



22 February 2023

NOTICE OF MEETING

Dear Committee Member,

The next Audit and Risk Committee meeting will be held at 4.00pm on Tuesday, 28 February 2023 in the Committee Room, 7000 Great Eastern Highway, Mundaring.

The attached agenda is presented for your consideration.

Yours sincerely

Jonathan Throssell
CHIEF EXECUTIVE OFFICER

Please Note

If a Council Member has a query regarding a report item or requires additional information in relation to a report item, please contact the senior employee (noted in the report) prior to the meeting.



AGENDA
AUDIT AND RISK COMMITTEE MEETING
28 FEBRUARY 2023

ATTENTION/DISCLAIMER

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or Employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or Employee, or the content of any discussion occurring during the course of the Committee Meeting.

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**AUDIT AND RISK COMMITTEE MEETING
COMMITTEE ROOM, 7000 GREAT EASTERN HIGHWAY, MUNDARING – 4.00PM**

1.0 OPENING PROCEDURES

Acknowledgement of Country

Shire of Mundaring respectfully acknowledges the Whadjuk people of the Noongar Nation, who are the traditional custodians of this land. We acknowledge Elders past, present and emerging and respect their continuing culture and the contribution they make to the region.

1.1 Announcement of Visitors

1.2 Attendance/Apologies

Staff	Mr Craig Wilkinson (Presiding Person)	External Member
	Mr Tony Wittcomb	External Member
	Ms Rachael Green	External Member
	Cr James Martin	South Ward
	Cr Paige McNeil	Central Ward
	Cr Doug Jeans	Central Ward
	Cr Karen Beale	West Ward
	Cr John Daw	East Ward
	Cr Neridah Zlatnik	East Ward

Staff	Jonathan Throssell	Chief Executive Officer
	Garry Bird	Director Corporate Services
	Stan Kocian	Manager Finance and Governance
	Liz Nicholls	Governance Coordinator
	Andrea Douglas	Minute Secretary

Apologies

Guests

2.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

3.0 DECLARATION OF INTEREST

3.1 Declaration of Financial Interest and Proximity Interests

Council Members must disclose the nature of their interest in matters to be discussed at the meeting (*Part 5 Division 6 of the Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

3.2 Declaration of Interest Affecting Impartiality

A Council Member or an employee who has an interest in a matter to be discussed at the meeting must disclose that interest (*Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C*).

4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5.0 PUBLIC QUESTION TIME

Procedures for asking and responding to questions are determined by the Presiding Person and in accordance with the Shire's Meeting Procedures Local Law 2015. Questions must relate to a function of the Committee.

6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held 24 January 2023 be confirmed.

7.0 REPORTS OF EMPLOYEES

7.1 Compliance Audit Return 2022

File Code	GV.CAR 1
Author	Elizabeth Nicholls, Governance Co-ordinator
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	1. 2022 Compliance Audit Return ↓

SUMMARY

The Audit and Risk Committee is requested to review the completed 2022 Compliance Audit Return (the Return) (**Attachment 1**) and recommend its adoption to Council for the Shire President and Chief Executive Officer to certify the Return.

It is required to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC) by the due date of 31 March 2023.

BACKGROUND

In accordance with the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*, a local government is required to complete an annual Return for the period 1 January to 31 December of the preceding year.

The Return covers a sample of legislative provisions required under the provisions of the *Local Government Act 1995*, which is required to be completed by staff and endorsed by Council prior to submission.

The Return, after being adopted by Council, is to be forwarded to the DLGSC by 31 March 2023.

The Return is traditionally undertaken as an exercise of self-assessment by individual local governments in terms of compliance with legislation and more specifically particular sections of the *Local Government Act 1995* and associated regulations.

STATUTORY / LEGAL IMPLICATIONS

Local Government Act 1995

Section 7.13 of the *Local Government Act 1995* provides the following in relation to the Audits.

7.13 Regulations as to Audits

- (1) (i) *requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are –*
- (i) *of a financial nature or not; or*
 - (ii) *under this Act or another written law.*

- (2) *Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.*

Regulation 13 of the *Local Government (Audit) Regulations 1996* details the statutory requirements that must be addressed within the Compliance audit.

Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* provide the following in relation to Compliance audits.

