



AGENDA

Audit Committee Meeting

20 September 2022

6:00pm

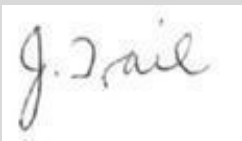
Council Chambers, Bayley Street, Coolgardie

SHIRE OF COOLGARDIE

NOTICE OF AUDIT COMMITTEE MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Coolgardie will be held on Tuesday 20 September 2022 commencing at 6:00pm.

A handwritten signature in black ink, appearing to read 'J. Trail', is displayed within a white rectangular box.

JAMES TRAIL
CHIEF EXECUTIVE OFFICER

DISCLAIMER

INFORMATION FOR PUBLIC ATTENDING COUNCIL MEETINGS

PLEASE NOTE:

THE RECOMMENDATIONS CONTAINED IN THIS AGENDA ARE OFFICERS RECOMMENDATIONS ONLY AND SHOULD NOT BE ACTED UPON UNTIL COUNCIL HAS RESOLVED TO ADOPT THOSE RECOMMENDATIONS.

THE RESOLUTIONS OF COUNCIL SHOULD BE CONFIRMED BY PERUSING THE MINUTES OF THE COUNCIL MEETING AT WHICH THESE RECOMMENDATIONS WERE CONSIDERED.

MEMBERS OF THE PUBLIC SHOULD ALSO NOTE THAT THEY ACT AT THEIR OWN RISK IF THEY ENACT ANY RESOLUTION PRIOR TO RECEIVING OFFICIAL WRITTEN NOTIFICATION OF COUNCILS DECISION.

A handwritten signature in dark ink, appearing to read "J. Trail", is positioned above the printed name and title.

James Trail
CHIEF EXECUTIVE OFFICER

COUNCIL MEETING INFORMATION NOTES

1. Your Council generally handles all business at Ordinary or Special Council Meetings.
2. From time to time Council may form a Committee to examine subjects and then report to Council.
3. Generally all meetings are open to the public; however, from time to time Council will be required to deal with personal, legal and other sensitive matters. On those occasions Council will generally close that part of the meeting to the public. Every endeavour will be made to do this as the last item of business of the meeting.
4. Public Question Time. It is a requirement of the Local Government Act 1995 to allow at least fifteen (15) minutes for public question time following the opening and announcements at the beginning of the meeting. Should there be a series of questions the period can be extended at the discretion of the Chairman.

Written notice of each question should be given to the Chief Executive Officer prior to 12:30pm on the day of the meeting. A summary of each question and response is included in the Minutes.

When a question is not able to be answered at the Council Meeting a written answer will be provided after the necessary research has been carried out. Council staff will endeavour to provide the answers prior to the next meeting of Council.

5. **Councillors** may from time to time have a financial interest in a matter before Council. Councillors must declare an interest and the extent of the interest in the matter on the Agenda. However, the Councillor can request the meeting to declare the matter **trivial, insignificant or in common with a significant number of electors or ratepayers**. The Councillor must leave the meeting whilst the matter is discussed and cannot vote unless those present agree as above.

Members of staff, who have delegated authority from Council to act on certain matters, may from time to time have a financial interest in a matter on the Agenda. The member of staff must declare that interest and generally the Chairman of the meeting will advise the Officer if he/she is to leave the meeting.

6. Agendas including an Information Bulletin are delivered to Councillors within the requirements of the Local Government Act 1995, i.e. seventy-two (72) hours prior to the advertised commencement of the meeting. Whilst late items are generally not considered there is provision on the Agenda for items of an urgent nature to be considered.

Should an elector wish to have a matter placed on the Agenda the relevant information should be forwarded to the Chief Executive Officer in time to allow the matter to be fully researched by staff. An Agenda item including a recommendation will then be submitted to Council for consideration.

The Agenda closes the Monday week prior to the Council Meeting (i.e. ten (10) days prior to the meeting).

The Information Bulletin produced as part of the Agenda includes items of interest and information, which does not require a decision of Council.

