

AGENDA

Audit and Governance Committee Meeting Wednesday 12 March 2025

NOTICE OF MEETING

Dear Committee Member

The next meeting of the Audit and Governance Committee will be held at 5:30 pm on Wednesday 12 March 2025, in the Council Chamber, Administration Building, 48 Old Perth Road, Bassendean.

Please note, that parts of this meeting may be closed to the public, as the agenda contains confidential items and attachments which may be discussed by Council behind closed doors, in accordance with s5.23 (2)(c) of the *Local Government Act 1995*.



Cameron Woods
CHIEF EXECUTIVE OFFICER

5 MARCH 2025

Table of Contents

1 Declaration Of Opening; Acknowledgment of Country; Acknowledgment of Visitors; Disclaimer	3
2 Announcements by the Presiding Member without Discussion.....	3
3 Attendances, Apologies and Leave of Absence.....	3
4 Declarations of Interest.....	4
5 Presentations or Deputations	4
6 Questions and Statements from Members of the Public.....	4
7 Confirmation of Minutes	4
7.1 Confirmation of Minutes - 9 December 2024	4
8 Business Deferred from Previous Meeting	4
9 Reports	5
9.1 Regulation 5 Internal Audit Review	5
9.2 Regulation 17 Internal Audit Review	8
9.3 Compliance Audit Return 2024	12
9.4 Fraud and Corruption Control Framework	15
9.5 Audit Findings Log	20
10 Motions of Which Previous Notice Has Been Given	23
11 Announcements of Notices of Motion for the Next Meeting	23
12 Confidential Business.....	23
13 Closure	23

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

Acknowledgement of Country

The Town of Bassendean acknowledges the Whadjuk people of the Noongar Nation as the Traditional Custodians of this land. We pay our respects to Elders past and present, and acknowledge their continuing culture and the contribution they make to the region.

2 Announcements by the Presiding Member without Discussion

3 Attendances, Apologies and Leave of Absence

Councillors

Cr Ken John (Presiding Member)
Cr Kathryn Hamilton, Mayor
Cr Jamayne Burke

Officers

Mr Paul White, Director Corporate Services
Ms Joanne Burges, Manager Governance & Strategy
Ms Waruni De Silva, Manager Financial Services
Mr Tristan Loney, Manager Information and Technology

Community Member

Ms Sasha Rademakers

Advisor to the Committee

Mr Ron Back

Guests

Mr Jay Teichert, Office of the Auditor General
Mr Amit Kabra, RSM
Mr Cameron Palassis, Executive Director, Paxon
Mr Ian Ekins, Associate Director, Paxon

Public

4 Declarations of Interest

5 Presentations or Deputations

6 Questions and Statements from Members of the Public

7 Confirmation of Minutes

7.1 Confirmation of Minutes - 9 December 2024
Attachments

Officer Recommendation – Item 7.1

That the minutes of the Audit and Governance Committee meeting held on 9 December 2024 be received and confirmed as a true and correct record.

Voting requirements: Simple Majority

8 Business Deferred from Previous Meeting

Nil

9 Reports

9.1 Regulation 5 Internal Audit Review	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	GOVN/CCLMEET/1
Department	Corporate Services
Previous Reports	
Authority/Discretion	Legislative Includes adopting local laws, local planning schemes & policies.
Attachments	1. CONFIDENTIAL - Town of Bassendean Regulation 5 Review Final Report (4 March 2025) [9.1.1 - 12 pages]

Reason for this Item to be discussed behind closed doors:

This matter is to be considered with members of the public excluded from the Chamber under Clause 5.23(f) of the Local Government Act as the officer report discusses a matter that if disclosed, could be reasonably expected to -

- i. *impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
- ii. *endanger the security of the local government's property; or*
- iii. *prejudice the maintenance or enforcement of a lawful measure for protecting public safety.*

Purpose

The purpose of this report is for the Audit and Governance Committee to receive the Regulation 5 Internal Audit Review, prepared by the Town's internal auditors Paxon, 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 Program for 2023/24 to 2025/26, adopted by Council in June 2023, Paxon conducted an internal audit of the appropriateness and effectiveness of the Town's financial management systems and procedures in respect of Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* (Regulation 5). The Regulation 5 Internal Audit Review outlines the scope of the audit, and details key findings and recommendations (Confidential Attachment 1).

Proposal

That the Audit and Governance Committee receives the Regulation 5 Internal Audit Review and notes the findings and recommendations, and the management action to be taken to address the identified risks.

