



TOWN OF  
**Bassendean**

## **MINUTES**

### **Audit and Governance Committee**

**Wednesday 8 March 2023, 5:30 pm**

in the Council Chamber,

Administration Building

48 Old Perth Road, Bassendean WA 6054

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

### **Acknowledgement of Traditional Owners**

The Town of Bassendean acknowledges the past and present traditional owners of the land on which we gather to conduct this meeting, and pays its respects to their Elders, both past and present.

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

Nil

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

### Present

Cr MacWilliam, Presiding Member  
Cr Hamilton  
Cr McLennan (until 6.46pm)  
Cr Poliwka  
Kim Stewart, Community Representative  
Paul White, Director Community Services  
Raj Malde, Manager Finance  
Matthew Monkhouse, Manager Governance & Strategy

### Apologies

Patrick Eijkenboom, Community Member  
Ron Back, Advisor to the Committee

## **4 Declarations of Interest**

Nil

## **5 Presentations or Deputations**

Nil

## 6 Confirmation of Minutes

<b>6.1 Confirmation of Audit and Governance Committee Minutes 8 February 2023</b>	
<b>Attachments</b>	1. Audit and Governance Committee Minutes 8 February 2023 [6.1.1 - 9 pages]

### Committee/Officer Recommendation – Item 6.1 AGC-1/03/23

MOVED Cr Hamilton, Seconded Kim Stewart, that the minutes of the Audit and Governance Committee held on 8 February 2023, be received.

CARRIED 5/0

## 7 Business Deferred from Previous Meeting

Nil

## 8 Reports

<b>8.1 Town of Bassendean - Compliance Audit Return 2022</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	GOVR/LREGLIA/15
<b>Department</b>	Corporate Services
<b>Previous Reports</b>	30 November 2022
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	1. Compliance Audit Return 2022 [8.1.1 - 11 pages]

### **Purpose**

The purpose of this report was for the Audit and Governance Committee to consider the Local Government 2022 Compliance Audit Return (CAR) for the Town of Bassendean for the period 1 January 2022 to 31 December 2022.

### **Background**

All Local Governments are required, by 31 March each year, to submit an annual CAR to the Department of Local Government, Sport and Cultural Industries for the previous calendar year. The CAR is used to measure the level of compliance with the *Local Government Act 1995* and associated Regulations.

## Communication and Engagement

Internal liaison only.

## Strategic Implications

Priority Area 6: Providing Visionary Leadership and Making Great Decisions  
6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community

## Comment

The CAR is one of the tools that allows Council to monitor how the organisation is functioning. It places emphasis on the need to bring to Council's attention issues of non or partial compliance. In addition to explaining or qualifying cases of non-compliance, the return also requires Council to endorse any remedial action taken or proposed to be taken in regard to instances of non-compliance.

The compliance areas covered in the CAR are as follows.

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

In the current reporting period, there was one instance of non-compliance, being question three of the Finance section; asking whether the auditor's report for the 2021/22 financial year was received by the local government by 31 December 2022. The auditor's report for the Town's annual financial statements for 2021/22 was not received by 31 December 2022, with the delay in finalising the financial statements mainly related to the Asset Revaluation exercise, as reported to the Committee on 30 November 2022.

## Statutory Requirements

Under regulation 14(3A) of the *Local Government (Audit) Regulations 1996*, the Audit and Governance Committee is to review the CAR and report to Council the results of that review. The CAR is then to be presented to Council for adoption and the resolution recorded in the minutes.

## Financial Considerations

Nil.

## Risk Management Implications

Failure to adopt the CAR within the statutory timeframe will place the Town in breach of the Act. This could lead to reputational damage both within the community and with the Department.

## 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 8.1

### AGC-2/03/23

MOVED Cr McLennan, Seconded Kim Stewart, that the Committee recommends that Council adopts the Local Government 2022 Compliance Audit Return for the Town of Bassendean for the period 1 January 2022 to 31 December 2022, as attached to this report.

