



# MINUTES

Audit Committee Meeting

26 June 2019

Council Chambers,  
Cavell Street, Calingiri

Commencing – 10.07 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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# MINUTES

## Shire of Victoria Plains Audit Committee Meeting

Held in the Council Chambers, Cavell Street, Calingiri  
on Wednesday, 26 June 2019 commencing at 10.07 am.

### 1. DECLARATION OF OPENING

#### 1.1 Opening

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The Presiding Person, Cr Pauline Bantock, declared the meeting open at 10.07 am.

#### 1.2 Announcements by presiding member

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None

### 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	Nil
Approved leave of absence	Nil
Visitors	Nil
Members of the public	Nil

### 3. DISCLOSURES OF INTEREST

	Type	Item	Person / Details
3.1	Financial	_____	Nil
3.2	Proximity		Nil
3.3	Impartiality	5	Cr Bantock Member of Calingiri Football Association

### 4. PUBLIC QUESTION TIME

Not required – Committee has no delegated authority

### 5. CONFIRMATION OF MINUTES

#### VOTING REQUIREMENTS

Absolute Majority Required: No

#### A1906-01 Officer Recommendation / Committee Decision

Moved Ms Witham

Seconded Cr Bantock

That the Minutes of the Audit Committee Meeting held 27 February 2019 as circulated, be confirmed as a true and correct record.

**For 5 / Against 0**

#### Business arising from Minutes

#### VOTING REQUIREMENTS

Absolute Majority Required: No

*Note – Cr Bantock disclosed an impartiality interest in the following matter.*

#### A1906-02 Committee Decision

Moved Cr Penn

Seconded Mr McGill

That it be recommended to Council to –

- review the requirements of the Calingiri Football Club with the condition of agreement for provision of the self-supporting loan,
- negotiate with the Club an appropriate timeline for agreed reporting of financials etc, and
- the Club be requested to disclose in their financial statement the liability of the principal outstanding of the self supporting loan.

**For 5 / Against 0**

## 6. REPORTS REQUIRING DECISION

### 6.1 Risk Management

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

#### PURPOSE

Draft Risk Management Procedures and Risk Profiles 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 Risk 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

### **VOTING REQUIREMENTS**

Absolute Majority Required: No

<b>Officer Recommendation</b>
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That the Audit Committee recommends to Council endorsement of the Risk Management Procedures and Risk Profile as presented and amended.

<b>A1906-03      Committee Decision</b>
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Moved Cr Bantock

Seconded Ms Witham

That the Audit Committee recommends to Council endorsement of –

- a) the Risk Management Procedures as presented with a correction on p.1 (Attachments p.5), Operating Model, Second Line of Defence, first line to read – *The Shire's Risk Framework Owner (as appointed by the CEO) ...*
- b) Risk Management Risk Profile noting that Employment practices are noted as having last been reviewed in February 2018

**For 5 / Against 0**

## 6.2 Compliance & Controls Review

<b>File reference</b>				
<b>Report date</b>				20 June 2019
<b>Applicant/proponent</b>				Shire of Victoria Plains
<b>Officer disclosure of interest</b>				Nil
<b>Previous meeting references</b>				Nil
<b>Prepared by</b>				Niel Mitchell, Governance Officer
<b>Authorised by</b>				
<b>Attachments</b>				
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**

Absolute Majority Required: No

<b>Officer Recommendation</b>
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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.

## VOTING REQUIREMENTS

Absolute Majority Required: No

<b>A1906-04</b> <b>Committee Decision</b>
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Moved Cr Bantock

Seconded Ms Witham

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 21 – Records Management Systems
  - Item 28 – Occupational Safety and Health Manua
- 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 4 / Against 1**

*Reason for Variation – to specify the recommended priorities*

### 6.3 Better Practice Review

<b>File reference</b>			
<b>Report date</b>		20 June 2019	
<b>Applicant/proponent</b>		Shire of Victoria Plains	
<b>Officer disclosure of interest</b>		Nil	
<b>Previous meeting references</b>		Nil	
<b>Prepared by</b>		Niel Mitchell, Governance Officer	
<b>Authorised by</b>			
<b>Attachments</b>			
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

**STATUTORY CONTEXT**

None

**CORPORATE CONTEXT**

Audit Committee Terms of Reference

**FINANCIAL IMPLICATIONS**

None

**VOTING REQUIREMENTS**

Absolute Majority Required: No

<b>Officer Recommendation</b>
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That the Better Practice Status Report be referred to Council for adoption with the following actions identified as priority or to be discontinued –

Item \_\_

Item \_\_

Item \_\_

**VOTING REQUIREMENTS**

Absolute Majority Required: No

<b>A1906-05      Committee Decision</b>
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Moved Cr Bantock

Seconded Mr McGill

That the Better Practice Status Report be referred to Council for adoption with the following actions identified as priority or to be discontinued –

Item 3 – Code of Conduct

Item 8 – Local Planning Schemes

Item 22 – Policies and Procedures (HR policies and procedures)

Item 23 – Policies and Procedures (HR resources manual)

**For 5 / Against 0**

*Reason for Variation – to specify the recommended priorities*

## 6.4 Business Continuity Plan

<b>File reference</b>			
<b>Report date</b>			
20 June 2019			
<b>Applicant/proponent</b>			
Shire of Victoria Plains			
<b>Officer disclosure of interest</b>			
Nil			
<b>Previous meeting references</b>			
Nil			
<b>Prepared by</b>			
Niel Mitchell, Governance Officer			
<b>Authorised by</b>			
<b>Attachments</b>			
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

**VOTING REQUIREMENTS**

Absolute Majority Required: No

<b>A1906-06</b>	<b>Officer Recommendation / Committee Decision</b>
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Moved Cr Clarke

Seconded Mr McGill

That the Business Continuity Plan as presented be recommended to Council.

**For 5 / Against 0**

**7. MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**8. NEW BUSINESS OF AN URGENT NATURE REQUIRING DECISION**

Nil

**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).*

Nil

*Public reading of resolutions made during a closed meeting.*


**10. CLOSURE OF MEETING**

There being no further business, the presiding member declared the meeting closed at 11.05 am.

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**CERTIFICATION**

These minutes were confirmed at the Audit Committee Meeting held on \_\_\_\_\_

Signed  Date 13 January 2020  
(Presiding member at the meeting which confirmed the minutes)

**Committee –**

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