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Audit and Risk Committee Agenda

Shire of Pingelly

Audit and Risk Committee Meeting

Wednesday 21 February 2024

12.30 pm

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MISSION STATEMENT

To enhance the quality of life for the people of Pingelly through the provision of leadership, services and infrastructure.



Shire of Pingelly

Notice of Meeting

Notice is given that a meeting of the Audit and Risk Committee will be held in the Council Chambers, 17 Queen Street, Pingelly on Wednesday 21 February 2024 commencing at 12.30 pm.

Your attendance is respectfully requested.

Disclaimer

The recommendations contained in this agenda are officers' recommendations only and should not be acted upon until Council has resolved to adopt those recommendations. The resolutions of Council should be confirmed by perusing the minutes of the Council meeting at which these recommendations were considered. Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification of Councils decision.

Andrew Dover
Chief Executive Officer

SHIRE OF PINGELLY

Agenda for the Shire of Pingelly Audit and Risk Committee meeting to be held in the Council Chamber, 17 Queen Street, Pingelly on Wednesday 21 February 2024 – commencing at 1.00 pm.

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairman to declare the meeting open.

2. ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Willman Noongar people of this area and recognise their continuing connection to land, waters and community. We pay respect to Elders past, present and emerging.

3. ANNOUNCEMENTS BY PRESIDING MEMBER

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

5. APPLICATIONS FOR LEAVE OF ABSENCE

6. DISCLOSURES OF INTEREST

The *Local Government Act* (Section 5.60 – 5.62) provides that it is the Councillor’s obligation to declare an interest if they believe that they have a financial interest, proximity interest, closely associated persons interest or an interest affecting impartiality in a matter being discussed by Council.

The Act provides that the interest may be declared in writing to the Chief Executive Officer prior to the meeting or declared prior to discussion of the agenda item at the meeting. Forms for this purpose are available to Councillors.

The Act further provides that the extent of the interest needs to be declared if the Councillor seeks to remain in the Chamber during the discussion, debate or voting on the item.

A Councillor declaring a financial or proximity interest must leave the meeting prior to the matter being discussed or voted on (including the question as to whether they are permitted to remain in the Chamber). Councillors remaining in the Chamber may resolve to allow the member to return to the meeting to participate in the proceedings.

7. CONFIRMATION OF MINUTES AND REPORTS

Recommendation:

That the minutes of the Shire of Pingelly Audit and Risk Committee meeting held at the Shire of Pingelly on 12 December 2023 be confirmed.

Moved: _____ Seconded: _____

8. BUSINESS

8.1 Compliance Audit Return 2023

File Reference:	ADM0074
Location:	Not Applicable
Applicant:	Not Applicable
Author:	Executive Manager Corporate Services
Disclosure of Interest:	Nil
Attachments:	Compliance Audit Return 31 December 2023
Previous Reference:	Nil

Summary

The Compliance Audit Return 2023 (CAR) is submitted to the Audit Committee for consideration and endorsement.

Background

The *Local Government (Audit) Regulations 1996* requires every local government to carry out a Compliance Audit for the period 1 January to 31 December each year and to complete a Compliance Audit Return (CAR) as produced by the Department of Local Government, Sport and Cultural Industries.

The CAR is to be:

- Reviewed by the Audit and Risk Committee;
- Presented to Council at a meeting of the Council;
- Adopted by the Council; and
- Recorded in the minutes of the Council meeting at which it is adopted.

After the CAR has been presented to and adopted by Council, a certified copy is to be signed by the Shire President and Chief Executive Officer (CEO) for lodgement with the Department by 31 March 2024, together with the relevant section of the Council minutes and any additional information explaining or qualifying the compliance audit.

Comment

The CAR is one of the tools available to Council in its governance monitoring role. The CAR also forms part of the Department of Local Government's monitoring program. The 2023 CAR once again places emphasis on the need for Council to be aware and acknowledge instances of non-compliance, or where full compliance was not achieved. In addition, the CAR also requires (if applicable) Council to endorse details of remedial action either taken or proposed, to prevent future like occurrences.

The 2023 CAR has been completed by Management and is presented as an attachment to this Report for consideration/review by the Audit and Risk Committee, prior to it being submitted to Council. The 2023 CAR has identified no instances of non-compliance.

The 2023 CAR, once adopted by Council, will be signed by the Shire President and CEO and then forwarded to the Director General of the Department of Local Government by 31 March 2024.

Consultation:

Chief Executive Officer

Statutory Environment:

Local Government (Audit) Regulations 1996

Regulation 13 – Prescribed statutory requirements for which compliance audit is needed (Act s. 7.13910(i))

Regulation 14 – Compliance audits by local Governments

Regulation 15 – Compliance audit return, certified copy of etc, to be given to Executive Director

Policy Implications:

There are no policy implications arising from this report.

Financial Implications:

There are no known financial implications upon either the Council's current budget or long-term financial plan.

Strategic Implications:

This matter is a statutory requirement.

Risk Framework

Risk:	Completion of the return assists local governments to enhance or develop their internal control processes to assist in minimising corporate and statutory risk. There is also a risk of non-compliance should the certified compliance audit return not be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.		
Consequence Theme:	Compliance	Likelihood:	Moderate
Consequence:	Some temporary non-compliance but with significant regulatory requirements imposed.		
Likelihood Rating:	Unlikely	Risk Matrix:	Medium (6)
Action Plan:	The CEO to submit the certified return and a copy of the minutes relative to this report to the Department of Local Government, Sport and Cultural Industries prior to 31 March 2024.		

Voting Requirements:

Simple Majority

Audit Committee Recommendation:

That Council adopts the Compliance Audit Return (CAR) for the 2023 calendar year presented as attached.

Moved: _____ Seconded: _____



Pingelly – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	N/A	
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	



7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	



6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	



16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	No	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	

Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Yes	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes	



Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	Yes	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	



4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	Yes	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	



Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	



4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	No	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	Yes	



14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	Yes	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	



Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	19/07/2023
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	19/07/2023
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	11/02/2021
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	11/02/2021
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt	Yes	



		of the gift? Did the disclosure include the information required by section 5.87C of the Act?		
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government’s website, a policy dealing with the attendance of council members and the CEO at events?	Yes	
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government’s website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government’s official website by 31 July 2023?	Yes	
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Chief Executive Officer

Date

Mayor/President

Date

8.2 Financial Management Systems and Procedures Review January 2024

File Reference: ADM0074
Location: Not Applicable
Applicant: Not Applicable
Author: Executive Manager Corporate Services
Disclosure of Interest: Nil
Attachments: Financial Management Systems and Procedures Review January 2024
Previous Reference: Nil

Summary

Submission of the Shire of Pingelly Financial Management Systems and Procedures Review January 2024 to Audit Committee for recommendation to Council.

Background

The objective of the Financial Management Review is to examine the appropriateness and effectiveness of the financial management systems and procedures of the Shire on behalf of the Chief Executive Officer (CEO) as required by Local Government (Financial Management) Regulation 5(2)(c).

Comment

The last review of the Financial Management Systems and Processes was undertaken in 2021.

The report attached, summarises the financial management systems review, findings of the review, management's responses and recommendations on the following financial systems and procedures of the Shire.

Overall, the following results were obtained.

