



# MINUTES

## Audit, Risk and Improvement Committee Meeting

Held in Council Chambers  
Corner King & Barrack Street's, Merredin  
Monday, 17 February 2025  
Commencing 1:30pm



<b>Common Acronyms Used in this Document</b>	
CEO	Chief Executive Officer
EMSC	Executive Manager Strategy and Community
EMDS	Executive Manager Development Services
EMES	Executive Manager Engineering Services
EMCS	Executive Manager Corporate Services
EO	Executive Officer
GO	Governance Officer
MCS	Manager Corporate Services
SFO	Senior Finance Officer
CBP	Corporate Business Plan
SCP	Strategic Community Plan
OAG	Office of the Auditor General

Shire of Merredin  
Audit, Risk and Improvement Committee  
Meeting  
1.30pm Monday 17 February 2025



**1. Official Opening**

The Presiding Member acknowledged the Traditional Owners of the land on which we meet today, and paid his respects to Elders past, present and emerging. The Presiding Member then welcomed those in attendance and declared the meeting open at 1:31pm.

**2. Record of Attendance / Apologies and Leave of Absence**

**Councillors:**

Cr D Crook	President
Cr R Manning	Deputy President – Via Zoom
Cr M McKenzie	Chair
Cr B Anderson	

**Staff:**

C Watts	CEO
L Boehme	EMCS
L Carr	A/EMES
C Brindley-Mullen	EMS&C
M Wyatt	EO
A Bruyns	GO

**Members of the Public:** Nil

**Apologies:** Cr M Simmonds

**Approved Leave of Absence:** Nil

*Cr Manning's attendance via Zoom was approved by the Shire President in advance in accordance with Regulation 14C.2(b) of the Local Government (Administration) Amendment Regulations 2022.*

**3. Public Question Time**

Nil

**4. Disclosure of Interest**

Nil

## 5. Confirmation of Minutes of the Previous Meeting

5.1 Audit Committee Meeting held on 17 December 2024  
Attachment 5.1A

### Voting Requirements

Simple Majority

Absolute Majority

### Resolution

**Moved:** Cr McKenzie

**Seconded:** Cr Crook

**83537**

**That the minutes of the Audit Committee Meeting held on 17 December 2024 be confirmed as a true and accurate record of proceedings.**

**CARRIED 4/0**

*For: Cr McKenzie, Cr Anderson, Cr Crook, Cr Manning*

*Against: Nil*

## 6. Officer's Reports

### 6.1 Risk and Regulation Action Plan February 2025

<h2>Corporate Services</h2> 	
<b>Responsible Officer:</b>	Leah Boehme, EMCS
<b>Author:</b>	As above
<b>Legislation:</b>	<i>Local Government (Audit) Regulations 1996</i>
<b>File Reference:</b>	Nil
<b>Disclosure of Interest:</b>	Nil
<b>Attachments:</b>	Attachment 6.1A – Risk and Regulation Action Plan February 2025

#### Purpose of Report

Executive Decision



Legislative Requirement

To provide the Audit, Risk and Improvement Committee with an update on the Shire of Merredin's (the Shire) progress toward the actions highlighted during the 2023/24 Audit and the Shire's Financial Management Review (FMR), which was presented to the Audit Committee and Council in December 2023.

Actions relating to the Shire of Merredin Risk Dashboard are also incorporated in the document. It should be noted that a full review of the Risk Dashboard has been scheduled for the Executive Leadership Team to undertake in March – April 2025. Once this is completed, older points on the current document will be reviewed and potentially removed.

#### Background

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* directs the Chief Executive Officer (CEO) 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 3 financial years) and report to the local government the results of those reviews. The FMR for the Shire was undertaken in the last quarter of 2023 and results were presented to the Audit Committee and Council. The previous FMR was completed in 2020.

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of the local government systems and procedures in relation to risk management, internal control and legislation compliance.

The review may relate to any or all of the matters referred to the sub-regulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every three (3) financial years. The CEO is to report to the Audit, Risk and Improvement Committee the results of that review and then provide updates on the progress toward identified actions on a regular basis.

The Shire undertook this review in December 2022 and all identified actions have now been closed out. The Shire will look to complete this review again prior to the end of 2025.

### Comment

As with the previous Action Plan presented to Council, works toward the completion of the actions have been outlined throughout the document (Attachment 6.1A).

### Policy Implications

Policy 3.24 – Risk Management applies.

### Statutory Implications

Regulation 17 of the *Local Government (Audit) Regulations 1996* applies.

### Strategic Implications

#### ➤ Strategic Community Plan

Theme:	4. Communications and Leadership
Service Area Objective:	4.2 Decision Making. 4.2.3 The Council is well informed in their decision-making, supported by a skilled administration team who are committed to providing timely, strategic information and advice. 4.4.1 The Shire is continuously working to maintain efficient communication, providing open, transparent and factual information, through a variety of channels.
Priorities and Strategies for Change:	Nil

#### ➤ Corporate Business Plan

Theme:	4. Communications and Leadership.
Priorities:	Nil
Objectives	Nil

### Sustainability Implications

#### ∅ Strategic Resource Plan

Nil

**Risk Implications**

There is a risk to the organisation if regulation and risk items are not regularly reviewed and presented to the Audit, Risk and Improvement Committee. The rating is considered to be Moderate (6), which is determined by a likelihood of Possible (3) and a consequence of Minor (2).

By regularly reviewing the Shire’s Risk and Regulation Action Plan, and providing updates to the Audit, Risk and Improvement Committee and Council, the risk to the organisation should decrease.