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. Compliance audit return, certified copy of etc. to be given to Executive Director

- (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 Executive Director 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.*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

SUSTAINABILITY IMPLICATIONS

Nil

RISK IMPLICATIONS

Risk: Compliance - Failure to complete and submit the Return by 31 March 2023 would result in non-compliance with the legislative requirements of the <i>Local Government (Audit) Regulations 1996</i> .		
Likelihood	Consequence	Rating
Unlikely	Minor	Low
Action / Strategy		
On an annual basis Shire staff complete the Return in January, the Return is then considered by the Audit and Risk Committee in February and subsequently Council adopts the Return at the March Ordinary Meeting of Council.		

EXTERNAL CONSULTATION

Nil

COMMENT

The purpose of the Return is for individual local governments to assess their level of compliance with the *Local Government Act 1995* and associated regulations.

The 2022 Return has a total of 94 questions focused on the following areas of compliance:

1. Commercial Enterprises by Local Governments (5 questions)
2. Delegation of Power/ Duty (13 questions)
3. Disclosure of Interest (21 questions)
4. Disposal of Property (2 questions)
5. Elections (3 questions)
6. Finance (7 questions);
7. Integrated Planning and Reporting (3 questions)
8. Local Government Employees (5 questions)
9. Official Conduct (4 questions)
10. Optional questions (9 questions)
11. Tenders for Providing Goods and Services (22 questions)

The Shire has achieved a 99% compliance rating for the period covered by the 2022 Return (a score of 93 out of 94 questions).

This compares with the Shire achieving the following levels of compliance in recent years:

Year	Compliance
2021*	96%
2020	99%
2019	98%
2018*	98%
2017*	99%
2016*	100%
2015	100%
2014	97.5%

The Return is provided for review. Areas of non-compliance found in the 2022 Return are listed in the below table. Comments and further actions (where applicable) to be undertaken are also included.

Question/ Reference	Comment
<p>Disclosure of Interest (question 5) s5.76 Admin Reg 23, Form 3 Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?</p>	<p>A council member submitted an incomplete annual return within the prescribed deadline. It is noted that an updated annual return from the council member was received 14 September 2022.</p>

In relation to the area of non-compliance listed in the Compliance Audit Return, the annual returns forms are provided by email in July each year to relevant persons (council members and officers). A link is included for the Department of Local Government Operational Guideline. Reminders are sent to relevant persons to encourage early submission with follow up reminders as required. In this specific instance, the annual return was submitted prior to the deadline, however, it was noted that the return was incomplete. As noted above, the council member provided an updated return on 14 September 2022. It is the responsibility of the relevant person to complete and submit their annual return.

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council:

1. Adopts the completed 2022 Compliance Audit Return for the period 1 January 2022 to 31 December 2022.
2. Notes the areas on non-compliance listed in the Compliance Audit Return; and
3. Authorises the Shire President and Chief Executive Officer to certify the Compliance Audit Return so it may be submitted to the Department of Local Government, Sport and Cultural Industries by the due date of 31 March 2023.

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return 2022

Commercial Enterprises by Local Governments

No	Reference	Question	Response	Comment
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 2022?	N/A	No major trading undertaking.
2	s3.59(2)(b) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	Yes	Council endorsed Ground Lease of Pt Lot 804 Elmsfield Road, Midvale – Additional Time Term Options 12 July 2022 (C22.07.22)
3	s3.59(2)(c) F&G Regs 7,8A,8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	Yes	
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 2022?	Yes	Ground Lease of Pt Lot 804 Elmsfield Road, Midvale state-wide public notice 20 July 2022.
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council resolved to proceed 8 November 2022 (C7.11.22)

Delegation of Power/Duty

No	Reference	Question	Response	Comment
1	s5.16	Were all delegations to committees resolved by absolute majority?	Yes	Delegations Register reviewed and adopted by absolute majority 10 May 2022 (C10.05.22).
2	s5.16	Were all delegations to committees in writing?	Yes	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	Yes	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	Included in Delegations Register: COM-46 Annual Meeting with Auditor.
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	Yes	Delegations Register reviewed 10 May 2022 (C10.05.22). Available on Shire's website under 'Governance Registers'.

No	Reference	Question	Response	Comment
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 <i>Local Government Act 1995</i> ?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Delegations Register reviewed and adopted by absolute majority 10 May 2022 (C10.05.22).
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
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	Delegations Register reviewed and adopted by absolute majority 10 May 2022 (C10.05.22).
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	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	Yes	Delegations Register reviewed and adopted by absolute majority 10 May 2022 (C10.05.22).
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 <i>Local Government (Administration) Regulations 1996</i> , regulation 19?	Yes	Form, email, letter, memorandum etc. of any delegation exercised entered into Shire's record keeping system.

