



## **Standing Committee (Audit and Risk)**

# **Minutes**

Monday 19 February 2024



City of  
**Belmont**

# CITY OF BELMONT

## Standing Committee (Audit and Risk)

### Minutes

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**Attachments Index**

Attachment 11.1.1 – Item 11.1. refers

Attachment 11.2.1 – Item 11.2 refers

**Confidential Attachments Index**

Confidential Attachment 10.1.1 – Item 10.1 refers

Confidential Attachment 11.3.1 – Item 11.3 refers

**Councillors are reminded to retain their confidential papers for discussion with the minutes.**

**Minutes of the Standing Committee (Audit and Risk) held in the Rivervale Room, City of Belmont Civic Centre, 215 Wright Street, Cloverdale on Monday 19 February 2024 commencing at 6.30pm.**

# Minutes

## Present

Cr C Kulczycki (Presiding Member)	West Ward
Cr G Sekulla (Deputy Presiding Member)	Central Ward
Mayor R Rossi JP (Ex Officio)	Mayor
Cr B Ryan	East Ward
Ms S Zulsdorf	Independent Member

## In attendance

Mr J Christie	Chief Executive Officer
Mr S Downing	Director Corporate and Governance
Mr B Godfrey	Senior Internal Auditor
Ms D Dabala	Manager Governance and Legal
Mr M Smith	Manager Information Technology
Mrs J Cherry-Murphy	Senior Governance Officer

# 1 Official Opening

**6.30pm The Presiding Member welcomed all those in attendance and declared the meeting open.**

The Presiding Member read aloud the Acknowledgement of Country.

## **Acknowledgement of Country**

Before I begin, I would like to acknowledge the Whadjuk Noongar people as the Traditional Owners of this land and pay my respects to Elders past, present and emerging.

I further acknowledge their cultural heritage, beliefs, connection and relationship with this land which continues today.

## 2 Apologies and leave of absence

Cr Davis (absent)

South Ward

## 3 Declarations of interest that might cause a conflict

### 3.1 Financial interests

Nil.

### 3.2 Disclosure of interest that may affect impartiality

Nil.

## **4 Announcements by the Presiding Member (without discussion)**

### **4.1 Announcements**

Nil.

### **4.2 Declarations by Members who have not given due consideration to all matters contained in the business papers presently before the meeting**

Nil.

## **5 Confirmation of Minutes**

### **5.1 Standing Committee (Audit and Risk) Meeting held 27 November 2023**

#### **Officer Recommendation**

#### **Rossi moved, Sekulla seconded**

That the Minutes of the Standing Committee (Audit and Risk) Meeting held on 27 November 2023 be confirmed as a true and accurate record.

#### **Carried Unanimously 5 votes to 0**

For: Kulczycki, Ms Zulsdorf, Rossi, Ryan and Sekulla

Against: Nil

## **6 Questions by Members on which due notice has been given (without discussion)**

Nil.

## **7 New business of an urgent nature approved by the person presiding or by decision**

Nil.

## **8 Questions by members without notice**

Nil.

## **9 Business adjourned from a previous meeting**

Nil.

## **10 Information items**

### **10.1 Audit Log - Office of the Auditor General and Other Audits**

An Audit Log (refer Confidential Attachment 10.1.1) has been developed to capture and report on progress of all recommended actions from previous audit reports as requested by the Standing Committee (Audit and Risk).

The Audit Log will be included for information on all Standing Committee (Audit and Risk) Agendas. Questions from Committee Members are welcome.

## Attachment details

### Attachment No and title

1. CONFIDENTIAL REDACTED - Audit Log - Office of the Auditor General and other Audits (Confidential Matter in accordance with the Local Government Act 1995 Section 5.23(2)(f)(ii)) [**10.1.1** - 15 pages]

A series of questions were raised and responded to as follows:

- The City will review the presentation of the Audit Log.
- There is agreement that all items will be actioned and closed out.
- The columns shown as Auditor Rating and Control Manager are not the same as Inherent and Residual risk ratings. The first one is the Auditors assessment of the risk, then the Manager offers their assessment of the risk. Inherent risk is the risk before any application of controls whereas the Residual risk rating is the risk after the application of controls.
- The internal audit log findings are automatically accepted and included in the audit log.
- A copy of the incident management report will be provided.
- An additional column to identify the date first included in the Audit Log can be included.
- The City are on track to meet the April 2024 deadlines. The City are using external resources when specialised skills are required.

### Further Information

- The Director Corporate and Governance undertook to investigate whether it is considered a risk rating when included on the audit log.



# 11 Items requiring recommendation to Council

## 11.1 Statutory Compliance Audit Return 2023

Voting Requirement	:	Simple Majority
Subject Index	:	39/005 Statutory Compliance Return
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	27 February 2023 SC(AR) Item 11.2; 28 March 2023 OCM Item 12.8
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Corporate and Governance

### Council role

#### Executive

The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

### Purpose of report

To provide Council with the outcomes of the Statutory Compliance Audit Return ("CAR") for the period 1 January 2023 to 31 December 2023 as provided for in Attachment 11.1.1.

