



SHIRE OF CARNARVON

AGENDA PAPERS

AUDIT & RISK MANAGEMENT COMMITTEE

TUESDAY 15 MARCH 2022

NOTICE OF MEETING

Notice is hereby given

Shire of Carnarvon Audit Committee Meeting

will be held
on Tuesday 15 March 2022
in the Shire Council Chambers,
Stuart Street Carnarvon, commencing at
2.00pm



Andrea Selvey
CHIEF EXECUTIVE OFFICER

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee Meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

AGENDA

1.0 ATTENDANCES , APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

2.0 PUBLIC QUESTION TIME

3.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

4.0 CONFIRMATION OF MINUTES

4.1 Minutes of Audit & Risk Management Committee – 31 August 2021

5.0 ITEMS FOR DISCUSSION

5.1 Compliance Audit Return 20214

6.0 REPORTS

7.0 MATTERS FOR WHICH MEETING MAY BE CLOSED TO THE PUBLIC

8.0 DATE OF NEXT MEETING

To be advised

9.0 CLOSURE

File No: ADM0011
 Date of Meeting: TBA
 Location/Address: N/A
 Name of Applicant: Shire of Carnarvon
 Name of Owner: Shire of Carnarvon
 Author/s: Amanda Leighton, Manager People, Culture & Systems
 Declaration of Interest: Nil
 Voting Requirements: Simple Majority
 Schedules: Compliance Audit Return 2021

Authority / Discretion

	Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
X	Executive	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
	Legislative	Includes adopting local laws, town planning schemes and policies.
	Quasi-Judicial	When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.
	Information	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).

Summary of Item:

The purpose of this report is to present to the Audit and Risk Committee (ARC) the 2021 Compliance Audit Return (CAR) for review, and to request that the ARC recommend that Council adopt the 2021 CAR for submission to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March 2022.

The 2021 CAR comprised of 11 categories with 98 questions. These questions require a response of YES, NO or N/A.

Yes- Indicates compliance

No- Indicates non-compliance

N/A- Indicates that this function was not required to be performed this year, or is not a requirement for this Local Government.

Background:

Local governments are required to complete a compliance audit for the previous calendar year by the 31 March. The DLGSC provides the questions each year with the compliance audit being an in-house self audit that is undertaken by the appropriate responsible officer. In accordance with Regulation 14 of the Local Government (Audit) Regulations 1996 the ARC is to review the CAR and is to report to Council the results of that review. The CAR is to be:

1. Presented to an Ordinary Meeting of Council
2. Adopted by Council; and
3. Recorded in the minutes of the meeting at which it is adopted.

Following the adoption by Council of the CAR, a certified copy of the return, along with the relevant section of the minutes and any additional information detailing the contents of the return are to be submitted to the DLGSC by 31 March 2022. The return requires the Shire President and the Chief Executive Officer to certify that the statutory obligations of the Shire of Carnarvon are compliant.

Consultation:

Nil

Statutory Environment:

Regulation 14, *Local Government (Audit) Regulations 1996*.

Relevant Plans and Policy:

Nil.

Financial Implications:

Nil.

Risk Assessment:

Consequence		STEP 3 – Risk Tolerance Chart Used to Determine Risk				
		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating (Consequence x likelihood)	Mitigating Action/s
Financial	N/A		
Health & Safety	N/A		
Reputation	There is a reputational risk with the DLGSC should the CAR not be completed on time or if significant non compliances are reported.	Low	Pending the decision of the ARC, this item can be presented to Council in time to meet the compliance requirement. The compliance % rate is acceptable and this report demonstrates improvements are being made.
Service disruption	N/A		
Compliance	There is a reputational risk with the DLGSC should the CAR not be	Low	Pending the decision of the ARC, this item can be presented to Council in

	completed on time or if significant non compliances are reported.		time to meet the compliance requirement.
Property	N/A		
Environment	N/A		
Fraud	The CAR responses are fraudulent.	Low	Spot checking of responses were carried out by the Manager People, Systems and Culture and the CEO; and the Governance Coordinator did a thorough audit of responses.

