



SHIRE OF DENMARK AUDIT ADVISORY COMMITTEE

HELD IN THE COUNCIL CHAMBERS,
953 SOUTH COAST HIGHWAY, DENMARK,
TUESDAY, 1 SEPTEMBER 2020.

Contents

1.	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS.....	3
2.	RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE	3
3.	ANNOUNCEMENTS BY THE PERSON PRESIDING	3
4.	CONFIRMATION OF MINUTES	3
5.	PUBLIC QUESTION TIME	3
6.	OFFICER REPORTS.....	4
6.1	REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS – IMPLEMENTATION PROGRESS	4
7.	GENERAL BUSINESS.....	6
7.1	CITY OF PERTH INQUIRY	6
7.2	KPMG REPORT.....	6
8.	NEXT MEETING.....	6
9.	CLOSURE OF MEETING	6

DISCLAIMER

These minutes and resolutions are subject to confirmation by the Committee and therefore prior to relying on them, one should refer to the subsequent meeting of the Committee with respect to their accuracy.

No responsibility whatsoever is implied or accepted by the Shire of Denmark for any act, omission or statement or intimation occurring during Council/Committee meetings or during formal/informal conversations with staff.

The Shire of Denmark disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or limitation or approval made by a member or officer of the Shire of Denmark during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Denmark. The Shire of Denmark warns that anyone who has an application lodged with the Shire of Denmark must obtain and should only rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Denmark in respect of the application.

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

10.03am – The Presiding Person, Cr Bowley, declared the meeting open.

2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE

MEMBERS:

Cr Geoff Bowley (Presiding Person)
Cr Mark Allen (Deputy Shire President)
Cr Kingsley Gibson

STAFF:

Mr Lee Sounness (Manager Corporate Services)
Ms Claire Thompson (Governance Coordinator)
Ms Jodi Vitler (Assistant Accountant)

APOLOGIES:

Cr Ceinwen Gearon (Shire President)
Cr Ian Osborne

ON LEAVE OF ABSENCE:

Cr Steve Jones (pursuant to Council Resolution NO. 030720)

ABSENT:

Nil

VISITORS:

Nil

DECLARATIONS OF INTEREST:

Nil

3. ANNOUNCEMENTS BY THE PERSON PRESIDING

The Presiding Person announced that he would like to pay his respects to the Minang and Bibbulmun being the traditional owners of land on which the meeting was being held.

4. CONFIRMATION OF MINUTES

4.1 AUDIT COMMITTEE MEETING 4 FEBRUARY 2020

COMMITTEE RESOLUTION & OFFICER RECOMMENDATION	ITEM 4.1
MOVED: CR GIBSON	SECONDED: CR ALLEN
That the minutes of the Shire of Denmark Audit Advisory Committee meeting held on 4 February 2020, be confirmed as a true and correct record of the proceedings.	
CARRIED UNANIMOUSLY: 3/0	

5. PUBLIC QUESTION TIME

Public Question Time shall be held in accordance with section 5.24 of the Local Government Act 1995 and Regulations 5, 6 and 7 of the Local Government (Administration) Regulations 1996.

Public question time enables members of the public to address the Committee or ask questions of Committee. The procedure for public question time can be found on the wall near the entrance to the Council Chambers or can be downloaded from the Shire's website at <http://www.denmark.wa.gov.au/council-meetings>.

Questions from the public are invited and welcomed at this point of the Agenda.

Questions from the Public

There were no members of the public in attendance.

6. OFFICER REPORTS**6.1 REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS – IMPLEMENTATION PROGRESS**

File Ref:	FIN.8A
Applicant / Proponent:	Not applicable
Subject Land / Locality:	Not applicable
Disclosure of Officer Interest:	Nil
Date:	24 August 2020
Author:	Lee Sounness, Acting Director Corporate & Community Services
Authorising Officer:	Lee Sounness, Acting Director Corporate & Community Services
Attachments:	6.1 – Progress Report of Implementation of Proposed Actions

Summary:

Attached is a report on the progress of implementing the recommendations proposed from the August 2019 Financial Management, Risk Management, Legislative Compliance and Internal Controls Report. (FMR Reg17)

Background:

At the meeting held on 3 February 2020 the Committee requested that Officers “provide a report, on a six-monthly basis, to the Audit Advisory Committee to enable the Committee to monitor the Shire’s progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996”.

Consultation:

All employees who had any responsibility to progress the tasks were consulted and have provided their comments in the attached report.

