

NOTICE OF MEETING

AUDIT AND RISK COMMITTEE

Members of the Audit and Risk Committee are advised that a meeting of the Committee will be held in the Council Chambers, 83 Mandurah Terrace Mandurah on

**Tuesday 7 March 2023
at 5.30pm**

MARK R NEWMAN

Chief Executive Officer
2 March 2023

Committee Members:

Councillor P Rogers [Chairperson]	Mayor Williams
Councillor R Burns	Councillor J Green
Councillor A Zilani	Councillor C Knight [Deputy Mayor]
Mr W Ticehurst	

Deputies:

Councillor D Pember	Councillor A Kearns
Councillor D Wilkins	

AGENDA

1 OPENING OF MEETING

2 APOLOGIES

3 IMPORTANT NOTE

Members of the public are advised that the decisions of this Committee are referred to Council Meetings for consideration and cannot be implemented until approval by Council. Therefore, members of the public should not rely on any decisions of this Committee until Council has formally considered the resolutions agreed at this meeting.

4 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

5 AMENDMENT TO STANDING ORDERS

Modification to *Standing Orders Local Law 2016* - electronic attendance at meeting.

6 PUBLIC QUESTION TIME

Public Question Time provides an opportunity for members of the public to ask a question of Council. For more information regarding Public Question Time please visit the City's website mandurah.wa.gov.au or telephone 9550 3787.

7 PRESENTATIONS

8 DEPUTATIONS

Any person or group wishing to make a Deputation to the Committee meeting regarding a matter listed on this agenda for consideration must complete an application form. For more information regarding making a deputation please visit the City's website mandurah.wa.gov.au or telephone 9550 3787.

9 CONFIRMATION OF MINUTES 7 NOVEMBER 2022

Minutes available on the City's website via mandurah.wa.gov.au/council/council-meetings/agendas-and-minutes

10 DECLARATIONS OF INTERESTS

11 QUESTIONS FROM COMMITTEE MEMBERS

- 11.1 Questions of Which Due Notice Has Been Given
- 11.2 Questions of Which Notice Has Not Been Given

12 BUSINESS LEFT OVER FROM PREVIOUS MEETING

13 REPORTS

<i>No.</i>	<i>Item</i>	<i>Page No</i>	<i>Note</i>
1	Review of Office of the Auditor General Performance Audit Funding of Volunteer Emergency and Fire Services	3-10	
2	Compliance Audit Return 2022	11-26	

14 LATE AND URGENT BUSINESS ITEMS

15 CONFIDENTIAL ITEMS

- 15.1 Strategic Internal Audit Findings
- 15.2 Strategic Risk Update Report
- 15.3 Human Resources and Grants Internal Audit
- 15.4 Work Health and Safety (WHS) YTD Performance Review 2022-2023

16 CLOSE OF MEETING

1	SUBJECT:	Review of Office of the Auditor General Performance Audit Funding of Volunteer Emergency and Fire Services
	DIRECTOR:	Business Services
	MEETING:	Audit and Risk Committee
	MEETING DATE:	7 March 2023

Summary

On 22 December 2022, the Office of the Auditor General (OAG) released a Performance Audit titled Funding of Emergency and Fire Services¹. In Western Australia, volunteers form an essential part of the State emergency management capability, and their effective funding and management is critical.

Funding and support for volunteer fire and emergency services is administered by the Department of Fire and Emergency Services (DFES) through its Local Government Grants Scheme (LGGs) and through support and additional funding via local government (LG). From a local government perspective, the OAG audited three LGs with interviews from a further seven entities (two metropolitan and five regional). The Coordinator Emergency Management was interviewed in February 2022 although the City of Mandurah was not part of the OAG audit.

Several recommendations have been made for LG and these have been considered and commented upon by City officers to ensure the City is effectively fulfilling its role in emergency management and volunteer support.

