

# TOWN OF BASSENDEAN

## MINUTES

### AUDIT AND GOVERNANCE COMMITTEE

HELD BY ELECTRONIC MEANS IN ACCORDANCE WITH REGULATION 12(2) AND  
14(D) OF THE LOCAL GOVERNMENT (ADMINISTRATION) REGULATIONS 1996

ON WEDNESDAY 8 JUNE 2022, AT 5.30PM

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#### **1 Declaration Of Opening; Acknowledgment of Country; Acknowledgment of Visitors; Disclaimer**

The Presiding Member declared the meeting open, welcomed all those in attendance and acknowledged the past and present traditional owners and custodians of the land on which the meeting was held.

#### **2 Announcements by the Presiding Member Without Discussion**

Nil

#### **3 Attendances, Apologies and Applications for Leave of Absence**

##### Members

Cr Hilary MacWilliam, Presiding Member  
Cr Kathryn Hamilton  
Cr Renee McLennan  
Cr Paul Poliwka  
Patrick Eijkenboom  
Kim Stewart

##### Staff/Consultants

Paul White, Director Corporate Services  
Elizabeth Kania, Manager Governance & Strategy  
Raj Malde, Manager Finance  
Ron Back, Advisor to the Committee  
Amit Kabra, RSM (until 6.12pm)  
Krushna Hirani, RSM (until 6.12pm)  
Jay Teichert, Office of the Auditor General (until 6.12pm)  
Duy Vo, William Buck  
Amy Holmes, Minute Secretary

## 4 Declarations of Interest

Nil

## 5 Presentations or Deputations

Nil

## 6 Confirmation of Minutes

### 6.1 Confirmation of Minutes

#### **Committee/Officer Recommendation – Item 6.1(a)**

MOVED Cr MacWilliam, Seconded Cr McLennan, that the minutes of the Audit and Governance Committee meeting held on 9 March 2022, be received.

CARRIED UNANIMOUSLY 6/0

#### **Committee/Officer Recommendation – Item 6.1(b)**

MOVED Kim Stewart, Seconded Cr McLennan, that the minutes of the Audit and Governance Committee meeting held on 9 March 2022, be confirmed as a true record.

CARRIED UNANIMOUSLY 6/0

## 7 Reports

| <b>7.1 Annual Audit of the Financial Report for 2021/22 - Audit Planning Memorandum</b> |                                                                 |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| <b>Property Address</b>                                                                 | N/A                                                             |
| <b>Landowner/Applicant</b>                                                              | N/A                                                             |
| <b>File Reference</b>                                                                   | FINM/AUD/7                                                      |
| <b>Author</b>                                                                           | Paul White                                                      |
| <b>Department</b>                                                                       | Director Corporate Services                                     |
| <b>Previous Reports</b>                                                                 | N/A                                                             |
| <b>Authority/Discretion</b>                                                             | <b>Information</b><br>For the Council/Committee to note.        |
| <b>Attachments</b>                                                                      | 1. APM - Town of Bassendean F Y 2022 - Final [7.1.1 - 29 pages] |

## **Purpose**

The purpose of this report is to provide the Committee with the Audit Planning Memorandum (**APM**) for the audit of the Town's Financial Report for 2021/22 (**Attachment 1**).

## **Background**

The primary purpose of the APM is to brief the Town on the proposed approach by RSM Australia (**RSM**), on behalf of the Office of the Auditor General (**OAG**), to audit the financial report of the Town for the year ending 30 June 2022.

## **Proposal**

For the Audit and Governance Committee to receive the APM.

## **Communication and Engagement**

RSM liaised with Town staff in the preparation of the APM, prior to this meeting of the Committee which RSM refers to at the "Entrance meeting", to present and discuss the APM.

## **Strategic Implications**

Priority Area 6: Providing Visionary Leadership and Making Great Decisions

6.1 Make brave decisions in line with a risk appetite

6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community

## **Comment**

Following the audit, a final audit findings meeting will be held with Town management, the OAG and RSM to discuss any significant accounting issues and findings noted during the final audit. If there are significant, unresolved matters, then a meeting will also be held with the Committee and CEO.

The Final Audit Exit Meeting with the Committee is expected to be held on 7 December 2022 and will cover the presentation and discussion of the audit closing report, which will outline any significant audit related matters concerning the financial report, management letters and improvement suggestions for future audits.

