



City of Belmont
STANDING COMMITTEE (AUDIT AND RISK)
MINUTES
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22 February 2016

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ATTACHMENTS INDEX

Attachment 1 – Item 10.1 refers
Attachment 2 – Item 11.1 refers

TABLED ATTACHMENTS INDEX

Tabled Attachment 1 – Item 11.1 refers

CONFIDENTIAL TABLED ATTACHMENTS INDEX

Confidential Tabled Attachment 1 – Item 10.2 refers

***** COUNCILLORS ARE REMINDED TO RETAIN THEIR ATTACHMENTS FOR DISCUSSION
WITH THE MINUTES *****

MINUTES OF THE STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD IN THE RIVERVALE ROOM, CITY OF BELMONT CIVIC CENTRE, 215 WRIGHT STREET, CLOVERDALE ON MONDAY, 22 FEBRUARY 2016 COMMENCING AT 6.31PM.

MINUTES

PRESENT

Cr L Cayoun (Presiding Member)	West Ward
Cr P Gardner (Deputy Presiding Member)	South Ward
Cr M Bass	East Ward
Cr P Marks, Mayor (Ex-Officio)	East Ward
Mr R Back	Independent Member

IN ATTENDANCE

Mr S Cole	Chief Executive Officer
Mr R Garrett	Director Corporate and Governance
Mr J Olynyk, JP	Manager Governance
Mr S Monks	Manager Finance
Mrs M Lymon	Principal Governance and Compliance Advisor
Mr G Dally	Coordinator Business Continuity and Risk
Ms E Cashman	Senior Governance Officer

OBSERVERS

Cr R Rossi, JP, Deputy Mayor	West Ward
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1. OFFICIAL OPENING

6.31pm The Presiding Member, Cr Cayoun welcomed those in attendance and declared the meeting open.

2. APOLOGIES AND LEAVE OF ABSENCE

Nil.

3. DECLARATIONS OF INTEREST THAT MIGHT CAUSE A CONFLICT

3.1 FINANCIAL INTERESTS

Nil.

3.2 DISCLOSURE OF INTEREST THAT MAY AFFECT IMPARTIALITY

Nil.

4. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

4.1 ANNOUNCEMENTS

Nil.

4.2 DECLARATIONS BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTLY BEFORE THE MEETING

Nil.

5. CONFIRMATION OF MINUTES

**5.1 STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD ON 26 OCTOBER 2015
(Circulated under separate cover)**

OFFICER RECOMMENDATION

BASS MOVED, GARDNER SECONDED,

That the Minutes of the Standing Committee (Audit and Risk) Meeting held, 26 October 2015 be confirmed as a true and accurate record.

CARRIED 5 VOTES TO 0

**6. QUESTIONS BY MEMBERS ON WHICH DUE NOTICE HAS BEEN GIVEN
(WITHOUT DISCUSSION)**

Nil.

**7. NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PERSON
PRESIDING OR BY DISCUSSION**

Nil.

8. QUESTION BY MEMBERS WITHOUT NOTICE

Nil.

9. BUSINESS ADJOURNED FROM A PREVIOUS MEETING

Nil.

10. INFORMATION ITEMS

10.1 AUDIT SERVICES

<u>Attachment No</u>	<u>Details</u>
Attachment 1 – Item 10.1 refers	Financial Audit – Invitation to Tender

In accordance with the requirements of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, a local government is required to appoint an auditor to audit the accounts and annual financial report of the local government. The City's current auditors (Grant Thornton) are undertaking the final audit of their contract for the 2015/16 financial year. It is proposed that a tender be called for the provision of audit services for a three year period (plus a two year option at the City's discretion). The proposed tender document which includes the specifications and assessment criteria is included as [Attachment 1](#) for discussion and Committee input. The selection criteria is consistent with what has previously been used with the only change being 'Personnel' and 'Quality' which have been replaced with 'Company Profile'. This change is in line with the City's standard selection criteria.

The appointment of auditors is required under s7.3(1) of the *Local Government Act 1995* to be made by absolute majority on the recommendation of the Audit Committee. For this reason, the results will be presented to a future Standing Committee (Audit and Risk) meeting once the tender process has been completed.

