



CONFIRMED MINUTES

SPECIAL AUDIT AND RISK COMMITTEE MEETING

7 NOVEMBER 2023

I certify that the minutes of the meeting of the Special Audit and Risk Committee held on Tuesday, 7 November 2023 were confirmed on Monday, 11 December 2023.

A handwritten signature in blue ink, appearing to read "P. Cook".

Deputy Presiding Person

CR P. COOK



**CONFIRMED MINUTES
SPECIAL AUDIT AND RISK COMMITTEE MEETING
7 NOVEMBER 2023**

ATTENTION/DISCLAIMER

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or Employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or Employee, or the content of any discussion occurring during the course of the Committee Meeting.

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**SPECIAL AUDIT AND RISK COMMITTEE MEETING
COMMITTEE ROOM, 7000 GREAT EASTERN HIGHWAY, MUNDARING – 4.45PM**

1.0 OPENING PROCEDURES

The Director Corporate Services declared the meeting open at 4.47pm.

Acknowledgement of Country

Shire of Mundaring respectfully acknowledges the Whadjuk people of the Noongar Nation, who are the traditional custodians of this land. We acknowledge Elders past, present and emerging and respect their continuing culture and the contribution they make to the region.

1.1 Announcement of Visitors

Nil

1.2 Attendance/Apologies

Members	President Paige McNeil Cr Karen Beale Cr Trish Cook Cr Prapti Mehta	Shire President West Ward South Ward Central Ward
Staff	Jason Whiteaker Garry Bird Stan Kocian Liz Nicholls	Chief Executive Officer Director Corporate Services Manager Finance and Governance Governance Coordinator
Apologies	Pascaline Owers	Governance Officer
Absent	Nil	
Leave of Absence	Cr Neridah Zlatnik	East Ward
Guests	Nil	
Members of the Public	Nil	
Members of the Press	Nil	

1.3 Election of Presiding Member and Deputy Presiding Member

As this is the first Audit and Risk Committee meeting since the elections held in October 2023 a presiding member needs to be appointed. The Director Corporate Services advised that a permanent appointment could be made once external members have been appointed by Council, so that all committee members will have the opportunity to nominate for this role. The committee members agreed that the nomination only be for the position of presiding member for this meeting.

The Director Corporate Services called for nominations for the positions of presiding member of the Audit and Risk Committee for this meeting.

President McNeil was nominated by Cr Cook for the position of presiding member.

President McNeil accepted the position of presiding member.

There being no further nominations, President McNeil assumed the chair.

2.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil

3.0 DECLARATION OF INTEREST

3.1 Declaration of Financial Interest and Proximity Interests

Council Members must disclose the nature of their interest in matters to be discussed at the meeting (*Part 5 Division 6 of the Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

Nil

3.2 Declaration of Interest Affecting Impartiality

A Council Member or an employee who has an interest in a matter to be discussed at the meeting must disclose that interest (*Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C*).

Nil

4.0 PRESENTATIONS

4.1 Deputations

Nil

4.2 Petitions

Nil

4.3 Presentations

Nil

5.0 REPORTS OF EMPLOYEES

6.1 Audit and Risk Committee - Appointment of External Members

File Code	GV.MTG 6.1
Author	Elizabeth Nicholls, Governance Co-ordinator
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	<ol style="list-style-type: none">1. Applicant 1 - Audit and Risk Committee - External Member Nomination (confidential)2. Applicant 2 - Audit and Risk Committee - External Member Nomination (confidential)

SUMMARY

This report assesses the applications received for the external member vacancies and makes a recommendation to Council to appoint the preferred applicants the Audit and Risk Committee (the Committee).

BACKGROUND

At the Ordinary Council Meeting held 11 July 2023 (C17.07.23) , Council resolved as follows:

That Council:

1. *Adopts the reviewed Terms of Reference for the Audit and Risk Committee (Attachment 1), subject to the following amendment:
Add the words “without the approval of the CEO” to the last paragraph under section 4, Powers.*
2. *Advertises that the Audit and Risk Committee has two external member vacancies to be appointed following the 2023 local government ordinary election.*
3. *Seeks applications from candidates that possess financial, accounting, governance and risk management experience and have strong business acumen, management and communication skills.*

Subsequently, nominations have been sought for the two external member vacancies.