**Financial Implications**

Nil

**Voting Requirements**

Simple Majority

Absolute Majority

**Resolution**

**Moved: Cr Anderson**

**Seconded: Cr Crook**

**That the Audit, Risk and Improvement Committee;**

**83538**

1. **NOTES the quarterly Risk and Regulation Action Plan for February 2025 as presented in Attachment 6.1A; and**
2. **RECOMMENDS that Council NOTES the Risk and Regulation Action Plan, as tabled to the Audit, Risk and Improvement Committee.**

**CARRIED 4/0**

*For: Cr McKenzie, Cr Anderson, Cr Crook, Cr Manning*

*Against: Nil*

## Risk and Regulation Action Plan – January 2025

Completed  In progress  Ongoing  Not yet commenced  Reviewed elsewhere 

### 2023/24 Financial Audit

Area's Actions Required	Actions:	Date completed/ comment:
Corporate IT Strategy **previous Audit	Develop a Corporate IT Strategy for the Shire of Merredin that links to the business objectives outlined in the Shire of Merredin Corporate Business Plan.	Not yet commenced, will be working with the Office of Digital Government, Department of Premier and Cabinet on the Cyber Security Pilot Project until 30 June 2026. Initial meetings held.
IT Policies/ Procedures **previous Audit	Though a range of processes are currently in place in relation to backups, physical security, HR security and a number of the other areas listed below, the Shire will formalise/ develop documented IT and Cyber Security policies/ procedures that include: <ul style="list-style-type: none"> <li>- Access control (including Account management, Account requests and approvals, Account monitoring, User authentication, Account auditing)</li> <li>- Physical security</li> <li>- Backup protocols</li> <li>- Change management</li> <li>- HR security</li> <li>- Information classification</li> <li>- Data loss prevention</li> </ul>	Documents not yet developed, will be working with the Office of Digital Government, Department of Premier and Cabinet on the Cyber Security Pilot Project until 30 June 2026. Initial meetings held.
Outdated Workforce Plan	Complete a full review of the current document, taking into account planned organisation changes and predicted needs of the organisation in the coming five years.	Full review has been commenced.
Excessive Leave Balances	Executive staff will work with any members of their team with around or over 300 hours of annual leave to develop Leave Plans that ensure that excess leave is cleared as soon as possible.	Discussions held with staff members who have excessive leave balances. All staff members have leave booked in 2025 to reduce excess leave.



## Financial Management Review

Recommendations:	Actions:	Date completed/ comment:
Bank Reconciliations processes require review to ensure current practices are documented.	Documented processes and procedures to be developed relating to bank reconciliations	Three of four bank reconciliations are now completed utilising the Altus Bank Reconciliation module. This has been in place for nine months. The fourth is completed manually. Procedure to be developed. No further progress due to vacancy in the team
End of Month checklist to be developed to ensure all processes are completed.	The End of Month Checklist has been developed, however is not being used regularly. This will become part of the usual end of month process, with the EMCS to sign off each month moving forward. Some additional items will also be added to deal with items raised in the FMR relating to end of month procedures.	End of Month Checklist is now used at the end of each month to ensure all processes are complete. Further checklists will be put in place for each of the positions. No further progress due to vacancy in the team
Key reconciliations should be completed prior to the finalisation of the monthly financial reports.	This will be added to the End of Month Checklist moving forward to ensure completion and sign off occurs each month within the required timeframe.	These processes are now included in the End of Month Checklist. These are currently checked each month and the EOM checklist is reviewed and authorised. This will continue to be completed moving forward.
Monthly payroll reconciliations noted three imbalances, however these imbalances were reported at the time and records were maintained to support the reasons for the imbalances. It is suggested that these controls and practices are continued.	The current controls will be documented to ensure their continuation.	Monthly payroll reconciliations are completed and imbalances rectified prior to the commencement of the following pay. A payroll end of month checklist will be implemented to ensure processes continue. No further progress due to vacancy in the team.
Credit card reconciliations are not completed prior to the monthly funds direct debit being completed. The recommendation is for staff to check their statements earlier in the billing cycle.	The EMCS will check credit card statements when pulling through creditor / payroll batches each week and check any suspicious looking transactions with the respective executive. A work instruction for this will be developed.	The EMCS checks all credit cards at least fortnightly and queries any unusual payments with the cardholder. A spreadsheet has been developed and checks are entered as completed. However the work instruction has not yet been developed. No further progress due to vacancy in the team.
Fixed asset reconciliations are delayed until the sign off of the annual financials each year, the	In future, a comment will be included in the monthly statement of financial activity for months prior to the completion of the Fixed	Fixed Asset Reconciliations were completed in December 2023 and

reviewers suggest that attention be drawn to this in the monthly statement of financial activity.	Asset Reconciliations until the sign off of the Annual Financial Report.	reported in the monthly statement of financial activity. This note has been completed in the monthlies since July. Asset reconciliations will occur in January.
Regular review of cost reallocations to ensure accuracy and so that administration costs are not being incorrectly capitalised.	A review will be undertaken to review cost allocations prior to the 2024/25 budget adoption. This review will be added to the Budget Checklist to ensure it is undertaken annually as part of the budget process.	The Engineering Team work closely with Finance Team and capitalise completed projects on monthly. Plant op costs and public works overheads have been reviewed prior to adoption of the new budget. Allocations were also reviewed during Budget Review 1.
Review of activity based costings to support calculation of rates being applied. Procedures to be developed to ensure regular review and monitoring of these costs.	A review of activity based costing will be undertaken prior to the 2024/25 budget adoption. This review will be added to the Budget Checklist to ensure it is undertaken annually as part of the budget process. These costs will also be monitored and added to the End of Month Checklist.	Review completed with adjustments made to the REC and MEMBERS areas to account for the large increase to workload related to the MRCLC since taking management back in house. Reviews will be completed annually to check accuracy moving forward.
Written procedures are required for the reconciliation of borrowings.	A work instruction will be developed and this will be added to the End of Month Checklist moving forward to ensure completion and sign off occurs each month within the required timeframe.	No further progress due to vacancy in the team.
Timely reconciliation of stock (including fuel) is required and controls need to be established.	This issue has already been identified through the risk register and processes are beginning to be developed.	Fuel dips have been completed for December - current, however the reconciliation process and work instruction are to be developed. No further progress due to vacancy in the team.
Documentation of controls relating to general journal procedures are required. This should include regular audit trails being completed to ensure no unauthorised journals have been completed.	The printing and review of audit trails will be added to the end of month checklist moving forward to ensure completion and sign off occurs each month. A written procedure will also be drafted to outline the processes required.	No further progress due to vacancy in the team.
The investment register is not routinely reviewed by a more senior officer.	Currently the Shire do not have any active investments, with all funds being in the form of cash and held with our Bank. Moving forward the "cash" register which is completed will be added to the End of Month Checklist to ensure sign off occurs each month.	Investment Register has been added to the End of Month Checklist to be authorised each month by a more senior officer.

