



SHIRE OF
Chapman Valley
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FINANCE, AUDIT & RISK MANAGEMENT COMMITTEE

Minutes



Meeting Date Thursday 22 February 2024

Meeting Time 4:00 pm

Held at Chapman Valley Administration Office, 3270 Chapman Valley Road, Nabawa
WA 6532, Council Chambers

ACKNOWLEDGEMENT OF COUNTRY

The Shire of Chapman Valley would like to respectfully acknowledge the Naaguja peoples who are the traditional owners and first people of the land on which we stand.

We would like to pay our respect to the elders past, present and emerging for they hold the memories, the traditions, the culture and hopes of the Naaguja peoples.

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council of Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on written confirmation of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

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COMMITTEE PURPOSE & DELEGATIONS

Purpose: To provide a review of Council's ongoing financial situation, provide a forum for ongoing review of strategic management plan for Council operations and discuss the Audit System.

- Delegations – Nil

The Finance, Audit & Risk Management Committee is comprised of:

Cr Warr

Cr Batten

Cr Elliott-Lockhart

Cr Rodney

Grant Middleton (External, Independent Member)

Chief Executive Officer

Manager Finance & Corporate Services

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1 Declaration of Opening & Announcements of Visitors

Chief Executive Officer, Jamie Criddle opened the meeting and in absence of the Shire President and with Deputy President (via remote dialling), called for a chairperson from the floor.

Committee Resolution

Moved: Cr Elizabeth Elliott-Lockhart **Seconded:** Cr Nicole Batten

That Cr Emma Rodney be elected as chair for this meeting in absence of Shire President and Deputy President (remote).

For Cr Nicole Batten, Cr Elizabeth Elliott-Lockhart and Cr Emma Rodney
Against Nil

3 / 0

CARRIED UNANIMOUSLY
Minute Reference FARMC 2024/02-1

Cr Rodney welcomed elected members, staff and visitors to the council meeting and declaring the meeting open at 4:11 pm.

The Shire acknowledged the traditional landowners through the reading of our Acknowledgement of Country.

“The Shire of Chapman Valley would like to respectfully acknowledge the Naaguja peoples who are the traditional owners and first people of the land on which we stand.

We would like to pay our respect to the elders past, present and emerging for they hold the memories, the traditions, the culture and hopes of the Naaguja peoples.”

2 Announcements from the Presiding Member

3 Record of Attendance

3.1 Attendees

The following attended the committee meeting:

Elected Members

Cr Nicole Batten (Deputy President)
Cr Elizabeth Elliott-Lockhart
Cr Emma Rodney

External

Nil

Officers

Jamie Criddle, Chief Executive Officer
Dianne Raymond, Manager Finance & Corporate Services
Beau Raymond, Minute Taker

Visitors

Nil

3.2 Apologies

Cr Kirrilee Warr (President)
Grant Middleton (Independent Member)

4 Disclosure of Interest

Nil

5 Petitions/Deputations/Presentations

5.1 Petitions

The council has not received any petitions.

5.2 Presentations

The council did not accept any presentations in the course of the meeting.

5.3 Deputations

The council did not receive any deputations in the course of the meeting

6 Confirmation of Minutes from previous meetings

Committee Resolution

Moved: Cr Nicole Batten **Seconded:** Cr Elizabeth Elliott-Lockhart

That the Minutes of the Finance, Audit and Risk Management Committee held on 14 September 2023 be confirmed as true and correct.

For Cr Nicole Batten, Cr Elizabeth Elliott-Lockhart and Cr Emma Rodney

Against Nil

3 / 0

CARRIED UNANIMOUSLY
Minute Reference FARMC 2024/02-2

7 Items to be dealt with En Bloc

Committee Resolution

Moved: Cr Nicole Batten **Seconded:** Cr Elizabeth Elliott-Lockhart

Council resolves to move the following items En Bloc:
8.1, 8.2, 8.3 & 8.4.

For Cr Nicole Batten, Cr Elizabeth Elliott-Lockhart and Cr Emma Rodney

Against Nil

3 / 0

CARRIED UNANIMOUSLY
Minute Reference FARMC 2024/02-3

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8 Officers Reports

8.1 Compliance Audit Return

Department	Finance, Governance & Corporate Services Chief Executive Officer
Author	Dianne Raymond
Reference(s)	403.05 & 305.00
Attachment(s)	1. Compliance Audit Return 2023 [8.1.1 - 11 pages]

Voting Requirements

Simply Majority

Staff Recommendation

That the Finance, Audit & Risk Management Committee recommends the following to Council:

The 2023 Compliance Audit Return be signed by the CEO and Shire President

The 2023 Compliance Audit Return be received and recorded in the Minutes of Council

The 2023 Compliance Audit Return is submitted to the Department of Local Government and placed on the Shire Website.

