

Unconfirmed copy of Minutes of Meeting held on 8 September 2016 subject to confirmation at meeting to be held on 24 November 2016



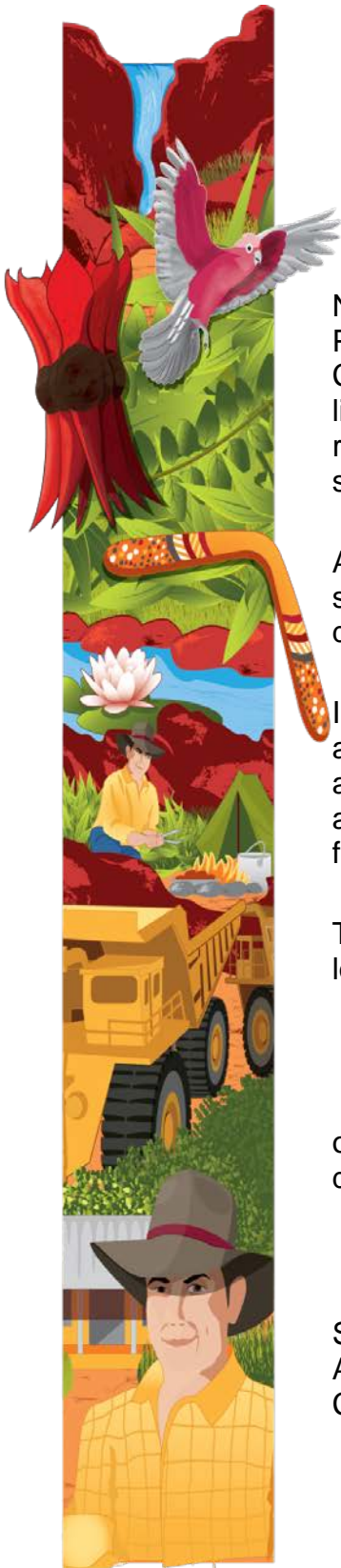
SHIRE OF EAST PILBARA

MINUTES

AUDIT COMMITTEE MEETING

NOTICE IS HEREBY GIVEN that an
Audit Committee Meeting of the Council was held,
in the Meeting Room, Newman
8:02 am, Thursday, 8th **September, 2016**

Allen Cooper
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: _____
Allen Cooper
Chief Executive Officer

AUDIT COMMITTEE
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1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The meeting was declared open by the Presiding Member at 8:02 am

2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

2.1 ATTENDANCES

Councillors

Cr. Anita Grace

Cr. John Jakobson

Cr. Gerry Parsons

Presiding Member

Cr. Shane Carter

Cr. Jay Ahmedi

Officers

Andries Gertenbach

Manager Corporate Services

2.2 APOLOGIES

Cr. Lynne Craigie

2.3 LEAVE OF ABSENCE

Nil

3 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4 PUBLIC QUESTION TIME

Nil

5 PETITIONS/DEPUTATIONS/PRESENTATIONS

Nil

6 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS COMMITTEE MEETING

7.1 CONFIRMATION OF MINUTES

OFFICER'S RECOMMENDATION:

Moved Cr Anita Grace

Seconded: Cr Jay Ahmedi

THAT the minutes of the Audit Committee Meeting held at Newman on 5th February 2016, be confirmed as a true and correct record of proceedings.

Carried 5/0

8 MEMBERS' REPORTS

8.1 ITEMS FOR RECOMMENDATION'

Nil

9 OFFICERS' REPORTS**9.1 RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS, AUDIT (REG 17) REVIEW**

File Name: A RISK MANAGEMENT LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS REG 17 REVIEW.docx
- This line will not be printed do not delete

File Ref: LEG-19-1

Attachments: [Shire of East Pilbara Audit Reg 17 Review 2016 FINAL](#)

Responsible Officer: Ms Sian Appleton
Deputy Chief Executive Officer

Author: Mr Andries Gertenbach
Manager Corporate Services

Proposed Meeting Date: 08 September 2016

Location/Address: N/A

Name of Applicant: N/A

Author Disclosure of Interest: Nil

REPORT PURPOSE

To provide to the Audit Committee the results of the Audit Regulation 17 review of the Shire of East Pilbara's Risk Management Framework (RMF), Legislative Compliance Framework (LCF) and Internal Controls carried out by Moore Stephens and to recommend to the Council that the report be accepted and the Improvement Plan contained therein be endorsed.

BACKGROUND

The Local Government (Audit) Regulations 1996, Regulation 17 requires that a local government is to undertake a review of the appropriateness and effectiveness of its systems and procedures in regard to Risk Management, Legislative Compliance and Internal Control Frameworks at least every two calendar years.

A review was carried out by RSM Bird Cameron and presented to Council at the 24 October 2014 Ordinary Council meeting.

The statutory deadline for the next review is 31 December 2016 and as a result Moore Stephens were appointed to carry out the review and the report is now ready to be presented.

COMMENTS/OPTIONS/DISCUSSIONS

Moore Stephens were engaged to undertake this review and then report to the Chief Executive Officer on the adequacy and effectiveness of the Shire's existing RMF, LCF and Internal Control Frameworks.

The assessment was to be carried out with a view to identifying areas that may require improvement and then detail these in an Improvement Plan.

The scope of the review encompassed all aspects of the Shire's operations including the following broad categories:-

- Management
- Financial
- Compliance
- Technology
- Infrastructure and Assets
- Human Resources
- Contractual
- Security
- Economic/Political

Following interviews and enquiries conducted with key staff within the Shire and interrogation of relevant documentation, Moore Stephens have identified a number of opportunities for improvements in the above frameworks.

