



NOTICE OF AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

To be held on

Wednesday, 13 March 2024

Commencing at 4.00pm

Shire of Donnybrook Balingup Council Chamber, Donnybrook

Garry Hunt
Chief Executive Officer (Temporary)

8 March 2024

Disclaimer

Please note the items and recommendations in this document are not final and are subject to change or withdrawal.

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SHIRE OF DONNYBROOK BALINGUP
NOTICE OF AUDIT AND RISK MANAGEMENT COMMITTEE

To be held at the Council Chamber
13 March 2024 at 4.00pm

1 DECLARATION OF OPENING

The Chairperson to declare the meeting open and welcome the members of the Committee.

Chairperson – Acknowledgment of Country

The President acknowledged the traditional custodians of this land, the Wardandi and Kaneang People of the Noongar Nation, paying respects to Elders, past and present.

2 ATTENDANCES

MEMBERS PRESENT

MEMBERS	STAFF
Vivienne MacCarthy, Shire President	Garry Hunt, Chief Executive Officer (Temporary)
John Bailey, Councillor	Kim Dolzadelli, Director Finance and Corporate
Alexis Davy, Councillor	Belinda Richards, Manager Financial Services
Ian Telfer, External Member	Loren Clifford, Manager Corporate Services
Angelo Loguidice, External Member	

2.1 APOLOGIES

2.2 APPROVED LEAVE OF ABSENCE

3 ANNOUNCEMENTS FROM CHAIRPERSON

4 DECLARATIONS OF INTEREST

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Committee Members and staff to ensure that a financial/impartiality and proximity interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the *Act*.

5 PUBLIC QUESTION TIME

5.1 PREVIOUS QUESTIONS TAKEN ON NOTICE

Question: Shane Sercombe

With the Shire's net result being 9 million dollars less than budget and capital expenses also 14 million dollars less than budgeted, can the Council and community have faith in the budget processes.

Response: Director Finance and Corporate

The Question relates to the Statement of Comprehensive Income.

My last answer would contribute a lot to what you are talking about. I also think in the presentation of the Financial Statement, where I broke down the income statement and we took away capital grants because that's not for operations and depreciation is for fixed assets which is what you are talking about.

In private enterprise when you are running a business and you're going to sell assets, and they have a saleable value, that's meaningful. Quite frankly in Local Government it's not. You can't sell a road and if we wanted to close a road, the land would revert to the Crown, It doesn't even become ours. In an accounting world, it's an asset, whereas often I refer a Road as a Liability because all they do is consume money. Just remember the rate of depreciation and we talk about dwindling asset base. The fact is our asset base isn't dwindling.

The main cause of the increased depreciation is an asset revaluation. Which is saying these assets are now worth "X" and in 5 years time it'll happen again. Each time "X" gets bigger, the amount of the depreciation increases. It doesn't mean we are going broke, and it doesn't mean we are not sustainable. A lot of the funding of the \$3.2 million in Road's renewal expenditure came from government agencies such as the Roads to Recovery Federal Road Program. They have now realised after a damning report that the budget they have and allocate through all the States is so underdone that they have doubled it.

For our Shire next year, if we get double the allocation we did this year, that will be another \$400,000 in agency funding. I also believe that there will be a push through State Government agencies as well in terms of their funding levels to Local Government. We have the Regional Road Group (RRG) funding, and that allocation pool has not increased since COVID came in and we all know that COVID and associated pressures has put prices through the roof. We need to be careful where we spend our money and focus on renewal.

5.2 PUBLIC QUESTION TIME

6 CONFIRMATIONS OF MINUTES

6.1 AUDIT AND RISK MANAGEMENT COMMITTEE MEETING – 20 DECEMBER 2023

Minutes of the Audit and Risk Management Committee Meeting held 20 December 2023 are attached (Attachment 6.1(1)).

EXECUTIVE RECOMMENDATION

That the Minutes of the Audit and Risk Management Committee Meeting held 20 December 2023 be confirmed as a true and correct record.

Advice note: *the Minutes of the Audit and Risk Management Committee Meeting held 20 December 2023 were received by Council at the Special Council Meeting held 24 January 2024, Council Resolution 3/24.*

7 REPORTS OF OFFICERS

7.1 COMPLIANCE AUDIT RETURN 2023

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	CNL 31
Author	Emma Thomas - Governance Coordinator
Responsible Officer	Loren Clifford - Manager Corporate Services
Attachments	7.1(1) - 2023 Compliance Audit Return
Voting Requirements	Simple Majority

EXECUTIVE RECOMMENDATION

That the Audit and Risk Management Committee recommends to Council that:

- 1. The 2023 Compliance Audit Return for the Shire of Donnybrook Balingup for the period 1 January 2023 to 31 December 2024 be adopted.**

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan relate to this proposal:

Outcome	12	A well respected, professionally organisation.
Objectives	12.1	Deliver effective and efficient operations and service provision.