High Risk	Medium Risk	Low Risk
This is where an existing endorsed policy is not followed due to circumstances that may include a policy being out of date or the current procedures within the administration do not align.	This is where generally policy and procedures align but there may be occasional discrepancies	This is where policies and procedures align
0	6	17

The six medium risk matters relate to:

Sundry Debtors

Whilst there are few long-term outstanding debtors, the process should be more closely adhered to collect outstanding amounts in a more timely manner.

Rates Recovery

The rates recovery process is working well up to the point of the three year ruling coming into play. It would be beneficial to document the outsourced debt collection process and timelines to erase any confusion regarding the choices available to Council.

Purchasing Policy

Whilst the Policy is well documented, in practice timeliness and accuracy regarding raising purchase orders and detailing quotation information could be improved. The Executive Team are

aware that the process and training staff needs to be clearer going to a completely paperless system. This is being addressed.

Asset Management

The Policy commits the Shire to funding and resourcing assets requirements. The Policy categories will be updated shortly, and the Asset management Plan is under review. On adoption it will provide detailed replacement and management programs and how the funding will sourced.

Management of Council Records

This review of this Policy has highlighted the need for improvements regarding the available systems and their utilisation. Improvements in soft copies of documentation, file structure and naming conventions and training staff to ensure consistency and ease of accessing specific documents.

Consultation

Shire of Pingelly Audit and Risk Committee
Executive Management Team

Statutory Environment

Local Government (Financial Management) Regulations 1996

Division 5 CEO's duties as to financial management

Section (2) The CEO is to

(c) 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.

Policy Implications

Policy 2.7 Risk Management.

Financial Implications

There are no financial implications associated with the officer recommendation.

Strategic Implications

This matter is a statutory requirement.

Risk Framework

Risk:	Failure to monitor the Shire's ongoing internal controls and risks would impact the organisations obligations to achieve legislative compliance.		
Consequence Theme:	Compliance	Likelihood:	Minor
Consequence:	Some temporary non-compliance		
Likelihood Rating:	Rare	Risk Matrix:	Low (4)
Action Plan:	Review and endorsement of the Financial Management Systems and Processes Review in a timely fashion.		

Voting Requirements:

Simple Majority

Recommendation to Council:

That Council accept and endorse the Financial Management Systems and Procedures Review January 2024, finding and recommendations as presented, pursuant to Regulation 5 of the *Local Government (Financial Management) Regulations 1996*

Moved: _____ Seconded: _____

Shire of Pingelly

Financial Management Systems Review

Final Report 8 January 2024



Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to review, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate. We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the Shire of Pingelly management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. The review findings expressed in this report have been formed on the above basis.

First party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of Shire of Pingelly. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for Shire of Pingelly information, this review's report has been prepared by the Shire of Pingelly Chief Executive Officer.

DOCUMENT CONTROL

DOCUMENT CONTROL	
Shire of Pingelly Perth Office 17 Queen Street PINGELLY WA 6308	<p>Document: Financial Management Review 2024-Shire of Pingelly</p>
	<p>Project Manager: Andrew Dover CEO</p> <p>Author: Andrew Dover , Zoe Macdonald</p> <p>Date: 8 January 2024</p>
	<p>Synopsis: This final report for the Financial Management Systems Report (FMSR) for the Shire of Pingelly</p>

DISTRIBUTION SCHEDULE

Version No.	Date	Distribution	Reference
Version 1	08/01/2024		Draft Report
Version 2	14/02/2024		Final Report
Version 3			
Version 4			

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1.0 Executive Summary

The objective of the Financial Management Review (FMR) is to examine the appropriateness and effectiveness of the Financial Management Systems (Procedures) and the Policies of the Shire of Pingelly on behalf of the Chief Executive Officer (CEO) as Required by Regulation 5(2) (c) *Local Government (Financial Management) Regulations 1996*.

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer (CEO) to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years) and report to the local government the results of those reviews.

This review identified that the Shire of Pingelly has changed one member of the Executive team within the last year with the Executive Manager Works rejoining the team after a 12-month break at the time of this review. It should be noted that this executive is positively updating and changing several procedures, and this should be supported and encouraged.

It is the CEO's opinion that the Shire of Pingelly is currently in a positive state of change as the CEO and Executive team has embarked on an agenda to modernise process and procedures and (where possible) shift to electronic records rather than manual paper copies. This overall change agenda is being embraced by the staff and this review found all staff positive, helpful and actively suggesting improvements which demonstrates a good culture and is reflective of good leadership. It has also been formally recognized by the Auditor General in a commendation dated 23 August 2022 stating:

"Congratulations, we have recognised your entity as one of the 2021-22 inaugural best practice entities for timeliness and quality of financial reporting and controls.

This achievement acknowledges the performance of Shire of Pingelly across a number of criteria including the timely preparation for audit, high quality financial and maintenance of good financial management controls."

It is important to note that the Shire of Pingelly has (in previous years) created a major community cultural and sporting facility (PRACC) in recent years, with State funding, and this facility has the potential to be the centre of economic development for the Shire. The substantial short term loan component used to fund the building was repaid in December 2023. The Shire is working closely with the PRACC Board to ensure that a major development and growth business strategy and plan is being developed to build on this facility and attract significant revenue to the Shire and Pingelly.

The Shire has concentrated on using the available State and Federal Grant Funding in the last 2 years to facilitate capital projects outlined in the Strategic Community and Corporate Plan reducing the Shire funding to a minimum. This means that the Long-Term Financial Plan (LTFP) is potentially the key tool that will be maintained, and that Councillors are aware of. The LTFP will be used as a planning tool to show the impact of any future financial decisions so that Council can understand the impact of decisions going forward.

This review has identified improvement areas to the Shire's policies and procedures that are listed within the document along with the following key themes:

- Policies are key to Council delivery and need to supply a clear overall direction for the CEO but avoid becoming procedures. The positive change agenda means that changes to procedures have taken a structured approach in order of importance and relevance to Council activities and focus.
 - Updated Council Policies were adopted in May 2022 and a number of new policies were introduced throughout the year at subsequent Council meetings through to December 2023.

Overall, this review has identified a range of high-risk areas within the Shire, however these should be studied carefully as the above themes are the real reasons these are high risk, rather than any under performance by teams.

2.0 Scope

The objective of the Financial Management Review (FMR) is to examine the appropriateness and effectiveness of the Financial Management Systems (Procedures) and the Policies of the Shire of Pingelly on behalf of the Chief Executive Officer (CEO) as Required by Regulation 5(2) (c) *Local Government (Financial Management) Regulations 1996*.

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer (CEO) to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years) and report to the local government the results of those reviews.

The Financial Management Review covers the period 2022/2023 and results are to be reported to the Department of Local Government every three years as contained on this scope.

The report summarises the financial management policies review, findings of the review, managements response and recommendations on the following financial policies and procedures of the Shire of Pingelly.

During the report each policy was assessed to ensure they were compliance with the Strategic Corporate and Community Plan 2023.

The examination covered all policies relating to a financial matter for the Shire. The following policies were reviewed.

