



Shire of
Peppermint Grove

**AUDIT, RISK AND GOVERNANCE
COMMITTEE MEETING**

AGENDA

**TO BE HELD ON THE
10 MARCH AT 5.00PM**



Shire of
Peppermint Grove

NOTICE OF MEETING

Dear Committee Member

It is advised that the **Audit, Risk and Governance Committee Meeting** will be held in the Council Chamber of the **Shire of Peppermint Grove**, 1 Leake Street, Peppermint Grove, on 10 March 2020 at 5.00pm.

MEETING AGENDA ATTACHED

Yours faithfully

A handwritten signature in black ink, appearing to read 'Don Burnett', written in a cursive style.

Mr Don Burnett
CHIEF EXECUTIVE OFFICER

6 MARCH 2020



Shire of
Peppermint Grove

AUDIT RISK AND GOVERNANCE COMMITTEE MEETING AGENDA

1 DECLARATION OF OFFICIAL OPENING

At _____ pm, the Chief Executive Officer opened the meeting and invited nominations for a Presiding Member.

Council recognises that it is permissible to record the Shire's Council and Forum Meetings in the written, sound, vision medium (or any combination of the mediums) when open to the public, however, people who intend to record meetings are requested to inform the Presiding Member of their intention to do so.

The Presiding Member will cause the Affirmation of Civic Duty and Responsibility to be read aloud by Councillor _____.

Affirmation of Civic Duty and Responsibility

I make this Affirmation in good faith on behalf of Councillors and Officers of the Shire of Peppermint Grove. We collectively declare that we will duly, faithfully, honestly, and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgment and ability. We will observe the Shire's Code of Conduct and meeting procedures to ensure the efficient, effective and orderly decision making within this forum.

2 RECORDING OF ATTENDANCE, APOLOGIES AND LEAVES OF ABSENCE

2.1 ATTENDANCE

Shire President	Cr R Thomas
Deputy Shire President	Cr C Hohnen
Elected Member	Cr P Macintosh
Elected Member	Cr P Dawkins
Chief Executive Officer	Mr D Burnett
Manager Corporate and Community Services	Mr M Costarella

2.2 APOLOGIES

2.3 LEAVES OF ABSENCE

2.4 NEW REQUEST FOR A LEAVE OF ABSENCE

3 DECLARATIONS OF INTEREST

Councillors / Staff are reminded of the requirements of section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting when the matter is discussed, and also of the requirement to disclose an interest affecting impartiality under the Shire's Code of Conduct. Councillors / staff are required to submit declarations of interest in writing on the prescribed form.

3.1 FINANCIAL INTEREST

A declaration under this section 5.60 of the Act requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

3.2 PROXIMITY INTEREST

A declaration under this section 5.60 of the Act requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

3.3 IMPARTIALITY INTEREST

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member / employee is also encouraged to disclose the nature of the interest. The member / employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member / employee declares that their impartiality will not be affected then they may participate in the decision making process.

3.4 INTEREST THAT MAY CAUSE A CONFLICT

Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member / employee is also encouraged to disclose the nature of the interest. The member / employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member / employee declares that their impartiality will not be affected then they may participate in the decision making process.

3.5 STATEMENT OF GIFTS AND HOSPITALITY

Councillors and staff are required (Code of Conduct), to disclose gifts and acts of hospitality which a reasonable person might claim to be a conflict of interest. Gifts and acts of hospitality which exceed that amount of prescribed by regulation are to be recorded in the Councils Gift Register.

4 CONFIRMATION OF MINUTES

4.1 AUDIT RISK AND GOVERNANCE COMMITTEE MEETING 10 DECEMBER 2019

OFFICER RECOMMENDATION – ITEM 4.1

Moved:

Seconded:

That the Minutes of the Audit Committee Meeting, of the Shire of Peppermint Grove held in the Council Chambers on 10 December 2019 be confirmed as a true and accurate record.

5.OFFICER REPORTS

5.1 2019 COMPLIANCE AUDIT RETURN

MANAGEMENT/GOVERNANCE/POLICY

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment 1 – Item refers	2019 Compliance Audit Return

Voting Requirement : Simple Majority
Subject Index : 2019 Compliance Audit Return
Disclosure of any Interest : Nil
Responsible Officer : Michael Costarella, Manager Corporate & Community Services

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government / body / agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, town planning schemes & policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application / matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include town planning applications, building licences, applications for other permits / licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

PURPOSE OF REPORT

The purpose of this report is to present to Council the 2019 Compliance Audit Return (CAR) for adoption and endorsement.