Committee En Bloc Resolution - Minute Reference FARMC 2024/02-3

That the Finance, Audit & Risk Management Committee recommends the following to council:

The 2023 Compliance Audit Return be signed by the CEO and Shire President

The 2023 Compliance Audit Return be received and recorded in the Minutes of Council

The 2023 Compliance Audit Return is submitted to the Department of Local Government and placed on the Shire Website.

Disclosure of Interest

No officer declared an interest under the Local Government Act 1995, Subdivision 1 (LGA 1995) in the preparation of this report.

Background

Every Local Government Authority in Western Australia is required to complete the Compliance Audit Return (CAR) each year. The purpose of this item is to present the 2022/2023 Compliance Audit Return to the Committee to review prior to going to Council for formal adoption and forwarding a certified copy to the Department of Local Government.

Comment

The Chief Executive Officer has completed a Draft copy of the Shire of Chapman Valley 2023 Compliance Audit Return which has been provided to Councillors as an attachment.

Statutory Environment

No Financial Implications Identified.

Policy/Procedure Implications

No Policy or Management Procedure affected.

Financial Implications

No Financial Implications Identified.

Strategic Implications

Strategic Community Plan/Corporate Business Plan Implications

GOVERNANCE & ACCOUNTABILITY

5.1 Ensure governance and administration systems, policies and processes are current and relevant.

5.1.1 Review policy categories and set ongoing accountability for review processes.

Consultation

Relevant staff have been consulted as part of the process to complete the Compliance Audit Report

Risk Assessment

No Risks have been Identified.

8.2 Independent Auditors Report 30 June 2023

Department	Finance, Governance & Corporate Services Finance
Author	Dianne Raymond
Reference(s)	403.05 and 305.00
Attachment(s)	1. Opinion - Shire of Chapman Valley - 30 June 2023 [8.2.1 - 3 pages]

Voting Requirements

Simply Majority

Staff Recommendation

The Finance, Audit & Risk Management Committee recommends to Council that the Independent Audit Report for the year ending 30 June 2023 be received.

Committee En Bloc Resolution - Minute Reference FARMC 2024/02-3

The Finance, Audit & Risk Management Committee recommends to Council that the Independent Audit Report for the year ending 30 June 2023 be received.

Disclosure of Interest

No officer declared an interest under the Local Government Act 1995, Subdivision 1 (LGA 1995) in the preparation of this report.

Background

The Shire of Chapman Valley has received the Independent Audit Report from its Auditors; Nexia Perth performed this audit on behalf of the Office of Auditor General.

Comment

Councillors, Chief Executive Officer, Manager of Finance & Corporate Services and the Management Accountant met (via TEAMS) with representatives from the Office of the Auditor General for Western Australia (OAG) and the OAG appointed Auditors, Nexia Perth, on 19 February 2024 for an audit exit meeting. Both the OAG and Nexia Perth reported on Key Audit Risks and Focus Areas as outlined in the original Audit Strategy Memorandum.

During the exit meeting attention was drawn to findings which are of a sufficient concern to call for action being taken in the following areas, yet there were no items considered significant:

- Inadequate Fair Value Assessment of Land & Building Assets
- Bank Signatories

Statutory Environment

Part 7 Local Government Act 1995 and Local Government (Audit) Regulations

Policy/Procedure Implications

No Policy or Management Procedure affected.

Financial Implications

No Financial Implications Identified.

Strategic Implications

The long-term financial viability of the Shire is of importance for future service delivery levels provided to the Shire's constituents. The annual audit of the Shire's operations is integral to watching how the Shire is tracking with its integrated strategic planning.

Strategic Community Plan/Corporate Business Plan Implications

GOVERNANCE & ACCOUNTABILITY

5.1 Ensure governance and administration systems, policies and processes are current and relevant.

5.1.1 Review policy categories and set ongoing accountability for review processes.

5.3 Make informed decisions within resources and areas of responsibility.

5.3.2 Regular and relevant briefings to Elected Members.

Consultation

Council staff have been in contact and discussion with the Office of Auditor General and Nexus auditors throughout the audit review process.

Risk Assessment

Findings were not significant in nature therefore Risk Level 1 -

An Insignificant Compliance Risk of Level 1 - Which will likely result in no noticeable regulatory or statutory impact.

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8.3 Auditors Management Report 30 June 2023

Department	Finance, Governance & Corporate Services Finance
Author	Dianne Raymond
Reference(s)	403.05 & 305.00
Attachment(s)	1. Final Management Attachment - Shire of Chapman Valley - 30 June 2023 [8.3.1 - 3 pages]

Voting Requirements

Simply Majority

Staff Recommendation

The Finance, Audit & Risk Management Committee recommends to Council that the Management Report for the year ending 30 June 2023 be received and actions taken on items listed endorsed.