Disclosure of Interest

Nil

Previous Relevant Documentation

Nil

Background

On 22 December 2022, the OAG released a performance audit into the Funding of Volunteer Emergency and Fire Services. The audit assessed if the Department of Fire and Emergency Services (DFES) and three LG entities effectively administer funding for their land-based volunteer emergency and fire services. Its focus was on funding processes and the administrative support provided.

There are four volunteer services relevant to the audit:

- Volunteer Fire and Rescue Service (VFRS) – established and managed by DFES to undertake functions similar to the Career Fire and Rescue Service
- Volunteer Fire and Emergency Service (VFES) – units approved by the Fire and Emergency Services Commissioner (Commissioner) and managed by DFES
- State Emergency Service (SES) – units authorised by the Commissioner to help the community cope with the impacts of natural disasters and emergencies. DFES and LG entities share management responsibility for the SES
- Bush Fire Service (BFS) – brigades established and managed by LG entities to protect their communities from bush fires

¹ https://audit.wa.gov.au/wp-content/uploads/2022/12/Report-13_Funding-of-Volunteer-Emergency-and-Fire-Services.pdf

Figure 1 below details the roles played by each of the volunteer services.

Volunteer services		VFRS	VFES	SES	BFS
	Administered by	DFES	DFES	DFES/LG	LG
	Funded by	DFES	DFES	DFES/LG	DFES/LG
	Brigades/units	94	37	64	563
	Volunteers	2,468	930	1,985	19,579
	Bush fire/other fire	✓	✓*	—	✓
	Structural fire	✓	✓*	—	✓#
	Hazardous material response (HAZMAT)	✓	✓*	—	—
	Road crash rescue	✓	✓*	✓*	—
	Natural hazards (storms, earthquakes)	—	✓*	✓	—
	Search and rescue	—	✓*	✓	—
	Assistance operations	—	✓*	✓	—

Source: OAG based on DFES information




 Approved
  Approved for certain units
  Conditionally approved

Figure 1. Volunteer Emergency Role

With the support of DFES, the City of Mandurah support the Mandurah State Emergency Service (SES) and also the Southern Districts Volunteer Bush Fire Brigade (BFB) in our local government area. Bush Fire Service brigades have a higher degree of autonomy from DFES with local governments having significant responsibility for their creation and management. In particular, LGs have increased its obligations for the Workplace Health and Safety of the bush fire volunteers, with fire-fighting being a high-risk activity. The City has the following internal controls in place to reduce the risk of injury to the SES and BFB volunteers:

- BFB Recruitment and Induction Procedure
- BFB City of Mandurah Induction Presentation
- BFB Station Induction Presentation
- Joint CoM and DFES Membership Form with Medical Declaration
- Requesting medical examinations as deemed necessary
- Conducting BFB Volunteer Police Clearance Checks
- WHS Risk Register – BFB, referencing City and DFES controls
- BFB Workplace Hazard ID Checklist
- Hazard Observation Form

- Job Safety Analysis Template
- Vehicle Incident and Accident Report Forms
- Bushfire Brigade Local Law and Constitution
- DFES Fire Fighter Training Pathway
- Maintaining minimum attendance and training requirements and records
- Maintaining BFB & SES Volunteer Support Register
- Maintaining BFB Membership records

The number of volunteer emergency agencies differs greatly between LGs with some rural and peri-urban LGs having high numbers. The City of Mandurah comparatively has a modest administrative burden and employs a Coordinator Emergency Management and Emergency Management Administration Officer to deliver these services. The time allocation of these two officers equates to 0.6 FTE. The City understands the importance of strong support for these groups given the critical role they play and gives careful attention to the two services.

Each year LGs apply to DFES who provide recurrent funding primarily through its LGGs. The LGGs is funded via the Emergency Services Levy (ESL) which is collected annually. The DFES Manual for Capital and Operating Grants (Grants Scheme Manual) outlines what can be funded from the scheme. Operating grants fund general operating costs and minor purchases.