SUMMARY AND KEY ISSUES

There are two items of non-compliance in the 2019 return. This relates to the review of the Corporate Business Plan and the Community Strategic Plan. Both these plans will be reviewed prior to the 30 June 2020.

BACKGROUND

Completion of the Compliance Audit Return is a Statutory requirement and requires endorsement by the Audit Committee and adoption by Council.

Following the CAR being presented to Council, a certified copy of the return along with the relevant section of the minutes and any additional information be submitted to the Director General of the Department of Local Government no later than the 31 March 2020. (certified means Signed by the President and the CEO).

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC IMPLICATIONS

There are no Strategic Implications in respect to this matter

POLICY IMPLICATIONS

Risk Management Policy 3.5

STATUTORY IMPLICATIONS.

Local Government Audit) Regulations 1996

Compliance audits by local governments

- 14 (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

Certified copy of compliance audit return and other documents to be given to Departmental CEO

- 15 (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit,
- is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- (2) In this regulation —
- certified*** in relation to a compliance audit return means signed by —
- (a) the mayor or president; and
 - (b) the CEO.

FINANCIAL IMPLICATIONS

There are no financial implication for this report

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications at this time.

SOCIAL IMPLICATIONS

There are no social implications at this time.

OFFICER COMMENT

The 2019 CAR consisted of 104 Questions within the following compliance areas:-

- | | |
|---|--------------|
| • Commercial Enterprises by Local Governments | 5 Questions |
| • Delegation of Power / Duty- | 13 Questions |
| • Disclosure of Interest- | 19 Questions |
| • Disposal of Property- | 2 Questions |
| • Elections- | 2 Questions |
| • Finance- | 14 Questions |
| • Integrated Planning and Reporting- | 7 Questions |
| • Local Government Employees- | 5 Questions |
| • Official Conduct- | 6 Questions |
| • Optional Questions- | 4 Questions |
| • Tenders for Providing Goods and Services- | 27 Questions |

OFFICER RECOMMENDATION – ITEM 5.1

That Council adopts the 2019 Compliance Audit Return as attached to the Audit Governance and Risk management Committee Agenda of 10 March 2020.

5.2 RISK MANAGEMENT FRAMEWORK - Review on Appropriateness and Effectiveness in accordance with Local Government Audit Regulations

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment	Risk Management Profiles Summary Report

Voting Requirement : Simple Majority
 Subject Index : Risk Management
 Responsible Officer : Michael Costarella, Manager Corporate and Community Services

COUNCIL ROLE

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Executive *The substantial direction setting and oversight role of the Council eg. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*

Legislative *Includes adopting local laws, town planning schemes & policies.*

Review *When Council reviews decisions made by Officers.*

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PURPOSE OF REPORT

The Committee is 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 Audit regulation 17 which requires the report to be submitted to the Audit & Risk Management Committee prior to the 30June 2020.

SUMMARY AND KEY ISSUES

The review of the Risk Management profiles provides an overview of the risks pertaining to the operations of the Council.

There were 15 risk profiles reviewed of which the one was considered of a high Risk-Suppliers and Contracts

LOCATION

N/A

BACKGROUND

A Senior Risk Consultant with the Local Government Insurance Services WA met with the CEO 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.

Following this meeting the Manager of Corporate & Community Services undertook an assessment of the following Risk Profiles:-

- Asset Sustainability Practices
- Business & Community Disruption
- Statutory Compliance
- Document Management
- Employment Practices
- Engagement Practices
- Errors Omissions & Delays
- External theft & Fraud (Inc Cyber Crime)
- Management of Facilities, Venues & Events
- IT, Communication System & Infrastructure
- Misconduct
- Project/ Change Management
- Safety & Security
- Suppliers & Contractors

CONSULTATION

The CEO and Managers discussed the Risk Profiles at a meeting with the Representative of LGIS.

STRATEGIC IMPLICATIONS

Objectives within the Governance section of the Strategic Community Plan

POLICY IMPLICATIONS

Shire of Peppermint Grove Risk Management Policy 3.5

STATUTORY IMPLICATIONS

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 3 years.

(3) The CEO is to report to the audit committee the results of that review.

FINANCIAL IMPLICATIONS

There are no financial implications relating to this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications evident at this time.

SOCIAL IMPLICATIONS

There are no social implications evident at this time.

OFFICER 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.

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.

A Risk Dashboard Report is attached for the information of Councillors.

OFFICER RECOMMENDATION/S – ITEM NO 5.2

That Council receive the Risk Management report that systems and procedures referred to in the regulations are appropriate and effective for the Shire.

9. CONFIDENTIAL REPORTS

NIL

10. CLOSURE

There being no further business, the meeting closed at