## **Statutory Requirements**

Local Government Act 1995

### **6.4. Financial report**

1. A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
2. The financial report is to —
  - (a) be prepared and presented in the manner and form prescribed; and
  - (b) contain the prescribed information.
3. By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
  - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
  - (b) the annual financial report of the local government for the preceding financial year.

### Local Government (Financial Management) Regulations 1996

The Regulations specify the required content of the annual financial report prepared under section 6.4 of the *Local Government Act 1995*.

### Local Government Act 1995

#### **7.12AB. Conducting a financial audit**

The auditor must audit the accounts and annual financial report of a local government at least once in respect of each financial year.

#### **7.12AD. Reporting on a financial audit**

1. The auditor must prepare and sign a report on a financial audit.
2. The auditor must give the report to —
  - (a) the mayor, president or chairperson of the local government; and
  - (b) the CEO of the local government; and
  - (c) the Minister.

### Local Government (Audit) Regulations 1996

#### **10. Report by auditor**

1. An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
2. The report is to give the auditor's opinion on —
  - (a) the financial position of the local government; and
  - (b) the results of the operations of the local government.

3. The report is to include —
  - (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and
  - (b) any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and
  - (c) details of whether information and explanations were obtained by the auditor; and
  - (d) a report on the conduct of the audit; and
  - (e) the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —
    - (i) the asset consumption ratio; and
    - (ii) the asset renewal funding ratio.

- (4A) In subregulation (3)(e) —

**asset consumption ratio** has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2);

**asset renewal funding** ratio has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2).

4. Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

### Financial Considerations

The budget for the Town's annual Financial Report of \$45,000 is included in the draft annual budget for 2022/23 to be presented to Council.

### Risk Management Implications

Financial Risk  
Medium

The annual audit of the Town's Financial Report is an important part of the Town's approach to identifying, assessing and treating risks. While audits are not an absolute guarantee of the accuracy or reliability of the Town's information and may not identify all matters of significance, the audit is likely to highlight any significant risks and weaknesses in controls for risk mitigation by the Town.

## Declaration of Conflicts of Interest

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

*Amit Kabra of RSM spoke on the Audit Planning Memorandum and advised that next year it will be presented a little earlier, ideally at the March Audit & Governance Committee meeting. It is anticipated, that following completion of the audit process, the 30 June 2022 Financial Report will be presented to Council for adoption at its December Ordinary Council Meeting.*

## Committee/Officer Recommendation – Item 7.1

### AGC-1/6/22

MOVED Cr McLennan, Seconded Cr Hamilton, that the Audit and Governance Committee receives the RSM Audit Planning Memorandum.

CARRIED UNANIMOUSLY 6/0

*Amit Kabra, Krushna Hirani and Jay Teichert left the meeting at 6.12pm.*

| <b>7.2 General Finance Control Review</b> |                                                                                             |
|-------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>Property Address</b>                   | N/A                                                                                         |
| <b>Landowner/Applicant</b>                | N/A                                                                                         |
| <b>File Reference</b>                     | FINM/AUD1                                                                                   |
| <b>Author</b>                             | Paul White                                                                                  |
| <b>Department</b>                         | Director Corporate Services                                                                 |
| <b>Previous Reports</b>                   | N/A                                                                                         |
| <b>Authority/Discretion</b>               | <b>Executive</b><br>The substantial direction setting and oversight role of the Council.    |
| <b>Attachments</b>                        | 1. CONFIDENTIAL REDACTED - Final Signed Report - General Finance Control [7.2.1 - 17 pages] |

## Purpose

The purpose of this report is for the Audit and Governance Committee to receive the General Finance Control Review Report, prepared by the Town's internal auditors William Buck Consulting (WA) Pty Ltd (**William Buck**), and to consider the recommendations therein and the management action proposed by the Town.

## Background

In accordance with the Town's three-year Internal Audit Plan for 2020/21 to 2022/23, adopted by Council in June 2020, William Buck conducted an internal audit on the key financial controls and procedures during the 2021/22 financial year. The internal audit was performed in accordance with the agreed terms and conditions set out in the service contract for Internal Audit services to the Town.

The General Finance Control Review Report outlines the scope of the audit, details key findings and recommendations, and suggests a process improvement opportunity (**Attachment 1**).

