



# MINUTES

**For the Audit Committee Meeting held on  
Wednesday 19 February 2020, in Council  
Chambers, at  
Lot 66 Railway Street, Trayning  
Commencing at 3.30pm.**

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Signed



Brian Jones  
Chief Executive Officer

## PREFACE

When the Chief Executive Officer approves these Minutes for distribution they are in essence “Unconfirmed” until the following Meeting, where the Minutes will be confirmed subject to any amendments made by the members of the Committee

The “Confirmed” Minutes are then signed off by the Presiding Person.

## UNCONFIRMED MINUTES

These minutes were approved for distribution on 19 February 2020.



Brian Jones  
**CHIEF EXECUTIVE OFFICER**

## CONFIRMED MINUTES

These minutes were confirmed at a meeting held on 19 February 2020

Signed: 

*Note: The Presiding Member at the meeting at which the minutes were confirmed is the person who signs above.*

## CONTENTS

<b>1</b>	<b>DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS .....</b>	<b>5</b>
<b>2</b>	<b>RECORD OF ATTENDANCE .....</b>	<b>5</b>
<b>3</b>	<b>MINUTES OF MEETINGS .....</b>	<b>5</b>
<b>4</b>	<b>BUSINESS AS NOTIFIED .....</b>	<b>5</b>
4.1	Compliance Audit Return.....	6
4.2	Local Government Audit Regulation 17 .....	8
<b>5</b>	<b>URGENT BUSINESS BY DECISION OF MEETING.....</b>	<b>10</b>
<b>6</b>	<b>MATTERS FOR WHICH THE MEETING MAY BE CLOSED .....</b>	<b>10</b>
<b>7</b>	<b>NEXT MEETING .....</b>	<b>10</b>
<b>8</b>	<b>CLOSURE OF MEETING .....</b>	<b>10</b>

## **1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The Chairperson, Cr MA Brown, welcomed all Members, Staff declaring the meeting open at 3:30pm.

## **2 RECORD OF ATTENDANCE**

### MEMBERS:

Cr Melanie Brown (Chairperson)  
Cr Geoff Waters (Deputy President)  
Cr Michelle McHugh  
Cr Freda Tarr  
Cr Marlon Hudson  
Cr Jim Wilkins  
Cr Clayton Marchant

### STAFF:

Mr Brian Jones (Chief Executive Officer)  
Miss Belinda Taylor (Manager of Corporate Services)

### AUDITORS:

## **3 MINUTES OF MEETINGS**

### Background

The Audit Committee Minutes of the previous meeting held 18 December 2019, have been circulated to all Councillors.

### Officer Recommendation

<b>Moved Cr FA Tarr</b>	<b>Seconded Cr CL Marchant</b>
That the minutes of the Audit Committee Meeting held on 18 December 2019 are a true and correct record of the proceedings.	
<b>Resolution 02-2020.01</b>	<b>Carried 7/0</b>

## **4 BUSINESS AS NOTIFIED**

#### 4.1 Compliance Audit Return

Date of Report:	9 January 2020
Proponent:	Chief Executive Officer
File Ref:	3.2.6.2
Officer's Disclosure of Interest:	Nil
Attachments:	4.1 Compliance Audit Return 2019
Voting Requirements:	Simple Majority

#### **Purpose of Report**

To review the compliance audit return 2019 and to report to the council the results of that review.

#### **Background**

A copy of the 2019 Compliance Audit Return has been completed and is attached.

#### **Consultation**

Nil

#### **Statutory Environment**

*Local Government (Audit) Regulations 1996*

*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.*

*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.*

#### **Policy Implications**

Nil

## **Financial Implications**

Nil

## **Officer's Comment**

The Shire did not comply with the legislative requirements with regards to the following two matters:

1. Financial Management Regulation 5(2)(c)

*(2) The CEO 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 3 financial years) and report to the local government the results of those reviews.*

The last review was presented to Council at the ordinary Council meeting held on 15 July 2015 for the 2014/15 financial year. The review following the July 2015 review was required to be completed in the 2017/18 financial year.

Action: CEO to organise review prior to June 2020.

1. Administration Regulation 19DA(4)

*(4) A local government is to review the current corporate business plan for its district every year.*

There is no record of Council reviewing the Corporate Business Plan during the 2018/19 financial year.

