



**SHIRE OF ASHBURTON
AUDIT AND RISK COMMITTEE MEETING**

MINUTES

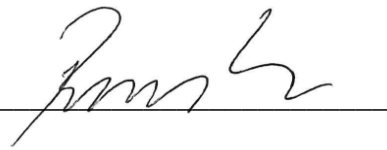
**Clem Thompson Sports Pavilion, Stadium
Road, Tom Price
23 October 2018
9.45 am**

MINUTES - AUDIT AND RISK COMMITTEE MEETING
23 OCTOBER 2018

SHIRE OF ASHBURTON
AUDIT AND RISK COMMITTEE MEETING

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit and Risk Committee Meeting.

CEO: _____



Date: 23 10 2018

These minutes were confirmed by the Committee as a true and correct record of proceedings of the Audit and Risk Committee Meeting held on 23 October 2018.

Presiding Member: _____

Date: ___/___/2018

DISCLAIMER

The recommendations contained in the Agenda are subject to confirmation by the Committee and endorsement by the Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 9.51 am.

1.1 ACKNOWLEDGEMENT OF COUNTRY

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders both past and present.

2. ATTENDANCE

2.1 PRESENT

Members:	Cr P Foster Cr K White Cr D Dias Cr M Lynch	Tom Price Ward (Presiding Member) Onslow Ward Paraburdoo Ward Tom Price Ward
Staff:	Mr R Paull Mr J Bingham Ms J Smith Mrs N Tyson Mrs M Lewis	Chief Executive Officer Director Corporate Services Executive Coordinator Manager Governance & Corporate Strategy Council Support Officer
Guests:	Nil	
Members of Public:	There were no members of the public in attendance at the commencement of the meeting.	
Members of Media:	There were no members of the media in attendance at the commencement of the meeting.	

2.2 APOLOGIES

There were no apologies for this meeting.

2.3 APPROVED LEAVE OF ABSENCE

There were no Councillors on approved leave of absence.

3. ANNOUNCEMENT OF VISITORS

There were no visitors in attendance.

4. DECLARATION BY MEMBERS

4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA

Councillors Foster, White, Dias and Lynch noted that they had given due consideration to all matters contained in the Agenda presently before the meeting.

4.2 DECLARATIONS OF INTEREST

Councillors to Note

A member who has an Impartiality, Proximity or Financial Interest in any matter to be discussed at a Council or Committee Meeting, that will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting

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or;

- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (a) Preside at the part of the Meeting, relating to the matter or;
(b) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON DECLARING INTERESTS (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have an interest in a matter.

These notes are included in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the Local Government Act 1995 but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
 - 6.2 Where the Minister allows the Councillor to participate under s.5.69(3) of the *Local Government Act*, with or without conditions.

Declarations of Interest provided:

There were no Declarations of Interest provided for this agenda.

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 19 SEPTEMBER 2018

<p>Committee Decision</p> <p>MOVED: Cr D Dias SECONDED: Cr K White</p> <p>That the Minutes of the Audit and Risk Committee Meeting held on 19 September 2018, be confirmed as a true and accurate record. (ATTACHMENT 5.1).</p> <p style="text-align: right;">CARRIED 4/0</p> <p style="text-align: center;">Councillor Foster, White, Dias and Lynch voted for the motion</p>

6. TERMS OF REFERENCE

Under the *Local Government Act 1995*, Local Governments are required to appoint an Audit Committee (section 7.1A of the *Local Government Act 1995*).

An Audit and Risk Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the *Act* and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the *Act* and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (audit) Regulations 1996).

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7. AGENDA ITEMS

7.1 WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT - LOCAL GOVERNMENT PROCUREMENT - OCTOBER 2018/19

MINUTE: 28/2018

FILE REFERENCE:	CM02.16
AUTHOR'S NAME AND POSITION:	John Bingham Director Corporate Services
AUTHORISING OFFICER AND POSITION:	Rob Paull Chief Executive Officer
NAME OF APPLICANT/RESPONDENT:	Not Applicable
DATE REPORT WRITTEN:	16 October 2018
DISCLOSURE OF FINANCIAL INTEREST:	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
PREVIOUS MEETING REFERENCE:	Not Applicable

Summary

Committee is requested to note the Western Australian Auditor General's Report - Local Government Procurement – October 2018/19 that was tabled in State Parliament on 11 October 2018.

Background

In early October 2018, the Office of Auditor General (OAG) tabled a report on *Local Government Procurement* in Parliament (**ATTACHMENT 7.1**). The report details the findings of a performance audit involving eight local governments (LG's). OAG performance audits are now mandated by Parliament in the *Local Government Amendment (Auditing) Act 2017*.

Comment

The objective of this particular performance audit was to assess the effectiveness of procurement arrangements. Overall each of the LG's were compliant however shortcomings were found in the following areas:

Weak procurement controls, processes and documentation for:

- Tendering;
- Purchase orders and approvals; and
- Reviewing invoices and payments.

