

TOWN OF BASSENDEAN

MINUTES

AUDIT AND RISK MANAGEMENT COMMITTEE

HELD IN THE COUNCIL CHAMBER, 48 OLD PERTH ROAD, BASSENDEAN
ON WEDNESDAY 8 MARCH 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 (from 5.40pm)
Cr Paul Bridges
Ian Walters

Staff

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

Consultant

Ron Back, Financial Advisor

3.0 DEPUTATIONS

Nil

4.0 CONFIRMATION OF MINUTES

4.1 Minutes of the Meetings held on 7 December 2016

COMMITTEE/OFFICER RECOMMENDATION – ITEM 4.1

MOVED Cr Bridges, Seconded Ian Walters, that the minutes of the meeting held on 7 December 2016 be confirmed as a true record.

CARRIED UNANIMOUSLY 3/0

5.0 ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil

6.0 DECLARATIONS OF INTEREST

Nil

7.0 BUSINESS DEFERRED FROM PREVIOUS MEETING

Nil

8.0 REPORTS

8.1 Resignation from Committee – Michelle Rutherford

On 23 February 2017, Michelle Rutherford advised of her resignation from the Committee, as follows:

“Hi Michael, I hope this finds you well. Unfortunately, due to unforeseen circumstances I wish to tender my resignation as a member of the Risk and Audit Committee, effective immediately.

I have enjoyed my time as a Committee Member representing the people of our Town. I wish the Committee all the best for the future. Regards, Michelle Rutherford.”

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.1

ARMC - 1/03/17 MOVED Cr Bridges, Seconded Ian Walters, that the Committee:

1. Expresses its appreciation to Ms Michelle Rutherford for her contribution to the Committee; and
2. Recommends that Council advertises the vacant position.

CARRIED UNANIMOUSLY 3/0

8.2 Local Government Compliance Audit Return 2016 (Ref: GOVR/LREGLIA/9 – Mike Costarella, Director Corporate Services)

APPLICATION

The report presents the Local Government Compliance Audit Return 2016, 1 January to 31 December 2016 to Council in order that the report be adopted.

ATTACHMENT

Attachment No. 1: 2016 Compliance Audit Report

BACKGROUND

The Department of Local Government initially introduced a voluntary self-assessment return in 1995, which is now mandatory, for local governments to determine the level of compliance with the Local Government Act and associated Regulations.

STRATEGIC IMPLICATIONS

Leadership and Governance

- We will provide leadership and build a sustainable place through our regional and government partnerships.
- We will be accountable and make decisions for the good of the community
- We will engage with our community, building cohesive community and support community participation

COMMENT

Each Local Government Authority is required to complete a Compliance Audit Return for the period 1 January to 31 December 2016. The Compliance Audit Return 2014 must be submitted to the Director General, Department of Local Government by 31 March 2017.

The return is one of the tools that allows Council to monitor how the organisation is functioning. It places emphasis on the need to bring to Council's attention, issues of non-compliance, or issue where full compliance was not achieved.

In addition to explaining or qualifying cases of non-compliance, the return also requires Council to endorse any remedial action taken or proposed to be taken in regard to instances of non-compliance.

The document contains a total of 87 questions to test compliance with the Local Government Act and Regulations. The compliance areas includes:-

TOPIC	No of Questions	OFFICER
Commercial Enterprises by Local Governments	5	Michael Costarella
Delegation of Power / Duty	13	Bob Jarvis
Disclosure of Interest	16	Sue Perkins
Disposal of Property	2	Michael Costarella
Elections	1	Michael Costarella
Finance	14	Ken Lapham
Local Government Employees	5	Michael Costarella
Official Conduct	6	Bob Jarvis
Tenders for Providing Goods and Services	25	Ken Cardy

The responses are shown below and includes prior years.

RESPONSE	2016	2015	2014	2013	2012
Areas of Compliance	52	72	55	58	46
Areas of Non Compliance	1	0	1	0	0
Not Applicable	34	15	22	20	32
Total	87	87	78	78	78

The area of non compliance related to the Tenders Regulations and this was reported in the 2016 Interim Audit Report. The report contained actions to ensure compliance in the future and the actions that have now been implemented.