### Summary and key issues

It is a requirement of the *Local Government Act 1995* that all local governments carry out an audit of compliance in the prescribed manner and form approved by the Minister. The Department of Local Government, Sport and Cultural Industries (the Department) provided a set of questions via email in December 2023. The 2023 audit questions focus on key areas of potential non-compliance as in previous years. The City of Belmont's 2023 compliance score is 100%. The 2022 score was 99%.

## Officer Recommendation

### **Ms Zulsdorf moved, Rossi seconded**

That the Standing Committee (Audit and Risk) recommend that Council:

1. Receive and adopt the 2023 Compliance Audit Return responses as provided in Attachment 11.1.1.
2. Authorise the Mayor and Chief Executive Officer to complete the Joint Certification of the 2023 Compliance Audit Return.
3. Direct the Chief Executive Officer to submit the certified 2023 Compliance Audit Return and a copy of the minutes relative to this report to the Department of Local Government, Sport and Cultural Industries by 31 March 2024 in accordance with the *Local Government (Audit) Regulations 1996*.

### **Carried Unanimously 5 votes to 0**

For: Kulczycki, Ms Zulsdorf, Rossi, Ryan and Sekulla

Against: Nil

## Location

Not applicable.

## Consultation

There has been no specific consultation undertaken in respect to this matter.

## Strategic Community Plan implications

In accordance with the 2020 – 2040 Strategic Community Plan:

### **Goal 5: Responsible Belmont**

**Strategy:** 5.6 Deliver effective, fair and transparent leadership and decision-making, reflective of community needs and aspirations.

## **Policy implications**

There are no policy implications associated with this report.

## **Statutory environment**

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires that a compliance audit for the period 1 January to 31 December is completed each year in a form approved by the Minister. Regulation 14 also requires the Standing Committee (Audit and Risk) to review the CAR and present those results to Council. The CAR is then to be adopted by Council and recorded in the minutes.

Regulation 15 of the *Local Government (Audit) Regulations 1996* requires that after the adoption by Council of the CAR, a certified copy (signed by both the Mayor and Chief Executive Officer) of the return, together with a copy of the minutes of the meeting in which the return was adopted with any additional information is required to be submitted to the Executive Director of the Department of Local Government, Sport and Cultural Industries by 31 March 2024.

## **Background**

The compliance audit period is 1 January to 31 December 2023. Once the audit is completed the City is required to:

1. Present the CAR to the Standing Committee (Audit and Risk).
2. Present the CAR to Council.
3. Seek Council's endorsement of the completed CAR.
4. Return the endorsed and certified CAR, along with a copy of the Council Minutes, to the Department by 31 March 2024.

In completing the CAR, the Chief Executive Officer and other designated officers have:

- undertaken an audit of the City's activities, practices and procedures applicable to each section; and
- met the requirement that the return ensures that an independent, thorough and rigorous process is undertaken.

The audit questions for the 2023 period focused on key areas of potential non-compliance and areas affected by regulatory change.

The City’s responses to the 2023 CAR questions are detailed in Attachment 11.1.1. The response will be submitted to the Department once Council has resolved its satisfaction with the contents of the return, and it has been jointly certified by the Mayor and Chief Executive Officer.

Results of the CAR are published on the My Council website by the Department.

## Report

Following receipt of the CAR questions from the Department by email in December 2023, the City’s officers determined responses to questions in the CAR. To further substantiate responses, the City has opted to provide evidence through citation of items from the City’s Council Meeting Minutes and documents registered in the Electronic Document Management System (ECM). Reference is also made to information contained in hard copy files, which includes original copies of Elected Member and designated officer Primary and Annual Returns.

The questions in the CAR should be read with the relevant extract of the *Local Government Act 1995* (the Act) and/or associated Regulations.

The 2023 CAR contains 94 questions, this is same number as in 2022. A summary of the compliance areas and the City's assessment is as follows:

<b>Compliance Area, (Total Questions for Area)</b>	<b>Full Compliance / Not Applicable</b>	<b>Noncompliance</b>
Commercial Enterprises by Local Government, (5)	5	0
Delegation of Power / Duty (13)	13	0
Disclosure of Interest (21)	21	0
Disposal of Property (2)	2	0
Elections (3)	3	0
Finance (7)	7	0
Integrated Planning and Reporting (3)	3	0
Local Government Employees (5)	5	0
Official Conduct (4)	4	0

<b>Compliance Area, (Total Questions for Area)</b>	<b>Full Compliance / Not Applicable</b>	<b>Noncompliance</b>
Optional Questions (Pertaining to Financial Management and public information (9))	9	0
Tenders (22)	22	0
<b>Total Questions (94)</b>	<b>94</b>	<b>0</b>

The City's 2023 Compliance Score is 100%. At the time of writing, the Department portal was not yet available to upload the 2023 CAR responses. Once uploaded a final copy is generated for printing and certification by the Mayor and CEO, following Council adoption. The certified copy is then uploaded to the Department portal.