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To address these stronger internal controls, policy review and implementation, process improvement and regular training are recommended by the Auditor General. In relation to the Shire of Ashburton, over the last six to twelve months Shire Officers have highlighted the same areas of shortcoming when it comes to procurement.

In that time staff have responded by reviewing Council policy (including Delegations authority), improving processes (new requisition system implemented) and enhanced internal controls (new procedures via a Finance Manual).

Consultation

All Councillors
Executive Management Team

Statutory Environment

On 28 October 2017, the *Local Government Amendment (Auditing) Act 2017* was proclaimed, giving the Auditor General the mandate to audit Western Australia's 139 local governments and 9 regional councils.

Financial Implications

There are no direct financial implications to this item however the OAG *Local Government Procurement* report identifies significant impacts associated with local government finances now and into the future.

Strategic Implications

Shire of Ashburton 10 year Community Strategic Plan 2017 - 2027
Goal 5 - Inspiring Governance
Objective 3 - Council Leadership
Objective 4 – Exemplary Team and Work Environment

Risk Management

This item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Low".

Policy Implications

ELM10	Financial Sustainability Policy
ELM11	Integrated Planning Policy
FIN06	Significant Accounting Policy
FIN07	Investment Policy
FIN09	Authorised Signatures for Cheque/Electronic Funds Transfer (EFT) Payments
FIN12	Purchasing Policy
FIN13	Debtors Management – General
FIN15	Rates Debt Recovery Policy
FIN20	Related Party Disclosures
FIN21	Rating

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Voting Requirement

Simple Majority Required

Officer Recommendation and Committee Decision

MOVED: Cr K White

SECONDED: Cr D Dias

That with respect to the Western Australian Auditor General's Report – Local Government Procurement – October 2018/19 that Committee note the Report included as ATTACHMENT 7.1.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

UNCONFIRMED MINUTES

8. CONFIDENTIAL MATTERS

Under the Local Government Act 1995, Part 5, and Section 5.23, states in part:

(2) If a meeting is being held by a Council or by a committee referred to in subsection (1)(b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following:

(a) a matter affecting an employee or employees;

(b) the personal affairs of any person;

(c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;

(d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;

(e) a matter that if disclosed, would reveal:

(I) a trade secret;

(II) information that has a commercial value to a person; or

(III) information about the business, professional, commercial or financial affairs of a person,

Where the trade secret or information is held by, or is about, a person other than the local government.

(f) a matter that if disclosed, could be reasonably expected to:

(I) Impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;

(II) Endanger the security of the local government's property; or

(III) Prejudice the maintenance or enforcement of any lawful measure for protecting public safety;

(g) information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1981; and

(h) such other matters as may be prescribed.

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Committee Decision

MOVED: Cr M LYNCH

SECONDED: Cr K White

That Council close the meeting to the public at 9.56am pursuant to sub section 5.23 (2) (b) and (d) of the *Local Government Act 1995*.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Ms Janyce Smith and Mrs Michelle Lewis left the room at 10.10 am due to Confidential Item 8.2. Minutes were taken by Mr Rob Paull when staff left the room.

8.1 CONFIDENTIAL ITEM - STATUS OF ROEBOURNE - WITTENOOM ROAD

MINUTE: 29/2018

FILE REFERENCE:	RD.0299
AUTHOR'S NAME AND POSITION:	Keith Pearson Special Projects Advisor
AUTHORISING OFFICER AND POSITION:	Rob Paull Chief Executive Officer
NAME OF APPLICANT/RESPONDENT:	Not Applicable
DATE REPORT WRITTEN:	10 October 2018
DISCLOSURE OF FINANCIAL INTEREST:	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
PREVIOUS MEETING REFERENCE:	Not Applicable

REASON FOR CONFIDENTIALITY

The Chief Executive Officer's Report is confidential in accordance with s5.23 (2) *the Local Government Act 1995* because it deals with matters affecting s5.23 (2):

(d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.

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Voting Requirement

Simple Majority Required

Officer Recommendation and Committee Decision

MOVED: Cr K White

SECONDED: Cr M Lynch

That with respect to Confidential Item – Status of Roebourne – Wittenoom Road, that the Audit and Risk Committee note the Report.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

UNCONFIRMED MINUTES

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8.2 CONFIDENTIAL ITEM - GOVERNANCE AND ADMINISTRATION REVIEW

MINUTE: 30/2018

FILE REFERENCE: GV32

AUTHOR'S NAME AND POSITION: Nicky Tyson
Manager Governance & Corporate Strategy

AUTHORISING OFFICER AND POSITION: Rob Paull
Chief Executive Officer

NAME OF APPLICANT/RESPONDENT: Not Applicable

DATE REPORT WRITTEN: 10 October 2018

DISCLOSURE OF FINANCIAL INTEREST: The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.