Communication and Engagement

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

Strategic Implications

Performance Area 5: Performance

9.1 Continuously improve operational performance and service delivery.

Comment

Paxon identified three findings rated as “low risk” and identified one improvement opportunity, as summarised in the following table:

Risk Area	Finding	Risk Rating
Cash Collections	Inconsistent Collection processes	Low Risk
Stocktake Control	Evidence of review for stock reconciliations	Low Risk
Policies and Procedures	Update of Payroll Management Procedure	Low Risk
Financial Management	Financial Task Calendar	Improvement Opportunity

Paxon made three recommendations to the Town, to address the risks posed by these findings. The Town agrees with the findings and accepts all recommendations.

The Town appreciates the positive insights highlighted by Paxon, including the following:

- All previous audit findings raised in the Regulation 5 review performed in 2022 and reported to the Audit, Risk & Governance Committee have been effectively resolved
- Roles and responsibilities for financial management functions are clearly documented within policies and procedures, including independent review of reconciliations.
- Segregation of duties were in place, systems access and independent oversight of processes are mostly in place and appear appropriate.
- Payroll processes are appropriately designed and operating effectively including timesheets and preparing and approving pay runs.

The findings, recommendations and proposed action to address the recommendations are detailed in the attached report.

Statutory Requirements

Local Government (Financial Management) Regulation 5(2)(c) states:

*“The CEO is to –
undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.”*

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

Compliance

Medium

Financial Risk

Medium

Reputational

Medium

The Regulation 5 Internal Audit Review 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.

Officer Recommendation – Item 9.1

That the Audit and Governance Committee recommends that Council receives the Regulation 5 Internal Audit Review and notes the findings and recommendations, and the management action to be taken to address the identified risks.

Voting requirements: Simple Majority

9.2 Regulation 17 Internal Audit Review	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	GOVN/CCLMEET/1
Department	Office of the CEO
Previous Reports	
Authority/Discretion	Legislative Includes adopting local laws, local planning schemes & policies.
Attachments	1. CONFIDENTIAL - Town of Bassendean Regulation 17 Final Report (4 March 2025) [9.2.1 - 14 pages]

Reason for this Item to be discussed behind closed doors:

This matter is to be considered with members of the public excluded from the Chamber under Clause 5.23(f) of the Local Government Act as the officer report discusses a matter that if disclosed, could be reasonably expected to -

- i. impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
- ii. endanger the security of the local government's property; or*
- iii. prejudice the maintenance or enforcement of a lawful measure for protecting public safety.*

Purpose

The purpose of this report is for the Audit and Governance Committee to receive the Regulation 17 Internal Audit Review, prepared by the Town's internal auditors Paxon, 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 Program for 2023/24 to 2025/26, adopted by Council in June 2023, Paxon conducted an internal audit of the current controls implemented in respect of Regulation 17 of the *Local Government (Audit) Regulations 1996* (Regulation 17). The Regulation 17 Internal Audit Review outlines the scope of the audit, and details key findings and recommendations (Confidential Attachment 1).

Proposal

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

Communication and Engagement

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

Strategic Implications

Performance Area 5: Performance

9.1 Continuously improve operational performance and service delivery.

Comment

Paxon identified three findings rated as “medium risk” and two findings rated as “low risk”, as summarised in the following table:

Risk Area	Finding	Paxon Risk Rating
Risk Management	5.1 Risk Registers	Medium Risk
	5.2 Business Continuity Plan	Medium Risk
Internal Control	6.1 Policy Management	Low Risk
Legislative Compliance	7.1 Legislative Compliance Framework	Medium Risk
	7.2 Public Interest Disclosure Processes	Low Risk

Paxon made seven recommendations to the Town, to address the risks posed by these findings.

The Town agrees with the findings and accepts all recommendations. The findings, recommendations and proposed action to address the recommendations are detailed in the attached report.

The Town appreciates the positive insights highlighted by Paxon and notes that although significant improvements have been achieved since the last Internal Audit of Regulation 17 in 2022, some areas still require attention.

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

- Reviewed and updated the Delegations Register;
- Developed and implemented a new Procurement Framework;
- Created an Audit Risk Log 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

Local Government (Audit) Regulation 17 states:

- (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

Compliance

Medium

Financial Risk

Medium

Reputational

Medium

The Regulation 17 Internal Audit Review 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.

Officer Recommendation – Item 9.2

That the Audit and Governance Committee recommends that Council receives the Regulation 17 Internal Audit Review, and notes the findings and recommendations, and the management action to be taken to address the identified risks.

Voting requirements: Simple Majority

9.3 Compliance Audit Return 2024	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	GOVR/LREGLIA/15
Department	Office of the CEO
Previous Reports	N/A
Authority/Discretion	Executive The substantial direction setting and oversight role of the Council.
Attachments	1. DLGSC Version for signing Compliance Audit Return 2024 [9.3.1 - 12 pages]

Purpose

The purpose of this report is for the Audit and Governance Committee to consider the Compliance Audit Return (CAR) 2024 for the Town of Bassendean for the calendar year 1 January 2024 to 31 December 2024.

