



Shire of Victoria Plains

Minutes for an Audit Committee Meeting held

On	Monday 8 th December 2014
At	Council Chambers, Calingiri
Commencing	9.01am

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairperson declared the meeting open at 9.01am

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE GRANTED

Chairperson:	Cr Lovelock Cr Penn Cr Johnson Mr G Nixon Mr G McGill
Chief Executive Officer	Mr H Hawkins
Finance and Administration Manager	Mr I Graham
Executive Assistant	Mrs F Watson

Apologies: Nil

3 MINUTES 19th MARCH 2014

Resolution 97/2014
Moved Cr Penn seconded G Nixon that the Minutes of the Audit Committee Meeting held 19th March 2014 be accepted.
Motion Put & Carried 5/0

3.1 Business arising from Minutes

Nil

4 GENERAL BUSINESS

4.1 ANNUAL REPORT

File Reference:	F1.5
Report Date:	27 th November 2014
Applicant/Proponent:	Nil
Officer Disclosure of Interest:	Nil
Previous Meeting References:	Nil
Author:	Harry Hawkins - Chief Executive Officer
Attachments:	Annual Report 2013/2014

G McGill
During our discussions could we please quote the page number and issue for

discussion.

PURPOSE OF REPORT

To present the Annual Report for 2013/2014 to the Audit Committee following acceptance by Council on 19th November.

COMMENT

The Annual Report 2013/2014 has been completed in time to allow for the Annual General Meeting of Electors to be held prior to the end of the 2014 calendar year.

Included in the Annual Report 2013/2014 is the Annual Financial Report for the year ended 30th June 2014.

POLICY REQUIREMENTS

Nil

LEGISLATIVE REQUIREMENTS

S5.54 of the Local Government Act requires that the Annual Report:-

1. Be accepted by the Local Government by 31st December after the financial year reported on, or
2. Be accepted by the Local Government no later than 2 months after the Auditor's Report becomes available.

STRATEGIC IMPLICATIONS

There are no known strategic implications related to this item.

➤ **Environment**

There are no known significant environmental implications associated with this proposal.

➤ **Economic**

There are no known significant economic implications associated with this proposal.

➤ **Social**

There are no known significant social implications associated with this proposal.

FINANCIAL IMPLICATIONS

There are no financial implications to Council in relation to this item.

VOTING REQUIREMENTS

Absolute Majority Required: Yes

G McGill

Referred to Borrowings on page 5. If a loan is termed Self Supporting, why is it considered in the Shire's book keeping process?

Finance and Administration Manager

If you refer to page 43 – loans, the loan is taken against the shire and therefore it must appear in bookwork.

The Shire holds security of the Football Club asset (being the land). Ratios on page 41 were also referred to.

G McGill

How does the Self Supporting Loan for the Football Club affect Council's borrowing?

Finance and Administration Manager

The Ratio recommendation by the Department of Local Government is 5 or better.

The provision of the loan to the Calingiri Football Club is slightly limiting, however if reference is made to the Loan Schedule on page 43, you will notice some loans are coming to the end of their terms.

Discussion was held by all present regarding loans, paying into reserves and paying off loans.

Cr Penn

Requested that the Calingiri Football Club books are to be provided to Council (as a condition of the loan). This needs to be listed on Administration Status report of the Ordinary Meeting agenda until the condition is met.

Discussion was held on the loan provided to the Football Club and the club's need to comply with council's terms and conditions.

Chief Executive Officer

Advised the committee that the Calingiri Football Club financial year ended 31/10/2014. The secretary of the club has advised the books are presently being audited and will be provided to Council when the audit is complete.

G McGill

Plant in Finance and Administration Manager's report.

What is the basis for decision making on plant?

Chief Executive Officer

Council has a 10 year plant replacement programme. Any new plant required other than on the 10 year plan has to be put to Council and the Works and Services Manager puts a case forward to Council.

G McGill

Works report. Budget and assessment of budget adherence.

Chief Executive Officer

A monthly report is put to Council. Any overspend is reported. Senior Management holds regular discussions on any over budget expenses.

