



AGENDA

Audit and Risk Committee Meeting

22 February 2024 at 5.00pm



Notice of Meeting

Notice is hereby given that the Audit and Risk Committee Meeting will be held at the Murray Shire Council, 1915 Pinjarra Road, Pinjarra on Thursday, 22 February 2024 commencing at 5.00pm.

A handwritten signature in black ink, appearing to read "D. Unsworth", is positioned above the name of the Chief Executive Officer.

Dean Unsworth
Chief Executive Officer

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- 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**
- 2 ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE**
- 3 CONFIRMATION OF MINUTES OF MEETING**
- 4 BUSINESS ARISING FROM THE PREVIOUS MEETING**

Nil.

5 BUSINESS ARISING

5.1 Compliance Audit Return 2023

File Ref:	D24/4870
Previous Items:	Nil.
Applicant:	Nil.
Author and Title:	David Bentley, Manager Governance and Strategy
Declaration of Interest:	Nil.
Voting Requirements:	Simple Majority
Appendices:	Item 5.1 Appendix 1 - 2023 Compliance Audit Return Responses

Recommendation

That Council:

1. **Adopts the 2023 Compliance Audit Return, as provided at Appendix 1, for the period 1 January 2023 to 31 December 2023; and**
2. **Authorises the Shire President and Chief Executive Officer to certify the Compliance Audit Return and submit it to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.**

In Brief

This report is prepared to consider the Compliance Audit Return for the period 1 January 2023 to 31 December 2023 and make a recommendation to Council to determine a position.

Background

The Department of Local Government, Sport and Cultural Industries (the Department) requires all local governments to complete and lodge an annual Compliance Audit Return for the preceding calendar year by 31 March in the following calendar year.

The Compliance Audit Return required responses in the following categories:

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

Report Detail

For the 2023 Compliance Audit Return, the Shire reported one non-compliance with legislation.

The non-compliance relates to question 6 of the Tenders for Providing Goods and Services category. The question reads “*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?*”.

The non-compliance identified relates to the requirement contained in regulation 16(3) of the *Local Government (Functions and General) Regulations 1996*, which reads:

16. Receiving and opening tenders, procedure for

(3) *Where tenders are opened –*

(a) *there must be present –*

(i) *at least two employees of the local government; or*

(ii) *one employee of the local government and at least one other person authorised by the CEO to open tenders.*

For five tender openings, which all occurred on the same day (16 May 2023), tenders were opened by only one officer. This was the result of confusion around the process of opening tenders, where they are received electronically. The Shire only generally accepts tenders via a portal called VendorPanel, unless otherwise indicated in a specific request for tender. The officer running the tender process opened the tenders electronically, but not in the presence of another officer as required by the *Local Government (Functions and General) Regulations 1996*.

The non-compliance was identified when the Governance and Strategy team received the Tender Opening Register entry showing, among other things, the officers present when opening the tenders. The Governance and Strategy team immediately raised the non-compliance with relevant stakeholders and clarified the process with all involved to ensure the risk of a repeat non-compliance is minimised.

No other instances of non-compliance were identified during the Compliance Audit Return process.

Council Plan

Focus Area	Performance
Outcome 14	Capable and accountable leadership and governance
Objectives 14.1	Establish a strong corporate governance framework to ensure high standards of integrity, ethics and accountability.

Other Strategic Links

Nil.

Statutory Environment

Section 7.13 of the *Local Government Act 1995* provides that regulations may be made requiring local governments to carry out an audit of compliance with such statutory requirements as may be prescribed.

Regulation 14 of the *Local Government (Audit) Regulations 1996* provides:

14. Compliance audits by local governments

(1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*

(2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*

- (3A) *The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be –*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

Regulation 15 of the *Local Government (Audit) Regulations 1996* provides:

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

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

Sustainability & Risk Considerations

Economic - (Impact on the Economy of the Shire and Region)

Nil.

Social - (Quality of life to community and/or affected landowners)

Nil.

Environment – (Impact on environment’s sustainability)

Nil.

Policy Implications

Nil.

Risk Management Implications

<i>Risk Level</i>	<i>Comment</i>
Low	Failing to adopt and lodge the Compliance Audit Return risks non-compliance with the <i>Local Government (Audit) Regulations 1996</i> and the <i>Local Government Act 1995</i> .

Consultation

Nil.

Resource Implications*Financial*

Nil.

Workforce

Nil.

Options

The Compliance Audit Return is legislatively required under the *Local Government Act 1995* to be submitted by 31 March 2024. As a result, these are the options available to Council:

1. Adopt the Compliance Audit Return and lodge it with the Department, as required; or
2. If the Audit and Risk Committee or Council is not happy with an aspect of the Compliance Audit Return, to call special meetings of the Audit and Risk Committee and Council to consider an updated Compliance Audit Return. The Audit and Risk Committee must recommend adoption of the Compliance Audit Return to Council before Council can consider it.

Conclusion

The Compliance Audit Return for the period 1 January 2023 to 31 December 2023 has been completed following review by the relevant business units. The Compliance Audit Return as presented is recommended to be supported and recommended to Council for adoption.

6 REPORTS – EXTERNAL AGENCIES

Nil

7 MOTIONS WITHOUT NOTICE FOR DISCUSSION AT THE NEXT MEETING

8 NEXT MEETING

9 CLOSURE OF MEETING