## Proposal

That the Audit and Governance Committee receives the General Finance Control Review Report and notes the key findings and recommendations, and the management action taken or proposed to be taken to address the identified risks.

## Communication and Engagement

Town and William Buck staff engaged in regular communication during the conduct of the audit and in relation to draft findings, recommendations and management comments.

## Strategic Implications

Priority Area 5: Facilitating People-Centred Services

5.2 Deliver efficient and well-connected internet and computer technology systems

Priority Area 6: Providing Visionary Leadership and Making Great Decisions

6.1 Make brave decisions in line with a risk appetite

6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community

## Comment

William Buck identified five key findings and made nine recommendations to the Town, and one process improvement opportunity, as shown in the following table:

| #   | Key Findings                                                  | Risk                            |
|-----|---------------------------------------------------------------|---------------------------------|
| F1  | Periodic review of user access and user privileges            | High                            |
| F2  | Preparation of Bank Reconciliations                           | High                            |
| F3  | Procurement and related findings                              | Medium                          |
| F4  | Policies and procedure documents needs review and update      | Low                             |
| F5  | Non-Availability of exit checklist form for staff termination | Low                             |
| PI1 | No system based Good Received Note/Service Receive Note       | Process Improvement Opportunity |

The Town accepts all key findings and recommendations but does not agree that implementing the process improvement opportunity will yield a benefit to the Town. In particular, the Town notes the significance of the two findings rated as “High” and will take action to address these as a priority.

### Statutory Requirements

*Local Government Act 1995.*

Local Government (Financial Management) Regulations 1996.

### Financial Considerations

Implementation of some audit recommendations may require additional funds and will be the subject of separate budget submissions as and when required. The Town’s Purchasing Policy and Procurement Framework will govern any required engagements.

### Risk Management Implications

Financial Risk  
High

The General Finance Control Review Report details the risks associated with each of the findings.

### Declaration of Conflicts of Interest

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

*Duy Vo of William Buck spoke on the General Finance Control Review Report and the key findings and recommendations.*



## **Committee/Officer Recommendation – Item 7.2**

### **AGC-2/6/22**

MOVED Cr McLennan, Seconded Cr Poliwka, that the Audit and Governance Committee recommends that Council receives the General Finance Control Review Report and notes the findings and recommendations, and the management action taken or proposed to be taken to address the identified risks.

**CARRIED UNANIMOUSLY 6/0**

*Item 7.4 was brought forward for consideration before Item 7.3.*

| <b>7.4 Internal Audit Report of Regulation 17</b> |                                                                                                  |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Property Address</b>                           | N/A                                                                                              |
| <b>Landowner/Applicant</b>                        | N/A                                                                                              |
| <b>File Reference</b>                             | GOVN/CCLMEET/1                                                                                   |
| <b>Author</b>                                     | Paul White                                                                                       |
| <b>Department</b>                                 | Director Corporate Services                                                                      |
| <b>Previous Reports</b>                           | N/A                                                                                              |
| <b>Authority/Discretion</b>                       | <b>Executive</b><br>The substantial direction setting and oversight role of the Council.         |
| <b>Attachments</b>                                | 1. CONFIDENTIAL REDACTED - FINAL Signed Report of Reg-17- Management Comments [7.4.1 - 13 pages] |

### **Purpose**

The purpose of this report is for the Audit and Governance Committee to receive the Internal Audit Report of Regulation 17, prepared by the Town's internal auditors William Buck Consulting (WA) Pty Ltd (**William Buck**), and to consider the recommendations therein and the management action proposed by the Town.

### **Background**

In accordance with the Town's three-year Internal Audit Plan for 2020/21 to 2022/23, adopted by Council in June 2020, William Buck conducted an internal audit on the current controls implemented in respect of Regulation 17 of the *Local Government (Audit) Regulations 1996 (Regulation 17)*.

The Internal Audit Report of Regulation 17 outlines the scope of the audit, and details key findings and recommendations (**Attachment 1**).

## Proposal

That the Audit and Governance Committee receives the Internal Audit Report of Regulation 17 and notes the key findings and recommendations, and the management action to be taken to address the identified risks.

## Communication and Engagement

Town and William Buck staff engaged in regular communication during the conduct of the audit and in relation to draft findings, recommendations and management comments.