- 1.1 Fixed Assets Valuation, Capitalisation and Depreciation
- 1.2 Related Party Disclosures
- 2.7 Risk Management
- 4.5 Conference and Meeting Expenses
- 4.10 Councillor Training
- 5.1 Bank Account Signatories and Payments
- 5.2 Investment of Surplus Funds
- 5.5 Donations
- 5.6 Sundry Debtors Recovery
- 5.7 Rates Recovery
- 5.8 Self-Supporting Loans
- 5.9 Advances to Community Organisations
- 5.10 Pensioner and /Senior Concession on Non-Residential Properties
- 5.11 Purchasing
- 5.12 Minimum Rate Assessments on Shire Boundary
- 5.13 Asset Management
- 5.14 Corporate Credit Cards
- 5.15 Community and Events Grant Scheme
- 5.16 Sponsorship
- 5.17 Fuel Cards
- 5.18 Pingelly Industry Attraction Fund
- 5.19 Early and Reliable Incentive Sponsorship Policy
- 7.6 Buildings Owned by the Shire of Pingelly

- 7.11 Pingelly Museum Collection Management
- 7.14 Communications and Social Media
- 9.1 Management of Council Records
- 10.7 Shire Housing – Water Usage
- 10.8 Gratuity Payments to Employees
- 10.16 Chief Executive Officer Annual Performance Review
- 10.18 Staff Housing

The examination also covered other matters including:

- Minutes of Council meeting to ensure compliances with relevant Legislation and Regulations
- The Shire of Pingelly Organisational Structure
- The Shire of Pingelly Strategic Corporate and Community Plan
- The Shire of Pingelly Delegation Register 2023

Note that this examination did not include the Shire of Pingelly Standing Orders Local Laws 2017, as it is anticipated that this document will be replaced by standard standing orders through the State Government's reform agenda.

3.0 Health Chart

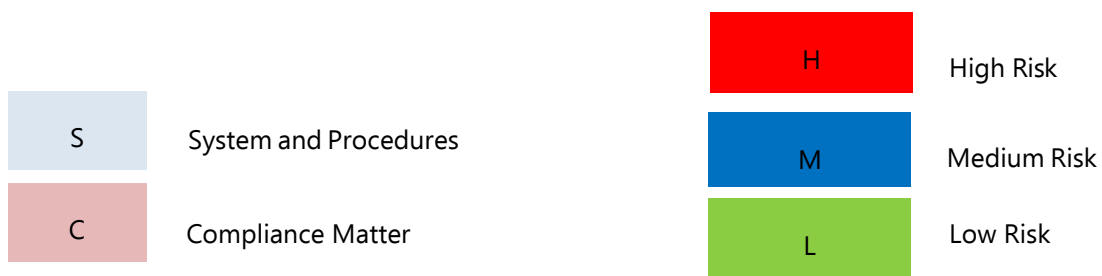
This risk analysis is based on the following 3 categories:

High Risk: This is where an existing endorsed policy is not followed due to circumstances that may include a policy being out of date or the current procedures within the administration do not align.

Medium Risk: This is where generally policy and procedures align but there may be occasional discrepancies.

Low Risk: This is where policies and procedures align.

Key



Policy	Ref	Nature	Risk
Fixed Assets Valuation, Capitalisation and Depreciation	1.1	S	M
Related Party Disclosures	1.2	S	L
Risk Management	2.7	S	M
Conference and Meeting Expenses	4.5	S	L
Councillor Training Policy	4.10	S	L
Bank Account Signatories and Payments	5.1	S	L
Investment of Surplus Funds	5.2	S	L
Donations	5.5	S	L
Sundry Debtors Recovery	5.6	S	M
Rates Recovery	5.7	S	M

Policy	Ref	Nature	Risk
Self-Supporting Loans	5.8	S	L
Advances to Community Organisations	5.9	S	L
Pensioner and Seniors Concession on Non-Residential Properties	5.10	S	L
Purchasing Policy	5.11	S	M
Maximum Rate Assessments on Shire Boundary	5.12	S	L
Asset Management	5.13	S	M
Corporate Credit Cards	5.14	S	L
Community Grant Scheme	5.15	S	L
Sponsorship Policy	5.16	S	L
Correct Usage of Shire Fuel Cards Policy	5.17	S	L
Pingelly Industry Attraction Fund	5.18	S	L
Early and Reliable rates Incentive Sponsorship	5.19	S	L
Buildings Owned by the Shire of Pingelly	7.6	S	L
Pingelly Museum Collection Management	7.11	S	L
Communications and Social Media	7.14	S	L
Management of Council Records	9.1	S	M
Shire Housing-Water Usage	10.7	S	L
Gratuity Payments to Employees	10.8	S	L
Chief Executive Officer Annual Performance Review	10.16	S	L
Staff Housing	10.18	S	L

4.0 Policies examined with detailed observation & comments

Policy 1.1 Fixed Assets Valuation, Capitalisation and Depreciation

Review & Adoption

This is reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

The staff were interviewed on the fixed asset approach including controls over asset valuation/ revaluation, capitalisation and depreciation including disposal of assets, updating the fixed asset register, depreciation ratios and reconciliation of the fixed asset register to the general ledger.

Findings

Asset group descriptions and lifecycle ages are now standardized in line with the Asset Revaluation Report conducted and depreciation rates are to be updated to reflect those presented in the Annual Financial Report. The detail of roads infrastructure assets is held in the RAMMS Program. The Asset Management Plan (AMP) reports detail, where the policy reports at a higher level.

- This policy (page 2) lists several asset groups from sealed roads, streets through to drainage.
- The asset names are different between the AMP (page 24) and those used in the policy, but the categories remain the same.
- Asset lifecycle estimated number of years will be aligned to match in both the policy and the AMP in line with the Annual Financial Report. (AFR)

The procedure within the Shire applies a system of the Asset Register recording assets of above \$5,000.00

Minor Equipment. Under \$5,000 is captured in a register as defined in the Policy.

The policy needs a minor upgrade of depreciation rates in line with the AFR.

Overall Finding-Medium risk

The Shire has improved policy updates and revisions and are mindful to align policies processes and procedures on an on-going basis.

This will involve an alignment of the naming of the asset group types, a standard agreed life span of individual asset types (e.g.: pavements- 80 years) that will be listed in the policy and reflected in the Asset Management Plans in the next review.

Required Improvements

1. This policy is update and adopted by Council at the earliest opportunity.
2. Asset group descriptions and lifecycle ages need to be standardised between the policy and the Asset Management Plan (AMP).
3. The policy to refer to asset types potentially being in a range of relevant AMP's.
4. Under the related documents section of the policy, the following documents need to be listed.
 - Policy 5.13 Asset Management; and,
 - The Asset Management Plan (AMP).

Policy 1.2 Related Party Disclosures

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 15th July 2020.

Background

The relevant staff supplied the example information on this policy and a selection of 'related Party Disclosures' were examined.

Findings

The policy has a few minor errors to be changed on wording.

- 3.1 – to add clarity of understanding please change second bullet point – add KMP abbreviation after the word personnel.
- 4.1 – The title should read 'For Related Party Disclosures' – e.g. remove the word Procedure as this is not a procedure.
- 4.4 – First Bullet point – adjust spacing on word 'Paying'.

Councillor, CEO and staff Related Party Disclosures have been sampled and are aligned to the policy.

