



Shire of
Peppermint Grove

AUDIT, RISK AND GOVERNANCE COMMITTEE MEETING

AGENDA

This meeting is not open to the public. All recommendations of this committee are referred to council.

TO BE HELD ON THE

8th MARCH 2022 AT 5.00PM



Shire of
Peppermint Grove

Shire of Peppermint Grove

NOTICE OF MEETING

Dear Committee Member

It is advised that the **Audit Committee Meeting** will be held in the Council Chamber of the **Shire of Peppermint Grove**, 1 Leake Street, Peppermint Grove, on 8 March 2022 at 5.00pm.

MEETING AGENDA ATTACHED

Yours faithfully

Mr Don Burnett
CHIEF EXECUTIVE OFFICER

4 March 2022



AUDIT GOVERNANCE AND RISK MANAGEMENT COMMITTEE MEETING AGENDA

8 March 2022

1 DECLARATION OF OFFICIAL OPENING

At _____ pm, the Presiding Member declared the meeting open.

2 RECORDING OF ATTENDANCE, APOLOGIES AND LEAVES OF ABSENCE

2.1 ATTENDANCE

Shire President	Cr R Thomas
Deputy Shire President (Presiding Member)	Cr C Hohnen
Elected Member	Cr P Dawkins
Elected Member	Cr P Macintosh
Elected Member	Cr D Jackson

Chief Executive Officer	Mr D Burnett
Manager Corporate and Community Services	Mr M Costarella

2.2 GUESTS

Internal Auditor	Santo Casilli, AdvantEdge Consulting
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2.3 APOLOGIES

2.4 LEAVES OF ABSENCE

3 DECLARATIONS OF INTEREST

Councillors / Staff are reminded of the requirements of section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting when the matter is discussed, and also of the requirement to disclose an interest affecting impartiality under the Shire's Code of Conduct. Councillors / staff are required to submit declarations of interest in writing on the prescribed form.

5.1 FINANCIAL INTEREST

A declaration under this section 5.60 of the Act requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

5.2 PROXIMITY INTEREST

A declaration under this section 5.60 of the Act requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

5.3 IMPARTIALITY INTEREST

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member / employee is also encouraged to disclose the nature of the interest. The member / employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member / employee declares that their impartiality will not be affected then they may participate in the decision making process.

5.4 INTEREST THAT MAY CAUSE A CONFLICT

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member / employee is also encouraged to disclose the nature of the interest. The member / employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member / employee declares that their impartiality will not be affected then they may participate in the decision making process.

3.5 STATEMENT OF GIFTS AND HOSPITALITY

Councillors and staff are required (Code of Conduct), to disclose gifts and acts of hospitality which a reasonable person might claim to be a conflict of interest. Gifts and acts of hospitality which exceed that amount of prescribed by regulation are to be recorded in the Councils Gift Register.

4 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

5 CONFIRMATION OF MINUTES

5.1 AUDIT COMMITTEE MEETING 20 DECEMBER 2021

OFFICER RECOMMENDATION – ITEM 7.1

Moved:

Seconded:

That the Minutes of the Audit Committee Meeting, of the Shire of Peppermint Grove held in the Council Chambers on 20 December 2021 be confirmed as a true and accurate record.

6.OFFICER REPORTS

6.1 2020/21 Internal Audit **Follow-up** Report – AdvantEdge Consulting

MANAGEMENT/GOVERNANCE/POLICY

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
CONFIDENTIAL Attachment 1 – Item refers:	2020/21 Internal Audit Reports- List of Low Risk Items <ul style="list-style-type: none"> • General Ledger – Reconciliation & Application Controls • Accounts Payable • Human Resources inc Payroll and OHS • Information Technology General Controls

Voting Requirement : Simple Majority
 Subject Index : Financial management Audit
 Disclosure of any Interest : Nil
 Responsible Officer : Michael Costarella, Manager Corporate & Community Services

PURPOSE OF REPORT

The purpose of this report is to present to Council the 2020/21 Internal Audit followup report that provides low risk items and the actions taken by Staff to address the risks.

SUMMARY AND KEY ISSUES

The Internal Auditor undertook an audit of the internal control and processes for various administrative function and has provided a report on the actions to be undertaken. Staff have included Management comments which have been agreed to by the Internal Audit.