Statutory Obligations:*Local Government (Audit) Regulations 1996*

Regulation 17(3) of the requires that the CEO report to the audit committee the results of a review conducted under Regulation 17(1). The next major review will be conducted in 2022.

Regulation 16(c) prescribes that the Audit Committee is to review the report.

Regulation 16(d) prescribes that the Audit Committee is to monitor and advise the CEO when carrying out functions related to the Regulation 17 review and a review conducted in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

Local Government (Financial Management) Regulations 1996

Regulation 5(2)(c) requires the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government and report to the local government. The next major review will be conducted in 2022.

Policy Implications:

The review recommended some potential improvement opportunities to some of the Council’s policies. Officers have provided comment in the spreadsheet attached as to these recommendations.

Budget / Financial Implications:

There are no known financial implications upon either the Council's current Budget or Long Term Financial Plan.

Strategic & Corporate Plan Implications:

The report and officer recommendation is consistent with Council's adopted Strategic Community Plan Aspirations and Objectives and the Corporate Business Plan Actions and Projects in the following specific ways:

Denmark 2027

L5.0 Our Local Government

The Shire of Denmark is recognised as a transparent, well governed and effectively managed Local Government.

L5.1 To be high functioning, open, transparent, ethical and responsive.

L5.3 To be decisive and make consistent and well considered decisions.

L5.4 To be fiscally responsible.

Corporate Business Plan

L5.3.8 Undertake a Section 17 and Section 5 (2) (c) review to improve risk management, internal controls, legislative compliance and financial management systems and procedures.

Sustainability Implications:➤ **Governance:**

While Regulation 5 (2) (c) and 17 reviews are required pursuant to legislation, regular reviews of the Shire's practices and processes are best practice and enable the Shire to identify any processes that need to be improved.

➤ **Environmental:**

There are no known significant environmental implications relating to the report or officer recommendation.

➤ **Economic:**

There are no known significant economic implications relating to the report or officer recommendation.

➤ **Social:**

There are no known significant social considerations relating to the report or officer recommendation.

➤ **Risk:**

The key principle of the review is to identify any risks associated with the Shire's financial, compliance and risk management processes and controls.

Comment/Conclusion:

The review conducted by Moore Stephens was undertaken with a dual purpose. Firstly, to provide the basis for a report by the CEO to the Audit Committee on the appropriateness and effectiveness of the Shire's risk management, internal controls and legislative compliance systems and procedures as required by the Local Government (Audit) Regulations 1996 Regulation 17. Secondly, a review of financial management systems to assess the appropriateness and effectiveness of these systems and procedures, as required by Local Government Financial Management Regulations 5(2) c.

The matters examined are detailed in Attachment 6.1 and where opportunities for improvement have been identified, they are reported in summary with associated mitigation action strategy and completion date.

Voting Requirements:

Simple majority.

Members reviewed the progress and comments for each recommendation and directed any questions or comments to the Officers in attendance.

COMMITTEE RESOLUTION & OFFICER RECOMMENDATION	ITEM 6.1
MOVED: CR GIBSON	SECONDED: CR ALLEN
That with respect to the progress of the implementation of the recommendations identified in the Financial Management Review Report (August 2019), the Audit Advisory Committee NOTE the Financial Management Review Progress Report at Attachment 6.1.	
CARRIED UNANIMOUSLY: 3/0	

7. GENERAL BUSINESS

7.1 CITY OF PERTH INQUIRY

Cr Bowley drew members attention to the recent findings which have come out of the inquiry into the City of Perth. Cr Bowley said that he was aware that there was a process that would now follow but wanted to note that there could be future implications for local governments, particularly in relation to audits and financial matters.

7.2 KPMG REPORT

Cr Bowley referred to a recent KPMG report which had identified that fraud could become a risk factor for local governments, particularly with employees working from home or remote stations.

The Acting Director Corporate & Community Services said that he believed that the issues identified, and now rectified, in the Financial Management Review had strengthened the Shire of Denmark’s risk controls.

8. NEXT MEETING

The next meeting of the Shire of Denmark Audit Committee is to be held as required.

It was noted that the next meeting would be either in November or December for the Committee to review the Financial Statements, the Auditors Report and the Annual Report.

9. CLOSURE OF MEETING

11.02am – There being no further business to discuss the Presiding Person, Cr Bowley, declared the meeting closed.

These minutes were confirmed at the meeting of the _____

Signed: _____
(Presiding Person at the meeting at which the minutes were confirmed.)