Storage of Related Party Disclosures are within the strongroom.

Overall Finding–Low Risk

On review of related party disclosures and the procedures this was found to be compliant with policy.

Recommended Improvements

The policy has a few minor errors to be changed on wording.

1. 3.1 – to add clarity of understanding please change second bullet point add KMP abbreviation after the word personnel.
2. 4.1 – The title should read 'For Related Party Disclosures' – e.g. remove the word Procedure as this is not a procedure.
3. 4.4 – First Bullet point – adjust spacing on word 'Paying.'

Policy 2.7 Risk Management

Review & Adoption

This should be reviewed three yearly and was last adopted by Council on 18th May 2022.

Background

Risk Management was part of most interviews across the organisation to gain an understanding and evidence of how risk management is understood and being applied.

Findings

This has been raised and defined with Council as per part 4.4.2 of the policy. There is a well-defined and document framework.

The risk management framework is not yet embedded across all staff (This has resulted in certain areas adopting their own approach to this as the staff all believe it is important). This is common as a risk management approach is rolled out across the Shire and the Executive team are aware of this.

An Audit and Risk Committee exists and consists of all Councillors and these meetings have been minuted and have been reviewed.

Overall Finding-Medium risk

This review has found that there has been good work to define the Risk Management Framework by the Executive and the team have a general understanding. There still needs to be further work on communicating the framework and ensure all staff are applying this on a consistent basis. It was found that this is understood by the executive, but this is still classed as high risk until this has been completed.

Note: Complete would be when staff are able to articulate or show the agreed risk framework and demonstrate where this has been used.

Required Improvements

1. There needs to be a 'common sense' program of education and crosschecking that the risk management framework is being used along with reporting to supply evidence of this policy being implemented.

Policy 4.5 Conference and Meeting Expenses

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

Conference and meeting expenses is generally managed by the CEO's EA.

Findings

The EA handles all enquiries, conference and meeting expenses are either covered by the individual Councillor's quarterly allowances or when requested they are checked against available budget and agreed or not. If purchasing training this is organised through a purchase order. There are no typical other expenses claimed.

On review of this policy the content makes it clear that this is for Councillor conference and meeting expenses.

Overall Finding–Low Risk

This review that the policy and the procedures align and are compliant.

Policy 4.10 Councillor Training Policy

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

Councillor training is managed by the CEO's EA.

Findings

There is a Councillor training register maintained by the EA. Each time a Councillor has completed a training module it is emailed to the EA of the CEO for recording and storage.

The induction manual for new or existing Councillors is a WALGA document given to Councillors to reference and understand their obligation.

Overall Finding-Low Risk

This review find the Shire is low risk and improvement shave been implemented since the last review.

Policy 5.1 Bank Account Signatories and Payments

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

Reviewed via discussions and identification of the 'any two from four signatories.'

Findings

This policy is to ensure that all payments made by the Shire has 2 authorised officers that need to sign off on any payments the Shire makes from its bank account.

The policy appears to be maintained to and that at least 2 of the 4 authorised officers are signing off on Payments. The 4 officers are the CEO, the Executive Manager of Works, the Executive Manager of Corporate Services and the Senior Finance Officer.

Bank reconciliations are completed daily, and end of month reconciliations are signed as approved by the Executive Manager of Corporate Services.

Overall Finding-Low Risk

This review that the policy and the procedures align and are compliant.

Policy 5.2 Investment of Surplus Funds

<p>Review & Adoption</p> <p>This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.</p>
<p>Background</p> <p>This was examined via discussions with officers including the Executive Manager Corporate Services and staff.</p>
<p>Findings</p> <p>This policy has been complied and adopted. There is register of investments maintained by the Senior Finance Officer. The summary also appears on the monthly financial reports.</p>
<p>Overall Finding–Low risk</p> <p>This review has found that this is currently being complied with.</p>

Policy 5.5 Donations

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18 May 2022.

Background

This was reviewed through discussion and recent records.

Findings

Although there are no such activities recently the staff are aware of the policy requirements, there are only contributions made towards the rates incentive prize as covered by Policy 5.19 Early and reliable rates incentive sponsorship.

Overall Finding–Low Risk

This Review found the procedure was well understood and aligned with policy but is rarely used.

Suggested Improvements

1. The Shire may consider changing this to a procedure rather than a policy.

Policy 5.6 Sundry Debtors Recovery

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

After discussions with staff involved there appears to be some areas that whilst documented clearly in the policy are not being followed. More regular checks to be made on a monthly basis.

Findings

The register for this is referred to as 'end of month debtors' statement.'

The procedure being followed align to the policy has been aligned to allow delegated officers to issue a notice of summons and negotiate payment terms. The Exec Manager of Corporate Services signs is authorised to give notice of the intent to commence legal action. Timeframes were adjusted to ensure more timely follow ups and recovery

This review has found that whilst the majority of debts are recovered the policy is not strictly being adhered to.

Overall Finding-Medium risk

Required Improvements

1. Management should ensure strict adherence to the policy.

Policy 5.7 Rates Recovery

<p>Review & Adoption</p> <p>This should be reviewed bi-annually and was last adopted by Council on 21st September 2022.</p>
<p>Background</p> <p>After discussion with key staff, it appears that this policy is being followed with the policy changes adopted, using the delegated authority from the CEO.</p>
<p>Findings</p> <p>The policy is clear to the point of reaching the point of rates debt collection over 3 years.</p>
<p>Overall Finding-Medium risk</p> <p>Required Improvements</p> <ol style="list-style-type: none">1. The policy should reference the ruling regarding recovering rates over 3 years or more for clarity.

Policy 5.8 Self Supporting Loans

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

Limited volume of these due to financial position.

Findings

There is only 1 self-supporting loan, and this is with the Pingelly Somerset Alliance.

This loan is managed by West Australian Treasury Corporation and a statement is forward to the Shire each month for monitoring and recording. The loan payments and associated guarantee fees are processed through debtor's invoices as they become due and payments have been made on behalf of the Pingelly Somerset Alliance.

Overall Finding-Low Risk

This review has found that this is currently being complied with.

Policy 5.9 Advances to Community Organisations

<p>Review & Adoption</p> <p>This should be reviewed bi-annually and was last adopted by Council on 19th July 2023.</p>
<p>Background</p> <p>This policy deals with short term advances to community groups, however not used due to lack of financial resources.</p>
<p>Findings</p> <p>It exists and is known but there have been no requirements to use this policy.</p>
<p>Overall Finding-Low Risk</p> <p>This policy provides good guidance to Council and staff, ensuring a consistent approach would be if the circumstances arose.</p>

Policy 5.10 Pensioners and Seniors Concessions on Non-Residential Properties

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

The Policy states how the application is made and the requirements. It does not state who is responsible for approval of the concessions. As there is no discretion required, it makes the assumption that if eligible then the application would be approved.

Findings

There is no reporting process required for this policy, the Shire is notified by Water Corp as who has been approved for any concessions, once a form has been received to the Shire from Water Corp the officer in charge of rates updates the properties rating assessment. No approvals required from Council as this is directed from Water Corp.

Pensioners receive 50% and Seniors receive 25% discount.

Related documents need to reflect *Rates and Charges (Rebates and Deferment) Act 1992*.