RISK MANAGEMENT

- *The uniform implementation of the documented risk management procedures across the organisation and business processes of Shire of East Pilbara;*
- *The inclusion of key risks affecting Council decisions within agenda items for Council consideration to help ensure strategic risks are considered, monitored and reported throughout the organisation; and*
- *The inclusion of risk management as a topic within the staff induction process to assist employees gain a common understanding of their role in the reporting and treatment of identified risks.*

LEGISLATIVE COMPLIANCE

- *That the staff induction process and Code of Conduct highlight the requirement to maintain a high level of legislative compliance and report identified breaches;*
- *The development of a risk based training matrix to ensure those senior staff with the responsibility for preventing, identifying and reporting breaches of legislation are offered relevant training to ensure their knowledge of legislative requirements is maintained; and*
- *That a concise legislative compliance register be maintained to enable monitoring and reporting of any legislative compliance breaches that are identified.*

INTERNAL CONTROL

- *The development of an Internal Control Policy promoting a risk based approach to the development and maintenance of internal controls to encourage the continual assessment of the appropriateness of controls throughout the organisation with new controls being identified and existing outdated controls discontinued.*
- *During our review, a limited number of internal control weaknesses were noted, these are discussed below along with suggested actions to:*
 1. *One instance of the amount shown on the Authorisation for EFT was manually changed with no counter signatures from authorising officers.*
Suggested Actions - That documented procedures be amended to require authorising officers to initial any amendments to the document they have authorised.
 2. *We noted instances where a consultant initially engaged in 2009 undertook works with no purchase order being issued. No quotations were available from other consultants for the provision of the same services.*
Suggested Actions - That the purchasing Policy be amended to address contract extension and 'scope creep'.

3. *We noted instances where the required supporting documentation and electronic authorisation were not available within the electronic records system. This matter was only identified within the new electronic system.*

Suggested Actions - That the electronic authorisation and records system be verified to ensure the integrity of electronic documents and the systems and process surrounding its use be documented.

4. *We noted instances where the Valuer General's Office was not advised of changes to the built area of properties, resulting in interim rates not being raised.*

Suggested Actions - That documented procedures and process be implemented to ensure the Valuer General's Office is notified once building approvals are issued.

The above findings and actions are included in Appendix D of the attached report and form the basis of an Improvement Plan to ensure that the systems and procedures are amended and improvements implemented.

STATUTORY IMPLICATIONS/REQUIREMENTS

Local Government (Audit) Regulations

Regulation 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 at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

POLICY IMPLICATIONS

4.11 Legislative Compliance

4.12 Risk Management

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

1.1.2 *Continued strong financial management*

Responsible officer: DCEO

Timing: 1 year

1.1.3 *Effective business management*
Responsible officer: DCEO
Timing: 1-3 years

FINANCIAL IMPLICATIONS

Resource requirements are in accordance with existing budgetary allocation.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION

Moved: Cr Shane Carter Seconded: Cr Anita Grace

THAT Council accepts the Shire of East Pilbara report on the Review of Risk Management, Legislative Compliance and Internal Controls and endorse the Improvement Plan contained therein.

Carried 5/0

9.2 FINANCIAL MANAGEMENT REVIEW

File Ref:	LEG-21-1
Attachments:	FMR report Shire of East Pilbara Signed .pdf
Responsible Officer:	Ms Sian Appleton Deputy Chief Executive Officer
Author:	Mr Andries Gertenbach Manager Corporate Services
Proposed Meeting Date:	08 September 2016
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

For council to consider and accept the Financial Management Review conducted by Moore Stephens on behalf of the Chief Executive Officer.

BACKGROUND

The Chief Executive Officer is required to undertake a review of the financial management systems and procedures for the local government at least once every four years.

The last report was completed by UHY Haines Norton in 2012.

A copy of the report completed by Moore Stephens is attached.

COMMENTS/OPTIONS/DISCUSSIONS

The review was completed for the period 1 July 2015 to 30 May 2016. The conclusion of the Independent Reviewer's report reads:

"Based on our work described in this report (which is not an audit), nothing has come to our attention to indicate the Shire of East Pilbara has not established and maintained, in all material respects, appropriate and effective management systems and procedures during the period covered by our review being 1 July 2015 to 30 May 2016."

STATUTORY IMPLICATIONS/REQUIREMENTS

Local Government (Financial Management) Regulations 1996 paragraph 5 (2) states:-

The Chief Executive Officer is to:

- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the Local Government regularly (and not less than once in every 4 financial years) and report to the Local Government the results of the reviews.
-

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
 - 1.1.1 *Ethical, accountable and transparent decision-making*
Responsible officer: DCEO
Timing: As appropriate
 - 1.1.2 *Continued strong financial management*
Responsible officer: DCEO
Timing: 1 year
 - 1.1.3 *Effective business management*
Responsible officer: DCEO
Timing: 1-3 years

RISK MANAGEMENT CONSIDERATIONS

This report is part of ensuring that risk matters are reviewed periodically.

FINANCIAL IMPLICATIONS

Resource requirements are in accordance with existing budgetary allocation.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION

Moved: Cr Jay Ahmed Seconded: Cr Anita Grace

THAT Council consider and accept the Financial Management Review as conducted by Moore Stephens as presented in accordance with paragraph 5(2) of the Local Government (Financial Management) Regulations 1996.

Carried 5/0

10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A DECISION OF COMMITTEE

Nil

12 CONFIDENTIAL MATTERS BEHIND CLOSED DOORS

Nil

13 GENERAL BUSINESS

Nil

14 DATE OF NEXT MEETING

24 November 2016

15 CLOSURE

8:15 am