



Shire of Dardanup

AGENDA

AUDIT & RISK COMMITTEE MEETING

To Be Held

Wednesday, 3 March 2021
Commencing at 2.00pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

This document is available in alternative formats such as:
~ Large Print
~ Electronic Format [disk or emailed]
Upon request.



NOTICE OF AN AUDIT & RISK COMMITTEE MEETING

Dear Committee Member

The Audit & Risk Committee Meeting of the Shire of Dardanup will be held on Wednesday 3 March 2021 in the Council Chambers, Shire of Dardanup - Administration Centre Eaton, 1 Council Drive, Eaton - commencing at 2.00pm.



MR ANDRÉ SCHÖNFELDT
Chief Executive Officer

Date: 25 February 2021

Note: If interested persons would like to make comment on any items in this agenda, please email records@dardanup.wa.gov.au or hand deliver written comment to the Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton. To be included in the meeting comments are to be delivered no later than 48 hours prior to the meeting.

The Chief Executive Officer will use his discretion as to whether the written comments are relevant and applicable to the meeting before approving their inclusion in the meeting.

VISION STATEMENT

“Provide effective leadership in encouraging balanced growth and development of the Shire while recognizing the diverse needs of our communities.”

TABLE OF CONTENTS

1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS	1
2.	RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED	1
2.1	Attendance.....	1
2.2	Apologies.....	1
3.	PRESENTATIONS	2
4.	CONFIRMATION OF MINUTES OF PREVIOUS MEETING.....	2
4.1	Audit & Risk Committee Meeting Held 4 December 2019	2
5.	ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED.....	2
6.	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	2
7.	DECLARATION OF INTEREST	2
8	REPORTS OF OFFICERS AND COMMITTEES	3
8.1	Title: Regulation 17 Review of Local Government Systems and Procedures.	3
8.2	Title: Bi-Annual Compliance Task Report	8
8.3	Title: 2020 Compliance Audit Return - CAR.....	11
8.4	Title: Western Australian Auditor General – Schedule of Reports	24
9.	ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	28
10.	NEW BUSINESS OF AN URGENT NATURE.....	28
11.	MATTERS BEHIND CLOSED DOORS	28
12.	CLOSURE OF MEETING.....	28

COMMITTEE MEMBERSHIP:

- CR. T GARDINER - CHAIRPERSON
- CR M BENNETT – DEPUTY CHAIRPERSON
- CR P ROBINSON
- CR. C BOYCE
- CR. M HUTCHINSON

AUDIT & RISK COMMITTEE CHARTER

The Terms of Reference for this Committee are located in the Tardis records system – refer to the following link:
[2020 - ToR - Audit and Risk Committee Charter](#)

COUNCIL ROLE

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

DISCLAIMER

"Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire's decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request."

RISK ASSESSMENT

Inherent Risk	The level of risk in place in order to achieve the objectives of the Council and before actions are taken to alter the risk's impact or likelihood.
Residual Risk	The remaining level of risk following the development and implementation of Council's response.
Strategic Context	These risks are associated with achieving Council's long term objectives.
Operational Context	These risks are associated with the day-to-day activities of the Council.
Project Context	<p>Project risk has two main components:</p> <ul style="list-style-type: none"> • Direct refers to the risks that may arise as a result of project, which may prevent the Council from meeting its objectives. • Indirect refers to the risks which threaten the delivery of project outcomes.

RISK CATEGORY CONSEQUENCE TABLE - GUIDELINE

Rating (Level)	Health	Financial Impact	Service Interruption	Legal and Compliance	Reputational	Environment
Insignificant (1)	Near miss Minor first aid injuries	Less than \$10,000	No material service interruption - backlog cleared < 6 hours	Compliance - No noticeable regulatory or statutory impact. Legal - Threat of litigation requiring small compensation. Contract - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item	Contained, reversible impact managed by on site response
Minor (2)	Medical type injuries	\$10,001 - \$50,000	Short term temporary interruption – backlog cleared < 1 day	Compliance - Some temporary non-compliances. Legal - Single minor litigation. Contract - Results in meeting between two parties in which one party expresses concern.	Substantiated, low impact, low news item	Contained, reversible impact managed by internal response
Moderate (3)	Lost time injury <30 days	\$50,001 - \$300,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Compliance - Short term non-compliance but with significant regulatory requirements imposed. Legal - Single moderate litigation or numerous minor litigations. Contract - Receive verbal advice that, if breaches continue, a default notice may be issued.	Substantiated, public embarrassment, moderate impact, moderate news profile	Contained, reversible impact managed by external agencies
Major (4)	Lost time injury >30 days	\$300,001 - \$1.5 million	Prolonged interruption of services – additional resources; performance affected < 1 month	Compliance - Non-compliance results in termination of services or imposed penalties. Legal - Single major litigation or numerous moderate litigations. Contract - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions	Uncontained, reversible impact managed by a coordinated response from external agencies
Catastrophic (5)	Fatality, permanent disability	More than \$1.5 million	Indeterminate prolonged interruption of services – non-performance > 1 month	Compliance - Non-compliance results in litigation, criminal charges or significant damages or penalties. Legal - Numerous major litigations. Contract - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Uncontained, irreversible impact