Disclosure of Interest

No	Reference	Question	Response	Comment
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 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Minutes show where financial interests were disclosed that required a council member to leave a meeting they did so.
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 <i>the Local Government (Administration) Regulations 1996</i> regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	Minutes show where financial interests were deemed insignificant council members sought approval to participate in the meeting (14 June 2022 C6.06.22).
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes	

No	Reference	Question	Response	Comment
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	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	No	One council member submitted an incomplete annual return within the prescribed deadline. Updated annual return was received 14 September 2022.
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes	
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 of the <i>Local Government Act 1995</i> ?	Yes	
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 of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person?	Yes	Details of relevant person removed from internal register.
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> 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	Retained in Shire's record keeping system.
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 of the <i>Local Government Act 1995</i> , in the form prescribed in the <i>Local Government (Administration) Regulations 1996</i> , regulation 28A?	Yes	
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	Available on Shire's website under 'Governance Registers'.
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people?	Yes	

No	Reference	Question	Response	Comment
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Retained in Shire's record keeping system.
15	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	
16	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) of the <i>Local Government Act 1995</i> 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	No known cases where interests were not disclosed.
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the <i>Local Government Act 1995</i> recorded in the minutes of the council meeting at which the decision was considered?	N/A	No occasions were participate approval was sought from the Minister.
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	Adopted 13 April 2021 (C10.04.21). Reviewed 13 December 2022 (C5.12.22).
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i> ?	Yes	Complies with section 5.104 (3) and (4).
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	Code of Conduct for Council Members, Committee Members and Candidates available on the Shire's website under 'Policies'.
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government in accordance with section 5.51A(1) of the <i>Local Government Act 1995</i> ?	Yes	Code of Conduct for Employees prepared and available on Shire's website under 'Working with Us'.

Disposal of Property

No	Reference	Question	Response	Comment
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) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)?	N/A	5 new and renewed leases exempt under section 3.58(3)
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	N/A	

Elections

No	Reference	Question	Response	Comment
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 in accordance with regulations 30G(1) and 30G(2) of the <i>Local Government (Elections) Regulations 1997</i> ?	Yes	Extraordinary election held Friday 1 July 2022. No gift declarations received.
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	No gift declarations received.
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 regulation 30G(5) of the <i>Local Government (Elections) Regulations 1997</i> ?	N/A	Available on Shire's website under 'Governance Registers'.

Finance

No	Reference	Question	Response	Comment
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 <i>Local Government Act 1995</i> ?	Yes	Special Council Meeting 29 October 2021 (SC12.10.21)
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	Yes	COM-46 Annual Meeting with Auditor. Delegations Register reviewed and adopted by absolute majority 10 May 2022 (C10.05.22).
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	Yes	Audit Report was received 14 December 2022.
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	N/A	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	Yes	Audit clearance was provided on 2 December 2022, Audit exit meeting occurred on 13 December 2022 and Audit Report was received 14 December 2022.

Integrated Planning and Reporting

No	Reference	Question	Response	Comment
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	Strategic Community Plan adopted 10 March 2020 (C21.03.20). Next review to be undertaken by March 2024.
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	Corporate Business Plan adopted 6 July 2021 (SC2.06.21).
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of <i>Local Government (Administration) Regulations 1996</i> 19DA(2) & (3)?	Yes	Available on Shire's website under 'Plans and Strategies'.

Local Government Employees

No	Reference	Question	Response	Comment
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with <i>Local Government (Administration) Regulations 1996</i> , regulation 18A?	N/A	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	No CEO and/or senior employee vacancies advertised in 2022.
3	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) of the <i>Local Government Act 1995</i> ?	N/A	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	
5	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	

Official Conduct

No	Reference	Question	Response	Comment
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	CEO designated as Complaints Officer 9 February 2021 (C12.02.21).
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Yes	
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	Available on Shire's website under 'Governance Registers'.