## Strategic Implications

Priority Area 5: Facilitating People-Centred Services

5.2 Deliver efficient and well-connected internet and computer technology systems

Priority Area 6: Providing Visionary Leadership and Making Great Decisions

6.1 Make brave decisions in line with a risk appetite

6.3 Ensure operational activities reflect the strategic focus of Council

6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community

6.6 Respond effectively and efficiently to crises

## Comment

William Buck identified three key findings rated as “Medium” and made five recommendations to the Town. The key findings were:

- Lack of integrated legislative compliance framework;
- Absence of individual service units work instructions and procedures manual; and
- Overarching internal control framework – Town's overall Council and governance policy and procedures.

The Town accepts all five recommendations made to address the risks posed by these key findings, as detailed in the report.

The Town appreciates the positive insights highlighted by William Buck and notes significant improvement since the last Internal Audit of Regulation 17 in 2019, when the Town’s auditor at the time made 18 recommendations to management, nine of which were rated as “High” and nine rated as “Medium”.

In addition to developing and implementing a Risk Management Framework, Business Continuity Plan and Fraud and Corruption Control Plan, the Town has:

- Implemented a new Delegations Register;

- Developed and implemented a new Procurement Framework;
- Created an Audit Risk Register for quarterly reporting to the Audit and Governance Committee;
- Enhanced cybersecurity protections and developed/updated a range of ICT policies and procedures; and
- Strengthened finance and payroll user access management and controls.

Nevertheless, the Town recognises that further work is required to improve governance over Council and Corporate policies, operational procedures and work processes to ensure policies are regularly reviewed and updated, risks and controls are appropriately considered, and compliance monitored.

### **Statutory Requirements**

Regulations 17 states that:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's system and procedures in relation to:
  - a) Risk Management;
  - b) Internal controls; and
  - c) Legislative compliance.
- (2) The Review may relate to any or all of the matters referred to in sub regulations (1) (a), (b) and (c) but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee results of that review.

### **Financial Considerations**

Implementation of some audit recommendations may require additional funds and will be the subject of separate budget submissions as and when required. The Town's Purchasing Policy and Procurement Framework will govern any required engagements.

### **Risk Management Implications**

Medium

The Internal Report of Regulation 17 details the risks associated with each of the findings.

## Declaration of Conflicts of Interest

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

*Duy Vo of William Buck spoke on the Internal Audit Report of Regulation 17, and the key findings and recommendations.*

## Committee/Officer Recommendation – Item 7.4 AGC-3/6/22

MOVED Cr Hamilton, Seconded Cr McLennan, that the Audit and Governance Committee recommends that Council receives the Internal Audit Report of Regulation 17 and notes the findings and recommendations, and the management action to be taken to address the identified risks.

CARRIED UNANIMOUSLY 6/0

| <b>7.3 Internal Audit Plan 2022/23</b> |                                                                                                                                                                                                                                                |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Property Address</b>                | N/A                                                                                                                                                                                                                                            |
| <b>Landowner/Applicant</b>             | N/A                                                                                                                                                                                                                                            |
| <b>File Reference</b>                  | FINM/AUD1                                                                                                                                                                                                                                      |
| <b>Author</b>                          | Paul White                                                                                                                                                                                                                                     |
| <b>Department</b>                      | Director Corporate Services                                                                                                                                                                                                                    |
| <b>Previous Reports</b>                | N/A                                                                                                                                                                                                                                            |
| <b>Authority/Discretion</b>            | <b>Executive</b><br>The substantial direction setting and oversight role of the Council.                                                                                                                                                       |
| <b>Attachments</b>                     | <ol style="list-style-type: none"> <li>1. Revised Audit Schedule 2021-2023 - Nov 21 [7.3.1 - 1 page]</li> <li>2. Internal Audit Schedule 2021-2023 [7.3.2 - 1 page]</li> <li>3. Draft Internal Audit Plan 2022-23 [7.3.3 - 7 pages]</li> </ol> |

## Purpose

The purpose of this report is for Council to consider the draft Internal Audit Plan for 2022/23, showing the key areas that will be covered by the Town's internal auditor, William Buck Consulting (WA) Pty Ltd (**William Buck**).

