996
  - Part 4 Provision of goods and services-Regulation*
  - Part 3 Commercial enterprises by local governments*
  
- » Local Government (Financial Management) Regulations 1996
  - Regulation 5 to Regulation 13*
  - Regulation 34*



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## **7. CLOSURE**

The Chairperson closed the meeting at 4:50pm