
Shire of Perenjori
MINUTES
Audit Committee Meeting

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Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on 16th October 2014, commenced at 11.10am

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14101 PRELIMINARIES

Cr L Butler declared the meeting opened at 11.10am

14101.1 RECORD OF ATTENDANCE AND APOLOGIES

Cr L Butler
Cr J Hirsch
Cr H Wass
Cr R Desmond
Cr C King – Observer
Cr J Cunningham – Observer
Cr P Waterhouse – Observer
Cr G Reid - Observer

Ali Mills – CEO
Peter Money – MCDS
Liz Markham

Apologies
Cr L Smith

14101.2 CONFIRMATION OF MINUTES

Minutes for the last Audit meeting on the 20th February 2014 are attached.

That the Minutes form the Audit Committee Meeting of the 20th February 2014 be confirmed as a true and correct record of the meeting.

Moved: Cr H Wass

Seconded: Cr L Butler

Carried: 4/0

14101.3 TERMS OF REFERENCE – AUDIT COMMITTEE

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM0081
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	ALI MILLS - CEO
RESPONSIBLE OFFICER	ALI MILLS - CEO
REPORT DATE:	16TH OCTOBER 2014
ATTACHMENTS	TERMS OF REFERENCE – AUDIT COMMITTEE

Executive Summary

This item seeks Council's consideration for the adoption of the Terms of Reference for the Audit Committee.

Background

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the external and internal audit functions. To assist the audit committee in achieving its role, Terms of Reference for the audit committee have been drafted based on the Department of Local Governments model as presented in the Local Government Operational Guidelines, Number 09.

Statutory Environment

Local Government Act 1995 and the Local Government (Audit) Regulations 1996 states:

- a) the local government is to do everything in its power to –
- i. assist the auditor to conduct an audit and carry out his or her other duties under the Act; and
 - ii. ensure that audits are conducted successfully and expeditiously;
- b) a local government is to meet with its auditor at least once in every year;
- c) a local government is to examine the report of the auditor and is to –
- i. determine if any matters raised require action to be taken by the local government; and
 - ii. ensure that appropriate action is taken in respect of those matters;
- d) a local government is to –
- i. prepare a report on any actions taken in respect of any matters raised in the report of the auditor; and
 - ii. forward a copy of that report to the Minister by the end of the next financial year, or six months after the last report prepared by the auditor is received by the local government, whichever is the latest in time.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications**Area 5: Investing in Councils Capacity – Our Leadership**

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

Consultation

Department of Local Government

Comment

The Draft Terms of Reference provides very good information on the role and function of this committee which will be of benefit to existing and future members.

Voting Requirements – Simple Majority

Officers Recommendation – Item 14101.2

That Council adopt the Draft Terms of Reference – Audit Committee 2014.

Committee Recommendation – Item 14101.2

Moved: Cr J Hirsch

Seconded: Cr R Desmond

That Council adopt the Draft Terms of Reference – Audit Committee 2014.

Carried: 4/0

14101.4 RISK MANAGEMENT FRAMEWORK, POLICY AND REVIEW 2014

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM0081
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	ALI MILLS - CEO
RESPONSIBLE OFFICER	ALI MILLS - CEO
REPORT DATE:	16TH OCTOBER 2014
ATTACHMENTS	Risk Management Framework Risk Profile and Reporting

Executive Summary

This item seeks Council's consideration for the adoption of the Shire of Perenjori Risk Management Policy 2014 and to accept the review of risk management as presented.

Background

The Local Government Audit Regulations 1996 requires that all local governments establish a Risk Management Framework By December 2014. The Framework includes the establishment of a Risk Management Policy which meets the principles and standards of the AS/NZS ISO 31000:2009 Risk Management.

LGIS has assisted in this process with combining the approach with other local Governments across the North Midlands to develop a framework for each local government area. Funds from each LGIS account have been used to cover the costs of the human resources.

This Framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire along with existing time, resource and workload pressures.

It is essential that all areas of the Shire adopt these procedures to ensure:

- Strong corporate governance.
- Compliance with relevant legislation, regulations and internal policies.

- Integrated Planning and Reporting requirements are met.
- Uncertainty and its effects on objectives is understood.