Overall Finding-Low Risk

This review has found that this is currently being complied with.

Required Improvements

1. It is recommended that the Related Documents needs to be updated to have *Rates and Charges (Rebates and Deferment) Act 1992* as a related document.

Policy 5.11 Purchasing Policy

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

This policy and procedures were examined by reviewing a selection of procurement.

Findings

The policy was examined by interviewing relevant staff and their understanding of the purchasing policy.

The knowledge across with all staff was aligned to the policy and the online system for all purchase orders. There is also a good understanding of when to use preferred supplier panels.

Of the purchase orders reviewed a small percentage were found to not have the details recorded of who verbal quotes (or written) were obtained from.

Overall Finding-Medium risk

The procedures are well understood and align to the policy however 10% of the purchase orders reviewed have the quote type box ticked but have not been completed with the names of suppliers of who's quotes have been received. It should be noted that this is known and being addressed by Executives.

Required Improvements

1. On the policy related documents section, it needs to include *Local Government (financial management) regulations 1996*.
2. There should be a regular check on all procurement to ensure that staff always complete the details of relevant quote information.

Policy 5.12 Minimum Rate Assessments on Shire Boundaries

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

This policy is relevant to properties whose land is within two or more Shires.

Findings

Application for this needs to be in writing to the CEO. There is currently only one property this applies to in the Shire.

Overall Finding-Low Risk

This review has found that this is currently being complied with.

Policy 5.13 Asset Management

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

This was examining the way the Shire approaches Asset Management by interviewing staff.

Findings

Asset management is currently split between transport infrastructure and buildings which are handled in different ways.

The policy commits the Shire to funding and resourcing all requirements which is reviewed as part of the Budget and Budget Review process do due to funding constraints. It can be assisted where grants become available.

The current policy has been changed to reflect the asset management being developed and managed within the Asset Management Plan and Long Term Financial Plan. The detail in the plans reflects the immediate, medium and long term renewal and maintenance gaps and how they are addressed and financed.

The policy does reflect the need for Whole of Life costs description and add that all asset decisions taken to Council.

Overall Finding-Medium risk

This review has found that this is currently being complied with.

Policy 5.14 Corporate Credit Cards

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

The Executive Manager of Corporate Services reported there are only 3 Credit Cards being used.

Findings

Use of the credit cards is tracked by the approved officers. These being the CEO, Executive Manager of Works and the Executive Manager of Corporate Services.

Each officer must complete a credit card use form and provide tax invoices or receipts when using a credit card. Every Statement is authorised by either the CEO for Executive Manager's cards or the Shire President for the CEO's card.

The credit card payments are included in the agenda report with details in the attachments with itemised expenses.

Overall Finding-Low Risk

This review has found that this is currently being complied with.

Policy 5.15 Community & Events Grants

Review & Adoption

This should be reviewed three yearly and was last adopted by Council on 19th July 2020.

Background

This was discussed with the Community Development Officer.

Findings

There is a strict procedure for this that is followed up by the Community Development Officer.

The applicant must apply form to the Shire. The officer then reviews this for alignment to Council priorities to ensure it meets community outcomes and required benefits. The officer then prepares an agenda item to go to Council with a recommendation to approve or not.

Overall Finding-Low Risk

This review has found that this is currently being complied with.

Policy 5.16 Sponsorship Policy

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

After a discussion with the appropriate officers, it appears there is limited time the Shire have asked for sponsorships. This generally occurs around the time of large events.

Findings

There appears to be limited times the Council have needed sponsorship for events. One of the most recent sponsorships is the FAM Festival 2023

This policy is generally handled by the Community Development Officer who follows the correct procedure for this policy.

This policy is quite lengthy but is broken down to short paragraphs.

Overall Finding-Low Risk

This review has found that this is currently being complied with.

Policy 5.17 Fuel Cards

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

The policy is clear but omits details on the financial supports being provided and where signatures are required. Pin numbers for each card secure the misuse of the card. Where fuel is dispensed from the depot bowser, each vehicle has a fob that allows fuel to be withdrawn on entering the plant number and odometer readings for the vehicle.

Findings

The policy is clear but omits details on the financial supports being provided.

Overall Finding–Low Risk

This review has found this area to be low risk, the policy to state the provision of tax receipts for all fuel purchases made. These are to be provided the support the tax invoice or statement from the current fuel supplier. Policy amendment to be proposed.

Policy 5.18 Pingelly Industry Attraction Programme

Review & Adoption

This Policy was a new policy adopted by Council on 21 September 2022. It should be reviewed bi-annually.

Background

This Policy was created to stimulate the local economy in Pingelly and outlined how the Shire were to support the process and the structure and form it was to take.

Findings

This Policy has had one applicant apply and succeed in receiving Council funding.

Overall Finding–Low Risk

Note: The funding is budgeted each financial year and may or not be utilised and granted.

This review has found that this is currently being complied with.

Policy 5.19 Early and Reliable Rates Incentives Sponsorship Policy

Review & Adoption

This Policy was a new policy adopted by Council on 19 April 2023. It should be reviewed bi-annually.

Background

This policy was developed to provide clarity on the Rates prizes offered by the Shire to encourage prompt payment of rates to a wider range of rate payers.

Findings

The awards were well received and appreciation for those unable to pay their rates in full, but who adhered to the full payment in full of their rates debt by 30 June.

Overall Finding–Low Risk

This review has found that this is currently being complied with.

Policy 7.6 Property Leased to Community Groups

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 15th July 2020.

Background

This policy is about the conditions that apply when hiring out a Shire building to a community group (such as a lease or similar).

Findings

The Shire has a number of peppercorn leases in place for buildings to include the RSL Hall, Pingelly Garden group, Childcare groups and the Museum Committee. As buildings become available, community groups are encouraged to use the Shire property. Most buildings are utilised on a part time basis.

Overall Finding–Low Risk

This review has found that this is currently being complied with.

Policy 7.11 Pingelly Museum Management

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

The Shire now has a Museum Committee that have taken ownership and control over the Museum Collection.

Findings

Some of the Councillors are members of the Museum Committee.

Other than being responsible for the insurance of the items in the museum the Shire has no other financial ties to this museum.

The arrangement with the Museum Committee is by way of MOU and a small amount of administration.

The Shire's only responsibility is to pay the insurance on this facility and maintenance and upgrades as agreed in the Council Annual Budget.

Overall Finding–Low Risk

This review has found that this is currently being complied with.

Policy 9.1 Management of Council Records

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

Reviewed through interviews with staff.

Findings

This is to ensure that all Shire records are managed correctly as per the policy.

- There is no one person responsible for managing the Shires records, all officers are responsible for managing their own record keeping.
- Each of the Executive team are responsible for ensuring all records are completed correctly.
- Related Documents needs to be updated to add *Freedom of Information ACT 1992* *general Disposal Authority for Local Records and Local Government Act 1995*.

Elected Members

All elected members do not create, collect and retain their own records relating to their role. They do periodically deliver to the CEO, originals or copies. As a result, there is no approach to recording or storing them at the Shire other than copies of emails being received by the EA.

The Shire Executive's understand document management and storage is not currently effective, and they are developing a record keeping and retention procedure for approval by state.