BACKGROUND

The CEO is required to provide the Audit Committee with a report on the internal procedures and processes in accordance with the Financial Management regulations. The Shire's Internal Auditor has been engaged to undertake a review of a number of functions including:-

- General Ledger – Reconciliation & Application Controls
- Accounts Payable
- Human Resources including Payroll and OHS
- Information Technology General Controls Environment

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC IMPLICATIONS

There are no Strategic Implications identified at this time.

POLICY IMPLICATIONS

Financial Management Policies

STATUTORY IMPLICATIONS.

Local Government (Financial Management) Regulations 1996

5. CEO's duties as to financial management

- (1) *Efficient systems and procedures are to be established by the CEO of a local government —*
 - (a) *for the proper collection of all money owing to the local government; and*
 - (b) *for the safe custody and security of all money collected or held by the local government; and*
 - (c) *for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
 - (d) *to ensure proper accounting for municipal or trust —*
 - (i) *revenue received or receivable; and*
 - (ii) *expenses paid or payable; and*
 - (iii) *assets and liabilities;*

and

- (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
 - (f) for the maintenance of payroll, stock control and costing records; and*
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) The CEO is to —*
- (a) ensure that the resources of the local government are effectively and efficiently managed; and*
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

Local Government (Audit Regulations) 1996

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) risk management; and*
 - (b) internal control; and*
 - (c) legislative compliance.*
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) The CEO is to report to the audit committee the results of that review.*

FINANCIAL IMPLICATIONS

There are no Financial Implications identified at this time.

ENVIRONMENTAL IMPLICATIONS

There are no Environmental Implications identified at this time.

SOCIAL IMPLICATIONS

There are no Social Implications identified at this time.

OFFICER COMMENT

In December 2021, Council received the internal audit report undertaken during that financial year and it was advised that a follow up report would be presented to the next meeting of the Audit Committee. All matters were considered low risk and could be resolved by the development of written procedures.

A number of documents were provided to the Internal audit and assessed based on the requirements of the Internal Audit.

A copy of the follow up report provided by the Internal Audit is attached for the Committee's information.

OFFICER RECOMMENDATION/S – ITEM NO 6.1

That Council notes the reports on the Internal Audit 2020/21 attached to the Audit Governance and Risk Management Committee Agenda.

6.2 2021 Compliance Audit Report

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment 2 – Item refers	Compliance Audit Report for 2021

Voting Requirement	Simple Majority
Subject Index	Financial management Audit
Disclosure of any Interest	Nil
Responsible Officer	Michael Costarella, Manager Corporate & Community Services

PURPOSE OF REPORT

The purpose of this report is to present to Council the 2021 Compliance Audit Return (CAR) for adoption and endorsement

SUMMARY AND KEY ISSUES

There were 98 questions within the Compliance Audit Return and no non-compliance were identified.

LOCATION

N/A

BACKGROUND

Completion of the Compliance Audit Return is a Statutory requirement and requires endorsement by the Audit Committee and adoption by Council.

Following the CAR being presented to Council, a certified copy of the return along with the relevant section of the minutes and any additional information is to be submitted to the Director General of the Department of Local Government no later than the 31 March 2022. (certified means Signed by the President and the CEO).

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC IMPLICATIONS

There are no Strategic Plan implications evident at this time.

POLICY IMPLICATIONS

There are no significant policy implications evident at this time.

STATUTORY IMPLICATIONS

Local Government (Audit) Regulations 1996- Clause 14

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.*

FINANCIAL IMPLICATIONS

There are no financial implications evident at this time.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications at this time.

SOCIAL IMPLICATIONS

There are no social implications at this time.

OFFICER COMMENT

The 2021 CAR consisted of 98 Questions within the following compliance areas:-

- Commercial Enterprises by Local Governments – 5 Questions
- Delegation of Power / Duty- 13 Questions
- Disclosure of Interest- 25 Questions
- Disposal of Property- 2 Questions
- Elections- 3 Questions
- Finance- 7 Questions
- Integrated Planning and Reporting- 3 Questions
- Local Government Employees- 6 Questions
- Official Conduct- 3 Questions
- Optional Questions- 9 Questions
- Tenders for Providing Goods and Services- 22 Questions

OFFICER RECOMMENDATION/S – ITEM NO 6.2

That Council adopts the 2020 Compliance Audit Return as attached to the Audit, Governance and Risk Management Committee Agenda of 8 March 2022.

7. CLOSURE

There being no further business, the meeting closed at