RISK - LIKELIHOOD TABLE

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	Almost Certain	The event is expected to occur in most circumstances	The event is expected to occur more than once per year
4	Likely	The event will probably occur in most circumstances	The event will probably occur at least once per year
3	Possible	The event should occur at some time	The event should occur at least once in 3 years
2	Unlikely	The event could occur at some time	The event could occur at least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	The event is not expected to occur more than once in 15 years

LEVEL OF RISK GUIDE

CONSEQUENCE		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD		1	2	3	4	5
Almost Certain	5	Moderate (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

SHIRE OF DARDANUP**AGENDA FOR THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING TO BE HELD ON WEDNESDAY, 3 MARCH 2021, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.****1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The Chairperson, to declare the meeting open, welcome those in attendance and refer to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region by recognising the strength, resilience and capacity of Wardandi people in this land.

Affirmation of Civic Duty and Responsibility

Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.

Committee members acknowledge that only the Chief Executive Officer or a member of the Shire of Dardanup staff appointed by the Chief Executive Officer is to have contact with consultants and suppliers that are appointed under contract to undertake the development and implementation of projects.

The exception to this Policy is when there is a meeting of the committee or working group with the consultant and the Chief Executive Officer or the Chief Executive Officer's representative is present.

Members of committees acknowledge that a breach of this Policy may result in a request to Council to have them removed from the committee.

Emergency Procedure

In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, please proceed to the Assembly Area points located to the western side of the front office car park near the skate park and gazebo where we will meet (and complete a roll call).

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED

2.1 Attendance

2.2 Apologies

Cr M Hutchinson - Elected Member

3. PRESENTATIONS

None.

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 Audit & Risk Committee Meeting Held 4 December 2019

OFFICER RECOMMENDED RESOLUTION

THAT the Minutes of the Audit & Risk Committee Meeting held on 7 December 2020, be confirmed as true and correct subject to no / the following corrections:

5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED

None.

6. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

7. DECLARATION OF INTEREST

“Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.”

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

8 REPORTS OF OFFICERS AND COMMITTEES
--

8.1 Title: *Regulation 17 Review of Local Government Systems and Procedures.*

Reporting Department: *Corporate & Governance*

Reporting Officer: *Mr André Schönfeldt – Chief Executive Officer*

Mr Phil Anastasakis - Deputy Chief Executive Officer

Legislation: *Local Government Act 1995 and Local Government (Financial Management) Regulations 1996*

Overview

This report presents the Chief Executive Officer’s review pursuant to Regulation 17 of the Local Government (Audit) Regulations.

Background

In February 2013, several amendments were made to the Audit Regulations. At this time, a new Regulation number 17 was effected, requiring the CEO to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to risk management, internal control and legislative compliance; with the results of the review to be reported to the Audit and Risk Committee.

In order to be compliant with the new review and reporting requirements, the initial review was conducted internally and presented to the former Audit Committee on 26 November 2014 and then to Council on 17 December 2014. At that time the regulations stated that the review must be conducted at least once every two calendar years. The second review was conducted externally and presented to the former Audit Committee and Council on 13 December 2017.

In June 2018, Regulation 17 was amended with the period of review changed to at least once every 3 financial years. This report is therefore provided in accordance with that amended requirement and covers all aspects of the review (risk management, internal control and legislative compliance).

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996 (as Amended):

Reg 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.*

Reg 16. Functions of audit committee

An audit committee has the following functions —

- (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —*
- (i) *report to the council the results of that review; and*
 - (ii) *give a copy of the CEO's report to the council;*

Strategic Community Plan

Strategy 1.1.1 - Ensure equitable, inclusive and transparent decision-making. (Service Priority: High)

Strategy 1.1.3 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.4 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

Precedents

The scope for previous reviews has included all 3 areas of (a) Risk Management; (b) Internal Controls; and (c) Legislative Compliance.

