

Date: 16 June 2023

To: Shire President
Deputy Shire President
Councillors



NOTICE AND AGENDA – FINANCE AND AUDIT COMMITTEE MEETING

A Shire of Nungarin Finance and Audit Committee will be held in the Council Chambers on 21 June 2023 at 3:00pm to consider and resolve the matters set out in the attached agenda.

David Nayda
Acting Chief Executive Officer

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AGENDA

1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at ___pm.

Affirmation of Civic Duty and Responsibility as Read

I make this Affirmation in good faith on behalf of Councillors and Officers of the Shire of Nungarin. We collectively declare we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgment and ability.

Acknowledgement of Traditional Custodians

We wish to acknowledge the Traditional Custodians of the land we are meeting on, the Njaki Njaki Nyoongar people, and recognise the contribution of Elders past, present and future.

2. ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

2.1 ATTENDANCE

Councillors

Shire President	Cr P de Lacy
Deputy Shire President	Cr G Coumbe
Elected Member	Cr RE O’Connell
Elected Member	Cr K Dayman
Elected Member	Cr J Davis
Elected Member	Cr W Lee
Elected Member	Cr M Caughey

Council Officers

A/Chief Executive Officer	Mr D Nayda
MCS	Crystal Pearce

Observers / Visitors

2.2 APOLOGIES

2.3 REQUEST FOR LEAVE OF ABSENCE

3. DECLARATIONS OF INTEREST

3.1 FINANCIAL AND PROXIMTY INTEREST

3.2 DISCLOSURES OF INTEREST THAT MAY CAUSE A CONFLICT

5.1 FINANCIAL AND PROXIMITY INTEREST

5.2 DISCLOSURES OF INTEREST THAT MAY CAUSE A CONFLICT

4. ANNOUNCEMENT BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

5. PREVIOUS FINANCE AND AUDIT COMMITTEE MEETING MINUTES

5.1 FINANCE AND AUDIT COMMITTEE MEETING – 15 FEBRUARY 2023

OFFICER RECOMMENDATION

That the Minutes of the Finance and Audit Committee Meeting held on 15 February 2023 be confirmed as being a true and accurate record.

Moved:

Seconded:

.....

6. OFFICER REPORTS

6.1 AUDIT REGULATION 17 REVIEW	
File Ref:	
Previous Items:	Nil
Applicant:	Nil
Author and Title:	David Nayda, Acting Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirements:	Simple Majority / Absolute Majority
Attachment Number	6.1 – Review of Legislative Compliance Internal Controls and Risk Management Systems

OFFICER RECOMMENDATION

That the Committee recommend that Council:

- 1) **Accept the Review of Legislative Compliance Internal Controls and Risk Management systems**
- 2) **Request the CEO to prepare a detailed response to the recommendations within the Review Report for consideration at a future Audit Committee Meeting.**

Moved:

Seconded:

.....

IN BRIEF

Review and adoption of the recommendations set out in document 8.7a Review of Legislative Compliance Internal Controls and Risk Management Systems.

BACKGROUND

The Shire of Nungarin appointed Darren Long Consulting to undertake a review of the local government's legislative compliance, internal control and risk management systems and procedures, as required by regulation 17(1) of the Local Government (Audit) Regulations 1996 and report as to their appropriateness and effectiveness.

The compliance programs of a local government are a strong indication of attitude towards meeting legislative compliance and risk management approach.

Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.

The Review Report is an attachment to this item.

REPORT DETAIL

Pursuant to Regulation 17(1) of the Local Government (Audit) Regulations 1996, the Chief Executive Officer (CEO) of a local government is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to:

- (a) Legislative compliance;
- (b) Internal control; and
- (c) Risk management

Regulation 17(2) states that 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.

In addition, Regulation 17(3) requires the CEO to report to the audit committee the results of that review.

Darren Long Consulting have prepared and presented the attached report for consideration by the Audit Committee and Council. The review makes a significant number of recommendations which should be carefully considered by the substantive Chief Executive Officer before reporting back to the Audit Committee.

