

TOWN OF BASSENDEAN

MINUTES

AUDIT AND RISK MANAGEMENT COMMITTEE

**HELD IN THE COUNCIL CHAMBER, 48 OLD PERTH ROAD, BASSENDEAN
ON WEDNESDAY 7 JUNE 2017 AT 5.30PM**

1.0 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open, welcomed all those in attendance and conducted an Acknowledgement of Country.

2.0 ATTENDANCES, APOLOGIES AND APPLICATIONS FOR LEAVE OF ABSENCE

Present

Cr Gerry Pule, Presiding Member
Cr Mike Lewis
Cr Paul Bridges
Ian Walters
Tom Klaassen

Staff

Mike Costarella, Director Corporate Services
Ken Lapham, Manager Finance Services
Amy Holmes, Minute Secretary

Consultants

Ron Back, Financial Advisor
Tony Macri, Macri & Partners
Sukumaran Menon, Macri & Partners
Anne Cheng, Moore Stephens

3.0 DEPUTATIONS

- 3.1 Mr Don Yates addressed the Committee on Items 8.1, 8.2 and 8.5.

4.0 CONFIRMATION OF MINUTES

4.1 Minutes of the Meetings held on 8 March 2017

COMMITTEE/OFFICER RECOMMENDATION – ITEM 4.1

MOVED Cr Bridges, Seconded Ian Walters, that the minutes of the meeting held on 8 March 2017 be confirmed as a true record.

CARRIED UNANIMOUSLY 5/0

5.0 ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

The Presiding Member welcomed Tom Klaassen and thanked him for taking an interest in being part of this Committee.

6.0 DECLARATIONS OF INTEREST

Nil

7.0 BUSINESS DEFERRED FROM PREVIOUS MEETING

Nil

8.0 REPORTS

8.1 Internal Audit – Report on Use of Credit Cards (Ref: FINM/AUD/1, Ken Lapham, and Manager Corporate Services)

APPLICATION

The purpose of this report was to provide Council, through the Audit and Risk Management Committee, with a report on the use and allocation of Corporate Credit cards.

BACKGROUND

In September 2016, Moore Stephens were appointed to undertake an internal audit over a four year period. In 2016/17, procurement procedures and processes, contracts tender administration & creditors were completed, as part of the year 1 program. Under the Financial Management Regulations of the Local Government Act (Section 6.10), efficient systems and procedures are to be established by the Chief Executive Officer (CEO) of a local government.

COMMENT

At the Audit Committee meeting on 6 March 2017, the Committee recommended that a report on the Town's credit card usage be provided to the next meeting of this Committee.

The Allocation & Use of Credit Card Report is shown below.

