

Shire of Exmouth

AUDIT COMMITTEE MEETING

MINUTES



28 November 2019

CONFIRMATION OF MINUTES

I hereby certify that the Minutes and Attachments of the Audit Committee Meeting held on the 28 November 2019 are a true and accurate record of the proceedings contained therein.

Gary Mounsey
Presiding Member

20/2/2020
Dated

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MINUTES

Our Vision To be a prosperous and sustainable community living in harmony with our natural environment.

Our Purpose To responsibly provide governance for the whole community in the best interest of current and future generations.

Our Strategic Objectives

- Diversify and grow our economy in a manner that provides year round employment opportunities
- To protect and value our unique natural and built environment as we grow our economy.
- To be a vibrant, passionate and safe community valuing our natural environment and unique heritage
- To provide open transparent, accountable leadership working in collaboration with our community.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chief Executive Officer, declared the meeting open at 3.16pm and advised he would be presiding over the meeting until the appointment of the Presiding Member.

The Chief Executive Officer acknowledged the aboriginal people both past and present, as the traditional custodians of the land on which we meet.

2. RECORD OF ATTENDANCE, APOLOGIES AND APPROVED LEAVE OF ABSENCE

Councillor G (Gary) Mounsey
 Councillor M (Mark) Lucas
 Councillor A (Anne) McCarrol
 Mr C Woods
 Mr G Coetzee
 Ms M Head

Chief Executive Officer
 Executive Manager Corporate Services
 Minute Taker

Via teleconference

Efthalia Samaras

Director, Financial Audit, Office of the Auditor General for Western Australia

APOLOGIES

Councillor H (Heather) Lake
 Councillor M (Matthew) Niikkula - Shire President
 Councillor B (Ben) Dixon - Deputy Shire President

LEAVE OF ABSENCE

Nil

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. DECLARATIONS OF INTEREST

Nil

5. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

That the minutes and associated attachments of the Audit Committee Meeting of the Shire of Exmouth held on the 28 March 2019 be confirmed as a true and correct record of proceedings.

AUDIT COMMITTEE RESOLUTION

ITEM 6

Res No: 01-1119

MOVED: Cr Lucas

SECONDED: Cr Mounsey

That the Minutes and associated attachments of the Audit Committee Meeting of the Shire of Exmouth held on the 28 March 2019 be confirmed as a true and correct record of proceedings.

CARRIED 3/0

7. ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil

8. PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS

An outline of the election process to fill the Presiding Member and Deputy Presiding Member positions was provided.

Election of Presiding Member

The Chief Executive Officer called for nominations for the Office of Presiding Member.

2 nominations for Cr Lucas and 1 nomination for Cr Mounsey were received by the Chief Executive Officer. Cr Lucas accepted the nomination to Presiding Member, however Cr Mounsey declined the nomination.

With only one accepted nomination the Chief Executive Officer declared Cr Lucas as the Presiding Member for the Audit Committee.

Election of Deputy Presiding Member

The Chief Executive Officer called for nominations for the Office of Deputy Presiding Member.

2 nominations for Cr McCarrol and 1 nomination for Cr Mounsey were received by the Chief Executive Officer. Cr McCarrol and Cr Mounsey accepted the nomination to Deputy Presiding Member.

The Chief Executive Officer called for members to vote on the nominations received.

Cr McCarrol received 2 votes, Cr Mounsey received 1 vote.

The Chief Executive Officer declared Cr McCarrol as the Deputy Presiding Member for the Audit Committee.

Cr Lucas, the elected Presiding Member took over the position of chairing the meeting from the Chief Executive Officer at 3.20pm.

The Director, Financial Audit from the Office of the Auditor General for Western Australia Efthalia Samaras was linked into the meeting via teleconference at 3.22pm.

9. REPORTS OF OFFICERS

9.1 AUDITED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

| | |
|-------------------------|---|
| File Reference: | FM.FI.1 |
| Responsible Officer: | Executive Manager Corporate Services |
| Date of Report: | 28 November 2019 |
| Applicant/Proponent: | Nil |
| Disclosure of Interest: | Nil |
| Attachment(s): | 1. Financial Report for the Year Ended 30 June 2019 2. Audit Opinion for the Year Ended 30 June 2019 |

PURPOSE

To receive the 2018/19 Audited Financial Report and Management Report issued by Council's auditors, Office of the Auditor General for recommendation to the Council.

