

SHIRE OF CARNARVON

MINUTES OF AUDIT & RISK MANAGEMENT COMMITTEE MEETING

31 AUGUST 2021

Council Chambers, Stuart Street
CARNARVON, West Australia
Phone: (08) 9941 0000
Fax: ((08) 9941 1099
Website – www.carnarvon.wa.gov.au



CONFIRMATION OF MINUTES

These minutes were confirmed by the
Committee on

as a true and accurate record

.....
Chairman

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon 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 licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

INDEX

1.0 ATTENDANCES , APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

2.0 ELECTED MEMBER AND PUBLIC QUESTION TIME

3.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

4.0 CONFIRMATION OF MINUTES

4.1 Minutes of Audit & Risk Management Committee – 23 March 2021

4.3 Minutes of Audit & Risk Management Committee – 19 May 2021

5.0 ITEMS FOR DISCUSSION

5.1 Local Government Audit Regulations 1996 – Regulation 17

6.0 REPORTS

7.0 MATTERS FOR WHICH MEETING MAY BE CLOSED TO THE PUBLIC

8.0 DATE OF NEXT MEETING

9.0 CLOSURE



**MINUTES OF THE AUDIT & RISK MANAGEMENT COMMITTEE MEETING HELD IN COUNCIL CHAMBERS,
STUART STREET CARNARVON ON 31 AUGUST 2021 COMMENCING AT 10.30AM**

1.0 ATTENDANCES, APOLOGIES AND APPROVED LEAVE OF ABSENCE

Cr E Smith..... Shire President/Chairperson
Cr B Maslen..... Councillor
Cr L Vandeleur..... Councillor
Cr A Fullarton..... Councillor

Mrs A Selvey..... Chief Executive Officer
Mrs S Mizen..... Manager, Finance
Mrs D Hill..... Senior Executive Officer

Apologies Cr Nelson
Observers Nil

2.0 PUBLIC QUESTION TIME:

Nil

3.0 DECLARATIONS OF INTEREST:

Nil

4.0 CONFIRMATION OF MINUTES

ARMC 1/8/21

COMMITTEE RESOLUTION

Cr Fullarton/Cr Vandeleur

That Standing Orders Section 13 be suspended at 10.34am to enable further clarification in regard to the Regulation 17 Report and to await the attendance of Cr Maslen.

CARRIED
F3/A0

10.38am – Cr Maslen joined the meeting.

ARMC 2/8/21

COMMITTEE RESOLUTION

Cr Vandeleur/Cr Fullarton

That Standing Orders Section 13 be resumed at 10.41am.

CARRIED

F4/AO

ARMC 3/8/21

COMMITTEE RESOLUTION

Cr Vandeleur/Cr Fullarton

That the Minutes of the Audit & Risk Management Committee held on 23 March 2021 and 19 May 2021, be confirmed as a true record of proceedings.

CARRIED

F4/AO

5.0 ITEMS FOR DISCUSSION

5.1 LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996 – REGULATION 17

File No: ADM1737
Date of Meeting: 31 August 2021
Location/Address: Shire of Carnarvon
Name of Applicant: Shire of Carnarvon
Name of Owner: Shire of Carnarvon
Author/s: Andrea Selvey – Chief Executive Officer
Carolien Claassens – Operations Manager Corporate & Community
Declaration of Interest: Nil
Voting Requirements: Simple Majority
Previous Report: N/A
Schedules: Regulation 17 Report and Recommendations (*Schedule 5.1*)

Authority / Discretion

	Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
X	Executive	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
	Legislative	Includes adopting local laws, town planning schemes and policies.
	Quasi-Judicial	When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning

		applications, building licenses, applications for other permits / licenses.
	Information	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).

Summary of Item:

This report presents the review of risk management, internal controls and legislative compliance (Regulation 17 Review) undertaken by the Chief Executive Officer (CEO) in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*. The CEO is required to report the results of this review to the Audit and Risk Committee (Audit Committee).

Background:

Regulation 17 of the *Local Government (Audit) Regulations 1996 (WA)* requires Local Government CEOs to review the appropriateness and effectiveness of their local government's systems and procedures at least once in every three financial years and report the results of that review to the Audit Committee. The three systems specified in Regulation 17 for review are risk management, internal controls and legislative compliance. The last review was conducted in late 2017. This has prompted the commencement of a new Review which has been conducted by an external consultant, Assurance Advisory Group (AAG).