## Background

The Town has a requirement for Internal Auditing Services, to ensure compliance with the *Local Government Act 1995* (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). Council adopted the internal audit schedule for 2020/21 to 2022/23 at its ordinary council meeting on 23 June 2020. (**Attachment 1**).

The Internal Audit Schedule was revised in November 2021 to consolidate the schedule into two years as no internal audit activity was undertaken in 2020/21 due to a delay in appointing the new internal auditor following an RFQ process, and changes to the Town's Manager Finance and other key Finance personnel. The Revised Internal Audit Schedule for 2020/21 to 2022/23 is shown in **Attachment 2**.

The key internal audits for 2021/22, being the Internal Audit of Regulation 17 and the General Financial Controls audit, have been completed by William Buck and the reports form part of the agenda for this meeting of the Audit and Governance Committee.

Following completion of those audits and a revision of priorities, Town staff and William Buck have revised the audit plan and proposed a new draft Internal Audit Plan for 2022/23 (**Attachment 3**).

## Proposal

That the Audit and Governance Committee endorses the draft Internal Audit Plan for 2022/23 and recommends to Council that it adopt the plan.

## Communication and Engagement

Town and William Buck staff collaborated to develop the draft Internal Audit Plan for 2022/23.

## Strategic Implications

Priority Area 5: Facilitating People-Centred Services

5.2 Deliver efficient and well-connected internet and computer technology systems

Priority Area 6: Providing Visionary Leadership and Making Great Decisions

6.1 Make brave decisions in line with a risk appetite

6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community

## Comment

The audit of Lease agreements has been postponed while the Town implements the new Property Management Policy and Community Leasing Framework, adopted by Council in August 2021. The Fraud Prevention and Detection audit has been postponed while the Town implements the new Fraud and Corruption Policy and supporting Fraud and Corruption Control Plan. Both audits are expected to be conducted in 2023/24. The audit of credit cards has been postponed until 2023/24, pending implementation of an automated purchasing card acquittal and approval system.

The other major change to the plan is the removal of the Information Technology controls from the Internal Audit Plan. The Town's external auditors appointed by the Auditor General, RSM Australia (RSM) first audited the Town in 2020/21 and included Information System Auditor specialist to assess the risk of material misstatement imposed by the Information Technology environment, including:

- Testing general IT controls around system access and testing controls over computer operations within specific applications which are required to be operating correctly to mitigate the risk of misstatement in the financial statements; and
- Reviewing the key controls around change management related to significant IT systems.

While the Town and William Buck will continue to review the requirement for audit of ICT controls, it is not considered necessary at this time due to the comprehensive nature of the annual RSM interim audit.

Finally, in reviewing the Town's current operations, three new audits are proposed for inclusion in the Internal Audit Plan for 2022/23:

- Review of Asset Management Function and data integrity;
- Performance and Effectiveness Review of Library Services; and
- Review of the enforcement function performed across the Town.

The Town's contract with William Buck expires on 30 June 2023. The Town proposes to prepare an RFQ for a further three year contract during 2022/23 and will submit a new Internal Audit Plan for 2023/24 and beyond to the Committee as part of that process.

## Statutory Requirements

*Local Government Act 1995.*

*Local Government (Financial Management) Regulations 1996.*

## Financial Considerations

The expected cost of the Internal Audit Plan for 2022/23 has been included in the Town's draft annual budget. The cost of \$45,000 using the blended rate of \$125 per hour is higher than usual due to the condensed plan.

## Risk Management Implications

Financial Risk  
High

The use of independent internal audit has several important benefits to the Town, including:

- Independent assurance for management and Council that internal controls in place are working effectively
- Provision of advisory information on areas that may need further strengthening
- Independent review of the efficiency and effectiveness of financial and non-financial controls
- Independent review the Town's compliance with legislative requirements.

## Declaration of Conflicts of Interest

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

*The Town's Manager Finance and Director Corporate Services spoke on the draft Internal Audit Plan and outlined the audits which are proposed for inclusion in the Internal Audit Plan for 2022/23.*

## **Committee/Officer Recommendation – Item 7.3**

### **AGC-4/6/22**

MOVED Cr McLennan, Seconded Cr Poliwka, that the Audit and Governance Committee endorses the draft Internal Audit Plan for 2022/23, being Attachment 3 to this report, and recommends to Council that it adopt the plan.