Figure 2 sets out the emergency volunteer funding framework:

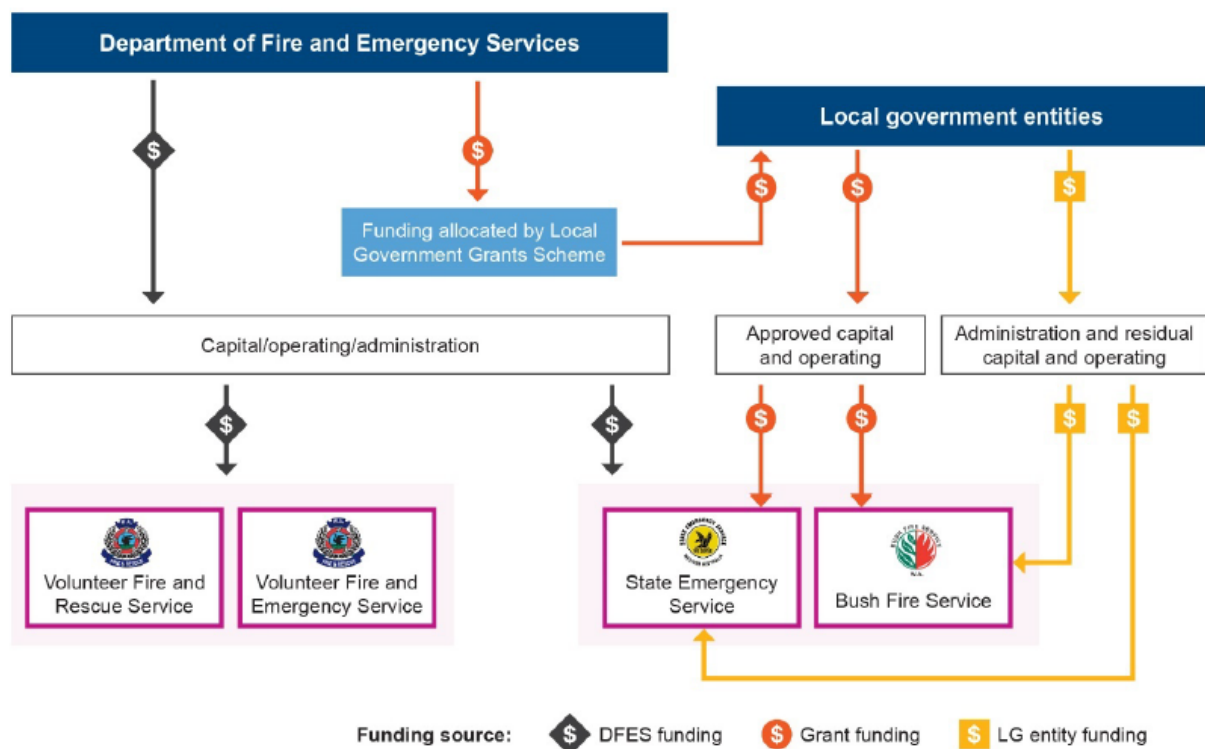


Figure 2. Emergency Volunteer Funding Framework

Comment

Focusing on the findings of the three LGs audited information, the information below addresses the key findings and the considerations for the City of Mandurah in its effort to continuously improve.

Capital grants could better consider the strategic asset needs of LG entities

With the support of DFES, resources have been allocated to undertake risk assessments for both the volunteer units, resulting in funding for new facilities, equipment and appliances being approved. These facilities were project managed by the City, with the Mandurah SES Headquarters opening in 2016 and new Bush Fire Brigade in 2020. Volunteers were engaged throughout the design, construction and fit out process, resulting in state-of-the-art facilities to support emergency training and response.

The City has full visibility of its asset management responsibilities for the facilities with valuers attending in July 2022. Although the facilities are fairly new they are regularly inspected and any concerns promptly reported. BFB & SES also maintain equipment/asset registers and plan their replacement program.

DFES provides the City with an Annual LGGS Operating and Capital Grant Offer in January of each year. This offer details the recommended operating grant to run the brigades for the following financial year, the age and replacement program for the fleet. These vehicles are garaged for most of the year, and therefore not replaced as frequently as the City fleet would be. All appliances meet OSH requirements and are purpose-built. No alterations are allowed to be made to the vehicles unless approved by DFES and/or City Fleet.

