



City of Belmont
STANDING COMMITTEE (AUDIT AND RISK)
MINUTES
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22 February 2021

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ATTACHMENTS INDEX

Attachment 1 – Item 10.1 refers

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Attachment 3 – Item 11.1 refers

CONFIDENTIAL ATTACHMENTS INDEX

Confidential Attachment 1 – Item 10.2 refers

**MINUTES OF THE STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD IN THE
FUNCTION ROOM, CITY OF BELMONT CIVIC CENTRE, 215 WRIGHT STREET,
CLOVERDALE ON MONDAY, 22 FEBRUARY 2021 COMMENCING AT 6.31PM**

MINUTES

COMMITTEE MEMBERSHIP

Cr J Davis (Presiding Member)	South Ward
Cr P Marks (Ex Officio)	East Ward
Cr G Sekulla, JP, Deputy Mayor	West Ward
Mr R Back	Independent Member

IN ATTENDANCE

Mr J Christie	Chief Executive Officer
Ms M Bell	Director Corporate and Governance
Mr S Monks	Manager Finance
Mr S Morrison	Manager Works
Mrs M Lymon	Acting Manager Governance
Mr R Sharma	Acting Manager Information Technology
Mrs J Cherry-Murphy	Senior Governance Officer
Ms E Whiteley	Compliance Administrator

OBSERVERS

Cr B Ryan	East Ward
Cr R Rossi	West Ward

1. OFFICIAL OPENING

6.31pm **The Presiding Member welcomed all those in attendance and declared the meeting open.**

The Presiding Member read aloud the Acknowledgement of Country.

***Before I begin I would like to acknowledge the Traditional Owners of
the land on which we are meeting today, the Noongar Whadjuk
people, and pay respect to Elders past, present and future leaders.***

2. APOLOGIES AND LEAVE OF ABSENCE

Cr Bass (Absent) East Ward

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 10 NOVEMBER 2020
(Circulated under separate cover)**

OFFICER RECOMMENDATION

MARKS MOVED, SEKULLA SECONDED

That the Minutes of the Standing Committee (Audit and Risk) Meeting held 10 November 2020 be confirmed as a true and accurate record.

CARRIED 4 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 2020 AUDIT - ACTUALS

ATTACHMENT DETAILS

Attachment No	Details
Attachment 1 – Item 10.1 refers	2020 Audit - Actuals

The 2020 Audit – Actuals ([Attachment 1](#)) outlines the actual audits undertaken during 2020. The variances to the Audit Plan are as follows:

1. A Focus Audit – Information Systems was carried out by the Office of the Auditor General between the end of August 2020 and October 2020. This was an additional audit.
2. The Integrated Management Systems Internal Audit (QM/ENV/OSH) planned for November 2020 was postponed until February 2021 due to delays associated with COVID-19.
3. The 2020 Audit – Actuals outlines the City Departments that were subject to questions contained in the 2020 Compliance Audit Return (CAR).
4. The 2020 Audit – Actuals outlines the City Departments that were subject to the 2019 Integrated Management Systems Internal Audit (QHSE) that was carried out in January, February and March 2020.

City of Belmont
Audit Plan - 2020

Legend

OSA	ABEF Organisational Self Assessment (Conducted 3 yearly - due 2020)
CAR	Statutory Compliance Audit
BI	Business Improvement Review
E	Integrated Management System (QHSE) External Audit - SGS
IMS	Integrated Management System (QHSE) Internal Audit
F	Financial Auditors

		2020											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Tier 1	BMS Review	BI Document Review											
Tier 2	System Procedures	BI Document Review											
Tier 3	Corporate & Governance	CAR	CAR			E					OSA	IMS	
	Finance	CAR	CAR	F		E					F	OSA	IMS
	Governance	CAR	CAR			E					OSA	IMS	
	Information Technology	CAR	CAR			E					OSA	IMS	
	Infrastructure Services	CAR	CAR			E					OSA	IMS	
	City Facilities and Property	CAR	CAR			E					OSA	IMS	
	City Projects	CAR	CAR			E					OSA	IMS	
	Design & Assets	CAR	CAR			E					OSA	IMS	
	Infrastructure Development	CAR	CAR			E					OSA	IMS	
	Parks and Environment	CAR	CAR			E					OSA	IMS	
	Works	CAR	CAR			E					OSA	IMS	
	Development & Communities	CAR	CAR			E					OSA	IMS	
	Community Placemaking	CAR	CAR			E					OSA	IMS	
	Economic and Community Development	CAR	CAR			E					OSA	IMS	
	Safer Communities	CAR	CAR			E					OSA	IMS	
	Planning Services	CAR	CAR			E					OSA	IMS	
	Executive Services	CAR	CAR			E					OSA	IMS	
	CEO Office	CAR	CAR			E					OSA	IMS	
	People and Organisational Development	CAR	CAR			E					OSA	IMS	