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 (DLGSC) 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 with relevant staff.

Strategic Implications

Performance Area 5: Performance

9.1 Continuously improve operational performance and service delivery.

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
Integrated Planning and Reporting	3
Local Government Employees	5
Official Conduct	4
Optional Questions	9
Tenders for Providing Goods and Services	22

In the current reporting period, there was one (1) instance of non-compliance relating to a Primary Return.

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

Compliance

Medium

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 DLGSC.

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.

Officer Recommendation – Item 9.3

That the Committee recommends that Council adopts the Local Government 2024 Compliance Audit Return for the Town of Bassendean for the period 1 January 2024 to 31 December 2024, as attached to this report.

Voting requirements: Simple Majority

9.4 Fraud and Corruption Control Framework	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	GOVN/REPRTNG/2
Department	Corporate Services
Previous Reports	
Authority/Discretion	Executive The substantial direction setting and oversight role of the Council.
Attachments	<ol style="list-style-type: none"> 1. Draft Amended Fraud and Corruption Policy [9.4.1 - 3 pages] 2. CONFIDENTIAL - Draft Amended Fraud and Corruption Control Plan [9.4.2 - 25 pages]

Reason for this Item to be discussed behind closed doors:

This matter is to be considered with members of the public excluded from the Chamber under Clause 5.23(f) of the Local Government Act as the officer report discusses a matter that if disclosed, could be reasonably expected to -

- i. impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law; or*
- ii. endanger the security of the local government's property; or*
- iii. prejudice the maintenance or enforcement of a lawful measure for protecting public safety.*

Purpose

The purpose of this report is to present a draft amended Fraud and Corruption Policy and Fraud and Corruption Control Plan to the Audit and Governance Committee for review.

Background

Council adopted the Town's Fraud and Corruption Policy in March 2022, and it was due for review in March 2024. The Fraud and Corruption Policy is supported by a Fraud and Corruption Control Plan, endorsed by this Committee in March 2022.

Proposal

That the Committee recommends to Council that it adopt the draft amended Fraud and Corruption Policy (**Attachment 1**).

That the Committee endorse the draft amended Fraud and Corruption Control Plan (**Confidential Attachment 1**).

Communication and Engagement

The Fraud and Corruption Policy and Fraud and Corruption Control Plan were subject to administrative review, with the changes endorsed by CMC on 4 March 2025.

Strategic Implications

Performance Area 5: Performance

9.1 Continuously improve operational performance and service delivery.

Comment

The Fraud and Corruption Policy has been reviewed and it is considered by the administration to remain relevant and fit for purpose. No amendments of substance are proposed. The draft amended policy is attached as **Attachment 1**, with tracked changes.

The Fraud and Corruption Control Plan has been reviewed and it is considered by the administration to remain relevant and fit for purpose, although the following changes of substance are proposed:

- Replacement of the Introduction with a CEO Introductory Statement
- Updating the role of the Audit and Governance Committee to reflect the new Committee Charter, adopted by Council in June 2024.

The draft amended plan is attached as **Confidential Attachment 1**, with tracked changes.

The attachment to the Fraud and Corruption Control Plan is a list of recommended “Action Items” to fully implement the Plan. The progress against those action items is summarised in Table 1.

Table 1: Fraud and Corruption Control Plan – Action Items

	Action	Time	Responsibility	Status
1	Appointment of a Fraud and Corruption Control Officer	December 2024	CEO	Complete
2	CEO introductory statement of commitment to fraud and	December 2024	CEO	Complete

	corruption control			
3	Fraud and Corruption Incident Register to be created and maintained	December 2024	Manager Governance & Strategy	Complete
4	Review induction content provided to new employees and contractors	March 2025	Manager HR, Coordinator Procurement	In progress
5	Exit interviews to include fraud and corruption elements	March 2025	Manager HR	In progress
6	Creating and advertising avenues for staff, the public and suppliers to report concerns	March 2025	DCS	In progress. Delayed due to difficulty pursuing anonymous reporting mechanisms.
7	Annual written confirmation by employees with the Employee Code of Conduct, Fraud and Corruption Policy and FCCP	March 2025	Manager Governance & Strategy	In Progress. Manager HR has developed a method to facilitate via SharePoint. Microsoft licenses procured to facilitate unique accounts for all Town staff. Rollout commenced.
8	Fraud and corruption control is incorporated into the performance management system and incorporated into leadership team PD's	June 2025	CEO, Manager HR	Planned for the first half of 2025.
9	Fraud risks across the organisation are identified, assessed and documented, with adequate controls in place	Ongoing	Manager Governance & Strategy	In progress. Fraud risks have been identified, with treatments to be determined as part of the broader organisational risk review.
10	Fraud prevention and awareness training, newsletters and presentations to	Ongoing	Manager Governance & Strategy	In progress. Manager HR has commenced preparation of an awareness training package.

	communicate ethical standards			
11	Ongoing Code of Conduct training and elements of the Integrity Framework	Ongoing	Manager Governance & Strategy	Code of Conduct requires review.

