

AGENDA

Audit Committee Meeting
26 June 2019

Council Chambers, Cavell Street, Calingiri

Commencing - 10.00 am

DISCLAIMER:

The recommendations contained in this document are officers' recommendations only and should not be acted upon.

The decisions of the Committee are not considered final until the minutes of the Committee meeting are adopted by Council at a subsequent meeting or advised in writing by the CEO or authorised person.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification.

Please note that meetings may be recorded for minute taking purposes.

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Shire of Victoria Plains

Held in the Council Chambers, Cavell Street, Calingiri on Wednesday, 26 June 2019 commencing at 10.00 am.

Audit Committee Meeting

1. DECLARATION OF OPENING

1.1 Opening

1.2 Announcements by presiding member

2. RECORD OF ATTENDANCE

Members Cr P Bantock, Deputy President

Cr S Penn Cr N Clarke Ms L Witham Mr G McGill

Staff Ms GM Teede, Chief Executive Office

Ms Ina Edwardson, Finance & Administration Manager

Mr N Mitchell, Governance

Apologies

Approved leave of absence Nil

Visitors Nil

Members of the public Nil

3.	DISCLOSUR	ES OF INT	EREST		
	Туре	ltem	Person / Details		
3.1	Financial				
3.2	Proximity				
3.3	Impartiality				
4	DUDUIC OU	FCTION T	IME		
4.	PUBLIC QU	ESTION I	IIVIE		
Not re	guired – Commi	ttee has no	delegated author	tv	
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5.	CONFIRMA	TION OF I	MINUTES		
VOTIN	IG REQUIREME	ENTS			
_	ite Majority Req	_	No		
	Officer Recom	nmendation	1		
Moved	I			Seconded	
	ne Minutes of the ned as a true an		-	eld 27 February 201	9 as circulated, be
					For/ Against
Busin	ess arising fr	om Minut	es		

6. REPORTS REQUIRING DECISION

6.1 Risk Management

File reference					
Report date			17 June 2019		
Applicant/proponent			Shire of Victoria Plains		
Officer disclosure of interest			Nil		
Previous meeting references			Nil		
Prepared by			Niel Mitchell, Governance Officer		
Authorised by					
Attachments					
Attachment 1	Page	3	Risk Management Procedures		
Attachment 2		22	Risk Profiles and Dashboard		

PURPOSE

Draft Risk Management Procedures and Risk Profile s presented to the Committee for consideration prior to presentation to Council.

BACKGROUND

At the February 2019 meeting, it was agreed that the Committee should meet approx. every 3 months to review various matters as required by legislation and the Council resolved terms of reference.

Audit Committee Terms of Reference -

- 2. Risk Management
 - a) Oversight in the areas of risk management, internal control and legislative compliance in accordance with the Local Government (Audit) Regulations 1996 r.17 and Schedule 1.1;
 - b) Consider, approve and review the annual Internal Audit Plan;
 - c) Advise Council on performance against the adopted Internal Audit Plan.

COMMENT

Since that time, various staff have met and had input to the Rick Management Framework attached, which was amended and then further reviewed. This second review was done without input from other staff.

Five areas are noted for particular attention (red shading) -

- Compliance
- Document management
- Environment management
- Safety and Security
- Supplier / Contract management

Some of these areas are the result of matters outside the control of the Shire, such as unreliability of internet and mobile coverage.

Others are being addressed as able given the high workload, sometimes under great pressure.

The Committee is requested to review the Risk Profile and documents and identify any specific areas for attention. There may be matters not included that are considered to be significant that also need to be listed.

CONSULTATION

Glenda Teede, CEO
Ina Edwardson, Finance & Administration Manager
Bob Waddell, Financial Consultant
Bob Edwards, Works and Services Manager
Allan Ramsay, Environmental Health Officer / Building Surveyor

STATUTORY CONTEXT

Local Government (Audit) Regulations 1996 -

r.17 - 3 yearly review of appropriateness and effectiveness of -

- risk management,
- internal control and
- legislative compliance

CORPORATE CONTEXT

Audit Committee Terms of Reference

FINANCIAL IMPLICATIONS

None

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Officer Recommendation	
Moved	Seconded
That the Audit Committee recommends to Council e Procedures and Risk Profile as presented and ame	_
	For / Against

6.2 Compliance & Controls Review

File reference						
Report date			20 June 2019			
Applicant/proponent			Shire of Victoria Plains			
Officer disclosure of interest			Nil			
Previous meeting references			Nil			
Prepared by			Niel Mitchell, Governance Officer			
Authorised by						
Attachments						
Attachment 1	Page	39	Compliance & Controls Review Report			
Attachment 2		77	Compliance & Controls Review Status			

PURPOSE

To consider the Compliance and Controls Review Report prepared by Moore Stephens in December 2016.

BACKGROUND

The Review was undertaken by Moore Stephens in accordance with the 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 subregulation (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.

COMMENT

The Regulations require that the review be carried out, but do not require that it be carried out by persons external to the organisation.

Similarly, there is no requirement that the findings of the review must be implemented, however, care should be taken when determining which matters not to proceed with.

Some matters identified in the Review appear to have little relevance or significance, for instance, Item 4 recommends the adoption of a legislative compliance policy, when compliance with legislation is already mandatory.

