



SHIRE OF  
**DOWERIN**  
TIN DOG TERRITORY

# MINUTES

## Audit & Risk Committee Meeting

Held in Council Chambers  
13 Cottrell Street, Dowerin WA 6461  
8 March 2022

UNCONFIRMED

ABN: 35 939 977 194

P (08) 9631 1202 E [dowshire@dowerin.wa.gov.au](mailto:dowshire@dowerin.wa.gov.au)  
13 Cottrell Street, Dowerin WA 6461

 [www.dowerin.wa.gov.au](http://www.dowerin.wa.gov.au)



# Table of Contents



<b>1.</b>	<b>Official Opening</b>
<b>2.</b>	<b>Record of Attendance / Apologies / Leave of Absence</b>
<b>3.</b>	<b>Public Question Time</b>
<b>4.</b>	<b>Disclosure of Interest</b>
<b>5.</b>	<b>Confirmation of Minutes of the Previous Meetings</b>
5.1	<a href="#">Minutes of the Audit &amp; Risk Committee Meeting held on 21 December 2021</a>
<b>6.0</b>	<b>Presentations</b>
<b>7.</b>	<b>Officer's Reports</b>
7.1	<a href="#">Risk Dashboard Quarterly Report - March 2022</a>
7.2	<a href="#">2020/21 Annual Report &amp; Annual Electors Meeting</a>
7.3	<a href="#">2021 Compliance Audit Return</a>
7.4	<a href="#">Policy 2.2 - Risk Management Policy and Risk Management Framework Review</a>
<b>8.</b>	<b>Questions from Members</b>
<b>9.</b>	<b>Urgent Business Approved by the Person Presiding or by Decision</b>
<b>10.</b>	<b>Date of Next Meeting</b>
<b>11.</b>	<b>Closure</b>

Shire of Dowerin  
Audit & Risk Committee Meeting  
8 March 2022



**1. Official Opening**

The Chair welcomed those in attendance and declared the Meeting open at 9.10am.

**2. Record of Attendance / Apologies / Leave of Absence**

**Committee Members:**

Cr RI Trepp	President & Chair
Cr BA Ward	Deputy President
Mrs TA Jones	
Mr D Armstrong	

**Staff:**

Ms R McCall	Chief Executive Officer
Mr A Wooldridge	Manager Corporate & Community Services
Ms L Dreghorn	Executive & Governance Officer

**Apologies:**

Cr NP McMorran

**Approved Leave of Absence:**

Nil

**3. Public Question Time**

Nil

**4. Disclosure of Interest**

Nil

**5. Confirmation of Minutes of the Previous Meeting(s)**

5.1 Audit & Risk Committee Meeting held on 21 December 2021

**Attachment 5.1A**

**Voting Requirements**



Simple Majority



Absolute Majority

**Officer's Recommendation/Resolution**

**Moved:** Mrs Jones

**Seconded:** Cr Ward

**0564** That, in accordance with Sections 3.18 and 5.22(2) of the *Local Government Act 1995*, the Minutes of the Audit & Risk Committee Meeting held on 21 December 2021, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.

**CARRIED 4/0**

**6. PRESENTATIONS**

Nil

## 7. OFFICER'S REPORTS

### 7.1 Risk Dashboard Quarterly Report – March 2022

<h1>Governance &amp; Compliance</h1>		 SHIRE OF <b>DOWERIN</b> TIN DOG TERRITORY
<b>Date:</b>	28 February 2022	
<b>Location:</b>	Not Applicable	
<b>Responsible Officer:</b>	Rebecca McCall, Chief Executive Officer	
<b>Author:</b>	As Above	
<b>Legislation:</b>	<i>Local Government Act 1995</i>	
<b>Sharepoint Reference:</b>	Compliance/Risk Management/Reporting	
<b>Disclosure of Interest:</b>	Nil	
<b>Attachments:</b>	<b>Attachment 7.1A</b> - Risk Dashboard Quarterly Report – March 2022	

#### Purpose of Report



Executive Decision



Legislative Requirement

#### Summary

This Item presents the Risk Dashboard Quarterly Review to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

#### Background

The Shire of Dowerin's Risk Management Policy, in conjunction with the Risk Management Framework, sets out the Shire's approach to the identification, assessment, management and monitoring of risks.

