

SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

AGENDA

Audit Committee Meeting

To be held in Council Chambers
Corner King & Barrack Street's, Merredin
Commencing 12.30pm on Tuesday 18 December 2018



Notice of Meeting



Dear President and Councillors,

The next meeting of the Audit Committee of the Shire of Merredin will be held on Tuesday 18 December 2018 in the Council Chambers, Corner King & Barrack Streets, Merredin. The format will be:

11.00am	Citizenship Ceremony
12.00pm	Lunch
12.30pm	Audit Committee Meeting
1.00pm	Briefing Session (including Assetfinda presentation)
3.00pm	Council Meeting

GREG POWELL
CHIEF EXECUTIVE OFFICER
13 December 2018

DISCLAIMER


PLEASE READ THE FOLLOWING IMPORTANT DISCLAIMER BEFORE PROCEEDING:

Statements or decisions made at this meeting should not be relied or acted on by an applicant or any other person until they have received written notification from the Shire. Notice of all approvals, including planning and building approvals, will be given to applicants in writing. The Shire of Merredin expressly disclaims liability for any loss or damages suffered by a person who relies or acts on statements or decisions made at a Council or Committee meeting before receiving written notification from the Shire.

The advice and information contained herein is given by and to Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

It should be noted that the Attachment hyperlinks will not be functional from this document when sourced from the Shire of Merredin's website. Attachment copies can be obtained by contacting Vanessa Green on 08 9041 1611 or ea@merredin.wa.gov.au.

Common Acronyms Used in this Document	
WEROC	Wheatbelt East Regional Organisation of Councils
GECZ	Great Eastern Country Zone
WALGA	Western Australian Local Government Association
CEACA	Central East Aged Care Alliance
CEO	Chief Executive Officer
DCEO	Deputy CEO
EMDS	Executive Manager of Development Services
EMES	Executive Manager of Engineering Services
EMCS	Executive Manager of Corporate Services
EA	Executive Assistant to CEO
LPS	Local Planning Scheme
LGIS	Local Government Insurance Services
SRP	Strategic Resource Plan
CBP	Corporate Business Plan
CSP	Community Strategic Plan
MRCLC	Merredin Regional Community and Leisure Centre
CWVC	Central Wheatbelt Visitors Centre
MoU	Memorandum of Understanding

Shire of Merredin	
Audit Committee Meeting 12.30pm Tuesday 18 December 2018	
 SHIRE OF MERREDIN INNOVATING THE WHEATBELT	
1.	Official Opening
2.	Record of Attendance / Apologies and Leave of Absence
	<p>Councillors:</p> <p>Cr KA Hooper President Cr BJ Anderson Cr JR Flockart Cr PR Patroni</p> <p>Staff:</p> <p>G Powell CEO K Bartley DCEO V Green EA to CEO</p> <p>Members of the Public:</p> <p>Apologies:</p> <p>Approved Leave of Absence:</p>
3.	Public Question Time
	Members of the public are invited to present questions about matters affecting the Shire of Merredin and its residents.
4.	Disclosure of Interest
5.	Confirmation of Minutes of the Previous Meeting
5.1	<u>Audit Committee Meeting held on 18 September 2018</u>
6.	Officer's Reports – Corporate Services
6.1	<u>CEO's Review of Risk Management, Internal Control and Legislative Compliance and Risk Management Governance Framework</u>
7.	Closure

5. Confirmation of Minutes of the Previous Meeting

5.1 Audit Committee Meeting held on 18 September 2018

[Attachment 5.1A](#)

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the minutes of the Audit Committee Meeting held on 18 September 2018 be confirmed as a true and accurate record of proceedings.

6. Officer's Reports – Corporate Services

6.1 CEO's Review of Risk Management, Internal Control and Legislative Compliance and Risk Management Governance Framework

<h2 style="margin: 0;">Corporate Services</h2> 	
<p>Responsible Officer:</p> <p>Author:</p> <p>Legislation:</p> <p>File Reference:</p> <p>Disclosure of Interest:</p> <p>Attachments:</p>	<p>Kellie Bartley, DCEO</p> <p>As above</p> <p><i>Local Government (Audit) Regulations 1996</i></p> <p>CM/20/1</p> <p>Nil</p> <p>Attachment 6.1A - CEO's Review of Risk Management, Internal Control and Legislative Compliance</p> <p>Attachment 6.1B - Shire of Merredin Risk Profile Summary December 2018</p>

Purpose of Report

- Executive Decision
 Legislative Requirement

Background

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 2 calendar years.

