



Agenda

SHIRE OF DENMARK AUDIT ADVISORY COMMITTEE

TO BE HELD IN THE COUNCIL CHAMBERS,
953 SOUTH COAST HIGHWAY, DENMARK,
TUESDAY, 13 JUNE 2023, COMMENCING 12.30PM

1.	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS	2
2.	RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE	2
1.	DECLARATIONS OF INTEREST	2
2.	ANNOUNCEMENTS BY THE PERSON PRESIDING	2
3.	CONFIRMATION OF MINUTES.....	2
3.1	AUDIT COMMITTEE MEETING	2
4.	PUBLIC QUESTION TIME	3
5.	OFFICER REPORTS	3
5.1	REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS	3
6.	GENERAL BUSINESS.....	7
7.	NEXT MEETING	7
8.	CLOSURE OF MEETING	7

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

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

MEMBERS:

- Cr Kingsley Gibson (Presiding Person)
- Cr Donna Carman
- Cr Donald Clarke
- Cr Clare Campbell
- Cr Jackie Ormsby
- Cr Nathan Devenport

STAFF:

- Mr Lee Sounness (Acting Director Corporate and Community Services)
- Ms Jodi Masson (Acting Manager Corporate Services)
- Mr Scott Sewell (Accountant) – via Teams Video Conference
- Claire Thompson (Governance Coordinator)

APOLOGIES:

ON LEAVE OF ABSENCE:

ABSENT:

VISITORS:

Nil

1. DECLARATIONS OF INTEREST

Name	Item No	Interest	Nature

2. ANNOUNCEMENTS BY THE PERSON PRESIDING

3. CONFIRMATION OF MINUTES

3.1 AUDIT COMMITTEE MEETING

OFFICER RECOMMENDATION	ITEM 3.1
That the Minutes of the Shire of Denmark Audit Advisory Committee meeting held on 9 May 2023, be confirmed as a true and correct record of the proceedings.	

4. PUBLIC QUESTION TIME

Public Question Time shall be held in accordance with section 5.24 of the Local Government Act 1995 and Regulations 5, 6 and 7 of the Local Government (Administration) Regulations 1996.

Public question time enables members of the public to address the Committee or ask questions of Committee. The procedure for public question time can be found on the wall near the entrance to the Council Chambers or can be downloaded from the Shire's website at <http://www.denmark.wa.gov.au/council-meetings>.

Questions from the public are invited and welcomed at this point of the Agenda.

Questions from the Public

5. OFFICER REPORTS

5.1 REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS

File Ref:	FIN.8A
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	8 June 2023
Author:	Lee Sounness, Acting Director Corporate & Community Services
Authorising Officer:	Lee Sounness, Acting Director Corporate & Community Services
Attachments:	5.1 - Andrew Burchfield Consulting Regulation 17 and Section 5 Final Audit Report

IN BRIEF

- The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management;
 - (b) internal control;
 - (c) legislative compliance; and
 - (d) financial management
 not less than once every 3 financial years.
- The Committee are asked to review the report, recommendations and proposed actions on the Shire's financial and risk management, legislative compliance and internal controls and make a recommendation to Council on the review.

RECOMMENDATION

The with respect to Regulation 16 & 17 of the Local Government (Audit) Regulations 1996 and Section 5 (2) (c) of the Local Government (Financial) Management Regulations 1996 the Audit Advisory Committee recommend that Council;

1. RECEIVE the Andrew Burchfield Consulting Regulation 17 and Section 5 Final Audit Report, dated 7 June 2023;
2. NOTE the observations identified in the report and the recommendations proposed in Attachment 5.1; and
3. REQUEST officers to provide a report, on a six-monthly basis, to the Audit Advisory Committee to enable the Committee to monitor the Shire's progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996.

LOCATION

Nil

BACKGROUND

In January 2023, the Shire of Denmark engaged Andrew Burchfield Consulting to undertake a comprehensive review of the Shire's management of financial, risk and compliance as well as internal processes and controls.

While Section 5 (2) (c) and Regulation 16 & 17 reviews are required pursuant to legislation, regular reviews of the Shire's practices and processes are best practice and should be maintained to enable the Shire to identify any processes that need to be improved on an ongoing basis.