**CARRIED UNANIMOUSLY 6/0**

| <b>7.5 Rates - Small Balance Write Off</b> |                                                                                          |
|--------------------------------------------|------------------------------------------------------------------------------------------|
| <b>Property Address</b>                    | N/A                                                                                      |
| <b>Landowner/Applicant</b>                 | N/A                                                                                      |
| <b>File Reference</b>                      | FINM/AUD1                                                                                |
| <b>Author</b>                              | Paul White                                                                               |
| <b>Department</b>                          | Director Corporate Services                                                              |
| <b>Previous Reports</b>                    | N/A                                                                                      |
| <b>Authority/Discretion</b>                | <b>Executive</b><br>The substantial direction setting and oversight role of the Council. |
| <b>Attachments</b>                         | 1. CONFIDENTIAL REDACTED - Rates Small Balance Write off 2021-22 [7.5.1 - 84 pages]      |

### Purpose

The purpose of this report is to provide the Audit and Governance Committee with details of small rates balances currently recorded as debts owed to the Town and for the Committee to recommend to Council that it write off the debts in accordance with section 6.12(1)(c) of the *Local Government Act 1995*.

### Background

The Town's rates database shows 809 properties with outstanding balances of less than \$10, totaling \$2,039.48, as at 1 June 2022 (**Attachment 1**).

The following factors have resulted in an accumulation of small rate balances over time:

- The Town's rates system continues to calculate daily interest until the payment is applied to the system. Sometimes, there is a delay of up to a few days between receipt of the payment and processing the payment in the system;
- The application of daily interest by the system and timing of property settlements being processed through the system;
- On occasions when properties settle, the amount received differs from the settlement amount;
- Errors made by the payer; and
- The Town had a limit placed on bank transfers of \$10, meaning any amounts below \$10 could not be paid by the ratepayer through the bank. This was a legacy matter which has now been resolved and the limit lowered to \$1.

In all the above cases, one of the following two points applies:



- The outstanding balance is not a debt due and payable to the Town as it arose from the application of interest by the system to the period between receipt and processing of the payment; and
- The outstanding balance is due and payable to the Town, but the cost of collection would exceed the amount outstanding.

## **Proposal**

That the Committee recommends to Council that it write off the outstanding small balances listed in Attachment 1, in accordance with section 6.12(1)(c) of the *Local Government Act 1995*.

That the Committee recommends to Council that it amend the Town's Delegation Register, 'Delegation 1.2.15 Defer payment, Grant discounts, Waive fees or Write-off Debts' to delegate to the CEO the authority to write off small rates balances up to a maximum of \$10 per property per annum. Should that delegation be given to the CEO, the CEO proposes to sub-delegate to the Director Corporate Services and Manager Finance.

The administration proposes to report all instances of exercise of the delegation to Council as part of the quarterly report through the Audit and Governance meetings.

## **Communication and Engagement**

The Town's Manager Governance and Strategy and Rates Officers have been consulted on this matter.

## **Strategic Implications**

Priority Area 4: Driving Financial Suitability

4.1 Ensure there is sufficient, effective and sustainable use of assets

## **Comment**

The provision of the ability to write off small rates balances will allow the efficient collection of rates debts.

The Town's finance system can generate a report at the end of each month and any amounts that are below \$10 will be extracted and reviewed by Town officers and, if deemed appropriate, recommended for write-off. The CEO, Director Corporate Services or Manager Finance will approve any write-off, in accordance with the proposed delegation.

## **Statutory Requirements**

6.12. Power to defer, grant discounts, waive or write off debts

(1) Subject to subsection (2) and any other written law, a local government may –

- (a) when adopting the annual budget, grant\* a discount or other incentive for the early payment of any amount of money; or
- (b) waive or grant concessions in relation to any amount of money; or
- (c) write off any amount of money, which is owed to the local government.

\* Absolute majority required.

### **Financial Considerations**

The administration anticipates the total small rates balances written off each year to total less than \$1,000 in 2022/23.

The Town has amended the BPay limit for bank transfers to \$1 from May 2022 which will enable ratepayers to make payment of small amounts owing.

### **Risk Management Implications**

Financial Risk - Low

The risk is low and will facilitate the efficient collection of outstanding rates debts.