Year	Review Method	Conducted By	Report Received	Resolution Number
2014	Internal	Shire of Dardanup Staff	Audit Committee 26 November 2014	AUD 07/14
			Ordinary Council Meeting 17 December 2014	OCM 417/14
2017	External	AMD Chartered Accountants	Audit Committee 13 December 2017	AUD 06-17
			Ordinary Council Meeting 13 December 2017	OCM 334-17

Budget Implications

The 2020-21 budget provides an allocation of \$9,000 for Audit Fees (refer GL 0412012) to cover the cost of the Regulation 17 Review Report. Three quotes were obtained for this audit which all exceeded the budget, however the quote from AMD was determined to be the best value for money and was accepted.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

- Shire of Dardanup Risk Management Governance Framework (which incorporates AP023 Risk Management Policy and PR036 Risk Management Procedure).
- CnG CP304 – Fraud, Corruption and Misconduct

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.1) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Regulation 17 Review of Local Government Systems and Procedures
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance Failure to fulfil obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</p> <p>Reputational Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.</p>

Officer Comment

As the previous Regulation 17 review was conducted 3 years ago, it was timely for the CEO to conduct another review in 2020/2021. It was considered appropriate for the review to be undertaken by an external auditing firm familiar with local government functions to reinforce the transparency and independence of the process.

The Scope of Work for the review was based on the Local Government *Operational Guidelines No. 9 – Audit in Local Government* and a Request for Quote (RFQ) was subsequently issued. Following on from the RFQ process, AMD Chartered Accountants were appointed in September 2020 to undertake the review.

An on-site visit was subsequently scheduled with one staff member from AMD from 1 February 2021 to 4 February 2021. However, due to the 5-day lockdown imposed by the State Government, the on-site visit was cancelled and the review was therefore conducted remotely.

Provided to members of the Audit and Risk Committee is the Regulation 17 Review Report produced by AMD Chartered Accountants, together with Chief Executive Officer and management comments (refer to Confidential Attachment “A” under separate cover). The findings from this report have also been summarised in the table below:

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date
2	Risk Management			
2.2.1	Outdated Policies and Handbook	Low	Manager Governance & HR	31 December 2021
	<p>Auditor Recommendation We recommend those potentially out of date policies, procedures and handbooks be reviewed and updated accordingly. In addition, we recommend all policies, procedures and handbooks specify the next required review date with the review occurring in accordance with their stated review dates.</p> <p>Management Comment The review of the Council Policy Manual is undertaken biennially and next due in the middle of 2022. A comprehensive review of Administrative Policies and Procedures is currently underway and scheduled for completion around the middle of 2021.</p>			
2.2.1	Code of Conduct	Low	Manager Governance & HR	30 April 2021
	<p>Auditor Recommendation We recommend:</p> <ul style="list-style-type: none"> The Code of Conduct be updated to reflect reporting mechanisms; and The Code of Conduct be updated to reflect the consequences if an employee or Councillor was to breach the Code of Conduct. <p>Management Comment The review of the Council Code of Conduct Policy has been placed on hold in the past due to the impending state government regulations. These regulation changes have now occurred so a comprehensive review of the current Code of Conduct policy is currently underway and scheduled for completion around the end of April 2021.</p>			
2.2.3	Framework, Plan and Procedures in Review	Low	Manager Governance & HR	31 December 2021
	<p>Auditor Recommendation We recommend finalisation of the above Shire policies, procedures and plans including adoption by Council. Once the documents have been adopted, we recommend they are endorsed and communicated to all staff, implemented and monitored on a regular basis including testing the appropriate sections of the plan to ensure that in the event of a disaster, appropriate actions can be taken.</p> <p>Management Comment A number of Plans and Framework documents are scheduled for finalisation during 2021, which will be communicated to staff and monitored into the future. A comprehensive review of Administrative Policies and Procedures is currently underway and scheduled for completion around the middle of 2021.</p>			
3	Internal Controls			
3.2.1	Contract Management Framework	Moderate	Deputy CEO	31 December 2021
	<p>Auditor Recommendation We recommend a contract management framework is designed and documented to ensure that contracts are managed appropriately and in accordance with the stated framework. This approach will include the mandatory requirement of all contractors completing some level of induction (the level of induction completed should be determined based on the risks associated with the service or goods provided), ensuring that up to date insurances are on file and the contractor invoices the Shire in accordance with the contract/agreement.</p> <p>Management Comment A contract management framework will be considered as part of the new Procurement Framework, together with the Risk Management Governance Framework.</p>			