Community & Strategic Objectives:

The proposal accords with the following Shire desired outcomes as expressed in the *Community Strategic Plan 2018-2028*:

Objective 5: Civic – *Strong and Listening Council*.

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability.
5.2.6	Compliance with the Local Government Act 1995 and all other legislation and regulations.

Comment:

The process for completing the 2021 CAR involved individual officers for each area being delegated the questions by the Governance & Information Coordinator. As officers returned their information, it was then verified by the Governance & Information Coordinator. Once the whole document was complete, it was then subject to further review by the Manager of People, Culture & Systems and the CEO which resulted in changes to two answers advising of non-compliance, to ensure that a high quality and verified CAR was completed.

When comparing the 2021 CAR against the 2020 CAR (which was completed by an external consultant) the Shire of Carnarvon has increased its level of compliance by 8% (rounded %).

Compliance Audit Return Categories	2020 Audit Questions	Non Compliance	Compliance Rating	2021 Audit Questions	Non Compliance	Compliance Rating
Commercial Enterprises by Local Government	5		100%	5		100%
Delegation of Power/Duty	13		100%	13	1	92%
Disclosure of Interest	21	2	90%	25	2	92%
Disposal of Property	2		100%	2		100%
Elections	3		100%	3		100%
Finance	11	7	36%	7	5	28%
Integrated Planning and Reporting	3		100%	3		100%
Local Government Employees	6		100%	6		100%
Official Conduct	4		100%	3		100%
Optional Questions	10	5	50%	9	1	88%
Tenders for Providing Goods and Services	18	3	83%	22		100%
TOTAL	96	17	82%	98	9	90%

The following are areas were identified as being non-compliant

Delegation of Power/Duty

12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	No	A review was conducted at the Ordinary Council Meeting held 24 August 2021 - 2 months late	caroline ballard
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To minimize the risk of future non-compliance, iAuditor software is being implemented in the coming months to ensure that all statutory and legislative functions are captured and monitored on a system, as opposed to being captured and monitored by a person.

Disclosure of Interest

22	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 and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	No	Code of Conduct was adopted at the April Ordinary Meeting of Council - 2 months late	caroline ballard
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	No	Code of Conduct is being reviewed by an external contractor who is reviewing the whole suite of Policies	caroline ballard

This new legislation was introduced at a time of significant upheaval in the organisation with an Acting CEO, various staff positions vacant, and the major flood event. This period of instability at the Shire coincided with a time of major changes in legislation. Hence this deadline was missed.

Finance

3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No	Apology letter from OAG for the delay received	caroline ballard
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	No	Apology letter from OAG for the delay received	caroline ballard
5	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?	No	Apology letter from OAG for the delay received	caroline ballard
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	No	Apology letter from OAG for the delay received	caroline ballard
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	No	Apology letter from OAG for the delay received	caroline ballard

The non-compliance in this area, was a result of timing issues with the Office of the Auditor General (OAG) and beyond the control of the Shire of Carnarvon – see attached letter from the OAG. Councillors at the

WALGA Zone meeting heard directly from the OAG about the issues that have prevented them from finalising Local Government audits (not just at the Shire of Carnarvon).

Optional Questions

2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	No	Reviewed by Audit Committee on 31 August 2021, but not presented to Council	caroline ballard
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This non-compliance was a result of an oversight. The Reg 17 Report was presented to the ARC and would usually be presented to Council at the following Ordinary Meeting of Council. This requirement will be added to iAuditor to ensure future compliance.