Committee Notes

The Manager Finance provided an update as follows:

- The City is in the final year of its audit services contract. This contract was awarded on a 2+1 year basis due to reform considerations at the time the contract was awarded. The City usually enters into 3+2 year contracts for audit services.
- The tender documentation has been presented to the Committee for comment and feedback.
- The City will utilise the WALGA Audit Services panel and invite tenders. The WALGA panel currently has eight preferred suppliers.
- Officers will evaluate the tenders received and then provide a recommendation to the Standing Committee (Audit and Risk), which will subsequently be put to Council for endorsement.
- The main change to the tender documentation is the inclusion of the 'Company Profile' selection criterion. This replaces the previous 'Personnel' and 'Quality' selection criteria.

A series of questions were asked and responded to as follows:

- The results of the tender process and the Officer Recommendation will likely be presented to the 24 October 2016 Standing Committee (Audit and Risk) meeting and then the 22 November 2016 Ordinary Council Meeting. These dates take the year-end audit, scheduled for October into consideration.

10.2 RISK MANAGEMENT, BUSINESS CONTINUITY AND INSURANCE PORTFOLIO

Attachment No	Details
Confidential Tabled Attachment 1 – Item 10.2 refers	<u>Risk Management and Insurance Portfolio Presentation</u>

The Coordinator Business Continuity and Risk provided a summary of the City's insurance portfolio and an update on Risk Management and Business Continuity functions.

Committee Notes

The Risk Management and Insurance Portfolio Presentation which included the following:

- Risk Management and Insurance Portfolio
- Summary of Insurance Renewal Costs 2015/2016
- Comparison of Insurance Renewal Costs Between 2014/2015 and 2015/2016
- Summary of Workers Compensation Claims and Contributions
- Residual Risk Profile as at 3 February 2016
- Business Continuity Management Update

(Refer [Confidential Tabled Attachment 1](#) for further information).

A series of questions were asked and responded to as follows:

- The likelihood and consequences of changes to industrial relations legislation and the limited capacity to treat the risk, is why this item has been classified as an extreme risk. The risk rating for airport rates and major legislative change may have been lower in the past, however current circumstances mean they score higher and appear on the City's residual risk profile as extreme.
- Journey cover, which includes travel to and from work or conferences, is now included as part of the City's workers compensation cover. The cover itself has not changed; the change reflects how the insurance is provided.
- Journey cover is not part of legislated workers compensation requirements.

11. ITEMS REQUIRING RECOMMENDATION TO COUNCIL

11.1 STATUTORY COMPLIANCE AUDIT RETURN 2015

BUSINESS EXCELLENCE BELMONT

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment 2 – Item 11.1 refers	2015 Compliance Audit Return
Tabled Attachment 1 – Item 11.1 refers	Compliance Audit Return 2015 Presentation

Voting Requirement : Simple Majority
Subject Index : 39/005 Statutory Compliance Return
Location/Property Index : N/A
Application Index : N/A
Disclosure of any Interest : Nil.
Previous Items : OCM 24 March 2015 – Item 12.10
Applicant : N/A
Owner : N/A
Responsible Division : Corporate and Governance

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, local planning schemes and 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 local 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

To provide the Standing Committee (Audit and Risk) the outcomes of the Statutory Compliance Audit Return for the period 1 January 2015 to 31 December 2015 as provided in [Attachment 2](#).

Item 11.1 Continued

SUMMARY AND KEY ISSUES

It is a requirement of the *Local Government Act 1995* that all local governments carry out an audit of compliance in the prescribed manner and form approved by the Minister.

The Department of Local Government and Communities provided a set of questions late in December 2015.

The City of Belmont's 2014 compliance score was 100%, and the 2015 compliance score is also resulting in 100%.

LOCATION

N/A.

CONSULTATION

In completing the 2015 Statutory Compliance Audit Return, internal consultation has occurred with relevant officers of each department and the Senior Management Group.

STRATEGIC COMMUNITY PLAN IMPLICATIONS

In accordance with the Strategic Community Plan Key Result Area: Business Excellence Belmont.

Objective: Maximise organisational effectiveness and reputation as an organisation, employer and a community.

Strategy: Ensure that the organisation's capacity and capability meets strategic, customer and operational needs.

POLICY IMPLICATIONS

There are no significant policy implications evident at this time.

STATUTORY ENVIRONMENT

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires that a compliance audit for the period 1 January to 31 December is completed each year in a form approved by the Minister. Regulation 14 also requires the audit committee to review the compliance audit return and present those results to Council. The compliance audit return is then to be adopted by Council and recorded in the minutes.