The attached response format to the 2023 CAR is in the format provided by the Department. This will be updated with the copy for certification once the portal is available.

Following consideration by the Standing Committee (Audit and Risk) and adoption by Council a hard copy will be certified by the Mayor and CEO for submission to the Department through the CAR portal.

### **Financial implications**

There are no financial implications evident at this time.

### **Environmental implications**

There are no environmental implications associated with this report.

### **Social implications**

There are no social implications associated with this report.

## Attachment details

Attachment No and title
1. 2023 Compliance Audit Return [ <b>11.1.1</b> - 10 pages]

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

<b>Commercial Enterprises by Local Governments</b>				
<b>No</b>	<b>Reference (Act/Reg)</b>	<b>Question</b>	<b>Yes /No/ N/A</b>	<b>Comment</b>
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	
5	s3.59(5)	During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	
<b>Delegation of Power/Duty</b>				
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Yes /No/ N/A</b>	<b>Comment</b>
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	No delegations to committees
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	No delegations to committees
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	No delegations to committees
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	No delegations to committees.
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	N/A	No delegations to committee
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	Delegation Register 2023/24
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Minutes OCM 26/4/2023 Item 12.2 Carried en-bloc
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	Minutes OCM 26/4/2023 Item 12.2. Delegation Register 2023-2024
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	Annual Advice of Delegation Memos ECM folder 11/005
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A	No revocations or amendments to council delegations in 2023.

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
**Local Government, Sport  
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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	Delegation Register 2023/2024 DSID 5348856 <a href="#">Delegation Register 2023 - 2024</a>
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	CEO subdelegations reviewed in May in conjunction with Council review processes. New position to subdelegation added June with commencement of Financial Accountant.
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	Exercise of Delegation Register ECM 11/005 DSID 5608391 <a href="#">Exercise of Delegation Register</a>
DISCLOSURE OF INTEREST				
No	Reference	Question	Yes /No/ N/A	Comment
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	Cr Davis 19/9/2023 SCM Item 7.1 (Left meeting). Refer minutes. <a href="https://www.belmont.wa.gov.au/docs/ecm/special-council-meeting-19-september-2023-minutes-unconfirmed">https://www.belmont.wa.gov.au/docs/ecm/special-council-meeting-19-september-2023-minutes-unconfirmed</a> .  No participation approval was sought.
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	N/A	No instances.
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	Refer Council Minutes
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	ECM Folder 163/001 & Hard Copies located in Compliance Area
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023?	Yes	ECM Folder 163/001 & Hard Copies located in Compliance area
6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor / President, give written acknowledgment of having received the return?	Yes	ECM Folder 163/001
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	Hard Copies located in compliance area.
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	YES	Disclosure of Interests Register DSID5044047  <a href="#">Elected Members Disclosure of Interest Register</a>



# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
**Local Government, Sport  
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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	All returns have removed and retained in accordance with statutory requirements
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	All removed returns (ECM Folder 163/002) are retained in accordance with statutory requirements.
11	s5.89A(1),(2)&(3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	DSID 4937126 <a href="#">Gifts Register - Elected Members and CEO</a>  & DSID 4777945 <a href="#">Gift Register - Elected Members and CEO - Below Regulatory Threshold</a>
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	DSID 4937126 <a href="#">Gifts Register - Elected Members and CEO</a>
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	Records removed and placed in ECM Folder 163/004
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Removed records retained in accordance with Statutory Requirements ECM 163/002
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	Executive Committee 13/2/2023 J Christie Executive Committee 17/7/2023 J Christie OCM 28/3/2023 Item 14.1 J Christie OCM 22/8/2023 Item 14.2 J Christie
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	No instances
17	s5.17B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered	N/A	No instances
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct?	Yes	DSID 5008105 <a href="#">Code of Conduct for Council Members Committee Members and Candidates</a>
/19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	Yes	

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
**Local Government, Sport  
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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	<a href="https://www.belmont.wa.gov.au/about-us/our-council/governance/code-of-conduct">https://www.belmont.wa.gov.au/about-us/our-council/governance/code-of-conduct</a>
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	<a href="https://www.belmont.wa.gov.au/about-us/our-council/governance/code-of-conduct">https://www.belmont.wa.gov.au/about-us/our-council/governance/code-of-conduct</a>
<b>DISPOSAL OF PROPERTY</b>				
No	Reference	Question	Yes /No/ N/A	Comment
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Yes	DSID 5645505 MRWA land acquisition is exempt. Other exempt lease disposals are to NFP/Charity organisations at Belmont Hub and 275 Abernethy  464 Belmont Ave DSID 5725667 Disposal progressing to Settlement. Council Resolution October 2023: approval to advertise for submissions and to proceed with disposal if no submissions received.
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) in the required local public notice for each disposal of property?	Yes	464 Belmont Ave DSID 5725667
<b>ELECTIONS</b>				
No	Reference	Question	Yes /No/ N/A	Comment
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes	No disclosure of gift forms received.
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	Disclosure of Electoral Gift forms last received for 2019 election from unsuccessful candidate and donors. Removed and retained in accordance with regulations.
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes	DSID 4772695

