



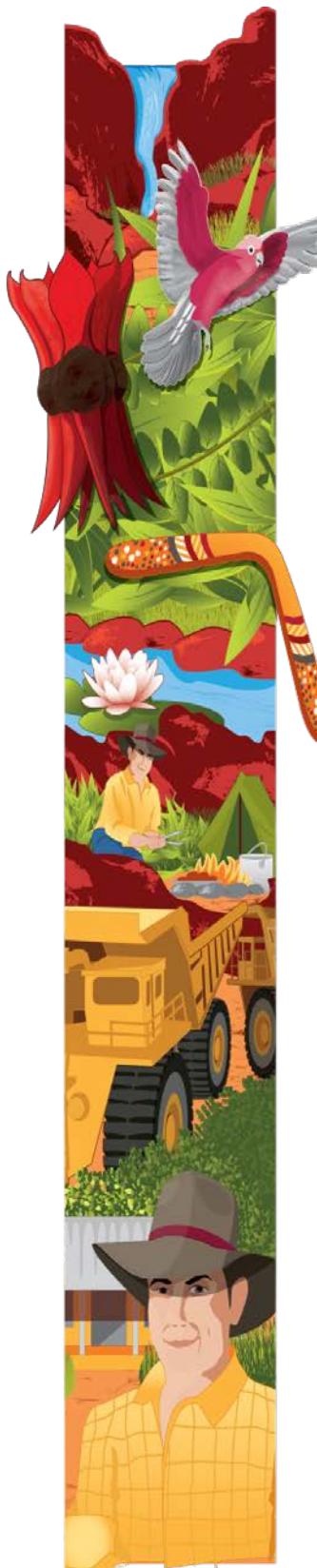
SHIRE OF EAST PILBARA

MINUTES

AUDIT COMMITTEE

An Audit Committee Meeting of the Council was held,
in the Meeting Room, Newman
8:00 am, Thursday, 12th July, 2018

Jeremy Edwards
CHIEF EXECUTIVE OFFICER



DISCLAIMER

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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

AUDIT COMMITTEE

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS.....	3
2	RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE	3
	2.1 ATTENDANCES	3
	2.2 APOLOGIES	3
	2.3 LEAVE OF ABSENCE	3
3	RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE	3
4	PUBLIC QUESTION TIME	3
5	PETITIONS/DEPUTATIONS/PRESENTATIONS.....	3
6	APPLICATIONS FOR LEAVE OF ABSENCE	3
7	CONFIRMATION OF MINUTES OF PREVIOUS COMMITTEE MEETING	4
	7.1 CONFIRMATION OF MINUTES.....	4
8	MEMBERS' REPORTS.....	4
	8.1 ITEMS FOR RECOMMENDATION'	4
9	OFFICERS' REPORTS	5
	9.1 REVIEW OF SCOPE OF WORKS FOR EXTERNAL AUDITOR	5
	9.2 AUDIT COMMITTEE – APPOINTMENT OF MEMBERS & TERMS OF REFERENCE	7
	9.3 ORGANISATIONAL RISK REPORT	10
10	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	12
11	NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A DECISION OF COMMITTEE.....	12
12	CONFIDENTIAL MATTERS BEHIND CLOSED DOORS.....	12
13	GENERAL BUSINESS.....	12
14	DATE OF NEXT MEETING	12
15	CLOSURE	12

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairman declared the meeting open at 8.00am.

2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

2.1 ATTENDANCES

Councillors

Anita Grace
Gerry Parsons
Anthony Middleton

Officers

Jeremy Edwards	Chief Executive Officer
Sian Appleton	Deputy Chief Executive Officer

2.2 APOLOGIES

Councillors

Jeton (Jay) Ahmedi
Craig Hoyer

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/COUNCIL RESOLUTION:

MOVED: CR ANITA GRACE SECONDED: CR ANTHONY MIDDLETON

THAT the minutes of the Audit Committee Meeting held at Newman on the 22nd February 2018, be confirmed as a true and correct record of proceedings.

**CARRIED
RECORD OF VOTE: 3 - 0**

To be actioned by Ms Sian Appleton, Deputy Chief Executive Officer

8 MEMBERS' REPORTS

8.1 ITEMS FOR RECOMMENDATION

Nil

9 OFFICERS' REPORTS

9.1 REVIEW OF SCOPE OF WORKS FOR EXTERNAL AUDITOR

Attachments: **2015/16 Scope of Work**
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**

REPORT PURPOSE

For Council to note and familiarise themselves with the Scope of Works for the External Auditor as set out in the 2015/16 Request for Quotation.

BACKGROUND

In 2015/16 Council went out for a Request for Quotation (RFQ) for the services of an external auditor. Moore Stephens won the quotation and were engaged for five years.

COMMENTS/OPTIONS/DISCUSSIONS

As new Councillor's are elected and the composition of the Audit and Risk Committee change it is important that all members are familiar with the Scope of Works the Auditors are expected to perform for Council's audits under this agreement. The Scope of Works is therefore attached to this document for noting.