CARRIED 5/0

<b>8.2 Internal Audit – Records Management</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	RISK/REPRTNG/1
<b>Department</b>	Corporate Services / Community Planning
<b>Previous Reports</b>	N/A
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	1. CONFIDENTIAL REDACTED – Internal Audit – Records Management Report – FINAL Report [8.2.1 – 27 pages]

## Purpose

The purpose of this report is for the Audit and Governance Committee to receive the Records Management Internal Audit Report, and to consider the recommendations therein and the management action proposed by the Town.

## Background

In June 2022, Council resolved to adopt a three-year Internal Audit Plan for the Town for the period 2020/21 to 2022/23.

In accordance with that Plan, the Town's internal auditors William Buck Consulting (WA) Pty Ltd conducted an internal audit on the Town's Records Management function. The Records Management Internal Audit Report outlines the scope of the audit, and details key findings and recommendations (**Attachment 1**).

## Communication and Engagement

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

## Strategic Implications

Priority Area 6: Providing Visionary Leadership and Making Great Decisions  
6.4 Reinforce a culture of collaboration, trust and demarcation between Council, administration and the community

## Comment

William Buck identified seven key findings and made seven recommendations to address the risks highlighted by those findings. Three findings were rated as high risk, two as medium risk and two as low risk. In summary, William Buck found:

### 1. Missing Record Files (High)

Two boxes of records and five files from the samples tested could not be located. The Town has since located the two boxes and is reviewing its file lists.

### 2. Lack of IT Business Continuity and Disaster Recovery Plan (High)

The Town's business continuity and disaster recovery plans are under development, and disaster recovery for Synergy Soft has not been tested. Other audits have made similar findings and the Town's progress toward implementing business continuity and disaster recovery plans is reported to the Committee on the Audit Risk Register.

### 3. No uniform practice for Retention of CCTV Footage (High)

Inconsistent CCTV retention and record keeping practices and recommended the Town develop and implement a procedure for the supply and storage of CCTV footage.

4. Inadequate Physical and Logical Controls of the Records (Medium)

Records storeroom access is shared with cashiers. Physical separation will be considered should the administration vacate 35 Old Perth Road.

5. Inadequate training (Medium)

Lack of regular records training for staff. While records awareness training is provided to all staff shortly following appointment to the Town, we agree there is a requirement to develop a refresher training program for staff.

6. Storage Location of Records (Low)

Some files that must be permanently retained are stored on Town premises, rather than with the contractor as stated in the Town's Record Keeping Plan.

7. Record Management Procedure Manual for Employees not Reviewed

The procedure manual was last reviewed in 2012. The manual will be reviewed as part of a revision of the Record Keeping Plan in 2023.

The Town accepts five of the seven findings and partially accepts the remaining two (findings 4 and 5). It largely accepts the recommendations made to address the risks posed by these key findings, as detailed in the report.

**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**

The Records Management Internal Audit Report details the risks associated with each of the findings. These risks and action taken to address those risks will be reported to the Committee via 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 8.2**

### **AGC-3/03/23**

That the Audit and Governance Committee recommends that Council receives the Records Management Internal Audit Report and notes the findings and recommendations, and the management action to be taken to address the identified risks.

CARRIED 5/0

<b>8.3 Internal Audit – Library Services</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	RISK/REPRTNG/1
<b>Department</b>	Corporate Services / Community Planning
<b>Previous Reports</b>	N/A
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	1. CONFIDENTIAL REDACTED – ToB Library Services – FINAL [8.3.1 – 27 pages]

### **Purpose**

The purpose of this report is for the Audit and Governance Committee to receive the Library Services Internal Audit Report and to consider the recommendations therein and the management action proposed by the Town.

### **Background**

In June 2022, Council resolved to adopt a three-year Internal Audit Plan for the Town for the period 2020/21 to 2022/23.

In accordance with that Plan, the Town's internal auditors William Buck Consulting (WA) Pty Ltd conducted an internal audit on the Town's Library Services function. The Library Services Internal Audit Report outlines the scope of the audit, and details key findings and recommendations (Attachment 1).

### **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 6: Providing Visionary Leadership and Making Great Decisions

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 21 recommendations to address the risks highlighted by those findings. Two findings were rated as high risk, and three findings were rated as medium risk, as follows.

#### 1. Business Plan (High)

The Town does not have a Library Services business plan. The Town will develop a comprehensive Library Services business plan.

