

# **TOWN OF BASSENDEAN**

## **MINUTES**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**HELD IN THE COUNCIL CHAMBER, 48 OLD PERTH ROAD, BASSENDEAN**  
**ON WEDNESDAY 7 DECEMBER 2016 AT 5.30PM**

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#### **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, Deputy Presiding Member  
Cr Paul Bridges, Town of Bassendean  
Ian Walters, Community Representative

##### Staff

Graeme Haggart, Acting Chief Executive Officer  
Mike Costarella, Director Corporate Services  
Ken Lapham, Manager Finance Services  
Amy Holmes, Minute Secretary

##### Consultant

Ron Back, Financial Advisor

##### Observers

Three members of the public were in attendance.

##### Apologies

Michelle Rutherford, Community Representative

**3.0 DEPUTATIONS**

Mr Don Yates addressed the committee on Items 7.1, 8.1 and 8.2 and he referred to a number of issues that were addressed by the Presiding Member and Staff.

**4.0 CONFIRMATION OF MINUTES**

**4.1 Minutes of the Meetings held on 12 October 2016**

**COMMITTEE/OFFICER RECOMMENDATION – ITEM 4.1**

MOVED Ian Walters, Seconded Cr Bridges, that the minutes of the meeting held on 12 October 2016 be confirmed as a true record.

**CARRIED UNANIMOUSLY** 4/0

**5.0 ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**

Nil

**6.0 DECLARATIONS OF INTEREST**

Nil

**7.0 BUSINESS DEFERRED FROM PREVIOUS MEETING**

**7.1 2016/17 Opening Surplus Adjustment/Budget Review (Ref: FINM/AUD/1, Mike Costarella – Director Corporate Services)**

**APPLICATION**

The purpose of this report is to review the opening position of the 2016/17 adopted Budget and propose an amendment to the opening balance, in line with the Audited Annual Financial Statements for the 2015/16 financial year. This item was deferred at the last meeting.

## BACKGROUND

In the 2016/17 Budget, Council adopted an estimated brought forward surplus from the 2015/16 financial year of \$1,668,642. Following the completion of the 2015/16 end of year audit, the 2015/16 Audited Financial Report shows a final closing surplus of \$1,345,705.

This matter was discussed at the October 2016 Audit and Risk Management Committee meeting where it was resolved to :-

**ARMC - 2/10/16** *MOVED Cr Gangell, Seconded Cr Bridges, that this item be deferred to the next Audit and Risk Management Committee meeting to allow for a report to be prepared outlining the potential options of expenditure in order to increase the opening surplus.*

## COMMENT

As previously advised in the October 2016 report, to achieve the same closing surplus, Council will be required to review its current budget projects to reduce the expenditure or increase the income (or both) by \$322,936. This will then provide for the same closing surplus for the 2016/17 financial year of \$24,860.

The following projects that have been included in the 2016/17 were revised to provide for an increased opening surplus for the 2016/17 budget.

Account Number	Project Name	Adopted Budget	Revised Budget	total Adjustment	Comment
	Transfers from Reserves	(380,000)	(470,000)	90,000	Transfer from the Municipal and Town Planning Reserve for the 1 Surrey Street project
AD1601	Anzac Tce Drainage	300,000	0-	300,000	Budget adjustment November OCM-
212011	Grant Funding for Anzac Tce	( 85,022)	0	(85,022)	Budget adjustment November OCM-
131390	Consultant Design Playground	175,000	157,042	17,958	RFQ amount less than Budget
		<b>\$9,978</b>	<b>\$312,958</b>	<b>\$322,936</b>	

## STRATEGIC IMPLICATIONS

### Leadership & Governance

Improve capability and capacity	<ul style="list-style-type: none"> <li>• Ensure financial sustainability</li> <li>• Monitor and enhance organisational performance and service delivery</li> <li>• Review and develop the workforce to meet changing needs</li> <li>• Review and implement asset management plans</li> <li>• Review risk management plans</li> </ul>
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**STATUTORY REQUIREMENTS**

The Local Government Act 1995

**FINANCIAL CONSIDERATION**

The 2016/17 Budget will be amended with the above amounts to provide for a closing surplus of \$24,860

**COMMITTEE/OFFICER RECOMMENDATION – ITEM 7.1**

**ARMC - 1/12/16** MOVED Cr Pule, Seconded Cr Lewis, that the Audit and Risk Management Committee recommends to Council that the following amendments be made to the 2016 /17 Budget:

<b>Account Number</b>	<b>Project Name</b>	<b>Adopted Budget</b>	<b>Revised Budget</b>	<b>total Adjustment</b>	<b>Comment</b>
	Transfers from Reserves	(380,000)	(470,000)	90,000	Transfer from the Municipal and Town Planning Reserve for the 1 Surrey Street project
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**CARRIED BY AN ABSOLUTE MAJORITY 4/0**

**8.0 REPORTS**

**8.1 Risk Management Framework - Review on Appropriateness and Effectiveness in accordance with Local Government Audit Regulations (Ref:GOVR/LREGLIA/3 - Michael Costarella, Director Corporate Services)**

**APPLICATION**

The Committee was requested to consider the CEO’s review of the appropriateness and effectiveness of the Town’s systems and procedures in relation to risk management, internal controls and legislative compliance. This is in accordance with the requirements of the new Audit regulation 17 which requires the report to be submitted to the Audit & Risk Management Committee prior to the 31 December 2016.