Optional Questions

No	Reference	Question	Response	Comment
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 the <i>Local Government (Financial Management) Regulations 1996</i> regulations 5(2)(c) within the three years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	Yes	Review undertaken and presented to Council January 2022 (C5.01.22).
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with <i>Local Government (Audit) Regulations 1996</i> regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	Yes	Review undertaken and presented to Council January 2022 (C5.01.22).
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	

No	Reference	Question	Response	Comment
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Last reviewed May 2018 (C15.05.18) currently under review. Adopted Policy available on the Shire's website under 'Policies'.
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Adopted December 2020 (SC18.12.20) currently under review. Adopted Policy available on the Shire's website under 'Policies'.
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Yes	Available on Shire's website under 'Governance Registers'.
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes	Balanced accounts and annual financial report were submitted 23 September 2022.
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comment
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the <i>Local Government (Functions and General) Regulations 1996</i> , regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	The Shire utilise an online procurement system (Tenderlink). No known instances of non-compliance.
2	s3.57 F&G Reg 11	Subject to <i>Local Government (Functions and General) Regulations 1996</i> , regulation 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 regulation 11(1) of the Regulations?	Yes	

No	Reference	Question	Response	Comment
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the <i>Local Government (Functions and General) Regulations 1996</i> , required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes	Forum/Addendum provided via Tenderlink where applicable.
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 15 and 16?	Yes	Tenderlink restricts access to submissions until closing date and requires a password to access submissions for each tender.
7	F&G Reg 17	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?	Yes	Available on Shire's website under 'Governance Registers'.
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes	Tenderlink does not allow submission after the closing date/time of the tender.
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	Retained in Shire's record keeping system.
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 21 and 22?	Yes	Retained in Shire's record keeping system.

No	Reference	Question	Response	Comment
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	No expressions of interest sought.
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24?	N/A	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with <i>Local Government (Functions and General) Regulations 1996</i> , Regulations 24AD(4) and 24AE?	N/A	No pre-qualified suppliers sought.
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	

No	Reference	Question	Response	Comment
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 24E and 24F?	N/A	Regional price preference not applicable to the Shire.

7.2 Chart of Accounts Project Update

File Code	FI.ACC
Author	Stan Kocian, Manager Finance and Governance
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	Nil

SUMMARY

Council had previously requested the Chief Executive Officer to provide Council with a progress update on the Chart of Accounts project, which is one of the CEO's Key Focus Areas (KFA 11.1). This report addresses this request and provides a progress report to Council on the Chart of Accounts (COA) project.

BACKGROUND

Establishing a logical and structured COA is extremely important to the overall performance of the accounting software. The Shire's current COA, which has been in place for a number of years now, is structured in such a way that it restricts the type of financial and management reports that can be produced in an automated way. Flexibility in terms of management reporting is also limited by the current structure of the COA.

In short, implementing a new COA will enhance the Shire's financial management reporting capabilities and better inform decision making (e.g. the Shire will be able to better ascertain the cost of specific activities/services/assets the Shire undertakes/provides).

It should be noted that the Shire's current financial reports (monthly and annual) and budget all meet the statutory requirements.

Such a project has significant staff resource implications and is normally undertaken when an organisation changes over to a new financial software system. There is no plan to change this software in the short to medium term.

The first iteration of the COA project, which originally commenced in 2017/18, was subject to a number of delays. The primary cause of these delays was inadequate resourcing for the project. In August 2021 the Audit and Risk Committee in considering this matter recommended that Council allocate a total of \$177,580 towards the project. This allocation incorporated the cost of technical project support from the software provider and cost of the additional staff resources required for the project. Council adopted this recommendation as part of the 2021/22 mid-year budget review and subsequently the 2022/23 budget (as the funds were not required in 2021/22).

STATUTORY / LEGAL IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The budget provision for the COA project is \$177,580. This allocation covers the cost of technical project support from the software provider (\$77,580) and cost of the additional staff resources (\$100,000) required for the project.

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.6 – Sound financial and asset management

SUSTAINABILITY IMPLICATIONS

Nil

RISK IMPLICATIONS

Risk: The Shire is unable to implement a new COA structure and remains constrained in the quality and flexibility of the financial reports than can be produced.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
A project plan was developed and has been activated to implement a new COA structure.		

Risk: The Shire's software provider does not provide adequate project and technical support during the project or at the implementation stage. This in turn could cause project delays in terms implementation of the new COA.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
A detailed scope of works and project plan was developed collaboratively, and agreed to, by the Shire and the software provider.		

Risk: The Shire does not allocate sufficient resources towards the project. This in turn could cause project delays in terms of the implementation of the new COA and/or compromise the outcome of the project.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		

The Shire has allocated a total of \$177,580 for the project in 2022/23. This allocation covers the cost of technical project support from the software provider and cost of the additional staff resources required for the project.