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
Local Government, Sport  
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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

FINANCE				
No	Reference	Question	Yes /No/ N/A	Comment
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995	Yes	OCM 25/7/2023 Item 12.8 (Terms of reference & membership). (refer minutes) SCM 23/10/2023 Item 8.1 Appointment of Standing Committees. (refer minutes) OCM 31/10/2023 Item 12.7 Appointment of Independent Member (refer Minutes)
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	No Delegation to committees
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	Signed audit report was received by the City on 29/11/2023 DSID 5742147
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	SC(AR) Item 13.4 action plan (DSID 5742633) considered and recommended to Council for adoption at OCM 12/12/2023 (Item 11.1 DSID 5759948
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes	Action plan for significant audit finding was endorsed by SC(AR) 27/11/2023 Item 13.4 (DSID 5742633) and endorsed by Council at OCM 12/12/2023 (Item 11.1 DSID 5759948). A report was sent to the minister 14/12/2023 (DSID 5755551)
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	Yes	A copy of the action plan (modified version as advised to the Minister) was published on the City's website 15/12/2023 which was within 14 days of the report being sent to the Minister.
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	Audit report was received by the City on 29/11/2023 (DSID 5759948), following the SC(AR) on 27/11/2023 (DSID 5742633)
INTEGRATED PLANNING AND REPORTING				
No	Reference	Question	Yes /No/ N/A	Comment
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	28 April 2020
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27 June 2023

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	
<b>LOCAL GOVERNMENT EMPLOYEES</b>				
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Yes /No/ N/A</b>	<b>Comment</b>
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	N/A	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	N/A	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	
<b>Official Conduct</b>				
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Yes /No/ N/A</b>	<b>Comment</b>
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	Director Corporate & Governance & Manager Governance Strategy and Risk
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	DSID 4773290
3	s5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	DSID 4773290 <a href="https://www.belmont.wa.gov.au/docs/ecm/register-of-complaints-minor-breaches.pdf">https://www.belmont.wa.gov.au/docs/ecm/register-of-complaints-minor-breaches.pdf</a>
<b>OPTIONAL QUESTIONS</b>				
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Yes /No/ N/A</b>	<b>Comment</b>
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	Reg 7 and Reg 15 audit was completed in May 2022 by Paxon Group. SC(AR) 30/05/2022 Item 11.1 OCM 28/06/2022 Item 12.6

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
**Local Government, Sport  
and Cultural Industries**

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	Reg 7 and Reg 15 audit was completed in May 2022 by Paxon Group. SC(AR) 30/05/2022 Item 11.1 OCM 28/06/2022 Item 12.6
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	Yes	ECM folder 163/001
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to- date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	<a href="https://www.belmont.wa.gov.au/docs/ecm/council-policy-attendance-at-events-policy.pdf">https://www.belmont.wa.gov.au/docs/ecm/council-policy-attendance-at-events-policy.pdf</a> Version dated 22/8/2023
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	Information required for registers, tenders, minutes, policies, public notices, budget, fees and charges, differential rating, local laws elected member fees and expenses, training, gifts, map of the district, significant audit findings published.
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	<a href="https://www.belmont.wa.gov.au/docs/ecm/cp21-elected-member-professional-development-and-authorized-travel-policy.pdf">https://www.belmont.wa.gov.au/docs/ecm/cp21-elected-member-professional-development-and-authorized-travel-policy.pdf</a> Version dated 4/4/2023
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	DSID 4773154
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	Financial Statements were sent to OAG on 29/09/2023. OAG acknowledged receipt on this date in exit brief presented at SC(AR) 27/11/2023 (Att 13.4.2 DSID 5742633)
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	Budget was adopted 27/06/2023 OCM (DSID 5644311)

### TENDERS

No	Reference	Question	Yes /No/ N/A	Comment
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	<a href="#">CP29 - Purchasing Policy</a>  All RFQ's under \$250K and those published via the WALGA Vendor panel are contained within the ECM Folder # 135/2023
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	See ECM folder 114/2023

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
**Local Government, Sport  
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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	See tender register ECM Doc Set ID 5477639
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes	Addenda's uploaded to eTendering portal Multiple documents for each tender. Refer to ECM Folder # 114/2023-01 114/2023-02 114/2023-03 114/2023-04 114/2023-06 114/2023-07 114/2023-08 114/2023-09
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	All Tenders were advertised and published longer than 14 working days excluding public holidays in accordance with Reg. 15. All Tenders were opened in accordance with Reg. 16
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	<a href="#">Tenders Register 2023</a>
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	Yes	See ECM Doc Set ID #5773685
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	See ECM Doc Set ID #5556776 #5556659 #5646335 #5769878 #5704567 #5704605 #5704592 #5703466 #5752920 #TBA Tender 09-2023