#### 2. Stocktake Procedure (High)

A stocktake has not been fully completed since 2019. While some stocktake processes were undertaken, they were incomplete and inconsistent, with inadequate record retention and processes that were not clear for staff. A stocktake policy and procedure will be implemented and appropriate training conducted.

#### 3. Benchmarking (Medium)

The consultant benchmarked the Town's Library Services against those offered by some other Local Governments. It was found that The Town's Operating Expenses Per Person (OEPP) has consistently been tracking at or below the benchmarked average, printed materials expenditure was comparatively low, and income from services was comparatively low. Wages per population was above the benchmarked average, although within a range of 5% across the three years measured.

#### 4. Procurement Documentation (Medium)

The consultant made a series of recommendations regarding the Town's Procurement Manual and credit card procedures. The Town is currently reviewing its purchasing policies and procedures, and is currently implementing electronic purchasing card acquittal software, following which it intends to transition low value purchasing to purchasing cards. The Town's credit card usage policy will be reviewed and updated accordingly.

#### 5. Performance Reporting (Medium)

No performance reporting indicators for Library Services that would allow performance to be measured against benchmark indicators. The Town will incorporate performance reporting indicators into the Library Services business plan.

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

### **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**

The Library Services Internal Audit Report details the risks associated with each of the findings. These risks and action taken to address those risks will be reported to the Committee via 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 8.3**

#### **AGC-4/03/23**

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

CARRIED 5/0

<b>8.4 Long-Term Rates Debts Due and Payable to the Town</b>	
<b>Property Address</b>	NA
<b>Landowner/Applicant</b>	NA
<b>File Reference</b>	FINM/AUD1
<b>Department</b>	Corporate Services
<b>Previous Reports</b>	NA
<b>Authority/Discretion</b>	<b>Review</b> When the Council operates as a review authority on decisions made by Officers for appeal purposes.
<b>Attachments</b>	1. CONFIDENTIAL REDACTED – Top 10 Outstanding Rates Balances [8.4.1 – 1 page]

### **Purpose**

The purpose of this report is for the Audit and Governance Committee to review the Town's long-term outstanding rates and service charge debts and recommend that Council authorise the Town to take possession of the land in respect to two properties for which long-term rates and service charge debts are owed to the Town.

### **Background**

Council sets the due date for payment of rates and services charges as part of the annual budget; the due date being no earlier than 35 days after issue of the Rates Notice. Council has historically allowed annual rates to be paid in a lump sum by the due date, or in two or four instalments. Council sets the administration fee and interest rate applicable for instalment payments, and the interest rate applicable for late payments, as part of the annual budget.

Some property owners are unable to pay rates and service charges levied by the Town from time-to-time, in varying amounts and for various reasons.

For example, in 2021/22 the Town collected a total of 94.45% of rates levied for the year by the end of the financial year, meaning an amount of \$766,214 remained unpaid at the end of the financial year.

Council's Recovery of Rates and Service Charges Policy applies where rates and service charges remain outstanding after the due date for payment. The policy sets out a process for recovery of rates and service charge debts, part of which is undertaken by the Town and part by the Town's appointed service provider CS Legal. The policy also provides for payment arrangements where the arrangement will clear the debt within 12 months.

In many cases, the debt recovery process outlined in the policy results in the successful collection of the outstanding debt. However, in some cases, the property owner is either unable or unwilling to make payment of the outstanding debt to the Town.

Council has adopted a Financial Hardship Policy to assist those unable to meet their debt to the Town. That policy provides for payment arrangements designed to clear the outstanding debt within three years, with the waiving of interest while the terms of the payment agreement are being met. The Town currently has 18 payment agreements in place under the Financial Hardship Policy.

Some property owners have outstanding debts due to the Town for unpaid rates and service charges that have accumulated over many years. Despite repeated correspondence and other attempts at contact by the Town and/or CS Legal, and despite legal proceedings being commenced and a Property Seizure and Sale Order (PSSO) being issued, some debts remain unpaid, without a payment arrangement in place.