It is suggested that the Committee review the status and recommend to Council matters to be prioritised, and any matters to be discontinued.

Being a Review conducted as required by Regulations, these matters have higher importance than the matters identified in the Better Practice Review undertaken by the Department of Local Government, Sporting and Cultural Industries in February 2017.

The Compliance and Controls Review is required at least every 3 years. Accordingly, the next full review is due by December 2019, and could be undertaken internally or externally.

If an internal review, there will be a significant demand on staff time. If an external review, provision for the review will need to be made in the Budget 2019/2020. Estimated cost would be in the order of \$10,000 ex GST.

A major advantage of external review is the impartiality of assessment.

CONSULTATION

Glenda Teede, CEO

STATUTORY CONTEXT

None

CORPORATE CONTEXT

Audit Committee Terms of Reference

FINANCIAL IMPLICATIONS

None

VOTING REQUIREMENTS

	Officer Recommendation
Moved	Seconded
That	
a)	the Compliance and Controls Status Report be referred to Council for adoption with the following actions identified as priority or to be discontinued – Item Item Item
b)	it be recommended to Council that provision be made in the Budget 2019-2020 for a Compliance and Controls Review to be carried out by an external organisation.
	For / Against

6.3 Better Practice Review

File reference					
Report date			20 June 2019		
Applicant/proponent			Shire of Victoria Plains		
Officer disclosure of interest			Nil		
Previous meeting references			Nil		
Prepared by			Niel Mitchell, Governance Officer		
Authorised by					
Attachments					
Attachment 1	Page	81	Better Practice Review Report		
Attachment 2		110	Better Practice Review Status		

PURPOSE

To consider the Better Practice Review Report prepared by Department of Local Government, Sporting and Cultural Industries in February 2017.

BACKGROUND

The Review was undertaken by the Department as part of a program of reviews of local governments. There is no legislative basis or requirement for the review.

COMMENT

There are no Regulations require that the review be carried out.

Accordingly, there is no requirement that the findings of the review must be implemented, however, care should be taken when determining which matters not to proceed with, since these have been assessed against what the Department considers to be best practice.

As with the Compliance and Controls Review, some matters identified in the Review appear to have little relevance or significance. There are a range of matters that also overlap with the Compliance and Controls Review.

It is suggested that the Committee review the status and recommend to Council matters to be prioritised, and any matters to be discontinued.

As a Review not required by Regulations, these matters do not have the importance of those identified in the Compliance and Controls Review undertaken by the Moore Stephens in December 2016.

No additional Better Practice Review is required to be undertaken, so no Budget provision is required to be made.

CONSULTATION

Glenda Teede, CEO

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None

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Audit Committee Terms of Reference

FINANCIAL IMPLICATIONS

None

VOTING REQUIREMENTS

Officer Recommendation	n
Moved	Seconded
That the Better Practice Status Ractions identified as priority or to Item Item Item	Report be referred to Council for adoption with the following be discontinued –
	For / Against

6.4 Business Continuity Plan

File reference						
Report date			20 June 2019			
Applicant/proponent			Shire of Victoria Plains			
Officer disclosure of interest			Nil			
Previous meeting	reference	es	Nil			
Prepared by			Niel Mitchell, Governance Officer			
Authorised by						
Attachments						
Attachment 1	Page	113	Business Continuity Plan – draft			

PURPOSE

To consider the draft Business Continuity Plan prior to being presented to Council for adoption.

BACKGROUND

The absence of a Business Continuity Plan was noted in both -

- Compliance and Controls Review Moore Stephens of December 2016, and
- Better Practice Review Dept of Local Government Sporting and Cultural Industries of February 2017

COMMENT

There is no legislative requirement for a Business Continuity Plan as such, however there are a number of other indications that it is an aspect that should be considered –

- the risk management controls in the Audit Regulations,
- the requirements of the State Records Act for disaster management of records, including electronic records.

With the exception of employee safety and security, records are perhaps the most critical aspect of a local government's activities. Insurance will cover damage or loss of infrastructure, plant and equipment etc, and although insurance will cover the cost of records reinstatement, it would not compensate for the loss of old records for which there are no copies (eg: old minute books, rate records, cemetery records etc) or the corporate knowledge held by people no longer working with the Shire.

CONSULTATION

Glenda Teede, CEO

STATUTORY CONTEXT

None

CORPORATE CONTEXT

Audit Committee Terms of Reference

FINANCIAL IMPLICATIONS

None

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Officer Recommendation							
Moved	Seconded						
That the Business Continuity Plan as presented be recommended to Council.							
	For / Against						

7. MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

8. NEW BUSINESS OF AN URGENT NATURE REQUIRING DECISION

9. MEETING CLOSED TO PUBLIC

Matters for which the meeting may be closed in accordance with the Local Government Act 1995 s.5.23(2).

Public reading of resolutions made during a closed meeting.

10. CLOSURE OF MEETING						
There being no further business, the presidir am.	ng member declared the meeting closed at					
CERTIFICATION						
These minutes were confirmed at the Audit Committee Meeting held on						
Signed	Date					

Committee -

- Minutes are unconfirmed until adopted at the following meeting of Committee
- Committee decisions may be authorised by Council, or by CEO authority

(Presiding member at the meeting which confirmed the minutes)