CREDIT CARD HOLDERS 2016-2017					
NAME	CREDIT LIMIT	Average Jul 16- Jun 17	REVISED CREDIT LIMIT	Designation	General Use of Credit Card
Peter Barker	\$ 3,000.00	\$ 1,631.82	\$3,000	Information Technology Officer	Internet and IT Parts
William Barry	\$ 500.00	\$ 297.48	\$500	Snr Economic Development Officer	Meetings with Business Owners
Christian Buttle	\$ 500.00	\$ 140.57	\$500	Snr Planning Officer	Fuel
Ken Cardy	\$ 5,000.00	\$ 121.96	\$1,000	Asset Services Manager	
Michael Costarella	\$ 6,000.00	\$ 2,506.60	\$2,000	Director Corporate Services	Fuel and Conference Registration
Shanel DeSilva	\$ 2,000.00	\$ 835.65	\$1,000	Snr Community Dev Officer	Volunteer Expense
Anthony Dowling	\$ 6,000.00	\$ 43.33	\$1,000	Director Strategic Planning	Fuel and Planning expenses
Maria Fatouros	\$ 2,000.00	\$ 250.00	\$1,000	Snr Environmental Health Officer	Fuel and Health Inspection costs
Marnie Woodley	\$ 4,000.00	\$ 2,687.70	\$4,000	Manager Children Services	Consumables for Children Services
Graeme Haggart	\$ 6,000.00	\$ 288.32	\$3,000	Director Community Development	Fuel and Misc Costs
Bob Jarvis	\$ 8,000.00	\$ 293.18	\$4,000	Chief Executive Officer	Fuel and Conference Registration
Ken Lapham	\$ 3,000.00	\$ 1,186.60	\$2,000	Manager Corporate Services	Fuel and Conference Registration
Ayden Mackenzie	\$ 3,000.00	\$ 1,676.15	\$2,000	Youth Development Officer	Consumables Youth program Costs
William Mccracken	\$ 2,000.00	\$ 713.22	\$2,000	Workshop Supervisor	Vehicle Rego and Repair costs
Greg Neri	\$ 4,000.00	\$ 2,193.61	\$3,000	Manager Youth Services	Fuel and Youth program costs
Susan Perkins	\$ 3,000.00	\$ 728.80	\$1,000	Executive Assistant to CEO	Councillor Rego's & events
Renata Peitracatella	\$ 5,000.00	\$ 2,497.19	\$4,000	Manager Library & Information Services	CD,DVD & media Library Costs
Rhonda Plummer	\$ 2,000.00	\$ 1,464.16	\$2,000	HR Advisor	National Police Clearances and Employment Preplacement Medical expenses
Brian Reed	\$ 2,000.00	\$ 186.60	\$1,500	Manager Development Services	Fuel and Planning expenses
Kallan Short	\$ 2,000.00	\$ 3.33	\$500	Principal Building Surveyor	Fuel
Salvatore Siciliano	\$ 2,000.00	\$ 690.18	\$2,000	Manager Recreation & Culture	Fuel and Events Expenses
Mona Soliman	\$ 3,000.00	\$ 350.05	\$1,000	Manager Seniors & Disability Services	Fuel and HACC expenses
S Stewert - Dawkins	\$ 6,000.00	\$ 163.18	\$2,000	Director Operational Services	Fuel
Jeremy Walker	\$ 1,000.00	\$ 362.83	\$500	Environmental Officer	Fuel
Susanne Williams	\$ 2,000.00	\$ 1,145.78	\$2,000	Food Preparer	Food for Children Services
TOTAL	\$83,000.00	\$14,936.12	\$46,500		

STRATEGIC IMPLICATIONS

Leadership & Governance

- Improve capability and capacity*
- Ensure financial sustainability
 - Monitor and enhance organisational performance and service delivery
 - Review and develop the workforce to meet changing needs
 - Review and implement asset management plans
 - Review risk management plans

STATUTORY REQUIREMENTS

The Local Government Act 1995

FINANCIAL CONSIDERATION

The 2016/17 Budget includes an amount for the internal audit contract.

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.1

- ARMC - 1/06/17** MOVED Cr Bridges, Seconded Cr Lewis, that the Audit and Risk Management Committee recommends that Council receives the Internal Audit Report on Credit Card Usage.
CARRIED UNANIMOUSLY 5/0

8.2 2016/17 Interim Audit – Macri & Partners (Ref: FINM/AUD1 Ken Lapham, Manager Corporate Services)

APPLICATION

The purpose of this report is to provide Council, through the Audit and Risk Management Committee, with details of the Interim Audit Report and provide management comments and information on the remedial action taken.

ATTACHMENTS

Confidential Attachment No. 1:
2016/17 Interim Audit Report

Attachment No. 1
2016/17 Fraud and Error Assessment

BACKGROUND

In March 2017, Macri & Partners Auditors reviewed the following functions:

- Bank Reconciliations
- Investment of Surplus Funds
- Purchases
- Payments and Creditors
- Rate Receipts and Rate Debtors
- Receipts and Sundry Debtors
- Payroll
- General Accounting (Journals, etc.)
- IT Controls
- Registers (Tenders Register, etc.)
- Compliance
- Review of Council Minutes

COMMENT

The Interim Audit of systems and processes provides a level of assurance to auditors, the CEO, the Committee and Council in relation to the level of controls that are in place and staff adherence to those controls.

Additionally, the Australian Auditing Standards (ASA 240) requires the Auditor to consider the risk that fraud could occur within the Council. This was performed during the Interim Audit risk assessment in relation to the audit for the year ending 30 June 2017. A copy of the statement is included as an attachment to this report. The Statement will then be signed by the Audit Committee Chairperson and on forwarded to the Auditor.