7. Agendas for Ordinary Meetings are available in the Coolgardie and Kambalda Offices/Libraries seventy-two (72) hours prior to the meeting and the public are invited to secure a copy.
8. Agenda items submitted to Council will include a recommendation for Council consideration. Electors should not interpret and/or act on the recommendations until after they have been considered by Council. Please note the Disclaimer in the Agenda (page 3).
9. Public Question Time – Statutory Provisions – Local Government Act 1995

Time is to be allocated for questions to be raised by members of the public and responded to at:

- (a) Every ordinary meeting of a council; and
- (b) Such other meetings of councils or committees as may be prescribed

Procedures and the minimum time to be allocated for the asking of and responding to questions raised by members of the public at council or committee meetings are to be in accordance with regulations.

9A. Question Time for the Public at Certain Meetings – s5.24 (1) (b)

Local Government (Administration) Regulations 1996

Reg 5 For the purpose of section 5.24(1)(b), the meetings at which time is to be allocated for questions to be raised by members of the public and responded to are:

- (a) every special meeting of a council; and
- (b) every meeting of a committee to which the local government has delegated a power or duty.

Minimum Question Time for the Public – s5.24 (2)

- Reg 6 (1) The minimum time to be allocated for the asking of and responding to questions raised by members of the public at ordinary meetings of councils and meetings referred to in regulation 5 is fifteen (15) minutes.
- (2) Once all the questions raised by members of the public have been asked and responded to at a meeting referred to in sub regulation (1), nothing in these regulations prevents the unused part of the minimum question time period from being used for other matters.

Procedures for Question Time for the Public – s5.24 (2)

Local Government (Administration) Regulations 1996

- Reg 7 (1) Procedures for the asking of and responding to questions raised by members of the public at a meeting referred to in regulation 6 (1) are to be determined:
- (a) by the person presiding at the meeting; or
 - (b) in the case where the majority of members of the council or committee present at the meeting disagree with the person presiding, by the majority of members, having regard to the requirements of sub regulations (2) and (3).
- (2) The time allocated to the asking and responding to questions raised by members of the public at a meeting referred to in regulation 6(1) is to precede the discussion of any matter that requires a decision to be made by the council or the committee, as the case may be.
- (3) Each member of the public who wishes to ask a question at a meeting referred to in regulation 6(1) is to be given an equal and fair opportunity to ask the question and receive a response.
- (4) Nothing in sub regulation (3) requires:
- (a) A council to answer a question that does not relate to a matter affecting the local government;
 - (b) A council at a special meeting to answer a question that does not relate to the purpose of the meeting; or
 - (c) A committee to answer a question that does not relate to a function of the committee.

2. Public Inspection of Unconfirmed Minutes (Reg 13)

A copy of the unconfirmed Minutes of Ordinary and Special Meetings will be available for public inspection in the Coolgardie and Kambalda Offices/Libraries within ten (10) working days after the Meeting.

NOTE:**10.3 Unopposed Business**

- (1) Upon a motion being moved and seconded, the person presiding may ask the meeting if any member opposes it.
- (2) If no member signifies opposition to the motion the person presiding may declare the motion in sub clause (1) carried without debate and without taking a vote on it,
- (3) A motion carried under sub clause (2) is to be recorded in the minutes as a unanimous decision of the Council or committee.
- (4) If a member signifies opposition to a motion the motion is to be dealt with according to this Part.
- (5) This clause does not apply to any motion or decision to revoke or change a decision which has been made at a Council or committee meeting.

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- 1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**
- 2 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE**
- 3 DECLARATIONS OF INTEREST**
 - 3.1 Declarations of Financial Interests – Local Government Act Section 5.60A**
 - 3.2 Declarations of Proximity Interests – Local Government Act Section 5.60B**
 - 3.3 Declarations of Impartiality Interests – Shire of Coolgardie Code of Conduct for Council Members, Committee Members and Candidate for Election, Code of Conduct for Employees**

4 REPORTS OF OFFICERS**4.1 Executive Services****4.1.1 LOCAL GOVERNMENT SPECIALIST SKILLS DEVELOPMENT PROGRAM FOR PROFESSIONALS**

Location: Shire of Coolgardie

Applicant: NIL

Disclosure of Interest: NIL

Date: 5 September 2022

Author: Rebecca Horan, Co-Ordinator of Major Projects, Human Resources & Governance

SUMMARY

That the Audit Committee receive the attached course outline which will be delivered to the management group on the 11th – 13th October 2022.