NOTE: 1. This plan is indicative on the impact of the audit schedule, as such all parts of the organisation may be identified for audit though this will depend on possible random sampling or statutory requests.

2. Internal Focus Audits and Operational Comparisons are not identified on the Audit Plan as they are carried out as required.

10.2 AUDIT LOG – OFFICE OF THE AUDITOR GENERAL (OAG) AUDITS

ATTACHMENT DETAILS

Attachment No	Details
Confidential Attachment 1 – Item 10.2 refers	<u>City of Belmont Audit Log (Confidential Matter in accordance with the Local Government Act 1995 Section 5.23(2)(f)(ii))</u>

An Audit Log (refer [Confidential Attachment 1](#)) has been developed to capture and report on progress of all recommended actions from previous audit reports as requested by the Standing Committee (Audit and Risk).

The Audit Log will be included for information on all Standing Committee (Audit and Risk) Agendas.

10.3 OFFICE OF THE AUDITOR GENERAL (OAG) AUDIT PROCESS

ATTACHMENT DETAILS

Attachment No	Details
Attachment 2 – Item 10.3 refers	<u>Process Map – OAG Audit Process</u>

It has been identified that a process is required to set out the necessary steps to ensure compliance with s.7.12 of the *Local Government Act 1995* following notification of an audit being undertaken at the City.

Historically, the annual financial audits have been the only audits carried out under s.7.12 through appointment of an appropriate Audit firm to carry out the audit. Commencing for the 2017-2018 financial year, the Office of the Auditor General (OAG) was mandated to undertake the audits for all local governments in Western Australia and has been doing so either directly, or through third party contract, for the City of Belmont since that date.

In addition to the financial audits, the OAG has carried out a number of focus audits on various operational areas of the City, and it is envisaged that this practice will continue. An established process has been developed and will be carried out to ensure the City has adequate systems and procedures in place and to ensure consistency and compliance with the requirements of the *Local Government Act 1995* and relevant Regulations. No further advice has been received from the Department of Local Government, Sport and Cultural Industries or the OAG to clarify the requirement of the reporting following receipt of an interim management letter as opposed to the formal tabling of the report in Parliament.

The process is set out in the Process Map – OAG Audit Process ([Attachment 2](#)) for information and comment.

Questions were asked and responded to as follows:

- Although no matters of significance were identified for the City of Belmont, the results of the audit were grouped together from all participants and the findings submitted to Parliament. Due to this, the City of Belmont were then required under s7.12 of the *Local Government Act 1995* to put an action plan together and submit this to the Minister.
- This process will appoint a Project Manager for each audit undertaken by the OAG to ensure compliance with the requirements of the *Local Government Act 1995*.

11. ITEMS REQUIRING RECOMMENDATION TO COUNCIL

11.1 STATUTORY COMPLIANCE AUDIT RETURN 2020

ATTACHMENT DETAILS

Attachment No	Details
Attachment 3 – Item 11.1 refers	2020 Compliance Audit Return

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	:	24 March 2020 OCM Item 12.2
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 Council with the outcomes of the Statutory Compliance Audit Return for the period 1 January 2020 to 31 December 2020 as provided in [Attachment 3](#).

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, Sport and Cultural Industries provided a set of questions via the Departmental Portal in January 2021. The 2020 audit questions focus on key areas of potential non-compliance as in previous years.

Item 11.1 Continued

The City of Belmont's 2020 compliance score is 94%. This is down from 100% compliance in the previous years. The areas of non-compliance are addressed within the Officer Comment of the report with an explanation and recommended actions.