The BFB fleet and scheduled replacement is noted below:

BUSH FIRE SERVICE CAPITAL – FLEET

FORM 3a

DFES Region: **SOUTH COASTAL**

Local Government Name: **MANDURAH**

2023/24 Replacement Program

- We agree with the 2023/24 Replacement Program as provided by DFES.
 We do not agree with the 2023/24 Replacement Program. (Complete 2023/24 Alternate Program)

VEHICLES – EXISTING (*) VERIFY DETAILS BELOW FOR ACCURACY, AMEND ACCORDINLY, SIGN AND DATE BELOW					
*Brigade/Unit	*Description	*Rego	*Year Commissioned	2023/24 Replacement Program	Indicative Program 2024/25 to 2027/28 Description (*)
Mandurah Southern Districts	3.4 Urban	MH1857A	2016		
Mandurah Southern Districts	Light Tanker	1QBZ961	2017		Light Tanker

The SES assets and replacement program are indicated below;

2023/24 Replacement Program

- We agree with the 2023/24 Replacement Program as provided by DFES.
 We do not agree with the 2023/24 Replacement Program. (Complete 2023/24 Alternate Program)

VEHICLES – EXISTING (*) VERIFY DETAILS BELOW FOR ACCURACY, AMEND ACCORDINLY, SIGN AND DATE BELOW					
* Unit	*Description	*Rego	*Year Commissioned	2023/24 Replacement Program (*)	Indicative Program 2024/25 to 2027/28 Description (*)
Mandurah	Personnel Carrier 11 Seater	1END997	2014	2023/24 Replacement Program approved Dec 2022. Not applicable	General Rescue Utility Urban
Mandurah	Personnel Carrier 11 Seater	1EOF923	2014		General Rescue Utility Urban
Mandurah	Utility	1GAJ307	2016		General Rescue Utility Urban
Mandurah	Bus 10 Seater	1DPF696	2011		
Mandurah	ATU	1ELS537	2014		
Mandurah	ATU Trailer	MH-76591	2014		
Mandurah	Rescue Trailer	1QTB464	2003		
Mandurah	Storm / General Rescue Trailer	1TGU079	2006		Storm / General Rescue Trailer
Mandurah	Flood Rescue Boat & Trailer - Light	460029 & 1TXQ039	2022		

The City consults both units and DFES District Officers to ensure they support the LGGS offer and to identify any plant or equipment, valued \$1500 – \$5000 that require replacing or would improve brigade operations. These are submitted as Line 9 request and have included the follow purchases in recent years:

- SES IT Upgrades
- SES Battery operated chainsaws and battery packs
- BFB cabinetry for new facility

- BFB Smart TV for new facility

Some LG entities can struggle to adequately support their volunteer services to manage key responsibilities

The City has dedicated resources within Emergency Management to support SES and BFB volunteers. As a larger LG, the City does have a wider pool of skills to draw on to provide effective support including fleet, building maintenance, project management, and human resources. The relationship between the volunteer services and the City is very strong, with regular engagement with the unit leaders. They are also members of the Local Emergency Management Committee (SES Manager and Deputy) and Bush Fire Advisory Committee (BFB Captain, Chief and Deputy Chief Bush Fire Control Officers).

There are approximately 84 SES volunteers, whose membership and training records are maintained by DFES. The Coordinator Emergency Management attends the SES officers meeting on a monthly basis. The DFES District Officer regularly attends the SES and carries out quarterly OSH inspections.

There are 22 BFB volunteers, 18 of whom are active. The BFB attended 9 incidents in 2020/21, 16 in 2021/22 and 12 in 2022/23, with individuals being deployed to emergencies throughout WA.

Workplace WSH inspections are carried out bi-monthly by brigade members and Coordinator Emergency Management, with inspection reports submitted for any appropriate action. Station training records are inspected while on site.

