



SHIRE OF
DOWERIN
TIN DOG TERRITORY

MINUTES

Audit & Risk Committee Meeting

Held in Council Chambers
13 Cottrell Street, Dowerin WA 6461
Tuesday 17 March 2020



Table of Contents



1.	Official Opening
2.	Record of Attendance / Apologies / Leave of Absence
3.	Public Question Time
4.	Disclosure of Interest
5.	Confirmation of Minutes of the Previous Meetings
5.1	Minutes of the Audit & Risk Committee Meeting held on 19 December 2019
6.0	Presentations
7.	Officer's Reports
7.1	2019 Compliance Audit Return
7.2	Business Continuity Plan
7.3	Risk Dashboard Quarterly Report - March 2020
8.	Questions from Members
9.	Urgent Business Approved by the Person Presiding or by Decision
10.	Date of Next Meeting
11.	Closure

Shire of Dowerin
Audit & Risk Committee Meeting
Tuesday 17 March 2020



1. Official Opening

The President welcomed those in attendance and declared the meeting open at 10.34am

2. Record of Attendance / Apologies / Leave of Absence

Councillors:

Cr DP Hudson	President
Cr RI Trepp	
Cr BA Ward	

External Member:

Mr JB Whiteaker	(from 10.38am via teleconference)
-----------------	-----------------------------------

Staff

Ms R McCall	Chief Executive Officer
Ms C Delmage	Manager Corporate & Community Services
Ms V Green	Executive & Governance Officer

Members of the Public: Nil

Apologies: Nil

Approved Leave of Absence: Nil

Request for Attendance via Teleconference

In accordance with Regulation 14A of the *Local Government (Administration) Regulations 1996* Mr Whiteaker has requested attendance at this Audit & Risk Committee Meeting via telephone communication.

Voting Requirements

Simple Majority Absolute Majority

Officer's Recommendation/Resolution

Moved: Cr Trepp Seconded: Cr Ward

- 0149 That, pursuant to Regulation 14A of the *Local Government (Administration) Regulations 1996*, the Audit & Risk Committee:
- Approves Mr Whiteaker's attendance at the March 2020 Audit & Risk Committee meeting via telephone communication; and
 - Approves an office at 395 Fitzgerald Street, Northam WA 6401 as a suitable place for Mr Whiteaker's attendance.

CARRIED BY ABSOLUTE MAJORITY 4/0

10.38am – Mr Whiteaker was contacted by telephone and joined the meeting.

3. Public Question Time

Nil

4. Disclosure of Interest

Nil

5. Confirmation of Minutes of the Previous Meeting(s)

5.1 Audit & Risk Committee Meeting held on 19 December 2019

[Attachment 5.1A](#)

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation/Resolution

Moved: Cr Ward

Seconded: Cr Trepp

0150 That, in accordance with Sections 3.18 and 5.22(2) of the *Local Government Act 1995*, the Minutes of the Audit & Risk Committee Meeting held on 19 December 2019, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.

CARRIED 4/0

6. Presentations

Nil

7. OFFICER'S REPORTS

7.1 2019 Compliance Audit Return

<h2>Governance & Compliance</h2>		 SHIRE OF DOWERIN TIN DOG TERRITORY
Date:	24 February 2020	
Location:	Not Applicable	
Responsible Officer:	Rebecca McCall, Chief Executive Officer	
Author:	Vanessa Green, Executive & Governance Officer	
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
Sharepoint Reference:	Organisation/Governance/Committees/2020 March Audit & Risk Committee Meeting Organisation/Corporate Management/Reporting/2019 Compliance Audit Return	
Disclosure of Interest:	Nil	
Attachments:	Attachment 7.1A - 2019 Compliance Audit Return	

Purpose of Report

Executive Decision

Legislative Requirement

Summary

This Item presents the 2019 Compliance Audit Return (CAR) to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

Each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the CAR.