EXTERNAL CONSULTATION

The Shire's financial software provider is providing project and technical support.

COMMENT

The "go live" date for the new COA is 1 July 2023 i.e. the commencement of the 2023/24 financial year. The new COA will be built in a server environment which is separate to the existing COA structure. The 2023/24 budget will be developed in the secondary environment which the Shire will switch over to on the "go live" date.

Preliminary analysis of the current chart of accounts has been undertaken in conjunction with an analysis of the design and capacity of the new accounting structure being implemented. Consultation with stakeholder groups across the organisation is currently being finalised to:

- Provide insight as to what the new accounting structure will look like and introduce activity based costing principles to be implemented under the new structure.
- Identify any significant impacts / required changes to current processes and systems of work under the new structure.
- Identify opportunities for improvements to the efficiency and effectiveness of current financial recording and reporting processes.
- Attain input to the design and tailoring of the accounting structure to meet management reporting requirements at service delivery level.
- Introduce bottom up budgeting processes and incorporate design considerations to facilitate efficient budgets preparation processes.

This consultation process is 95% completed. The design phase is taking place concurrently with the consultation phase. Once the consultation phase is completed the new COA design is on schedule to be finalised by late February 2023. Once the design is finalised the actual build will take place from early March to Mid-March. During March the required processes for the mapping and conversion of data from the current chart of accounts to the new system shall be also be undertaken. Budget templates will also be developed during the build phase with a view that these templates are available in late March.

Once the build is complete two data migration "cuts" will take place. The first "cut" is scheduled to take place at the end of March and a second and final "cut" is scheduled to take place mid-April. The purpose of the data migration "cuts" is to test the new COA with transactional data (Payroll, creditors, rates etc.) to ensure all transactions are being accounted in the for system correctly.

Once the test phase is completed the last phase will be to prepare for the "go-live" date, which will include staff training and change management. It should be noted that change management has already been undertaken throughout the project, particularly during the consultation and design phase.

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council notes this report which provides an update on the progress of the Chart of Accounts project.

7.3 Audit and Risk Committee Action Items - Status Report

File Code	GV.MTG 6.1
Author	Stan Kocian, Manager Finance and Governance
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	Nil

SUMMARY

An update on the status of Audit and Risk Committee action items is provided for the information of committee members.

BACKGROUND

A number of matters have previously been considered by the Audit and Risk Committee, several of which required follow up actions.

STATUTORY / LEGAL IMPLICATIONS

There are statutory or legal implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

POLICY IMPLICATIONS

There are policy implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

FINANCIAL IMPLICATIONS

There may be financial implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

SUSTAINABILITY IMPLICATIONS

There are sustainability implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

RISK IMPLICATIONS

Risk: That action items from the Committee are not completed and expose Council to the risks being addressed by the item.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		

That staff update the Committee regularly on progress towards completing the required actions.

EXTERNAL CONSULTATION

Nil

COMMENT

The following matters have previously been considered by the Audit and Risk Committee, with follow up actions required.

MEETING REFERENCE	RESPONSIBLE OFFICER	ACTION	STATUS – 16 February 2023
<p>26.5.20 Item 8.3 Auditor General's Report – Contract Extensions and Variations Related 17.05.21 Internal Audit Report Contract Management</p>	<p>Director Corporate Services</p>	<p>Draft Contract Management Policy by 30 June 2021 and Guidelines 30 June 2022.</p>	<p>Contract Management Policy adopted by Council 9 March 2021 (C5.03.21). Guidelines still to be drafted. It is envisaged this task will be undertaken by the new Contract Officer position. The initial recruitment process failed to attract a suitable candidate. The position description was reviewed and a second recruitment process was to be undertaken in July/August 2022. However this did not occur due to priority being given to filling vacancies in the Finance team and recruiting a dedicated project resource for the chart of accounts project. The deadline will be revised once the second recruitment process has been undertaken (March/April 2023) and a successful candidate is appointed to the</p>

