

# UNCONFIRMED MINUTES

## **Audit and Governance Committee Meeting Wednesday 12 March 2025**

Held in the Council Chamber,  
48 Old Perth Road, Bassendean

**Minutes to be confirmed at the next Committee Meeting**

These minutes are confirmed as a true and correct record.

Presiding Member's signature: \_\_\_\_\_ Date: \_\_\_\_\_

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

The Presiding Member declared the meeting open at 5:30pm and welcomed all those in attendance.

### **Acknowledgment 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**

Nil

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

### **Present**

#### 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

#### Guests

Mr Ian Ekins, Associate Director, Paxon (by electronic means)  
Ms Sangeetha Parameswaran, Senior Manager, Paxon (by electronic means)

#### Public

There were no members of the public in attendance.

## **Apologies**

Mr Ron Back, Advisor to the Committee  
 Mr Cameron Palassis, Executive Director, Paxon  
 Ms Caitlin McGowan, Director Financial Audit, Office of the Auditor General  
 Ms Fatima Padia, Engagement Manager, Office of the Auditor General

## **4 Declarations of Interest**

Nil.

## **5 Presentations or Deputations**

Nil.

## **6 Questions and Statements from Members of the Public**

Nil.

## **7 Confirmation of Minutes**

<b>7.1 Confirmation of Minutes - 9 December 2024</b>	
<b>Attachments</b>	1. Audit and Governance Committee 9 December 2024 – Unconfirmed Minutes [7.1.1 - 24 pages]

### **Committee Resolution/Officer Recommendation – Item 7.1**

MOVED Ms Sasha Rademakers, Seconded Cr Ken John

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.

### **AGC 2025-03-12/1**

CARRIED UNANIMOUSLY 4/0

**For:** Cr Ken John, Ms Sasha Rademakers, Cr Jamayne Burke and Cr Kathryn Hamilton

**Against:** Nil

## **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	<b>Legislative</b> 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	<b>Low Risk</b>
Stocktake Control	Evidence of review for stock reconciliations	<b>Low Risk</b>
Policies and Procedures	Update of Payroll Management Procedure	<b>Low Risk</b>
Financial Management	Financial Task Calendar	<b>Improvement Opportunity</b>

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.

**Committee Resolution/Officer Recommendation – Item 9.1**

MOVED Cr Kathryn Hamilton, Seconded Ms Sasha Rademakers,

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**

**AGC 2025-03-12/2**

**CARRIED UNANIMOUSLY 4/0**

**For:** Cr Ken John, Ms Sasha Rademakers, Cr Jamayne Burke and Cr Kathryn Hamilton

**Against:** Nil

<b>9.2 Regulation 17 Internal Audit Review</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	GOVN/CCLMEET/1
<b>Department</b>	Office of the CEO
<b>Previous Reports</b>	
<b>Authority/Discretion</b>	<b>Legislative</b> Includes adopting local laws, local planning schemes & policies.
<b>Attachments</b>	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.

### **Committee Resolution/Officer Recommendation – Item 9.2**

MOVED Ms Sasha Rademakers, Seconded Cr Kathryn Hamilton,

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**

**AGC 2025-03-12/3**

**CARRIED UNANIMOUSLY 4/0**

**For:** Cr Ken John, Ms Sasha Rademakers, Cr Jamayne Burke and Cr Kathryn Hamilton

**Against:** Nil

<b>9.3 Compliance Audit Return 2024</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	GOVR/LREGLIA/15
<b>Department</b>	Office of the CEO
<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. 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:

<b>Topic</b>	<b>Number of Questions</b>
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.

**Committee Resolution/Officer Recommendation – Item 9.3**

MOVED Ms Sasha Rademakers, Seconded Cr Jamayne Burke,

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**

**AGC 2025-03-12/4**

**CARRIED UNANIMOUSLY 4/0**

**For:** Cr Ken John, Ms Sasha Rademakers, Cr Jamayne Burke and Cr Kathryn Hamilton

**Against:** Nil

<b>9.4 Fraud and Corruption Control Framework</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	GOVN/REPRTNG/2
<b>Department</b>	Corporate Services
<b>Previous Reports</b>	
<b>Authority/Discretion</b>	<b>Executive</b> The substantial direction setting and oversight role of the Council.
<b>Attachments</b>	

**Note**

This Report was not considered by the Committee as it was included in the Agenda by an administrative error. The matter was considered and resolved at the 9 December 2024 meeting of the committee.

<b>9.5 Audit Findings Log</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	GOVN/CCLMEET/1
<b>Directorate</b>	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 - 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.

### **Committee Resolution/Officer Recommendation – Item 9.5**

MOVED Ms Sasha Rademakers, Seconded Cr Jamayne Burke,

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**

**AGC 2025-03-12/5**

**CARRIED UNANIMOUSLY 4/0**

**For:** Cr Ken John, Ms Sasha Rademakers, Cr Jamayne Burke and Cr Kathryn Hamilton

**Against:** Nil

### **10 Motions of Which Previous Notice Has Been Given**

Nil.

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

Nil.

### **12 Confidential Business**

Nil.

### **13 Closure**

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

There being no further business, the Presiding Member declared the meeting closed, the time being 6:21 pm.