Appropriate governance of risk management within the Shire provides:

1. Transparency of decision making;
2. Clear identification of the roles and responsibilities of the risk management functions; and
3. An effective governance structure to support the Risk Management Framework.

The Audit & Risk Committee has a role to play and its responsibilities include:

1. Regular review of the appropriate and effectiveness of the Risk Management Framework;
2. Support Council to provide effective corporate governance;
3. Oversight of all matters that relate to the conduct of external audits; and
4. Must be independent, objective and autonomous in deliberations.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and appropriateness of treatment/action options selected, it can be determined if the organisation's resources are being put to the best use possible. During the

quarterly reporting process, management are required to review any risks within their area and follow up controls and treatments/actions that are mitigating those risks.

## Comment

The reviewed Risk Dashboard is included as an Attachment for the Audit & Risk Committee's perusal and comment.

The following comments against current actions are noted:

### Asset Management

Action: Road condition data to be updated in RAMM annually

Comment: Yet to be completed

Action: Revaluation of sewerage assets

Comment: Contractor appointed, timeline extended due to increased scope of works

Action: Implement New Fuel Stock Control System

Comment: Partially completed; fuel pods will be installed into new fleet

Action: Review of Asset Management Plan

Comment: Progressing, currently linking draft AMP and LTFP

Action: Review of Long-Term Financial Plan

Comment: Progressing, currently linking draft AMP and LTFP

KPI: Asset Renewal Funding Ratio Result 92%, worsening

KPI: Asset Consumption Ratio Result 59%, worsening

KPI: Asset Sustainability Ratio Result 69%, worsening

KPI: Accidents/Damage to Property Result 5 for quarter, worsening

### Business Disruption

Action: Development of IT Disaster Recovery Plan

Comment: Deferred until MCCS has reviewed IT Systems and Controls

KPI: No quorum for LEMC meetings scheduled for June, August, and February

KPI: No LEM annual exercise due to unavailability of DFES personnel

### Compliance

Action: Review of Asset Management Plan & Long-Term Financial Plan

Comment: Progressing, currently merging data between draft AMP and LTFP

Action: Review of Information Management System

Comment: Review deferred to provide the new MCCS time to carry out review

KPI: Regulation 53 of Building Regulations 2021 (pool Inspections)

Comment: Inspections to be arranged with new EHO

### Document Control

Action: Review Record Keeping Plan

Comment: No capacity to complete inhouse, need to engage a consultant

### Employment Practices

Action: Review of Staff Induction process

Comment: Review commenced.

Action: Develop Health & Wellbeing Plan

Comment: Completion deferred to March 2022 for July 2022 implementation, no budget allocation

### Environmental Management

Action: Address Compliance of Waste Water Re-Use

Comment: Contracted EHO progressing license renewal

### **Management of Facilities/Venues/Events**

Action: Develop Event Management Framework

Comment: EMP in place, framework ongoing, deferred due date to June 2022

Action: Public Buildings Inspected Annually for Compliance

Comment: Inspections commenced; Discuss inspection schedule with new EHO

### **Safety and Security Practices**

Action: Assess Shire Building and Facility Safety and Security

Comment: Arrange EHO onsite visit to conduct assessment

Action: Develop Isolated Worker Management Procedure

Comment: Progressing; to be presented to WHS Committee March 2022

Action: Conduct Annual BCP and LEMC Drills

Comment: Waiting on DFES to coordinate LEMC Drill; BCP drill underway

### **IT and Communication Systems**

Action: Document IT Infrastructure Replacement Program

Comment: To be developed prior to December 2022

#### **Consultation**

Rebecca McCall, Chief Executive Officer

Aaron Wooldridge, Manager Corporate & Community Services

Les Vidovich, Manager Works & Assets

Linley Dregghorn, Executive & Governance Officer

#### **Policy Implications**

Policy 2.2 - Risk Management Policy is applicable.