It is acknowledged that progress against some action items has not been as comprehensive as would be desirable. A further report to the Committee will be prepared for the first meeting of the Committee after June 2025, by which time all action items should be implemented.

Statutory Requirements

Corruption, Crime and Misconduct Act 2003

The Chief Executive Officer of the Town has a duty to notify the Corruption and Crime Commission in writing of any matter which the CEO suspects on reasonable grounds concerns or may concern serious misconduct (Section 28). Serious misconduct includes fraud and corruption.

An appropriate Fraud and Corruption Control Plan, with effective measures in place to prevent, detect and respond to suspected fraud or corruption is essential to enable the CEO to discharge this duty to notify the CCC.

Financial Considerations

Implementation of some elements of the action plan to give effect to the Fraud and Corruption Control Plan 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

Reputational

Medium

The risks of fraud and corruption are well-known and ever-present. Organisations subject to fraud or corruption incidents have consistently been shown to suffer financial loss and significant reputational damage.

A robust fraud and corruption control framework is effective in mitigating fraud and corruption risk. Effective internal controls, informed by a fraud and corruption risk

assessment and supported by an anti-fraud and corruption culture and appropriate training is effective in mitigating fraud and corruption risk and in facilitating early detection should incidents occur.

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.

Officer Recommendation – Item 9.4

That the Audit and Governance Committee:

1. Recommends to Council that it adopt the draft amended Fraud and Corruption Policy, attached to this report as **Attachment 1**.
2. Endorses the draft amended Fraud and Corruption Control Plan, attached to this report as **Confidential Attachment 1**.
3. Notes the action taken to implement the action items identified in the Fraud and Corruption Control Plan.

Voting requirements: Simple Majority

9.5 Audit Findings Log	
Property Address	N/A
Landowner/Applicant	N/A
File Reference	GOVN/CCLMEET/1
Directorate	Corporate Services
Previous Reports	N/A
Authority/Discretion	Executive The substantial direction setting and oversight role of the Council.
Attachments	1. CONFIDENTIAL - March 2025 Audit Findings Log [9.5.1 - 6 pages]

Purpose

The purpose of this report is to provide the Audit and Governance Committee with the Town’s Audit Findings Log, with updated actions since the meeting of the Committee on 9 December 2024.

Background

The Audit Findings Log presents a summary of the audit findings and recommendations made in recent internal and external audit reports relating to the Town.

The format of the Audit Findings Log has been revised and updated, to include additional information about the source of the findings and recommendations, and proposed timeframes to address the recommendations by management. Also, the most recent audit findings now appear at the start of the log.

Five items remain outstanding from the previous log and have been brought over to this new log.

Proposal

For the Audit and Governance Committee to receive and review the Audit Findings Log, provide feedback on the new format and content of the log, and consider the action taken or proposed to be taken to address the audit recommendations.

Communication and Engagement

Nil.

Strategic Implications

Performance Area 5: Performance

9.1 Continuously improve operational performance and service delivery.

Comment

The Audit Findings Log has been updated to include the findings and recommendations from the completed Information Technology General Controls audit by RSM and the Office of the Auditor General, tabled at the December 2024 meeting, with additional management comments on action taken or proposed to address the recommendations.

Statutory Requirements

The Audit and Governance Committee meets at least four times each year to carry out the functions under its Charter, which specifies the authority, objectives and responsibilities of the Committee and governs its membership and meeting requirements.

Regulation 16 of the *Local Government (Audit) Regulations 1996* specifies the functions of audit committees.

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

Compliance

Medium

Financial Risk

Low

Reputational

Medium

Risk implications are detailed in the Audit Findings Log.

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.

Officer Recommendation – Item 9.5

That the Audit and Governance Committee receives the Audit Findings Log, and notes the action taken or proposed to be taken, to address the recommendations.

Voting requirements: Simple Majority

10 Motions of Which Previous Notice Has Been Given

11 Announcements of Notices of Motion for the Next Meeting

12 Confidential Business

13 Closure

The next Audit and Governance Committee will be held on Wednesday 11 June commencing at 5.30pm.