The Audit and Risk Management Committee can recommend that Council receives the Interim Audit Report and note management's comments.

In each of the areas covered, the Auditors consider the controls and procedures in place are adequate, however, have raised a number of issues that require improvement.

A summary of the issues identified by the Auditor is included as an attachment to the agenda. Management comments in response to the issues raised by Macri & Partners have been submitted to Macri, and are included in the report. Appropriate action to have the various recommendations implemented will be undertaken.

The relatively small number of issues raised reflects that the procedures in force at the Town are very sound.

The Manager Corporate Services recommends that the Interim Audit Report prepared by Macri & Partners be received and that the management's comments be noted.

COMMITTEE RECOMMENDATION – ITEM 8.2(a)

ARMC - 2/06/17 MOVED Cr Bridges, Seconded Cr Lewis, that Staff document a procedure and develop a risk matrix for background check of suppliers.

CARRIED UNANIMOUSLY 5/0

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.2

ARMC - 3/06/17 MOVED Tom Klaassen, Seconded Cr Bridges, that the Audit and Risk Management Committee receives the:

1. Interim Audit Report for the 2016/17 financial period, from Macri & Partners; and
2. Statement on the Fraud and Error Assessment, and authorises the Chairperson of the Audit and Risk Management Committee to sign the Statement and on forward it to the Auditors - Macri & Partners.

CARRIED UNANIMOUSLY 5/0

8.3 **Review of Policy 6.18 – Investment Policy (Ref: Ken Lapham, Manager Corporate Services)**

APPLICATION

The purpose of the report is to inform Council of a review of the Investment Policy and seek approval for some minor changes to the policy.

ATTACHMENTS

Attachment No. 2:

- A copy of the current Investment Policy; and
- Extract of the Financial Management Regulations showing the amendment made on 12 May 2017.

BACKGROUND

Council last reviewed the Investment policy at its meeting held on 22 March 2016. The significant amendment to the Policy was in regards to:

“Preference will be given to invest in financial institutions who do not invest in or finance the fossil fuel industry.

Responsibility for the implementation of the Investment Policy rest with the Mayor, Councillors, Council delegates, and CEO. The policy is to be reviewed every 3 years or as required in the event of legislative changes.”

The Minister for Local Government Hon David Templeman has progressed an amendment to Regulation 19C(2)(b) of the *Local Government (Financial Management) Regulations 1996*, changing the maximum fixed term deposit period for investments from 12 months to three years.

STRATEGIC IMPLICATIONS

This policy addresses the Strategic Plan Key Priority “to strengthen our financial security”.

COMMENT

After the Global Financial Crises in 2008, the investment rules were significantly amended. A review was conducted and eventually the Local Government Department issued a best practice guide for Councils involved in investment activities.

The sector agreed with the necessity with the amendments prescribing the forms of Government guaranteed and other low risk investments, intended to minimise the material risk of exposure.

However, the 12-month limitation on fixed term deposits hindered Local Government’s capacity to leverage greater return on investments over the longer term. The amendment to allow investment up to 3 years now provides Local Governments with the option of considering long-term investment of surplus funds.

Changes to the policy are:

Current:

19C. Investment of money – Restrictions on Act S6.14 (2) (a)
(2) (b) deposit for a fixed term of more than 12 months

Revised:

(2) (b) deposit for a fixed term of more than 3 years.

STATUTORY REQUIREMENTS

Local Government Act 1995

Local Government (Financial Management) Regulations 1996
Trustees Act 1962

FINANCIAL CONSIDERATIONS

The investment of funds provides an additional income source for cash flow purposes when funds are not required at a particular time of the year.

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.3

ARMC - 4/06/17 MOVED Cr Lewis, Seconded Cr Bridges, that the Audit and Risk Management Committee recommends that Council adopts the revised Investment Policy, as attached to the Audit and Risk Management Committee Agenda of 7 June 2017.
CARRIED UNANIMOUSLY 5/0

8.4 Australian Accounting Standard 124- (AAS124)-Related Party Disclosures (Ref GOVN/ CCLMEET/18- Mike Costarella-Director Corporate Services

APPLICATION

The purpose of the report is to inform Council of the Related Party Disclosure as required under Australian Accounting Standard AASB124. Disclosures are required quarterly. The disclosure requirement includes Councillors and Key Management Personnel (Executives).