BACKGROUND

The Shire has engaged Hammond Woodhouse Advisory to deliver Local Government Specialist Skills Development Program for Professionals across 3 days in October.

The course outline includes modules in the following areas:-

- Local Government – status, constitution, legislation, core functions, checks and balances, the Council, the CEO.
- Town Planning and the State Administrative Tribunal
- Policy and Strategy Development and engaging with Council and Elected Members
- Contracts, Procurement, tenders and the Disposal of Local Government Property
- Human Resource Management and Organisational Development

CONSULTATION

CEO, James Trail

STATUTORY ENVIRONMENT

NIL

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

Training and conferences is allowed for in the current budget

STRATEGIC IMPLICATIONS**Accountable and effective leaders**

High quality corporate governance, accountability and compliance

ATTACHMENTS

1. **Hammond Woodhouse Advsiory - LG Specialist Skills Development Program**

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That the Audit Committee SUPPORTS the attached course outline for the Local Government Specialist Skills Development Program for Professionals which will be delivered to the management group on the 11th – 13th October 2022.

4.1.2 AUDIT LOG - RISK MANAGEMENT**Location:** Shire of Coolgardie**Applicant:** NIL**Disclosure of Interest:** NIL**Date:** 5 September 2022**Author:** Rebecca Horan, Co-Ordinator of Major Projects, Human Resources & Governance**SUMMARY**

The Audit Committee is invited to consider the attached Risk Management – Internal Audit Log which focuses on the high and medium rated findings from the audit and will be actioned between September 2022 and June 2023.

BACKGROUND

The Shire appointed Moore Australia as its internal auditor for the three-year period 31 December 2021 to 31 December 2023, with the overall intent to support the Shire to accomplish its objectives and to improve the effectiveness of its risk management, governance, and control processes.

- to assist the Shire to adopt best practice principles.
- perform the internal audit in accordance with the approved Internal Audit Charter, if implemented at the Shire, or the Audit Committee Charter.
- engagement Director and Manager to attend exit interviews with the Audit Committee via teleconference, as required.
- provide relevant internal audit reports to the CEO for presentation to the Audit Committee including audit findings, risks identified, opportunities for improvement and root cause analysis.
- the possible use of data analytics, where relevant to the engagement to discover useful information to inform decision making, assist with identification of fraud and/or error, learn or predict human behaviour, and examining whole population of data, rather than relying on traditional sampling techniques.
- prepare a Strategic Internal Audit Plan at the commencement of the contract for review and approval by the Audit Committee.
- virtual attendance at the Audit and Risk Committee, if required.
- Perform the internal audit of the following audit topics.

31-12-2021

1. Records Management
2. Fraud and Corruption
3. Conflict of Interest
4. Contract Management
5. Business Continuity

31-12-2022

1. Procurement and Tendering
2. Risk Management
3. Infrastructure assets maintenance and replacement - strategies and inspection programs
4. Post-implementation Review of Financial and Non-financial Systems.
5. Financial reporting and governance.

31-12-2023

1. Complaints Management
2. Customer Service
3. Waste Management
4. Data Analytics review
5. Application systems review

COMMENT

Internal audit planning is important as it aligns internal audit activity with organisational objectives and the key risk areas to ensure that internal audit resources are targeted in an efficient manner.

The WA Auditor General recognises that there are four lines of defence which underpin a strong governance framework, of which internal audit is the third line of defence:

- First line of defence – internal control measures.
- Second line of defence – internal oversight, monitoring and reporting.
- Third line of defence – internal audit and review.
- Fourth line of defence – external audit, investigations and reviews.

Internal audit is an independent and objective appraisal service designed to add value and assist an organisation achieve its objectives through a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

The Office of the Auditor General also places reliance on internal audit activities when conducting their annual financial audit of the Shire.

CONSULTATION

James Trail, CEO

Robert Hicks, Deputy CEO

Rhys Pryce, Director of Commercial Services

STATUTORY ENVIRONMENT

Part 7, Local Government Act 1995.

Section 14 and 15, Local Government (Audit) Regulations 1996.

Regulation 17, Local Government (Audit) Regulations 1996.

Regulation 5(2)(c), Local Government (Financial Management) Regulations 1996.

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

The 2022/2023 budget allows for the purchase of a Risk Management Software System.