OFFICER'S RECOMMENDATION PART ONE

That the Audit and Risk Committee, pursuant to Regulation 14 of the Local Government (Audit) Regulations 1996, resolves to:

- 1. Review the Shire of Carnarvon's Compliance Audit Return for the period 1 January 2021 to 31 December 2021 and report the results to Council via the minutes of the Audit and Risk Committee meeting;*
- 2. Recommend that Council, at its Ordinary Meeting on 22 March 2022, adopts the Shire of Carnarvon's Compliance Audit Return for the period 1 January 2021 to 31 December 2021.*

OFFICER'S RECOMMENDATION PART TWO

That the Audit and Risk Committee, pursuant to Regulation 15 of the Local Government (Audit) Regulations 1996, resolves to:

- 1. Authorise the Shire President and Chief Executive Officer to certify the Shire of Carnarvon Compliance Audit Return for the period 1 January 2021 to 31 December 2021 and submit the certified copy to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.*



Carnarvon - Compliance Audit Return 2021

Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
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 2021?	N/A	No major trading has been undertaken in 2021.	Carolien Claassens
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 2021?	N/A	Refer to question 1.	Carolien Claassens
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 2021?	N/A	Refer to question 1.	Carolien Claassens
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 2021?	N/A	Refer to question 1.	Carolien Claassens
5	s3.59(5)	During 2021, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	Refer to question 1.	Carolien Claassens



Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes		caroline ballard
2	s5.16	Were all delegations to committees in writing?	Yes		caroline ballard
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	Yes		caroline ballard
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes		caroline ballard
5	s5.18	Has council reviewed delegations to its committees in the 2020/2021 financial year?	Yes		caroline ballard
6	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 Act?	Yes		caroline ballard
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		caroline ballard
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		caroline ballard
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		caroline ballard
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A	There were no revocations during the reporting period	caroline ballard
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		caroline ballard
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2020/2021 financial year?	No	A review was conducted at the Ordinary Council Meeting held 24 August 2021 - 2 months late	caroline ballard
13	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 Admin Reg 19?	Yes		caroline ballard

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes		caroline ballard



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No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		caroline ballard
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		caroline ballard
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		caroline ballard
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2021?	Yes		caroline ballard
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		caroline ballard
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		caroline ballard
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		caroline ballard
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		caroline ballard
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		caroline ballard
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		caroline ballard
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		caroline ballard
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes		caroline ballard



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No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		caroline ballard
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?* *Question not applicable after 2 Feb 2021	Yes		caroline ballard
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11(2) was the nature of the interest recorded in the minutes?*	N/A	There were no interests declared under the Rules of Conduct for the reporting period	caroline ballard
		*Question not applicable after 2 Feb 2021			
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		caroline ballard
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	There were no applications for the reporting period	caroline ballard
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		caroline ballard
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?*	Yes		caroline ballard
		*Question not applicable after 2 Feb 2021			
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?*	Yes		caroline ballard
		*Question not applicable after 2 Feb 2021			



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No	Reference	Question	Response	Comments	Respondent
22	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 and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	No	Code of Conduct was adopted at the April Ordinary Meeting of Council - 2 months late	caroline ballard
23	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)?	N/A	There were no Addition requirements to the Code of Conduct during the reporting year	caroline ballard
24	s5.104(7)	Did the CEO publish an up-to-date version of the adopted code of conduct on the local government's website?	Yes		caroline ballard
25	s5.51A(1) & (3)	Did the CEO prepare, and implement and publish an up-to-date version on the local government's website, a code of conduct to be observed by employees of the local government?	No	Code of Conduct is being reviewed by an external contractor who is reviewing the whole suite of Policies	caroline ballard

Disposal of Property

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



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Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate?	N/A	There were no declarations made for the electoral gift register for the 2021 elections	caroline ballard
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?	N/A	There were no declarations made for the electoral gift register for the 2021 elections	caroline ballard
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)?	Yes	A review of the webpage shows an electoral gift register. Currently the register is blank as there are no items to report	caroline ballard



Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		caroline ballard
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	Yes		caroline ballard
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No	Apology letter from OAG for the delay received	caroline ballard
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	No	Apology letter from OAG for the delay received	caroline ballard
5	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?	No	Apology letter from OAG for the delay received	caroline ballard
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	No	Apology letter from OAG for the delay received	caroline ballard
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	No	Apology letter from OAG for the delay received	caroline ballard



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	26 July 2018	caroline ballard
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Special Meeting of Council 29 August 2018	caroline ballard
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		caroline ballard



Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	Yes	The recruitment process of the CEO who was appointed in January 2021 was decided in 2020. Refer Council Resolution FC23.10.20	caroline ballard
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	Yes	The advertisement for the CEO recruited in January 2021 was advertised in the Saturday Edition of the West Australian.	caroline ballard
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	The recruitment process was managed by an external recruitment agent (LO-GO) experienced in LG Recruitment processes. The external recruitment agent confirmed the information contained in the applications was true and correct.	caroline ballard
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	Yes	remuneration and other benefits for the CEO appointed in January 2021 have been paid as advertised.	caroline ballard
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	No senior employees were dismissed during 2021	caroline ballard
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	No senior employees were dismissed during 2021	caroline ballard

Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes		caroline ballard
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)? Does the complaints register include all information required by section 5.121(2)?	N/A	No complaints received for the reporting year	caroline ballard
3	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?	N/A	No complaints received for the reporting year	caroline ballard



Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2021? If yes, please provide the date of council's resolution to accept the report.	Yes	Last completed April 2019	caroline ballard
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2021? If yes, please provide date of council's resolution to accept the report.	No	Reviewed by Audit Committee on 31 August 2021, but not presented to Council	caroline ballard
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C?	Yes		caroline ballard
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		caroline ballard
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)?	Yes		caroline ballard
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	28 January 2020	caroline ballard
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2020/2021 financial year and publish it on the local government's official website by 31 July 2021?	Yes		caroline ballard
8	s6.4(3)	By 30 September 2021, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2021?	Yes		caroline ballard
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes		caroline ballard



Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy [adopted under F&G Reg 11A(1) & (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		Carolien Claassens
2	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes		Carolien Claassens
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Carolien Claassens
4	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Carolien Claassens
5	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		Carolien Claassens
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes		Carolien Claassens
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		Carolien Claassens
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	The Shire did not receive the request to accept any Tender submissions submitted at the correct place and time. (Utilising an electronic Portal to manage Tenders, streamlines most of the compliance regarding public Tenders).	Carolien Claassens
9	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		Carolien Claassens



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

No	Reference	Question	Response	Comments	Respondent
10	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		Carolien Claassens
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A	The Shire did not progress an EOI	caroline ballard
12	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	Refer to question 11	Carolien Claassens
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under F&G Reg 23 (1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	Refer to question 11	Carolien Claassens
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A	Refer to question 11	Carolien Claassens
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	The Shire did not progress a panel of pre-qualified suppliers.	caroline ballard
16	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	Refer to question 15	Carolien Claassens
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	Refer to question 15	Carolien Claassens
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A	Refer to question 15	Carolien Claassens
19	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	Refer to question 15	Carolien Claassens
20	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	Refer to question 15	Carolien Claassens



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

No	Reference	Question	Response	Comments	Respondent
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	Refer to question 15	Carolien Claassens
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	Yes		Carolien Claassens

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

Signed Mayor/President, Carnarvon

Signed CEO, Carnarvon

SHIRE OF CARNARVON

MINUTES OF AUDIT & RISK MANAGEMENT COMMITTEE MEETING

31 AUGUST 2021

Council Chambers, Stuart Street
CARNARVON, West Australia
Phone: (08) 9941 0000
Fax: ((08) 9941 1099
Website – www.carnarvon.wa.gov.au



CONFIRMATION OF MINUTES

These minutes were confirmed by the
Committee on

as a true and accurate record

.....
Chairman

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee Meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

INDEX

1.0 ATTENDANCES , APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

2.0 ELECTED MEMBER AND PUBLIC QUESTION TIME

3.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

4.0 CONFIRMATION OF MINUTES

4.1 Minutes of Audit & Risk Management Committee – 23 March 2021

4.3 Minutes of Audit & Risk Management Committee – 19 May 2021

5.0 ITEMS FOR DISCUSSION

5.1 Local Government Audit Regulations 1996 – Regulation 17

6.0 REPORTS

7.0 MATTERS FOR WHICH MEETING MAY BE CLOSED TO THE PUBLIC

8.0 DATE OF NEXT MEETING

9.0 CLOSURE



**MINUTES OF THE AUDIT & RISK MANAGEMENT COMMITTEE MEETING HELD IN COUNCIL CHAMBERS,
STUART STREET CARNARVON ON 31 AUGUST 2021 COMMENCING AT 10.30AM**