STATUTORY REQUIREMENTS

Local Government Act 1995 and associated Regulations

FINANCIAL CONSIDERATIONS

Nil

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.2

ARMC - 2/03/17 MOVED Cr Lewis, Seconded Ian Walters, that the Audit and Risk Management Committee recommends that Council adopts the Compliance Audit Return 2016 for the period 1 January to 31 December 2016, as attached to the Agenda of 8 March 2017.

CARRIED UNANIMOUSLY 4/0

8.3 Internal Audit – Moore Stephens (Ref: FINM/AUD/1, Ken Lapham, Manager Corporate Services)

APPLICATION

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

ATTACHMENT

Attachment No. 2: 2016 Internal Audit Report

BACKGROUND

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. Furthermore, the CEO is required to 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 4 financial years) and report to the local government the results of those reviews.

In September 2016, Moore Stephens were appointed to undertake an internal audit for the ensuing 4 year period. The areas of audit include (but not limited to):

2016/17 ACTIVITIES	2017/18 ACTIVITIES	2018/19 ACTIVITIES	2019/20 ACTIVITIES
Procurement Procedures and Processes	Fixed Assets-Property Plant & Equipment	Revenue (All Sources) Budget and Financial Reporting	Compliance Return Payments Credit Cards
Contracts Tender and Administration Creditors-EFT and Cheques	Annual Report Records keeping and compliance	Payroll (Inc. FBT) & Human Resources (Inc. OHS) Commercial Activities	Council Meetings and Administration Disclosures of Financial Interests Delegations of Authority
	Strategic Community & Corporate Plans	Leases and Rental Agreements	Local Laws

COMMENT

In each of the areas covered, the Internal Auditors consider the controls and procedures in place are adequate, however, they have raised a number of issues that can be improved. Officers have reviewed the report prepared by the Internal Auditors and noted areas where additional attention should be given.

STRATEGIC IMPLICATIONS

Leadership & Governance

Improve capability and capacity	<ul style="list-style-type: none"> • 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
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STATUTORY REQUIREMENTS

The Local Government Act 1995

FINANCIAL CONSIDERATION

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

The Committee requested information on which staff have credit cards, what they are being used for, number of transactions etc.

The Committee requested that checks be put in place to assist in creditor verification.

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.3

ARMC - 3/03/17 MOVED Cr Lewis, Seconded Cr Bridges, that:

1. The Audit and Risk Management Committee recommends to Council that it receives the 2016 Internal Audit Report from Moore Stephens, and notes the managements' comments;
2. Council notes that a further internal audit report will be provided to the Audit and Risk Management Committee at its next meeting;
3. Council notes that a report on the Town's credit card usage will be provided to the Audit and Risk Management Committee at its next meeting.
4. Council notes that the Accounts Payable Officer will check the ABN on the ATO website to assist in creditor verification.

CARRIED UNANIMOUSLY 4/0

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 - 4/03/17 MOVED Cr Lewis, Seconded Cr Bridges, that the meeting go behind closed doors in accordance with Section 5.23 of the Local Government Act 1995, the time being 6.45pm.

CARRIED UNANIMOUSLY 4/0

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)

APPLICATION

The purpose of this report was to recommend that various outstanding & unrecoverable debts be written off. The Manager Corporate Services recommends that Debtors, totalling \$2,444.85 be written off.

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 - 5/03/17 MOVED Cr Lewis, Seconded Ian Walters, that Council writes off debtors of \$2,444.85 as listed in the Confidential Report to the Audit & Risk Management Committee Agenda of 8 March 2017.

CARRIED BY AN ABSOLUTE MAJORITY 4/0

COMMITTEE RECOMMENDATION – ITEM 11.0(b)

ARMC - 6/03/17 MOVED Cr Lewis, Seconded Cr Bridges, that the meeting proceed with open doors, the time being 6.45pm.

CARRIED UNANIMOUSLY 4/0

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 will be held on Wednesday 7 June 2017.

There being no further business the Presiding Member declared the meeting closed the time being 6.45pm.