PREVIOUS MEETING REFERENCE: 15 December 2017 – Audit and Risk Committee Meeting

REASON FOR CONFIDENTIALITY

The Chief Executive Officer's Report is confidential in accordance with s5.23 (2) *the Local Government Act 1995* because it deals with matters affecting s5.23 (2):

- (b) *the personal affairs of any person;*
- (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting.*

Voting Requirement
Simple Majority Required

<p>Committee Decision</p> <p>MOVED: Cr M Lynch SECONDED: Cr K White</p> <p>That Council suspend Standing Orders at 10.10 am.</p> <p style="text-align: right;">CARRIED 4/0</p> <p style="text-align: center;">Councillors Foster, White, Dias and Lynch voted for the motion</p>
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Committee Decision

MOVED: Cr M Lynch

SECONDED: Cr K White

That Council reinstate Standing Orders at 10.38 am.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Officer Recommendation

That the Audit and Risk Committee with respect to the Governance and Administration Review recommend Council to:

1. Receive the Governance and Administration Review undertaken by Ron Back and Associates as provided in CONFIDENTIAL ATTACHMENT 8.2A and 8.2B and remain confidential in accordance s5.23 (2)(b) & (d) of the *Local Government Act 1995*; and
2. Request the Chief Executive Officer to use all reasonable endeavors to continue to improve and implement good governance and better practice throughout the organisation.
3. The Shire of Ashburton has commissioned this review to consider a number of items, particularly surrounding procurement. In addition, a number of issues that have arisen in recent years that have relevance into the future.

“In January 2018 the Council appointed Mr Rob Paull as the Chief Executive Officer. The current administration has made a rapid and constructive change to a number of processes and policies to date. These have been in response to issues raised over Shire practices in the past. The review team were aware of a sense of purpose and energy in the way staff are addressing issues for the better of the organisation. Whilst some knowledge can be gained from a retrospective look at the past it is important to focus on perfecting processes that will take the organisation into the future.

Some of the items addressed in this report relate to past events the review team gain an appreciation, from the staff we had contact with, that they are keen to build future process in a constructive way.

Positive steps have been taken in centralising procurement that are showing the benefits in these processes. The change from directorate-initiated procurement to a centralised process will minimise the risk of repeating errors of the past.

Overall, the review team found a positive approach to improving processes and utilising best practice. Many matters considered by the review team found the Shire to be compliant.”

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Alternate Recommendation

MOVED: Cr K White

SECONDED: Cr M Lynch

That the Audit and Risk Committee with respect to the Governance and Administration Review recommend that Council:

- 1. Receive the Governance and Administration Review undertaken by Ron Back and Associates as provided in CONFIDENTIAL ATTACHMENT 8.2A and 8.2B and remain confidential in accordance s5.23 (2)(b) & (d) of the *Local Government Act 1995*; and**
- 2. Request the Chief Executive Officer to use all reasonable endeavors to continue to improve and implement good governance and better practice throughout the organisation including an action plan addressing the focus areas in Appendix 1 of the Western Australian Auditor General's Report – Local Government Procurement – October 2018/19.**
- 3. Receive the report commissioned to review a number of items, particularly surrounding procurement. In addition, a number of issues raised in recent years that have relevance into the future and note the consultant's comments below:**

“In January 2018 the Council appointed Mr Rob Paull as the Chief Executive Officer. The current administration has made a rapid and constructive change to a number of processes and policies to date. These have been in response to issues raised over Shire practices in the past. The review team were aware of a sense of purpose and energy in the way staff are addressing issues for the better of the organisation. Whilst some knowledge can be gained from a retrospective look at the past it is important to focus on perfecting processes that will take the organisation into the future.

Some of the items addressed in this report relate to past events the review team gain an appreciation, from the staff we had contact with, that they are keen to build future process in a constructive way.

Positive steps have been taken in centralising procurement that are showing the benefits in these processes. The change from directorate-initiated procurement to a centralised process will minimise the risk of repeating errors of the past.

Overall, the review team found a positive approach to improving processes and utilising best practice. Many matters considered by the review team found the Shire to be compliant.”

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Reason for change: Ensure an ongoing response with respect to good financial control and governance.

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Committee Decision

MOVED: Cr K White

SECONDED: Cr D Dias

That Council re-open the meeting to the public at 10.37.

CARRIED 4/0

Councillors Foster, White, Dias and Lynch voted for the motion

Ms Janyce Smith and Mrs Michelle Lewis re-entered the room at 10.37.am.

9. NEXT MEETING

The next Audit and Risk Committee Meeting will be held on 18 December 2018 at a time to be determined.

10. CLOSURE OF MEETING

The Presiding Member closed the meeting at 10.38 am.

UNCONFIRMED MINUTES