1.0 ATTENDANCES, APOLOGIES AND APPROVED LEAVE OF ABSENCE

Cr E Smith..... Shire President/Chairperson
Cr B Maslen..... Councillor
Cr L Vandeleur..... Councillor
Cr A Fullarton Councillor

Mrs A Selvey..... Chief Executive Officer
Mrs S Mizen Manager, Finance
Mrs D Hill Senior Executive Officer

Apologies Cr Nelson
Observers Nil

2.0 PUBLIC QUESTION TIME:

Nil

3.0 DECLARATIONS OF INTEREST:

Nil

4.0 CONFIRMATION OF MINUTES

ARMC 1/8/21

COMMITTEE RESOLUTION

Cr Fullarton/Cr Vandeleur

That Standing Orders Section 13 be suspended at 10.34am to enable further clarification in regard to the Regulation 17 Report and to await the attendance of Cr Maslen.

CARRIED
F3/AO

10.38am – Cr Maslen joined the meeting.

ARMC 2/8/21

COMMITTEE RESOLUTION

Cr Vandeleur/Cr Fullarton

That Standing Orders Section 13 be resumed at 10.41am.

CARRIED

F4/AO

ARMC 3/8/21

COMMITTEE RESOLUTION

Cr Vandeleur/Cr Fullarton

That the Minutes of the Audit & Risk Management Committee held on 23 March 2021 and 19 May 2021, be confirmed as a true record of proceedings.

CARRIED

F4/AO

5.0 ITEMS FOR DISCUSSION

5.1 LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996 – REGULATION 17

File No: ADM1737
Date of Meeting: 31 August 2021
Location/Address: Shire of Carnarvon
Name of Applicant: Shire of Carnarvon
Name of Owner: Shire of Carnarvon
Author/s: Andrea Selvey – Chief Executive Officer
Carolien Claassens – Operations Manager Corporate & Community
Declaration of Interest: Nil
Voting Requirements: Simple Majority
Previous Report: N/A
Schedules: Regulation 17 Report and Recommendations (*Schedule 5.1*)

Authority / Discretion

	Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
X	Executive	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
	Legislative	Includes adopting local laws, town planning schemes and policies.
	Quasi-Judicial	When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning

		applications, building licenses, applications for other permits / licenses.
	Information	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).

Summary of Item:

This report presents the review of risk management, internal controls and legislative compliance (Regulation 17 Review) undertaken by the Chief Executive Officer (CEO) in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*. The CEO is required to report the results of this review to the Audit and Risk Committee (Audit Committee).

Background:

Regulation 17 of the *Local Government (Audit) Regulations 1996 (WA)* requires Local Government CEOs to review the appropriateness and effectiveness of their local government's systems and procedures at least once in every three financial years and report the results of that review to the Audit Committee. The three systems specified in Regulation 17 for review are risk management, internal controls and legislative compliance. The last review was conducted in late 2017. This has prompted the commencement of a new Review which has been conducted by an external consultant, Assurance Advisory Group (AAG).

The review commenced in November 2020 with the Shire receiving a 'Test Plan' from AAG. The Shire was requested to respond to the questions in the Plan and provided evidence, to identify the current position of the relevant audit areas (e.g., Risk Management, Internal Control and Compliance). On the basis of this information AAG listed several findings for the audit areas. Each finding has given a maturity level and a risk exposure rating to identify its priority. The report includes some high level recommendations to address the findings.

Originally it was intended for the Regulation 17 Review to be a desktop exercise. A draft of the Review was received by the A/CEO – Gary Martin. The A/CEO concluded that the report was written on a high level and did not sufficiently identify the risks and improvements. Further on-site testing was required to provide a more detailed report. An on-site meeting was organised but due to COVID-19 restrictions the auditor was not able to fly to Carnarvon.

