



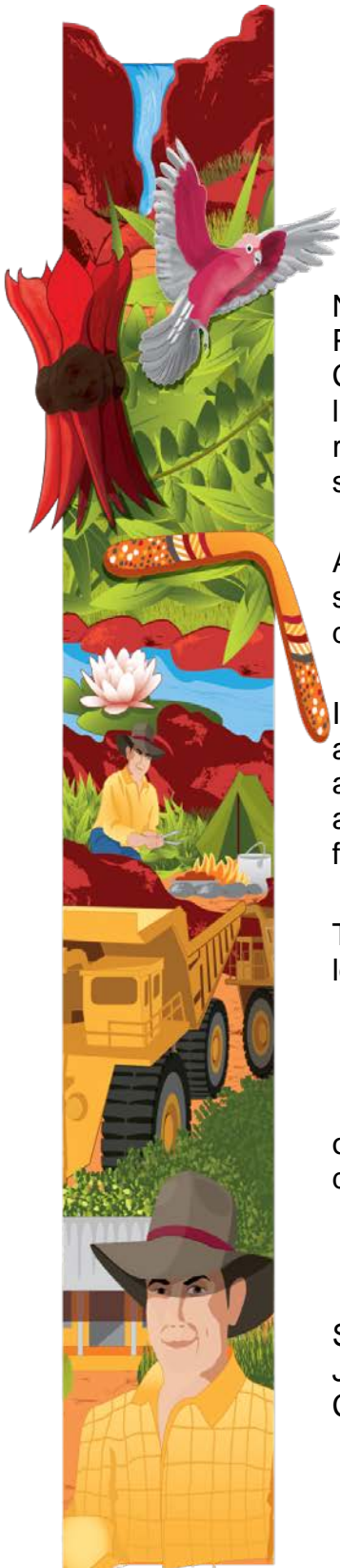
**SHIRE OF EAST PILBARA**

# **AGENDA**

## **AUDIT COMMITTEE**

**NOTICE IS HEREBY GIVEN** that an  
Audit Committee Meeting of the Council will be held,  
in the Meeting Room, Newman  
8:00 am, Thursday, 6<sup>th</sup> September, **2018**

**Jeremy Edwards**  
**CHIEF EXECUTIVE OFFICER**



## DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of East Pilbara for any act, omission or statement or intimation occurring during Council or Committee Meetings. The Shire of East Pilbara disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that person's or legal entity's own risk.

In particular and without derogating any planning application or application of a licence, any statement or intimation of approval made by any member or Officer of the Shire of East Pilbara during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of East Pilbara.

The Shire of East Pilbara warns that anyone who has any application lodged with the Shire of East Pilbara must obtain and should only rely on

## WRITTEN CONFIRMATION

of the outcome of the application and any conditions attaching to the decision made by the Shire of East Pilbara in respect of the application.

Signed: \_\_\_\_\_  
Jeremy Edwards  
Chief Executive Officer

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**AUDIT COMMITTEE**  
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- 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
- 2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE
  - 2.1 ATTENDANCES

**Councillors**  
Anita Grace  
Gerry Parsons  
Craig Hoyer

**Officers**  
Sian Appleton
  - 2.2 APOLOGIES

**Councillors**
  - 2.3 LEAVE OF ABSENCE
- 3 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE
- 4 PUBLIC QUESTION TIME
- 5 PETITIONS/DEPUTATIONS/PRESENTATIONS
- 6 APPLICATIONS FOR LEAVE OF ABSENCE
- 7 CONFIRMATION OF MINUTES OF PREVIOUS COMMITTEE MEETING
  - 7.1 CONFIRMATION OF MINUTES

**OFFICER'S RECOMMENDATION:**

**THAT the minutes of the Audit Committee Meeting held at Newman on the 15th June 2018, be confirmed as a true and correct record of proceedings.**

- 8 MEMBERS' REPORTS
  - 8.1 ITEMS FOR RECOMMENDATION'

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**9 OFFICERS' REPORTS**

**9.1.1 CHANGE OF AUDIT DATE**

**Responsible Officer:** Ms Sian Appleton  
Deputy Chief Executive Officer

**Author:** Ms Sian Appleton  
Deputy Chief Executive Officer

**Location/Address:** N/A

**Name of Applicant:** N/A

**Author Disclosure of Interest:** Nil

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**REPORT PURPOSE**

For the Audit Committee to endorse the change of date for the November Audit Committee Meeting from the 22<sup>nd</sup> November 2018 to the 23<sup>rd</sup> November 2018 to coincide with the Ordinary Council Meeting.