The Town has taken a reasonably lenient approach to debt collection over the past few years, primarily as a result of the COVID pandemic and its far-reaching effects, but also in an effort to bring those with outstanding debts under the Financial Hardship Policy. While this approach has been effective, there are a small number of recalcitrant property owners who have failed to pay outstanding rates or service charges, failed to engage with the Town with a view to entering into a payment agreement (or failed to make the agreed payments), and have large outstanding debts that have accumulated over many years. It is those property owners who are the subject of this report.

The Top 10 Rates Outstanding Balances report attached shows the outstanding balances for the 10 largest debts due to the Town for unpaid rates and service charges. In all cases, part of the debt has been outstanding for more than three years and in most cases part of the debt has been outstanding for more than five years. The outstanding debt for these 10 property owners totals \$146,233, which equates to 38% of the total outstanding debt due to the Town for rates and service charges.

## **Communication and Engagement**

The Town and more recently CS Legal, have made extensive attempts to recover the outstanding debts.

## **Strategic Implications**

Priority Area 4: Driving Financial Suitability

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

## Comment

The efforts taken by the Town and CS Legal to recover the debt from the property owners of Assessment numbers A42864 and A63075 are outlined in the Confidential Attachment to this report.

### Assessment A42864

The current outstanding debt due to the Town for rates and service charges is \$22,099.02, of which \$10,100.34 has been outstanding for more than three years.

The debt first arose from the failure to pay the amount shown on the Rates Notice issued on 11 July 2016. A Final Notice followed on 11 October 2016, followed by email and phone communication with the property owner which resulted in four payments of \$300 each and a promise to pay \$100 per fortnight to clear the debt by July 2017. No further payments were received.

Rates Notices and Final Notices were issued in respect of rates for 2017, 2018, 2019, 2020, and 2021. On 19 November 2021, CS Legal issued a General Procedure Claim (GPC) with attempts at service of the claim unsuccessful.

On 1 March 2022, a Town officer contacted the owner by phone. The owner provided an email address and advised they would email with a change of address and a payment plan. There being no subsequent contact from the property owner, the Town instructed CS Legal to proceed to substituted service of the GPC. CS Legal wrote to the owner, who responded on 30 March 2022, advising they have no fixed address and will collect the documents.

In August and September 2022, a Rates Notice and Final Notice was issued in respect of rates for 2022, without response or payment.

On 31 October 2022, CS Legal advised that the time had expired for the owner to respond to the GPC and the Town instructed CS Legal to proceed to Default Judgement, which was given to the Town on 7 November 2022.

On 15 November 2022, a Town officer contacted the residence by phone but was told the owner could not speak with the officer. The Town officer advised the matter was extremely urgent. There being no further contact with the property owner, the Town instructed CS Legal to proceed to a Property Seizure and Sale Order (PSSO), on 17 November 2022.

The PSSO was lodged at Perth Magistrate's Court on 23 November 2022. The owner contacted CS Legal by email on 2 December 2022 requesting a payment plan of \$1,000 plus \$250 per fortnight.

The Town declined the payment arrangement for various reasons, including non-compliance with the Town's policies, the extraordinarily poor payment history, with no payment whatsoever for five years, and a complete lack of confidence in the capacity, desire, or intent of the property owner to meet the terms of the current offer, or indeed any payment arrangement.

On 13 December 2022, the Bailiff seized two vehicles from the property, but they were not owned by the debtor.

Two payments have since been received in respect of the outstanding debt, being \$1,000 on 16 December 2022, and \$250 on 10 February 2023.

#### Assessment A63075

The current outstanding debt due to the Town for rates and service charges is \$21,390.20, of which \$11,263.97 has been outstanding for more than three years.

The current debt arose in 2014 or earlier, with a Final Notice for \$1,620.42 issuing on 19 September 2014. The Town received a payment of \$1,100 on 7 January 2015. An annual Rates Notice issued for 2015 on 10 July 2015 and a Final Notice on 14 October 2015. The Town received a payment of \$300 on 1 March 2016.

Rates Notices and Final Notices were issued in respect of rates for 2017, 2018, 2019, and 2020. The file was referred to CS Legal on 12 May 2021 and CS Legal attempted to contact the owner by phone and email on 8 June 2021.

In August and October 2021, a Rates Notice and Final Notice was issued in respect of rates for 2021, without response or payment.

