



Shire of Ashburton
Audit and Risk Management Committee Meeting
Confirmed Minutes
Public

**Ashburton Hall, Ashburton Avenue,
Paraburdoo**

8 March 2022

9:30am



**Shire of Ashburton
Audit and Risk Management Committee Meeting**

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit and Risk Committee Meeting.

A handwritten signature in blue ink, appearing to read 'K Donohoe', with a horizontal line underneath.

K Donohoe
Chief Executive Officer
8 March 2022

These minutes were confirmed by Council as a true and correct records of proceedings of the Audit and Risk management Committee Meeting held on 8 March 2022.

Presiding Member

A handwritten signature in black ink, appearing to read 'K. White', with a horizontal line underneath.

Date

10 / 5 / 2022

Disclaimer

The Shire of Ashburton warns anyone who has an application lodged with Council must obtain, and should only rely on, written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by Council in respect of the application. No responsibility whatsoever is implied, or accepted, by the Shire of Ashburton for any act, omission, statement, or intimation occurring during a Council meeting.

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1 Declaration of opening

The Presiding Member declared the meeting open at 9:33am.

1.1 Acknowledgement of country

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and their elders past, present and emerging.

2 Announcement of visitors

Nil

3 Attendance

3.1 Present

Elected members

Cr K White	Shire President (Presiding Member) Onslow Ward
Cr M Lynch	Deputy Shire President, Tom Price Ward
Cr T Mladenovic	Tom Price Ward
Cr L Rumble	Paraburdoo Ward
Cr A Sullivan	Paraburdoo Ward
Cr R de Pledge	Ashburton Ward
Cr J Richardson	Tableland Ward

Employees

K Donohoe	Chief Executive Officer
N Cain	Director Corporate Services
T Matson	Director People and Place
M Fanning	Director Infrastructure Services
C McGurk	Director Projects and Procurement
A Lennon	Manager of Media and Communications
N Jeffery	Executive Assistant Corporate Services
A Furfaro	Governance Officer

Guests

Nil

3.2 Apologies

Cr A Smith Tom Price Ward

3.3 Approved leave of absence

Cr M Gallanagh Pannawonica Ward

4 Declaration by members

4.1 Due consideration by Councillors to the agenda

Councillors noted they have given due consideration to all matters contained in this agenda.

4.2 Declarations of interest

A member who has an Impartiality, Proximity or Financial interest in any matter to be discussed at this meeting must disclose the nature of the interest either in a written notice, given to the Chief Executive Officer, prior to the meeting, or at the meeting immediately before the matter is discussed.

A member who makes a disclosure in respect to an interest must not preside at the part of the meeting which deals with the matter, or participate in, or be present during any discussion or decision-making process relative to the matter, unless the disclosing member is permitted to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

No declarations of interest have been submitted.

5 Confirmation of minutes

5.1 Confirmation of previous meetings

Audit and Risk Management Committee Meeting – 14 December 2021

Attachment 5.1A

Committee Recommendation	001/2022
Moved	Cr L Rumble
Second	Cr M Lynch
That Council confirm the minutes of the Audit and Risk Committee Meeting held in Council Chambers, Onslow Shire Complex, Second Avenue, Onslow on 14 December 2022 as a true and accurate record, as include in Attachment 5.1A.	
Carried 7/0	

6 Terms of Reference

6.1 Purpose

The Audit Committee's role, in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, is to aid and provide guidance to Council on the discharge of its duties under Part 6 and 7 of the *Local Government Act 1995* (the Act). The Audit Committee assists Council to monitor the integrity of the Shire's financial statements, risk management, internal controls, and compliance with legislative requirements.

6.2 Responsibilities

The Audit Committee is responsible for:

- 1 Guiding and assisting Council in carrying out its functions under:
 - a Part 6 of the Act and its functions relating to other audits and other matters related to financial management, and
 - b Part 7 of the Act in relating to auditing the Shire's financial accounts.
- 2 Reviewing the CEO's report required under regulation 17(3).
- 3 Monitoring and advising the CEO when the CEO is carrying out functions in relation to a review under:
 - a regulation 17 (1), and
 - b the Local Government (Financial Management) Regulations 1996, regulation 5(2)(c).
- 4 Monitoring Support the Auditor conducting an audit and carrying out the Auditor's other duties under the Act.