The review commenced in November 2020 with the Shire receiving a 'Test Plan' from AAG. The Shire was requested to respond to the questions in the Plan and provided evidence, to identify the current position of the relevant audit areas (e.g., Risk Management, Internal Control and Compliance). On the basis of this information AAG listed several findings for the audit areas. Each finding has given a maturity level and a risk exposure rating to identify its priority. The report includes some high level recommendations to address the findings.

Originally it was intended for the Regulation 17 Review to be a desktop exercise. A draft of the Review was received by the A/CEO – Gary Martin. The A/CEO concluded that the report was written on a high level and did not sufficiently identify the risks and improvements. Further on-site testing was required to provide a more detailed report. An on-site meeting was organised but due to COVID-19 restrictions the auditor was not able to fly to Carnarvon.

The newly appointed CEO – Andrea Selvey reviewed the draft Regulation 17 Report and identified similar limitations. In correspondence with AAG the Shire explained that more detail in the assessment is required. This should result in a more detailed recommendations to provide a useful road map for the Shire to improve the Shire's governance and compliance.

Below is an example of a high level recommendation which requires further detail from AAG -

Risk Management:

A recommendation of the report notes there is currently no appropriate risk management framework. This framework should identify risks under the various aspects e.g., financial, reputational, environmental. However, the report does not provide advice around –

- how do we evaluate and report on risks?
- assignment of responsibility to officers to manage risk in their respective areas.
- practical quick wins while we work on the higher-level policy framework?

In consultation with AAG, both parties believe it would be beneficial to conduct a further and a more detailed and practical report which will include:

- Population of the required risk document and setting the base risk framework.
- Conducting risk workshops to identify and assess risks and prioritise treatment plans.
- Shifting the Compliance Calendar to a Compliance Matrix.

- Conducting workshops to identify and validate smaller achievable steps moving forward for high priority non-compliances;
- Setting achievable timings and responsible persons for actions in the Road Map/Compliance Matrix and any Risk Treatment Plans.
- Preparing a draft 3-5 year Strategic Internal Audit Plan for presentation to Council.

Consultation:

Consultation has taken place between AAG and the CEO to progress the Regulation 17 Review.

Statutory Environment:

Local Government (Audit) Regulations 1996

Relevant Plans and Policy:

Nil.

Financial Implications:

AAG has identified a further \$15,000 will be required to conduct the further review as described above.

AAG provided a quote of \$15,840 ex GST for the Regulation 17 Review a total of \$11,700 was spent on the current review.

Risk Assessment:

STEP 3 – Risk Tolerance Chart Used to Determine Risk						
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High
Risk Category	Description	Rating (Consequence x likelihood)		Mitigating Action/s		
Financial						
Health & Safety						
Reputation						
Service disruption						
Compliance	Failure to complete the review would place the Chief Executive Officer in breach of the Regulation 17	3B – High		Adopt the current Regulation 17 Review report.		
Property						
Environment						
Fraud						

Community & Strategic Objectives:

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.2.2	Highly capable executive leadership and management

ITEM	OUTCOMES AND STRATEGIES
5.2.3	Risks are well managed
5.2.6	Compliance with the Local Government Act 1995 and all other relevant legislation and regulations

Comment:

The Regulation 17 Report (*Schedule 5.1*) contains several recommendations which the CEO will use as the basis for the further review and actions by management and AAG. The Audit committee will be kept informed of the process of actions arising from the recommendations. Relevant management comments by the Shire will be provided for each recommendation. Which includes details in the actions to be taken and their priority level.

It should be noted that the changes and shortage of staff in the Corporate Section and CEOs at time of the review, have been a contributing factor in the delay in finalising this review and in the rigour of the recommendations.

ARMC 4/8/21

COMMITTEE RESOLUTION & OFFICER'S RECOMMENDATION

Cr Vandeleur/Cr Fullarton

That the Audit and Risk Management Committee:

- 1. Receives and reviews the Shire of Carnarvon Regulation 17 Review Report presented by the Chief Executive Officer under Regulation 17 (3) of the Local Government (Audit) Regulations 1996;*
- 2. Reports the results of the Review to Council; and*
- 3. Seeks an implementation plan and timeline on actions arising from the Review at the next Audit and Risk Committee meeting.*

CARRIED
F4/AO

(Note – The Committee wished to thank all staff involved in the Regulation 17 Review Report.)

6.0 MATTERS FOR WHICH MEETING MAY BE CLOSED TO THE PUBLIC

Nil

7.0 DATE OF NEXT MEETING

To be advised

8.0 CLOSE

The Chairman closed the meeting at 10.44am