STRATEGIC IMPLICATIONS

Accountable and effective leaders

High quality corporate governance, accountability and compliance

ATTACHMENTS

1. **Moore Internal Audit Log - Risk Management**

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That the Audit Committee **APPROVE** the attached Risk Management – Internal Audit Log which focuses on the high and medium rated findings from the Risk Management Audit conducted by Moore to be actioned between September 2022 and June 2023.

4.1.3 OFFICE OF THE AUDITOR GENERAL (OAG) - INFORMATION SYSTEMS AUDIT REPORT 2022

Location: Shire of Coolgardie
Applicant: NIL
Disclosure of Interest: NIL
Date: 6 September 2022
Author: Steven Tweedie, Consultant

SUMMARY

The Office of the Auditor General (OAG) has recently published a Report Information Systems Audit Report 2022 - <https://audit.wa.gov.au/reports-and-publications/reports/information-systems-audit-report-2022-local-government-entities/>

45 Local Governments were assessed by OAG, but the Report does not identify them. Shire of Coolgardie was/was not one of the entities assessed.

BACKGROUND

An assessment of how the Shire of Coolgardie compares with the issues and recommendations is attached and a further report will be provided to a subsequent Audit Committee, if updates are needed

COMMENT**CONSULTATION**

CEO, James Trail

STATUTORY ENVIRONMENT

NIL

POLICY IMPLICATIONS

It is possible that an outcome of the assessment of the issues in the report will lead to some changes to internal policies and procedures.

FINANCIAL IMPLICATIONS

Not possible to determine any financial implications at this stage but it is possible to ensure compliance with the OAG recommendations that there may be financial implications, which if unbudgeted will be reported to Council for determination.

STRATEGIC IMPLICATIONS**Accountable and effective leaders**

High quality corporate governance, accountability and compliance

ATTACHMENTS

1. Office of the Auditor General (OAG) - Information Systems Audit Report 2022

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That

1. The Audit Committee note the advice provided by the CEO in relation to the recent OAG Report – Information Systems Audit Report 2022.
2. The CEO provide a further report to a subsequent Audit Committee, and Council, regarding action taken to address and implement recommendations relevant to the Shire administration which have not been addressed as at the date of this report.

4.1.4 DRAFT REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS

Location: N/A
Applicant: N/A
Disclosure of Interest: Nil
Date: 15 September 2022
Author: James Trail, Chief Executive Officer

SUMMARY

That the Audit Committee Accepts the Draft Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Shire of Coolgardie September 2022.

BACKGROUND

The Local Government Act 1995 and associated regulations requires the Chief Executive Officer to review the appropriateness and effectiveness of the Shire's financial systems. This review is to be undertaken no less than once in every four financial years, with the outcomes of the review to be reported to the Council.

Furthermore Audit Regulation 17 requires the CEO to review the appropriateness and effectiveness of their risk management, internal controls and legislative compliance procedures.

COMMENT

The financial management review includes the performance of assurance procedures designed to test the financial management system and report to the CEO on the appropriateness and effectiveness of the control environment within, as required by Financial Management Regulation 5(2)(c).

The Financial Management Review encompassed a review of the Shire's financial systems including, but not limited to;

- Bank Reconciliations
- Receipts and Receivables
- Rates
- Fees and Charges
- Purchases, Payments and Payables (Including Purchase Orders)
- Payroll
- Credit Card Procedures
- Minutes and Meetings
- Financial Reports
- Budget
- Registers (Including Annual & Primary Return)
- Delegations
- Audit Committee
- Insurance
- General Compliance Issues and other matters

Audit Regulation 17 requires the CEO to review the appropriateness and effectiveness of their risk management, internal controls and legislative compliance procedures. The results of the review are to be reported by the CEO to the Audit Committee. The Audit Committee is required to review the CEO's report and then report to the Council. The report from the Audit Committee to the Council is required to have attached a copy of the CEO's report to the Audit Committee.

The Shire engaged Moore Australia to undertake both reviews. The AR 17 review included but not limited to; A high-level review of the risk management systems policies, procedures and plans in place at the Shire;

- Evaluate the financial internal control systems and procedures at the Shire;
- Evaluate the operational internal control systems and procedures at the Shire;
- Assess systems and processes for maintaining legislative compliance;
- Develop a 'gap analysis' of any improvements identified during the review; and
- Prepare a report of matters identified during the review to assist the Chief Executive Officer to
- assess the appropriateness and effectiveness of the relevant systems and procedures in accordance with local government audit regulation 17.