STATUTORY / LEGAL IMPLICATIONS

Section 7.1A of the *Local Government Act 1995* (the Act) provides the following in relation to audit committees (in part):

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required...*

Part 5, Subdivision 2 provides for committees including establishment and appointment of members. Part 5 Subdivision 3 of the Act provides for the quorum, voting, decisions and minutes of committees. The *Local Government (Administration) Regulations 1996* also make provisions in regards to committees.

The *Local Government Amendment (Auditing) Act 2017* gives the Auditor General the mandate to take on responsibility for the annual financial audits of all Western Australian local governments.

The *Local Government (Audit) Regulations 1996* provide details on the functions of an audit committee.

The Committee is established under section 5.8 of the Act and is comprised of council members and other persons (referred to as 'external members' in the adopted Terms of Reference) consistent with section 5.9 of the Act.

Part 5, Subdivision 2 provides for committees including establishment and appointment of members. Part 5 Subdivision 3 of the Act provides for the quorum, voting, decisions and minutes of committees. The *Local Government (Administration) Regulations 1996* also make provisions in regards to committees.

POLICY IMPLICATIONS

Code of Conduct for Council Members, Committee Members and Candidates

The "Code of Conduct for Council Members, Committee Members and Candidates" provides an expected standard of conduct for council members and committee members appointed to the Committee.

Internal Audit Charter Policy

The "Internal Audit Charter Policy" relates to the functions of the Committee and is included in the Terms of Reference.

Committees, Advisory Groups, Representatives Meeting and Working Groups Policy

The "Committees, Advisory Groups, Representatives Meeting and Working Groups Policy" relates. The "Committees, Advisory Groups, Representatives Meeting and Working Groups Policy" provides minimum requirements of advertising for external members and expectations of their conduct.

FINANCIAL IMPLICATIONS

Section 5.100 of the Act provides for the reimbursement of expenses for external members appointed to the Committee.

Requests for reimbursements in accordance with the Act can be met by current budget allocations.

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

SUSTAINABILITY IMPLICATIONS

Economy

- Provide for the responsible and effective management of finances and assets

Governance

- Effectively consult and actively engage the community in decision-making
- Comply with relevant policy, legislation, regulation, criteria and guidelines

RISK IMPLICATIONS

Risk: Reputation: There is a perceived lack of transparency regarding the appointment of external members to the Committee, their skills and experience and how Council determines who these members will be in the event of the number of applications exceeding the external vacancies.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
The external members are appointed in accordance with the adopted Terms of Reference.		

EXTERNAL CONSULTATION

Consistent with the requirements of the “Committees, Advisory Groups, Representatives Meeting and Working Groups Policy”:

- *“nominations for external members to apply for a position on the group must be advertised detailing the selection criteria of external members for a period of at least two weeks.*
- *Advertising is to be in keeping with the principles of local public notice as defined by the Act and the “Community Engagement Policy”.*”

Local public notice was provided with a notice placed in the Echo Newspaper, placed on Shire noticeboards, posted to the Shire’s social media pages and information was made available on the Shire’s website, including an online form.

The nomination period was from 23 August 2023 to 11 September 2023. Two nominations were received.

COMMENT

Appointment to the Committee is determined by Council to commence after the ordinary 2023 local government elections, for a term to expire on the date of the subsequent ordinary local government elections (2025).

Applications were sought as follows:

“External members should possess financial, accounting, governance and risk management experience and have strong business acumen, management and communication skills.

Potential applicants for the role of external member will be required to submit the following information in order to be considered for appointment:

- a. *resume (maximum two pages); and*
- b. *a statement (maximum one page) responding to the following:*
 - i. *Why you wish to serve on the committee;*

ii. *What qualifications (evidence to be supplied) and professional experience you have that would benefit the committee.*

Two applications were received and have been provided as confidential attachments (**Attachment 1 and 2**).

It is open to Council to appoint any number of the applicants as external members of the Committee, noting that the Terms of Reference under point 7. Membership that the “*committee shall consist of the following members ... up to two external members*”.

