



Shire of Menzies

AUDIT & RISK COMMITTEE MINUTES

Wednesday 21 September 2022

Held at 11:00 am

TABLE OF CONTENTS

1	DECLARATION OF OPENING	3
2	ANNOUNCEMENT OF VISITORS	3
3	RECORD OF ATTENDANCE	3
4	DECLARATIONS OF INTEREST	3
5	CONFIRMATION/RECEIVAL OF MINUTES	3
6	REPORTS OF OFFICERS	5
	6.1 Request for Quote - Financial and Corporate Services	5
	6.2 Risk Management Updates.....	10
	6.3 Work, Health and Safety	14
	6.4 Budget Amendment - Grants Commission Funding.....	17
	6.5 Compliance Calendar update for July, August 2022.....	20
	6.6 Annual Financial Report - Interim Audit Result 2021/2022.....	31
7	ELECTED MEMBER MOTION OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	39
8	NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING	39
9	NEXT MEETING	39
10	CLOSURE OF MEETING	39

1 DECLARATION OF OPENING

The Shire President declared the meeting open at 11.14am.

2 ANNOUNCEMENT OF VISITORS

Nil.

3 RECORD OF ATTENDANCE

Councillors: Cr I Baird, Chairperson - Apology
Cr J Dwyer, Deputy Chairperson - Apology
Cr G Dwyer - Acting Chair
Cr S Sudhir

Staff: Mr P Durtanovich, Acting Chief Executive Officer
Ms Kristy Van Kuyl, Acting Chief Finance Officer
Ms C Bates, Executive Officer (Minutes)
Ms M Mertyn, Executive Officer (Minutes)

4 DECLARATIONS OF INTEREST

Nil.

5 CONFIRMATION/RECEIVAL OF MINUTES

CONFIRMATION of the Minutes of the Audit and Risk Committee Meeting held on 23 June 2022.

(Provided under Separate Cover)

OFFICER RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 23 June 2022 be confirmed as a true and correct record.

COUNCIL DECISION:

Council Resolution Number:	ARC-36
-----------------------------------	---------------

Moved: Cr S Sudhir Seconded: Cr G Dwyer

That the Minutes of the Audit & Risk Committee meeting held on 23 June 2022 be confirmed as a true and correct record.

Carried	2 / 0
----------------	--------------

**For: Cr G Dwyer and Cr S Sudhir
Against: Nil**

6 REPORTS OF OFFICERS

6.1	Request for Quote – Financial and Corporate Services
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM920
DATE OF REPORT	10 September 2022
AUTHOR	Pascoe Durtanovich – Acting Chief Executive Officer
RESPONSIBLE OFFICER	Pascoe Durtanovich – Acting Chief Executive Officer
OFFICER DISCLOSURE OF INTEREST	Council officers contributing to the preparation and approval of this report have no conflicts of interest to declare.
ATTACHMENT	<ol style="list-style-type: none"> 1. CONFIDENTIAL - Budget Preparation Services [6.1.1 - 24 pages] 2. CONFIDENTIAL - Integrated Planning and Reporting Requirements [6.1.2 - 34 pages] 3. CONFIDENTIAL - Preparation of Annual Financial Statements [6.1.3 - 24 pages] 4. CONFIDENTIAL - Proposal for Provision of Compliance Audit Return Registers & Records Risk Management Support 2022 [6.1.4 - 23 pages]

SUMMARY:

The purpose of this report is for Council to appoint a provider of Financial and Corporate support.

BACKGROUND:

For a number of years administration has engaged suitably qualified accounting firms and individuals to assist staff in the area of Financial and Corporate requirements and responsibilities.

From 1 July, 2018, the Shire of Menzies, Laverton, Wiluna and Leonora awarded a tender, which included a number of Financial and Corporate Services. This contract concluded on 30 June, 2022.

Administration has continued to engage outside assistance to ensure Financial and Corporate requirements are met.

COMMENT:

Council is now requested to formalize the engagement of a provider for this service.

The engagement is for four key areas:

- Registers and Records, Risk Management, – 2022, 2023, 2024
Compliance Audit and other consultancy services
- Integrated Planning and Reporting Requirements – 2022/23, 2023/24, 2024/25
- Assistance with statutory budget preparation – 2023/24, 2024/25
- Preparation of Annual Financial Statements – 2022/23, 2023/24, 2024/25

Submissions were invited, via WALGA e’quotes, from WALGA pre qualified providers.

In the categories listed invitations were issued as follows:

- Compliance Audit/registers and Record/Risk Management support - 4
- Integrated Planning and Reporting Requirements - 3
- Assistance with Budget Preparation - 9
- Preparation of Annual Financial Statements - 5

At the close of the submission period there was only one submission received for each of the above categories, that being Moore Australia. See confidential attachments.

In the 2021/2022 Financial year the Council spent \$155,000 on consultants for Financial and Corporate services. This included \$72,985 which was the last year of the joint Councils agreement with Moore Australia.

The 2022/2023 budget includes \$200,000 for consultancy services.

