



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

MINUTES

**Clem Thompson Sports Pavilion, Stadium
Road, Tom Price
18 July 2017
10.00 am**

SHIRE OF ASHBURTON
AUDIT & RISK COMMITTEE MEETING

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

Acting CEO: _____



Date: 21/07/2017

These minutes were confirmed by the Committee as a true and correct record of proceedings by the Audit & Risk Committee Meeting.

Presiding Member: _____

Date: __/__/2017

DISCLAIMER

The resolutions contained in the Minutes are subject to confirmation by the Committee and/or 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.

MINUTES - AUDIT & RISK COMMITTEE MEETING 18 JULY 2017

1.	DECLARATION OF OPENING.....	4
1.1	ACKNOWLEDGEMENT OF COUNTRY	4
2.	ATTENDANCE	4
2.1	PRESENT	4
2.2	APOLOGIES.....	4
2.3	APPROVED LEAVE OF ABSENCE.....	4
3.	ANNOUNCEMENT OF VISITORS.....	4
4.	DECLARATION BY MEMBERS.....	4
4.1	DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA	4
4.2	DECLARATIONS OF INTEREST	4
5.	CONFIRMATION OF MINUTES OF PREVIOUS MEETING	6
5.1	AUDIT & RISK COMMITTEE MEETING HELD ON 24 MARCH 2017	6
6.	TERMS OF REFERENCE	6
7.	AGENDA ITEMS	7
7.1	REGULATION 17 - RISK AUDIT PROGRESS REPORT	7
7.2	POLICY REVIEW - CORP5 RISK MANAGEMENT POLICY AND FRAMEWORK	10
8.	NEXT MEETING.....	13
9.	CLOSURE OF MEETING	13

1. DECLARATION OF OPENING

The Presiding Person declared the meeting open at 10.02 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	Tom Price Ward (Presiding Person) Onslow Ward Paraburdoo Ward
Staff:	Mr D Stewart Mr J Bingham Mrs N Tyson Ms J Smith Mrs M Lewis	Acting Chief Executive Officer Director Corporate Services Acting Administration Manager Executive Officer CEO & Councillor Support Officer
Guests:	Cr M Lynch Cr D Diver	Tom Price Ward Tom Price Ward
Members of Public:	There were no members of the public in attendance at the commencement of the meeting.	
Member of Media:	There were no members of the media in attendance at the commencement of the meeting.	

2.2 APOLOGIES

Cr G Dellar Ashburton Ward

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 and Dias 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 or;

MINUTES - AUDIT & RISK COMMITTEE MEETING 18 JULY 2017

- (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:

Item Number/ Name	Type of Interest	Nature/Extent of Interest
		There were no interests declared.

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.1 AUDIT & RISK COMMITTEE MEETING HELD ON 24 MARCH 2017

Officers Recommendation and Committee Decision

MOVED: Cr K White

SECONDED: Cr D Dias

That the Minutes of the Audit & Risk Committee Meeting held on 24 March 2017, be confirmed as a true and accurate record.

CARRIED 3/0

Councillors Foster, White and Dias voted for the motion

ATTACHMENT 5.1

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 & 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).

7. AGENDA ITEMS

7.1 REGULATION 17 - RISK AUDIT PROGRESS REPORT

MINUTE: 6/2017

FILE REFERENCE:	FM14.16.17
AUTHOR'S NAME AND POSITION:	Nicky Tyson Acting Administration Manager
AUTHORISING OFFICER AND POSITION:	Dale Stewart Acting Chief Executive Officer
NAME OF APPLICANT/RESPONDENT:	Not Applicable
DATE REPORT WRITTEN:	4 July 2017
DISCLOSURE OF FINANCIAL INTEREST:	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
PREVIOUS MEETING REFERENCE:	Agenda Item 13.3 (Minute No. 122) – Ordinary Meeting of Council 14 March 2017

Summary

The Risk Audit and review process is to occur at least once every two calendar years. The Shire's contracted Auditors, Moore Stephens Australia Pty Ltd conducted the latest review in late 2016 and its report contains a list of improvements/opportunities.

At the 14 March 2017 Audit & Risk Committee meeting it was reported that a number of suggestions and opportunities had already been completed and planning had commenced and/or systems had been put in place to address the remaining.

Background

Local Government (Audit) Regulations 1996 includes Local Government Operational Guideline – 9 – Audit in Local Governments. Regulation 17 prescribes a number of matters that are to be reviewed by local government Audit Committees. These functions now include reviewing the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance; and reporting the results of the Committee's consideration of that review, to the Council. This Risk Audit and review process is to occur at least once every two calendar years.