After the CAR has been reviewed by the Audit & Risk Committee and presented to Council, a copy certified by the President and CEO along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March.

The CAR for the period 1 January 2019 to 31 December 2019 has been completed and is included as an Attachment.

Comment

The CAR is one of the tools available to the Audit & Risk Committee and Council in its governance monitoring role. The CAR also forms part of the DLGSC's monitoring program. The 2019 CAR once again places emphasis on the need for the Audit & Risk Committee and Council to be aware of and acknowledge instances of non-compliance or where full compliance was not achieved. In addition, the CAR requires Council to endorse details of remedial action either taken or proposed to be taken to prevent future like occurrences.

The 2019 CAR contains questions relating to:

1. Commercial Enterprises by Local Governments (5 questions);
2. Delegation of Power/Duty (13 questions);
3. Disclosure of Interest (19 questions);
4. Disposal of Property (2 questions);
5. Elections (Gift Register) (2 questions);
6. Finance (14 questions);
7. Integrated, Planning and Reporting (7 questions);
8. Local Government Employees (5 questions);
9. Optional Questions (4 questions); and
10. Tenders for Providing Goods and Services (27 questions).

The 2019 CAR has been completed in-house and identified three areas of non-compliance. These areas, and the remedial action taken to ensure they do not occur again, are detailed in the following table:

Category	Question	Response	Comment	Remedial Action
Local Government Employees	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A?	No	Manager Corporate & Community Services position advertised 16 March 2019 in West Australian, on Seek & LG Assist, however the advertisement did not comply with Reg18A(2)(d) as it did not contain the duration of the proposed contract	The template for advertising senior employee positions has been amended to include a provision of the duration of the proposed contract
Tenders for Goods & Services	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG?	No	Amount of consideration for each received tender as required by Reg24AG(2) was not included	The tender register template has been amended to include a provision for the consideration of each tender received
Disclosure of Interest	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made?	No	CEO Performance Appraisal Item to November 2019 Meeting, the CEO made a disclosure of direct Financial Interest by completing the relevant declaration form and reporting the interest in the report presented to Council however the minute secretary did not include this disclosure in the Minutes	This is a case of unintentional human error. The minute secretary is well aware of the legislated disclosure requirements and will double check all minutes to ensure all disclosures are recorded accurately

The 2019 CAR included 104 questions. Of these, 101 were able to be answered on the basis of complying with the legislative requirements resulting in a 97% success rate. This compares with 94.7% compliance in 2018 over 95 questions and 98.9% over 94 questions in 2017.

The 2019 CAR demonstrates the Shire's ongoing commitment to statutory compliance and adequate response to non-compliance throughout the organisation.

Consultation

Senior Management Group

Policy Implications

Nil

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 2 & 3

Reference: L3, L4 & L5

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out a compliance audit in a manner specified by Regulation.

Regulation 14 of the *Local Government (Audit) Regulations 1996* is applicable and states:

“14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be –*
 - (a) presented to the council at a meeting of the council; and*
 - (b) adopted by the council; and*
 - (c) recorded in the minutes of the meeting at which it is adopted.”*

Regulation 15 of the *Local Government (Audit) Regulations 1996* requires a certified copy of the CAR to be provided to the DLGSC by 31 March:

“15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with –*
 - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
 - (b) any additional information explaining or qualifying the compliance audit,**is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*

- (2) *In this regulation –
 certified in relation to a compliance audit return means signed by –*
 (a) *the mayor or president; and*
 (b) *the CEO.”*

Risk Implications

The Audit & Risk Committee would be contravening the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* if this item was not considered.

The CAR covers a robust area of risk assessment and compliance with auditing in compliance with the *Local Government Act 1995* and associated Regulations. The objective of the CAR is to identify risks to the organisation where non-compliant activities may have taken place enabling processes and procedures to be developed or reviewed and amended, if required.