CONSULTATION

Shire Staff

Internal Auditor

Moore Australia

Finance Contractor

STATUTORY ENVIRONMENT

Regulation 16 – Functions of Audit Committee

Regulations 16(a) and 16(b) in relation to the Audit Committee providing assistance to the local government remain unchanged. A new section 16(c) has been inserted and states as follows:

16 Audit committee, functions of an audit committee –

- (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 17 – CEO to review certain systems and procedures

A new regulation 17 has been inserted and states as follows:

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 controls; 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 at least once every 2 calendar years.

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

Local Government Act 1995: Division 4 – General Financial Provisions, Local Government (Financial Management) Regulations 1996: Part 2 – 5(2)c – Financial Management Review

POLICY IMPLICATIONS

It is possible that an outcome of the assessment of the issues in the report will lead to some changes to internal policies and procedures.

FINANCIAL IMPLICATIONS

Not possible to determine the full financial implications at this stage. To ensure compliance with the improvements proposed there will be financial implications, which if unbudgeted will be reported to Council for determination

STRATEGIC IMPLICATIONS

Accountable and effective leaders

High quality corporate governance, accountability and compliance

ATTACHMENTS

1. **Draft Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls**
2. **Improvements Register September 2022**

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That the Audit Committee;

1. **Accepts the Draft Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Shire of Coolgardie September 2022.**
2. **Recommends the Council receive the Draft Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Shire of Coolgardie September 2022.**
3. **Recommends the Council receive management comments and actions on the Draft Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Shire of Coolgardie at the Ordinary Meeting of Council in October 2022**

4.2 Operation Services

4.2.1 INTERNAL AUDIT - RISK MANAGEMENT

Location: Shire of Coolgardie
Applicant: NIL
Disclosure of Interest: NIL
Date: 6 September 2022
Author: Robert Hicks, Deputy Chief Executive Officer

SUMMARY

That the Audit Committee receive the attached Internal Audit Risk Management Report.

BACKGROUND

The Shire engaged Moore Australia as its internal auditor for the three-year period 31 December 2021 to 31 December 2023, with the overall intent to support the Shire to accomplish its objectives and to improve the effectiveness of its risk management, governance, and control processes.

This review was to determine the compliance, efficiency, and effectiveness of the Risk Management Framework and its consideration of better practice principles.

The scope of this review included consideration of:

- policy framework and practices
- implementation of the above policy framework
- awareness and training programs
- extent of consideration of better practice principles
- any opportunities for improvement and efficiency in processes, compliance, monitoring or otherwise

COMMENT

This review was conducted in accordance with the 'International Standards for the Professional Practice of Internal Auditing' contained in the 'International Professional Practices Framework' issued by the Institute of Internal Auditors.

In Moore's professional judgement, sufficient and appropriate audit procedures were completed, and appropriate evidence gathered to support the accuracy of the conclusions reached and contained in this report.

As an outsourced internal audit provider, Moore Australia has completed a review of the Shire's Risk Management function. This report presents their observations and recommendations arising from the review.

There are four areas where they assessed the Risk Management function i.e. 1. Culture and Capability, 2. Risk Management Framework, 3. Monitoring and Reporting and 4. Performance Measurement.

Area	High	Medium	Low	Total	Recommendation
1. Capability and Culture		9	6	15	1-15
2. Risk Management Framework	5	5		10	16-25
3. Monitoring & Reporting		3	1	4	26-29
4. Performance Measurement		1	3	4	30-33
Total	5	18	10	33	

CONSULTATION

Shire of Coolgardie CEO
 Shire of Coolgardie Deputy CEO
 Shire of Coolgardie Director of Commercial Services
 Shire of Coolgardie Coordinator Major Projects, HR & Governance

STATUTORY ENVIRONMENT

Part 7, Local Government Act 1995.
 Section 14 and 15, Local Government (Audit) Regulations 1996.
 Regulation 17, Local Government (Audit) Regulations 1996.
 Regulation 5(2)(c), Local Government (Financial Management) Regulations 1996.