Committee En Bloc Resolution - Minute Reference FARMC 2024/02-3

The Finance, Audit & Risk Management Committee recommends to Council that the Management Report for the year ending 30 June 2023 be received and actions taken on items listed endorsed.

Disclosure of Interest

No officer declared an interest under the Local Government Act 1995, Subdivision 1 (LGA 1995) in the preparation of this report.

Background

The Shire of Chapman Valley has received the Management Report from its Auditors Nexia Perth who performed this audit on behalf of the Office of Auditor General (Please refer to Audit Report Letter).

Comment

The Management Report is attached with items listed. All matters raised during the interim audit have been addressed as per the management comments.

Statutory Environment

Long Term Financial Plan

No major effect is expected on the Long-Term Financial Plan.

Policy/Procedure Implications

Nil

Financial Implications

Long Term Financial Plan

No major effect is expected on the Long-Term Financial Plan.

Strategic Implications

Strategic Community Plan/Corporate Business Plan Implications

GOVERNANCE & ACCOUNTABILITY

5.1 Ensure governance and administration systems, policies and processes are current and relevant.

5.1.1 Review policy categories and set ongoing accountability for review processes.

5.3 Make informed decisions within resources and areas of responsibility.

5.3.1 Council and Shire process formally incorporate integrated plans as references.

5.3.2 Regular and relevant briefings to Elected Members.

Consultation

Council staff have been in contact and discussion with Council auditors throughout the audit review process.

Risk Assessment

An Insignificant Compliance Risk of Level 1 - Which will likely result in no noticeable regulatory or statutory impact.

8.4 Independent Review Internal Control & Compliance

Department	Finance, Governance & Corporate Services Chief Executive Officer
Author	Dianne Raymond
Reference(s)	305.00
Attachment(s)	1. Reg 17 Internal Audit Reports [8.4.1 - 83 pages]

Voting Requirements

Simply Majority

Staff Recommendation

The Finance, Audit & Risk Management Committee receives the Internal Control Audit Report and recommendations and present this to council.

Committee En Bloc Resolution - Minute Reference FARMC 2024/02-3

The Finance, Audit & Risk Management Committee receives the Internal Control Audit Report and recommendations and present this to council.

Disclosure of Interest

No officer declared an interest under the Local Government Act 1995, Subdivision 1 (LGA 1995) in the preparation of this report.

Background

The State Government introduced legislation under the Local Government (Audit) Regulations, 1996, to stipulate it is a legal requirement for a local government Chief Executive Officer to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

- a) Risk management,
- b) Internal controls; and
- c) Legislative compliance.

A local government must undertake an internal control audit at least once every two years.

Internal auditing is an independent, objective activity carried out by a person who is not involved in the operational management of the Shire. It assists the organisation accomplish its aims by bringing a systematic, disciplined approach to evaluate and improve the

effectiveness of risk management systems, managing material operating risks, internal controls and legislative compliance processes.

Comment

The first of these audits commenced in December 2013 with subsequent audits 2016, 2018 and 2021. In late 2023, Margaret Hemsley, Principal Consultant from LG People and Culture performed the internal control audit review. This audit an expanded approach was undertaken with a survey implemented to find the level of knowledge within the Shires' designated Senior Staff. An audit tool has been provided by the consultant addressing the Local Government Operational Guidelines (No.9) Audit in Local Government. The internal audit addresses four sections

- Risk Management Systems and Processes
- Determining and Managing Material Operating Risks
- Internal Control
- Legislative Compliance

The purpose of this report is to inform the Finance, Audit & Risk Management Committee of the review undertaken by staff with an independent consultant and report any future improvements considered necessary.

Statutory Environment

Local Government (Audit) Regulations, 1996

Reg 17. CEO (Chief Executive Officer) to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.] Part 7 Local Government Act 1995 and the Local Government (Audit) Regulations 1996

Policy/Procedure Implications

No Policy or Management Procedure affected.

Financial Implications

No Financial Implications Identified.

Strategic Implications

Strategic Community Plan/Corporate Business Plan Implications

GOVERNANCE & ACCOUNTABILITY

5.1 Ensure governance and administration systems, policies and processes are current and relevant.

5.1.1 Review policy categories and set ongoing accountability for review processes.

Consultation

The Manager Finance & Corporate Services and Chief Executive Officer have been in contact and discussion with the external consultant throughout the internal control audit review process. Senior Staff were requested to take part in the internal audit survey for the review process.

Risk Assessment

A Minor Compliance Risk of Level 2 - Which will likely result in some temporary non-compliance.

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9 New Business of an Urgent Nature Introduced by Decision of the Meeting

Nil

10 Closure

Cr Emma Rodney thanked Elected Members and Staff for their attendance and closed the Finance Audit and Risk Management Committee 22 February 2024 at 4:16 pm.

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