The Business Continuity Plan requires routine testing to ensure validity.	Desktop testing of the Business Continuity Plan will be scheduled prior to the end of the financial year.	Desktop exercise with ELT members led by the CEO occurred 23 January 2025.
Policy 3.5 - Investment Policy requires review and updating. It is suggested that the review timeframe could be amended to align with organisational requirements.	This Policy, along with a number of others, will be reviewed in the coming months.	

## Risk Dashboard Review

<b>Asset Management</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
In house QGIS training for Exec and AMO	N	Dec-24	This will no longer occur due to previous EMES choosing this program and it not being the standard for LGs. The Shire are looking to revert to the RAMS program asap.
Maintain roads data in QGIS	Ongoing	ongoing	Verification of Roads Data was completed and presented to Council in March 2024
Continue quarterly stocktakes at works depot, review oncosts	Ongoing	ongoing	Oncosts were review during 2024/25 budget development.
Review and update Asset Management Policy	Y	Jun-25	Reviewed and presented to Council 8 June 2023. This will be reviewed in June 2025.
Create Asset Management Strategy	N	Dec-25	
<b>Business and Community Disruption</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Implement internal emergency management arrangements across Shire	Y	ongoing	
Review LEMA annually	N	ongoing	Adopted at LEMC Meeting 26 October 2023
Hold at least one evacuation practice in each Shire facility each year	N	ongoing	Practices held at Landfill Site and Cummins Theatre 28/03/2024. Administration completed 23/10/2024. Depot 28/11/2024.

Desktop testing of IT Disaster Recovery Plan/ Business Continuity Plan	Y	Sep-24	Completed September 2024 – minor tweaks recommended to improve efficiency
<b>Failure to Fulfil Compliance Requirements (statutory, regulatory)</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Review Compliance Calendar within Attain	ongoing	ongoing	Weekly due items report sent to Exec
Review process for CAR completion	Y	ongoing	2023 CAR presented to Audit and Council in February 2024
Policy and Plan Spreadsheets	Y	ongoing	Spreadsheets developed Q3 2023 and sent to Exec
<b>Document Management Process</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Add policy review to SMG	Y	Jun-24	Included in SMG agenda.
Digitise vital records	Partial	Jun-25	Some old records digitised, most new digitised as created
Review policies by due dates	Partial	ongoing	Policy Index developed. A number of policies have been reviewed.
Review procedures and create Procedure Index with 'last reviewed date' component	Partial	Jun-25	Commenced October 2023
Creation of key secure documents that are unable to be edited (H Drive – templates, procedures etc)	Partial	Dec-24	Most folders / documents secured
Continue to review archives of the Shire	Partial	Ongoing	Records officer and Governance Officer have continued review
<b>Employment Practices</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Ensure Recruitment Process are implemented consistently	Partial	ongoing	Mostly completed – PDs and Classifications reviewed and updated. Onboarding and offboarding checklists developed and utilised.
Updating HR Synergy module	Partial	Dec-24	Commenced - majority of staff information in now being stored in Definitiv.
Review of qualification, licenses and tickets for required staff	Partial	ongoing	In progress. Training register updated and reviewed regularly.
<b>Engagement Practices</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Review Engagement & Consultation Framework	N	Dec-25	

Complete Community Scorecard Survey	N	Dec-25	Will require funds in 2025/26 budget – CEO KPI to engage contractor to completed community scorecard or similar prior to August 2025, with scorecard to be undertaken during 2025/26.
<b>Environment Management</b>			
<b>Action</b>	<b>Completed Y/N</b>	<b>Date Due</b>	<b>Date Completed/ Notes</b>
Maintenance and monitoring of waste water re-use scheme	Y	ongoing	Monthly sampling complies with legislation requirements.
Training to be completed for the waste water management program	As required	ongoing	Ongoing training consistently provided to new employees. Current employees working with waste water have up to date training.
Develop Landfill Operational Management and Landfill Closure Plans	Y	Jun-24	Completed (final documents to be issued by November 2024.
<b>Errors, Omissions and Delays</b>			
<b>Action</b>	<b>Completed Y/N</b>	<b>Date Due</b>	<b>Date Completed/ Notes</b>
Identify key procedures for ALL areas, to be documented	Partial	Jun-25	A number of Corporate procedures identified via FMR and Audit
Create Procedural/Internal Management procedures and policies	Partial	Jun-25	Some initial Corporate procedures created. Strategy and Community team have commenced documenting procedures in the correct template
Regularly review key information on website for accuracy	Partial	ongoing	Commenced – Exec to review own information.
Review process to track complaints/ work requests	Partial	Dec-24	A spreadsheet is in place currently to log requests / Snap Send Solves.
<b>External Theft, Fraud or Damage</b>			
<b>Action</b>	<b>Completed Y/N</b>	<b>Date Due</b>	<b>Date Completed/ Notes</b>