#### **Strategic Implications**

#### **Strategic Community Plan**

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.1

#### **Asset Management Plan**

Identified key controls and actions associated with asset management are factored into the Asset Management Plan.

#### **Long Term Financial Plan**

Identified key controls and actions associated with financial management are factored into the Long Term Financial Plan.

#### **Statutory Implications**

The *Local Government Act 1995* and Regulations 16 and 17 of the *Local Government (Audit) Regulations* are applicable.

#### **Risk Implications**

The Shire of Dowerin has adopted a 'Three Lines of Defence' model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, Council, management and the community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate and operational plans.

### Financial Implications

Many of the actions required to manage the risks identified will require resourcing and are being progressed within the current budget allocations.

### Voting Requirements



Simple Majority



Absolute Majority

### Officer's Recommendation/Resolution

**Moved:** Cr Trepp

**Seconded:** Mr Armstrong

**0565** That, in accordance with Regulations 16 and 17 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee:

1. **Receives the quarterly Risk Dashboard Quarterly Report - March 2022, as presented in Attachment 7.1A, on the progress of actions to identify risks and track treatments to manage risks at the Shire of Dowerin;**
2. **Recommends to Council that it adopts the quarterly Risk Dashboard Quarterly Report - March 2022.**

**CARRIED 4/0**

Please note that the Audit & Risk Committee does not have delegated authority to make decisions. All recommendations of the Audit & Risk Committee are presented to Council for ratification.

## 7.2 2020/21 Annual Report & Annual Electors Meeting

# Corporate & Community Services



<b>Date:</b>	28 February 2022
<b>Location:</b>	Not Applicable
<b>Responsible Officer:</b>	Aaron Wooldridge, Manager Corporate & Community Services
<b>Author:</b>	Linley Dreghorn, Executive & Governance Officer
<b>Legislation:</b>	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>
<b>Sharepoint Reference:</b>	Organisation/Corporate Management/Reporting/2020-21 Annual Report
<b>Disclosure of Interest:</b>	Nil
<b>Attachments:</b>	<a href="#">Attachment 7.2A</a> - 2020/21 Annual Report

### Purpose of Report

Executive Decision

Legislative Requirement

### Summary

This Item presents the 2020/21 Annual Report & Audited Financial Report to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

### Background

The annual financial statements for the year ended 30 June 2021 have been audited by the Auditors under the Office of the Auditor General (OAG).

The 2020/21 Annual Report which includes the audited financial report and OAG's Opinion Letter is included as an Attachment.

### Comment

Pursuant to its Terms of Reference, it is relevant that the Audit & Risk Committee considers the 2020/21 Annual Report and where appropriate, makes recommendation(s) in respect of the report.

In accordance with Section 7.9 of the *Local Government Act 1995*, an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

1. the Mayor or President;
2. the CEO of the local government; and
3. the Minister.

The Opinion Letter included with the 2020/21 Annual Report provides an overview of the audit process and outcomes, whilst also identifying any matters that, whilst generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day to day operations of Council.

Due to impacts of COVID-19 and the availability of Auditors, the End of Financial Year Report was not received until 15 February 2022. The Audit Exit Meeting took place on 15 February 2022.



## 2020/21 Annual Report

This year was the third year the Shire of Dowerin was audited by the OAG. The interim audit was conducted on-site from 20 and 21 May 2021. The process was rigorous and extensive.

### Annual Electors Meeting

Local governments are required to conduct an Annual Electors Meeting (AEM) not more than 56 days after adopting the Annual Report. A requirement of setting the date is that 14 days Local Public Notice is required for advertising the meeting. Provided that the 2020/21 Annual Report is endorsed by Council at its 15 March 2022 meeting it is recommended that the AEM be held on Tuesday 29 March 2022. The date is suggested as it will be prior to school holidays meaning most people will be in the district before seeding commences. It also allows enough time for the minimum 14 day notification period.