In November 2021, the Town instructed CS Legal to proceed to a GPC, which was served personally on the owner on 23 November 2021. There being no response, the Town instructed CS Legal to proceed to default judgement, which was given to the Town on 14 March 2022. The Bailiff attended the property in May 2022 and advised that there were no goods of value outside the premises.

In August and September 2022, a Rates Notice and Final Notice was issued in respect of rates for 2022, without response or payment.

The Bailiff attended the residence again on 9 September 2022, again advising no goods of value were outside the premises.

The last payment received by the Town in respect of rates and service charges for this property was \$300 on 1 March 2016.

### Proposed action

It is proposed for Council to authorise the Town to take possession of both parcels of land and sell them, pursuant to section 6.64 of the Act.

While Council taking possession of land is a last resort to secure payment of outstanding debts, it is nevertheless an important option to have available when all else has failed. Property owners have a responsibility to pay local government rates as and when they fall due for payment, contributing to the local community by funding local governments to provide a range of statutory and discretionary services to their communities. Rates-setting is designed to be fair and equitable, through triennial property valuations by the State (Landgate) combined with Council setting the rate in the dollar and minimum payments for GRV-rated properties to produce the revenue it needs to fund its services. Council provides different payment options through the annual budget process and Council has adopted a Financial Hardship Policy to assist those where necessary.

While the overwhelming majority of property owners within the Town of Bassendean pay their rates and services charges as and when they fall due under their chosen payment option, and many others contact the Town's administration to make other payment arrangements or make application under the Financial Hardship Policy, some property owners as demonstrated by this report consistently and repeatedly fail in their obligation to pay rates and service charges.

For A42864, two payments have been made in almost seven years: \$300 on 25 May 2017, and \$1,000 on 14 December 2022; the latter payment made following the Bailiff attending the property. For A63075, the last payment received by the Town was \$300 seven years ago. Annual Rates Notices, Final Notices, Letters of Demand, phone calls, PSSO and the Bailiff have had no effect, aside from a one-off payment of \$1,000 in respect of A42864.

The last remaining option for the Town to attempt to collect the outstanding debts in respect of these two properties is for Council to take possession of the land and sell it. Otherwise, the debts will continue to escalate, with the addition of further annual rates and service charges, interest on the outstanding debt and legal fees.

For the remaining assessments listed on the Top 10 Rates Outstanding Balances report attached, it is proposed to continue close monitoring of the debt due in respect of each property. One property owner has made two recent payments of \$2,500 each and has committed to payment of \$5,000 per month. Another has advised they will attempt to access superannuation, and another has said they will put the property on the market. One property may be leased, and the Town will consider options under section 6.60 of the Act. One property owner has personal circumstances that need to be taken into account and has stated they will make an application under the Financial Hardship Policy. In respect of the remaining properties, the Town is about to proceed to PSSO.

## Statutory Requirements

### *Local Government Act 1995*

#### *6.56. Rates or service charges recoverable in court*

- (1) If a rate or service charge remains unpaid after it becomes due and payable, the local government may recover it, as well as the costs of proceedings, if any, for that recovery, in a court of competent jurisdiction.*
- (2) Rates or service charges due by the same person to the local government may be included in one writ, summons, or other process.*

#### *6.60. Local government may require lessee to pay rent*

- (6) In this section —  
lease includes an agreement whether made orally or in writing for the leasing or subleasing of land and includes a licence or arrangement for the use of land;  
lessor and lessee mean the parties to a lease and their respective successors in title.*
- (2) If payment of a rate or service charge imposed in respect of any land is due and payable, notice may be given to the lessee of the land requiring the lessee to pay to the local government any rent as it falls due in satisfaction of the rate or service charge.*

#### *6.64. Actions to be taken*

- (1) If any rates or service charges which are due to a local government in respect of any rateable land have been unpaid for at least 3 years the local government may, in accordance with the appropriate provisions of this Subdivision take possession of the land and hold the land as against a person having an estate or interest in the land and —
  - (a) from time to time lease the land; or*
  - (b) sell the land; or*
  - (c) cause the land to be transferred to the Crown; or*
  - (d) cause the land to be transferred to itself.**
- (2) On taking possession of any land under this section, the local government is to give to the owner of the land such notification as is prescribed and then to affix on a conspicuous part of the land a notice, in the form or substantially in the form prescribed.*
- (3) Where payment of rates or service charges imposed in respect of any land is in arrears the local government has an interest in the land in respect of which it may lodge a caveat to preclude dealings in respect of the land, and may withdraw caveats so lodged by it.*