Currently most documents and records are stored within Synergy by Executives and Managers however this is not adhering to a set procedure.

Security of Records

The review identified that the records storage area and the strong room is in a separate area, The strong room is locked and only unlocked and relocked after the it has been accessed.

Overall Finding-Medium risk

The Executive team are aware of the issues around the historical records management approach and are actively developing a revised procedure. This is a positive approach, however at the time of this review the measurement is against the existing procedure. As a result, the current approach does not align to the policy and the draft improvements should be agreed and implemented as soon as possible.

In addition, this review found that access to document storage and the strong room was not clearly controlled. (it should be noted that this is a small Shire team) and a security procedure should be developed that is relevant to daily activities and document security.

Required Improvements

1. Create a new records storage and management procedure and train all staff.
2. Identify the volume of work required to bring stored records and information up to date to comply and gain Council approval to resource and action this.

Create a new document storage and strongroom security procedure and implement it.

Policy 10.7 Shire Housing – Water Usage

<p>Review & Adoption</p> <p>A review was undertaken, and the policy updated and adopted on 18 May 2022.</p>
<p>Background</p> <p>Reviewed through interviews with staff.</p>
<p>Findings</p> <p>This is being reviewed but the current process is compliant with existing policy.</p>
<p>Overall Finding–Low Risk</p> <p>This review has found that this is currently being complied with.</p>

Policy 10.8 Gratuity Payments to Employees

Review & Adoption

A review was undertaken, and the policy updated and adopted on 18 May 2022.

Background

This is to outline the Shire's policy on gratuity payments to employees.

Findings

This policy is in place, only one gratuity payment has occurred this year with the retirement of a long serving staff member.

Overall Finding–Low Risk

This review has found that this is currently being complied with.

Policy 10.16 Chief Executive Officer Annual Performance Review

<p>Review and Adoption</p> <p>A review was undertaken, and the policy updated and adopted on 18th May 2022.</p>
<p>Background</p> <p>This is to ensure that all processes are followed throughout this policy.</p>
<p>Findings</p> <p>Interviewing the CEO and a fully compliant process is followed that reflects the policy.</p>
<p>Overall Finding-Low Risk</p> <p>This review has found that this is currently being complied with.</p>

Policy 10.18 Staff Housing

Review & Adoption

This should be reviewed bi-annually and was last adopted by Council on 18th May 2022.

Background

This is to ensure that all staff housing processes are correctly administered.

Findings

It has been found that there are only 3 houses currently being leased by Shire officers.

There is a tenancy agreement for a staff member employed under the EBA, and 2 staff members where housing forms part of the CEO and Executive Manager of Works contract.

There have been no bonds required for these tenancies, despite it being stated in 12.5 of the policy for the current tenancy agreement, at the discretion of the Executive Manager of Corporate Services.

The gardens of these properties are maintained in full by the Shire, the tenant is only required to ensure the gardens are watered.

The properties are inspected as soon as possible after a tenant has vacated the property. If there is any damage or carpets did not get clean the tenant will receive a bill for this.

Overall Finding-Low Risk

The policy update gives a comprehensive guideline to staff housing that has been followed with the one exception regarding the bond.

4.1 Potential Policies to be Created/Updated

This review has identified that the Shire has two key policies Reviewed/Updated that should be developed.

1. Occupational Health and Safety (since recent 2024 changes to legislation).
2. An IT Policy on IT security and care. To include personal devices

4.2 Other areas examined

This review gathered evidence from staff interviews, procedures and evidence of activities. The review was also supported by the following sources:

- Minutes of Meetings
- Budget
- Local Government (Audit) Regulation 17 Review 2019
- Delegation Register
- Standing Orders – Local Laws 2017
- Published Policy Manual on the Shire website as of 18th May 2022, and subsequent adopted policies.

5.0 Conclusion

The Financial Management Review did not identify any significant issues relating to the Shire's Financial Management Systems and Procedures. The review has identified some process improvement opportunities that will be implemented to further enhance the Shire's control environment and improve operational efficiency.

8.3 Report on Audit Regulation 17

File Reference:	ADM0074
Location:	Not Applicable
Applicant:	Not Applicable
Author:	Chief Executive Officer
Disclosure of Interest:	Nil
Attachments:	Reg 17 Review Report – 31 January 2024

Summary

The Shire of Pingelly Audit Committee is requested to accept the Report outlining the review pursuant to Regulation 17 of the Local Government (Audit) Regulations.

Background

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance. The results of the review are to be reported to the Audit Committee for review and deliberation, prior to endorsement by Council.

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

The last report in relation to this matter was presented to Council in February 2021.

Comment

The review was conducted during as of 31 January 2024, with the resulting report attached. The findings noted systems and processes supporting risk management, internal control and legislative compliance to be largely in place.

The report make the following recommendations for improvement:

1. Include the Risk Management Framework into the Employee Induction Manual and Elected Member Induction Manual.
2. Executive Staff to review the Risk Register to ensure risks are addressed and closed out, or to be communicated Council to monitor the risk status of the Shire.
3. Establish a misconduct, fraud and theft procedure to be followed if these risks were to eventuate.
4. Continue training and cross training staff and provide opportunities to increase staff's networks to draw upon existing expertise at a regional level.
5. Implement a twice yearly internal control review and a subsequent report to the Audit and Risk Committee.

The 2024 Review is a significant improvement on the 2020 Review across all 3 categories which demonstrates the improvements made as a result of the 2020 Review and the joint commitment and teamwork of both staff and Councillors for overall improvement.

The systems and processes are largely appropriate and effective with some improvements to be made in a number of areas. These improvements are aimed at achieving best practice and aiming higher in the overall governance of the Shire of Pingelly.

Consultation

Audit and Risk Committee

Statutory Environment

Regulation 17 Local Government (Audit) Regulations 1996

Policy Implications

There are no policy implications arising from this report.

Financial Implications

No financial implications arise from the recommendation.

Strategic Implications

This matter is a statutory requirement.

Risk Framework

Risk:	Failure to endorse the Regulation 17 Review will lead to a non-compliance with the <i>Local Government (Audit) Regulations 1996</i> .		
Consequence Theme:	Compliance	Likelihood:	Minor
Consequence:	Some temporary non-compliance		
Likelihood Rating:	Unlikely	Risk Matrix:	Low (4)
Action Plan:	Review and endorsement of the Regulation 17 Review in a timely fashion.		

<p>Voting Requirements: Simple Majority</p> <p>Recommendation to Council:</p> <p>That Council accept and endorse the review of the appropriateness and effectiveness of the systems and procedures in relation to risk management, internal control, and legislative compliance, pursuant to Regulation 17 of the <i>Local Government (Audit) Regulations 1996</i>.</p> <p>Moved: _____ Seconded: _____</p>
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Shire of
Pingelly

Reg17 Review 2024

Background

The Local Government Act 1995 (the Act) requires that all local governments establish an Audit and Risk Committee. This Committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the audit functions.

Regulation 17 of the Local Government (Audit) Regulations 1996 was included in the Regulations on 26 June 2018. This has become known as the 'Reg 17 Review'. This amendment introduced the requirement for the Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- risk management;
- internal control; and
- legislative compliance.