- 5 Oversee the implementation of any action that Council
 - a is required to take, has stated it has taken or intends to take in respect to matters raised by the audit report.
 - b has accepted should be taken on receipt of the CEO's report of a review under regulation 17(1), and
 - b has accepted should be taken on receipt of the CEO's report under regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

- 6 The Audit Committee's duties include,
 - a considering the Auditor's interim audit of the Shire's accounting and internal control procedures for the financial year,
 - b reviewing the audited financial report for the previous financial year; (c) reviewing the interim and final audit reports for the financial year.
 - c reviewing the annual Compliance Audit Return,
 - d reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's systems and procedures regarding risk management, internal controls, and legislative compliance,
 - e reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's financial management systems and procedures, and
 - f considering the proposed timeline for Council to adopt the budget and the ten-year financial plan for the following financial year and providing a report to council on those matters.

7 Agenda Items

7.1 2021 Compliance Audit Return

File reference	GV32
Author's name	N Cain
Author's position	Director Corporate Services
Author's interest	Nil
Authorising officer's name	K Donohoe
Authorising officer's position	Chief Executive Officer
Authorising officer's interest	Nil
Name of applicant / respondent	Not applicable
Date report written	1 March 2022
Previous meeting reference	Not applicable

Summary

Council is required to undertake an annual review of the compliance activities of the Shire against those required in the *Local Government Act 1995*.

The 2021 Compliance Audit Return was recently undertaken and completed by an external local government consultant.

Council is requested to adopt the 2021 Compliance Audit Return and authorise the Shire President and Chief Executive Officer to sign and submit the documentation in accordance with the associated provisions.

Background

Each year Council is required to undertake an audit against the requirements of a compliance audit return.

The Compliance Audit Return reports on areas of the *Local Government Act 1995* considered to be of a higher risk.

The structure of the Return is like previous years insofar as it focuses on “Yes”, “No” and “Not Applicable” responses via a self-audit process, with availability of additional explanation, if required.

For 2021, the Compliance Audit Return covered eleven (11) categories and comprised ninety-eight (98) sections for assessment.

The categories included –

- Commercial enterprises by local governments
- Delegation of power / duty
- Disclosure of interest
- Disposal of property
- Elections
- Finance
- Integrated planning and reporting
- Local government employees
- Official conduct
- Optional questions
- Tenders for providing goods and services

The Return is to be first considered by Council's Audit and Risk Management Committee, before being adopted by Council.

Upon adoption, the Return is required to be submitted to the Department of Local Government, Sport, and Cultural Industries by 31 March following the year of the review.

The completed 2021 Compliance Audit Return is attached.

Attachment 7.1A

Comment

The period reviewed for the 2021 Compliance Audit Return is 1 January 2021 to 31 December 2021 and was undertaken by an experienced local government consultant and professional (Mr. Steven Tweedie) in consultation with Shire officers.

The Review was undertaken initially by remote correspondence before an on-site visit occurring on Monday 28 February 2022.

The consultant, after research, interviews, and observing necessary documents and processes, has concluded all ninety-eight (98) sections of the Compliance Audit Return have been met.

Source documents included –

- minutes of meetings,
- declarations of interest,
- annual and primary returns,
- process and procedure manuals,
- resolutions of Council, and
- public notices,

and were identified via the Record Keeping System (inclusive of Shire officer emails), the Shire official website, and through interviews.

For comparative purposes, the 2020 Compliance Audit Return comprised 102 sections, which the Shire assessed as meeting ninety-seven (97) of those sections (95%).

Consultation

Chief Executive Officer
Director Corporate Services
Manager Finance and Administration
Manager Land and Asset Compliance
Manager Media and Communications
A / Senior Procurement Officer
Shire Officers

Statutory environment

Local Government (Audit) Regulations 1996

Regulation 14 – Compliance audits by local government

A local government is to carry out a compliance audit, in the provided form, for the period 1 January to 31 December in each year, and have this adopted by Council.