DISCUSSION / OFFICER COMMENTS

The review conducted by Andrew Burchfield Consulting was undertaken with a dual purpose. Firstly, to provide the basis for a report by the CEO to the Audit Committee on the appropriateness and effectiveness of the Shire's risk management, internal controls and legislative compliance systems and procedures as required by the Local Government (Audit) Regulations 1996 Regulation 17. Secondly, a review of financial management systems to assess the appropriateness and effectiveness of these systems and procedures, as required by Local Government Financial Management Regulations 5(2) c.

The matters examined are detailed in Attachment 5.1 and where opportunities for improvement have been identified, they are reported in summary with associated mitigation action strategy and completion date.

It is recommended that Officers provide a report, on a six monthly basis, to the Audit Advisory Committee to enable the Committee to monitor the progress on each risk issue and improvement action, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996.

OTHER INFORMATION

Nil

CONSULTATION AND EXTERNAL ADVICE

The Officer has considered the requirement for consultation and/or engagement with persons or organisations that may be unduly affected by the proposal and considered Council's Community Engagement Policy P040123 and the associated Framework and believes that no additional external/internal engagement or consultation is required.

All internal employees were involved in various aspects of the review which involved their day to day tasks.

STATUTORY / LEGAL IMPLICATIONS

Regulation 16 of the Local Government (Audit) Regulations 1996 prescribes the functions of an Audit Committee which includes;

"16 (c) to review a report given to it by the CEO under regulation 17(3) and is to –

- (i) Report to the council the results of that review; and
- (ii) Give a copy of the CEO's report to the council."

"16 (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –

- (i) Regulations 17 (1); and
- (ii) The Local Government (Financial Management) Regulations 1996 regulation 5(2)(c)."

Regulation 17 of the Local Government (Audit) Regulations 1996 reads as follows;

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –

- a) risk management; and
- b) internal control; and
- c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

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

Regulation 5 (2) (c) of the Local Government (Financial Management) Regulations 1996 states that "the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews."

STRATEGIC / POLICY IMPLICATIONS

The review recommended some potential improvement opportunities to some of the Council's policy. Officers have provided comment in the spreadsheet attached as to these recommendations and, if agreed, a proposed timeframe for any review / changes.

The report and officer recommendation are consistent with Council's adopted Strategic Community Plan Aspirations and Objectives and the Corporate Business Plan Actions and Projects in the following specific ways:

Denmark 2027

L5.0 Our Local Government

The Shire of Denmark is recognised as a transparent, well governed and effectively managed Local Government.

- L5.1 To be high functioning, open, transparent, ethical and responsive.
- L5.3 To be decisive and make consistent and well considered decisions.
- L5.4 To be fiscally responsible.

FINANCIAL IMPLICATIONS

There are no known financial implications upon either the Council’s current Budget or Long Term Financial Plan.

OTHER IMPLICATIONS

Environmental

There are no known significant environmental implications relating to the report or officer recommendation.

Economic

There are no known significant economic implications relating to the report or officer recommendation.

Social

There are no known significant social considerations relating to the report or officer recommendation.

RISK MANAGEMENT

There are no known risks associated with this report or the Officer Recommendation. The key principle of the review is to identify any risks associated with the Shire’s financial, compliance and risk management processes and controls.

VOTING REQUIREMENTS

Simple majority.

OFFICER RECOMMENDATION	ITEM 5.1
<p>That with respect to Regulation 16 & 17 of the Local Government (Audit) Regulations 1996 and Section 5 (2) (c) of the Local Government (Financial) Management Regulations 1996 the Audit Advisory Committee recommend that Council;</p> <ol style="list-style-type: none"> 1. Receive the Andrew Burchfield Consulting Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report, dated 7 June 2023; 2. Note the recommendations identified in the report and the actions proposed in Attachment 5.1; and 3. Request Officers to provide a report, on a six-monthly basis, to the Audit Advisory Committee to enable the Committee to monitor the Shire’s progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996. 	

6. GENERAL BUSINESS

7. NEXT MEETING

The next meeting of the Shire of Denmark Audit Advisory Committee is to be held as required.

8. CLOSURE OF MEETING