EXECUTIVE SUMMARY

A Local Government Compliance Audit Return (CAR) is required to be undertaken in accordance with the Local Government (Audit) Regulations 1996, Reg. 14(1).

The Audit was conducted by staff for the period 1 January to 31 December 2024³ within the scope and in the format required by the Department of Local Government, Sport and Cultural Industries (DLGSCI). After reviewing the audit findings, the 2023 CAR contains a positive compliance response for the Shire of 89 out of 94 compliance items (94.7%), with a non-compliance response for five items (5.3%). The compliance questions and responses are detailed in Attachment 7.1(1).

BACKGROUND

Local governments are required to conduct an annual assessment of their compliance with key components of the *Local Government Act 1995* (the Act) and associated Regulations. The DLGSC manages this process and provides a set of legislative compliance questions to report on.

FINANCIAL IMPLICATIONS

Nil

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires the CAR to be reviewed by Council's Audit and Risk Management Committee, with the findings of the review to be presented to Council for adoption.

A printed copy of the Shire's 2023 CAR, along with the Audit and Risk Management Committee meeting minutes, will be presented to Council for consideration at the next Ordinary Council Meeting.

The minutes and recommendation to Council from the Audit and Risk Management Committee is considered to constitute the report referred to in the legislation.

Following presentation to Council a certified copy of the 2023 CAR, along with an extract of the minutes of the meeting at which the CAR was adopted by Council, will be submitted to the DLGSC as required by 31 March 2024.

CONSULTATION

An internal review of the compliance requirements contained in the 2023 CAR were reviewed by 7 key responsible officers. The combined responses are detailed in Attachment 7.1(1).

OFFICER COMMENT

The 2023 CAR contained 94 questions grouped in relation to various legislative compliance areas.

The result of the 2023 CAR was a positive compliance response (or not applicable response) to 89 of these requirements, with 5 non-compliance responses. These non-compliance question responses are detailed below and contained in Attachment 7.1(1).

Topic	Item Number	Question	Non-Compliance Response Comment
Finance	7	Was the auditor’s report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	The End of Financial Year audit was held onsite from 17 th to 20 th October 2023. The final management letter was received by the Shire from the auditors on 30 th November 2023.
Finance - Optional Questions	1	Did the CEO review the appropriateness and effectiveness of the local government’s financial management systems and procedures in accordance with the <i>Local Government (Financial Management) Regulations 1996</i> Regulations 5(2)(c) within the three years prior to 31 December 2023? If yes, please provide the date of council’s resolution to accept the report.	The Shire engaged AMD Accountants in 2023 to prepare an Internal Audit Proposal, towards the future development and implementation of a Strategic Internal Audit Plan. However, AMD opted to suspend the Internal Audit initiative due to potential conflict of interest concerns, stemming from their potential engagement by the Office of the Auditor General (OAG) to conduct the Annual Audit.
Finance - Optional Questions	2	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 <i>Local Government (Audit) Regulations 1996</i> Regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council’s resolution to accept the report.	The Shire engaged AMD Accountants in 2023 to prepare an Internal Audit Proposal, towards the future development and implementation of a Strategic Internal Audit Plan. However, AMD opted to suspend the Internal Audit initiative due to potential conflict of interest concerns, stemming from their potential engagement by the Office of the Auditor General (OAG) to conduct the Annual Audit.
Disclosure of Interest	5	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	An Annual Return was not received by the due date of 31 August 2023, by the following ‘relevant persons’: <ul style="list-style-type: none"> • Cr C. Newman • Cr F. Mills • Cr P. Jones

Topic	Item Number	Question	Non-Compliance Response Comment
			<p>The CEO took action for this non-compliance as specified in the relevant legislation.</p> <p>The Shire provides mandatory training to Council Members which includes an overview of the statutory environment relating to declarations of interest and clarification of the personal responsibilities of Council Members to comply with their obligations.</p>
Tender for Providing Goods and Services	7	Did the information recorded in the local government's tender register comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	<p>A review of these requirements has resulted in changes being implemented on the tender information available on the Shire's website to ensure compliance.</p> <p>Shire management continue to establish and review internal processes and procedures towards ensuring compliance with legislation and to identify areas for improvement.</p>

10 CLOSURES

The Chairperson to declare the meeting closed at _____.