

SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

AGENDA

Audit Committee Meeting

To be held in Council Chambers
Corner King & Barrack Street's, Merredin
Tuesday 17 March 2020
Commencing 1.00pm



Notice of Meeting



Dear President and Councillors,

The next meeting of the Audit Committee of the Shire of Merredin will be held on Tuesday 17 March 2020 in the Council Chambers, Corner King & Barrack Streets, Merredin. The format will be:

- | | |
|--------|-------------------------|
| 1.00pm | Audit Committee Meeting |
| 2.00pm | Briefing Session |
| 4.00pm | Council Meeting |

MARK DACOMBE
TEMPORARY CHIEF EXECUTIVE OFFICER

13 March 2020

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 Melissa Ivanetz 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

<p>Shire of Merredin Audit Committee Meeting 1.00pm Tuesday 17 March 2020</p>		
1.	Official Opening	
2.	Record of Attendance / Apologies and Leave of Absence	
	<p>Councillors:</p> <p style="padding-left: 40px;">Cr JR Flockart President</p> <p style="padding-left: 40px;">Cr MD Willis</p> <p style="padding-left: 40px;">Cr LN Boehme</p> <p style="padding-left: 40px;">Cr PR Patroni</p> <p>Staff:</p> <p style="padding-left: 40px;">M Dacombe T/CEO</p> <p style="padding-left: 40px;">A Prnich DCEO</p> <p style="padding-left: 40px;">C Brown EMCS</p> <p style="padding-left: 40px;">M Ivanetz 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	Audit Committee Meeting held on 17 September 2019	
6.	Officer's Reports – Corporate Services	
6.1	2019 Compliance Audit Return	
7.	Closure	

5. Confirmation of Minutes of the Previous Meeting

5.1 Audit Committee Meeting held on 17 September 2019

[Attachment 5.1A](#)

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the minutes of the Audit Committee Meeting held on 17 September 2019 be confirmed as a true and accurate record of proceedings.

6. Officer’s Reports – Corporate Services

6.1 2019 Compliance Audit Return

<h2>Corporate Services</h2>		
Responsible Officer:	Mark Dacombe, T/CEO	
Author:	Mark Dacombe, T/CEO	
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
File Reference:	GR/17/19	
Disclosure of Interest:	Nil	
Attachments:	<p>Attachment 6.1A – Compliance Audit Return</p> <p>Attachment 6.1B – Confidential Notes to the Review of the CAR</p>	

Purpose of Report

- Executive Decision
 Legislative Requirement

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 Compliance Audit Return (CAR).

After the CAR has been reviewed by the Audit Committee and presented to Council, a copy certified by the President and 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 (DLGSCI) by 31 March.

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. The Audit Committee’s role includes the requirement to review the appropriateness and effectiveness of the local government’s systems and procedures in relation to risk management, internal controls and legislative compliance.

Additional assurance

In October 2019 the Council resolved by way of Minute 82474:

That Council authorises the Acting Chief Executive Officer to engage Local Government Consultant Gary Martin to undertake a preliminary governance health assessment of general compliance of the organisation and the appropriateness and effectiveness of the procedures of the Shire.

The then Acting Chief Executive Officer engaged Mr Martin, accordingly, including to independently conduct the review work for the 2019 CAR for the purpose of identifying whether any more structured governance review may be desirable.

Mr Martin's notes are attached as a confidential document. It is anticipated that these notes will form part of the public record once considered by the Audit Committee.

Comment

The CAR is one of the tools available to Council in its governance monitoring role. The CAR also forms part of the DLGSCI'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 2019 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;
11. Tenders for Providing Goods and Services.

Mr Martin conducted the field work for his assignment on location during December 2019 and on 20th and 23 January 2020. A copy of his confidential report in the form of: "Notes to the Review of the Compliance Audit Return Shire of Merredin 2019", is attached.

The period examined by the CAR is 1 January to 31 December and the completed return is required to be:

1. reviewed by the Audit Committee;
2. considered and adopted by the Council;
3. certified by the President and Chief Executive Officer following Council adoption; and
4. submitted together with a copy of the Council Minutes to the Department of Local Government, Sport and Cultural Industries by 31 March 2020.

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

While it is not required by legislation independent preparation of the CAR report improves “confidence and rigour around the process”, as noted by the Department of Local Government, Sport and Cultural Industries.

There are two items of non-compliance. Mr Martin’s notes to the CAR report provide useful information to support the ongoing process of continuous improvement in our level of compliance.

The first item of non-compliance relates to the content of the public notice advising of the sale of residential property. This is noted for future reference.

Regulation 5(2)(c) Local Government (Financial Management) Regulations

This is the second item of non-compliance. These Regulations require the CEO to review the appropriateness and effectiveness of the local government’s financial management systems and procedures within the three years prior to 31 December 2019. The last review was in 2016. This will be an external review and is budgeted for, and will be completed in, the current financial year.

Regulation 17 Local Government (Audit) Regulations

Regulation 17 requires the CEO to review the appropriateness of the local government’s systems and procedures in relation to risk management, internal control and legislative compliance within the three years prior to 31 December 2019. A comprehensive review was conducted in house and reported to the Council in December 2018. It is suggested that at the time the Regulation 5 review is conducted the work include a level of independent testing of the Regulation 17 work. While there is absolutely no suggestion at all that the work carried out in 2018 was inadequate, a level of external testing will complete a strong due diligence framework for the new CEO coming on board.

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.”*

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

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

Council would be contravening the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996* if this item was not presented to the Audit Committee for recommendation to Council.

The objective of the CAR is about identifying risks to the organisation where noncompliant activities may have taken place enabling processes and procedures to be developed or reviewed and amended, if required.

In terms of managing any risks the undertaking of the CAR review by an external party assists in ensuring that any areas of non-compliance are identified and addressed.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the Audit Committee recommends to the Council:

- 1. That it receives the 2019 Compliance Audit Return;**
- 2. That it adopts the 2019 Audit Return for the period 1 January 2019 to 31 December 2019 as contained in Attachment**
- 3. that it authorises the Shire President and Chief Executive Officer to sign the joint certification and submit the completed 2019 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 2020; and**
- 4. that it notes the two areas of non-compliance and the actions being taken by the Chief Executive Officer to address these areas.**

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