Regulation 15 of the *Local Government (Audit) Regulations 1996* requires that after the adoption by Council of the compliance audit return, a certified copy (signed by both the Mayor and Chief Executive Officer) of the return, together with a copy of the minutes of the meeting in which the return was adopted and any additional information is to be submitted to the Executive Director of the Department of Local Government and Communities by 31 March.

Item 11.1 Continued

BACKGROUND

The compliance audit period is 1 January to 31 December 2015 and once the audit is completed the City is required to:

1. Present the Compliance Audit Return to the Standing Committee (Audit and Risk).
2. Present the Compliance Audit Return to Council.
3. Seek Council's endorsement of the completed Compliance Audit Return.
4. Return the endorsed and certified Compliance Audit Return, along with a copy of the Council Minutes, to the Department of Local Government and Communities by no later than 31 March 2016.

In completing the Compliance Audit Return the Chief Executive Officer and other designated officers have undertaken an audit of the City's activities, practices and procedures applicable to each section and requirement of the return to ensure that an independent, thorough and rigorous process is undertaken.

Examples of this include ensuring the correct requirements are implemented when new staff who are designated officers commence with the City to ensure that they complete a Primary Return within the first three months of their employment.

Current internal processes include clear communication between the City's Human Resources and Governance staff when new employees commence, enabling the Compliance Administrator to organise the necessary Primary Return to be signed, date stamped and acknowledged in accordance with the *Local Government Act 1995*. This then allows the information to be recorded in the relevant registers to be accessed at a later time.

The Department of Local Government and Communities request that the return be completed online via its website. A copy of the completed return is provided as [Attachment 2](#) to this report and is a printout of the City's registered responses.

Once Council has resolved its satisfaction with the contents of the return, it can be jointly certified by the Mayor and Chief Executive Officer and then submitted to the Department of Local Government and Communities.

Council may also refer the completed Compliance Audit Return to the Auditor or other external inspection service for an independent check.

OFFICER COMMENT

The City of Belmont has achieved the following results as part of an evidence based audit when completing the Compliance Audit Return by providing examples to questions and then referencing those examples to particular dates and item numbers from the City's Ordinary Council Meetings. These examples include disclosures of interest.

Evidence is provided by referencing specific documents within the City's Record Keeping System. Reference is also made to information contained in hard copy, which includes original copies of Elected Member and designated officer Primary and Annual Returns.

Item 11.1 Continued

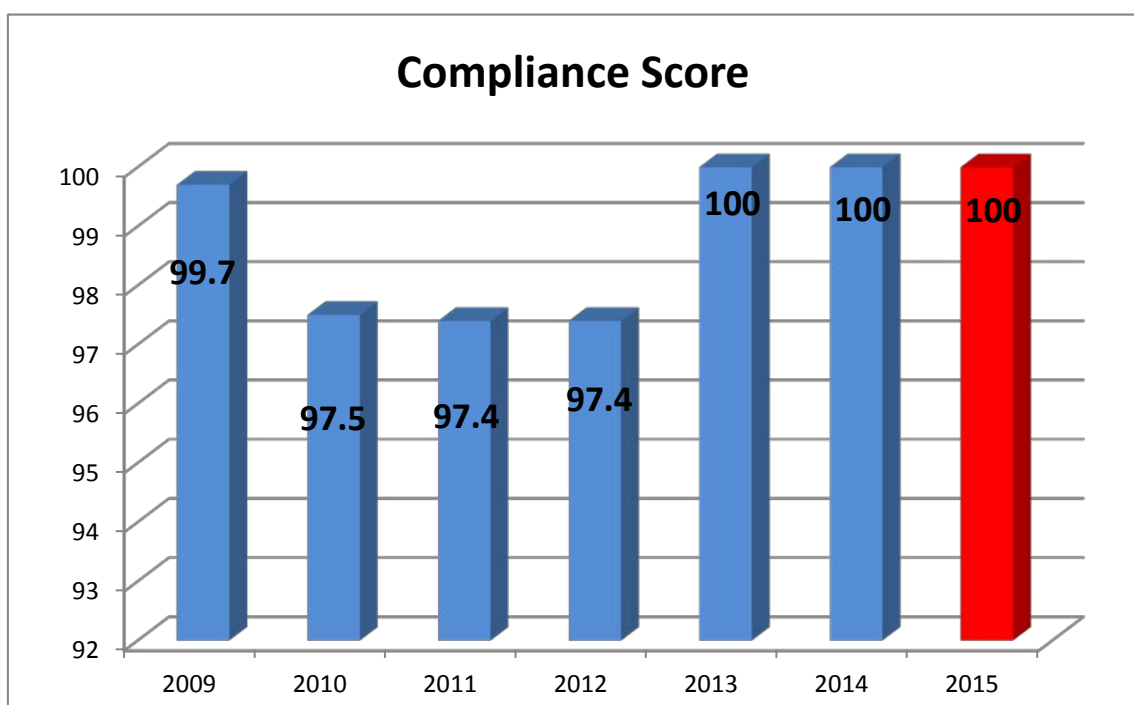
Compliance Area	Full Compliance	Non-Compliance
Commercial Enterprises by Local Government	5	0
Delegation of Power/Duty	13	0
Disclosure of Interest	16	0
Disposal of Property	2	0
Elections	1	0
Finance	14	0
Local Government Employees	5	0
Official Conduct	6	0
Tenders for Providing Goods and Services	25	0