Building and fleet maintenance concerns are communicated on an as needs basis, with repairs coordinated by the City. Facilities and fleet are inspected and undergo servicing in line with City scheduling requirements. The Emergency Management team interact with both units on a weekly basis by phone, email, online meeting, or in person.

DFES District Officers and Volunteer Support Officers are also in regular contact with the volunteers in relation to training, deployment or operational concerns.

LG entities lack some processes and support to effectively administer Grants Scheme funding

The City has a specialist Coordinator of Emergency Management with a part time Emergency Management Administration Officer. Although the management of the funding and tracking of expenditure is well executed there is an opportunity for the City to better document procedures to build resilience should there be staff changes.

The City through the Emergency Management Team is proactive in ensuring accurate volunteer membership data in collaboration with the BFB. New member details are obtained and 100 Points ID sighted. The team lodges all membership applications to DFES on behalf of the BFB. The City monitors induction processes, Code of Conduct and other corporate training and manages police clearances for new recruits.

Membership is cross checked on receipt of the monthly DFES LG Monthly Report. Insurances, utilities, building maintenance, vehicle maintenance are managed and paid by the City using the City's corporate system with appropriate reporting.

The DFES LG Monthly Report includes:

- 000 Service Agreement
- Incidents Summary & Year to Date (YTD) Comparison
- Bushfire Summary
- Volunteers Summary (LGIS)
- Volunteers Summary by Brigade

- Brigade Incident Summary and Incident Report Completion Rate
- SMS Lists
- Vehicle - Appliance List
- Brigade Membership Listing

The City has strong incident reporting processes and ensure all relevant matters are reported as they would be for an employee of the City. Bi-Monthly WHS inspections are undertaken by Coordinator of Emergency Management and brigade members, documented in line with City procedures. The City constantly reinforces the importance of appropriate incident reporting.

The City has separate accounts to correspond with DFES funding line items. However, there are some issues with the costs being automatically applied to these accounts, requiring the journaling of building and fleet maintenance expenses. This can at times make it difficult to accurately track expenditure.

Annual acquittals are submitted to DFES in August for audit and review. The City can apply to DFES for a reimbursement on approved budget overspend items.

LG entities had limited understanding of the cost of their volunteer services

Extensive officer time is spent supporting the SES and BFB. It is estimated that this occupies approximately 0.6 of an FTE. The City considers volunteer support as a core function of the Emergency Management Team, with flexibility and after-hours support being required. A Volunteer Support Register has been developed to track concerns and actions related to:

- Administration
- Recruitment - Resignation
- OH&S
- Training
- Vehicle/Plant Maintenance
- Building Maintenance
- Deployment
- Finance & Funding

Whilst this register doesn't track every hour dedicated to volunteer support, it provides a ready reference to the status of concerns and follow up required to minimise the risk to emergency service volunteers and the City.

Table 1. Funding of Volunteer Emergency and Fire Services – City of Mandurah Improvement Plan

Issue Identified	City of Mandurah Action	Date for Completion
LG entities lack some processes and support to effectively administer Grants Scheme funding	The City will formulate more detailed procedures to ensure knowledge is documented, should there be staff changes	30 June 2023
LG entities had limited understanding of the cost of their volunteer services	The City will extend the record keeping of the time expended on supporting	31 March 2023
	The City will improve account structures to be more efficient in tracking and reporting of expenditure	30 June 2023
	Analyse whether the LGGs ESL Administration Levy covers the City's ESL administration costs (emergency management and rates areas).	31 December 2023

Internal Consultation

Emergency Management Team
Finance Team
Fleet Team

Statutory Environment

Fire and Emergency Services Act 1998
Bush Fires Act 1954
Fire Brigades Act 1942
Emergency Management Act 2005
Emergency Management Regulations 2006

Policy Implications

Nil

Financial Implications

Expenditure (not including employee costs) for the BFB allocated in 2022/23 is \$37,309.
Expenditure (not including employee costs) for the SES allocated in 2022/23 is \$56,812.