CONSULTATION:

Not applicable

STATUTORY AUTHORITY:

Various Accounting Standards and compliance issues set out in the *Local Government Act, 1995* and other legislation have to be met.

POLICY IMPLICATIONS:

Nil.

FINANCIAL IMPLICATIONS:

Budget provision has been made for this service.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
Failure to meet Accounting Standards and Compliance	High	Ensure processes and resources are in place to achieve the standards required.

STRATEGIC IMPLICATIONS:

- 4.2 An efficient and effective organisation.
- 4.2.1 Maintain a high level of corporate governance, responsibility and accountability.
- 4.2.2 Provide appropriate services to the community in a professional and efficient manner.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit and Risk Committee recommend to Council that Moore Australia be appointed to provide Financial and Corporate Services support as outlined in the RFQ1/22 documentation and in accordance with the attached confidential quotations.

COUNCIL DECISION:

Council Resolution Number:	ARC-37
-----------------------------------	---------------

Moved: **Cr G Dwyer** **Seconded:** **Cr S Sudhir**

That the Audit and Risk Committee recommend to Council that Moore Australia be appointed to provide Financial and Corporate Services support as outlined in the RFQ1/22 documentation and in accordance with the attached confidential quotations.

Carried	2 / 0
----------------	--------------

For: Cr G Dwyer and Cr S Sudhir
Against: Nil

6.2	Risk Management Updates
LOCATION	Shire of Menzies
APPLICANT	Not Applicable
DOCUMENT REF	NAM921
DATE OF REPORT	14 September 2022
AUTHOR	Tanya Browning – Moore Australia
RESPONSIBLE OFFICER	Acting Chief Executive Officer, Pascoe Durtanovich
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	<ol style="list-style-type: none"> 1. CONFIDENTIAL - Shire of Menzies - Risk Updates Summary August 2022 [6.2.1 - 1 page] 2. CONFIDENTIAL - Shire of Menzies - Risk Profile Updates August 2022 [6.2.2 - 6 pages] 3. CONFIDENTIAL - Shire of Menzies - Risk Register August 2022 [6.2.3 - 2 pages] 4. CONFIDENTIAL - Risk Register August 2022 - Full Register [6.2.4 - 2 pages]

SUMMARY:

Summary of risk management activities since June 2022, including risk profile updates, summary report (as included in confidential attachments to the agenda).

BACKGROUND:

From 1 July 2018, the Shires of Leonora, Laverton, Menzies and Wiluna awarded a tender which included risk management support services, and the delivery of statutory support and compliance services. This service concluded on 30 June 2022.

The previous service with Moore Australia facilitated the Shire adopting an updated risk management policy aligned to AS/NZS ISO 31000:2018 Risk Management Guidelines. A Risk Management Strategy was also prepared utilising the Principles, Framework and Process as defined within the standard. The Strategy considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, and is aligned with the risk management policy.

The Risk Management Strategy provides guidance and direction around risk management activities, including the assessment, prioritisation and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. Historically, the reporting of risk management activities occurred through quarterly 'dash board reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop', developed through the former engagement with Moore Australia.

An offsite workshop was performed with the executive team in late May 2022 to complete risk updates prior to the service concluding on 30 June 2022. Moore Australia were engaged again in August 2022 to assist with updating the risk profiles for the Shire of Menzies, and to populate the risk register with updated information to be reported to the Audit and Risk Committee. These activities continue to form the foundation for risk management activities to be reported and monitored through the Audit and Risk Committee.

COMMENT:

A summary of updates to the risk profiles, the risk register and risk profiles up to August 2022 were presented at a briefing session for the Committee’s information. These documents are not circulated with agenda documents, as they include the controls to be implemented / actioned by the Shire in an effort to reduce risk levels. Publication of such information may adversely impact on risk management activities if published.

The risk summary report is intended to be provided bi-annually to the committee. This report enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for the committee. The risk summary report highlighting risk changes identified against each profile since the last review, including actions and treatments in place for high level risks, is attached.

A quarterly dashboard report is essentially a progress report informing the committee with a summary of the current number of risks, unaddressed high level risks, total new risks etc. The table below demonstrates the format of quarterly reports to the committee communicating risk movements.

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment	No. of New Risks Identified (August 2022)	No. of Risks Closed (August 2022)
Performance	2	1	0	0
Environmental	2	1	0	0
Reputational Damage	2	0	0	0
Financial	4	1	0	0
Service Delivery / Business Interruption	5	2	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	3	1	0	0

Future service options are currently being considered to assist the Shire with its risk management activities, to enable continued monitoring and review by the Audit and Risk Committee.

CONSULTATION:

Moore Australia (Consultants)

STATUTORY AUTHORITY:

Regulation 17.1 of the Local Government (Audit) Regulations 1996 requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal controls and legislative compliance.

POLICY IMPLICATIONS:

The Risk Management Policy outlines the Shire’s commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

FINANCIAL IMPLICATIONS:

Provision for consultants is included in the 2022/23 budget.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire of Menzies’ Risk Management Strategy, Risk Assessment Matrix.	The perceived level of risk is high prior to treatment.	The progression of risk management activities aligned with the Risk Management Strategy will reduce the risk to low.