**BACKGROUND**

At the 30<sup>th</sup> November 2017 Audit Committee Meeting and the 8<sup>th</sup> December 2017 Ordinary Council meeting the following dates were accepted for the 2018 Audit Committee dates.

MEETING DATE	WEEK	COMMENCEMENT TIME	VENUE
22 <sup>nd</sup> February 2018	4 <sup>th</sup> Thursday	8:00am	Newman
14 <sup>th</sup> June 2018	2 <sup>nd</sup> Thursday	8:00am	Newman
6 <sup>th</sup> September 2018	1 <sup>st</sup> Thursday	8:00am	Newman
22 <sup>nd</sup> November 2018	4 <sup>th</sup> Thursday	8:00am	Newman

**COMMENTS/OPTIONS/DISCUSSIONS**

At the 27<sup>th</sup> July 2017 Corporate Discussion Council decided to change the audit committee dates to coincide with Ordinary Council meeting dates. It is proposed this will begin from the 23 November 2018.

It is therefore requested that Council approve the change of the November audit committee date from the 22<sup>nd</sup> November 2018 to the 23<sup>rd</sup> November 2018.

All other meeting will then coincide with Ordinary Council meeting dates which are decided at the October Ordinary Council meeting annually.

**STATUTORY IMPLICATIONS/REQUIREMENTS**

*Local Government Act 1995*

Part 7            Audit

Division 1A    Audit Committee

s.7.1A            Audit Committee

**POLICY IMPLICATIONS**

Nil

**STRATEGIC COMMUNITY PLAN**

**Goal 1 – Civic Leadership – Planned Actions**

*The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by community engagement – leading to the effective allocation of the Shire’s resources – that deliver optimum benefits to the community.*

- 1.1            Efficient and effective local government
  - 1.1.2        *Continued                            strong                            financial                            management*  
*Responsible                            officer:                            DCEO*  
*Timing: 1 year*

**RISK MANAGEMENT CONSIDERATIONS**

Legislative - Medium

**FINANCIAL IMPLICATIONS**

No financial resource impact.

**VOTING REQUIREMENTS**

Simple.

**OFFICER'S RECOMMENDATION**

**THAT Council approve the change of Audit Committee meeting to coincide with the Ordinary Council meetings beginning 23<sup>rd</sup> November 2018.**

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**9.1.2 INTERIM AUDIT REPORT**

**File Ref:** FIN-22-1

**Attachments:** [Shire of East Pilbara - Interim Management Report \(Signed\) \(2\).pdf](#)

**Responsible Officer:** Ms Sian Appleton  
Deputy Chief Executive Officer

**Author:** Ms Sian Appleton  
Deputy Chief Executive Officer

**Proposed Meeting Date:** 06 September 2018

**Location/Address:** N/A

**Name of Applicant:** N/A

**Author Disclosure of Interest:** Nil

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**REPORT PURPOSE**

For the Audit Committee to review and accept the Interim Audit Report as presented.

**BACKGROUND**

In 2015 Council appointed Moore Stephens as our external auditor. Part of their scope is to undertake an interim audit prior to the annual audit.

**COMMENTS/OPTIONS/DISCUSSIONS**

Auditors from Moore Stephens attended the Shire offices on the 11<sup>th</sup> and 12<sup>th</sup> April 2018 to conduct an interim audit. A copy of the report presented by the auditors is attached. A summary of the findings identified are listed below -

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE *INTERIM* AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Monthly Statement of Financial Activity		✓	
2. Annual Financial Report		✓	
3. Annual Report			✓
4. Fees and Charges		✓	
5. Payroll			✓
6. Credit Cards		✓	

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team’s assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

<b>Significant</b>	-	Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
<b>Moderate</b>	-	Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
<b>Minor</b>	-	Those findings that are not of primary concern but still warrant action being taken.

The report also contains responses from Officers regarding how these issues will be addressed in the future.