Local Government (Audit) Regulations 1996

Regulation 15 – Compliance audit return, certified copy of etc. to be given to Departmental Chief Executive Officer

After a Compliance Audit Return has been presented to, and adopted by, Council, a certified copy of the Return, along with a copy of the relevant section of the minutes, is to be submitted to the Departmental Chief Executive Officer by 31 March following the period to which the Return relates.

Financial implications

Costs associated with the engagement of the local government consultant were minor and are included in the Annual Budget.

Strategic implications

Shire of Ashburton 10 Year Community Strategic Plan 2017- 2027 (Desktop Review 2019)

Goal 5 Inspiring Governance
 Objective 3 Council Leadership
 Strategic Direction Council effectively governing the Shire, demonstrating effective governance and Shire leadership.

Risk management

Risk has been assessed based on the Officer Recommendation.

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan
If Council did not adopt the Compliance Audit Return before 31 March, then this will result in a non-compliance.	Unlikely (2)	Minor (2)	Low (4)	<u>Compliance</u> Some temporary non-compliances.	Sufficient information is provided so Council can adopt the Compliance Audit Return.

The following Risk Matrix has been applied:

Consequence Likelihood		Risk Matrix				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix.

This item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix.

The perceived level of risk is "low" because of the regulatory nature of Shire operations and established policies, processes, and procedures.

Policy implications

There are no known policy implications for this matter.

Voting requirement

Simple majority

Councillor interest declarations

Nil

Officer recommendation

That with respect to the 2021 Compliance Audit Return, and pursuant to the *Local Government (Audit) Regulations 1996*, the Audit and Risk Management Committee recommends Council,

- a Adopts the 2021 Compliance Audit Return for the period 1 January 2021 to 31 December 2021, as included at Attachment 7.1A, and
- b Authorises the Shire President and Chief Executive Officer to sign the joint certification of the completed Compliance Audit Return and submit it along with all other prescribed information to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.

Committee Recommendation	002/2022
Moved	Cr M Lynch
Second	Cr R de Pledge
That with respect to the 2021 Compliance Audit Return, and pursuant to the <i>Local Government (Audit) Regulations 1996</i>, the Audit and Risk Management Committee recommends Council,	
a	Adopts the 2021 Compliance Audit Return for the period 1 January 2021 to 31 December 2021, as included at Attachment 7.1A, and
b	Authorises the Shire President and Chief Executive Officer to sign the joint certification of the completed Compliance Audit Return and submit it along with all other prescribed information to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.
Carried 7/0	

7.2 Regulation 17 Review – 2020 Program Status Update

File reference	GV32
Author's name	T Dayman
Author's position	Manager Finance and Administration
Author's interest	Nil
Authorising officer's name	N Cain
Authorising officer's position	Director Corporate Services
Authorising officer's interest	Nil
Name of applicant / respondent	Not Applicable
Date report written	1 March 2022
Previous meeting reference	Agenda item 7.2 (Minute 35/2021) – Audit and Risk Management Committee meeting 14 December 2021

Summary

This report provides a progress update on the findings of the Chief Executive Officer's review of systems and processes relating to legislative compliance, risk management and internal controls and provides actions to address these issues, as required by Regulation 17 of the *Local Government (Audit) Regulations*.

The Audit and Risk Management Committee is requested to accept the Regulation 17 Review 2020 Program Status update report.

Background

Regulation 17 of the *Local Government (Audit) Regulations 1996* require the CEO to conduct a review of systems and procedures relating to legislative compliance, risk management and internal controls on a triennial basis.

The Regulation 17 Audit incorporates the requirement under Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996* which provides the Chief Executive Officer is to: 'Undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once every 3 financial years) and report to the local government the results of those reviews.'

Comment

AMD Chartered Accountants (AMD) was engaged to undertake a review of the appropriateness and effectiveness of risk management, internal controls, and legislative compliance at the Shire, in accordance with the Local Government (Audit) Regulations 1996, Regulation 17 for the period ended 30 June 2020.