STRATEGIC IMPLICATIONS:

One of Council’s responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve Shire’s strategic objectives, as well as to support the allocation of funds / resources to treat risks as required.

The Chief Executive Officer and executive team plays a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the Strategic Planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the audit committee is to monitor identified strategic high level risks and their treatment solutions to ensure the community receives the services delivered effectively as outlined within the Plan for the Future.

6.3	Work Health and Safety
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM922
DATE OF REPORT	17 September 2022
AUTHOR	Acting Chief Executive Officer, Pascoe Durtanovich
RESPONSIBLE OFFICER	Acting Chief Executive Officer, Pascoe Durtanovich
OFFICER DISCLOSURE OF INTEREST	Council officers contributing to the preparation and approval of this report have no conflicts of interest to declare
ATTACHMENT	Nil

SUMMARY:

To update the Audit and Risk Committee and Council on the progress with compliance with the *Work Health and Safety Act (2020)*.

BACKGROUND:

In brief actions to date include:

- Engagement of consultant to audit non compliance. Report prepared and received.
- WHS Monitor Software purchased as a recording and actioning tool for identified risks.
- Work Health and Safety Committee formed, initially meeting monthly, now supposed to meet quarterly.
- Some staff training undertaken.

COMMENT:

The WHS Monitor is an effective tool and for future meetings reports from the system will be provided for information purposes.

Generally, there has been improvement in compliance with the legislation, however there are areas that require attention. A dedicated officer has been appointed to manage WHS, primarily to ensure Committee Meetings are held on time, outstanding issues identified in the initial audit are addressed and reported incidents in the WHS Monitor are actioned.

CONSULTATION:

Core Business Consultancy

STATUTORY AUTHORITY:

Work Health and Safety Act (2020)

POLICY IMPLICATIONS:

Policy 6.1 details the organisation’s WHS Policy.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

STRATEGIC IMPLICATIONS:

4.1 A strategically focused Council, leading our community.

4.1.1 Provide strategic leadership and governance.

4.2 An efficient and effective organisation.

4.2.2 Provide appropriate services to the community in a professional and efficient manner.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the WHS update be noted.

COUNCIL DECISION:

Council Resolution Number:	ARC-39
-----------------------------------	---------------

Moved: Cr S Sudhir

Seconded: Cr G Dwyer

That the WHS update be noted.

Carried	2 / 0
----------------	--------------

For: Cr G Dwyer and Cr S Sudhir

Against: Nil

6.4	Budget Amendment – Grants Commission Funding		
LOCATION	Shire of Menzies		
APPLICANT	Internal		
DOCUMENT REF	NAM923		
DATE OF REPORT	14 September 2022		
AUTHOR	Acting Chief Executive Officer, Pascoe Durtanovich		
RESPONSIBLE OFFICER	Acting Chief Executive Officer, Pascoe Durtanovich		
OFFICER DISCLOSURE OF INTEREST	Council officers contributing to the preparation and approval of this report have no conflicts of interest to declare		
ATTACHMENT	Nil		

SUMMARY:

The purpose of this report is for Council to agree to amendments to the 2022/2023 Municipal Fund Budget to address a significant error in the compilation of the budget.

BACKGROUND:

The error identified in the 2022/2023 budget is in Program 3- Other General Purpose Funding- Operating Revenue Accounts 3030210 and 30302111.

Basically the prepaid component of these grants – General grant \$1,135,728 and Local Roads \$538,061, received in April, 2022 was included in the 2022/2023 budget as income, in addition to the balance of the 2022/2023 Grants Commission Funding, without any adjustment in the Cash Balance B/F from 30/6/22. This has resulted in overstated income in the 2022/2023 Budget of \$1,416,155. Calculation as under:

CALCULATION

	General Grant	Local Road Grant
Total 2022/2023 Grant	\$1,657,840	\$875,583
Less pre paid April, 2022	\$1,135,728	\$583,061
Amount that should have been included in Budget	\$522,112	\$337,522
Amount Included	\$1,544,728	\$731,061
Error in Budget	\$1,022,616	\$393,539

Total Budget Adjustment Required

\$1,416,155

COMMENT:

Budget and amendments recommended.

Reduce Transfer to Commercial Enterprise Reserve by A/C 4130881 by \$900,000

Reduce Capital Expenditure A/C 4100610 Caravan Park (accommodation village) by \$500,000

Total \$1,400,000

Difference of \$16,155 can be treated as budget variance (Income)

CONSULTATION:

Not applicable

STATUTORY AUTHORITY:

Local Grant Act, 1995 – Budget Amendment

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

As outlined in this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
Overstating Revenue Budget by a significant amount creates a false financial position.	High	Amend Budget to reduce expenditure.