Review Admin Security Procedure to include individual 4 digit access system for relevant staff. Removal of access when staff leave.	Y	ongoing	Alarm and swipe card system in use, all staff have individual pins.
CCTV review	Partial	Sep-24	Discussions with local contractor have occurred. Existing CCTV repaired, POs issued for CWVC and town centre in December. Apex Park quotes received.
Review of contractor access and induction processes, including assessment of effectiveness and consistency.	Partial	ongoing	Review of DAMSTRA contractors completed.
<b>Management of Facilities/ Venues/ Events</b>			
<b>Action</b>	<b>Completed Y/N</b>	<b>Date Due</b>	<b>Date Completed/ Notes</b>
Review internal procedures for events and bookings - communication focus	As required	ongoing	Project plans implemented which serve as part of the procedure, including a communication plan section
Review facility/ venue hire forms created for Cummins Theatre & other external facilities	As required	ongoing	
<b>IT or Communications Systems and Infrastructure</b>			
<b>Action</b>	<b>Completed Y/N</b>	<b>Date Due</b>	<b>Date Completed/ Notes</b>
Review IT equipment register and replacement plan	Partial	Dec-24	One third fleet replacement commenced June 2024. A budget for further one third in 24/25 has been allocated.
Develop and implement Corporate IT Strategy	N	Dec-24	Not yet commenced, will be working with the Office of Digital Government, Department of Premier and Cabinet on the Cyber Security Pilot Project until 30 June 2026. Entry into the pilot received 7 October 2024.
Implement staff and councillor training for enhanced IT security	Partial	Dec-25	Cyber security video rolled out to all staff who have computer access. Cyber security posters installed. Lock computer reminders on Admin Building computers. Discussed with DLGSC as part of Cyber Security Pilot.

Review staff IT access profiles on shared drive and in SynergySoft	Partial	ongoing	Quarterly review of synergy user access commenced in April 2024.
<b>Misconduct</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Review of Induction Procedure	Partial	ongoing	Commenced, but still being refined. Most documents now updated to new templates etc
Authorised officers' letters of appointment	Y	ongoing	All current staff have letters. New staff will receive on commencement.
Ethical and Accountable Decision-Making training	Y	ongoing	Will be completed as required moving forward.
<b>Projects/ Change Management</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Develop project management plans for the management of major projects (i.e. CBD)	As required	As required	Kept as live documents, updated as required.
Project plans for events in place	As required	ongoing	Processes currently in place are working well. Ensure hand over processes documented.
<b>Safety and Security Practices</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Determine contractor/ site inspection procedural approach	Partial	Dec-24	Working with Regional Risk Coordinator (LGIS) to utilise DAMSTRA contractor induction system. Procedure to be developed.
Review WHS and new guidelines as identified	Partial	ongoing	A number of processes in place. WHS Committee Meetings held every two months.
Conduct Annual building inspection for BFB and SES	Y	ongoing	Completed by ESO and RRC January 2024.
<b>Supplier/ Contract Management</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Regular review of Tenders, Contracts, Agreements and Grants SynergySoft module	Y	ongoing	Contract and Grant milestones emailed weekly
Development of TCAG procedure	N	Mar-25	

Use of standard templates for contracts and tenders	Partial	ongoing	Administration investigating Vendor Panel subscription to ensure consistency of process.
<b>Procurement and Disposal</b>			
Action	Completed Y/N	Date Due	Date Completed/ Notes
Review local panel of suppliers	Partial	Dec-24	Two tenders June 2024: - Suppliers & Trades - Plant Hire – Contractors
Development of Asset Disposal procedures	Yes	Dec-24	Major revision of policy occurred 27 November 2023. Presented to Council 27 February 2024. Procedures have been commenced.
Training for requisitions and purchase orders	Partial	ongoing	Purchasing procedure developed with supporting work instruction. Mandatory procurement training for all staff (inc. new staff as part of induction)



**6.2 2024 Compliance Audit Return**

**Corporate Services**



<b>Responsible Officer:</b>	Craig Watts, CEO
<b>Author:</b>	Meg Wyatt, EO
<b>Legislation:</b>	<i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996</i>
<b>File Reference:</b>	GR/17/19
<b>Disclosure of Interest:</b>	Nil
<b>Attachments:</b>	Attachment 6.2A – 2024 Compliance Audit Return

**Purpose of Report**

- Executive Decision                       Legislative Requirement

For the Audit, Risk and Improvement Committee to receive the 2024 Compliance Audit Return and consider recommending the information presented in the 2024 Compliance Audit Return (CAR) be adopted by Council.

**Background**

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996*, each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the CAR. The completed CAR for 2024 is presented as Attachment 6.2A.

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires each local government’s Audit, Risk and Improvement Committee to review the CAR and report the results of that review to the Council.

After the CAR has been reviewed by the Audit, Risk and Improvement Committee and presented to Council, a copy certified by the President and Chief Executive Officer (CEO), along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March.

**Comment**

The CAR is one of the tools available to Council in its governance monitoring role. The CAR also forms part of the DLGSC’s monitoring program. The CAR enables the Council to monitor

the level of compliance achieved and to take corrective action if required or proposed to prevent future like occurrences.

The 2024 CAR contains the following compliance categories:

1. Commercial Enterprises by Local Governments;
2. Delegation of Power/Duty;
3. Disclosure of Interest;
4. Disposal of Property;
5. Elections;
6. Finance;
7. Integrated Planning and Reporting;
8. Local Government Employees;
9. Official Conduct;
10. Optional; and
11. Tenders for Providing Goods and Services.