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

The 2022/2023 budget allows for the purchase of a Risk Management Software System.

STRATEGIC IMPLICATIONS

Accountable and effective leaders

High quality corporate governance, accountability and compliance

ATTACHMENTS

1. Darft Internal Audit-Risk Management

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That Audit Committee

- 1. RECEIVE the attached draft Internal Audit Risk Management Report**
- 2. Request the Chief Executive to report twice in the 2022/2023 Financial Year on all risks in the attached Internal Audit Risk Management Report**

4.2.2 INTERNAL AUDIT - FRAUD AND CORRUPTION

Location: Shire of Coolgardie
Applicant: NIL
Disclosure of Interest: NIL
Date: 6 September 2022
Author: Robert Hicks, Deputy Chief Executive Officer

SUMMARY

That the Audit Committee receive the attached Internal Audit Fraud and Corruption Report.

BACKGROUND

The Shire engaged Moore Australia as its internal auditor for the three-year period 31 December 2021 to 31 December 2023, with the overall intent to support the Shire to accomplish its objectives and to improve the effectiveness of its risk management, governance, and control processes.

COMMENT

Fraud is a threat that affects every entity in all areas of business and it is becoming increasingly complex as entities are at risk of fraud from external parties, internal officials and from overseas criminals. There has been increased situations of reported suspected fraud in the state and local government and private sector performed by internal and external stakeholders. A review of the fraud and corruption controls within the Shire is timely to understand the maturity of the organisation, where potential fraud risks are and how they are being managed now, and in the future in accordance with the risk appetite of the Shire.

In accordance with the Shire's Strategic Internal Audit Plan, an audit on the Shire's Fraud and Corruption Management Framework was performed for the calendar year ending 31 December 2021.

To assess the effectiveness of the Shire's fraud and corruption management controls, Moore Australia conducted sample testing of key fraud risk areas through deploying data analytics, and by consulting publicly available information to confirm the operating effectiveness of controls. Their approach also assessed the level of compliance with established governance requirements; and extent of alignment to the key components of the Australian Standard AS 8001 2021 Fraud and Corruption Control, which include planning, prevention, detection, and response.

Moore Australia performed the internal audit in accordance with the International Standards for the Professional Practice of Internal Auditing and the Moore Australia (WA) Pty Ltd Internal Audit Methodology.

This report presents their observations and recommendations arising from the internal audit performed. These observations and recommendations are presented, together with management's comments.

Risk Rating	Findings					
Key Elements	Extreme	High	Medium	Low	Negligible	Total
Planning and Resourcing	-	1	-	1	-	2
Prevention	-	-	5	-	-	5
Detection	-	1	1	1	-	3
Response	-	-	5	2	-	7
Total	0	2	11	4	0	17

CONSULTATION

Shire of Coolgardie CEO
 Shire of Coolgardie Coordinator Major Projects, HR & Governance

STATUTORY ENVIRONMENT

Part 7, Local Government Act 1995.
 Section 14 and 15, Local Government (Audit) Regulations 1996.
 Regulation 17, Local Government (Audit) Regulations 1996.
 Regulation 5(2)(c), Local Government (Financial Management) Regulations 1996.

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

Fraud & Corruption can have unbudgeted financial impacts on the Shire

STRATEGIC IMPLICATIONS**Accountable and effective leaders**

High quality corporate governance, accountability and compliance

ATTACHMENTS

1. Internal Audit - Fraud and Corruption Report

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION**That the Audit Committee**

- 1. RECEIVE the attached Internal Audit Fraud and Corruption Report.**
- 2. Request the Chief Executive Officer review the target dates for all risks in the attached Internal Audit Fraud and Corruption Report and provide update to the next Audit Committee Meeting**
- 3. Request the Chief Executive Officer prioritise risks with High Rating in the attached Internal Audit Fraud and Corruption Report to be dealt with during 2022/2023 Financial Year**
- 4. Request the Chief Executive Officer prioritise which risks with Medium Rating in the attached Internal Audit Fraud and Corruption Report be dealt with during 2022/2023 Financial Year and report back to the next Audit Committee Meeting**
- 5. Request the Chief Executive Officer report quarterly to the Audit Committee progress on all risks with a High Rating in the attached Internal Audit Fraud and Corruption Report**
- 6. Request the Chief Executive to report twice in the 2022/2023 Financial Year on all risks in the attached Internal Audit Fraud and Corruption Report**

4.2.3 AUDIT LOG

Location: Shire of Coolgardie
Applicant: NIL
Disclosure of Interest: NIL
Date: 6 September 2022
Author: Robert Hicks, Deputy Chief Executive Officer

SUMMARY

That the Audit Committee receive the attached Audit Log.