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

Comment

To assist with the review process, the Shire of Merredin has a Risk Management Governance Framework which includes a policy and procedure. The following statements outline the outcome of the review:

Risk Management

1. *Does the local government have an effective risk management system?*

Comment

The Shire of Merredin is working towards developing an effective risk management system with a number of strategies put in place to assist the Shire of Merredin in managing risks. Actions since the December 2017 review include:

1. Review of the Business Continuity Plan;
2. Compliance Audit Return submitted;
3. External Auditor Review conducted;
4. Financial Statements Financial;
5. Ongoing implementation of the Agreements, Contracts and Tenders Synergy module;
6. Review of Purchasing Policy;
7. Adoption of Strategic Community Plan and Corporate Business Plan (IPR);
8. Review of Code of Conduct (Councillors use of Social Media);
9. Review of Delegations;
10. Review of Safety and Security (Currently being undertaken); and
11. Risk Report Profile Report – undertaken July and December 2018.

(Risk Report Profile for December 2018 included in Attachment)

The Risk Management Framework is to be reviewed for appropriateness and effectiveness at least every two years.

2. *Are material operating risks to the local government being appropriately considered?*

Comment

The Shire of Merredin maintains the adopted “Three Lines of Defence” model for the management of risk. This model ensures responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. Operating within the approved risk appetite and framework, Council, Executive Management and the community will have assurance that risks are managed effectively to support the delivery of the Strategic, Corporate and Operational Plans.

The major risk themes recognised for assessment include:

1. Asset Management practices;
2. Environment management;
3. Document Management Processes;
4. Engagement of Community/Stakeholders/Elected Members;

5. Misconduct;
 6. Business Disruption;
 7. Procurement, Disposal or Tender Practices;
 8. Damage to Physical Assets;
 9. Errors, Omissions & Delays;
 10. Failure of IT &/or Communications Systems and Infrastructure;
 11. Failure to fulfil Statutory, Regulatory or Compliance Requirements;
 12. Providing Inaccurate Advice/Information;
 13. Inadequate External Theft, Fraud and Damage;
 14. Inadequate Organisation and Community Emergency Management;
 15. Adequate Employee and Visitor Safety & Security;
 16. Adequate Supplier/Contract Management; and
 17. Effective People Management.
3. *Does the local government have a current and effective business continuity plan (including disaster recovery) which is tested from time to time?*

Comment

The Shire of Merredin adopted the Business Continuity Plan in February 2018. The Shire's risk profile for business disruption is identified as a moderate risk with adequate controls. The Plan will be reviewed annually.

4. *How effective are the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:*
- a. *Potential non-compliance with legislation, regulations and standards and the local government's policies;*
 - b. *Important accounting judgements or estimates that prove to be wrong;*
 - c. *Litigation and claims;*
 - d. *Misconduct, fraud and theft; and*
 - e. *Significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety and how they are managed by the local government.*

Comment

The Shire of Merredin's Risk Management Governance Framework, Risk Management Policy and relevant Procedures clearly identify the risks associated with the internal processes identified above.

Council Policy 3.24 – Risk Management outlines the Risk Theme Definitions documents in detail all such risks and the Shire is currently refining processes and structures to mitigate/minimise potential adverse effects, both financial and other.

Council's insurers provide Professional Indemnity cover which assists the Shire to minimise financial exposure.

The organisations' Corporate Calendar assists the Executive Management and staff to quickly identify due dates for all statutory, legislation and compliance requirements.

The Shire of Merredin's Code of Conduct outlines guidelines for an acceptable standard of professional conduct. The Code of Conduct observes statutory requirements of the *Local Government Act 1995* (S 5.103 – Codes of Conduct) and *Local Government (Administration) Regulations 1996* (Regs 34B and 34C). Activities, behaviour and statutory compliance obligations may be scrutinised in accordance with prescribed rules of conduct as described in the *Local Government Act 1995* and *Local Government (Rules of Conduct) Regulations 2007*. The Code of Conduct was reviewed and incorporated the Councillors use of Social Media based on WALGA guidelines.

5. *Are regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, provided to ensure that identified risks are monitored and new risks are identified, mitigated and reported.*

Comment

The Risk Management Governance Framework outlines reporting requirements:

1. Risk Profiles are formally reviewed and updated, quarterly or when there has been a material restructure, change in risk ownership or change in the external environment;
2. Six monthly Risk Reporting for the CEO and Executive Management Team – contains an overview of the Risk Summary for the Shire; and
3. Annual Compliance Audit Return completion and lodgement.