# Attachment 11.1.1 2023 Compliance Audit Return



Department of  
Local Government, Sport  
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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return

## Compliance Audit Return 2023

10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	Letters/Emails sent to respondents Multiple documents for each tender. Refer to ECM Folder # 114/2023-01 114/2023-02 114/2023-03 114/2023-04 114/2023-05 114/2023-06 114/2023-07 114/2023-08 114/2023-09
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
15	F&G Regs 24AD(2) & d 24AE (4)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE?	N/A	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	

# Attachment 11.1.1 2023 Compliance Audit Return



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**Local Government, Sport  
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## Compliance Audit Return 2023

18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	N/A	



## 11.2 Terms of Reference - Standing Committee (Audit & Risk)

Voting Requirement	:	Simple Majority
Subject Index	:	154/007 - Standing Committee
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Corporate and Governance

### Council role

**Executive** The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

### Purpose of report

To consider the Terms of Reference for the Standing Committee (Audit and Risk) and recommend to Council for endorsement.

### Summary and key issues

To revise and update the Terms of Reference for the Standing Committee (Audit and Risk) regarding changes to the membership following the Local Government Elections and the City's change to four wards.

## Officer Recommendation

### **Ms Zulsdorf moved, Sekulla seconded**

That the Standing Committee (Audit and Risk) recommend that Council endorse the Terms of Reference for the Standing Committee (Audit and Risk) (refer Attachment 11.2.1).

### **Carried Unanimously 5 votes to 0**

For: Kulczycki, Ms Zulsdorf, Rossi, Ryan and Sekulla

Against: Nil

## Committee Notes

A question was asked and responded to as follows:

- The City has reviewed its *Terms of Reference Standing Committee Audit and Risk* (approved by Council 25 July 2023) ("terms of reference") against the Department's *Operational Guidelines Number 9 (Revised September 2013) Audit in Local Government – the appointment, function and responsibilities of Audit Committees* ("Department Guidelines"), and there are no variations to, or departures from, the Department Guidelines in the terms of reference for the Committee to note.

## Location

Not applicable.

## Consultation

There has been no specific consultation undertaken in respect to this matter.

## **Strategic Community Plan implications**

In accordance with the 2020 – 2040 Strategic Community Plan:

### **Goal 5: Responsible Belmont**

**Strategy:** 5.6 Deliver effective, fair and transparent leadership and decision-making, reflective of community needs and aspirations

## **Policy implications**

There are no policy implications associated with this report.

## **Statutory environment**

Part 7 of the *Local Government Act 1995 (WA)* details the audit of the financial accounts of the local government. Section 7.1A states:

### **7.1A. Audit committee**

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.
- (2) The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be council members.  
\* Absolute majority required.
- (3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.
- (4) An employee is not to be a member of an audit committee.

The *Local Government (Audit) Regulations 1996 (WA)* detail the role and requirements of local government audit committees, in particular, Regulation 16 outlines the functions of the audit committee:

## **16. Audit committee, functions of**

An audit committee —

- (a) is to provide guidance and assistance to the local government —
  - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
  - (ii) as to the development of a process to be used to select and appoint a person to be an auditor; and
- (b) may provide guidance and assistance to the local government as to —
  - (i) matters to be audited; and
  - (ii) the scope of audits; and
  - (iii) its functions under Part 6 of the Act; and
  - (iv) the carrying out of its functions relating to other audits and other matters related to financial management; and
- (c) is 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.

[Regulation 16 inserted in Gazette 31 Mar 2005 p. 1043; amended in Gazette 8 Feb 2013 p. 867.]

## **Background**

Following the change to membership endorsed at the Ordinary Council Meeting held on 25 July 2023 and Council's resolution on 23 October 2023 to endorse "that at the first meeting of the Executive Committee and the Standing Committee (Audit and Risk) the Presiding Members and Deputy Presiding Members be elected and Terms of Reference be reviewed", the Standing Committee (Audit and Risk) are to consider the revised Terms of Reference (refer Attachment 11.2.1).

## Report

The Terms of Reference for the Standing Committee (Audit and Risk) were updated to reflect the change to membership following the change to four wards in the City and endorsed by Council on 25 July 2023 to take effect from 21 October 2023.

The Standing Committee (Audit and Risk) are requested, as per Council's resolution on 23 October 2023, to review the amended Terms of Reference, propose any further changes and endorse for recommendation to Council.

## Financial implications

There are no financial implications evident at this time.

## Environmental implications

There are no environmental implications associated with this report.

## Social implications

There are no social implications associated with this report.

## Attachment details

Attachment No and title
1. Terms of Reference Standing Committee Audit and Risk [ <b>11.2.1</b> - 5 pages]

**TERMS OF REFERENCE**  
**STANDING COMMITTEE (AUDIT AND RISK)**

LAST UPDATED: Ordinary Council Meeting 25 July 2023 (with effect from 21 October 2023)

**Purpose**

To assist the Council to discharge its responsibilities with regard to the exercise of due care and diligence in relation to the reporting of financial information, the application of accounting policies, and the management of the financial affairs of the City of Belmont (City) in accordance with the provisions of the *Local Government Act 1995* and associated Regulations including an assessment of the management of risk.