ATTACHMENTS

Attachment No. 3:

- A copy of the new Related Party Disclosures Procedure; and
- Guidance Note provided Moore Stephens, including sample Related Party Disclosure Forms.

BACKGROUND

The objective of the standard is to ensure that an entity's financial statements contain disclosures necessary to draw attention to the possibility that its financial position and surplus or loss which may have been affected by the existence of related parties and transactions.

The disclosure requirements apply to the existence of relationships regardless of whether a transaction has occurred or not.

Upon review of the completed forms, the Town must make an informed judgement each financial year as to who is considered to be a related party and what transactions need to be considered, when determining if disclosure is required

STRATEGIC IMPLICATIONS

Good Governance

to enhance organisational accountability and Strengthen governance, risk management and compliance.”

COMMENT

The scope of Australian Accounting Standard AASB 124 *Related Party Disclosures* was extended in July 2015 to include application by not-for-profit entities, including local governments. The operative date for Local Government is 1 July 2016, with the first disclosures to be made in the Financial Statements for year ended 30 June 2017. This procedure outlines required mechanisms to meet the disclosure requirements of AASB 124.

This standard is applied in:

- Identifying related party transactions and relationships;
- Identifying outstanding balances including commitments between an entity and its related parties;
- Identifying circumstances in which disclosure of the above items are required;
- Determining the disclosures to be made about those items.

STATUTORY REQUIREMENTS

AASB 124 Related Party Disclosures

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

FINANCIAL CONSIDERATIONS

The audit of these completed forms are part of the External Audit which is included in the Annual Budget.

COMMITTEE RECOMMENDATION – ITEM 8.4(a)

ARMC - 5/06/17 MOVED Cr Bridges, Seconded Cr Lewis, that staff develop a policy and procedure on Related Party Disclosures to be presented to Council for adoption at its June Ordinary Council Meeting.

CARRIED UNANIMOUSLY 5/0

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.4

ARMC - 6/06/17 MOVED Tom Klaassen, Seconded Cr Bridges, that the Audit and Risk Management Committee recommends that Council receives the AASB124 Related Party Disclosures Procedure, as attached to the Audit and Risk Management Committee Agenda of 7 June 2017.

CARRIED UNANIMOUSLY 5/0

8.5 Annual Closed Circuit Television (CCTV) Report (Ref: INFT/ACQ/1 - Simon Stewert-Dawkins, Director Operational Services)

APPLICATION

The purpose of this report is to present the annual reportable statistics for the Town's installed CCTV systems as required in the Closed Circuit Television (CCTV) Management & Operational Manual.

ATTACHMENT

Confidential Attachment No. 3 - Alf Faulkner Hall and Jubilee Reserve proposed CCTV camera locations.

BACKGROUND

In April 2012 (OCM -10/04/2012), Council adopted the Closed Circuit Television (CCTV) Management & Operational Manual. This document provides for the annual reporting of listed items to keep the Town updated on the effectiveness of CCTV installations throughout Council owned facilities.

The Manual states that, '*CCTV Management Practices establish the operational objectives and reporting indicators for CCTV Operations, with a focus on nominated outcomes relevant to camera locations and other defined target areas*'.

Key indicators include the number of requests for footage, the time taken in responding to requests for footage, the number of requests for maintenance and the time taken to repair systems.

This data allows the Town to identify trends concerning fundamental operations, which may require early intervention or closer monitoring.

The information can then be used to determine if the installation is still necessary or if it has served its purpose in reducing reportable incidents in the area, and can be re-installed elsewhere if needed.

COMMUNICATION AND ENGAGEMENT

Over a number of years, the WA Police and the Town have experienced antisocial behaviour at Jubilee Reserve.

To address residents' concerns, the WA Police requested the CCTV mobile trailer be deployed for periods at specific locations. The WA Police are supportive of the permanent CCTV system being installed at Jubilee Reserve to assist with their new CCTV co-ordinated approach.