All engineering work sites are risk assessed and documented by staff and contractors utilising the Shire's risk assessment suite of tools. Risk assessment tools are reviewed and monitored throughout the identified works and signed off upon completion.

6. *Are the local government's processes to manage insurable risks adequate? How adequate is insurance cover, and if applicable, the level of self-insurance?*

Comment

The Shire of Merredin has comprehensive insurance cover through Council's insurance broker, LGIS. The insurance policies are reviewed annually, including the provision of external and/or in-house valuations based on fair values and adjusted accordingly.

Council's plant and equipment portfolios were re-valued in 2016. The land and buildings assets were re-valued in 30 June 2017. Infrastructure and Roads valuations took place in 2018.

The organisation consults with LGIS to discuss matters on an ongoing basis and professional consultation is readily available. Through LGIS resources and procedures are provided to assist processing the management of insurable risks.

7. *Has the effectiveness of the local government's internal control system been reviewed with management and the internal and external auditors?*

Comment

The Shire's internal control systems are reviewed and tested at regular intervals by the Executive Management Team and annually by Council's External Auditors.

No anomalies are currently apparent, albeit that the Executive Management Team has identified that some in-house documented procedures need updating and strengthening.

8. *Does management have controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk?*

Comment

Robust Delegations and sign-off procedures are in force to mitigate potential risks for these types of transactions.

9. *How effective and robust is the local government's procurement framework, with a focus on the probity and transparency of policies and procedures/processes? Are these procedure/processes being applied?*

Comment

The Shire of Merredin is committed to delivering best practice in the purchasing of goods, services and works that align with the principles of transparency, probity and good governance. The purchasing policy ensures that:

1. Best practice policies and procedures are followed in relation to internal purchasing for the Shire of Merredin;
2. Compliance with the *Local Government Act 1995* and the *Local Government Act (Functions and General) Regulations 1996*;
3. Compliance with the *State Records Act 2000* and associated record management practices and procedures of the Shire of Merredin;
4. Purchasing processes are followed to ensure value for money for the Shire of Merredin, delivering the most advantageous outcome possible;
5. Openness, transparency, fairness and equity through the purchasing process to all potential suppliers; and
6. Efficient and consistent purchasing processes are implemented and maintained across the organisation.

The Shire of Merredin also utilises the services of WALGA's Preferred Supplier Panel in conjunction with the WALGA eQuotes system thus negating the requirement to call tenders notwithstanding the transaction value.

Council's Purchasing Policy (3.12) is reviewed on a regular basis (last reviewed October 2018). The Policy includes value thresholds, processes and requirements.

10. *Should the need arise, does the Audit Committee meet periodically with key management, internal and external auditors and compliance staff to understand and discuss any changes in the local government's control environment?*

Comment

The Audit Committee consists of 4 Councillors and meets as required. At a minimum the Audit Committee meets to consider:

1. Audit Committee Regulation Changes;
 2. Budget Review;
 3. Compliance Audit Return;
 4. External Audit Services;
 5. Interim Audit Results & Report; and
 6. Audited Financial Statements.
11. *Have fraud and misconduct risks have been identified, analysed and evaluated? Has an appropriate treatment plan been implemented, communicated and monitored? Is there regular reporting and ongoing management of fraud and misconduct risks?*

Comment

Risk profiles have been prepared for both "Misconduct" and "External Theft and Fraud" as part of the Shire's Risk Management Framework. Misconduct is identified as being a 'moderate' risk and External Theft as a 'high risk'. Although controls are considered to be adequate for Misconduct, the External Theft is inadequate due to the current security programs. This is under current review and actions are being consider for implementation into the future. Such actions will necessitate the review of existing processes, together with the continued development of formal staff induction processes.

To date there have not been any reported cases of fraud since the CEO's appointment in January 2010. The two reports on Misconduct in December 2017 were satisfactorily resolved. There have been no further reports of misconduct in 2018.

Internal Control

Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

Aspects of an effective control framework will include:

1. Delegation of authority;
2. Documented policies and procedures;
3. Trained and qualified employees;
4. System controls;
5. Effective policy and process review;
6. Regular internal audits;
7. Documentation of risk identification and assessment; and
8. Regular liaison with auditor and legal advisers.