Following the appointment of the external members, in accordance with the “Committees, Advisory Groups, Representatives Meeting and Working Groups Policy”, “*external members will have details of their appointment (including their names) included on the Shire’s official website*”.

The next scheduled Committee meeting is on 12 December 2023. The external members of the Committee will be required to complete an induction prior to this meeting.

VOTING REQUIREMENT

Absolute Majority - *Local Government Act 1995* section 5.10 (1)

COMMITTEE RECOMMENDATION		SARC1.11.23	
Moved by	Cr Cook	Seconded by	Cr Mehta

That Council appoints, by absolute majority, the following people as external members to the Audit and Risk Committee for a term to expire on the date of the subsequent ordinary local government elections:

Applicant 1

Applicant 2

CARRIED BY ABSOLUTE MAJORITY 4/0

For: President McNeil, Cr Beale, Cr Cook and Cr Mehta

Against: Nil

6.2 Audit and Risk Committee Action Items - Status Report

File Code	GV.MTG 6.1
Author	Stan Kocian, Manager Finance and Governance
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	Nil

SUMMARY

An update on the status of Audit and Risk Committee action items is provided for the information of committee members.

BACKGROUND

A number of matters have previously been considered by the Audit and Risk Committee, several of which required follow up actions.

STATUTORY / LEGAL IMPLICATIONS

There are statutory or legal implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

POLICY IMPLICATIONS

There are policy implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

FINANCIAL IMPLICATIONS

There may be financial implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

SUSTAINABILITY IMPLICATIONS

There are sustainability implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

RISK IMPLICATIONS

Risk: That action items from the Committee are not completed and expose Council to the risks being addressed by the item.

Likelihood	Consequence	Rating
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Possible	Moderate	Moderate
Action / Strategy		
That staff update the Committee regularly on progress towards completing the required actions.		

EXTERNAL CONSULTATION

Nil

COMMENT

The following matters have previously been considered by the Audit and Risk Committee, with follow up actions required.

MEETING REFERENCE	RESPONSIBLE OFFICER	ACTION	STATUS – 26 October 2023
26.5.20 Item 8.3 Auditor General's Report – Contract Extensions and Variations Related 17.08.21 Internal Audit Report Contract Management	Director Corporate Services	Draft Contract Management Policy by 30 June 2021 and Guidelines, Templates and Procedures by 30 June 2022. Create and fill new Contracts Management Officer position by September 2021.	Contract Management Policy adopted by Council 9 March 2021 (C5.03.21). Guidelines still to be drafted. Revised due date: 31 December 2023
<p>Comment</p> <p>As a result of the failure to attract a suitable applicant to the Contract Management Officer position, a revised position was approved in September 2023 – “Finance Officer - Purchasing & Contracts”</p> <p>The duties of the new position (which also encompasses finance related outcomes) address some of the duties originally intended for the “Contracts Management Officer” position (which is now redundant), namely:</p> <ul style="list-style-type: none"> • A centralised contracts register is developed and maintained • The Shire's procurement and contract management practices are monitored to ensure that contract variations and contract extensions align with relevant legislation and Shire Policy. This will include the development of guidelines. • The Shire's expenditure with suppliers is monitored to ensure the Shire's Purchasing policy is complied with in terms of the requirements to tender and seek quotations. 			
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	An Infringements Procedures Manual will be created and maintained focused on the three stages of the process: <ul style="list-style-type: none"> • Issue of 	Due date: 31 December 2022 Revised due date: 30 June 2023. Revised due date #2 –