Financial Implications

Nil

Meeting Comment

The Committee raised a number of queries in relation to the CAR, specifically:

Query	Response/Comment
Disposal of Property - whether this related to the disposal of Shire residences	Yes, the disposal involved the sale of four properties
Gathering of evidence to support the answers provided in the CAR	Although the CAR was conducted in house the CEO advised the Committee that it was not just a box ticking exercise and that staff were required to produce evidence of compliance against each question. It was also noted that the staff member responsible for completing the CAR had not been an employee for part of the reporting period
Tenders for Providing Goods & Services - Question 2	It was suggested this be changed to N/A rather than Yes, as the Shire had not entered into multiple contracts

Voting Requirements



Simple Majority



Absolute Majority

Officer’s Recommendation

That, in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee:

1. Receives the 2019 Compliance Audit Return, as presented in Attachment 7.1A, noting the remedial action taken to address the three areas of non-compliance; and
2. Recommends to Council that it adopts the 2019 Compliance Audit Return and submits it to the Department of Local Government, Sport & Cultural Industries prior to 31 March 2020.

Resolution

Moved: Mr Whiteaker

Seconded: Cr Ward

0151 That, in accordance with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee:


1. Receives the 2019 Compliance Audit Return, as presented in Attachment 7.1A (and as amended), noting the remedial action taken to address the three areas of non-compliance; and
2. Recommends to Council that it adopts the amended 2019 Compliance Audit Return and submits it to the Department of Local Government, Sport & Cultural Industries prior to 31 March 2020.

CARRIED BY ABSOLUTE MAJORITY 4/0

Reason

The CAR, as presented to the Committee, would be amended at Tenders for Providing Goods & Services Question 2 from Yes to N/A.

7.2 Business Continuity Plan

<h2>Governance & Compliance</h2>		 SHIRE OF DOWERIN TIN DOG TERRITORY
Date:	4 March 2020	
Location:	Not Applicable	
Responsible Officer:	Rebecca McCall, Chief Executive Officer	
Author:	Vanessa Green, Executive & Governance Officer	
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
Sharepoint Reference:	Organisation/Financial Management/Internal Audit Systems & Controls/Business Continuity Plan	
Disclosure of Interest:	Nil	
Attachments:	Attachment 7.2A – Business Continuity Plan	

Purpose of Report



Executive Decision



Legislative Requirement

Summary

This Item presents the Business Continuity Plan (BCP) to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

The Shire of Dowerin’s Risk Management Governance Framework forms the policies and procedures to ensure the commitment and objectives regarding managing uncertainty that may impact the Shire’s strategies, goals and objectives. The framework includes a risk profiling tool identifying issues, actions, controls and treatments. Business disruption is identified as a risk profile:

Key Control:	Business & Community Disruption
Control Type:	Adequate
Action:	Finalise Draft Business Continuity Plan

Comment

The Shire of Dowerin BCP is aimed at ensuring the continuity of business operations, with minimal disruption, in the event of a disaster. Without such a plan the Shire may struggle to manage such as event amidst the confusion that often follows a disaster.

The BCP will provide a structured approach to business continuity and disaster recovery planning. Through the provision of preventative measures and recovery procedures, the impact of any potential disaster may be significantly reduced.

Consultation

Senior Management Group

Policy Implications

Policy 2.2 – Risk Management Policy

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 2 & 3

Reference: L3, L4 & L5

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Statutory Implications

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the CEO to review the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance.

The BCP is an informing plan to these systems and procedures.

Risk Implications

The BCP provides a structured approach to business continuity and disaster recovery. Through the provision of preventative measures and recovery procedures, the impact of any potential disaster may be significantly reduced.

Financial Implications

There were no financial implications for this process as the BCP has been developed in-house. The actions included in the BCP will have financial implications to Council, however these are unknown and will depend on the scenario in which the BCP is to be put into effect.