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date
3.2.2	Post Tender Review	Low	Deputy CEO	31 December 2021
<p>Auditor Recommendation WALGA best practice guidelines recommend formal performance management assessments be completed at the end of the tender period once goods or services have been tendered. We recommend a post tender / contract performance evaluation procedure be documented, implemented through the communication to all staff and monitored on an ongoing basis to ensure compliance with stated procedures.</p> <p>Management Comment Noted. This will be considered as part of the new Procurement Framework.</p>				
4				
Legislative Compliance				
4.2.1	Complaints Register	Low	Manager Governance & HR	31 December 2021
<p>Auditor Recommendation We recommend the Complaint Register include all necessary details as required by the Act.</p> <p>Management Comment A detailed review of the Customer Service processes and procedures is occurring during the first half of 2021.</p>				

Mr Tim Partridge, Director – Audit for AMD will be in attendance at the Audit and Risk Committee to respond to any questions in relation to the report and/or their findings.

The Audit and Risk Committee under Regulation 16(c) is to review and deliberate the report, prior to formal presentation to the Council.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee recommend that Council:

- 1. Receives the report from the Chief Executive Officer incorporating the review and findings of AMD Chartered Accountants (dated 15 February 2021) on the Local Government systems and procedures under Regulation 17 of the Local Government (Audit) Regulations 1996.**
- 2. Request that the Chief Executive Officer provide an update of the actions required from the findings of the Regulation 17 Audit to each future Audit and Risk Committee meeting until resolved.**

8.2 Title: Bi-Annual Compliance Task Report

<i>Reporting Department:</i>	<i>Corporate & Governance</i>
<i>Reporting Officer:</i>	<i>Mrs Cindy Barbetti – Compliance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17</i>

Overview

The purpose of this report is to provide the Audit and Risk Committee with bi-annual compliance tasks undertaken since the last report was presented to the committee.

Background

The Shire of Dardanup (the Council) as a Local Government entity is required to fulfil duties and functions that are prescribed in legislation. This emulates the expectation of the community and State Government that Council will meet these requirements. This expectation is prescribed in the Local Government (Audit) Regulations 1996, Regulation 17 which requires the management of legislative compliance.

To support the Council in meeting compliance obligations, the Compliance Manual, incorporating the Annual Compliance Calendar has been developed. The calendar is a tool to identify the yearly compliance activities throughout the calendar year. The objective is to assist responsible officers to review their quarterly activities that require compliance and accountability across a variety of legislative components.

For accountability, the Audit and Risk Committee Charter (Terms of Reference) states that the committee shall have the following objective in relation to legislative compliance:

- 5.10 *Legislative Compliance - Oversee the effectiveness of the systems for monitoring compliance with relevant laws, regulations and associated government policies. This includes:*
- ii.) *receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).*

In accordance with 5.10(ii) of the Charter the biannual compliance report is provided as a (Confidential Attachment “B”- Under Separate Cover).

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, Regulation 17:

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 at least once every 2 calendar years.*

(3) *The CEO is to report to the audit committee the results of that review.*

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

Strategic Community Plan

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Environment - None.

Precedents

The Audit and Risk Committee received the previous biannual compliance report (incorporating the period from February 2020 to June 2020) at the September 2020 meeting.

Budget Implications

As part of the Compliance Officer role, regular monitoring of the Compliance Manual and Annual Compliance Calendar is essential. Reporting is a further function in order to successfully achieve compliance obligations under Regulation 17. Therefore the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

There is no current Council Policy relevant to this item.

Risk Assessment -

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 8.2) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Biannual Compliance Task Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</p> <p>Reputational Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.</p>

Officer Comment

Compliance and integrity are outcomes of an organisation meeting its obligations, and is made sustainable by embedding it in the culture of the organisation and in the behaviour and attitude of people working for it. How a local government manages its compliance programs is a strong indication of the attitude of the Council towards meeting legislative requirements.

Meeting these requirements is assisted through the use of the Compliance Manual and associated Annual Compliance Calendar. At the September 2020 meeting, members were presented with the February 2020 to June 2020 compliance tasks. For this biannual reporting report, the months of July 2020 through to December 2020 are being reported.