### Discussion with the OAG and Auditors

Representatives from the OAG and Macri Partners Chartered Accountants conducted the Exit Interview which discussed the Opinion Letter and other relevant matters with the President, CEO and MCCS via teleconference on Tuesday 15 February 2022.

There were two significant findings as per the attached Auditors Report:

a) The Operating Surplus Ratio as reported in Note 32 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years.

a) For approximately 35% of the purchase transactions sampled, the same staff who issued and approved the purchase orders also receipted goods or services and authorised the related supplier invoices. This practice increases the risk of fraud or error occurring without timely detection. However, all these transactions were for business purposes.

### Consultation

OAG / Auditors

Rebecca McCall, Chief Executive Officer

Aaron Wooldridge, Manager Corporate & Community Services

Linley Dreghorn, Executive & Governance Officer

Local Public Notice is required to be provided on the availability of the Annual Report and the Annual Electors Meeting.

### Policy Implications

Nil

### Strategic Implications

#### Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government.

Outcome: 5.3

Reference: 5.3.2

#### Asset Management Plan

Nil

#### Long Term Financial Plan

Nil

## Statutory Implications

Sections 5.27, 5.29, 5.53 and 5.54 of the *Local Government Act 1995* are applicable and state:

### **“5.27. Electors’ general meetings**

- (1) *A general meeting of the electors of a district is to be held once every financial year.*
- (2) *A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.*
- (3) *The matters to be discussed at general electors’ meetings are to be those prescribed.*

### **5.29. Convening electors’ meetings**

- (1) *The CEO is to convene an electors’ meeting by giving –*
  - (a) *at least 14 days’ local public notice; and*
  - (b) *each council member at least 14 days’ notice,**of the date, time, place and purpose of the meeting.*
- (2) *The local public notice referred to in subsection (1)(a) is to be treated as having commenced at the time the notice is first given and is to continue in the prescribed way until the meeting has been held.*

### **5.53. Annual reports**

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain –*
  - (a) *a report from the mayor or president; and*
  - (b) *a report from the CEO; and*
  - [(c), (d) *deleted*]
  - (e) *an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and*
  - (f) *the financial report for the financial year; and*
  - (g) *such information as may be prescribed in relation to the payments made to employees; and*
  - (h) *the auditor’s report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and*
  - (ha) *a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and*
  - (hb) *details of entries made under section 5.121 during the financial year in the register of complaints, including –*
    - (i) *the number of complaints recorded in the register of complaints; and*
    - (ii) *how the recorded complaints were dealt with; and*
    - (iii) *any other details that the regulations may require;**and*
    - (i) *such other information as may be prescribed.*

### **5.54. Acceptance of annual reports**

- (1) *Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.*

*\* Absolute majority required.*

- (2) *If the auditor’s report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor’s report becomes available.”*

Regulation 3A of the *Local Government (Administration) Regulations 1996* stipulates the requirements for providing Local Public Notice and states:

**“3A. Requirements for local public notice (Act s. 1.7)**

- (1) For the purposes of section 1.7(a), notice of a matter must be published on the local government’s official website for –
  - (a) the period specified in or under the Act in relation to the notice; or
  - (b) if no period is specified in relation to the notice – a period of not less than 7 days.
- (2) For the purposes of section 1.7(b), each of the following ways of giving notice of a matter is prescribed –
  - (a) publication in a newspaper circulating generally in the State;
  - (b) publication in a newspaper circulating generally in the district;
  - (c) publication in 1 or more newsletters circulating generally in the district;
  - (d) publication on the official website of the Department or another State agency, as appropriate having regard to the nature of the matter and the persons likely to be affected by it, for –
    - (i) the period specified in or under the Act in relation to the notice; or
    - (ii) if no period is specified in relation to the notice – a period of not less than 7 days;
  - (e) circulation by the local government by email, text message or similar electronic means, as appropriate having regard to the nature of the matter and the persons likely to be affected by it;
  - (f) exhibition on a notice board at the local government offices and each local government library in the district for –
    - (i) the period specified in or under the Act in relation to the notice; or
    - (ii) if no period is specified in relation to the notice – a period of not less than 7 days;
  - (g) posting on a social media account administered by the local government for –
    - (i) the period specified in or under the Act in relation to the notice; or
    - (ii) if no period is specified in relation to the notice – a period of not less than 7 days.”