The Committee is a formally appointed Committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer (CEO) has legislative responsibility and does not have any delegated power from Council. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate informed decision making by Council in relation to the legislative functions and duties of the City that have not been delegated to the CEO.

**Objective**

The primary objective of the Standing Committee (Audit and Risk) is to accept responsibility for the annual external audit and liaise with the Office of the Auditor General (OAG) so that Council can be satisfied with the performance of the City in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of governing the City's affairs, performing the City's functions, determining the City's policies and overseeing the allocation of the City's finances and resources. The Committee will ensure openness in the City's financial reporting and will liaise with the CEO to ensure that effective management of the City's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- The enhancement of the credibility and objectivity of internal and external financial reporting;
- Effective management of financial and other risks and the protection of Council assets;
- Compliance with laws and regulations as well as use of best practice guidelines relative to the appropriateness and effectiveness of the City's

systems and procedures for risk management, internal control and legislative compliance;

- The coordination of the internal audit function with the external audit; and
- The provision of an effective means of communication between the external auditor, internal auditor, the CEO and Council.

**Duties and Responsibilities**

The duties and responsibilities of the Committee members will be to –

**1. Internal and External Audit Planning and Reporting**

- a. Provide guidance and assistance to Council as to carrying out the functions of the City in relation to audits;
- b. Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- c. Liaise with the CEO to ensure that the City does everything in its power to-
  - i. Assist the auditor to conduct the audit and carry out his or her duties under the *Local Government Act 1995*; and
- d. Examine the reports of the auditor after receiving a report from the CEO on the matters and –
  - i. Determine if any matters raised require action to be taken by the City; and
  - ii. Ensure that appropriate action is taken in respect of those matters;
- e. Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- f. Review the scope of the audit plan and program and its’ effectiveness;
- g. Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of the Council or CEO;
- h. Review the level of resources allocated to internal audit and the scope of its authority;
- i. Facilitate liaison between the internal and external auditor to promote compatibility to the extent appropriate, between their audit programs.
- j. Support the auditor as required and have functions to oversee:
  - i. The implementation of audit recommendations made by the auditor, which have been accepted by Council; and
  - ii. Accepted recommendations arising from reviews of the City’s systems and procedures.



## **2. Financial Management**

- a. Review reports of internal audits and by monitoring the implementation of recommendations made by the audit and reviewing the extent to which Council and management reacts to matters raised;
- b. Review the City's draft annual financial report, focusing on –
  - i. Accounting policies and practices;
  - ii. Changes to accounting policies and practices;
  - iii. The process used in making significant accounting estimates;
  - iv. Significant adjustments to the financial report (if any) arising from the audit process;
  - v. Compliance with accounting standards and other reporting requirements; and significant variances from prior years;
- c. Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
- d. Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.

## **3. Legislative Compliance**

- a. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from Council;
- b. Review the annual Statutory Compliance Audit Return and make a recommendation on its' adoption to Council;
- c. Review and submit to Council reports prepared by the CEO on the results of the review of appropriateness and effectiveness of systems and procedures in relation to:
  - i. Risk management;
  - ii. Internal controls; and
  - iii. Legislative compliancewhich are each subject to review not less than once in every three financial years.
- d. Review and submit to Council reports prepared on the results of industry comparison reports (i.e. OAG, Department of Local Government, Sport and Cultural Industries, Public Sector Commission, Corruption and Crime Commission and other enquiries).

## **4. Risk Management**

- a. At least once every year consider a report in relation to the management of risk within the City and satisfy itself that appropriate controls and processes are in operation and are adequate for dealing with the risks that impact on the City.
- b. To examine and consider the transfer of risk through an annual review of Council's insurances.
- c. To address any specific requests referred to it from Council in relation to issues of risk and risk management.

**Membership**

1. The membership of the Committee shall comprise the Mayor (Ex Officio) and an Elected Member from each of the four wards. The Elected Members being determined by nomination and if necessary, a ballot conducted at the Special Council Meeting following the City's ordinary election;
2. The membership of the Committee shall also comprise of an independent member who is to be appointed for a term of two years to expire immediately prior to the next City ordinary election. This independent member is not to be a staff member or Elected Member.
3. If a vacancy on the Committee occurs for whatever reason, then Council shall appoint a replacement in accordance with the same arrangements as for the original appointment set out in 1 and (if considered appropriate) 2 above.

**Staff Attendees**

The following staff will attend Committee meetings to provide technical support and advice:

- Chief Executive Officer;
- Senior Internal Auditor;
- Director Corporate and Governance;
- Manager Finance, as required;
- Manager Governance and Legal, as required;
- Coordinator Business Planning, Improvement and Risk as required; and
- Additional staff where relevant to the agenda, with Director approval.

