



City of Belmont
STANDING COMMITTEE (AUDIT AND RISK)
MINUTES
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27 July 2020

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CONFIDENTIAL ATTACHMENTS INDEX

Confidential Attachment 1 – Item 11.1 refers

TABLED ATTACHMENTS INDEX

Tabled Attachment 1 – Item 10.1 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, 27 JULY 2020 COMMENCING AT 6.32PM.**

MINUTES

COMMITTEE MEMBERSHIP

Cr J Davis (Presiding Member)	South Ward
Cr M Bass (Deputy Presiding Member)	East Ward
Cr P Marks, Mayor (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
Mr R Garrett	Director Corporate and Governance
Mr J Olynyk, JP	Manager Governance
Mr S Monks	Manager Finance
Mr G Dally	Coordinator Business Continuity and Risk
Mrs H Mark	Governance Officer

OBSERVERS

Cr R Rossi, JP	West Ward
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1. OFFICIAL OPENING

6.32pm 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

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 24 FEBRUARY 2020
(Circulated under separate cover)**

OFFICER RECOMMENDATION

SEKULLA MOVED, MARKS SECONDED

That the Minutes of the Standing Committee (Audit and Risk) Meeting held 24 February 2020 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 BUSINESS CONTINUITY AND RISK

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Tabled Attachment 1 – Item 10.1 refers	<u>Insurance Portfolio 2020-2021 and Risk and Business Continuity Functions</u>

Officers provided the Committee with a presentation on the City's Insurance Portfolio 2020-2021 and Risk and Business Continuity functions. The Business Continuity and Risk presentation included:

- Summary of Insurance Renewal Costs 2020-2021
- Comparison of Insurance Renewal Costs 2019-2020 to 2020-2021
- Motor Vehicle Insurance 2012-2013 to 2020-2021
- Property Insurance 2012-2013 to 2020-2021
- Public Liability Insurance 2012-2013 to 2020-2021
- Workers Compensation Insurance 2012-2013 to 2020-2021
- Total Insurance 2012-2013 to 2020-2021
- Risk Management, Business Continuity Planning and Emergency Management
- Strategic Risk Management
- Strategic Risk – Top Ten
- Risk Management

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

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

- The strategic risks described include those being faced now (eg COVID-19 related), and those identified previously that, although not presenting an immediate threat, continue to be monitored by the City.
- Members of LGIS are afforded some protection from the volatility of the commercial insurance market by virtue of how the scheme functions. This includes part self-insurance.
- Salary increases are generally negotiated as part of an Enterprise Bargaining process and/or contracts of employment. The City's Certified Agreements contain a safety net provision of the National Wage Case. At this stage no decision has been made on any applicable increase for the current financial year. A nominal amount has been factored in to the 2020-2021 budget, which is being presented to the July Ordinary Council Meeting.

Item 10.1 Continued

- The City's Increased Cost of Business cover does not respond to epidemics and pandemics. This is typical of this type of policy following the insurance industry's experience with SARS and MERS.

11. ITEMS REQUIRING RECOMMENDATION TO COUNCIL

11.1 INTERIM FINANCIAL AUDIT REPORT

BUSINESS EXCELLENCE BELMONT

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Confidential Attachment 1 – Item 11.1 refers	<u>Interim Financial Audit Results Report</u>

Voting Requirement	:	Simple Majority
Subject Index	:	19/001
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil
Previous Items	:	N/A
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Corporate and Governance

COUNCIL ROLE

- | | | |
|-------------------------------------|-----------------------|--|
| <input type="checkbox"/> | Advocacy | <i>When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i> |
| <input type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, local planning schemes and policies.</i> |
| <input checked="" type="checkbox"/> | Review | <i>When Council reviews decisions made by Officers.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When Council determines an application/matter that directly affects 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.</i> |

PURPOSE OF REPORT

This report provides Council feedback from the City's auditors as a result of their interim audit conducted in April and May 2020.