Overall, maintaining regulatory compliance is viewed as a fundamental goal of an effective internal control system. The ongoing reporting will ensure that an effective system is in place to provide a level of assurance that the Council is meeting its compliance obligations with the Act and associated Regulations.

In accordance with the 2021 Annual Audit Work Plan, the next biannual compliance task report is scheduled to be presented to the September 2021 meeting.

Council Role - Legislative.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee receive the report on the Biannual Compliance Task Report, as provided for as a (Confidential Attachment "B"- Under Separate Cover) and note the compliance tasks identified.

8.3 Title: 2020 Compliance Audit Return - CAR

<i>Reporting Department:</i>	<i>Corporate & Governance Directorate</i>
<i>Reporting Officer:</i>	<i>Ms Cathy Lee – Manager Governance & HR</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Audit) Regulations</i>

Overview

This report presents the Compliance Annual Return to the Audit & Risk Committee to adopt and refer to Council for consideration, adoption and submission to the Department of Local Government and Communities.

Background

The Shire of Dardanup along with each local government in Western Australia is required to carry out a compliance audit in relation to the period 1 January 2020 to 31 December 2020 against the requirements set out in the 2020 Compliance Audit Return [CAR].

Legal Implications

Completion of the CAR is required under Section 7.13(i) of the Local Government Act 1995 and Local Government (Audit) Regulations (Regulation 13).

Strategic Community Plan

- Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)
- Strategy 1.1.3 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

Precedents

Council is required to complete the Compliance Audit Return on an annual basis.

Budget Implications - None.

Budget – Whole of Life Cost - None.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.3) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.					
Risk Event	2020 Compliance Audit Return - CAR				
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)				
Risk Action Plan (treatment or controls proposed)	Not applicable.				
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.				
Risk Category Assessed Against	<table border="0"> <tr> <td>Legal and Compliance</td> <td>Non-compliance would result in imposed penalties.</td> </tr> <tr> <td>Reputational</td> <td>High impact to Shire reputation if not carried out.</td> </tr> </table>	Legal and Compliance	Non-compliance would result in imposed penalties.	Reputational	High impact to Shire reputation if not carried out.
Legal and Compliance	Non-compliance would result in imposed penalties.				
Reputational	High impact to Shire reputation if not carried out.				

Officer Comment

The following areas of compliance were audited by Officer's.

1. Commercial Enterprises by LG;
2. Delegation of Power Duty;
3. Disclosure of Interest;
4. Disposal of Property;
5. Elections;
6. Finance;
7. Integrated Planning and Reporting;
8. LG Employees;
9. Official Conduct;
10. Optional; and
11. Tenders for Providing Goods and Services.

Regulation 14 of the Local Government (Audit) Regulations 1996 requires that the local government's Audit Committee reviews the CAR and reports the results of that review to the Council prior to adoption by Council and the March submission to the Department.

When viewing the CAR, please note that the answers to the questions relate only to the 2020 year.

Council has met compliance in all areas as outlined in the recommended resolution below.

Council Role - Legislative.

Voting Requirements - Absolute Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) the Committee records the following reasons for amending the Officer Recommended Resolution:

AUDIT & RISK COMMITTEE RECOMMENDED RESOLUTION

THAT the Audit Committee recommend that Council adopts the Compliance Audit Return 2020 [CAR] as the official Return of Council for the period 1 January 2020 to 31 December 2020 as follows:

Dardanup - Compliance Audit Return 2020

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 2020?	N/A		PHIL ANASTASAKIS - Deputy CEO
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	Yes	Proposal Lot 601 related to Citygate development.	PHIL ANASTASAKIS - Deputy CEO
3	s3.59(2)(c) F&G Regs 7,8,10	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 2020?	Yes	Proposal Lot 601 related to Citygate development.	PHIL ANASTASAKIS - Deputy CEO
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 2020?	Yes	Public Notice given on Citygate development on 23 May 2020.	PHIL ANASTASAKIS - Deputy CEO
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council Resolution 202-20 OCM 29 July 2020.	PHIL ANASTASAKIS - Deputy CEO

Delegation of Power/Duty

No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes		CATHY LEE - Manager Governance & HR
2	s5.16	Were all delegations to committees in writing?	Yes		CATHY LEE - Manager Governance & HR
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	Yes		CATHY LEE - Manager Governance & HR
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes		CATHY LEE - Manager Governance & HR
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	Yes		CATHY LEE - Manager Governance & HR
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		CATHY LEE - Manager Governance & HR
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute	Yes		CATHY LEE - Manager

		majority?		Governance & HR
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	CATHY LEE - Manager Governance & HR
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	CATHY LEE - Manager Governance & HR
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?	Yes	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	Yes	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR

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		CATHY LEE - Manager Governance & HR
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		CATHY LEE - Manager Governance & HR
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		CATHY LEE - Manager Governance & HR
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		CATHY LEE - Manager Governance & HR
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes		CATHY LEE - Manager Governance & HR
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of	Yes		CATHY LEE - Manager Governance & HR

		having received the return?		
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	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR
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)?	Yes	CATHY LEE - Manager Governance & HR
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?	Yes	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR

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		CATHY LEE - Manager Governance & HR
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		CATHY LEE - Manager Governance & HR
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		CATHY LEE - Manager Governance & HR
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		CATHY LEE - Manager Governance & HR

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		PHIL ANASTASAKIS - Deputy CEO
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		PHIL ANASTASAKIS - Deputy CEO

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?	Yes	No elections held in 2020.	CATHY LEE - Manager Governance & HR
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	N/A	No elections held in 2020.	CATHY LEE - Manager Governance & HR

		electoral gift register, and retain those forms separately for a period of at least two years?			
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	No elections held in 2020.	CATHY LEE - Manager Governance & HR
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	SCM held 23/10/19 Resolution 308-19 Committee expiry: October 2021	PHIL ANASTASAKIS - Deputy CEO
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	OCM 24/06/2020 Resolution: 157-20	PHIL ANASTASAKIS - Deputy CEO
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	Yes		PHIL ANASTASAKIS - Deputy CEO
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	Yes		PHIL ANASTASAKIS - Deputy CEO
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	Yes		PHIL ANASTASAKIS - Deputy CEO
6	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?	N/A		PHIL ANASTASAKIS - Deputy CEO
7	s7.12A(4)(a)	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?	N/A	No significant matters reported in the Auditor's Report.	PHIL ANASTASAKIS - Deputy CEO
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A		PHIL ANASTASAKIS - Deputy CEO
9	s7.12A(5)	Within 14 days after the local government gave a report to	Yes		PHIL ANASTASAKIS -

		the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?		Deputy CEO
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	Yes	PHIL ANASTASAKIS - Deputy CEO
11	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?	Yes	PHIL ANASTASAKIS - Deputy CEO

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	An internal review was completed in March 2020	PHIL ANASTASAKIS - Deputy CEO
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	Adopted in April 2020	PHIL ANASTASAKIS - Deputy CEO
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes		PHIL ANASTASAKIS - Deputy CEO

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?	N/A		CATHY LEE - Manager Governance & HR
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?	N/A		CATHY LEE - Manager Governance & HR
3	Admin Reg	Was all information provided in	N/A		CATHY LEE -

	18E	applications for the position of CEO true and accurate?		Manager Governance & HR
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)?	N/A	CATHY LEE - Manager Governance & HR
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	CATHY LEE - Manager Governance & HR
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	CATHY LEE - Manager Governance & HR

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		CATHY LEE - Manager Governance & HR
2	s5.121(1)	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)?	Yes		CATHY LEE - Manager Governance & HR
3	s5.121(2)	Does the complaints register include all information required by section 5.121(2)?	Yes		CATHY LEE - Manager Governance & HR
4	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?	Yes		CATHY LEE - Manager Governance & HR

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 2020? If yes, please provide the date of council's resolution to accept the report.	N/A	Not due until 2022.	PHIL ANASTASAKIS - Deputy CEO
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	N/A	Not due until 2021.	PHIL ANASTASAKIS - Deputy CEO

		and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.			
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	Yes		PHIL ANASTASAKIS - Deputy CEO
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	Yes		PHIL ANASTASAKIS - Deputy CEO
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	Yes		PHIL ANASTASAKIS - Deputy CEO
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	Yes		PHIL ANASTASAKIS - Deputy CEO
7	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		PHIL ANASTASAKIS - Deputy CEO
8	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		PHIL ANASTASAKIS - Deputy CEO
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	Yes		PHIL ANASTASAKIS - Deputy CEO
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes		PHIL ANASTASAKIS - Deputy CEO