The *Local Government (Audit) Regulations 1996* provides the legislative framework for the conduct of audits in local government, and the role of the Audit & Risk Committee in considering the results of those audits.

**Risk Implications**

<b>Risk Profiling Theme</b>	Failure to fulfil statutory regulations or compliance requirements
<b>Risk Category</b>	Compliance
<b>Risk Description</b>	No noticeable regulatory or statutory impact
<b>Consequence Rating</b>	Insignificant (1)
<b>Likelihood Rating</b>	Rare (1)
<b>Risk Matrix Rating</b>	Low (1)
<b>Key Controls (in place)</b>	Governance Management Framework
<b>Action (Treatment)</b>	Document Governance Management Framework
<b>Risk Rating (after treatment)</b>	Adequate

### Financial Implications

The Dowerin Despatch costs for advertising can be accommodated within current budget allocations. The costs for notification in accordance with Regulation 3A(2)(e), (f) and (g) will be negligible and can be accommodated within current budget allocations.

Similarly, any costs associated with conducting the AEM will be negligible and can be accommodated within current budget allocations.

### Voting Requirements

Simple Majority

Absolute Majority

### Officer's Recommendation/Resolution

**Moved:** Cr Ward


**Seconded:** Mrs Jones

**0566** That, in accordance with Sections 5.27, 5.29, 5.53 and 5.54 of the *Local Government Act 1995*, the Audit & Risk Committee:

1. **Accepts the 2020/21 Annual Report, as presented in Attachment 7.2A, for the 2020/21 financial year;**
2. **Recommends to Council that it adopts the 2020/21 Annual Report, as presented in Attachment 7.2A, for the 2020/21 financial year; and**
3. **Recommends to Council that it conducts its Annual Electors Meeting on Tuesday 29 March 2022 at the Lesser Hall, Cottrell Street Dowerin commencing at 6.00pm.**

**CARRIED 4/0**

### 7.3 2021 Compliance Audit Return

<h2>Governance &amp; Compliance</h2>		 <b>SHIRE OF DOWERIN</b> TIN DOG TERRITORY
<b>Date:</b>	28 February 2022	
<b>Location:</b>	Not Applicable	
<b>Responsible Officer:</b>	Rebecca McCall, Chief Executive Officer	
<b>Author:</b>	Linley Dreghorn, Executive & Governance Officer	
<b>Legislation:</b>	<i>Local Government Act 1995</i>	
<b>Sharepoint Reference:</b>	Organisation/Governance/Committees/2022 March Audit & Risk Committee Meeting Organisation/Corporate Management/Reporting/2021 Compliance Audit Return	
<b>Disclosure of Interest:</b>	Nil	
<b>Attachments:</b>	<b>Attachment 7.3A</b> - 2021 Compliance Audit Return	

#### Purpose of Report

Executive Decision

Legislative Requirement

#### Summary

This Item presents the 2021 Compliance Audit Return (CAR) to the Audit & Risk Committee (the Committee) for consideration and, if satisfactory, recommendation to Council for adoption.

#### Background

Each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the CAR.

After the CAR has been reviewed by the Committee and presented to Council, a copy certified by the President and CEO along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March.

