

**Audit Committee Meeting Minutes**

TO:

**ALL COUNCILLORS**

Held on

Thursday, 29 March 2018

Commencing at 3.30pm

Council Chambers

51 – 53 Collins Street, Donnybrook WA



**Ben Rose**

**Chief Executive Officer**

**18 April 2018**

**DISCLAIMER**

The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

Please note this agenda contains recommendations, which have not yet been adopted by Council.

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**AUDIT COMMITTEE MEETING MINUTES**

**29 March 2018**

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**SHIRE OF DONNYBROOK/BALINGUP**

AUDIT COMMITTEE MEETING MINUTES

**Held in the Council Chambers, on Thursday, 29 March 2018 at 3.30pm**

The Chairperson declared the meeting open at 3.34pm.

**MEMBERS PRESENT**

|  |  |
| --- | --- |
| **COUNCILLORS** | **STAFF** |
| Cr Piesse (President) | Ben Rose - Chief Executive Officer |
| Cr Wringe (Deputy President) | Greg Harris – Manager Finance and Administration |
| Cr Atherton | Kate O’Keeffe – Executive Assistant |
| Cr King |  |
| Cr Lindemann  Cr Mills (from 3.54pm) |  |
| Cr Tan (from 3.53pm)  Cr Van Der Heide | **Guest**  Tim Partridge – AMD Chartered accountants |

|  |  |  |
| --- | --- | --- |
| **PUBLIC GALLERY** |  |  |
|  |  |  |
| Nil |  |  |
|  |  |  |
| **APOLOGIES** |  |  |

Cr Mitchell

# **1 PUBLIC QUESTION TIME**

Nil

# **2 DECLARATION OF FINANCIAL/IMPARTIALITY INTEREST**

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Committee members to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

Nil

# **3 PETITIONS/DEPUTATIONS/PRESENTATIONS**

Mr Tim Partridge, Auditor, AMD Chartered Accountants, delivered a presentation on the updated Australian Accounting Standard Board Accounting Standard in regard to Related Party Transactions and the obligations of key management personnel.

The Presentation concluded at 4.56pm.

# **4 CONFIRMATION OF MINUTES**

**Moved: Cr Atherton Seconded: Cr King**

**That the Minutes of the Audit Committee Meeting held on 20 November 2017 be confirmed as a true and correct record.**

**Carried 8/0**

# **5 REPORTS OF OFFICERS**

## 5.1 *Chief Executive Officer*

***5.1.1 SUBJECT: 2017 LOCAL GOVERNMENT COMPLIANCE AUDIT RETURN***

|  |  |
| --- | --- |
| **Location** | Balingup |
| **Applicant** | Shire of Donnybrook Balingup |
| **File Reference** | Dep 20/01 |
| **Author** | Ben Rose – Chief Executive Officer  *(Trish McCourt – Governance Officer)* |
| **Attachments** | 5.1.1 – 2017 Local Government Compliance Audit  return (CAR). |
|  | Absolute Majority |
| **Executive Summary** | * A Local Government Compliance Audit Return (CAR) for the period 1 January to 31December 2017 is required by Department of Local Government, Sport and Cultural Industries. * The Audit has been conducted by staff and consider that it represents a true and accurate record. |

**STRATEGIC ALIGNMENT**

The following outcomes from the Corporate Business Plan relate to this proposal:

|  |  |  |  |
| --- | --- | --- | --- |
| **Outcome** | **Strategy** | **Action No.** | **Actions** |
| 4.2 A strategically focussed, open and accountable local government | Effective and efficient operations and service provision | 4.2.1.1 | Maintain effective and efficient policies, planning, operating procedures and practices. |

**BACKGROUND**

Council is required to carry out a compliance audit for the period 1 January to 31December 2017, against requirements set out in the 2017 Compliance Audit Return (CAR) (Attachment 5.1.1).

Amendments to Regulation 14 of the *Local Government (Audit) Regulations 1996* require that the local government’s Audit Committee reviews the CAR and reports the results of that review to Council prior to adoption by Council.

**DETAILS**

The CAR is one of the tools that allow Council to monitor how the organisation is functioning. The return places emphasis on the need to bring to Council’s attention cases of non-compliance or cases where full compliance was not achieved. In addition to explaining or qualifying cases of non-compliance, the return requires Council to endorse any remedial action taken or proposed to be taken in regard to instances of non-compliance. This is intended to assist local government to enhance or develop their internal control processes to ensure they include the statutory requirements of the legislation.

**CONSULTATION**

Nil

**FINANCIAL IMPLICATIONS**

Nil

**POLICY COMPLIANCE**

Nil

**STATUTORY COMPLIANCE**

Under Regulation 14 of the *Local Government (Audit) Regulations 1996* the 2017 CAR is to be reviewed by Council’s Audit Committee and report the results of that review to Council for adoption.

A printed copy of the CAR is to be presented to Council at the Ordinary Council Meeting and adopted by an Absolute Majority.

Once the CAR is presented to Council a certified copy, along with an extract of the minutes of the meeting at which the CAR is adopted by Council, and any additional information explaining or qualifying the compliance audit, is to be submitted on-line to the Department of Local Government, Sport and Cultural Industries by 31 March 2018, providing a permanent record of the submission on the Department’s website.

**CONCLUSION**

Council has met all areas of compliance in the 2017 CAR. Approval of the 2017 Local Government Compliance Audit Report is recommended.