ADM Regulation 17 report, including summary of findings, was presented to the Audit and Risk Committee at its September 2020 meeting.

Since its endorsement, a status report presented to the Audit and Risk Committee on the progress of matters raised and Officers comments to address improvement opportunities.

A status update report for the period March 2021 to May 2020 is provided for consideration.

Identified issue.

1. Risk Register
2. Contract Management
3. Risk Management Policies and Procedures
5. Complaints Handling Procedure

1. Risk Register

The Shire's risk register was last updated in April 2019, however, has not subsequently been reviewed or updated.

Progress Update

Organisation risk training and development of organisational risk register to be undertaken with Council's insurer LGIS. This has not yet been arranged due to competing priorities and limited resources.

Status update: ongoing

Responsible officer: Manager Governance

2. Contract Management

No Contract Manager in place to oversee overall contract risk at an organisational level.

Progress update

A Senior Manager (Manager Civil Works) is in the process of being appointed to ensure that Civil Works Contracts are scoped, specified, tendered, and managed in a way which reflects relevant standards and industry best practice. Process still to be developed.

Manager Civil and Projects commenced employment in January 2021 and subsequently resigned in March 2021. Offer of employment has been extended to a suitability qualified candidate with an expected start date of 1 July 2021

Manager Civil and Projects has commenced employment.

Upgrade to Altus included in 2021-2022 budget, which may include upgrade to Altus procurement / Contract Management.

Status update: ongoing

Responsible officer: Director Infrastructure

5. Complaints Handling Procedure

Outdated Complaints Handling Procedure which requires review.

Progress update

- Procedure to be developed.
- Online form available on website to be supported with the implementation of an electronic Customer Service Request system.

Procedure has not yet been developed due to competing priorities and limited resources.

The Manager of Legal and Governance commenced in November 2021 and has since resigned, recruitment has commenced.

Status update: Ongoing

Responsible officer: Manager Governance

Consultation

Executive Leadership Team
 Middle Management Team
 Finance Team

Statutory environment

Local Government Act 1995

Section 5.46. Register of, and records relevant to, delegations to CEO and employees

- (1) The CEO is to keep a register of the delegations made under this Division to the CEO and to employees.
- (2) At least once every financial year, delegations made under this Division are to be reviewed by the delegator.
- (3) A person to whom a power or duty is delegated under this Act is to keep records in accordance with regulations in relation to the exercise of the power or the discharge of the duty.

Financial implications

There are no known financial implications for this matter.

Strategic implications

Shire of Ashburton Strategic Community Plan 2017-2027 Living Life (2019 Desktop Review)

Goal 05 Inspiring Governance
 Objective 3 Council leadership+

Desired outcome – Council effectively governing the Shire, demonstrating effective governance and town leadership.

Risk management

Risk has been assessed based on the Officer Recommendation.

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan
Compliance Failure to address areas for improvement identified in the Regulation 17 report	Possible (3)	Minor (2)	Moderate (6)	Some temporary non compliances	Adopt Officer recommendation.

The following Risk Matrix has been applied:

Consequence Likelihood		Risk Matrix				
		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton’s Risk Management Policy CORP5 Risk Matrix.

The perceived level of risk is low due to the financial controls in place and the regularity of review of the information contained within these reports.

Policy implications

There are no known policy implications for this matter.

Voting requirement

Simple majority

Councillor interest declarations

Nil

Officer recommendation

That with respect to the Regulation 17 Review – 2020 Program status update, the Audit and Risk Management Committee;

- a Receives the status update;
- b Recommends Council receive the Regulation 17 Review 2020 Program status update; and
- c Requests the Chief Executive Officer provide further updates on the progress of these reviews.