The CAR is one of the tools available to the Committee and Council in its governance monitoring role. The CAR also forms part of the DLGSC's monitoring program. The 2021 CAR once again places emphasis on the need for the Committee and Council to be aware of and acknowledge instances of non-compliance or where full compliance was not achieved. In addition, the CAR requires Council to endorse details of remedial action either taken or proposed to be taken to prevent future like occurrences.

The 2021 CAR contains questions relating to:

1. Commercial Enterprises by Local Governments (5 questions);
2. Delegation of Power/Duty (13 questions);
3. Disclosure of Interest (25 questions);
4. Disposal of Property (2 questions);
5. Elections (Gift Register) (3 questions);
6. Finance (7 questions);
7. Integrated, Planning and Reporting (3 questions);
8. Local Government Employees (6 questions);
9. Official Conduct (3 questions)

10. Optional Questions (9 questions); and
11. Tenders for Providing Goods and Services (22 questions).

The 2021 CAR was completed internally and involved collection of documents, verification of compliance and, where useful and applicable, recommendations in relation to improve any systems and processes that the Shire may have in place.

The CAR for the period 1 January 2021 to 31 December 2021 is included as Attachment 7.3A.

### Comment

The 2021 CAR identified three areas of partial non-compliance:

*'The Shire achieved a commendable level of compliance. Of the 98 areas examined there were only three where the Shire was partially non-compliant:*

1. *'Delegation of Power/Duty' question 5 - section 5.18 requires council to review delegations to its committees each financial year.*

*A review of the delegations was conducted in June of 2020 and presented to Council at its Ordinary Council Meeting, Item 11.5 CMRef 0214 and again at its Ordinary Council Meeting November 2021, Item 12.1 CMRef 0520. From this you can see that appropriate reviews were conducted annually, however it was not within the reporting financial year.*

2. *'Disclosure of Interest' question 13 - the Shire is required to publish a register of gifts received by relevant persons (essentially councillors and employees) under s5.87A and 5.87B of the Act on its website, remove the entries where a person no longer ceases to be a councillor or employee and keep them in a separate register which the public can then inspect by attendance at the Shire office.*

*The register on the Shire's website contained entries relating to former councillors and employees who are no longer relevant persons. The matter was easily fixed during the course of the audit.*

3. *'Finance' question 3 - section 7.9(1) requires an auditor to examine the accounts and annual financial report submitted for audit and, prepare a report thereon and forward a copy of that report to (a) the mayor or president, (b) the CEO of the local government; and (c) the Minister.*

*The End of Financial Year Audit was conducted, however due to impacts of COVID-19 and the availability of Auditors and the OAG, the End of Financial Year Report was not received until 15 February 2022.*

*Overall, the systems and processes employed by the Shire appear robust and appropriate for a local government of its size.'*

These three areas, and the remedial action taken to ensure they do not occur again, are summarised in the following table:

Category	Question	Response	Comment	Remedial Action
Delegation of Power/Duty	Has council reviewed delegations to its committees in the 2020/2021 financial year?	No	A review was conducted in June 2020 Item 11.5, CMRef 0214 and in November 2021 Item 12.1, CMRef 0520	Ensure the Delegation requirement is captured in the Compliance Calendar to ensure an annual review is carried out within the financial year.
Disclosure of Interest	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records	No	The register on the website contained declarations from former Councillors and employees that should have been removed.	In addition to the SharePoint Register, there is a separate Register module on the Shire's website which contained declarations. This is a duplication, hence the human error in not removing non-

	relating to that person?			relevant declarations from the website Register. It is proposed to cease using the website Register and instead have a page on the website where the SharePoint Register is uploaded. This will remove the risk of having two registers and staff having to update the same information in both.
Finance	Was the auditor's report for the financial year ended 30 June 2021 received by the local government by 31 December 2021?	No	Auditor's report was received 17 February 2022	This was an unprecedented occurrence. Due to increasingly complex reporting and audit issues, delays carried over from State sector audits, COVID-19 as well as the availability of Auditors and the OAG, the audit process was delayed. A Letter was received from the OAG on 23 December 2021 communicating the delay. This was out of the Shire's control.