The newly appointed CEO – Andrea Selvey reviewed the draft Regulation 17 Report and identified similar limitations. In correspondence with AAG the Shire explained that more detail in the assessment is required. This should result in a more detailed recommendations to provide a useful road map for the Shire to improve the Shire's governance and compliance.

Below is an example of a high level recommendation which requires further detail from AAG -

Risk Management:

A recommendation of the report notes there is currently no appropriate risk management framework. This framework should identify risks under the various aspects e.g., financial, reputational, environmental. However, the report does not provide advice around –

- how do we evaluate and report on risks?
- assignment of responsibility to officers to manage risk in their respective areas.
- practical quick wins while we work on the higher-level policy framework?

In consultation with AAG, both parties believe it would be beneficial to conduct a further and a more detailed and practical report which will include:

- Population of the required risk document and setting the base risk framework.
- Conducting risk workshops to identify and assess risks and prioritise treatment plans.
- Shifting the Compliance Calendar to a Compliance Matrix.

- Conducting workshops to identify and validate smaller achievable steps moving forward for high priority non-compliances;
- Setting achievable timings and responsible persons for actions in the Road Map/Compliance Matrix and any Risk Treatment Plans.
- Preparing a draft 3-5 year Strategic Internal Audit Plan for presentation to Council.

Consultation:

Consultation has taken place between AAG and the CEO to progress the Regulation 17 Review.

Statutory Environment:

Local Government (Audit) Regulations 1996

Relevant Plans and Policy:

Nil.

Financial Implications:

AAG has identified a further \$15,000 will be required to conduct the further review as described above.

AAG provided a quote of \$15,840 ex GST for the Regulation 17 Review a total of \$11,700 was spent on the current review.

Risk Assessment:

STEP 3 – Risk Tolerance Chart Used to Determine Risk						
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High
Risk Category	Description	Rating (Consequence x likelihood)		Mitigating Action/s		
Financial						
Health & Safety						
Reputation						
Service disruption						
Compliance	Failure to complete the review would place the Chief Executive Officer in breach of the Regulation 17	3B – High		Adopt the current Regulation 17 Review report.		
Property						
Environment						
Fraud						

Community & Strategic Objectives:

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.2.2	Highly capable executive leadership and management

ITEM	OUTCOMES AND STRATEGIES
5.2.3	Risks are well managed
5.2.6	Compliance with the Local Government Act 1995 and all other relevant legislation and regulations

Comment:

The Regulation 17 Report (*Schedule 5.1*) contains several recommendations which the CEO will use as the basis for the further review and actions by management and AAG. The Audit committee will be kept informed of the process of actions arising from the recommendations. Relevant management comments by the Shire will be provided for each recommendation. Which includes details in the actions to be taken and their priority level.

It should be noted that the changes and shortage of staff in the Corporate Section and CEOs at time of the review, have been a contributing factor in the delay in finalising this review and in the rigour of the recommendations.

ARMC 4/8/21

COMMITTEE RESOLUTION & OFFICER'S RECOMMENDATION

Cr Vandeleur/Cr Fullarton

That the Audit and Risk Management Committee:

- 1. Receives and reviews the Shire of Carnarvon Regulation 17 Review Report presented by the Chief Executive Officer under Regulation 17 (3) of the Local Government (Audit) Regulations 1996;*
- 2. Reports the results of the Review to Council; and*
- 3. Seeks an implementation plan and timeline on actions arising from the Review at the next Audit and Risk Committee meeting.*

CARRIED
F4/AO

(Note – The Committee wished to thank all staff involved in the Regulation 17 Review Report.)

6.0 MATTERS FOR WHICH MEETING MAY BE CLOSED TO THE PUBLIC

Nil

7.0 DATE OF NEXT MEETING

To be advised

8.0 CLOSE

The Chairman closed the meeting at 10.44am