LOCATION

Not applicable.

CONSULTATION

In completing the 2020 Statutory Compliance Audit Return, internal consultation has occurred with relevant officers of each department.

STRATEGIC COMMUNITY PLAN IMPLICATIONS

In accordance with the 2020 – 2040 Strategic Community Plan:

Goal 5: Responsible Belmont.

Strategy: Deliver effective, fair and transparent leadership and decision-making, reflective of community needs and aspirations.

POLICY IMPLICATIONS

There are no policy implications associated with this report.

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 Standing Committee (Audit and Risk) 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 required to be submitted to the Executive Director of the Department of Local Government, Sport and Cultural Industries by 31 March 2021.

BACKGROUND

The compliance audit period is 1 January to 31 December 2020 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.

Item 11.1 Continued

4. Return the endorsed and certified Compliance Audit Return, along with a copy of the Council Minutes, to the Department of Local Government, Sport and Cultural Industries by no later than 31 March 2021.

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.

The audit questions for the 2020 period focussed on key areas of potential non-compliance and were in line with previous years with the addition of election-based questions and areas affected by regulatory change.

The Compliance Audit Return is required to be completed online through the Department of Local Government, Sport and Cultural Industries website. A copy of the completed return is provided as [Attachment 3](#) 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, Sport and Cultural Industries.

OFFICER COMMENT

Following receipt of the Compliance Audit Return questions through the Department of Local Government, Sport and Cultural Industries portal in January 2021, City of Belmont Officers conducted an internal audit to determine responses to questions in the Compliance Audit Return. To further substantiate responses, the City has opted to provide evidence through citation of items from the City's Council Meetings and documents registered in the Electronic Document Management System (ECM). Reference is also made to information contained in hard copy, which includes original copies of Elected Member and designated officer Primary and Annual Returns.

When reading the questions shown in the Compliance Audit Return (refer [Attachment 3](#)) 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 2020 Statutory Compliance Audit Return contains a total of 102 questions. This is a decrease of two questions from the 2019 return. The new questions are in relation to Elections and recent legislative amendments regarding gifts and disclosure provisions. There has also been rewording of previous questions and inclusion of new questions relating to the 2019-2020 amendments to the *Local Government Act 1995* (the Act) and associated Regulations.

A summary of the compliance areas and the City of Belmont assessment is as follows:

Compliance Area (Total Questions for Area)	Full Compliance	Non-Compliance
Commercial Enterprises by Local Government (5)	5	0
Delegation of Power/Duty (13)	13	0
Disclosure of Interest (21)	20	1
Disposal of Property (2)	2	0
Elections (3)	3	0
Finance (11)	10	1
Integrated Planning and Reporting (3)	2	1
Local Government Employees (6)	6	0

Item 11.1 Continued

Official Conduct (4)	4	0
Optional Questions (Pertains to Financial Management & Audit)(10)	8	2
Tenders for Providing Goods and Services (24)	23	1
Totals (Total Questions – 102)	96	6

The City of Belmont 2020 Compliance Score is 94%.