BACKGROUND

Following receipt of the audit report for the year ended 30 June 2019, the Audit Committee is required to consider any compliance issues raised in the Independent Audit Report and recommend they be accepted by Council.

Office of Auditor General, Council Auditors have completed their audit for the financial year ending 30 June 2019 and the Independent Audit Opinion is attached.

COMMENT

The Independent Audit Report highlighted some instances of concern which was raised in the interim audit and identified two financial ratios with an adverse trend which will continue to be monitored going forward.

CONSULTATION

Office of Auditor General

STATUTORY ENVIRONMENT

Local Government Act 1995 S6.4(3) & 5.54(1)

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

NIL

STRATEGIC IMPLICATIONS

This item is relevant to the Councils approved Strategic Community Plan 2030 and Corporate Business Plan 2018-2022

Leadership: To provide open transparent, accountable leadership working in collaboration with our community.

- 4.1 To provide proactive, collaborative and transparent leadership
- 4.2 A local government that is respected and accountable.
- 4.3 To be a champion for our community

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

ITEM 9.1

That the Audit Committee recommends to Council that it:

1. Receives the 2018/19 Annual Financial Report
2. Receives the Audit Opinion for the Year Ended 30 June 2019.

AUDIT COMMITTEE RECOMMENDATION

ITEM 9.1

Res No: 02-1119

MOVED: Cr Mounsey

SECONDED: Cr McCarrol

That the Audit Committee recommends to Council that it:

- 1. Receives the 2018/19 Annual Financial Report**
- 2. Receives the Audit Opinion for the Year Ended 30 June 2019.**

CARRIED 3/0

The teleconference to the Director, Financial Audit from the Office of the Auditor General for Western Australia, Efthalia Samaras ended at 3.30pm.

9.2 RISK FRAMEWORK

| | |
|-------------------------|--------------------------------------|
| File Reference: | FM.FI.1 |
| Responsible Officer: | Executive Manager Corporate Services |
| Date of Report: | 28 November 2019 |
| Applicant/Proponent: | Nil |
| Disclosure of Interest: | Nil |
| Attachment(s): | 1. Risk Management Framework |

PURPOSE

To endorse the Risk Management Framework.

BACKGROUND

Regulation 17 of the *Local Government (Audit) Regulation 1996*, requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal control and legislative compliance. This review is to be performed not less than once in every 3 financial years.

The Shire engaged Moore Stephens to perform the review and issued their findings in December 2018.

Following receipt of the review of Risk Management, Legislative Compliance and Internal Controls, it has been recommended that the Risk Management Procedures needed to be reviewed. These procedures have been updated with the review's recommendations within the Risk Management Framework.

COMMENT

The review of Risk Management, Legislative Compliance and Internal Controls identified the purpose of risk management procedures as: Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.

Matters that was identified were:

1. Risk management procedures are based on a superseded risk management standard
2. Risk assessment and acceptance criteria within the Policy are not dependent on the context of the risk assessment being undertaken.
3. Risk management procedures are not actively followed across the organisation with risk management activities currently undertaken being largely undocumented.

The recommended improvements were:

1. Risk management procedures and process require review and updating in accordance with the latest Risk Management Standard (ISO 31000:2018)
2. Modification of the risk assessment and acceptance criteria within the Risk Management Procedures will assist in the rating of risks, relevant to the context of the assessment. This

would involve use of percentages rather than absolute values when assessing the potential consequences of identified risks and avoid any need to redefine the risk assessment framework for different risk assessment contexts.

3. Implement risk management procedures throughout the organisation.

The attached Risk Management Framework is an updated set of procedures, governance arrangements and structure, that show how risks are being managed.

CONSULTATION

Moore Stephens
LGISWA

STATUTORY ENVIRONMENT

Local Government Act 1995
Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

NIL

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

This item is relevant to the Councils approved Strategic Community Plan 2030 and Corporate Business Plan 2018-2022

Leadership: To provide open transparent, accountable leadership working in collaboration with our community.

- 4.1 To provide proactive, collaborative and transparent leadership
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VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

ITEM 9.2

That the Audit Committee endorses the Risk Management Framework.

AUDIT COMMITTEE RECOMMENDATION

ITEM 9.2

Res No: 03-1119

MOVED: Cr McCarrol

SECONDED: Cr Mounsey

That the Audit Committee endorses the Risk Management Framework.

CARRIED 3/0

10. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11. CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 3.38pm.