STRATEGIC IMPLICATIONS:

Nil

6.5	Compliance Calendar update for July, August 2022
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM924
DATE OF REPORT	15 September 2022
AUTHOR	Acting Chief Executive Officer, Pascoe Durtanovich
RESPONSIBLE OFFICER	Acting Chief Executive Officer, Pascoe Durtanovich
OFFICER DISCLOSURE OF INTEREST	Council officers contributing to the preparation and approval of this report have no conflicts of interest to declare
ATTACHMENT	<ol style="list-style-type: none"> 1. Compliance Calendar - Jul 2022 [6.5.1 - 4 pages] 2. Compliance Calendar - Aug 2022 [6.5.2 - 4 pages]

SUMMARY:

The Compliance Calendar has been created to track and centralise important dates and deadlines associated with the *Local Government Act 1995* and various other legislation and reporting obligations the Shire is required to undertake.

BACKGROUND:

The Shire is committed to maintaining its governance and compliance obligations under its 'Leadership Strategy: Responsible management and good governance, leading an empowered community'.

To assist the Shire in meeting its obligations the Compliance Calendar has been introduced for reporting to Council on a monthly basis, to the Audit and Risk Committee in the month it meets and to the Councillors Briefing Sessions via the information Bulletin in other months.

Senior staff update the Compliance Calendar which outlines the status and progress of tasks, providing Council with a clear and concise snapshot of the Shire's current position on its obligatory regulatory requirements.

COMMENT:

The majority of items on the Compliance Calendar for July, August 2022 have been completed.

The main outstanding item is the Policy review, this is currently under review.

CONSULTATION:

Not applicable

STATUTORY AUTHORITY:

Detailed in Compliance Calendar

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

STRATEGIC IMPLICATIONS:

4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION:

That the Compliance Calendar report be noted.

Shire of Menzies - Compliance Calendar - July 2022									
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
	Briefing	2nd last Thursday in Month	1st week of month	Fri prior to the meeting	Fri prior to the meeting	Monthly	Commence Briefing Agenda Agenda to be issued on the Friday prior to the Briefing Session		CEO/EO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	Commence Agenda - Council requires the Agenda to be issued to Councillors WEDNESDAY the week before the OCM	LG Act 1995 (issue to Cr. At least 72 hrs)	CEO/EO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	11.1 Presidents Report		President
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1.1 Prepare a statement of Financial Activity reporting on the previous months Revenue and Expenditure as set out in the annual budget under FM/.Reg 22(1)(d)	LG Act 6.4 FM Reg 34	CFO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1.2 Prepare a remittance Report statement - Payments made to creditors during the previous month		CFO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1.3 Prepare an investment Report for the previous month		CFO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.1 Prepare actions performed under Delegations for the previous to current month (i.e. October - November 2020)		CEO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.2 Prepare Compliance Calendar update for previous month re actions completed/outstanding		EO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.3 Health and Building Report for the previous month		EHO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.4 Works Report for the previous month		MW
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.5 WHS Report for the previous month		MW
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.6 Prepare Community Development Report for the previous month		CDS
	Collections			End of July		Annual	Integrity and conduct annual collection Submission period		EO
	Collections			Mid-July		Annual	FOI Annual Statistical Data - Response to Information Commissioner Due by: 30 June	FOI Act s111(3)	CEO
	Collections			End of July		Annual	Department of Communities reporting for DAIP will commence around April 2021 (advised by DoC)		CEO
	Elections					Every 2 years	Elections - Electoral Commission agreement to conduct the election required by: (80th day)	LG Act s.4.20(2)(3)(4) s.4.61(2)(4)	CEO
	Review						Authorisations to Incur Liabilities - Review Review list of persons authorised under the CEO's procedures for FM.Reg.5 to incur a liability. Check \$value limitations and authorised persons to ensure efficient operations and appropriate internal controls - This is included as a SOM policy - so review to take place with annual policy manual review	FM.Reg.5	CFO
	Review						Policy Manual - Review Undertake a review of all Council Policies and provide report / reports to Council to, as necessary; amend policies or delete redundant policies	LG Act s.2.7(2)(b)	CEO/EO CFO/WM