BACKGROUND

The Shire engaged Moore Australia as its internal auditor for the three-year period 31 December 2021 to 31 December 2023, with the overall intent to support the Shire to accomplish its objectives and to improve the effectiveness of its risk management, governance, and control processes.

COMMENT

The attached Audit Log documents recommendations, findings, issues raised, recommendations owners and status after assessment. It addresses matters raised from prior years, actions taken thereof and who is responsible.

CONSULTATION

Shire of Coolgardie CEO
Shire of Coolgardie Deputy CEO
Shire of Coolgardie Director of Commercial Services
Shire of Coolgardie Coordinator Major Projects, HR & Governance
Shire of Coolgardie Finance Consultant

STATUTORY ENVIRONMENT

Part 7, Local Government Act 1995.
Section 14 and 15, Local Government (Audit) Regulations 1996.
Regulation 17, Local Government (Audit) Regulations 1996.
Regulation 5(2)(c), Local Government (Financial Management) Regulations 1996.

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

NIL

STRATEGIC IMPLICATIONS**Accountable and effective leaders**

High quality corporate governance, accountability and compliance

ATTACHMENTS**1. Audit Log**

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That the Audit Committee;

- 1. RECEIVE the attached Audit Log**
- 2. Request the Chief Executive Officer prioritise risks with High Rating in the attached Audit Log to be dealt with during 2022/2023 Financial Year**
- 3. Request the Chief Executive Officer report quarterly to the Audit Committee progress on all risks with a High Rating in the attached Audit Log**
- 4. Request the Chief Executive to report twice in the 2022/2023 Financial Year on all risks in the attached Audit Log**

4.2.4 AUDIT COMMITTEE - DRAFT TERMS OF REFERENCE POLICY

Location: Shire of Coolgardie
Applicant: NIL
Disclosure of Interest: NIL
Date: 6 September 2022
Author: Robert Hicks, Deputy Chief Executive Officer

SUMMARY

That the Audit Committee receive and recommend to Council adoption of the attached Audit Committee draft Terms of Reference Policy.

In considering advice from Moore Australia, as the Shire internal auditor, it is clear that it is timely for a review and rewrite of the Terms of Reference for the Shire Audit Committee

BACKGROUND

The Shire engaged Moore Australia as its internal auditor for the three-year period 31 December 2021 to 31 December 2023, with the overall intent to support the Shire to accomplish its objectives and to improve the effectiveness of its risk management, governance, and control processes.

This review was to determine the compliance, efficiency, and effectiveness of the Risk Management Framework and its consideration of better practice principles.

The scope of this review included consideration of:

- policy framework and practices
- implementation of the above policy framework
- awareness and training programs
- extent of consideration of better practice principles
- any opportunities for improvement and efficiency in processes, compliance, monitoring or otherwise

Finding 1.3 references the Audit Committee and recommends the revision of its Terms of Reference to ensure it aligns with better practice principles.

1. CapaShire and Culture				
Audit and Risk Committee			Risk Rating	
Finding 1.3	Audit and Risk Committee		Medium	
<p>The Audit and Risk Committee has general oversight of risk management activities within the Shire. The Terms of Reference should be contemporary, be performed within the Shire on a timely basis. It was last reviewed in October 2020 and is out of date as it is required to be reviewed annually.</p> <p>The Terms of Reference are included within the Policy Manual of the Shire however does not align to better practice principles such as those provided by the Office of the Auditor General.</p> <p>The Terms of Reference includes many risk management activities which are not currently being performed within the Shire. It is important for the Audit and Risk Committee to perform all aspects of the Terms of Reference to ensure effective oversight of risk management.</p> <p>An Audit and Risk Committee Calendar is the planned Agenda Items which are planned to be discussed at the scheduled Audit and Risk Committee meetings.</p> <p>Implications</p> <p>Sound governance reflecting better practice principles for Risk Management may not be implemented.</p>				
Management Comment				
Management <u>acknowledge</u> the Finding and agreed to implement				
Recommendations		Agreed Actions	Action Owner	Target Date
5. Review the Audit and Risk Committee Terms of Reference to ensure it aligns with better practice principles		Recommendations 5-7 agreed to be implemented	Deputy CEO	October 2022
6. Ensure the role and responsibility of the Audit and Risk Committee is being performed efficiently and effectively each year.				
7. Develop and implement an Audit and Risk Committee Calendar				