Committee Recommendation	003/2022
Moved	Cr T Mladenovic
Second	Cr J Richardson
That with respect to the Regulation 17 Review – 2020 Program status update, the Audit and Risk Management Committee;	
a	Receives the status update;
b	Recommends Council receive the Regulation 17 Review 2020 Program status update; and
c	Requests the Chief Executive Officer provide further updates on the progress of these reviews.
Carried 7/0	

7.3 Internal Audit 2021 Status Report

File reference	GR01
Author's name	T Dayman
Author's position	Manager Finance and Administration
Author's interest	Nil
Authorising officer's name	N Cain
Authorising officer's position	Director Corporate Services
Authorising officer's interest	Nil
Name of applicant / respondent	Not Applicable
Date report written	1 March 2022
Previous meeting reference	Item 7.3 (Minute 36/2021) – Audit and Risk Management Committee 14 December 2021

Summary

This report provides a progress update on the findings of the internal audit conducted by Moore Australia that focused on matters identified in the 2019 Financial Management Review, procurement systems and controls, risk management practices, grants application, payments and acquittals, and records management compliance.

The Audit and Risk Management Committee is requested to accept the status report on the findings of the internal audit.

Background

To improve the effectiveness of its risk management, governance and control processes, Councillors endorsed the Audit and Risk Management Committee's role in preparing a three-year internal audit plan at the September 2020 Ordinary Meeting of Council. Further, Council acknowledged the Chief Executive Officer was undertaking an internal audit on key areas of concern in accordance with the Chief Executives obligations for the Financial Management Regulations 1996 as amended for the year ended 30 June 2021 was to focus on the following areas:

- Identified matters in the 2019 Financial Management Review;
- Procurement systems and controls;
- Risk management practices;
- Grants applications, payments, and acquittals; and
- Records management compliance with regulations and systems review.

Comment

Moore Australia were engaged to undertake an internal audit in accordance with the Institute of Internal Auditors ‘International Standards for the Professional Practice of Internal Auditing’ as contained in the ‘International Professional Practices Framework’, with the following objectives:

- Examine and evaluate actions implemented in response to matters identified in the 2019 FMR review;
- Review the appropriateness and effectiveness of internal controls pertaining to processes key to procurement activities, including credit card expenditure and tenders in accordance with statutory requirements;
- Determine the compliance, efficiency, and effectiveness of the risk management framework with legislative compliance requirements and its consideration of better practice principles;
- Review the appropriateness and effectiveness of systems and internal controls pertaining to management of grants;
- Assess the systems for records capture and retrieval, retention and disposal, risk of loss of vital information, and to identify potential improvements.

The Ashburton Internal Audit Report – 2020-2021 was endorsed by the Audit and Risk Committee on the 16 March 2021.

Moore Australia summarised the findings in the following table.

Summary of Findings				
Review Area:	High	Medium	Minor	Total
Identified Matters – 2019 FMR	-	3	-	3
Procurement Systems and Controls	12	12	-	24
Risk Management Practices	4	9	5	18
Grants Management	-	6	5	11
Records Management	7	7	-	14

Management have made a commitment to address the matters raised within this report, including meeting best practice principals.

The below is an overall summary of the approach management are taking to address matters raised, a detail report is provided within a separate attachment.

1. Observations and Recommendations – 2019 Financial Management Review

All matters raised from the 2019 Financial Management Review have been, or are currently, being addressed.

A financial end of month checklist has been developed which incorporates numerous tasks, including items raised.

Continual improvements are being developed, including upgrading the Shire's financial management system from ITVision Synergy Soft to ITVision Altus. This upgrade will be carried out over the 2021/2022 financial year as modules are developed and made available.

2. Procurement systems and controls

Several improvements have been identified within this section ranging from system improvements, record keeping, training, improved workflow, and compliance. As a result, it is recommended that a complete review of the Shire's procurement system and controls be conducted that incorporates all aspects of procurement, from planning, and approaching the market, evaluating, awarding contracts and contract management right through to payments and evaluations.

Robust systems are required to accommodate the complexity of the Shire's procurement requirements. This includes investigating platforms that will incorporate and enforce the Shire's policies and processes to ensure that best practice principals and legislative requirements are met.

The Shire is currently investigating ITvision's Altus Procurement and Altus contract management as platforms to manage procurement and contracts to be implemented in 2021/2021.