The 2015 Compliance Score is 100%.

When reading the questions shown in the Compliance Audit Return (refer [Attachment 2](#)) it should be noted that they should be read in conjunction with the relevant extract of the *Local Government Act 1995* and/or associated Regulations.

The 2015 Statutory Compliance Audit Return contains 87 questions, being an increase from the 78 questions in the 2014 return. The additional questions are within the compliance area pertaining to Tenders for Providing Goods and Services.

Figure 1 – City of Belmont Annual Compliance Audit Return Compliance Rates.



FINANCIAL IMPLICATIONS

There are no financial implications evident at this time.

Item 11.1 Continued

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications at this time.

SOCIAL IMPLICATIONS

There are no social implications at this time.

Committee Notes

The Principal Governance and Compliance Advisor provided a presentation which included the following:

- Area of Questioning
- Levels of Compliance
- Where to From Here?
- Amendments to 2015 CAR

(Refer [Tabled Attachment 1](#) for further information).

A series of questions were asked and responded to as follows:

- The response to item 15 in the 'Tenders for Providing Goods and Services' section will be updated from 'No' to 'N/A' to reflect the fact that the City did not invite applications for panels of prequalified suppliers.

OFFICER RECOMMENDATION

BACK MOVED, GARDNER SECONDED,

That:

1. ***The 2015 Compliance Audit Return, as provided in [Attachment 2](#) be received and adopted as a true and accurate representation of the outcomes of the audit of statutory activities.***
2. ***The Standing Committee (Audit and Risk) recommend to Council that the Mayor and Chief Executive Officer be authorised to complete the 'Joint Certification'.***
3. ***In accordance with the Local Government (Audit) Regulations 1996, the certified 2015 Compliance Audit Return and a copy of the minutes relative to this report be forwarded to the Department of Local Government and Communities by 31 March 2016.***

CARRIED 5 VOTES TO 0

12. NEXT MEETING

The next meeting of the Standing Committee (Audit and Risk) is to be held on Monday 25 July 2016.

13. CLOSURE

There being no further business the Presiding Member thanked everyone for their attendance and closed the meeting at 6.52pm.

MINUTES CONFIRMATION CERTIFICATION

The undersigned certifies that these minutes of the Standing Committee (Audit and Risk) Meeting held 22 February 2016 were confirmed as a true and accurate record at the Standing Committee (Audit and Risk) Meeting held 25 July 2016.

Signed by the Person Presiding: _____

PRINT name of the Person Presiding: _____

12. NEXT MEETING

The next meeting of the Standing Committee (Audit and Risk) is to be held on Monday 25 July 2016.

13. CLOSURE

There being no further business the Presiding Member thanked everyone for their attendance and closed the meeting at 6.52pm.

MINUTES CONFIRMATION CERTIFICATION

The undersigned certifies that these minutes of the Standing Committee (Audit and Risk) Meeting held 22 February 2016 were confirmed as a true and accurate record at the Standing Committee (Audit and Risk) Meeting held 25 July 2016.

Signed by the Person Presiding: *Lauren Capoun*

PRINT name of the Person Presiding: LAUREN CAPOUN