**Other Attendees**

Relevant persons may be invited to attend and address or advise the Committee, within the ambit of its scope and where necessary with the approval of the Director Corporate and Governance and the Presiding Member.

**Meetings**

The Committee shall have flexibility in relation to when it needs to meet, but as a minimum shall meet twice a year. It is the responsibility of the Presiding Member to call the meetings of the Committee.

## 11.3 Internal Audit Report

Voting Requirement	:	Simple Majority
Subject Index	:	19/006
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	N/A
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Executive Services

### Council role

**Executive** The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

### Purpose of report

To submit two completed internal audit reports to the Standing Committee (Audit and Risk). These audits have been completed in accordance with the Council approved 2023-24 internal audit plan.

### Summary and key issues

Findings for the two completed audits are detailed below.

#### **Infrastructure Services Division – Parks Work Health and Safety (report issued 16 October 2023)**

Findings:

- System Procedure 23 “Contract Management” was developed in April 2023 to guide staff in managing contracts in accordance with the City’s Purchasing Policy and to ensure contractual obligations (including WHS obligations) are met. The procedure does not define the terms Contract

Manager or Contract Administrator and these functions are not clearly understood across the City.

- Specifically, Parks Leisure & Environment Department had not appointed Contract Administrators to manage contracts, particularly for WHS matters.
- Several Work Instructions required updating.

### **Development and Communities Division – Community Environmental Health (report issued 20 November 2023)**

Findings:

- A contractor engaged to conduct food safety inspections had not completed a safety induction within the last 2 years in accordance with System Procedure 23 “Contract Management”.
- An Environmental Health Technical Assistant (EHTA) had not completed a Working Alone Risk Assessment Checklist in accordance with the Work Instruction “Working Alone”.

#### **Officer Recommendation**

##### **Ms Zulsdorf moved, Rossi seconded**

That the Standing Committee (Audit and Risk) accepts the two internal audit reports from the Senior Internal Auditor (Confidential Attachments 11.3.1 and 11.3.2) and recommends that Council:

1. Receives the report (Confidential Attachment 11.3.1) titled Internal Audit - Parks Work Health and Safety.
2. Receives the report (Confidential Attachment 11.3.2) titled Internal Audit - Community Environmental Health.
3. Notes the City of Belmont management comments in Confidential Attachments 11.3.1 and 11.3.2 and actions to be undertaken in response to the internal audit recommendations.

##### **Carried Unanimously 5 votes to 0**

For: Kulczycki, Ms Zulsdorf, Rossi, Ryan and Sekulla

Against: Nil

## Committee Notes

A series of questions were asked and responded to as follows:

- The process for undertaking internal audits is based on the "Global Internal Audit Standards", issued by the Institute of Internal Auditors (USA) January 2024.

A relevant reference is Domain V "Performing Internal Audit Services" Principal 13, "Plan Engagements Effectively" - Standards:

- 13.1 Engagement Communication.
- 13.2 Engagement Risk Assessment.
- 13.3 Engagement Objectives and Scope.
- 13.4 Evaluation Criteria.
- 13.5 Engagement Resources.
- 13.6 Work Program.

- Audit objectives vary with audits but generally look at controls to manage risks related to:
  - ◆ Assignment of authority and responsibility.
  - ◆ Compliance with policies, plans, procedures, laws and regulations.
  - ◆ Reporting accurate reliable information.
  - ◆ Effectively and efficiently using resources.
  - ◆ Safeguarding assets.

Audit scope generally establishes audit boundaries e.g. activities to be reviewed and audit focus.

- The evaluation criteria standard is important because it requires internal auditors to consider best practices and compare these to actual practices. Variances may indicate audit findings. Also, the audit "Work Program" can be generated from the evaluation criteria.
- The Office of the Auditor General's publication "Western Australian Public Sector Audit Committees – Better Practice Guide" dated 25 June 2020, page 7, talks about the four lines of defence and mentions "All entities regardless of their size and complexity should establish a good understanding of their risks and four lines of defence".
- Internal audit findings are often the result of failure of first or second line of defence controls. Recommendations are often to improve lines of defence that have failed.

- A further reference is the WA State Government's Treasurer's Instruction 1201, "Internal Audit" which mentions "checking of control systems is a second line of defence activity".
- The governance principal that is being breached forms part of each internal audit recommendation.
- The Standing Committee (Audit and Risk) recommend the internal audit programme for the year. The programme is implemented in consultation with the Chief Executive Officer and the Senior Internal Auditor.
- This report is a summary of the full internal audit report. The City is audited by the Office of the Auditor General who act as a further line of defence. The Chief Executive Officer undertook to provide the full internal audit report as a confidential attachment to future reports.
- The City are responsible for a safe work environment. If the City do not exercise the correct oversight, then the City would be liable.
- The City is quality assured and have processes and procedures in place for all staff and contractors. The City recently introduced new procedures and undertaking the audit was to ensure everyone was aware of the new procedures.
- All health and safety checks were in place for the trip to Japan.
- All staff in the Library have Working With Children certificates and undertake regular police checks.
- The terms Contract Manager and Contract Administrator are new terms being used by the City and more explanation is required to ensure staff understand the roles. The Contract Administrator is responsible for administering the contract. Processes have been in place but not formally identified and titled with the new system procedure. The new terminology needs to be more widely known and understood by staff.
- The City is accredited to the three standards - Quality, Work Health & Safety and Environment & Sustainability and have maintained these standards for over 15 years.