The latest review / audit was conducted onsite, 24 – 25 October 2016, by Moore Stephens and a report was presented to the Audit & Risk Committee on 17 January 2017 and again on 14 March 2017.

Comment

The attached report from the Chief Executive Officer is referred to the Audit & Risk Committee and contains progress of action taken on the recommendations from Moore Stephens Pty Ltd in the Regulation 17 Audit for the Shire of Ashburton's consideration in the areas covered by the audit, that being:

1. Risk Management;
2. Internal Controls; and
3. Legislative Compliance.

There were no critical (i.e. legislative compliance) issues raised in the Moore Stephens Regulation 17 Audit and attached is the CEO's report to the Audit & Risk Committee (which contains updated Officer Status/Progress Comments) outlining how the Shire's administration propose to see the improvements recommended progressed and finalised.

ATTACHMENT 7.1

As the attached report outlines, of the 43 improvement opportunities suggested in the report, many have been completed through new or existing actions, whilst further are in progress to being implemented. It is anticipated that all of these suggested improvements will be considered and where thought warranted, addressed within the next 6 - 12 months.

Consultation

Acting Chief Executive Officer
Director – Corporate Services
Acting Administration Manager
Moore Stephens Australia (Pty) Ltd

Statutory Environment

Regulation 17 Local Government Audit Regulations 1996 requires the following:

- “1. *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:*
 - a) risk management;*
 - b) internal control; and*
 - c) legislative compliance.*
2. *The review may relate to any or all of the matters referred to in sub regulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every two calendar years.*
3. *The CEO is to report to the Audit Committee the results of that review.”*

Financial Implications

Implementing the recommendations of the Report that have financial impacts will be processed through normal budgetary processes.

A suitable allocation will be made in the budget for future reviews, which are to take place every two years.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027
Goal 5 – Inspiring Governance
Objective 4 – Exemplary Team & Work Environment

Risk Management

Adoption of 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 "Medium" risk (largely due to the costs of developing / implementing new procedures, etc) but can be managed by routine procedures and monitoring by the Director Corporate Services.

Policy Implications

Various policies have and will be amended to become aligned with new process. This will take place over the coming months via now standardised policy review process.

Voting Requirement

Simple Majority Required

Officers Recommendation

That the Audit & Risk Committee recommend to Council that:

That Council receive the Acting Chief Executive Officer's Risk Audit Progress Report (as per **ATTACHMENT 7.1**) which describes how the suggested improvements / opportunities will be implemented, including actions completed, progressing items, and those requiring further consideration along with the relevant items viewed.

Officers Recommendation and Committee Decision

MOVED: Cr K White

SECONDED: Cr D Dias

That the Audit & Risk Committee recommend to Council:

That with respect to the Acting Chief Executive Officer's Risk Audit Progress Report, that Council:

- 1. Receive the Progress Report (as per ATTACHMENT 7.1) which describes how the suggested improvements / opportunities will be implemented, including actions completed, progressing items; and**
- 2. Amend item 8.5.2 Community Complaints Handling due for completion March 2018 to being due in September 2017.**

CARRIED 3/0

Councillors Foster, White and Dias voted for the motion

Reason for Change of Recommendation:

The Committee felt that the due date in respect to 8.5.2 Community Complaints Handling should be brought forward.

7.2 POLICY REVIEW - CORP5 RISK MANAGEMENT POLICY AND FRAMEWORK

MINUTE: 7/2017

FILE REFERENCE:	GV20
AUTHOR'S NAME AND POSITION:	Nicky Tyson Acting Administration Manager
AUTHORISING OFFICER AND POSITION:	Dale Stewart Acting Chief Executive Officer
NAME OF APPLICANT/RESPONDENT:	Not Applicable
DATE REPORT WRITTEN:	6 July 2017
DISCLOSURE OF FINANCIAL INTEREST:	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
PREVIOUS MEETING REFERENCE:	Agenda Item 12.1 (Minute No. 11151) – Ordinary Meeting of Council 19 November 2014

Summary

The Regulation 17 Audit conducted by Moore Stephens in October 2016, ascertained some areas of suggested improvement recommended in relation to the existing Risk Management Policy (CORP5).

Such areas being:

Risk recording and reporting is not currently occurring as required by Risk Management Policy.