Comment

1. *Delegation of authority*

Council has a very effective delegation process. The Shire's Delegation Register was reviewed in November 2018 and will continue to be reviewed on an annual basis in accordance with the requirements of the *Local Government Act 1995*.

All employees in positions with delegated authority are required to complete a Primary Return and an Annual Return for each year thereafter that they remain in the position.

2. *Documented policies and procedures*

Council has an established Policy Manual which is reviewed on a regular basis. Individual departments and positions currently have procedures relating to their own areas of responsibility and the development of a Corporate Procedures Manual has commenced.

Policy Title	Month/Year
Occupational Safety and Health Policy	December 2017
Policy 3.16 – Donations, Loans and Sponsorships – Central Wheatbelt Visitor Centre	January 2018
Policy 6.4 – Camping on Merredin Recreational Reserves	January 2018
Policy 5.7 – Conditions of Usage – Recreational Reserves	January 2018
Policy Manual Review - Policy 5.14 – Recreational Vehicle Camping Policy	January 2018

Policy Title (..Cont/)	Month/Year
Policy Manual Review - Policy 8.23 – Heritage Plaques	January 2018
Policy Manual Review - Policy 5.15 – Merredin Regional Library – Internet Use and Access	January 2018
Equal Employment Opportunity Policy	January 2018
Policy 5.13 – Cummins Theatre – Purchased Shows	March 2018
Policy 5.12 – Cummins Theatre – Donations, Loans and Sponsorships	March 2018
Policy 5.9 – Cummins Theatre – Waivered or Discounted Hire Fees	March 2018
Policy Manual Review – Policy 2.11 - Superannuation	April 2018
Policy Manual Review - Policy 5.9 – Cummins Theatre – Waived or Discounted Hire Fees	April 2018
Policy Manual Review – Proposed New Policy – Community Facilities Usage	May 2018
Policy Manual Review – Policy 3.26 – Community Partnerships	May 2018
Policy Manual Review – Policy 3.10 – Eric Hind Music Scholarship	May 2018
Policy Manual Review – Policy 5.1 – Swimming Pool Entrance Fee – Disability Exemptions	May 2018
AASB 124 Related Party Disclosures – Proposed Policy	June 2018
Policy Manual Review – Policy 2.16 - Child(ren) in the Workplace	June 2018
Policy Manual Review - Policy 5.5 - Sponsor Advertisements – Sporting Grounds	June 2018
Policy Manual Review - Policy 8.1 - Radio Masts/Satellite Dishes	July 2018
Policy Manual Review - Policy 8.2 – Amalgamation of Lots	July 2018
Policy Manual Review - Merredin Regional Community and Leisure Centre Policies	July 2018
Policy Manual Review – Policy 2.4 - Retirement/Resignation of Employees – Council Gift	August 2018
Policy Manual Review – Policy 2.5 – Study Leave and Expenses - Applications	August 2018
Policy Manual Review – Policy 7.12 – New Heavy Vehicle Cost Recovery Policy for Sealed Roads	October 2018

Policy Title (..Cont/)	Month/Year
Policy Manual Review - Policy 2.17 – Parental Leave, Policy 2.18 – Sick/Personal Leave, Policy 2.23 – Long Service Leave Entitlements and Policy 3.22 – Credit Cards	November 2018
Art Collection - Valuation, Register and Policy	November 2018

3. *Trained and qualified employees*

The ongoing development of position descriptions for each employee position will assist in ensuring that staff members are appropriately qualified for the position to which they are appointed. Staff training is provided as required.

The Shire of Merredin's Workforce Plan was reviewed in April 2016. The Workforce Plan is monitored and evaluated annually and with emphasis analyses on staff retention, attraction protocols and succession planning.

The Human Resource module through Synergy will enable the Shire of Merredin to record and maintain human resource data to include training and qualifications. The information will assist to develop a staff training plan as part of the overarching Workforce Plan.

4. *Effective policy and process review*

Council requires its Policy Manual to be reviewed in its entirety once every two years. However, a review appropriate to the subject is applied to each individual policy if required. Procedures, as they are compiled and added to the proposed Corporate Procedures Manual, will also be required to include a specific review timeframe.

5. *Regular internal audits*

The Shire of Merredin does not currently employ the services an internal auditor. However, the *Local Government Act 1995* requires that a Compliance Audit Return be completed on an annual basis. The Return must be presented to the Audit Committee and to Council prior to submission to the Department of Local Government.