The 2021 CAR included 98 questions. Of these, 95 were able to be answered on the basis of complying with the legislative requirements resulting in a 96.94% success rate. This compares with 97.06% over 102 questions in 2020, 97% compliance over 104 questions in 2019, 94.7% compliance in 2018 over 95 questions and 98.9% over 94 questions in 2017.

The 2021 CAR demonstrates the Shire's ongoing commitment to statutory compliance and adequate response to non-compliance throughout the organisation.

### Consultation

Rebecca McCall, Chief Executive Officer  
Aaron Wooldridge, Manager Corporate & Community Services  
Linley Dregghorn, Executive & Governance Officer

### Policy Implications

Policy 2.2 - Risk Management Policy is applicable.

### Strategic Implications

#### Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government.

Outcome:

Reference:

## Asset Management Plan

Nil

## Long Term Financial Plan

Nil

### Statutory Implications

Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out a compliance audit in a manner specified by Regulations.

Regulation 14 of the *Local Government (Audit) Regulations 1996* is applicable and states:

#### **“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.”*

Regulation 15 of the *Local Government (Audit) Regulations 1996* requires a certified copy of the CAR to be provided to the DLGSC by 31 March:

#### **“15. Certified copy of compliance audit return and other documents to be given to Departmental CEO**

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with –*
  - (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
  - (b) *any additional information explaining or qualifying the compliance audit,**is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*
- (2) *In this regulation –*

**certified** *in relation to a compliance audit return means signed by –*

  - (a) *the mayor or president; and*
  - (b) *the CEO.”*

### Risk Implications

<b>Risk Profiling Theme</b>	Failure to fulfil statutory regulations or compliance requirements
<b>Risk Category</b>	Compliance
<b>Risk Description</b>	No noticeable regulatory or statutory impact
<b>Consequence Rating</b>	Insignificant (1)
<b>Likelihood Rating</b>	Rare (1)
<b>Risk Matrix Rating</b>	Low (1)
<b>Key Controls (in place)</b>	Governance Management Framework



<b>Action (Treatment)</b>	Document Governance Management Framework
<b>Risk Rating (after treatment)</b>	Adequate

#### Financial Implications

Nil

#### Voting Requirements



Simple Majority



Absolute Majority

#### Officer's Recommendation/Resolution

**Moved:** Mrs Jones

**Seconded:** Cr Ward

**0567**

**That, in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*, the Audit and Risk Committee:**

- 1. Receives the 2021 Compliance Audit Return, as presented in Attachment 7.3A, noting the remedial action taken to address the three areas of partial non-compliance; and**
- 2. Recommends to Council that it adopts the 2021 Compliance Audit Return and submits it to the Department of Local Government, Sport & Cultural Industries prior to 31 March 2022.**

**CARRIED 4/0**

**7.4 Policy 2.2 - Risk Management Policy and Risk Management Framework Review**

## Governance & Compliance



<b>Date:</b>	28 February 2022		
<b>Location:</b>	Not applicable		
<b>Responsible Officer:</b>	Rebecca McCall, Chief Executive Officer		
<b>Author:</b>	Linley Dreghorn, Executive & Governance Officer		
<b>Legislation:</b>	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>		
<b>Sharepoint Reference:</b>	Compliance/Risk Framework	Management/Planning/Risk Management	Management
<b>Disclosure of Interest:</b>	Nil		
<b>Attachments:</b>	<a href="#">Attachment 7.4A</a> - Policy 2.2 - Risk Management Policy <a href="#">Attachment 7.4B</a> - Risk Management Framework		

### Purpose of Report

Executive Decision

Legislative Requirement

### Summary

This Item presents Policy 2.2 – Risk Management Policy and the Risk Management Framework for consideration and, if satisfactory, recommendation to Council for adoption.