Item 11.1 Continued

SUMMARY AND KEY ISSUES

The interim audit is a key factor in the audit of the Annual Financial Report as explained in the Audit Planning Summary Report that was presented during the February meeting.

Results of the interim audit can be found in [Confidential Attachment 1](#).

LOCATION

Not applicable.

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC COMMUNITY PLAN IMPLICATIONS¹

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

Objective: Achieve excellence in the management and operation of the local government.

Strategy: Ensure Council is engaged at a strategic level to enable effective decision making

POLICY IMPLICATIONS

There are no significant policy implications evident at this time.

STATUTORY ENVIRONMENT

Section 7.2 of the *Local Government Act 1995* requires that “the accounts and Annual Financial Report of a local government for each financial year are audited by an auditor appointed by the local government.”

Section 7.3 of the *Local Government Act 1995* only allows for the appointment of an auditor by the local government if the appointment occurs by the commencement date being the day on which the *Local Government Amendment (Auditing) Act 2018* section 10 came into operation.

As the City had not appointed an auditor by the commencement date the Office of the Auditor General (OAG) is the City’s auditor.

¹ Note: The Strategic Community Plan Implications outlined are reflective of the City of Belmont Strategic Community Plan 2016 – 2036. Council recently endorsed the City of Belmont 2020 – 2040 Strategic Community Plan which, as a result of COVID-19 administrative implications, is yet to be implemented across the City

Item 11.1 Continued

BACKGROUND

During April and May 2020, OAG undertook an interim audit for the purposes of assessing the internal controls and compliance aspects of the City's operations. This provides the auditors with an indication of the extent to which they can rely on the City's systems and controls in determining the accuracy of the City's Annual Financial Report as at 30 June of the year in question.

OFFICER COMMENT

The Interim Audit Management Letter from the OAG ([Confidential Attachment 1](#) refers) details two items found during the audit including a Management response to each item.

FINANCIAL IMPLICATIONS

There are no financial implications evident at this time.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications at this time.

SOCIAL IMPLICATIONS

There are no social implications at this time.

COMMITTEE NOTES

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

- The City of Belmont already has good risk management processes in place, with solid internal controls.
- The primary role of the OAG in an external audit is to examine the accounts and financial statements of the Local Government and give recommendations for process improvements. There is no specific requirement for organisations to conduct internal audits, although some Local Governments do outsource an independent internal auditor to conduct these audits. If it is determined that more stringent checks are required within the City, consideration may be given to employing an independent auditor to conduct the internal audits.
- The City's Business Improvement team currently conducts the City's internal audits. The COVID-19 pandemic forced the internal audit review to be put on hold, but the functions of the audit are still in place and are continuing. The internal audit process is being reviewed and the need for an independent auditor will be determined when the review is complete.

Item 11.1 Continued

OFFICER RECOMMENDATION

MARKS MOVED, SEKULLA SECONDED

That the Standing Committee (Audit and Risk) recommend that Council note the results of the 2019-2020 Interim Audit Report as detailed in [Confidential Attachment 1](#).

CARRIED 5 VOTES TO 0

12. NEXT MEETING

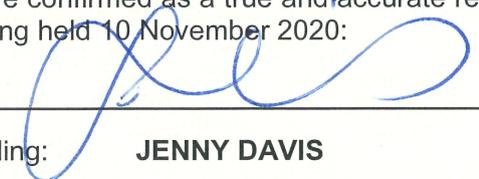
The next meeting of the Standing Committee (Audit and Risk) will be held on 26 October 2020.

13. CLOSURE

There being no further business the Presiding Member thanked everyone for their attendance and closed the meeting at 7.13pm.

MINUTES CONFIRMATION CERTIFICATION

The undersigned certifies that these Minutes of the Standing Committee (Audit and Risk) Meeting held on 27 July 2020 were confirmed as a true and accurate record at the Standing Committee (Audit and Risk) Meeting held 10 November 2020:

Signed by the Person Presiding:  _____

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

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