6. *Documentation of risk identification and assessment*

In 2014, Council adopted a Risk Management Policy, which is supported by a Risk Management Procedure. A number of risk profiles have also been prepared which are tools for identifying, assessing and reviewing risks to which the Shire may be exposed. Collectively, these documents form the Shire's Risk Management Framework.

Council Policy 3.24 – Risk Management was reviewed to include the Risk Assessment and Acceptance Criteria to help implement, monitor and measure the performance of risk management throughout the organisation.

7. *Regular liaison with auditor and legal advisers*

Auditors attend Audit Committee meetings as required. The Administration is in frequent communication with both auditors and legal advisers on a wide range of issues.

The following are examples of controls that are typically reviewed:

1. *Separation of roles and functions processing and authorisation;*

Comment

Appropriate separation of roles and functions for processing and authorisation include:

1. Debtors and Creditors;
2. Payroll;
3. Receipting;
4. Rates;
5. Banking;
6. Electronic payments and transfers;
7. Heath;
8. Planning; and
9. Building.

2. *Control of approval of documents, letters and financial records;*

Comment

The Shire of Merredin reviewed its Recordkeeping Plan (RKP) in September 2015. The objectives of the Shire of Merredin RKP are to ensure:

1. Compliance with Section 28 of the *State Records Act 2000*;
2. Recordkeeping within the Shire of Merredin is moving towards compliance with the State Records Commission Standards and Records Management Standard AS ISO 15489;
3. Processes are in place to facilitate the complete and accurate record of business transaction and decisions;
4. Recorded information can be retrieved quickly, accurately and cheaply when required; and
5. Protection and preservation of the Shire of Merredin's records.

The Shire of Merredin maintains a digital records system, utilising SynergySoft Records Management software which is designed to accommodate all statutory and industry requirements for superior recordkeeping.

The Shire of Merredin's Communications Plan, adopted in September 2015 is reviewed biennially.

All financial transactions are traceable and recorded through Council's application software suite, SynergySoft. Monthly statutory financial reports are provided to Council.

3. *Comparison of internal data with other or external sources of information;*

Comment

The Shire of Merredin does not have a formal policy or procedure in place in this regard, and in practicality there are many areas of the Shire's operations where external sources of information for the purposes of comparison are not available. However, appropriate action is taken whenever the opportunity or requirement for such comparisons exist. For instance, grant acquittals are subject to scrutiny by the Shire's external auditors, road data must be provided to Main Roads Australia on an annual basis, and maintenance of the Shire's property register necessitates the comparison of property records held by the Shire with external sources such as Landgate and the WA Electoral Commission.

No major issues of concern have been identified to date in respect to the Shire's internal data is considered to be an indication that current practices are adequate at this point of time.

4. *Limit of direct physical access to assets and records;*

Comment

Access to assets is controlled via a key system. Officers are issued with keys which are not allowed access to areas of plant unrelated to their duties.

An external provider is engaged to manage the data files and IT system. A service level agreement is in place to manage this arrangement.

Electronic files/data are backed-up daily to an internal and external hard drive. Back-up of electronic files is adequate and the organisation has implemented a wireless link between all sites to accommodate back up replication.

Restrictions have been placed on the level of access each staff member can have, generally only to allow them to perform their specific functions. For example, some staff only have the ability to view records and have no ability to enter any data/information into the system.

A ITC reserve fund was established in July 2017. The development of an IT Site Plan and procedure will be completed by June 2019. Reviews of data back up across the organisation occurs on a regular basis.

5. *Control of computer applications and information system standards;*

Comment

Refer to Point 4.

6. *Limit access to make changes in data files and systems;*

Comment

Refer to Point 4.

7. *Regular maintenance and review of financial control accounts and trial balances;*

Comment

Financial Control Accounts, including Trial Balances for all Funds are reviewed and balanced on a monthly basis.

8. *Comparison and analysis of financial results with budgeted amounts;*

Comment

Each month an assessment of the budget variances is undertaken and reported to Council in accordance with Regulation 34 of the *Local Government (Financial Management) Regulations 1996*.

9. *The arithmetical accuracy and content of records;*

Comment

Records are monitored through the Budget Review process and payment sign-off procedures, as well as the List of Accounts Paid is presented to Council for approval at each Ordinary Meeting.

10. *Report, review and approval of financial payments and reconciliations;*

Comment

Undertaken, as required, by the Executive Manager of Corporate Services.

11. *Comparison of the result of physical cash and inventory counts with accounting records.*

Comment

A record of physical cash holdings is maintained on a daily basis. Petty cash and fuel stocks are reconciled on a monthly basis.