### Background

The Shire of Dowerin’s Risk Management Policy and Framework sets out the Shire’s approach to the identification, assessment, management, reporting and monitoring of risks. All components of the Risk Management Framework are based on AS/NZS ISO 31000:2018 Risk Management - Guidelines.

It is essential that all areas of the Shire adopt these procedures to ensure:

1. Strong corporate governance;
2. Compliance with relevant legislation, regulations and internal policies;
3. Integrated Planning and Reporting requirements are met; and
4. Uncertainty and its effects on objectives is understood.

The Risk Management Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire along with existing time, resource and workload pressures.

Appropriate governance of risk management within the Shire provides:

1. Transparency of decision making;
2. Clear identification of the roles and responsibilities of the risk management functions; and
3. An effective Governance Structure to support the risk framework.

The Risk Management Framework is to be reviewed for appropriateness and effectiveness at least every two years, hence a review has been undertaken and the reviewed Risk Management Framework is included as an Attachment.

### Comment

The Shire adopted a “Three Lines of Defence” model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, management and community will have assurance that risks are managed effectively to support the delivery of the Strategic, Corporate and Operational Plans.

The risk management process is standardised across all areas of the Shire. It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and the appropriateness of treatment / action options selected, it can be determined if the organisation’s resources are being put to the best use possible. During the quarterly reporting process, management are required to review any risks within their area and follow up on controls and treatments / action that are mitigating those risks.

As the matter of risk management is a major component of the CEO’s review of certain systems and procedures required under Regulation 17 of the *Local Government (Audit) Regulations 1996*, and the role (in part) of the Audit Committee in accordance with Regulation 16 of the *Local Government (Audit) Regulations 1996*, is to review the report given to it by the CEO under Regulation 17, and to report to the Council the results of that review, as well as monitoring and advising the CEO when carrying out functions in relation to the Regulation 17 review, the Risk Management Policy and Risk Management Framework are presented to the Audit Committee for consideration.

The review in 2019 expanded the Policy to include Risk Assessment and Acceptance Criteria and also a Monitor and Review process. In addition, the Roles and Responsibilities were expanded to clearly define the CEO’s responsibilities relating to risk management.

This review has not identified any required changes to the policy or Risk Management Framework.

### Consultation

Senior Management Group

### Policy Implications

Council’s Risk Management Policy is applicable.

### Strategic Implications

#### Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government.

Outcome:

Reference:

#### Asset Management Plan

Nil

#### Long Term Financial Plan

Nil

### Statutory Implications

The *Local Government Act 1995* and Regulation 17 of the *Local Government (Audit) Regulations* is applicable.

### Risk Implications

The Shire of Dowerin has a Risk Management Governance Framework which includes a policy and procedure. The framework provides tools to monitor the Shire’s risk profile on a quarterly basis. With the implementation of regular monitoring and review risk implications are considered low.

### Financial Implications

Nil

### Voting Requirements



Simple Majority



Absolute Majority

### Officer's Recommendation/Resolution

**Moved:** Mr Armstrong

**Seconded:** Mrs Jones

**0568** That, in accordance with Regulations 16 and 17 of the *Local Government (Audit) Regulations 1996*, the Audit and Risk Committee:

1. **Receives Policy 2.2 - Risk Management Policy, as presented in Attachment 7.4A, and the Risk Management Framework, as presented in Attachment 7.4B; and**
2. **Recommends to Council that it adopts Policy 2.2 - Risk Management Policy and the Risk Management Framework.**

**CARRIED 4/0**

UNCONFIRMED

<b>8.</b>	<b>Questions from Members</b>
-----------	-------------------------------

Nil

<b>9.</b>	<b>Urgent Business Approved by the Person Presiding or by Decision</b>
-----------	--

Nil

<b>10.</b>	<b>Date of the Next Meeting</b>
------------	---------------------------------

Date to be confirmed in June 2022

<b>11.</b>	<b>Closure</b>
------------	----------------

The Chair thanked those in attendance and declared the Meeting closed at 10.19am

UNCONFIRMED