The CAR provides the tools for Council to monitor legislative compliance by examining a range of prescribed subjects under Regulation 13 of the *Local Government (Audit) Regulations 1996* in detail.

Generally, the outcomes for the 2024 CAR show relatively consistent results for the organisation, with improvements in some areas. There have been some changes made by the Administration which have improved the accuracy of the reporting in the return, and the governance standards met. Once endorsed by Council, the CAR will be lodged with the DLGSC, confirming a greater than 95% compliance for the Shire of Merredin (the Shire).

#### Policy Implications

Nil

#### Statutory Implications

Section 7.13(1)(i) of the *Local Government Act 1995* states:

**“7.13. Regulations as to audits**

1) *Regulations may make provision as follows —*

- i. *requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are*

—

- i. *of a financial nature or not; or*
- ii. *under this Act or another written law.”*

*Regulations 14 and 15 of the Local Government (Audit) Regulations 1996 states:*

**“14. Compliance audits by local governments**

- 1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- 2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.
- 3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

**“15. Certified copy of compliance audit return and other documents to be given to Departmental CEO**

- 1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
  - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
  - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- 2) In this regulation —
 

**certified** in relation to a compliance audit return means signed by —

  - (a) the mayor or president; and
  - (b) the CEO.”

	<b>Strategic Implications</b>
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<b>➤ Strategic Community Plan</b>	
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Theme:	4. Communications and Leadership
Service Area Objective:	4.2 Decision Making 4.2.2 The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources
Priorities and Strategies for Change:	Nil

<b>➤ Corporate Business Plan</b>	
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Theme:	4. Communications and Leadership.
Priorities:	Nil
Objectives	4.2 Decision Making

	<b>Sustainability Implications</b>
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<b>∅ Strategic Resource Plan</b>	
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Nil

### Risk Implications

The objective of the CAR is to identify risks to the organisation where noncompliance may have occurred enabling processes and procedures to be developed, reviewed or amended, as required.

There is a compliance risk associated with this Item, as the Shire would be contravening the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* if this Item was not presented to the Audit, Risk and Improvement Committee. The risk rating is considered to be Moderate (6), which is determined by a likelihood of Unlikely (2) and a consequence of Moderate (3). This risk will be eliminated by the adoption of the Officer's Recommendation.

### Financial Implications

Nil

### Voting Requirements

Simple Majority

Absolute Majority

### Resolution

Moved: Cr Crook

Seconded: Cr McKenzie

That the Audit, Risk and Improvement Committee **RECOMMENDS** to Council that it:

83539

1. **RECEIVES** the 2024 Compliance Audit Return;
2. **ADOPTS** the 2024 Compliance Audit Return for the period 1 January 2024 to 31 December 2024 as contained in Attachment 6.2A; and
3. **AUTHORISES** the Shire President and Chief Executive Officer to sign the joint certification and submit the completed 2024 Compliance Audit Return, and any additional information explaining or quantifying the compliance audit, to the Department of Local Government, Sport and Cultural Industries by 31 March 2025.

**CARRIED 4/0**

*For: Cr McKenzie, Cr Anderson, Cr Crook, Cr Manning*

*Against: Nil*



## Merredin – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2024?	N/A	No major trading undertaken during this period.
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2024?	N/A	No major trading undertaken during this period.
3	s3.59(2)(c) F&G Regs 7,8A, 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 2024?	N/A	
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 2024?	N/A	
5	s3.59(5)	During 2024, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	The Shire of Merredin has not given any delegations to committees.
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	The Shire of Merredin has not given any delegations to committees.
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	The Shire of Merredin has not given any delegations to committees.
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	The Shire of Merredin has not given any delegations to committees.



<b>5</b>	s5.18	Has council reviewed delegations to its committees in the 2023/2024 financial year?	N/A	The Shire of Merredin has not given any delegations to committees.
<b>6</b>	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	
<b>7</b>	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
<b>8</b>	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
<b>9</b>	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
<b>10</b>	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	
<b>11</b>	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	Register is kept on the Attain system and put on the Shire website.
<b>12</b>	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2023/2024 financial year?	Yes	
<b>13</b>	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	Records of all exercised delegations are kept using the Attain system.

#### Disclosure of Interest

<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>
<b>1</b>	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 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Confirming Councillors left the Chambers for items which they did not have approval to remain and participate. CMRef 83421 30/07/2024, CMRef 83429 30/07/2024, CMRef 83452 17/09/2024, CMRef 83478 22/10/2024, CMRef 83485 26/11/2024.
<b>2</b>	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 the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
<b>3</b>	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	CMRef 83524 17/12/2024



<b>4</b>	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	
<b>5</b>	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2024?	Yes	
<b>6</b>	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	
<b>7</b>	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 of the Local Government Act 1995?	Yes	
<b>8</b>	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 of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
<b>9</b>	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
<b>10</b>	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 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	
<b>11</b>	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 of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
<b>12</b>	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
<b>13</b>	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
<b>14</b>	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	



<b>15</b>	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	Confirming Employees disclosed interest and if needed left the Chambers. CMRef 83524 17/12/2024.
<b>16</b>	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 section 5.71A(1) of the Local Government Act 1995 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	
<b>17</b>	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
<b>18</b>	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	The Shire of Merredin previously adopted one at the April OCM held 20/04/2021, CMRef 82721, and published on the website. As there have been no changes to the model code of conduct, an updated one has not needed to be adopted.
<b>19</b>	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	No	The prescribed model code of conduct was used to develop the Shire's code of conduct for Council members, committee members and candidates. No additional requirements have been adopted.
<b>20</b>	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	Published to the Shire website 22/12/2022.
<b>21</b>	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Published to the Shire website 26/11/2024.