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	Existing Policy refers to a \$150,000 tender threshold, except where tender exemption applies.	PHIL ANASTASAKIS - Deputy CEO
2	F&G Reg 11A(1)	Did the local government comply with its current	Yes	Existing Policy refers to a	PHIL ANASTASAKIS -

		purchasing policy 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?		\$150,000 tender threshold, except where tender exemption applies.	Deputy CEO
3	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		PHIL ANASTASAKIS - Deputy CEO
4	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		PHIL ANASTASAKIS - Deputy CEO
5	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		PHIL ANASTASAKIS - Deputy CEO
6	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		PHIL ANASTASAKIS - Deputy CEO
7	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		PHIL ANASTASAKIS - Deputy CEO
8	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		PHIL ANASTASAKIS - Deputy CEO
9	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		PHIL ANASTASAKIS - Deputy CEO
10	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?	N/A		PHIL ANASTASAKIS - Deputy CEO
11	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		PHIL ANASTASAKIS - Deputy CEO
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with	Yes		PHIL ANASTASAKIS - Deputy CEO

		the requirements of F&G Regs 21 and 22?		
13	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	PHIL ANASTASAKIS - Deputy CEO
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	Yes	PHIL ANASTASAKIS - Deputy CEO
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	Yes	PHIL ANASTASAKIS - Deputy CEO
16	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?	Yes	PHIL ANASTASAKIS - Deputy CEO
17	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	PHIL ANASTASAKIS - Deputy CEO
18	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	PHIL ANASTASAKIS - Deputy CEO
19	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	PHIL ANASTASAKIS - Deputy CEO
20	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	PHIL ANASTASAKIS - Deputy CEO
21	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	PHIL ANASTASAKIS - Deputy CEO
22	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	N/A	PHIL ANASTASAKIS - Deputy CEO

		which each application satisfies the criteria for deciding which application to accept?		
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	PHIL ANASTASAKIS - Deputy CEO
24	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?	N/A	PHIL ANASTASAKIS - Deputy CEO

8.4 Title: Western Australian Auditor General – Schedule of Reports

<i>Reporting Department:</i>	<i>Corporate & Governance Services</i>
<i>Reporting Officer:</i>	<i>Mrs Cindy Barbetti - Compliance Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i>

Overview

This report provides the Audit and Risk Committee with a schedule of Western Australian Auditor General Reports that were released in the second half of 2020. These reports are significant to the local government sector and staff have provided their observations to address the Auditor General recommendations.

Background

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on 28 October 2017. The purpose of the Act was to make legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General.

The Act also provides for a new category of audits known as ‘performance audit reports’ which examine the economy, efficiency and effectiveness of any aspect of a local governments operations. The findings of these audits are likely representative of issues in other local government entities that were not part of the sample. In addition, the Auditor General releases ‘guides’ to help support good governance within a local government’s operations.

The Auditor General encourages all entities, not just those audited, to periodically assess themselves against the risks and controls noted in each of the performance audit reports and guides when published. Testing our performance against the Auditor General findings and reporting the outcomes to the Audit and Risk Committee can be viewed as a vital component of managing compliance reporting under Regulation 17.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996 (as Amended):

Reg 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 at least once every 2 calendar years.*
- (3) The CEO is to report to the audit committee the results of that review.*

Strategic Community Plan

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3- Maintain best practice governance systems and practices. (Service Priority: Moderate)

Strategy 1.3.6 - Establish a Risk Management Governance Framework for the Shire of Dardanup. (Service Priority: High)

Environment - None.

Precedents

The Audit and Risk Committee previously received a report at the September 2020 meeting that responded to the reports released by the Auditor General during the first half of 2020.

Budget Implications

As part of the Compliance Officer role, regular monitoring and assessment of reports released by the Auditor General is deemed a matter of good governance and a vital component of managing compliance under Regulation 17. Therefore the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR:8.4A) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Western Australian Auditor General – Schedule of Reports
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance</p> <p>Not considering the risks, controls and recommendations arising from the Auditor General’s report could have an impact on Council not meeting its compliance requirements.</p> <p>Reputational</p> <p>Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.</p>

Officer Comment -

The Auditor General Performance Audit Reports and Guides provide an opportunity to examine how well the Shire of Dardanup’s policies, practices and procedures perform against the findings.

Council staff can identify relevant messages and opportunities from these reports, which leads to continuous improvement and informed decision making. There has been only one performance

audit report relevant to Local Government operations that was released in the second half of 2020. The report is provided in the table below together with staff response to the findings (to note: the Shire of Dardanup was not involved in this audit).