DFES funding covers most costs associated with the running of the brigade, but not does not include:

- Contracted garden maintenance or lawnmowing
- Contracted cleaning services
- Fire prevention works

The City supports the SES and BFB through City officer time; allocation of honorariums for holders of key roles within the volunteer brigades; and support additional expenditure for some minor items outside the LGGS allocation.

Additional expenditure includes:

- Volunteer honorarium payments \$12,000 per year
- Emergency Service Volunteer Appreciation Event – biennial approx \$4,500
- Emergency Service Volunteer Appreciation payment – (alternate year to event) \$4,500
- Volunteer support vehicle: 2021 4WD Ford Ranger, in addition to the assets funded through DFES, with a value new of \$37,500 GST Inclusive and a current market value of approximately \$40,000 GST Inclusive. This was initially provided as a joint use crew change vehicle for the SES and BFB, however is mostly used by the BFB. This can be used by volunteers to attend training courses, as crew change vehicle for campaign fires, or as an incident control vehicle. It is not equipped as fire appliance and is not to be used on an active fire ground, other than patrolling a 'mop up' zone. Providing this vehicle alleviates the need for volunteers to use their own car and claiming reimbursement. It is also used by Ranger Services for fire break inspections or other staff if their fleet are short.

The following amounts have reimbursed by DFES for the administration associated with the annual collection of the ESL:

- | | | |
|--------------|----------|---------------------|
| • 27/10/2022 | \$53,803 | 22/23 ESL Admin Fee |
| • 28/10/2021 | \$55,575 | 21/22 ESL Admin Fee |
| • 29/10/2020 | \$56,950 | 20/21 ESL Admin Fee |

The collection of the ESL Levy runs parallel with rates collection processes labour, printing and debt collection. An improvement that has been identified includes analysing whether the ESL administration levy adequate covers the City costs to administer the ESL.

Risk Analysis

Appropriate funding and positive relationships with our local emergency service volunteers is essential. The City has worked very hard to ensure the capability of these local brigades.

Strategic Implications

The following strategies from the City of Mandurah Strategic Community Plan 2020 – 2040 are relevant to this report:

Social:

- Promote and encourage community connection to create social interaction and a strong sense of belonging.

Organisational Excellence:

- Provide professional customer service and engage our community in the decision-making process.
- Ensure the City has the capacity and capability to deliver quality services and facilities through accountable and transparent business practices.

Conclusion

There are some opportunities for improvement highlighted in the OAG Report Funding of Volunteer Emergency and Fire Services for the City. Given the structure and resourcing of the City's support for emergency volunteers appropriate processes and support are in place.

RECOMMENDATION

That the Audit and Risk Committee recommend that Council:

- 1. Note the findings of the Office of the Auditor General's Performance Audit Funding of Volunteer Emergency and Fire Services and City officer's review of opportunities for improvement.**
- 2. Note the Funding of Volunteer Emergency and Fire Services – City of Mandurah Improvement Plan detailed in Table 1.**

2	SUBJECT:	Compliance Audit Return 2022
	DIRECTOR:	Director Business Services
	MEETING:	Audit and Risk Committee
	MEETING DATE:	7 March 2023

Summary

The Department of Local Government, Sport and Cultural Industries (DLGSC) has circulated to all Western Australian local governments, the annual 2022 Compliance Audit Return for completion.

The return is a requirement of the *Local Government Act 1995* and its Regulations and is prepared for the Minister Local Government in an approved form. The return covers the period 1 January 2022 to 31 December 2022.

There is a statutory requirement to have the compliance audit reviewed by the Audit and Risk Committee and then adopted by Council. Once adopted, it will be certified by the Mayor and Chief Executive Officer and forwarded to the DLGSC prior to the 31 March 2023 deadline.

The compliance audit has been conducted for 2022 which resulted in the City achieving 95% (90/95) compliance.

Disclosure of Interest

N/A

Previous Relevant Documentation

- G.8/3/22 22 March 2022 Compliance Audit Return 2021
- G.6/3/21 23 March 2021 Compliance Audit Return 2020
- G.7/3/20 24 March 2020 Compliance Audit Return 2019

Background

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires a local government to carry out a compliance audit for the period 1 January to 31 December in each year. The compliance audit forms part of the DLGSC's monitoring program which includes all statutory requirements as outlined in the audit regulations.