Disposal of Property				
No	Reference	Question	Response	Comments
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) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Yes	Met the requirements as per section 3.58(3). 30/04/2024 CMRef 83381 (Lot 502 Crooks Road, Merredin), 17/09/2024 CMRef 83460 (Lot 19 & 19 Wattle Street, Hines Hill, 17/09/2024 CMRef 83461 (Lot 110 Cunningham Street, Nangeenan).
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes	Public notices published on 18/03/2024 for Lot 502 Crooks Road and 20/08/2024 for Lot 18 & 19 Wattle Street and 110 Cunningham Street on: Shire website, public notice board, local newspaper, social media.

Elections				
No	Reference	Question	Response	Comments
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 in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	An extraordinary election was held in 2024 and no disclosures were received.
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 in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	Yes	An extraordinary election was held in 2024 and no disclosures were received.



<b>3</b>	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 regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes	An extraordinary election was held in 2024 and no disclosures were received.
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Finance				
No	Reference	Question	Response	Comments
<b>1</b>	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	Members were appointed by absolute majority at the October 2023 Ordinary Council Meeting - CMRef 83262, 24/10/2023.
<b>2</b>	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	No powers or duties were delegated to the audit committee.
<b>3</b>	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2024 received by the local government by 31 December 2024?	Yes	Received from Auditors on 6/12/2024. Report went to Council on 17/12/2024, CMRef 83511.
<b>4</b>	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	
<b>5</b>	s7.12A(4)(a) & (4)(b)	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? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	No significant findings.
<b>6</b>	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	
<b>7</b>	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2024 received by the local government within 30 days of completion of the audit?	Yes	



Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	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) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
5	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	No recommendations to employ or dismiss were rejected by Council.

Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	The CEO has been designated to be the complaints officer.
2	s5.121(1) & (2)	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) of the Local Government Act 1995?	Yes	No complaints resulting in a finding in the reporting period.
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	No complaints resulting in a finding in the reporting period.
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	No complaints resulting in a finding in the reporting period.

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments



<b>1</b>	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, 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?	Yes	
<b>2</b>	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 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 regulation 11(1) of the Regulations?	Yes	
<b>3</b>	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government (Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
<b>4</b>	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
<b>5</b>	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	
<b>6</b>	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
<b>7</b>	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
<b>8</b>	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?	Yes	



<b>9</b>	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?	Yes	
<b>10</b>	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?	Yes	
<b>11</b>	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	
<b>12</b>	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 EOIs in 2024.
<b>13</b>	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	No EOIs in 2024.
<b>14</b>	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 Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	No EOIs in 2024.
<b>15</b>	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 Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	No pre-qualified supplier panels called.
<b>16</b>	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	
<b>17</b>	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 Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	



<b>18</b>	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 Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
<b>19</b>	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	
<b>20</b>	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	
<b>21</b>	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
<b>22</b>	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	

<b>Integrated Planning and Reporting</b>				
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>
<b>1</b>	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	20/04/2021  CMRef 82725 20/04/2021.
<b>2</b>	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	27/06/2023  CMRef 83185 27/06/2023. An update on works underway and completed against the Corporate Business Plan was provided to Council at the July 2024 Council Meeting, CMRef 83430, 30/07/2024.
<b>3</b>	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	



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 Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2024? If yes, please provide the date of council's resolution to accept the report.	Yes	11/12/2023 CMRef 83290 11/12/2023.
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 Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2024? If yes, please provide date of council's resolution to accept the report.	Yes	20/12/2022 The review was completed and the report accepted at the December Ordinary 20/12/2022 CMRef 83070.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	A reviewed policy was adopted at the November OCM - CMRef 83497, 26/11/2024 and placed on the website on 4/12/2024.
5	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) of the Local Government Act 1995?	Yes	
6	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	A reviewed policy was adopted at the November OCM - CMRef 83497, 26/11/2024 and placed on the website on 4/12/2024.
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2023/2024 financial year and publish it on the local government's official website by 31 July 2024?	Yes	



Department of  
**Local Government, Sport  
and Cultural Industries**

8	s6.4(3)	By 30 September 2024, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2024?	No	Council approved for the Administration to apply for a two week extension through the Minister on 24/09/2024 CMRef 83464. The extension was applied for on 25/09/2024 and the Minister granted approval for the two week extension until 14/10/2024 on 27/09/2024. The final annuals were submitted to the auditor on 2/10/2024.
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Mayor/President

\_\_\_\_\_  
Date



**6.3 Audit, Risk and Improvement Committee – Amendments to Terms of Reference**

<h2 style="color: #0056b3;">Corporate Services</h2> 	
<b>Responsible Officer:</b>	Leah Boehme, EMCS
<b>Author:</b>	Craig Watts, CEO
<b>Legislation:</b>	<i>Local Government Act 1995</i>
<b>File Reference:</b>	Nil
<b>Disclosure of Interest:</b>	Nil
<b>Attachments:</b>	Attachment 6.3A - Updated Terms of Reference for the Audit Risk and Improvement Committee

**Purpose of Report**

- Executive Decision
  Legislative Requirement

For the Audit, Risk and Improvement Committee (ARIC) to consider an amendment to the Terms of Reference for the ARIC.

**Background**

The Terms of Reference for the ARIC were adopted at 17 December 2024 Ordinary Council Meeting. It has been identified that a term used in the document could create ambiguity, therefore an amendment is recommended to ensure that the Council’s decision-making powers are not challenged.

**Comment**

The adopted Terms of Reference for the ARIC include a provision in which all members of the Committee are to be appointed by Council. Underneath this clause, there is a second provision which states that the Chairperson and Deputy Chairperson are to be elected by the Committee. The Terms of Reference also confirm that the Committee has no decision making powers. Although any decision to elect a chairperson must be endorsed by the Council, it has the potential to create ambiguity if the decision of the committee for the election of the chairperson or deputy chairperson was not endorsed.