There are no mandatory or minimum requirements for conducting the Reg 17 review, therefore, the review has not been exhaustive in its scope or extent, but rather been conducted from a strategic and whole of organisation perspective.

Review Process 2024

The Executive Management Team conducted a desktop review of the Shire's policies, procedures and processes as of 31 January 2024.

Policy means an adopted Policy of Council. Policies typically describe what is to be done. Staff must comply with policies.

Procedure means a documented, often a step by step established way of doing something. It relates to how things should be done.

Process means an often undocumented but accepted way of doing something.

An audit tool has been developed by a previous consultant to assess and report on the internal environment, functions and procedures, and to support organisational development and continuous improvement. This audit tool has continued to be used to demonstrate consistency.

Internal Audit Outcomes

There has been a change of personnel in the Executive Management Team since the previous Reg 17 Review. However, the results of the previous review have been instrumental in the continued improvement and development of appropriate controls, resulting a significantly improved result.

1. Risk Management

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. A good audit committee practices in monitoring internal control and risk management programs

1.1 Risk Management Systems and Processes

1. Risk management systems and process	2020 Results	2024 Results
Unsure / Not in place	3 – 20%	0 – 00%
Developing	2 – 13%	0 – 00%
Implemented	7 – 47%	2 – 13%
Monitored / Reviewed	3 – 20%	13 – 87%

The Shire demonstrates a commitment to risk management and monitoring, but acknowledges that the management of risk requires constant consideration at all levels within the organisation and that ongoing reinforcement and training are required to maintain and improve on existing controls.

Documentation is in place and is regularly reviewed including Risk Management Policy, Risk Management Framework, Business Continuity Plan and Disaster Recovery Plan. Processes are also in place including consideration of risk as a part of Council Agenda items, during staff meetings and ongoing identification of risk.

The following controls has been identified for ongoing improvement:

1.1.2: Does the Shire have an organisational wide risk management framework in place?

An effective Risk Management Framework is in place, it is used and has been communicated to Council. Improvement is recommended in the communication of the framework and its relevance to staff in relation to their own working environment. This can be achieved by including the Framework into the Employee Induction Manual and Elected Member Induction Manual.

1.1.3: Does the Shire have a risk register that is regularly reviewed to ensure that risks are addressed and closed out?

The formal Risk Register has been implemented, however is required to be regularly reviewed by Executive Staff. These regular reviews are required to ensure risks are addressed and closed out, or to be communicated Council to monitor the risk status of the Shire.

1.2 Determining and Managing Material

1.2 Determining and Managing Material Risks	2020 Results	2024 Results
Unsure / Not in place	0 – 00%	0 – 00%
Developing	1 – 7%	1 – 7%
Implemented	8 – 62%	0 – 00%
Monitored / Reviewed	4 – 31%	12 – 93%

The Shire has appropriate systems and processes in place in the main. These processes have been re-examined and strengthened as a result of misconduct, fraud and theft in another local government by an ex-employee. This included minimising the number of officers that can sign purchase orders and ensuring cross checks are in place with regard to all financial matters. There is only one section that is still in development relating to misconduct, fraud or theft.

The Work Health and Safety Act 2020 has been enacted which has also highlighted this area. A new WHS system has been enacted for outside staff which ensures that suitable policies are in place, training is provided and equipment is fit for purpose.

The following control has been identified for ongoing improvement:

1.2.4: Is there a process in place to identify misconduct, fraud or theft risks that includes monitoring, review and a treatment plan should they eventuate?

There is a policy in place and a number of processes in place to identify misconduct, fraud and theft risks. These are monitored and reviewed regularly. However, no established misconduct framework is in place which details the procedure to follow if these risks were to eventuate.

2. Internal Control

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government. An effective and transparent internal control environment is built on the following key sections:

- integrity and ethics.
- policies and delegated authority.
- levels of responsibilities and authorities.
- audit practices.
- information system access and security.
- management operating style.
- human resource management and practices.

Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

2. Internal Control	2020 Results	2024 Results
Unsure / Not in place	1 – 5%	0 – 00%
Developing	2 – 10%	0 – 00%
Implemented	15 – 71%	3 – 14%
Monitored / Reviewed	3 – 14%	18 – 86%

Overall, the Shire's policies and governance framework are fit for purpose with a substantial review carried out in May 2022 arising from the Reg 17 and Financial Management Systems Reviews, coupled with an internal staff review. The Executive Management Team are committed to continuous improvement of the governance framework and staff are conscious of their requirements. The annual audit reviews both financial practices and the end of financial year report. The Shire has achieved a clean audit for both the 2021/2022 and 2022/2023 financial years. This means that there is no action that the Office of the Auditor General wishes has for the Shire to take.

The following controls has been identified for ongoing improvement:

2.4: Are all staff qualified and trained in the area of their principal responsibility?

Several staff have multiple responsibilities. As such it takes some time for staff to be qualified and trained in all areas that could be defined as the area of their principal responsibility. This is an ongoing process and is likely to continue as staff turn over. Efforts have been made to increase staff's networks to draw upon existing expertise at a regional level.

2.6: Are regular internal audits carried out?

The Reg 17 and Financial Management Systems reviews are carried out every 3 years the relevant regulations. The Compliance Audit Return is completed annually. These reviews are the prevalent internal audit for smaller local governments with no resources for an internal auditor as a member of staff.

2.10: Is there a process to review the effectiveness of internal controls?

Internal controls are peer reviewed within the Executive Management Team and discussed regularly at Executive Management meetings. Internal controls are also compared with other local governments which the Executive Management Team considers to be leaders within their respective fields. However, there is no comprehensive review process in place. It is suggested that that a twice yearly internal control review and a subsequent report to the Audit and Risk Committee (see question 3.5) is implemented.

3. Legislative Compliance

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices with a regard to monitoring compliance programs.

3. Legislative Compliance	2020 Results	2024 Results
Unsure / Not in place	1 – 10%	0 – 00%
Developing	1 – 10%	0 – 00%
Implemented	5 – 50%	2 – 20%
Monitored / Reviewed	3 – 30%	8 – 80%

The Shire is demonstrating good governance intent, processes, and oversight in this area in the main. There are a few areas that can demonstrate continuous improvement. The external audit for the Shire of Pingelly has produced exceptional results over the past 2 years, indicating a high level of legislative compliance.

The following controls has been identified for ongoing improvement:

3.5: Is there a process that gives the Audit Committee assurance that adverse trends are identified and reviews management's plans to deal with these?

The Reg 17 and Financial Management Systems Reviews and ad hoc periodical reviews take place as necessary through the year, combined with direct discussion between the Auditors and Council/Committee at least annually. This is the standard approach taken by a local government of this size. However, it is suggested that a twice yearly internal control review and a subsequent report to the Audit and Risk Committee is implemented.

Summary

The overall finding from the 2020 Reg 17 Review found:

“In carrying out this audit I find there is a seamless level of transparency between the Council and the Executive Officers in governance and operations with a commitment to support and further develop emerging risk management systems and processes that will support and inform decision making into the future. There are improvements to be made in communication and tailoring of risk management processes to departmental levels and to individual employees, and the development and implementation of risk management tools and systems.