Cr Lovelock

The administration of the budget is an administration issue. Any items with significant variations need to come to council.

Chief Executive Officer

Some works are costed up to 18 months to two years prior to the commencement of a job. Some escalating factors are missed which leads to over budget expenses.

G Nixon

Various questions were asked on funding for road works.

Chief Executive Officer

R4R funding has been removed and replaced by competitive funding, which in turn is awarded based on the merits of a job.

Cr Johnson

\$270,000 of funding; where were funds spent?

Chief Executive Officer

Works were not undertaken (Toodyay Bindi Bindi South) as no funding was provided.

Toodyay Bindi Bindi North was completed using ratepayer funds.

Finance and Administration Manager

Referred to pages 3 and 8 of the financial report.

Cr Johnson

Referred to page 7 of the report and the amount of \$862,000. Could further information be provided on this figure please?

Finance and Administration Manager

Gave an explanation as required.

G Nixon

Raised the costs of insurance and interest.

Finance and Administration Manager

Referred to page 43 and gave an explanation of costs

G McGill

R4R grant funding for Aged Persons Units. Is the shire responsible for any of the costs involved?

Finance and Administration Manager

A small contribution is required by council.

Chief Executive Officer –

This project involves three shires. The Shire of Victoria Plains has been awarded \$900,000 for the project. All shires were asked to commit to an extra \$200,000. The extra costs involved for Victoria Plains are not expected to exceed the \$200,000 already contributed as part of the project. Council already own the land and site works are done. The new units will be 100% owned by the shire and occupants will not have to meet Homeswest eligibility requirements.

G McGill

Referred to the ROMAN II.

Chief Executive Officer

This project is carried out by internal staff on various sections of the programme and external consultants are brought in for other sections.

Cr Johnson

Referred to page 42 - Disposal of Assets and referred to 20 Miling Road Yerecoin.

Finance and Administration Manager

Council has undertaken a Fair Value process and was required to go through the whole asset register. Determinations were made on what was owned. The Land on Miling Road was never actually acquired. And the disposal is part of the clean up of the register.

G McGill

Referred to Risk Management Policies and the use of independent advisors.

Finance and Administration Manager

Independent advisors are consulted mainly in regard to Investments. Independent advisors offer advice on what is available.

G Nixon

What types of investment are available to Local Governments?

Chief Executive Officer

Virtually nothing other than banks and WA Treasury Bonds.

Cr Penn

Referred to Page 61 of the Annual Report as requested that the ratios as reported be discussed.

Finance and Administration Manager

Ran through each ratio as requested. A set formula is used. The Department of Local Government recommends a Ratio of 5% and above.

Cr Penn

Referred to page 64 and the graphs. Operating expenses have increased year after year. Why?

Finance and Administration Manager

Increases are mostly attributed to utilities, wages, and insurance.

G Nixon

Rising costs seemed to have cooled. Fuel prices are down, etc, however the Government has less money. The charts do show significant increases on the year prior.

Resolution 98/2014

Moved G Nixon seconded Cr Johnson that the Annual Report for 2013/2014 be accepted by the Audit Committee.

Motion Put & Carried 5/0

4.2 SHIRE OF VICTORIA PLAINS-RISK REPORT – SEPTEMBER 2014

File Reference: F1.4.4
Report Date: 2nd December 2014
Applicant/Proponent: Nil
Officer Disclosure of Interest: Nil
Previous Meeting References: Nil
Author: Harry Hawkins – Chief Executive Officer
Attachments: Risk Report

PURPOSE OF REPORT

To present the results of the Risk Report to the Audit Committee.

BACKGROUND

The Local Government (Audit) Amendment Regulations 2013 came into effect on the 9th February 2013.

COMMENT

The amendments extend the function of Local Government Audit Committees to include reviewing the effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance.

Specifically, the amendments require the Chief Executive Officer to review at least once every two years the appropriateness and effectiveness of the systems and procedures in regard to risk management, internal control and legislative compliance and provide a report to the Audit Committee.

POLICY REQUIREMENTS

Nil

LEGISLATIVE REQUIREMENTS

Local Government (Audit) Amendment Regulations 2013

STRATEGIC IMPLICATIONS

There are no known strategic implications related to this item.