Shire of Menzies - Compliance Calendar - July 2022									
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
July	Action	31-Dec-21				Annual	Annual Report - Commence Begin Preparation of Annual Report (absolute Majority), to be accepted within 2 months of receipt of auditors report	LG Act 5.53, 5.54(1)(2) Admin. Regs. 19BA, 19B, 19CA	EO
	Action	31-Dec-21				Annual	Annual Report - Disability Access and Inclusion Plan - LG must include in its Annual Report about the implementation of the DAIP.	Disability Service act 1993, s29 Reg 8	EO
	Action	31-Dec-21				Annual	Annual Report - Record Keeping Statement The Annual report is to include a section addressing - efficiency and effectiveness of record keeping systems, record keeping training program, efficiency and effectiveness of training, employee induction for record keeping	State Records Act 2000 Principles and Standards 2002 - Principle 6	EO
	Action					Annual	Prepare Firebreak Notice	BF Act 33	WM
	Action					Annual	Elected Members Register of Fees and Charges (website by 14 July) Info to be published on website: the type, and the amount or value, of any fees, expenses or allowances paid to each council member during a financial year beginning on or after 1 July 2020. This register is updated to the Shire Website no later than 14 July of each Financial Year, pursuant to Local Government Act and Administration Regulations	LG Act 1995 s 5.96A LG (Administration) Regulations 1996 r 29C(2)(f)	EO
	Action					Annual	Elected Member Training report (1) A local government must prepare a report for each financial year on the training completed by council members in the financial year. (2) The CEO must publish the report on the local government's official website within 1 month after the end of the financial year to which the report relates.	LG Act s5.127	EO
	Action					Every 4 years	Strategic Community Plan - Review - Begin process Review completed after community consultation, and adopted by Council, by absolute majority, at least once every 4 years Last reviewed (OCM decision date): 25.02.2021	LG Act s.5.56 Admin.Reg.19C	CEO
	Action					Annual	Information Statement An agency (other than a Minister or an exempt agency) has to cause an up-to-date information statement about the agency to be published - reviewed within every 12-months Last completed: September 2021 Due by: September 2022	s96 FOI Act 1992	EO
	Action					Annual	Information Statement & Internal Manuals - Publicly Available LG must cause copies of the most up-to-date Information Statement and internal manuals to be made available for public inspection (deleting any exempt matter from those copies).	s97 FOI Act 1992	EO
Action					Every 5 years	Record Keeping Systems - Review Undertake a review of the efficiency and effectiveness of the LGs record keeping systems - evaluated not less than once every 5 years. CEO function - to ensure that records and document are properly kept. Last completed: 2019 Due by 2024	State Records Act 2000 Principles and Standards 2002 - Principle 6 LGAct s5.41(h)	CEO	

Shire of Menzies - Compliance Calendar - July 2022									
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
	Action					Every 5 years	Record Keeping Plan - Review The LG's Record Keeping Plan must be reviewed within 5 years of its approval by the Commission Last completed: 2019 Due by 2024	State Records Act 2000 228(5) LGAct s5.41(h)	CEO
	Action					Every 2 years	Business Continuity Plan - Review Review the Business Continuity Plan to ensure it remains functional and is tested against current operational requirements. Last completed: August 2021 Next Due: August 2023		CEO
	Action					Annual	ICT Plan/IT Disaster Recovery Plan Review the ICT Plan/IT Disaster Recovery Plan to ensure it remains functional and is tested against current operational requirements.		CFO
	Review					Every 4 years	Local Planning Scheme - Review New Local Planning Scheme due to come in 2022. Review 2026	Planning and Development Act 2005	CEO
	Action					Annual	Commence Annual Financial Report Prepare and submit to the Auditor. Content of Annual Report to comply with FM.Reg.36(2).	LGAct s.6.4 FM.Reg.36	CFO
	Action					Agenda	Annual Returns All Elected Members and staff with delegated authority to complete Annual returns by 31.08	LG Act 5.76(1)	GOV
	Action					Agenda	Annual Returns CEO to acknowledge (And President to acknowledge CEO's)	LG Act 5.76(1)	GOV
	Action					Annual	Issue Employee Group Certificates (payment summaries) after last pay in June		Payroll
	Action					Annual	Run deferred rates report & assess		Rates
	Action					Annual	Check Dog registration renewal stock & reorder as required	recommended	Admin
	Action					Annual	Renew leases for Shire rental properties		Works Admin / BMO
	Action					Annual	Property inspections for all leases		Works Admin / BMO
	Review					Annual	Issue new licences for new financial year - Caravan Park, Food Premises, Home occupations, Funeral director etc		Accounts
	Update					Monthly	Resolution register After each OCM update resolution register and send out actions.		EO
	Update					Monthly	Resolution register - Briefing For each Briefing Session prepare update for Elected Members re actions not started/in progress/complete.		EO
	Update					Monthly	Meeting attendance register Update register following each OCM and Audit Committee meeting. Check members' attendance to ensure compliance or leave of absence has been granted.	LG Act 2.25	EO
	Update					Monthly / As required	Financial Interests Register - Primary returns Primary return for Elected Members/Staff within 3 months of Election/Commencement Date. Update Financial interests register accordingly - must be on website	LG Act 5.75, s5.96A(1), (2),(3) &(4) Admin Reg 29C	EO
	Update					Monthly / As required	Related Party Disclosures Related Party Disclosures required for new / departing staff with delegations	AASB124	EO

Shire of Menzies - Compliance Calendar - July 2022									
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
	Update					Monthly / As required	Gift registers Update as required gift and notifiable gift registers (must be updated within 10 days of person receiving gift) - Registers required to be included on website	LG Act s5.89A(5) & (5A). Elect Regs 30G(1) &(2)	EO
	Update					Monthly / As required	Tender register Update as required and ensure current version on website	s5.96A(l), (2),(3) &(4). F&G Reg 17	FTL