DATE	REPORT NO	REPORT	APPENDIX
20-08-2020	3	Waste Management – Service Delivery	Appendix (AAR 8.4B)

- *Report 3 Waste Management – Service Delivery*

This report assessed whether local government (LG) entities plan and deliver effective waste services to their communities and if the State Government provided adequate support to LG entities for local waste planning and service delivery.

The audit focused on LG waste management and progress towards achieving targets and objectives set in the first *Western Australian Waste Strategy: Creating the Right Environment* (Waste Strategy 2012) and subsequent *Waste Avoidance and Resource Recovery Strategy 2030* (Waste Strategy 2030).

The audit concluded that:

“In WA, kerbside waste collection at the LG level is largely effective. However, local, regional and state-wide waste planning, and tailored support for LG entities, is inadequate. This has limited the effectiveness of waste management and the State’s ability to meet its long-term targets.

Most LG entities deliver waste collection and drop-off services that are highly valued by their communities. However, many LG entities are not effectively encouraging waste avoidance, nor maximising the recovery of waste by reusing, reprocessing and recycling. As a result, few are on track to help the State meet its Waste Strategy 2030 targets for 2020 to increase waste recovery to 65% in the Perth and Peel region, and 50% in major regional centres (MRC)”.

- *Director Infrastructure comment:*

In 2019 the State Government released the Waste Avoidance and Resource Recovery Strategy 2030 (WARR Strategy), in accordance with the Waste Avoidance and Resource Recovery Act 2007 (WARR Act). The Waste Strategy outlines the State government’s direction with managing waste, which is to target ways to reduce landfill by waste avoidance, recovery and reuse. As part of the strategy, Local Governments in the Perth/Peel Region and Regional Centres were encouraged to establish their own waste plans.

The Shire of Dardanup has taken the step of preparing a draft Waste Management Plan (the Plan), without a compulsory requirement to do so. The draft plan was endorsed by Council on 24 June 2020 [Res 171-20] and identifies how the Shire will proactively manage waste now and into the future. This was developed with an awareness of the State’s Waste Strategy and aligns the Shire of Dardanup to the strategies and target set for the state. It also provided an opportunity to pursue a FOGO service as an option, together with other activities to improve the Shires waste services.

A tender has also been called to supply Waste Collection and Processing Services for the Shire, which includes the options for a two or three bin service. In addition, Council has been successful in securing funding from the Waste Authority’s Better Bins Plus Program which will provide the Shire with the option of reducing the cost of rolling out a FOGO service should Council choose to introduce such a service. A report is due to Council for the consideration of the tender (once closed and evaluated), the grant outcomes and further consideration of the draft Waste Management Plan.

There will also be an opportunity for community consultation to encourage waste avoidance across the Shire.

Further to this the Shire is in the process of appointing a Public Relations and communications specialist for the delivery of a community engagement and education campaign regarding the Council's waste management services with the aim of improving recycling performance and waste minimization and to assist Council in decision making regarding future service provision. At the conclusion of the engagement it is expected that the community will be informed about:

- Why we need to improve waste services;
- What is best practice waste management and minimization;
- What householders can do to assist; and
- The Council's Waste Management Plan.

Community members will have also had an opportunity to express their expectations and commitment to the waste service delivery.

The Shire's actions in regards to the development of a waste management plan addresses the matters raised by the OAG and creates the potential for the Shire to meet the targets set out in the State's Waste Strategy 2030.

- *Conclusion*

This OAG report review process will continue to be applied to future reports and guides released by the Auditor General. The recommendations will also be taken into consideration when performing internal audits that have been highlighted as part of the Internal Audit Work Plan. The analysis of the Auditor General reports provides Council with a greater level of confidence in internal control practices and processes throughout Council operations.

Voting Requirements - Simple Majority.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee receive the March 2021 report on the Western Australian Auditor General – Schedule of Reports as provided for in (Appendix AAR: 8.4B).

9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

None.

10. NEW BUSINESS OF AN URGENT NATURE

[Please Note: This is Not General Business – This is for Urgent Business Approved By the Person Presiding or by Decision. In cases of extreme urgency or other special circumstance, matters may, with the consent of the person presiding, or by decision of the members present, be raised without notice and decided by the meeting.]

11. MATTERS BEHIND CLOSED DOORS

None.

12. CLOSURE OF MEETING

The date of the next Audit & Risk Committee Meeting will be Wednesday, 3 June 2020.

There being no further business the Chairperson to declare the meeting closed.