			position.
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>An Infringements Procedures Manual will be created and maintained focused on the three stages of the process:</p> <ul style="list-style-type: none"> • Issue of infringements, including authorised employees; • Maintenance and management of infringements; and • Referral to FER. <p>This Manual will be available to all sections of Statutory Services (Rangers, Fire, Health, Planning and Building including Swimming Pools).</p> <p>Due date: 31 December 2022.</p>	<p>The manual is still in development including establishing the processes associated with fully utilising the tools available within the Authority infringements software</p> <p>Revised due date: 30 June 2023.</p>
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>1. A Compliance Register, which will show a more comprehensive picture of the Shire's compliance and enforcement actions, compared to an Infringements Register will be implemented across Statutory Services (Rangers, Fire, Health, Planning and Building including Swimming Pools).</p> <p>This will take the form of a centralised spreadsheet with tabs for each service, which will be maintained by a responsible employee from each service. It is proposed that this</p>	<p>Consultation will be undertaken with another LGA (Town of Cottesloe) in relation to their use of the Authority infringements module to gain the best usage of the system including tracking of, and reporting on, infringements and prosecutions within an infringements register.</p> <p>As the community portal, My Mundaring Online has now been implemented further investigation and developments of the portal can now be undertaken with the IT Service.</p>

		<p>spreadsheet is used as an interim measure pending implementation of point 2 below; and</p> <p>2. Improvements to the infringement's module in Authority (the Shire's accounting software) will be investigated.</p> <p>Due date: 31 December 2022.</p>	<p>Revised due date: 30 June 2023.</p>
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>An update to the legislation section of the compliance policy document will be actioned.</p> <p>Due date: 31 December 2022.</p>	<p>This action will be incorporated when the policy is reviewed as part of Shire's review of all policies.</p> <p>Revised due date: To be determined by the Governance Committee on 20 February 2023.</p>
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>Infringement Reports - Statutory Services staff will liaise with IT and explore whether improvements can be made to the existing reporting facility in Authority.</p> <p>Due date: 31 December 2022.</p>	<p>As per the status update for the Compliance Register above.</p> <p>Revised due date: 30 June 2023.</p>
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>Timing of the issue of infringements- The timeframe for issuing infringement notices depends on the legislation under which the infringement notice is issued. The various timeframes will form part of the Register that will be implemented. Age analysis reporting will be considered when exploring improvements to</p>	<p>This action item will be addressed as part of the development of the Infringements Register.</p>

		Authority. Due date: 31 December 2022.	Revised due date: 30 June 2023.
28.06.2022 Item 8.3 Review of WALGA Contestable Energy Supply.	Director Infrastructure Services	Give further consideration and clarity in a future revision of the Purchasing Policy in regards to the use of the tender exempt procurements for goods or services supplied or obtained through the government of the State or the Commonwealth or any of its agencies, or by a local government or a regional local government.	No timeline for the review of Purchasing Policy has been determined at this point in time. The new Governance Committee at their first meeting in early November 2022 was to determine the timeline for the review of all policies. However, the policy review timeline is subject to further consideration by Governance Committee, at the meeting scheduled for 20 February 2023.
25 October 2022 Item 8.1 WHS Management Plan and Action Plan.	Director Corporate Services	Provide regular updates to the Committee on progress of these plans	It is proposed that the WHS Action Plan will be presented to the Committee at the 7 March 2023 meeting in conjunction with the WHS Internal Audit findings. Thereafter six monthly updates are proposed.

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That the Committee notes the Action Items Status Report as at 16 February 2023.

8.0 URGENT BUSINESS (LATE REPORTS)

9.0 CONFIDENTIAL REPORTS

Meeting Closed to Public

The Local Government Act 1995, Part 5, Section 5.23 states in part:

- (2) If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —
- (a) a matter affecting an employee or employees; and
 - (b) the personal affairs of any person; and
 - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and
 - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and
 - (e) a matter that if disclosed, would reveal —
 - (i) a trade secret; or
 - (ii) information that has a commercial value to a person; or
 - (iii) information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and
 - (f) a matter that if disclosed, could be reasonably expected to —
 - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or
 - (ii) endanger the security of the local government's property; or
 - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety; and
 - (g) information which is the subject of a direction given under section 23(1a) of the *Parliamentary Commissioner Act 1971*; and
 - (h) such other matters as may be prescribed.

RECOMMENDATION

That Council closes the meeting to members of the public, in accordance with s5.23(2) of *the Local Government Act 1995*, in order to consider the confidential reports as detailed below:

9.1 General Computer Controls - Capability Maturity Framework Self-Assessment

Item 9.1 is considered confidential in accordance with the Local Government Act 1995 section 5.23(2) (f(ii)) as it contains information relating to a matter that if disclosed, could be reasonably expected to endanger the security of the local government's property.

10.0 CLOSING PROCEDURES

10.1 Date, Time and Place of the Next Meeting

10.2 Closure of the Meeting