Council and Senior staff and Council show commitment to legislative compliance and continuous improvement. The Shire continues to improve in a manner that is remarkable given its workforce size that is a testament to the good leadership group and the diligent staff. Commitment and teamwork are evident between the Council, executive and general staff.

I find the systems and processes supporting internal control and legislative compliance to be in place in the main and seem well communicated. The audit committee should review progress of improvement at a minimum of twice a year, and the Council and Executive will deal with relevant issues as they arise.”

The 2024 Review is a significant improvement on the 2020 Review across all 3 categories which demonstrates the improvements made as a result of the 2020 Review and the joint commitment and teamwork of both staff and Councillors for overall improvement.

The systems and processes are largely appropriate and effective with some improvements to be made in a number of areas. These improvements are aimed at achieving best practice and aiming higher in the overall governance of the Shire of Pingelly.

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions. The audit tool has been developed to assess and report on the internal environment, functions and procedures, and to support organisational development and continuous improvement. The audit is to be viewed in conjunction with Section 7 (Internal Control Framework) of the Western Australian Local Government Accounting Manual which provides guidelines on specific sections of controls to review.

This is the second audit of this type. The first was conducted on 18/11/2020 externally. The results of this first audit are retained in the below tables shaded grey. Where a line has no shaded grey, this means that the results of the first audit are the same as this audit.

1.	Risk Management	Unsure / Not in place	Planned	Developing	Implemented	Monitored / Reviewed
Internal control and risk management systems and programs are a key expression of a local government’s attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs						
1.1	Risk Management Systems and Processes					
1.1.1	Does the Shire have a Risk Management Policy, with formal risk appetite and tolerance levels included?					
1.1.2	Does the Shire have an organisational wide risk management framework in place?					
1.1.3	Does the Shire have a risk register that is regularly reviewed to ensure that risks are addressed and closed out?					
1.1.4	Is there risk management policy communicated to all current staff, and included in induction processes?					
1.1.5	Has responsibility for risk management been included in the organisational structure with responsibility assigned?					
1.1.6	Are risks considered, evaluated and reviewed in the strategic planning processes?					
1.1.7	Are material operating risks appropriately considered in the Shire?					
1.1.8	Does risk management form part of the Council agenda item requirements?					
1.1.9	Is risk management an agenda item at staff or stakeholder meetings?					
1.1.10	Is risk management a key performance indicator on all senior management position descriptions?					
1.1.11	Does the Shire have a regular risk identification, review and reporting process overseen by senior management?					
1.1.12	Does the Shire have a business continuity plan?					
1.1.13	Is the Business Continuity Plan tested from time to time?					
1.1.14	Does the Shire have a Disaster Recovery Plan?					
1.1.15	Is the Disaster Recovery Plan tested from time to time?					

1.2 Determining and Managing Material Operating Risks						
1.2.1	Does the Shire have a system or processes to ensure compliance with Legislation, Regulations. Standards and Shire Policies?					
1.2.2	Does the Shire have a process to address accounting judgements or estimates that prove to be wrong?					
1.2.3	Does the Shire have a formal process to deal with legal claims and litigations?					
1.2.4	Is there a process in place to identify misconduct, fraud or theft risks that includes monitoring, review and a treatment plan should they eventuate?					
1.2.5	Does the Shire have systems and processes to prevent or uncover misconduct, fraud and theft?					
1.2.6	Does the Shire have systems in place to address Work Health and Safety risks?					
1.2.7	Does the Shire have systems in place to address environmental risks?					
1.2.8	Does the Shire have systems and processes in place to address business risks?					
1.2.9	Does the Shire have a process to manage insurable risks and ensure the adequacy of insurance?					
1.2.10	Does the Shire have formal processes to review the effectiveness of the internal control systems with management, internal and external auditors?					
1.2.11	Does management have controls in place for unusual types of transactions or transactions that may carry more than acceptable degrees of risk?					
1.2.12	Does the Shire have a formal tenders and procurement system and process in place with a focus on probity and transparency of policies and procedures?					
1.2.13	Does the Shire have a process / checklist approach to ensure the tenders and procurements policies and processes are being applied at all times?					

2.	Internal Control	Unsure / Not in place	Planned	Developing	Implemented	Monitored / Reviewed
<p>Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government. An effective and transparent internal control environment is built on the following key areas:</p> <ul style="list-style-type: none"> ■ integrity and ethics. ■ policies and delegated authority. ■ levels of responsibilities and authorities. ■ audit practices. ■ information system access and security. ■ management operating style. ■ human resource management and practices. <p>Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.</p>						
2.1	Does the Shire have a formal delegation of authority system and process?					
2.2	Does the Shire have documented policies and procedures?					
2.3	Is there an effective process in place for policy and procedure reviews?					
2.4	Are all Shire staff qualified and trained in the areas of their principal responsibility?					
2.5	Are there controls on all formal systems and processes?					
2.6	Are regular internal audits carried out?					
2.7	Are risk identification and assessments activities documented?					
2.8	Does the Shire have regular liaison with the Shire Auditors?					
2.9	Does the Shire have regular liaison with legal advisors?					
2.10	Is there a process to review the effectiveness of internal controls?					
2.11	Is there a process for ensuring separation of roles and functions in processing and authorisation?					
2.12	Is there a process in place for control of approval of documents, letters and financial records?					
2.13	Is there a process for comparison of internal data with other external sources of information?					
2.14	Is direct physical access to assets and records limited?					
2.15	Are controls in place relating to computer applications and information system standards?					
2.16	Is access limited to make changes in data files and systems?					
2.17	Is there regular maintenance and review of financial control accounts and trial balances?					
2.18	Is there a process to regularly comparison and analysis of financial results with budgeted amounts?					

2.19	Is there a process to review the arithmetical accuracy and content of records?					
2.20	Is there a process to review and report on approval of financial payments and reconciliations?					
2.21	Is there a process to compare the result of physical cash and inventory counts with accounting records?					

3.	Legislative Compliance	Unsure / Not in place	Planned	Developing	Implemented	Monitored / Reviewed
The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices regarding monitoring compliance programs typically include the following that should be audited.						
3.1	Is there a process in place for monitoring compliance with legislation and regulations?					
3.2	Is there a process in place to review the annual Compliance Audit Return and report to Council the results of that review?					
3.3	Is there a process for the audit committee to stay informed on how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary?					
3.4	Does the Shire have procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints?					
3.5	Is there a process that gives the Audit Committee assurance that adverse trends are identified and reviews management's plans to deal with these?					
3.6	Is there a process to for the Audit committee to review management disclosures in financial reports of the effect of significant compliance issues?					
3.7	Is there a process to review whether the external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee?					
3.8	Is there a process to determine the internal auditor's role in assessing compliance and ethics risks in their plan?	N/A				
3.9	Is there a process to monitor the Shire's compliance frameworks dealing with relevant external legislation and regulatory requirements?					
3.10	Is there a process in place to ensure Audit Committee members are complying with legislative and regulatory requirements imposed on them, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the Shire, and disclosing conflicts of interest?					

Comment: with regard 3.8, the Shire of Pingelly does not employ a specific internal auditor or conduct internal audits, with the exception of this audit (Reg 17) and the Financial Management Systems Review.

9. CLOSURE OF MEETING

The Chairman to declare the meeting closed.