It is also a method of bringing to Council's attention cases of non-compliance, or where full compliance has not been achieved. It is noted that Council is required to endorse any remedial action taken or proposed to be taken in regard to instances of non-compliance. In some instances, non-compliance can result in further inquiries by the DLGSC.

Comment

When preparing the return, responses are validated through a series of newly developed testing mechanisms to assure that responses are correct and sufficient for third party review.

The 2022 Compliance Audit Return comprises of the following components:

1. Commercial Enterprises by Local Governments
2. Delegation of Power/Duty
3. Disclosure of Interest
4. Disposal of Property

5. Elections
6. Finance
7. Integrated Planning and Reporting
8. Local Government Employees
9. Official Conduct
10. Optional Questions
11. Tenders for Providing Goods and Services.

Relevant managers were required to complete responses to the questions before being forwarded to Governance Services for review and input via the DLGSC online portal.

Areas where full compliance was not achieved for 2022 are:

Category	Question	Comment	Action and Follow Up
Finance	Q3. Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	The auditor's report for 2021/22 was not finalised during the 2022 calendar year. The financial statements audit was delayed due to the valuation on Parks assets and grass/garden bed type assets accounting treatment being disputed.	Auditors report is expected to be presented to Audit and Risk and Council at the March round of meetings.
Optional Questions	Q5. Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3) and (4)	The City achieved 95% compliance in this area. Of the 42 categories of information the City is required to have published on its website, there were 2 categories of non compliance. One instance was where a register of positions that have completed Primary Returns was missing one position for a period of 3.5 months and the second instance was that the Corporate Business Plan update for 2022-26 was not published on the City's website since its adoption in June 2022.	Both matters have since been rectified and procedures have been updated to ensure future compliance. A schedule of statutory documents which must be published on the City's website has been prepared and made available to all relevant officers. Governance will carry out a monthly audit to ensure future compliance.
	Q8. By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	The City applied for an extension of this date and instead provided the relevant information to the City's auditor on 14 October 2022.	Due to the fair value of the City's assets increasing due to the significant increase in material costs, the City was required to revalue its assets. This required having to engage consultants and conduct their assessment. Due to the volume of work required, the annual financial report could not be completed on 30 September.

Tenders	Q1. 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?	Through the City's Internal Audit Function some instances of minor non-compliance with the Council Procurement Policy (under \$50,000) were identified. A mandatory City-wide training program on procurement under \$50,000 has been implemented and control improvement is ongoing.	The City will continue to monitor procurement practices to improve compliance with the Policy.
	Q7. Did the information recorded in the local government's tender register comply with the requirements of <i>Local Government (Functions and General) Regulations 1996</i> , Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	All prescribed information was included except for the contract value for Tender 24-2022. This tender was awarded 21 November 2022 and the tender register did not contain the contract value information as at the date of the CAR audit.	This minor omission has since been rectified and practices updated to ensure future compliance.

The 2022 Compliance Audit Return has now been completed and is required to be considered by the Audit and Risk Committee and adopted by Council before being finalised and submitted to the DLGSC by 31 March 2023.

Consultation

Department of Local Government Sport and Cultural Industries.

Statutory Environment

Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*
Local Government Act 1995

Policy Implications

Reference to relevant policies has been made where appropriate.

Financial Implications

N/A

Risk Analysis

The risk associated with Council failing to adopt the 2022 Return would result in non-compliance with the legislative requirements of the *Local Government (Audit) Regulations 1996*.

Strategic Implications

The following strategy from the City of Mandurah Strategic Community Plan 2020 – 2040 is relevant to this report:

Organisational Excellence:

- Ensure the City has the capacity and capability to deliver quality services and facilities through accountable and transparent business practices.

Conclusion

The City's 2022 Compliance Audit Return is now to be reviewed by the Audit and Risk Committee and presented to Council for adoption.