The rating of consequences of risks does not consider the context in which the risk is being assessed.

Risk recording and reporting should be undertaken in accordance with the Risk Management Policy.

Suggesting the use of percentages when assessing consequences to enable the risk rating to be based on the context of the assessment being undertaken.

As a consequence, the Shire engaged Local Government Insurance Services (LGIS), who convened several Risk Management Workshops through the Shire to assist the view of our risk managements systems and policy. The Administration now present for consideration an updated policy and subsidiary framework that addresses the suggested improvement as above and is consistent with the current recommended approach for government governments in WA.

The attached Risk Management Framework including embedded Policy and Procedures complies with the latest standard, being AS/NZS 31000:2009. Council is asked to consider adopting the revised policy (pages 2 and 3 of the attachment) together with the Risk Assessment & Acceptance Criteria (pages 17 to 19).

Background

Regulation 17 prescribes a number of matters that are to be reviewed by local government Audit Committees. These functions now include reviewing the appropriateness and effectiveness of the local government's systems in regard to risk management.

The Shire engaged LGIS to assist the review and implementation our current risk management practices to address and reduce our risk exposure.

The revised COR5 Risk Management Policy (**ATTACHMENT 7.2A**) is proposed, with the existing CORP5 Risk Management Policy for comparison (**ATTACHMENT 7.2B**) and administrative procedure being the Risk Management Framework (**ATTACHMENT 7.2C**).

Comment

The adoption of the revised policy will see the introduction of new procedures and a framework for implementation.

The adoption of the new policy will also see the introduction of a risk reporting framework and standard that embeds risk management and risk framework 'thinking' within the organisation and decision making of the Council.

ATTACHMENT 7.2A
ATTACHMENT 7.2B
ATTACHMENT 7.2C

Consultation

Acting Chief Executive Officer
Acting Administration Manager
Executive Management Team
Safety and Wellbeing Coordinator
LGIS

Statutory Environment

In supporting ongoing compliance with the Local Government (Audit) Regulations 1996 - Regulation 17 ('the Regulations'), the Regulations (Gazetted 8 Feb 2013) require the CEO to review and report to their Audit Committee, the appropriateness and effectiveness of their local government's systems and procedures in relation to risk management, internal control and legislative compliance, at least once every 2 calendar years.

The regulation states as follows:

"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 sub-regulation (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.”*

Financial Implications

The policy revision will have no Budget impacts nor impact the provisions of the Long Term Financial Plan.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 3 – Council Leadership

Risk Management

Adoption of 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 “Medium” risk (largely due to the costs of developing/implementing new procedures, etc) but can be managed by routine procedures and monitoring by the Director Corporate Services.

Policy Implications

The proposal is to replace the current Risk Management Policy with a revised version that will facilitate the CEO and the organisation more readily able to demonstrate compliance with Regulation 17 and be more practical in its implementation.

The key changes from the current policy to the revised one includes:

- current wording as recommended by LGIS;
- the inclusion of greater definitions around Projects (adding time and cost as elements) and;
- varying the financial implication consequences as follows:

Measures of Consequence

Rating	Financial Impact Current	Financial Impact Revised
Insignificant (1)	Less than \$10,000	Less than \$10,000
Minor (2)	\$10,000 - \$100,000	\$10,000 - \$100,000
Moderate (3)	\$100,000 - \$500,000	\$100,000 - \$1m
Major (4)	\$500,000 - \$1m	\$1m - \$5m
Extreme (5)	More than \$1m	More than \$5m

If the Council is inclined to retain the current financial consequences (appetite) then it could adopt the Officer Recommendation to adopt the new Policy with retention of the current Financial Impact consequences, which it has accepted for the last four (4) years.

Voting Requirement

Simple Majority Required

Officers Recommendation and Committee Decision

MOVED: Cr D Dias

SECONDED: Cr K White

That the Audit & Risk Committee recommend to Council:

That Council replace Policy CORP5 'Risk Management' with the attached Risk Management Policy (ATTACHMENT 7.2A) and Risk Assessment and Acceptance Criteria (ATTACHMENT 7.2C) embedded within the Shire of Ashburton Risk Management Framework.

CARRIED 3/0

Councillors Foster, White and Dias voted for the motion

8. NEXT MEETING

The next Audit & Risk Committee Meeting will be held on 21 September 2017, at the Mayu Maya Centre, Pannawonica, commencing at a time to be determined.

9. CLOSURE OF MEETING

The Presiding Person closed the meeting at 10.20 am.