The intent of this clause was to have the Committee recommend the chairperson and deputy chairperson roles, with these then being endorsed by Council. To rectify this issue, it is recommended that the Terms of Reference be amended to clearly state that the Committee may recommend a chairperson and deputy chairperson, with this recommendation then being considered by Council. The clause relating to a meeting

quorum has also been amended to include at least one independent member at all meetings.

The amended version of the Terms of Reference is attached.

### Policy Implications

Nil

### Statutory Implications

The ARIC is established under part 7 of the *Local Government Act 1995* and part 2 of the *Local Government Amendment Act 2024*.

### Strategic Implications

#### ➤ Strategic Community Plan

Theme: 4. Communications and Leadership  
Service Area Objective: 4.2.3 The Council is well informed in their decision making, supported by a skilled administration team who are committed to providing timely, strategic information and advice.  
Priorities and Strategies for Change: Nil

#### ➤ Corporate Business Plan

Theme: 4. Communications and Leadership.  
Priorities: Nil  
Objectives 4.2 Decision Making

### Sustainability Implications

#### ∅ Strategic Resource Plan

Nil

### Risk Implications

There is a reputational and compliance risk associated with this item as the Shire could be viewed as not complying with the provisions of the *Local Government Act 1995*. The risk rating is considered to be Low (4), which is determined by a likelihood of Unlikely (2) and a consequence of Minor (2). This risk will be eliminated by the adoption of the Officer's Recommendation.

### Financial Implications

Nil

### Voting Requirements



Simple Majority



Absolute Majority

### Resolution

**Moved:**

**Cr McKenzie**

**Seconded: Cr Crook**

**83540**

**That the Audit, Risk and Improvement Committee RECOMMENDS that Council ADOPTS the updated “Audit, Risk and Improvement Committee Terms of Reference” as shown in Attachment 6.3A.**

**CARRIED 4/0**

*For: Cr McKenzie, Cr Anderson, Cr Crook, Cr Manning*

*Against: Nil*



# Shire of Merredin

## Audit, Risk and Improvement Committee

### Terms of Reference 2025

#### **Introduction:**

The Audit, Risk and Improvement Committee (ARIC) is an advisory group formally appointed by the Council that is responsible to the Council. The Committee does not have executive powers or authority to implement actions in areas over which management has responsibility and does not have any financial responsibility. The Committee does not have any management functions and is therefore independent of management.

#### **Appointing Legislation:**

The ARIC is established under section 7.1A of the *Local Government Act 1995*.

#### **Delegated Authority:**

The ARIC has no delegated power and has no authority to implement its recommendations without approval from Council.

#### **Purpose:**

The purpose of the Terms of Reference is to;

1. facilitate the operation of the ARIC;
2. support the Council in fulfilling its responsibilities in relation to:
  - a. risk management systems
  - b. internal control structure
  - c. financial reporting
  - d. compliance with laws and regulations
  - e. internal and external audit functions

#### **Objectives:**

The primary objective of the ARIC 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. The ARIC will also oversee critical areas including risk management & governance.

Reports from the ARIC 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 ARIC will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the local government's financial accounting systems and compliance with legislation.

More specifically, the objectives of the ARIC are to oversee:

1. The integrity of external financial reporting, including accounting policies.
2. The scope of work, objectivity, performance and independence of the external auditor.
3. The establishment, effectiveness and maintenance of controls and systems to safeguard the Shire's financial and physical assets.
4. The framework and systems that are designed to ensure the Shire complies with relevant statutory and regulatory requirements.
5. The framework for recognising risks arising from the Shire's operations and consider the adequacy of measures taken to manage those risks.
6. The framework and systems which protect the Council against fraud and irregularities.

The ARIC must also add to the credibility of Council by promoting ethical standards through its work.

Members of the Committee are expected to:

- understand the legal and regulatory obligations of the Council for governing the entity;
- understand the governance arrangements that support achievement of the Shire's strategies and objectives;
- exercise due care, diligence and skill when performing their duties;
- adhere to the Shire's Code of Conduct for Council Members, Committee Members and Candidates;
- be aware of contemporary and relevant issues impacting the public sector; and
- only use information provided to the Committee to carry out their responsibilities, unless expressly agreed by Council.

***Powers of the ARIC:***

The ARIC is a formally appointed committee of Council and is responsible to that body. The ARIC does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The ARIC does not have any management functions and cannot involve itself in management processes or procedures.

The ARIC is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

The ARIC has the authority of Council to:

- Review the external auditor's annual audit plans along with the outcomes / results of all audits undertaken;
- Review internal audit plans along with the outcomes / results of all audits undertaken;
- Formally meet with the Shire's appointed external auditor as necessary;
- Ensure that any matters raised by external audit that require action are actioned; and
- Advise Council on any or all of the above as deemed necessary.

### **Membership:**

The membership criteria of the ARIC is set out below.

- The committee shall consist of four elected members and two independent members who will act as the Presiding Member and Deputy Presiding Member. All members shall have full voting rights.
- The CEO and employees are not members of the committee.
- The CEO and or their nominee is to attend all meetings to provide advice and guidance to the committee.
- The Shire shall provide secretarial and administrative support to the committee.
- The Council will appoint all members of the committee.
- Members shall be appointed for a period of up to two (2) years terminating on the day of the Local Government Ordinary Council Elections, unless Council resolves otherwise.
- The Presiding Member and Deputy Presiding Member will be ~~appointed~~ nominated by the ARIC, biennially by election by all committee members after the Local Government Ordinary Council Elections, for endorsement by Council. These positions will be filled by independent members.  
\*The first independent Presiding Member and Deputy Presiding Member will be elected after the adoption of these Terms of Reference, with a term concluding October 2025, after the Ordinary Council Elections.
- The quorum at any meeting shall be 3 voting members, including at least one independent member.
- Committee members are required to abide by the *Local Government Act 1995* and Code of Conduct in observing the requirements of declaring any proximity, financial or impartiality interests that relate to any matter to be considered at each meeting.