		<p>infringements, including authorised employees;</p> <ul style="list-style-type: none"> • Maintenance and management of infringements; and • Referral to FER. <p>This Manual will be available to all sections of Statutory Services (Rangers, Fire, Health, Planning and Building including Swimming Pools).</p>	31 December 2023
<p>Comment The manual is still in development including establishing the processes associated with fully utilising the tools available within the Authority infringements software</p> <p>A project start up meeting is currently being arranged and a timeline for the implementation of the actions will be agreed with Civica at this meeting.</p>			
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>1. A Compliance Register, which will show a more comprehensive picture of the Shire's compliance and enforcement actions, compared to an Infringements Register will be implemented across Statutory Services (Rangers, Fire, Health, Planning and Building including Swimming Pools). This will take the form of a centralised spreadsheet with tabs for each service, which will be maintained by a responsible employee from each service. It is proposed that this spreadsheet is used as an interim measure pending implementation of point 2 below; and</p>	<p>Due date: 31 December 2022</p> <p>Revised due date: 30 June 2023.</p> <p>Revised due date #2 – 31 December 2023</p>

		2. Improvements to the infringement's module in Authority (the Shire's accounting software) will be investigated.	
<p>Comment A project start up meeting is currently being arranged and a timeline for the implementation of the actions will be agreed with Civica at this meeting.</p>			
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	An update to the legislation section of the compliance policy document will be actioned. Due date: 31 December 2022.	Due date: 31 December 2022. Revised due date: The Review of the Infringements Policy is scheduled to commence Quarter 3 2024.
<p>Comment The review of the Compliance Policy has been scheduled for Quarters 3 and 4 of 2024 by the Governance Committee, noting that the Policy Development and Review Workplan will be reviewed by the Governance Committee at the first meeting after the 2023 local government election.</p>			
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	Infringement Reports - Statutory Services staff will liaise with IT and explore whether improvements can be made to the existing reporting facility in Authority.	Due date: 31 December 2022. Revised due date: The Review of the Infringements Policy is scheduled to commence Quarter 3 2024.
<p>Comment This action item will be addressed as part of the development of the Infringements Register.</p>			
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	Timing of the issue of infringements- The timeframe for issuing infringement notices depends on the legislation under which the infringement notice is issued. The various timeframes will form part of the Register that will be implemented. Age analysis reporting will be considered when exploring	Due date: 31 December 2022. Revised due date: The Review of the Infringements Policy is scheduled to commence Quarter 3 2024.

		improvements to Authority.	
<p>Comment This action item will be addressed as part of the development of the Infringements Register.</p>			
28.06.2022 Item 8.3 Review of WALGA Contestable Energy Supply.	Director Infrastructure Services	Give further consideration and clarity in a future revision of the Purchasing Policy in regards to the use of the tender exempt procurements for goods or services supplied or obtained through the government of the State or the Commonwealth or any of its agencies, or by a local government or a regional local government.	Due Date – 30 June 2024
<p>Comment The timeline for the review of Purchasing Policy has been scheduled to commence in January 2024 with a scheduled completion date of June 2024.</p>			
25 October 2022 Item 8.1 and 7 March 2023 Item 7.1 WHS Management Plan and Action Plan.	Director Corporate Services	Provide regular updates to the Committee on progress of these plans	Due Date – September 2025
<p>Comment Six monthly update have been requested by the Committee as follows;</p> <ul style="list-style-type: none"> • September 2023 (completed) • March 2024 • September 2024 • March 2025 • September 2025 			
28 February 2023 Item 9.1 General Computer Controls – Capability Maturity Framework	Director Corporate Services	Provide an update to the Committee by June 2023 (six monthly update).	Due Date – June 2025
<p>Comment Six monthly update have been requested by the Committee as follows;</p> <ul style="list-style-type: none"> • June 2023 (completed) • January 2024 			

- June 2024
- January 2025
- June 2025

VOTING REQUIREMENT

Simple Majority

COMMITTEE DECISION RECOMMENDATION	SARC2.11.23
Moved by Cr Beale	Seconded by Cr Mehta

That the Committee notes the Action Items Status Report as at 26 October 2023.

CARRIED 4/0

For: President McNeil, Cr Beale, Cr Cook and Cr Mehta

Against: Nil

6.0 CLOSING PROCEDURES

6.1 Date, Time and Place of the Next Meeting

The next Ordinary Council meeting will be held on Tuesday, 12 December 2023 at 4.00pm in the Committee Room, 7000 Great Eastern Highway, Mundaring.

6.2 Closure of the Meeting

The Presiding Person declared the meeting closed at 4.57pm.