Legislative Compliance

The Audit Committee should:

1. *Monitor compliance with legislation and regulations.*

Comment

The Audit Committee reviews the annual Compliance Audit Return and audited Financial Statements and makes recommendations on both to Council. The Committee will also be responsible for considering and making recommendations to Council in relation to the Chief Executive Officer's Review of Risk Management, Internal Control and Legislative Compliance.

2. *Review the annual Compliance Audit Return and reporting to Council of the results of that review.*

Comment

The annual Compliance Audit Return is presented to the Audit Committee for review and recommendation to Council within the required timeframe.

3. *Review how management is monitoring the effectiveness of its compliance and make recommendations for change as necessary.*

Comment

The Audit Committee has the ability to make recommendations to Council with respect to any issue which it believes requires attention.

4. *Review whether the local government has procedures to receive, retain and treat complaints, including confidential and anonymous employee complaints.*

Comment

Council has adequate policies and procedures that deal with such matters, which are reviewed on a regular basis.

5. *Obtain assurance that adverse trends are identified and review management's plans to deal with these.*

Comment

In accordance to the Shire's Risk Management Framework, the Audit Committee is provided with a Risk Report at least annually.

6. *Review management disclosures in financial reports of the effect of significant compliance issues.*

Comment

The Audit Committee reviews the annual Audit and Management Reports provided by the Shire's external Auditor.

7. *Review whether the internal and/or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee.*

Comment

The Shire of Merredin does not have an internal auditor at this point in time. The audit function has recently been assigned through legislation to the Auditor General. The implications of this are yet to be determined due to the Local Government Act Review and the new process that the Office of the Auditor General is currently undertaking within the sector.

8. *Consider the internal auditor's role in assessing compliance and ethics risks in their plan.*

Comment

Not relevant at this point of time.

9. *Monitor the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.*

Comment

The Shire of Merredin's Risk Management Governance Framework was developed in July 2014. The corporate calendar highlights an annual review.

The Audit Committee reviews and makes recommendations to Council with respect to the annual Compliance Audit Return.

10. *Compliance with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest.*

Comment

Audit Regulation changes are brought to the attention of the Audit Committee as they arise. Audit Committee members are aware of their obligations in this regard.

The Shire of Merredin's Code of Conduct outlines guidelines for an acceptable standard of professional conduct. The Code of Conduct observes statutory requirements of the *Local Government Act 1995* (S 5.103 – Codes of Conduct) and *Local Government (Administration) Regulations 1996* (Regs 34B and 34C). Activities, behaviour and statutory compliance obligations may be scrutinised in accordance with prescribed rules of conduct as described in the *Local Government Act 1995* and *Local Government (Rules of Conduct) Regulations 2007*. The Code of Conduct clearly states the guidelines for conflict, disclosure of interest and personal benefit.

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

Zone:	Zone 4 – Communication and Leadership
Zone Statement:	Merredin Council engages with its community and leads by example
Key Priority:	4.1 – Ensuring all planning, reporting and resourcing is in accordance with best practice, compliance and statutory requirements

➤ Corporate Business Plan

Key Action:	4.1.1 – Continue to update the Integrated Planning Framework, meet statutory requirements of the Local Government Act and regulations and regulatory obligations required under other regulations
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Directorate: Corporate Services
Timeline: Ongoing

Sustainability Implications

➤ Strategic Resource Plan

Nil

➤ Workforce Plan

Directorate: Nil
Activity: Nil
Current Staff: Nil
Focus Area: Nil
Strategy Code: Nil
Strategy: Nil
Implications: Nil

Risk Implications

The Shire of Merredin has a Risk Management Governance Framework which includes a policy and procedure. The framework provides tools that monitor the Shire's risk profile on a quarterly basis. Due to regularly monitoring and review risk implications are low.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the Audit Committee:

- 1. receives the Chief Executive Officer's review of the Regulation 17 Report consisting of Shire of Merredin's Risk Management, Internal Controls and Legislative Compliance report as presented in Attachment 6.1A;**
- 2. receives the Chief Executive Officer's review the Shire of Merredin Risk Dashboard Report as presented in Attachment 6.1B; and**
- 3. recommends adoption of the Chief Executive Officer's review of the Regulation 17 Report consisting of Shire of Merredin's Risk Management, Internal Controls and Legislative Compliance report and the Shire of Merredin Risk Dashboard Report by Council.**

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