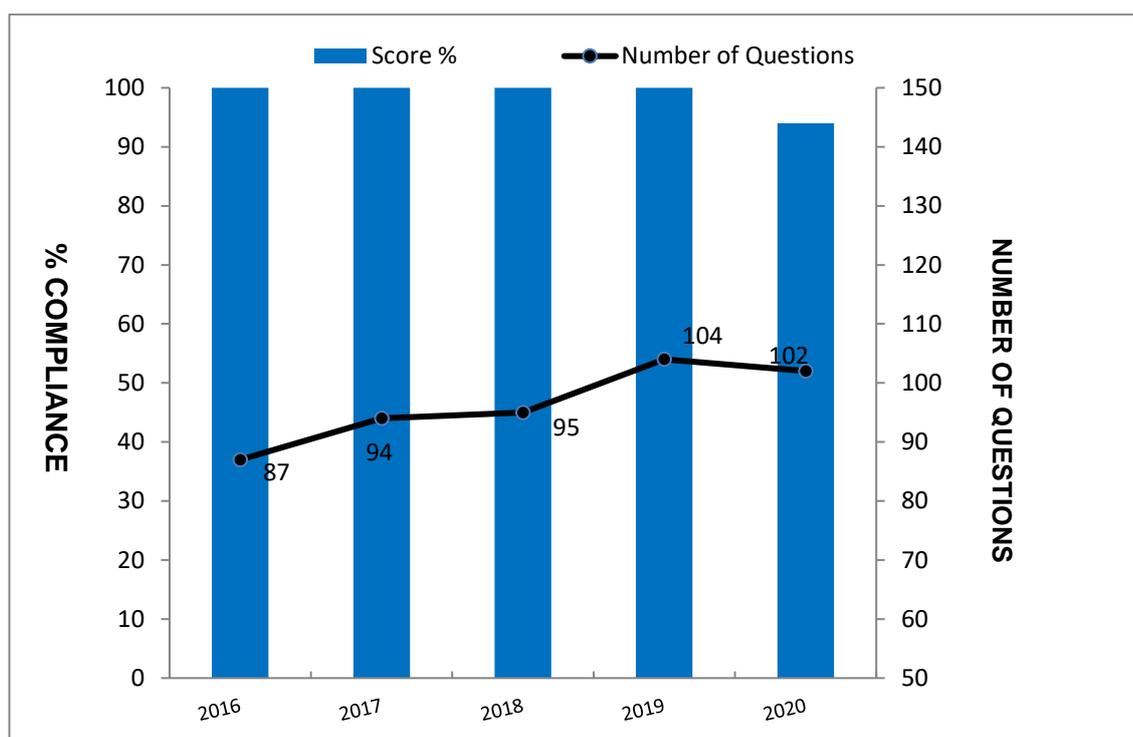


Figure 1 – City of Belmont Annual Compliance Audit Return Compliance Rates.

Responses provided by City Officers have been considered by Governance Officers for compliance and evidencing. Further clarification and communication has taken place with business units where required.

It should be noted that there were six questions resulting in non-compliance (Refer [Attachment 3](#)).

Areas of Non-Compliance

Integrated Planning and Reporting

Regulation 19DA of the *Local Government (Administration) Regulations 1996* requires that the Corporate Business Plan for the district is made in respect of each financial year.

The City of Belmont Corporate Business Plan was not reviewed and adopted by Council in the 2019-2020 financial year which was outside the required financial year timeframe. This is due to the annual review being delayed to ensure that any resultant changes to business operations were captured and aligned to the annual budget as a result of the outbreak of the COVID-19 pandemic in late February 2020. Council reviewed and adopted the Corporate Business Plan 2020 – 2024 in November 2020.

Item 11.1 Continued

Improvement Opportunity

As part of the annual review of the Corporate Business Plan, further consultation will be undertaken to identify any further applicable improvements to the integration and business planning processes by 30 June 2021.

Tenders for Providing Goods and Services

It has been recognised that a supplier of the City has been consistently used over a period of time for small individual purchases that, as an annual total, exceed the threshold requiring written quotes to be obtained under the City's Purchasing Policy. It should be noted that the supply relates to the purchasing of tyres for the City's plant and fleet, and a local supplier has been used.

The Procurement Section has communicated this with the relevant Department and recommended a formal procurement process be undertaken for the supply. This process has now commenced.

Improvement Opportunity

A review of the process carried out by the Procurement Section to assess monthly supplier expenditure will be undertaken by 31 March 2021 to include reporting to be escalated through to the relevant Director when no follow up is carried out by the responsible officer on an identified exception.

Finance

This is in relation to the requirement for audits conducted under s.7.12A(4) of the Act addressing matters that are identified as significant. Although reported in the Compliance Audit Return under Finance, the reported non-compliance does not relate to Finance audits.

The City took part in an Office of the Auditor General audit on Waste Management and although there were no significant matters identified in the response to the City, the audit report tabled in Parliament identified significant findings that were identified through the audit in relation to other participants and reported as findings of the audit (as a group). As a result, under s7.12A an action plan and report were required to be considered by Council and provided to the Minister. A copy of the report was provided to the Minister outside the required three month timeframe due to a delay in getting the report to Council following clarification of the relevance of the significant matters to the City of Belmont.