Shire of Menzies - Compliance Calendar - August 2022									
Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
	Briefing	2nd last Thursday in Month	1st week of month	Fri prior to the meeting	Fri prior to the meeting	Monthly	Commence Briefing Agenda Agenda to be issued on the Friday prior to the Briefing Session		CEO/EO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	Commence Agenda - Council requires the Agenda to be issued to Councillors WEDNESDAY the week before the OCM	LG Act 1995 (issue to Cr. At least 72 hrs)	CEO/EO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	11.1 Presidents Report		President
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1.1 Prepare a statement of Financial Activity reporting on the previous months Revenue and Expenditure as set out in the annual budget under FM/.Reg 22(1)(d)	LG Act 6.4 FM Reg 34	CFO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1.2 Prepare a remittance Report statement - Payments made to creditors during the previous month		CFO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	13.1.3 Prepare an investment Report for the previous month		CFO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.1 Prepare actions performed under Delegations for the previous to current month (i.e. October - November 2020)		CEO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.2 Prepare Compliance Calendar update for previous month re actions completed/outstanding		EO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.3 Health and Building Report for the previous month		EHO
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.4 Works Report for the previous month		MW
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.5 WHS Report for the previous month		MW
	Agenda	Last Thurs in Month	1st week of month	Wed prior to meeting	Wed prior to meeting	Monthly	14.6 Prepare Community Development Report for the previous month		CDS
	Elections					Every 2 years	Elections - Statewide Public Notice Enrolment Eligibility Claims - CEO to give notice of the closing date and time for elector enrolments. (to be given 70th to 56th days)	LG Act s.4.39(2)	CEO
	Elections					Every 2 years	Elections - DUE NOW for CEO to advise Electoral Commissioner of the need to prepare an updated residents roll	s.4.47(1)	CEO
	Elections					Every 2 years	Elections - Close of Rolls at 5pm on 30/08/2019. Enrolment eligibility claims received by 5pm can continue to be processed with a decision on eligibility required by	s.4.39(1)	CEO
	Action	31-Dec-21		Wed prior to meeting	Wed prior to meeting	Annual	Begin Preparation of Annual Report (absolute Majority), to be accepted within 2 months of receipt of auditors report	LG Act 5.54(1)(2)	EO
	Action					Annual	Issue fire break notice with rates notice		Rates
	Action					Annual	Public Access to Information - Audit Check LG website to ensure all information listed in s.5.94 and Admin. Reg.29 is publicly accessible (see s.5.96 too) and that customer service staff are trained to provide access accordingly. Audit to note limitations: s.5.95 and Admin. Regs. 29A and 29B	LGH Act s.5.94 Admin. Reg.29 s.5.95 s.5.96 Admin. Regs 29A and 29B	EO
	Action					Annual	Tender Register - Internal Audit Review Register for compliance with F&G.Reg.17 and ensure the Register accurately and completely records all tenders.	Local Government Act 1995 F&G.Reg.17.	EO

Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
August	Action					Annual	Integrity in Procurement - Internal Audit Review policies, procedures, internal controls, relevant to purchasing activities, making payments and contract management, as well as practices for recruitment, induction and training of employees involved in procurement. Option: Report Audit Outcomes / Actions to Audit Committee	Local Government Act 1995 FM Reg.5 Audit.Reg.17(1)	EO
	Action					Annual	Official Conduct Complaints Officer - Internal Audit Local Government has designated a Senior Employee [s.5.37] as its Complaints Officer, if not, then the CEO is the Complaints Officer.	Local Government Act 1995 s.5.120	EO
	Action					Annual	Official Conduct Complaints Register - Internal Audit Review register for compliance with s.5.121	Local Government Act 1995 s.5.121	EO
	Action					Annual	Gift Register - Internal Audit Audit the Register for: <ul style="list-style-type: none"> • Compliance with Admin.Reg.28A • Register accurately records all declarations • Declaration form complies with disclosure requirements under s.5.82 and s.5.83 	Local Government Act 1995 s.5.82 Admin.Reg.25 s.5.83 Admin.Reg.26 s.5.89A Admin.Reg.28A Form 4.	EO
	Action					Annual	Notifiable Gift Register - Internal Audit Review the register for: <ul style="list-style-type: none"> • Compliance with Admin.Reg.34B(5) • Register accurately records all declarations • Declarations comply with Admin Reg. 34B(5) and Code of Conduct 	Local Government Act 1995 Admin. Regs.34B(5)	EO
	Action					Annual	Financial Interests Register - Internal Audit Review the register for <ul style="list-style-type: none"> • Compliance with s.5.88 and Admin. Reg. 28 • Register accurately records all declarations • Declarations comply with disclosure requirements under LG Act, Part 5, Div.6, SubDiv.1. 	Local Government Act 1995 s.5.88 Admin.Reg.28	EO
	Action					Annual	Electoral Gift Register - Internal Audit CEO to establish and maintain <ul style="list-style-type: none"> • Record disclosures by candidates and donors • Remove disclosures relating to unsuccessful candidates and retain separately for at least 2 years. • Register is to be publicly available at LG Office. 	Local Government Act 1995 s.4.59 Elections Regs.30G, 30H Form 6	EO
	Action					Annual	Elections - Enrolment Eligibility Claims (Owners and Occupiers) Register - Internal Audit - CEO is to maintain a register recording decisions - audit for compliance with s.4.32 and Reg.13.	Local Government Act 1995 s.4.32(6) Elections Reg.13	EO

Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
	Action					Annual	Trust Fund s.6.9 - Internal Audit Conduct an audit of the Trust Fund to ensure compliance with the following: <ul style="list-style-type: none"> Trust Fund holds all money or value of assets required by this Act or other written laws Money or value of assets held only applied for the purposes of the Trusts affecting it. Money or value of assets is paid or delivered to the person entitled to it, when due - including interest earned. Money held for 10 years may be transferred to Municipal Fund, but LG is required to repay the money, together with interest earned, to a person claiming and establishing a right to repayment - records have been retained and protected to evidence entitlement. Option: Report Audit Outcomes / Actions to Audit Committee	n/a	EO
	Action					Annual	Approved Gates across Public Thoroughfares Register - Internal Audit Review Register for compliance with ULP.Reg.9 and ensure Register accurately records all gates and other devices approved across public thoroughfares.	Local Government Act 1995 ULP.Reg.9(4)	EO
	Action					Annual	Public Interest Disclosure Officer - Internal Audit - CEO must appoint a specified position with the authority as the person responsible for receiving public interest disclosures. PID Officer Declaration Form must be completed and provided to the PSC Commissioner	Public Interest Disclosure Act 2003 s.23(1)(a)	EO
	Action					Annual	Public Interest Disclosure Procedures - Internal Audit - LG must prepare and publish internal procedures relating to the LG's obligations under the PID Act. Procedures must be consistent with the Commissioner's Guidelines.	Public Interest Disclosure Act 2003 s.21 and s.23(1)(e), (2)	EO
	Action					Annual	Local Emergency Management Committee - Internal Audit LG must establish a LEMC, constituted and under the procedures established by the State Emergency Management Act 2005 s38	Emergency Management Act 2005 s38	EO
	Action					Annual	Local Emergency Management Arrangements - Internal Audit LEMC must establish Local Emergency Management Arrangements for the LG District. Audit for compliance with the LEMA Guideline and Model	Emergency Management Act 2005 s39	EO
	Action					Annual	Compliance Calendar - Internal Audit Review level of compliance achieved in response to Compliance Calendar Actions. Option: Report Audit Outcomes / Actions to Audit Committee	Local Government Act 1995 Audit Reg.17(1)	EO
	Action					Agenda	Annual Returns All Elected Members and staff with delegated authority to complete Annual returns by 31.08	LG Act 5.76(1)	EO
	Action					Agenda	Annual Returns CEO to acknowledge (And President to acknowledge CEO's)	LG Act 5.76(1)	EO
	Update					Monthly	Resolution register After each OCM update resolution register and send out actions.		EO
	Update					Monthly	Resolution register - Briefing For each Briefing Session prepare update for Elected Members re actions not started/in progress/complete.		EO
	Update					Monthly	Meeting attendance register Update register following each OCM and Audit Committee meeting. Check members' attendance to ensure compliance or leave of absence has been granted.	LG Act 2.25	EO

Month	Document Type	Meeting Date	Commencement of Activity	Completion of Activity	Activity Issue Date	Compliance Frequency (Timing)	Description of Activity	Legislation	Officer
	Update					Monthly / As required	Financial Interests Register - Primary returns Primary return for Elected Members/Staff within 3 months of Election/Commencement Date. Update Financial interests register accordingly - must be on website	LG Act 5.75, s5.96A(1), (2),(3) &(4) Admin Reg 29C	EO
	Update					Monthly / As required	Related Party Disclosures Related Party Disclosures required for new / departing staff with delegations	AASB124	EO
	Update					Monthly / As required	Gift registers Update as required gift and notifiable gift registers (must be updated within 10 days of person receiving gift) - Registers required to be included on website	LG Act s5.89A(5) & (5A). Elect Regs 30G(1) &(2)	EO
	Update					Monthly / As required	Tender register Update as required and ensure current version on website	s5.96A(1), (2),(3) &(4). F&G Reg 17	FTL

6.6	Annual Financial Report - Interim Audit Result 2021/2022
LOCATION	Shire of Menzies
APPLICANT	Internal
DOCUMENT REF	NAM925
DATE OF REPORT	15 September 2022
AUTHOR	Executive Officer, Cheryl Bates
RESPONSIBLE OFFICER	Chief Financial Officer, Antonio Giometti
OFFICER DISCLOSURE OF INTEREST	Council officers contributing to the preparation and approval of this report have no conflicts of interest to declare
ATTACHMENT	1. Annual Financial Report - Interim Audit FY 21-22 [6.6.1 - 6 pages]

SUMMARY:

The Annual Financial Report Interim Audit has been completed for the year ending 30 June 2022. This paper provides the Audit Committee with the documents for review.

BACKGROUND:

Local Governments are subject to audits by agents appointed by the Office of the Auditor General (OAG).

The 2021/2022 interim audit was conducted by RSM via external means.

COMMENT:

As can be seen on the attachment only two minor classified items were identified for action. Both items have been addressed.