COMMENT

The Town's commitment to community safety and wellbeing is reflected in the continual improvement of the CCTV technology to meet WA police requirements.

All Reports delivered by the respective managers of each CCTV reporting period have indicated minimal maintenance issues, with each system operating effectively.

On 2 June 2017, the Town submitted a Safer Communities grant application of \$99,647 to the Australian Government, Department of Industry, Innovation and Science, for the following:

- Alf Faulkner Hall – corner Mary Crescent & Ivanhoe Street, Eden Hill; and
- Jubilee Reserve.

Both sites will transmit to a server-based system with a backhaul link to the Town of Bassendean Rangers Office. It is intended that the CCTV projects will be operational by early December 2017.

The proposed new CCTV systems meet the standard required by WA Police to allow for their new CCTV coordinated approach.

Customer Service Centre CCTV

This system is operating effectively and provides security for front counter staff when dealing with customers.

The CCTV System installed at the Customer Service Centre located at 35 Old Perth Road, Bassendean has not received any requests for footage. In January 2017, the system malfunctioned for three hours and was subsequently repaired; the system continues to operate effectively.

Rear of Administration Building / BIC Reserve

In July 2016, Council (OCM – 13/07/16) received WA Police State CCTV Strategy Infrastructure fund grants to install CCTV at the rear of 48 Old Perth Road, totalling \$8,900.

The newly installed CCTV cameras capture images to the rear of the building, along the Public Access Way between the Library carpark and James Street, and out into the BIC Reserve / War Memorial area.

The new CCTV system meets the standard required by WA Police to allow for their new CCTV coordinated approach.

The system has been operating effectively for the reporting period with one Police request for footage, which was as a result of an incident report being received.

Library CCTV

This system is currently operational and captures external footage under the library as well as internal footage inside the Library.

The CCTV system installed in the Library at 46 Old Perth Road, Bassendean, has been operating effectively for the reporting period.

The Library has received three separate Police requests for footage as a result of incident reports being received.

Youth Services CCTV

In July 2016, Council (OCM – 13/07/16) received WA Police State CCTV Strategy Infrastructure fund grants to upgrade the existing CCTV system and cameras at Youth Services totalling \$9,490.

In December, the Youth Services CCTV system was upgraded and out of operation during this period for 24 hours. The system now meets the standard required by WA Police to allow for their new CCTV co-ordinated approach.

The system at Youth Services continues to be used to deter and, as necessary, record evidence of any anti-social behaviour located in and around the site.

The new CCTV system installed at the Bassendean Youth Services located at the corner of West Road and Guildford Road, Bassendean, has operated effectively for the reporting period. Four Police requests were received for footage and the data was provided for separate incidences.

Seniors & Disability Services CCTV

The system at this location is operating effectively and provides security for the staff and the building.

The CCTV system installed at the Seniors and Disability Services office located at 2 Colstoun Road, Ashfield, has operated effectively for the reporting period, with no Police requests for CCTV images.

Depot CCTV

The system in this location is operating effectively and provides coverage of areas inside the Depot compound.

The CCTV system installed at the Depot compound located at 69 Scaddan Street, Bassendean, has operated effectively, with no requests for CCTV images

Mobile CCTV Trailer

The CCTV trailer was purchased in 2012 with the assistance of grant funding, and is designed to be deployed at random locations throughout the Town, where it can be secured and monitored to prevent and deter anti-social.

The Town has a schedule for deployment that can be adjusted to include any new hotspot locations as necessary, and as per the Closed Circuit Television (CCTV) Management & Operational Manual guidelines.

The trailer has received several requests from the WA Police at the Kiara Police Station to be stationed around the Town to assist with evidence gathering activities, and Rangers continue to liaise with Kiara Police to prioritise the requested locations and deploy the trailer, in line with management policies and practices.

The CCTV trailer has also been used during the last 12 months to monitor the Town's assets and events to deter and prevent damage and theft and to gather evidence as required.

The solar cell efficiency currently used on the trailer is old as is the CCTV camera technology. If the trailer is not orientated correctly to capture the sun, the battery ceases to operate the CCTV system. Should grant funding become available in the future, the Town will submit an application to upgrade the solar cells and CCTV system.