NOTE:

- Refer ***Attachment 2.1 2022 Compliance Audit Return***

RECOMMENDATION

That the Audit and Risk Committee recommend that Council:

1. **Adopts the 2022 Local Government Compliance Audit Return for the period 1 January 2022 to 31 December 2022 as per Attachment 2.1 of the report.**
2. **Authorise the Mayor and the Chief Executive Officer to certify, in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, the completed 2022 Compliance Audit Return and submit to the Department of Local Government, Sport and Cultural Industries.**



Mandurah – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
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 2022?	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 2022?	Yes	
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 2022?	Yes	
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 2022?	Yes	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes	Council Meeting 13/12/22 Minute G.8/12/22

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A	
2	s5.16	Were all delegations to committees in writing?	N/A	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	N/A	
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	



7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
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?	Yes	
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	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	Yes	Council Meeting: 24 May 2022 Minute: G.9/5/22 CEO Review: 25 May 2022
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	To the best of our knowledge

Disclosure of Interest				
No	Reference	Question	Response	Comments
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	
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	
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	
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	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	



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

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	
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	
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	
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	
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	
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	
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	
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?	N/A	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) 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	
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?	N/A	
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 section 5.71A(1) of the Local Government	N/A	



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		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?		
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 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	
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 within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	
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?	N/A	
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	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employee 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	

Disposal of Property

No	Reference	Question	Response	Comments
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	
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) of the Act, in the required local public notice for each disposal of property?	Yes	



Elections				
No	Reference	Question	Response	Comments
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?	N/A	
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	
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?	N/A	

Finance				
No	Reference	Question	Response	Comments
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?	N/A	
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	
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	No	The auditor's report for 2021/22 was not finalised during the 2022 calendar year. The



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				financial statements audit was delayed due to the valuation on Parks assets and grass/garden bed type assets accounting treatment being disputed.
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?	N/A	
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?	N/A	
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?	N/A	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	N/A	

Local Government Employees				
No	Reference	Question	Response	Comments
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	



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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	
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Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	
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	
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	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
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?	No	Through the City's Internal Audit Function some instances of minor non-compliance with the Council Procurement Policy (under \$50,000) were identified. A mandatory City-wide training program on procurement under \$50,000 has been implemented and control improvement is ongoing.
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	Yes	



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		was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?		
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	
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?	Yes	
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	
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	
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?	No	All prescribed information was included with the exception of the contract value for Tender 24-2022. This tender was awarded 21 November 2022 and the tender register did not contain the contract value information as at date of audit. This minor omission has since been rectified and practices updated to ensure future compliance.
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	
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	



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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	
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) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & 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	
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	



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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	

Integrated Planning and Reporting

No	Reference	Question	Response	Comments
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	24/05/2022 Council Meeting: 24 May 2022 Minute: G.10/5/22
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	28/06/2022 Council Meeting: 28 June 2022 Minute: G.9/6/22
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	

Optional Questions

No	Reference	Question	Response	Comments
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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 2022? If yes, please provide the date of council's resolution to accept the report.	Yes	23/03/2021 Council Meeting: 23 March 2021 Minute: G.5/3/21
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 2022? If yes, please provide date of council's resolution to accept the report.	Yes	26/05/2020 Council Meeting: 26 May 2020 Minute: G.13/5/20
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?	N/A	
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	Council Meeting: 25 January 2022 Minute: G.12/1/22
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?	No	The City achieved 95% compliance in this area. Of the 42 categories of information the City is required to have published in its website there were instances of none compliance with 2 categories. One instance was where a register of positions that have completed Primary Returns was missing one position for a period of 3.5 months and the second instance was that the Corporate Business Plan update for 2022-26 was not published on the City's website since its adoption in June 2022. Both matters have since been rectified and procedures have been updated to ensure future compliance.



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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	Council Meeting: 25 January 2022 Minute: G.12/1/22
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Yes	
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	No	The City applied for an extension of this date and instead provided the relevant information to the City's auditor on 14 October 2022.
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

Chief Executive Officer

Date

Mayor/President

Date