The system implementation will incorporate the review and/or development of various council policies, processes and directives, that will be inbuilt into the system to ensure compliance.

3. Risk management practices

The internal audit stated that Risk Management Capability and Culture for the Shire is assessed as inadequate. Furthermore, the report noted that there are no dedicated resources and regular review of the resourcing of the risk management function. The de-centralised model for risk management effectiveness is limited by this the lack of dedicated resource to ensure a consistent approach.

Management has identified that Risk Management is an organisation priority. The funding of a new Audit and Governance position has been included in budget considerations and incorporated in the organization review discussions.

This new position is imperative for the shire to improve its Risk management practices and address the matters raised within the report.

4. Grants applications, payments, and acquittals

The internal audit identified several improvement opportunities within the Shire's Grant Management processes.

Improved systems and controls are required for the high-level monitoring of compliance with grant programs to detect any potential issues in a timely manner to reduce the shire's risk of non-compliance of funding conditions.

A complete review of the grant management process has been identified and will incorporate the development of suitable reporting system to collate, monitor and report funding performance.

5. Records management compliance with regulations and systems review

The internal audit assessed several the Shire's Record Management Practices as inadequate.

Improvements to the Shire's record keeping management has already been identified as a priority by staff. At the September 2020 ordinary meeting, Council endorsed a five-step approach to access historical records and provide industry standard record keeping platform to ensure optimum performance in the future.

A project management plan for the implementation and migration of an electronic record keeping system has been developed and currently being implemented.

The Shire's Record Keeping Plan is being reviewed in conjunction with the implementation of the Shire's new EDRMS and will incorporate requirements and strategies that align to the new systems capabilities.

Staff are in regular contact with the State Records Office regarding the review status as well as ensuring that the shire's approach and implementation meets legislative and best practice requirements.

It was envisioned that the Record Keeping plan will be finalized within 6 months. The plan will incorporate systems for continual monitoring and self-evaluation strategies.

A detailed status update report for the period ending 30 November 2021 is provided for consideration.

Attachment 7.3A

Council has previously requested a separate report for those matters considered “high risk” and this report is currently under development.

Consultation

Executive Leadership Team
Middle Management Team
Finance Team

Statutory environment

Local Government (Audit) Regulations 1996

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 regulation 5(2)(c);

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 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.

Financial implications

Implementing the recommendations of the Report that have financial impacts will be processed through normal budgetary processes.

Strategic implications

Shire of Ashburton 10 Year Strategic Community Plan 2017-2027 (Desktop Review 2019)

Goal 05 Inspiring Governance
 Objective 4 Exemplary team and work environment
 Strategic Direction Promote an innovative and engaging corporate culture underpinned by the organisation's vision

Risk management

Risk has been assessed based on the Officer Recommendation.

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan
Compliance Failure to address areas for improvement identified in the Regulation 17 report	Possible (3)	Minor (2)	Moderate (6)	Some temporary non compliances	Adopt Officer recommendation.

The following Risk Matrix has been applied:

Consequence Likelihood		Risk Matrix				
		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton’s Risk Management Policy CORP5 Risk Matrix.

The perceived level of risk is low due to the financial controls in place and the regularity of review of the information contained within these reports.

Policy implications

There are no known policy implications related to this matter.

Voting requirement

Simple majority

Councillor interest declarations

Nil

Officer recommendation

That with respect to the Internal Audit 2021, Committee recommends Council receive the update, noting those matters considered as “high” risk matters are being addressed in a future and separate report.

Committee recommendation

004/2022

Moved

Cr R de Pledge

Second

Cr A Sullivan

That with respect to the Internal Audit 2021, Committee recommends Council receive the update, noting those matters considered as “high” risk matters are being addressed in a future and separate report.

Carried 7/0

8 Next meeting

The next Audit and Risk Committee will be held at 9:00am on Tuesday 10 May 2022 at the Council Chambers, Onslow Shire Complex, Second Avenue, Onslow.

9 Closure of meeting

There being no further business, the Presiding Member closed the meeting at 9:57am.