➤ **Environment**

There are no known significant environmental implications associated with this

proposal.

➤ **Economic**

There are no known significant economic implications associated with this proposal.

➤ **Social**

There are no known significant social implications associated with this proposal.

FINANCIAL IMPLICATIONS

There are no financial implications to Council in relation to this item.

VOTING REQUIREMENTS

Absolute Majority Required: *No*

G Nixon

What is meant by business disruption?

Chief Executive Officer

We would deem a business disruption as a catastrophic computer failure. The loss of buildings, anything that would disrupt the normal daily operations of the administration and Council.

LGIS have assisted in the preparation of this report. This is the first report completed and it must be adopted by the Audit Committee by 31st December.

Resolution 99/2014

Moved G McGill seconded Cr Penn that the Shire of Victoria Plains Risk Report dated September 2014 be received.

Motion Put & Carried 5/0

Shire of Victoria Plains Risk Report - September 2014

Executive Summary

Being the initial risk report, this is focussing on driving the framework for ensuring that future reports will continue to provide relevant insight and recommendations to assist the Shire Executive in managing risks. This report is provided in full (dashboard and individual risk profiles) to allow the Executive an opportunity to review and confirm the current risk landscape of the Shire. It is envisaged that future reports will only be in a dashboard format, highlighting the current Risk & Control ratings together with any current actions / treatments underway.

These internal reports are expected to be generated and discussed twice a year as part of the agenda for the Management Team.

Recommendations

Risk Framework

1. Ensure that the Risk Management Policy is approved by Council.
2. Approve the Risk Management Procedures Manual.

Risk Profiles

1. Review and approve all Risk Profiles (from a Risk & Control perspective).
2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)

<u>Misconduct</u>				Risk	Control
Current Issues / Actions / Treatments				Low	Adequate
Due Date				Responsibility	
Increased awareness for managers and supervisors of documented induction process					DCEO
<u>Damage to Physical Assets</u>				Risk	Control
Current Issues / Actions / Treatments				Moderate	Adequate
Due Date				Responsibility	
No current actions required					
<u>External Theft & Fraud (inc. Cyber Crime)</u>				Risk	Control
Current Issues / Actions / Treatments				Low	Adequate
Due Date				Responsibility	
Investigate security access - Depot					Works Manager
<u>Statutory, regulatory or compliance requirements</u>				Risk	Control
Current Issues / Actions / Treatments				Low	Inadequate
Due Date				Responsibility	
Obtain City of Wanneroo compliance calendar					CEO
Induction Process - Councillors					CEO
<u>Business Disruption</u>				Risk	Control
Current Issues / Actions / Treatments				Low	Inadequate
Due Date				Responsibility	
Develop a Business Continuity Program					CEO
<u>Errors, Omissions & Delays</u>				Risk	Control
Current Issues / Actions / Treatments				Moderate	Adequate
Due Date				Responsibility	
Review complaints follow-up process					DCEO
<u>IT &/or Communications Systems and Infrastructure</u>				Risk	Control
Current Issues / Actions / Treatments				Low	Adequate
Due Date				Responsibility	
Review IT Disaster Recovery Plan					DCEO
<u>Safety and security practices</u>				Risk	Control
Current Issues / Actions / Treatments				Moderate	Adequate
Due Date				Responsibility	
No current actions required					

Note: To add in additional rows, click in the cell and drag it down as shown in the theme above. This will bring the hyperlinks into the new cell.

Shire of Victoria Plains Risk Report - September 2014

Financial, Accounting or Business Acumen		Risk	Control
Current Issues / Actions / Treatments		Moderate	Effective
Due Date		Responsibility	
No current actions required			

Resolution 100/2015

Moved G Nixon seconded G McGill that the Audit Committee expresses its appreciation to the staff that the audit process is being completed to a high standard.

Motion Put & Carried 5/0

5 DECLARATION OF CLOSURE

There being no further business the Chairperson declared the meeting closed at 10.25am.

Signed this day of 2015

Chairperson