In addition to the above, the following non-compliance, while not included in the compliance audit return, has also been identified:

1. There is no record of Council accepting the 2017/18 Annual Report, as required by section 5.54(1) of the local government act.
2. There is no record of Council selecting the day for the last annual electors meeting, as required by section 5.27(2) of the local government act.

## **Officer's Recommendation**

**Moved Cr MS Hudson**

**Seconded Cr JJ Wilkins**

That the Audit Committee:

- Receive the Compliance Audit Report 2019 as presented by the CEO,
- Accept the Review of the Compliance Audit Return as contained within this report, and
- Present this report to Council for endorsement.

**Resolution 02-2020.02**

**Carried 7/0**

## 4.2 Local Government Audit Regulation 17

Date of Report:	15 January 2020
Proponent:	Chief Executive Officer
File Ref:	3.2.6.8
Officer's Disclosure of Interest:	Nil
Attachments:	Nil
Voting Requirements:	Simple Majority

### **Purpose of Report**

To report to the Audit Committee the results of a review of the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management; internal control; and legislative compliance.

### **Background**

In 2013 the Local Government (Audit) Regulations, Regulation 17, was introduced which requires the Chief Executive Officer to review the appropriateness and effectiveness of a Local Government's systems and procedures in relation to risk management, internal controls and legislative compliance at least once every 3 financial years.

During 2016, the Local Government Insurance Scheme provided risk consultants to assist local governments in determining their risk profile. A risk profile was duly conducted for the Shire of Trayning and presented to the Audit Committee meeting held on 14 December 2016, whereat the Audit Committee adopted the following resolution:

*It is recommended that:*

- 1. The Audit Committee receive the risk management review report.*
- 2. The Audit Committee requested that the review process be conducted and a reported on an annual basis.*

### **Consultation**

Nil

### **Statutory Environment**

#### *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 not less than once in every 3 financial years.*

*(3) The CEO is to report to the audit committee the results of that review.*



### **Policy Implications**

Nil

### **Financial Implications**

Nil

### **Strategic Implications**

Nil

### **Officer's Comment**

The CEO has conducted a review of the Shires systems and procedures in relation to risk management, internal control and legislative compliance.

The review has been conducted utilising the guidelines provided to the Shire in 2016 and across the following identified risk categories:

1. Asset Sustainability Practices
2. Business and Community Disruption
3. Failure to fulfil Compliance requirements (statutory, regulatory)
4. Document Management Processes
5. External theft & fraud (including Cyber Crime)
6. Management of Facilities / Venues / Events
7. IT or communication systems and infrastructure
8. Misconduct
9. Employment Practices
10. Engagement Practices
11. Environmental Management
12. Errors, Omissions & Delays
13. Project / Change Management
14. Safety and Security Practices
15. Supplier / Contract Management

The following three risk categories have been identified as requiring additional resources to ensure an adequate risk control profile:

1. Asset Sustainability Practices

The Shire's Asset Management Plan is out of date. This issue has also been identified by the Shire's Auditors.

This matter was identified in the December 2016 review, with action to be completed by June 2017.

Action: Prepare a new Asset Management Plan

2. Business and Community Disruption

The Shire has no emergency electrical supply. This matter was identified in the December 2016 review, with action to be completed by February 2017.

Action: Include funds in the 2020/21 Budget for the purchase of a generator

### 3. Project / Change Management

The current arrangement is that new building projects are managed by the CEO regardless of the CEO's competencies. This risk is increased when a number of different CEO's are employed during the life of a project.

Action: Council determines appropriate project management arrangements prior to commencing any new building project.

All of the other identified risk categories currently have effective or adequate controls.

#### **Officer's Recommendation**

<b>Moved Cr MS Hudson</b>	<b>Seconded Cr FA Tarr</b>
That the Audit Committee receive the risk management review report.	
<b>Resolution 02-2020.03</b>	<b>Carried 7/0</b>

### **5 URGENT BUSINESS BY DECISION OF MEETING**

### **6 MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

### **7 NEXT MEETING**

As required.

### **8 CLOSURE OF MEETING**

There being no further business, the Chairperson Cr MA Brown thanked all Councillors and Staff for their attendance and declared the meeting closed at 3:34pm.