CONSULTATION:

Kristy Van Kuyl
RSM

STATUTORY AUTHORITY:

Local Government Act 1995 S7.9 and S7.12(A).
Local Government (Audit) Regulations 10.

POLICY IMPLICATIONS:

Nil.



Our Ref: 7944

Mr Brian Joiner
Chief Executive Officer
Shire of Menzies
PO Box 4
MENZIES WA 6436

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Dear Mr Joiner

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2022**

We have completed the interim audit for the year ending 30 June 2022. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management Control Issues

We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7544 if you would like to discuss these matters further.

Yours sincerely

Punitha Perumal
Director
Financial Audit
26 July 2022

Attach

ATTACHMENT

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index Of Findings	Rating		
	Significant	Moderate	Minor
Current Year Findings			
1. Review of Credit Card Policy			✓
2. No evidence of review on fixed asset register reconciliation			✓
Matters Carried Forward from Prior Years			
3. Non-compliance with Local Government (Financial Management) Regulations 1996 - assets			✓

KEY TO RATINGS

The ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

1. Credit card policy

Finding:

We noted that the review of the credit card policy that was due on February 2021 is still not completed yet.

Rating: Minor

Implication:

Outdated credit card policy could increase risk of unauthorised expenditure occurring and going undetected and the policy may not be fit for purpose for Shire's current circumstance

Recommendation:

The Shire should ensure all policies are reviewed and updated in timely manner.

Management Comment:

Credit Card policy review and update has been commenced (draft provided to auditors) and is pending review and formal approval by Council, anticipated 28 July 2022 OCM.

Responsible person: Chief Financial Officer and Team Leader Finance

Completion Date: 31 August 2022

ATTACHMENT

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Fixed Asset Reconciliation

Findings

We noted that fixed asset reconciliations are completed monthly by the Team Leader Finance with the assistance of an external Local Government consultant. However, the fixed asset reconciliations are not formally signed by the preparer and reviewer, so there is no formal audit trail evidencing when they were prepared and reviewed and by whom.

Rating: Minor

Implication:

Failure to maintain sufficient evidence of review and audit trail of the review process, undermines the control and there is an increased risk of errors in the financial statements not being detected in timely manner.

Recommendation:

The Shire should ensure that fixed asset reconciliations are regularly reviewed and evidenced as such.

Management Comment:

Formal audit and sign-off by Chief Financial Officer have been commenced and will be formally reviewed, signed-off and recorded.

Responsible person: Chief Financial Officer
Completion Date: July 2022 and ongoing

ATTACHMENT

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Prior Year Issue

3. Non-compliance with the Local Government (Financial Management) Regulations 1996 – assets

Findings

2021-22

Prior year issue is not satisfactorily resolved as, no 'portable and attractive items register' had been established to maintain a listing of assets under \$5,000 which have been excluded from the fixed asset register as required under regulation 17A(5) of the Financial Management Regulations.

Regulation 17B of the Local Government (Financial Management) Regulations 1996 (Financial Management Regulations) provides that CEO to take steps to protect excluded portable and attractive assets

2020-21

Effective from 1 July 2018, regulation 17A (5) of the Local Government (Financial Management) Regulations 1996 (Financial Management Regulations) provides that an asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5,000.

During our audit we noted that five (5) assets with a total net book value of \$10,040, were recorded on the fixed assets register with acquired cost of less than \$5,000 each. Management has advised that the fixed asset register is being reviewed and assets with a cost less than \$5,000 will be expensed during the 30 June 2021 financial year.

Furthermore, we were unable to obtain an attractive item register.

2019-20

During our audit we noted six (6) assets, with a total net book value of \$12,777, were recorded on the fixed assets register with acquired cost of less than \$5,000 each. Management has advised that the fixed asset register is being reviewed and assets with a cost less than \$5,000 will be expensed.

2018-19

During our audit, we noted that 17 assets were still recorded on the fixed assets register with acquired cost of less than \$5,000 with net book value of \$19,800. Subsequent to audit, these assets were expensed in the current financial year.

Rating: Minor (2021,2020 and 2019: Moderate)

Implication:

Non-compliance with regulation 17A(5) of the Financial Management Regulations. In addition, fixed assets balances may be overstated, and expenses understated.

Recommendation:

The Shire should ensure that appropriate procedures are developed and implemented to protect and monitor portable and attractive assets below \$5,000.

ATTACHMENT

SHIRE OF MENZIES

PERIOD OF AUDIT: 1 JULY 2021 TO 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Management Comment:

From May 2022, we have commenced the work to maintain this register and a list of Attractive Assets has been extracted from SynergySoft for items greater than \$500 and less than \$5,000.

A check of the item's location/are they still held is to be undertaken and the register formalised in SynergySoft Records and General Ledger – Balance Sheet items.

Responsible position: Chief Financial Officer
Completion Date: 31 December 2022

7 ELECTED MEMBER MOTION OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

8 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

Nil.

9 NEXT MEETING

The next Audit and Risk Committee meeting will be held on 15 December 2022 at 11am in Menzies

10 CLOSURE OF MEETING

The Chairperson declared the meeting closed at 12:19pm.