*Schedule 6.3 — Provisions relating to sale or transfer of land where rates or service charges unpaid*

*Local Government (Financial Management) Regulations 1996 Schedule 2  
Forms 2 to 5*

### **Financial Considerations**

The Town has referred 73 properties to CS Legal for debt collection for an amount owing of \$380,462. Whilst this does not represent the total rates and service charges owed to the Town, the remaining outstanding balances are below \$1,000 and are being managed by staff through other channels such as SMS, email, and telephone contact.

As mentioned earlier, the outstanding debt for the 10 property owners totals \$146,233, which equates to 38% of the total outstanding debt due to the Town for rates and service charges.

Should Council adopt the approach proposed in this report and the Town takes possession of and sells two properties, that could reasonably be expected to assist the Town in its broader debt recovery efforts.

### **Risk Management Implications**

The financial risk is low. While the debts are significant, they do represent a small proportion of the Town's revenue and are secured by the property. Should ownership of the property change, the debt due to the Town will be paid at settlement.

The Town may suffer some reputational risk in the event that it takes possession of, and sells, the two properties, although it is submitted that risk is mitigated by the details provided in this report. The Town may suffer reputational risk from the broader ratepayer base should the property owners continue to avoid payment of rates and service charges.

Further, continued avoidance by these property owners of their obligations without significant consequence may hamper the Town's ability to recover outstanding rates and service charge debts from other property owners.

### **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 8.4**  
**AGC-5/03/23**

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

1. Authorises the Town to take possession of the land the subject of assessment number A42864 and sell the land, pursuant to section 6.64 of the *Local Government Act 1995*; and
2. Authorises the Town to take possession of the land the subject of assessment number A63075 and sell the land, pursuant to section 6.64 of the *Local Government Act 1995*.

CARRIED BY AN ABSOLUTE MAJORITY 4/0

<b>8.5 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> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	1. CONFIDENTIAL REDACTED - Audit Risk Register - Mar 2023 [8.5.1 - 8 pages]

### **Purpose**

The purpose of this report is to provide the Audit and Governance Committee with the Town's Audit Risk Register, with revised actions since the last update delivered at the Committee meeting on 30 November 2022.

### **Background**

In 2019, a review was undertaken on 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*. One of the recommendations arising from that review was the creation of an Audit Risk Register.

## 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.

Since the Audit Risk Register was last tabled at the Committee in November 2022, the Town has received the audited annual financial statements for 2021/22, with the auditor's opinion from the Office of the Auditor General and the Auditor's Closing Report from the auditors RSM Australia Pty Ltd (RSM). The recommendations made and management responses have been included in the Audit Risk Register. Management actions taken in response to the recommendations will continue to be reported to the Committee.

The Town's internal auditor William Buck has completed two internal audits since the last meeting of the Committee:

- Records Management
- Library Services.

These audits are the subject of separate reports to this meeting of the Committee. Recommendations and action taken or proposed to be taken in response will be incorporated into the Audit Risk Register for the next meeting of the Committee.

## Statutory Requirements

The *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. Any required engagement will be guided by Council's Purchasing Policy and the Town's Procurement Framework.

### **Risk Management Implications**

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 8.5**

**AGC-6/03/23**

MOVED Cr McWilliam, Seconded Cr Poliwka, that the Audit and Governance Committee receives the Audit Risk Register and notes the action taken or proposed to be taken, to address the identified risks.

CARRIED 4/0

**9 Motions of Which Previous Notice Has Been Given**

Nil

**10 Announcements of Notices of Motion for the Next Meeting**

Nil

**11 Confidential Business**

Nil

**12 Closure**

The next Audit and Governance Committee will be held on Wednesday 7 June 2023, commencing at 5.30pm.

There being no further business, the meeting closed at 7.09pm.