## ATTACHMENTS

**Attachment No. 1:** Risk Management Framework

## BACKGROUND

Mr Michael Sparks, Senior Risk Consultant with the Local Government Insurance Services WA met with the CEO and Directors and Managers to assist in the completion of the attached report. The report provides an overview of the:

- current risks assessed within Council's activities, and the
- appropriateness and effectiveness of the systems and process in place for risk management, internal controls and legislative compliance.

## STRATEGIC IMPLICATIONS

### Leadership & Governance

Improve capacity	capability and	<ul style="list-style-type: none"><li>• Ensure financial sustainability</li><li>• Monitor and enhance organisational performance and service delivery</li><li>• Review and develop the workforce to meet changing needs</li><li>• Review and implement asset management plans</li><li>• Review risk management plans</li></ul>
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## COMMENT

In response to reg. 17, the Town decided to engage LGIS Risk Management Services to review and suggest improvements to the existing framework with the main outcomes being refreshed:

- Strategic Risk Management Policy which was endorsed by the Audit & Risk Management Committee (ARMC) on 8 October 2014 and adopted by Council on 28 October 2014.

The spirit and intent of the existing policy was not altered, however, the review ensured it was aligned to current standards and formalised the risk assessment and acceptance criteria for Council.

- Risk Management Guidelines (previously Risk Management Manual) also endorsed by the ARMC on 8 October 2014. Being an operational document, there was no requirement for formal Council adoption, however, it was felt appropriate to present it to the ARMC to articulate the internal risk and control management process in place.

- Risk Profiles, incorporating existing risk profile data and extending to ensure appropriate coverage of risk across all areas of operations. These profiles cover operating risks; legislative compliance obligations; key controls and any relevant treatment plans to improve the risk position.
- Risk Dashboard Report template for quarterly Corporate Management Team (CMT) meetings. This mechanism ensures the CMT (in their capacity as the internal 'Risk Committee') have appropriate oversight of the risk and control environment.

### STATUTORY REQUIREMENTS

#### Local Government (Audit) Regulations 1996

#### 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.*

### COMMITTEE/OFFICER RECOMMENDATION - ITEM 8.1

**ARMC - 2/12/16** MOVED Cr Lewis, Seconded Cr Bridges, that the Audit and Risk Management Committee recommends that Council accepts the report of the CEO on the review of appropriateness and effectiveness of the Risk Management Systems for the Town of Bassendean.

CARRIED UNANIMOUSLY 4/0

**8.2 Outstanding Item from Interim Audit Report 2015/16 (IT Controls – Disaster Recovery Plan, Ken Lapham, Manager Corporate Services)**

APPLICATION

The purpose of this report is for Council to receive the draft IT Controls - Disaster Recovery Plan. The plan outlines the necessary actions to confirm the appropriate procedures are in place to ensure continuity of data processing where a disaster has occurred.

The objective of the DRP is to have in place the required actions to enable speedy recovery and restoration of IT Services that could be disrupted.

ATTACHMENTS

**Confidential Attachment No. 1:**

Draft IT Controls Disaster Recovery Plan

BACKGROUND

At the June 2016 OCM Council resolved (in part) OCM – 18/06/16 - MOVED Cr Pule, Seconded Cr Bridges, that:

*“A report be presented to the next meeting of the Audit & Risk Management Committee that addresses the issues raised in the past three interim audits and whether any matters remain outstanding.”*

Staff provided comments on the various issues raised by the Auditor and the changes implemented to ensure that appropriate action was taken.

The only matter that was outstanding and identified from the past 3 years was the IT Disaster Recovery Plan which was required to be completed by December 2016.

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.

Accordingly, the only item that remains outstanding is the documenting of the current procedures for the backup and disaster recovery for IT Controls.

COMMITTEE/OFFICER RECOMMENDATION – ITEM 8.2

**ARMC - 3/12/16** MOVED Cr Lewis, Seconded Cr Bridges, that the Committee receives the Draft IT Controls Disaster Recovery Plan for the Town of Bassendean included as a Confidential Attachment to the Audit and Risk Management Committee Agenda of 7 December 2016.

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**

Nil

**12.0** **CLOSURE**

Please note the following meeting dates for 2017, commencing at 5.30pm: - 8 March, 7 June, 9 August and 4 October.

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