STRATEGIC IMPLICATIONS

Bassendean Strategic Community Plan 2013-2023

Inclusiveness, Lifelong Learning, Health and Social Wellbeing:

Objective: Provide a safe environment.

Strategies: Support residents to feel safe in their homes, public place and shops in the Town through ranger patrols, community safety education, the deployment where appropriate of Close –Circuit Television (CCTV) in accordance with legislative requirements and joint activates with WA Police and other agencies to address anti-social behaviour.

The Town achieves the above by continually re-evaluating current data and its current CCTV installations, to ensure they are still performing correctly and in accordance with guidelines and accepted practices.

STATUTORY REQUIREMENTS

Commonwealth		
Privacy Act 1988		Establishes and regulates privacy principles for individuals, corporate entities and personal information.
Surveillance Devices Act 2004		Regulates use of optical surveillance devices without warrant
Western Australia		
Criminal Investigation Act 2006		Provides powers for the investigation and prevention of offences and for related matters.
Occupational Health and Safety Act 1984		Regulates the protection of persons at or near workplaces from risks to health and safety
Surveillance Devices Act 1998		Regulates use, installation and maintenance of optical surveillance devices
Security and Related Activities Act 1996		Regulates WA Security Providers
Security and Related Activities Regulations 1997		Regulates WA Security Providers

FINANCIAL CONSIDERATIONS

There are no financial considerations for this report.

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.5

ARMC - 7/06/17 MOVED Ian Walters, Seconded Cr Pule, that the Audit & Risk Management Committee notes the annual CCTV Management and Operation report.

CARRIED UNANIMOUSLY 5/0

9.0 **MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

10.0 **ANNOUNCEMENTS OF NOTICES OF MOTION FOR THE NEXT MEETING**

Nil

11.0 **CONFIDENTIAL BUSINESS**

COMMITTEE RECOMMENDATION – ITEM 11.0(a)

ARMC - 8/06/17 MOVED Cr Pule, Seconded Cr Lewis, that the meeting go behind closed doors in accordance with Section 5.23 of the Local Government Act 1995, the time being 6.35pm.

CARRIED UNANIMOUSLY 5/0

All members of the public vacated the Chamber, the time being 6.45pm.

11.1 **Various Debts Write-off Ref: FINM/DBTOS/2– (Ken Lapham – Manager Corporate Services)**

This matter was considered with members of the public excluded from the Chamber under Clause 5.23 (2) (e) (iii) of the Local Government Act as the officer report discusses a matter that if disclosed, would reveal information about a business, professional, commercial or financial affairs of a person

COMMITTEE/OFFICER RECOMMENDATION - ITEM 11.1

ARMC - 9/06/17 MOVED Cr Bridges, Seconded Tom Klaassen, that Council writes off debtors of \$499.30 as listed in the Confidential Report to the Audit & Risk Management Committee Agenda of 7 June 2017.

CARRIED BY AN ABSOLUTE MAJORITY 5/0

**11.2 Internal Audit Report Review of Tenders and Contracts–
Moore Stephens (Ref: FINM/AUD/1, Director Corporate
Services)**

This matter was considered with members of the public excluded from the Chamber under Clause 5.23 (2) (a) and (b) of the Local Government Act 1995, as the Officer report discusses matters affecting employee or employees and the personal affairs of a person.

COMMITTEE/OFFICER RECOMMENDATION – ITEM 11.2

ARMC - 10/06/17 MOVED Cr Bridges, Seconded Cr Lewis, that the Audit and Risk Management Committee recommends to Council that it receives the 2017 Internal Audit Report on the Tenders and Contracts from Moore Stephens, and notes the management's comments and agreed actions.

COMMITTEE RECOMMENDATION – ITEM 11.0(b)

ARMC - 11/06/17 MOVED Cr Lewis, Seconded Cr Bridges, that the meeting proceed with open doors, the time being 7.00pm.
CARRIED UNANIMOUSLY 5/0

As no members of the public returned to the Chamber, the reading aloud of the motions passed behind closed doors was dispensed with.

12.0 CLOSURE

The next meeting is to be held on Wednesday 9 August 2017.

There being no further business the Presiding Member declared the meeting closed the time being 7.00pm.