COMMENT

The objectives of the Audit Committee are to aid and guide Council on the discharge of its duties under Part 6 and 7 of the Local Government Act 1995. The Audit Committee assists Council to monitor the integrity of the Shire's financial statements, risk management, internal controls, and compliance with legislative requirements.

The attached draft is a review of the existing Audit Committee Terms of Reference Policy for the effective and better practice operation of the Audit Committee.

It is also acknowledged that the Minister for Local Government has proposed amendments to the Local Government Act 1995, which will, amongst other things, require the Audit and Risk Committee to include at least 1 independent member, who must also chair the Committee.

If, and when these Amendments are passed by Parliament, a further report will be provided to the Committee, and Council.

CONSULTATION

Shire of Coolgardie CEO
Shire of Coolgardie Governance Consultant

STATUTORY ENVIRONMENT

Part 6 and 7 of the Local Government Act 1995

POLICY IMPLICATIONS

Revision of the existing Policy # 1.02

FINANCIAL IMPLICATIONS

NIL

STRATEGIC IMPLICATIONS**Accountable and effective leaders**

High quality corporate governance, accountability and compliance

ATTACHMENTS

1. **Audit Committee Draft Terms of Reference Policy**

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That the Audit Committee RECEIVE and RECOMMEND to Council adoption of the attached Audit Committee draft Terms of Reference and the relevant Policy be amended accordingly..

4.2.5 CREDIT CARD LISTING FROM NOVEMBER 2021 TO JULY 2022

Location: Nil

Applicant: Nil

Disclosure of Interest: James Trail has a financial interest in this item. In accordance with section 5.70(2) of the Local Government Act 1995, I declare a financial interest in the agenda item List of credit card payments. The interest is in relation to CEO credit card vouchers.

Date: 12 September 2022

Author: Corina Morgan, Senior Finance Officer

SUMMARY

For the Audit Committee to receive the list of credit card payments for November 2021 to July 2022 for the Chief Executive Officer.

BACKGROUND

The Local Government (Financial Management) Regulations 1996, Regulation 13(3)(b) requires that Council receive a list of credit cards paid in the month, and that this be recorded in the minutes. Council has delegated to the Chief Executive Officer that authority to make these payments from the Municipal and Trust Funds.

COMMENT

The schedule of payments made under delegated authority as summarised below and recommended to be received by the audit committee, has been checked and is supported by vouchers and invoices which have been duly certified as to the receipt of goods and provision of services, and verification of process and costings.

It is deemed prudent that all Chief Executive Officer credit card vouchers now be presented to the Audit Committee for consideration and recommendation to Council. This is particularly the case given the authorisation required for the Chief Executive Officer credit card.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulations 1996, Regulation 13 – List of Accounts.

POLICY IMPLICATIONS

CS-PROCUREMENT POLICY. Policy CS-11 as amended, sets the guides with regards to the purchase of goods or services provided.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS**Accountable and effective leaders**

Maintain integrated strategic and operational plans

ATTACHMENTS

1. Credit Card Listing - November 2021 to July 2022

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION

That the Audit Committee,

1. Accept listing (attached) of credit card invoices totalling \$35,247.24 paid from November 2021 to July 2022 by the Chief Executive Officer under delegated authority of Council.
2. Recommend the Council receive the listing of credit card invoices totalling \$35,247.24 paid from the period November 2021 to July 2022 by the Chief Executive Officer under delegated authority.
3. Recommend to Council the Shire President authorise the credit card vouchers totalling \$35,247.24 paid from November 2021 to July 2022 by the Chief Executive Officer under delegated authority.

- 5 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING**
- 5.1 Elected Members**
- 5.2 Council Officers**
- 6 CLOSURE OF MEETING**