### **Declaration of Conflicts of Interest**

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

### **Committee/Officer Recommendation – Item 7.5**

#### **AGC-5/6/22**

MOVED Cr Hamilton, Seconded Cr Poliwka, that the Audit and Governance Committee recommends that Council:

1. Writes off the outstanding small balances listed in Attachment 1 to this report, in accordance with section 6.12(1)(c) of the *Local Government Act 1995*;
2. Amends the Town's Delegation Register, 'Delegation 1.2.15 Defer payment, Grant discounts, Waive fees or Write-off Debts' to delegate to the CEO the authority to write off small rates balances up to a maximum of \$10 per property per annum;
3. Notes that the CEO intends to sub-delegate that authority to the Director Corporate Services and Manager Finance; and
4. Includes a condition on the delegation that exercise of the delegation be reported to Council.

**CARRIED BY AN ABSOLUTE MAJORITY 6/0**

| <b>7.6 Audit Risk Register</b> |                                                                                          |
|--------------------------------|------------------------------------------------------------------------------------------|
| <b>Property Address</b>        | N/A                                                                                      |
| <b>Landowner/Applicant</b>     | N/A                                                                                      |
| <b>File Reference</b>          | GOVN/CCLMEET/1                                                                           |
| <b>Author</b>                  | Paul White                                                                               |
| <b>Department</b>              | Director Corporate Services                                                              |
| <b>Previous Reports</b>        | N/A                                                                                      |
| <b>Authority/Discretion</b>    | <b>Executive</b><br>The substantial direction setting and oversight role of the Council. |
| <b>Attachments</b>             | 1. CONFIDENTIAL REDACTED - Audit Risk Register [7.6.1 - 6 pages]                         |

### Purpose

The purpose of this report is to provide the Audit and Governance Committee with the Town's Audit Risk Register, with updated actions since the meeting of the Committee on 9 March 2022.

### Background

Creation of an Audit Risk Register was a recommendation arising from the 2019 review of the appropriateness and effectiveness of the Town's systems and procedures in relation to risk management, internal controls and legislative compliance pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*.

### Proposal

For the Audit and Governance Committee to receive the Audit Risk Register and consider the action taken or proposed to address the identified risks.

### Communication and Engagement

Nil.

### Strategic Implications

Priority Area 6: Providing Visionary Leadership and Making Great Decisions

6.1 Make brave decisions in line with a risk appetite

6.3 Ensure operational activities reflect the strategic focus of Council

6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community

6.6 Respond effectively and efficiently to crises

## Comment

The Audit Risk Register presents a summary of the audit risks and recommendations made in recent internal and external audit reports relating to the Town and provides an update on actions taken or proposed to address the identified risks.

The Town's internal auditor William Buck Consulting (WA) Pty Ltd (William Buck) has completed two important audits since the last meeting of the Committee:

- Internal audit of Regulation 17 of the *Local Government (Audit) Regulations 1996*; and
- General Finance Control Review.

The reports for these two audits are tabled as separate reports for this meeting of the Committee. The recommendations and actions taken or proposed to be taken will be incorporated into the Audit Risk Register for the next meeting of the Committee.

## Statutory Requirements

Local Government (Audit) Regulations 1996, Regulation 16, states:

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and

- (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

### **Financial Considerations**

Implementation of some audit recommendations may require additional funds and will be the subject of separate budget submissions as and when required. The Town's Purchasing Policy and Procurement Framework will govern any required engagements.

### **Risk Management Implications**

Financial Risk  
Medium

Risk implications are detailed in the Audit Risk Register.

### **Declaration of Conflicts of Interest**

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

### **Committee/Officer Recommendation – Item 7.6** **AGC-6/6/22**

MOVED Cr Hamilton, Seconded Patrick Eijkenboom, that the Audit and Governance Committee receives the Audit Risk Register and notes the action taken or proposed to address the identified risks.

CARRIED UNANIMOUSLY 6/0

## **8 Motions of which Previous Notice has been given**

Nil

## **9 Announcements of Notices of Motion for the Next Meeting**

Nil

## **10 Confidential Business**

Nil

## 11 Closure

The next Audit and Governance Committee meeting will be held on Wednesday 7 September 2022, commencing at 5.30pm.

There being no further business, the Presiding Member closed the meeting at 7.22pm.