**STATUTORY IMPLICATIONS/REQUIREMENTS**

*Local Government Act 1995*

*Local Government (Audit) Regulation 1996*

**POLICY IMPLICATIONS**

**3.12 CORPORATE CREDIT CARD**

**STRATEGIC COMMUNITY PLAN**

**Goal 1 – Civic Leadership – Planned Actions**

*The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by community engagement – leading to the effective allocation of the Shire’s resources – that deliver optimum benefits to the community.*

- 1.1 Efficient and effective local government
- 1.1.2 *Continued strong financial management*  
*Responsible officer: DCEO*  
*Timing: 1 year*

**RISK MANAGEMENT CONSIDERATIONS**

Legislative – Medium  
Financial - Medium

**FINANCIAL IMPLICATIONS**

No financial resource impact.



**VOTING REQUIREMENTS**

Simple.

**OFFICER'S RECOMMENDATION**

**THAT Council review and accept the interim audit report as presented.**

### 9.1.3 REVIEW OF ORGANISATIONAL RISK REGISTER

<b>Responsible Officer:</b>	<b>Ms Sian Appleton Deputy Chief Executive Officer</b>
<b>Author:</b>	<b>Ms Sian Appleton Deputy Chief Executive Officer</b>
<b>Proposed Meeting Date:</b>	<b>06 September 2018</b>
<b>Location/Address:</b>	<b>N/A</b>
<b>Name of Applicant:</b>	<b>N/A</b>
<b>Author Disclosure of Interest:</b>	<b>Nil</b>

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#### REPORT PURPOSE

To report on the identified high and extreme strategic and operational risks.

#### BACKGROUND

Pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is to review the Shire's systems and procedures in relation to risk management, internal control and legislative compliance, at least every 2 years.

In July 2016, the Shire engaged Moore Stephens to undertake this review.

One of the improvements suggested by Moore Stephens is that the Audit Committee receive quarterly reports of identified high and extreme strategic and operational risks.

*\*NOTE: the external audit is due again this year (2018) which may result in changes to current improvement suggestions.*

#### COMMENTS/OPTIONS/DISCUSSIONS

Please see **attached** copy of the Organisational Risk Register which outlines the identified high and extreme risks.

The Organisational Risk Register was put together following a Risk Workshop conducted by LGIS in February 2015.

We are currently talking with LGIS about conducting another Risk Management workshop. The purpose of this workshop would be to review and update our current risk profiles, and to engage Managers and Executive Staff in meaningful discussion about the controls we have in place, and what we can further do to reduce our risk.

We have also recently purchased the CAMMS software program, including the Risk module. This software will allow us to properly record our risks and to effectively report against the controls we have in place. As part of the Coordinator Governance role, we will also be auditing the controls to determine their

effectiveness. Reports produced from the CAMMS software will be presented to the Audit Committee every quarter.

The CAMMS software is currently being rolled out to staff and we are still in the early stages of inputting data and configuring the system. We hope to have this finalised in the next 3 months.

### **STATUTORY IMPLICATIONS/REQUIREMENTS**

Regulation 17 of the *Local Government (Audit) Regulations 1996*.

### **POLICY IMPLICATIONS**

Risk Management Policy  
Risk Management Strategy  
Risk Management Procedures

### **STRATEGIC COMMUNITY PLAN**

#### **Goal 1 – Civic Leadership – Planned Actions**

*The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by community engagement – leading to the effective allocation of the Shire’s resources – that deliver optimum benefits to the community.*

- 1.1 Efficient and effective local government
  - 1.1.1 *Ethical, accountable and transparent decision-making*  
*Responsible officer: DCEO*  
*Timing: As appropriate*
  - 1.1.3 *Effective business management*  
*Responsible officer: DCEO*  
*Timing: 1-3 years*

### **RISK MANAGEMENT CONSIDERATIONS**

To monitor and mitigate all risk considerations.

### **FINANCIAL IMPLICATIONS**

No financial resource impact.

### **VOTING REQUIREMENTS**

Simple.

### **OFFICER'S RECOMMENDATION**

**THAT the Audit Committee**

- 1. Receive the Organisation Risk Report for the quarter ending 30<sup>th</sup> June 2018;**
- 2. Receive the CAMMS current risk status report.**



- 10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**
- 11 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A  
DECISION OF COMMITTEE**
- 12 CONFIDENTIAL MATTERS BEHIND CLOSED DOORS**
- 13 GENERAL BUSINESS**
- 14 DATE OF NEXT MEETING**  
6<sup>th</sup> September 2018.
- 15 CLOSURE**