In addition, an Information Systems Audit was carried out in conjunction with the 2018-2019 annual financial audit with matters fully disclosed and considered by the Standing Committee (Audit and Risk) and Council following the receipt of the management letter. A further report was presented to the Standing Committee (Audit and Risk) and Council following tabling of the audit report in Parliament with the required Action Plan, resulting in the copy of the report being provided to the Minister outside the required three month timeframe.

It is considered that in both instances the Standing Committee (Audit and Risk) and Council were informed of the matters identified through the audits and any identified actions were being undertaken in respect of the matters identified in the audits. The process required for the reporting to the Minister on performance audits has been recognised.

Improvement Opportunity

A process has been developed to set out the necessary steps to ensure compliance with s.7.12 of the Local Government Act 1995 following notification of an audit being undertaken at the City and ensure the reporting of audits (financial and performance) is managed and carried out as required (Process to be implemented by 31 March 2021).

Item 11.1 Continued

Optional Questions

Under s.5.90A of the Act, the City must prepare and adopt a policy that deals with matters relating to the attendance of council members and the CEO at events. The policy is currently in draft form and has been considered for discussion and feedback from Council at an Information Forum in October 2020. Due to further management consideration of the full Policy Manual Review, which included the new policy in relation to attendance at events, the 'Attendance at Events' policy has not yet been adopted by Council. The policy is included for consideration at the 23 February 2021 Ordinary Council Meeting.

Improvement Opportunity

Policy to be adopted by Council in February 2021 and published on the City's website.

Disclosure of Interest

Due to an administrative delay, the request to an officer to complete a Primary Return was delayed and resulted in the return not being lodged within three months of the day on which the person became a designated employee. The officer involved was sub-delegated a power, though there was discussion as to the requirement of the sub-delegation and possible removal of such which caused the administrative delay. The sub-delegation has not been exercised and has subsequently been removed as it was determined to not be required.

The Chief Executive Officer has reported this breach in accordance with section 28 of the *Corruption, Crime and Misconduct Act 2003*.

Improvement Opportunity

Undertake a review of the supporting processes associated with Annual/Primary Returns to ensure compliance with legislated requirements (Process to be implemented by 31 March 2021).

Recommended Improvements

The City follows a thorough process of verification of Compliance Audit Return responses and the processes carried out through the organisation. In addition, the City conducts comparison reports on findings from inquiries carried out at other local governments to ensure improvements are made in accordance with recommendations and best practice.

Improvement opportunities identified through the Compliance Audit process will be monitored by the Executive Leadership Team.

FINANCIAL IMPLICATIONS

There are no financial implications evident at this time.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

SOCIAL IMPLICATIONS

There are no social implications associated with this report.

Item 11.1 Continued

MARKS MOVED, SEKULLA SECONDED

OFFICER RECOMMENDATION

That the Standing Committee (Audit and Risk) recommend that Council:

- 1. Receive and adopt the 2020 Compliance Audit Return, as provided in Attachment 3.*
- 2. Authorise the Mayor and Chief Executive Officer to complete the Joint Certification of the 2020 Compliance Audit Return.*
- 3. Request the Chief Executive Officer to submit the certified 2020 Compliance Audit Return and a copy of the minutes relative to this report to the Department of Local Government, Sport and Cultural Industries by 31 March 2021 in accordance with the requirements of the Local Government (Audit) Regulations 1996.*
- 4. Request the Chief Executive Officer provide a report to the next meeting of the Standing Committee (Audit and Risk) outlining the actions undertaken addressing the areas of non-compliance.*

CARRIED 4 VOTES TO 0

12. NEXT MEETING

The next meeting of the Standing Committee (Audit and Risk) will be 26 July 2021. It was noted that an additional Standing Committee (Audit and Risk) Meeting may be required earlier.

13. CLOSURE

There being no further business the Presiding Member thanked everyone for their attendance and closed the meeting at 7.06pm.

MINUTES CONFIRMATION CERTIFICATION

The undersigned certifies that these Minutes of the Standing Committee (Audit and Risk) Meeting held on 22 February 2021 were confirmed as a true and accurate record at the Standing Committee (Audit and Risk) Meeting held 18 May 2021:

Signed by the Person Presiding: _____

PRINT name of the Person Presiding: **JENNY DAVIS**

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