STATUTORY IMPLICATIONS/REQUIREMENTS

Local Government Act 1995
Local Government (Audit) Regulation 1996

POLICY IMPLICATIONS

N/A

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

Compliance - Medium

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION:

MOVED: CR ANITA GRACE SECONDED: CR ANTHONY MIDDLETON

THAT Council note the Scope of Work for the external auditor as determined in the 2015/16 Request for Quotation.

**CARRIED
RECORD OF VOTE: 3 - 0**

To be actioned by Ms Sian Appleton, Deputy Chief Executive Officer

**9.2 AUDIT COMMITTEE – APPOINTMENT OF MEMBERS & TERMS OF
REFERENCE**

File Ref: CLR-1-9
Attachments: <S:\Corporate\Coordinator Governance\AUDIT COMMITTEE\Audit Committee Terms of Reference 2018.doc>
Responsible Officer: Ms Sian Appleton
Deputy Chief Executive Officer
Author: Mrs Kylie Bergmann
Coordinator Governance
Location/Address: N/A
Name of Applicant: N/A
Author Disclosure of Interest: Nil

REPORT PURPOSE

To recommend to Council that they consider changing appointment of members to the Audit Committee, and for the Audit Committee to endorse the Terms of Reference to be approved at the next Ordinary Meeting of Council.

BACKGROUND

6 Councillors were appointed as Council delegates to the Audit Committee on 27 October 2017:

- Cr Lynne Craigie
- Cr Anita Grace
- Cr Gerry Parsons
- Cr Craig Hoyer
- Cr Jeton Ahmedi
- Cr Anthony Middleton

Pursuant to s.7.1A(1) of the *Local Government Act 1995*, only 3 persons are required to be appointed to the Audit Committee. We suggest changing the composition of the Audit Committee to only 3 members, with the remaining 3 members appointed as Alternate Members. The appointment of Alternate Members means they can attend if the sitting member is unavailable. This will reduce the risk of a quorum not being achieved and enables committee meetings to proceed in a timely manner without undue delay.

Alternate Members do not participate in committee meetings unless requested to do so in place of a sitting member. However, they are welcome to attend meetings as observers, and will be included in meeting invitations and provided with copies of all relevant agendas and minutes so that they remain aware of the issues under discussion.

A further matter for discussion is the Audit Committee's Terms of Reference. The Audit Committee's Terms of Reference were last approved by Council in 2005.

The Terms of Reference should be endorsed by the Audit Committee and approved by Council at least every 2 years when new members are appointed. From a governance point of view the Terms of Reference is an important document, as it sets out the Audit Committee's objectives, powers, duties and responsibilities.

A draft set of Terms of Reference is **attached** for your consideration.

COMMENTS/OPTIONS/DISCUSSIONS

Should the Audit Committee wish to change the composition of the sitting members, it must do so by Absolute Majority of the Council, and at least three of the members (and the majority of the members) must be Councillors [s.7.1A(2)].

Audit Committee membership cannot include the Chief Executive Officer or any other employee of the Shire [s.7.1A(3) & (4)]. If the Audit Committee endorses any change, it will be presented to the next Council meeting for approval.

The Audit Committee Terms of Reference may be endorsed as is, or changed by the Committee. Once the Terms of Reference are endorsed by the Audit Committee, they should be presented to the next Council meeting for approval.

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
 - 1.1.1 *Ethical, accountable and transparent decision-making*

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION:

MOVED: CR ANTHONY MIDDLETON SECONDED: CR ANITA GRACE

THAT the Audit Committee:

- 1. Recommend to Council that the composition of the Audit Committee changes to 3 members, with 3 Alternate Members as follows:**

Member	Alternate Member
1. Cr Gerry Parson	1. Craig Hoyer
2. Cr Anita Grace	2. Cr Jeton (Jay) Ahmed
3. Cr Anthony Middleton	3. Cr Lynne Craigie

- 2. Endorse the Terms of Reference for the Audit Committee, as attached.**

**CARRIED
RECORD OF VOTE: 3 - 0**

To be actioned by Ms Sian Appleton, Deputy Chief Executive Officer

9.3 ORGANISATIONAL RISK REPORT

File Ref:	LEG-1-11
Attachments:	<u>S:\Document Centre\REGISTERS\Risk and Incident Registers\Organisational Risk Register - Current.xlsx</u>
Responsible Officer:	Ms Sian Appleton Deputy Chief Executive Officer
Author:	Mrs Kylie Bergmann Coordinator Governance
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

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 has not yet been rolled out to staff as we are still in the early stages of inputting data and configuring the system. But we hope to have this ready 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

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- 1.1 Efficient and effective local government
 - 1.1.1 *Ethical, accountable and transparent decision-making*

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION/COUNCIL RESOLUTION:

MOVED: CR ANITA GRACE SECONDED: CR ANTHONY MIDDLETON

THAT the Audit Committee receives the Organisational Risk Report for the quarter ending 30th April 2018.

**CARRIED
RECORD OF VOTE: 3 - 0**

To be actioned by Ms Sian Appleton, Deputy Chief Executive Officer

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

6th September 2018.

15 CLOSURE

8.35am