SHIRE OF NUNGARIN INTEGRATED STRATEGIC PLAN 2023 - 2033

Focus Area	CMC Leadership
Aspiration	A strong local democracy with an actively engaged community and effective partnerships
Objective	16.7 Annual review compliance methods

OTHER STRATEGIC LINKS

nil

STATUTORY ENVIRONMENT

Regulation 17(1) of the Local Government (Audit) Regulations 1996

SUSTAINABILITY AND RISK CONSIDERATIONS

Economic –

Nil

Social

Nil

Policy Implications

Nil

Risk Management Implications

Risk Level	Comment
Medium	The Audit Regulation 17 considers the Shire's Risk Management Systems

CONSULTATION

Darren Long, the Shire's Financial Consultant has prepared the attached report in consultation with staff.

RESOURCE IMPLICATIONS

Financial

There are no immediate financial implications in accepting the report, however addressing some of the recommendations may result in additional costs in the future.

Workforce

There are no immediate workforce implications in accepting the report, however addressing some of the recommendations may result in increased workloads in the future.

end

6.2 FINANCIAL MANAGEMENT REVIEW	
File Ref:	
Previous Items:	Nil
Applicant:	Nil
Author and Title:	David Nayda, Acting Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirements:	Simple Majority
Attachment Number	6.2 Financial Management Review 2023

OFFICER RECOMMENDATION

That Committee recommends that Council:

- 1) Accept the Financial Management Review as attached.**
- 2) Request the CEO to prepare a detailed response to the recommendations within the Review Report for consideration at a future Audit Committee Meeting.**

Moved:

Seconded:

.....

IN BRIEF

The Financial Management Review provides the CEO and Council with an independent assessment of the appropriateness and effectiveness of the Shires' Financial Management Systems.

BACKGROUND

The Shire of Nungarin appointed Darren Long Consulting to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government (not less than once in every 3 financial years) and report to the local government the results of those reviews. The Review report is an attachment to this item.

REPORT DETAIL

Pursuant to Regulation 5(1) of the Local Government (Financial Management) Regulations 1996, the Chief Executive Officer of a local government is to establish efficient systems and procedures for:

- (a) The proper collection of all money owing to the local government;
- (b) The safe custody and security of all money collected or held by the local government;

- (c) The proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);
- (d) Ensuring the proper accounting for municipal or trust-
 - (i.) Revenue received or receivable;
 - (ii.) Expenses paid or payable; and
 - (iii.) Assets and liabilities;
- (e) Ensuring the proper authorisation for the incurring of liabilities and the making of payments;
- (f) The maintenance of payroll, stock control and costing records; and
- (g) Assisting in the preparation of budgets, budget reviews, accounts and reports required by the Act or regulations.

In addition, Regulation 5(2) requires the Chief Executive Officer of a local government to-

- (a) Ensure that the resources of the local government are effectively and efficiently managed;
- (b) Assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
- (c) Undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

The Financial Management Review provides the CEO and Council with an independent assessment of the appropriateness and effectiveness of the Shires' Financial Management Systems and whether the Shire has complied with the requirements of the Local Government Act 1995 and the Local Government [Financial Management] Regulations 1996.

SHIRE OF NUNGARIN INTEGRATED STRATEGIC PLAN 2023 - 2033

Focus Area	CMC Leadership
Aspiration	A strong local democracy with an actively engaged community and effective partnerships
Objective	16.7 Annual review compliance methods

OTHER STRATEGIC LINKS

There are no other strategic links.

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulations 1996, Regulation 5 – CEO's duties as to financial management

SUSTAINABILITY AND RISK CONSIDERATIONS

Economic –

Nil

Social

Nil

Policy Implications

There are no immediate policy implications, but addressing the recommendations may require changes to existing policies, or new policies to be created.

Risk Management Implications

Risk Level	Comment
Medium	Financial management process with strong internal controls reduces the Shire’s risks

CONSULTATION

The review was carried out by Darren Long in consultation with Staff.

RESOURCE IMPLICATIONS

Financial

There are no immediate financial implications.

Workforce

There are no immediate workforce implications, but the recommended improvements may have future impacts on workloads.

end

- 7. **NEW BUSINESS OF AN URGENT NATURE**
(New business of an urgent nature approved by the Presiding Member)

8. **CLOSURE**

There being no further business the meeting closed at

Presiding Member

Date