### **Meetings:**

The ARIC shall meet every four (4) months or more regularly as required at the discretion of the Presiding Member of the committee, the Shire President or the CEO, with all members expected to attend each meeting in person. Electronic attendance is permitted where a member is unable to be present in person, however the Presiding Member and CEO must be informed of this at least 24 hours prior to the meeting. Elected Members, who are not part of the committee are invited to observe meetings, however they are not entitled to participate in the meeting. The CEO, or their delegate and the Executive Manager Corporate Services, is to attend all meetings to provide advice and guidance to the committee, however the CEO and employees are not members of the committee. The CEO will invite members of management, internal and external auditors or others to attend meetings as observers and to provide pertinent information, as necessary.

The members of the ARIC are to elect an independent Presiding Member at the first meeting of the committee following the adoption of these Terms of Reference, then at the first meeting after each Ordinary Local Government Election. The Presiding Member will preside at all meetings. In their absence, the Deputy Presiding Member will assume the Presiding Member role for that meeting.

Each member of the Committee at a meeting will have one vote. The Presiding Member will have a casting vote and simple majority will prevail. A committee recommendation does not have effect unless it has been made by simple majority. A simple majority is the agreement of not less than half of the members present at the meeting.

Meeting agendas will be prepared and provided at least three days in advance to members, along with appropriate briefing materials. Minutes will be taken at each meeting and presented to the subsequent meeting for confirmation. Reports and recommendations of each committee meeting shall be presented to the next appropriate ordinary council meeting, which may not be meetings held on the same day.

ARIC meetings are generally open to the public unless the Presiding Member or CEO deem it necessary to proceed behind closed doors pursuant to section 5.23 of the *Local Government Act 1995*.

### ***Duties and Responsibilities:***

The duties and responsibilities of the ARIC will be:

#### Risk Management

- Review whether management has in place a current and comprehensive risk management framework and associated procedures for effective identification and management of the Shire's business and financial risks, including fraud.
- Assess whether a sound and effective approach has been followed in managing the Shire's major risks including those associated with individual projects, program implementation, and activities.
- Assess the impact of the Shire's risk management framework on its control environment and insurance arrangements.
- Review the process of developing and implementing the Shire's fraud control arrangements and satisfy itself the Shire has appropriate processes and systems in place to detect, capture and effectively respond to fraud-related information.

#### Business Continuity

- Assess whether a sound and effective approach has been followed in establishing the Shire's business continuity planning arrangements, including whether business continuity and disaster recovery plans have been periodically updated and tested.

#### Internal Control

- Review whether management's approach to maintaining an effective internal control framework is sound and effective.
- Review whether management has in place relevant policies and procedures and that they are periodically reviewed and updated.
- Assess whether the appropriate processes are in place to assess, at least once a year, whether key policies and procedures are complied with.
- Review whether appropriate policies and supporting procedures are in place for the management and exercise of delegations.
- Consider how management identifies any required changes to the design or implementation of key internal controls.

### Financial Reporting

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgemental areas, and recent accounting, professional and regulatory pronouncements, and legislative changes, and understand their effect on the financial report.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Review the annual financial report and performance report of the Shire of Merredin and consider whether it is complete, consistent with information known to the committee members, and reflects appropriate accounting principles.
- Review with management and the external auditors all matters required to be communicated to the ARIC under the Australian Auditing Standards.
- Review the draft Annual Financial Statements and recommend the adoption of the Annual Financial Statements to Council, in accordance with the timeframes as prescribed.
- Review the mid-year budget review and recommend the adoption of this to Council.

### Compliance

- Review the processes that track the effectiveness of compliance monitoring systems with legislation and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Keep informed of the findings of any examinations by regulatory agencies and any auditor (internal or external) observations and monitor management's response to those findings.
- Obtain regular updates from management about compliance matters.
- Review the annual Compliance Audit Return and report to the Council the results of the review.

### Audit

- Note the auditor's proposed audit scope and approach for financial performance audits.
- Consider the findings and recommendations of relevant Management Letters undertaken by the external auditor and ensure the Shire implements relevant recommendations.
- Review all audit reports and provide advice to the Council on significant issues identified in audit reports and action to be taken on issues raised, including identification and dissemination of good practice.
- Provide an opportunity for the Committee to meet with the external auditors to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- Annually review the performance of external audit including the level of satisfaction with external audit function.
- Monitor management's implementation of audit recommendations.

### Reporting Responsibilities



- Report regularly to the Council about ARIC activities, issues, and related recommendations through circulation of minutes.
- Monitor that open communication between the external auditor and the Shire's management occurs.

#### Other Responsibilities

- Perform other activities related to these Terms of Reference as requested by the Council.
- Annually review and assess the adequacy of the Terms of Reference, request Council approval for proposed changes, and ensure appropriate disclosure as might be required by legislation or regulation

#### ***Payment of Independent Committee Members:***

Payments will be made to Independent Committee Members at the following rates:

- Presiding Member at each ARIC meeting \$100.
- Deputy Presiding Member at each ARIC meeting \$75.
- Deputy Presiding Member who presides at meeting due to absence of Presiding Member \$100.

Please note: If an independent member is unable to attend a meeting, they will not be paid for that meeting.

## **7. Closure**

There being no further business, the Presiding Member thanked those in attendance and declared the meeting closed at 1:37pm.

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