Risk Management Objectives

- Optimise the achievement of our vision, mission, strategies, goals and objectives.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Enhance risk versus return within our risk appetite.
- Embed appropriate and effective controls to mitigate risk.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Enhance organisational resilience.
- Identify and provide for the continuity of critical operations

The Risk Framework includes:

- Risk Management Policy
- Risk Management Procedures
- Risk Register

The sixteen theme areas which have been assessed within the Risk Profile are:

- Misconduct
- External theft and fraud
- Business and community disruption,
- Errors, omissions and delays
- Failure of IT &/or communications systems and Infrastructure
- Failure to fulfil statutory, regulatory or compliance requirements
- Providing inaccurate advice / information
- Inadequate project/change management
- Inadequate document management processes
- Inadequate safety and security
- Inadequate engagement practices
- Inadequate sustainability practices

- Inadequate supplier / contract management
- Ineffective employment practices
- Ineffective management of facilities / venues / events
- Inadequate environmental management

Item 17 of the Local Government Audit Regulations place the responsibility of Risk Management on the CEO;

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.*

Significant time has been spent with the LGIS representative to assess all risks identified, rating them and any action required to mitigate the risks. The document is organic and will require updating regularly. The following Risk Dashboard Report provides details of all theme areas, the level of risk and level of controls in place. There are four areas which have been identified as being inadequate with actions developed to ensure these areas are addressed.

<u>Ineffective management of facilities / venues / events</u>		Risk	Control
		High	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Implement a booking system including key issuance / return</i>	<i>Dec-14</i>	<i>MCDS</i>	
<i>Develop Casual Hirers agreements for use.</i>	<i>Nov-14</i>	<i>MCDS</i>	
<i>Complete a key audit</i>	<i>Dec-14</i>	<i>MCDS</i>	
<i>Implement the Event Guide</i>	<i>Aug-15</i>	<i>CDO</i>	

<u>Inadequate safety and security practices</u>		Risk	Control
		High	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Refer to OSH Tracker for regular updates</i>	<i>Quarterly</i>	<i>CEO</i>	
<i>Review Organisational</i>			

<u>Inadequate supplier / contract management</u>		Risk	Control
		Moderate	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	

<i>Develop process of review for the Agreements Register (delegated task)</i>	<i>Nov-14</i>	<i>MCDS</i>
<i>Develop monitoring process / feedback for provision of Medical services (in conjunction with Morawa)</i>	<i>Mar-15</i>	<i>CEO</i>
<i>Develop monitoring process / feedback for provision of Waste services (in conjunction with Morawa)</i>	<i>Mar-15</i>	<i>CEO</i>

<u>Failure of IT &/or communication systems and infrastructure</u>		Risk	Control
		Moderate	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Convert IT Framework to Databank (Geraldton)</i>	<i>Aug-15</i>	<i>CEO</i>	

Statutory Environment

Local Government Act 1995

Local Government Audit Regulations 1996

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

Policy Implications

This is a new policy.

Financial Implications

Where possible actions will be included within the existing budget and considered in future budget processes.

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

Consultation

Department of Local Government LGIS

Comment

The Framework provides a sound document to ensure all areas of risk, control and compliance are attended to. It is a practical document which will be a useful tool to use by senior staff to assess our performance in all of the theme areas.

Voting Requirements – Simple Majority**Officers Recommendation – Item 14101.4****That Council:**

1. Endorse the Risk Management Framework 2014 for the Shire of Perenjori as presented;
2. Adopt the Shire of Perenjori Risk Management Policy 2014 – Audit Committee 2014;
3. Accept the review of risk management, internal control and legislative compliance systems and procedures for 2014 as presented.

Committee Recommendation – Item 14101.4**Moved: Cr J Hirsch****Seconded: Cr R Desmond****That Council:**

1. Endorse the Risk Management Framework 2014 for the Shire of Perenjori as presented;
2. Adopt the Shire of Perenjori Risk Management Policy 2014 – Audit Committee 2014;
3. Accept the review of risk management, internal control and legislative compliance systems and procedures for 2014 as presented.

Carried:4/0**14102 OTHER BUSINESS****14102.1 DATE OF NEXT MEETING / MEETINGS****14102.2 CLOSURE**

Cr L Butler declared the meeting closed at 11.40am

I certify that this copy of the Minutes is a true and correct record of the meeting held on 16th October 2014.

Signed: _____
Presiding Elected Member

Date: _____