**COMMITTEE’S DECION)**

**(Officer’s Recommended Resolution)**

**Moved: Cr Lindemann Seconded: Cr Wringe**

**That the 2017 Local Government Compliance Audit Return for the Shire of Donnybrook-Balingup, as completed and presented to Council, be endorsed.**

**Carried 8/0**

***5.1.2 ORGANISATIONAL RISK MANAGEMENT - ACTION PLAN***

|  |  |
| --- | --- |
| **Location** | Shire of Donnybrook Balingup |
| **Applicant** | Administration |
| **File Reference** | ADM 24 |
| **Author** | Ben Rose, CEO (Jeff Somes, PEHO and Greg Harris, MFA) |
| **Attachments** | 5.1.2 -Organisational Risk Management Action Plan |
| **Voting Requirements** | Simple Majority |
| **Executive Summary** | Its recommended Council receive the updated Organisational Risk Management Action Plan |

**STRATEGIC ALIGNMENT**

The proposal aligns with the following objective within the Corporate Business Plan:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  | | --- | --- | --- | --- | | **Outcome** | **Strategy** | **Action No.** | **Actions** | | 4.2 A respected, professional and trusted organisation | Effective and efficient operations and service provision | 4.2.1.1  4.2.1.2  4.2.1.3  4.2.1.4 | Maintain effective and efficient policies, planning, operating procedures and practices.  Seek a high level of legislative compliance and effective internal controls  Monitor and measure organisational performance  Demonstrate sound financial planning and management, including revenue/ expenditure review and revenue diversification strategies and long term financial planning | |

**BACKGROUND**

At the Audit Committee meeting held on 15February 2017, Council received a report on the appropriateness and effectiveness of the Shire of Donnybrook Balingup’s systems and procedures in relation to risk management, internal controls and legislative compliance. This report was based upon a review undertaken by AMD Chartered Accountants at the direction of the Shire’s Chief Executive Officer. At this meeting Council resolved as follows:

*“1. That Council receive the report on the appropriateness and effectiveness of the Shire of Donnybrook Balingup’s systems and procedures in relation to risk management, internal controls and legislative compliance.*

1. *That Council endorse the proposed actions to be undertaken by the Chief Executive Officer as outlined in the “Management comment” section of the report.”*

Following on from this meeting Shire staff developed an updated Risk Management Action Plan for the period July 2016 to December 2018.

The Plan outlines the following information:

* Recommendations from the November 2016 review, plus outstanding items from the previous review, categorised into three different focus areas; risk management, internal controls and legislative compliance.
* The task required to address each recommendation from the report.
* A proposed timeline.
* Responsible Officer/s.
* Details of Action to date.

One of the recommendations was to include a standing agenda item to the Audit Committee for risk reports to be tabled.

To assist with monitoring progress towards the implementation of the various recommendations provided by AMD Chartered Accountants, an Action Plan was developed by Council staff.

The purpose of this Action Plan is to detail the specific tasks and timelines for the recommendations to be addressed, whether in part or in full as considered by the Shire based on the level of risk and available resources. The Action Plan forms part of the Shire’s Risk Management Framework and as a result will enable the Shire to continue its progression in this key area and provide a point of reference for the next required review.

**DETAILS**

Audit Committee members are asked to review and note the updated Risk Management Action Plan.

At the time of preparing the last report it was proposed that for future Audit Committee Meetings it was intended to include other Action Plans which have risk implications for the Shire. For example, there are a number of recommendations which must be actioned from the most recent Financial Management Systems Review conducted in May / June 2016 together with other recommendations identified in interim and annual audits of the financial records of the Shire.

Aggregation of all of these Actions Plans will allow the Audit Committee and Management to better focus and monitor improvements in each area. It will also assist in identifying the resources required, whether internal or external, to address or rectify the various matters identified. Work on amalgamating these plans is currently underway and is expected to be finalised prior to the next Audit Committee Meeting.

Within the Risk Management Action Plan there are two recommendations that require the consideration of the Audit Committee. They are:

**Recommendation 1** – Department of Local Government guidelines recommend an internal audit function be established incorporating an internal audit program which is re-assessed annually.

On this point the Shire has three external audits each year and a further external audit as per the Local Government Audit Regulations

**Recommendation 2** – Local Government Operational Guideline Number 09 – Audit in Local Government outlines it is best practice for the Audit Committee to meet on at least a quarterly basis.

**CONSULTATION**

Internal consultation was undertaken with shire staff.

**FINANCIAL IMPLICATIONS**

N/A

**POLICY COMPLIANCE**

N/A

**STATUTORY COMPLIANCE**

Regulation 17 of the *Local Government (Audit) Regulations 1996* states the following:

“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.”*

**CONCLUSION**

The Action Plan forms part of the Shire’s Risk Management Framework and provides a point of reference for monitoring improvements.

**COMMITTEE’S DECISION**

**Moved: Cr Atherton Seconded: Cr Mills**

1. **That Council receive and note the updated Local Government (Audit) Regulations 1996, Regulation 17 Action Plan for the period from July 2016 to December 2018.**
2. **That the Audit Committee will meet on a quarterly basis in accordance with the Local Government Operational Guideline Number 09.**
3. **At the next Audit Committee Meeting, the Chief Executive Officer is to present an updated Risk Management Action Plan with an update as to how the Shire can improve its best practice benchmarks.**

**Carried 8/0**

# **6 CLOSURE OF MEETING**

Shire President declared the meeting closed at 4.28pm.