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation/Resolution

Moved: Mr Whiteaker

Seconded: Cr Trepp

0152 That, in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee:

1. Receives the Business Continuity Plan, as presented in Attachment 7.2A; and
2. Recommends to Council that it adopts the Business Continuity Plan.

CARRIED 4/0

7.3 Risk Dashboard Quarterly Report – March 2020

Governance & Compliance



Date:	5 March 2020
Location:	Not Applicable
Responsible Officer:	Rebecca McCall, CEO
Author:	As Above
Legislation:	<i>Local Government Act 1995</i>
Sharepoint Reference:	Compliance/Risk Management/Reporting
Disclosure of Interest:	Nil
Attachments:	Attachment 7.3A - Risk Dashboard Quarterly Report – March 2020

Purpose of Report



Executive Decision



Legislative Requirement

Summary

This Item presents the Risk Dashboard Quarterly Review to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

Background

The Shire of Dowerin’s Risk Management Policy, in conjunction with the Risk Management Framework, sets out the Shire’s approach to the identification, assessment, management and monitoring of risks.

Appropriate governance of risk management within the Shire provides:

1. Transparency of decision making;
2. Clear identification of the roles and responsibilities of the risk management functions; and
3. An effective governance structure to support the Risk Management Framework.

The Audit & Risk Committee has a role to play and its responsibilities include:

1. Regular review of the appropriate and effectiveness of the Risk Management Framework;
2. Support Council to provide effective corporate governance;
3. Oversight of all matters that relate to the conduct of external audits; and
4. Must be independent, objective and autonomous in deliberations.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and appropriateness of treatment/action options selected, it can be determined if the organisation’s resources are being put to the best use possible. During the quarterly reporting process, management are required to review any risks within their area and follow up controls and treatments/actions that are mitigating those risks.

Comment

The reviewed Risk Dashboard is included as an Attachment for the Audit & Risk Committee's perusal and comment.

Recommendations provided through the independent audit of the financial management systems and supporting report to the Regulation 17 report is included in the profile themes outlining actions and due date.

Consultation

Michael Sparks, Senior Risk Consultant - Risk and Governance Services, LGIS
Rebecca McCall, Chief Executive Officer
Cherie Delmage, Manager Corporate & Community Services
Vanessa Green, Executive & Governance Officer

Policy Implications

Policy 2.2 - Risk Management Policy is applicable.

Strategic Implications

Strategic Community Plan

Community Priority: Our Leaders

Objective: A thriving and progressive rural community enabled by innovation in leadership, a focus on continuous improvement and adaptability to evolving community needs

Outcome: 3

Reference: L5

Asset Management Plan

Identified key controls and actions associated with asset management are factored into the Asset Management Plan.

Long Term Financial Plan

Identified key controls and actions associated with financial management are factored into the Long Term Financial Plan.

Statutory Implications

The *Local Government Act 1995* and Regulations 16 and 17 of the *Local Government (Audit) Regulations* are applicable.

Risk Implications

The Shire of Dowerin has adopted a 'Three Lines of Defence' model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, Council, management and the community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate and operational plans.

Financial Implications

Many of the actions required to manage the risks identified will require resourcing and are being progressed within the current budget allocations.

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation/Resolution

Moved: Cr Ward

Seconded: Cr Trepp

0153 That, in accordance with Regulations 16 and 17 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee:

1. Receives the quarterly Risk Dashboard Quarterly Report - March 2020, as presented in Attachment 7.3A, on the progress of actions to identify risks and track treatments to manage risks at the Shire of Dowerin; and
2. Recommends to Council that it adopts the quarterly Risk Dashboard Quarterly Report - March 2020.

CARRIED 4/0

8.	Questions from Members
	Nil
9.	Urgent Business Approved by the Person Presiding or by Decision
	Nil
10.	Date of Next Meeting
	June 2020 on a date and at a time yet to be determined.
11.	Closure
	There being no further business the President declared the meeting closed at 11.13am.