## **Location**

Not applicable.

## Consultation

All draft internal audit reports were reviewed by relevant staff, managers, directors and the CEO before being issued for action.

This ensures collective agreement on findings, recommendations, and management actions.

## Strategic Community Plan implications

In accordance with the 2020 – 2040 Strategic Community Plan:

### Goal 5: Responsible Belmont

**Strategy:** 5.2 Manage the City's assets and financial resources in a responsible manner and provide the best possible services for the community.

## Policy implications

There are no policy implications associated with this report.

## Statutory environment

### ***Local Government Act 1995 (WA)***

#### 7.1A. Audit committee

(1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.

### ***Local Government (Audit) Regulations 1996 (WA)***

#### 16. Functions of audit committee

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 (WA)* 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 (WA)* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

[Regulation 16 inserted: Gazette 26 Jun 2018 p. 2386-7.]

#### 17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.



(2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted: Gazette 8 Feb 2013 p. 868;

amended: Gazette 26 Jun 2018 p. 2387.]

### ***Local Government (Financial Management) Regulations 1996 (WA)***

(2) CEO's duties as to financial management

- (c) 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.

## **Background**

The internal audit function operates in accordance with Council approved Terms of Reference (TOR) and Council approved annual internal audit plans.

The TOR requires the Internal Auditor to be functionally accountable to the CEO and Council via the Standing Committee (Audit and Risk).

The TOR also requires final engagement audit reports be issued to the CEO and Council via the Standing Committee (Audit and Risk) as directed.

## **Report**

### **Infrastructure Services Division – Parks Work Health and Safety (report issued 16 October 2023)**

The key audit objective was to ensure:

- That Park's activities complied with the Work Health & Safety Act 2020. The conclusion is Parks Work Health and Safety activities complied with the Act. Oversight of contractors WHS could be improved by applying System Procedure 23 "Contract Management" more effectively.

### **Findings / Management Responses:**

- System Procedure 23 "Contract Management" was developed in April 2023 to guide staff in managing contracts in accordance with the City's Purchasing Policy and to ensure contractual obligations (including WHS obligations) are met. The procedure does not define the terms Contract

Manager or Contract Administrator and these functions are not clearly understood across the City.

### **Management Response / Actions**

Management has agreed to define the terms Contract Manager and Contract Administrator and reissue Standard Procedure 23.

- Specifically, Parks Leisure & Environment Department had not appointed Contract Administrators to manage contracts, particularly for WHS matters.

### **Management Response / Actions**

Management has agreed to appoint Contract Administrators to manage contracts.

- Several Work Instructions required updating.

### **Management Response / Actions**

Management has agreed to update Work Instructions.

## **Development & Communities Division – Community Environmental Health (report issued 20 November 2023)**

The key audit objectives were to ensure:

Health Services environmental health activities had effective controls and performance indicators.

The conclusion is that Health Services activities had effective controls and performance indicators. Oversight of contractors WHS could be improved by applying System Procedure 23 "Contract Management" more effectively.

### **Findings / Management Responses:**

- A contractor engaged to conduct food safety inspections had not completed a safety induction within the last 2 years in accordance with System Procedure 23 "Contract Management".

### **Management Response / Actions**

Management has agreed to arrange a safety induction as soon as possible.

- An Environmental Health Technical Assistant (EHTA) had not completed a Working Alone Risk Assessment Checklist in accordance with the Work Instruction "Working Alone".

### **Management Response / Actions**

Management has agreed to complete a Working Alone Risk Assessment Checklist for the position.

### **Financial implications**

There are no financial implications evident at this time.

### **Environmental implications**

There are no environmental implications associated with this report.

### **Social implications**

There are no social implications associated with this report.

### **Attachment details**

<b>Attachment No and title</b>	
1.	CONFIDENTIAL REDACTED - Internal Audit Report Parks WHS (Confidential matter in accordance with <i>Local Government Act 1995 (WA)</i> section 5.23(2)(h)) [ <b>11.3.1</b> - 5 pages]
2.	CONFIDENTIAL REDACTED - Internal Audit Report Community Environmental Health (Confidential matter in accordance with <i>Local Government Act 1995 (WA)</i> section 5.23(2)(h)) [ <b>11.3.2</b> - 5 pages]

## **12 Next Meeting**

The next meeting of the Standing Committee (Audit and Risk) will be held on Monday, 29 July 2024 commencing at 6.30pm.

## **13 Closure**

**There being no further business, the Presiding Member thanked everyone for their attendance and closed the meeting at 7.14pm.**