



**Shire of Derby /
West Kimberley**

CONFIRMED MINUTES

Audit Committee Meeting

Thursday, 16 July 2020

Date: Thursday, 16 July 2020

Time: 4.00pm

**Location: Council Chambers
Clarendon Street
Derby**



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**MINUTES OF SHIRE OF DERBY / WEST KIMBERLEY
AUDIT COMMITTEE MEETING
HELD AT THE COUNCIL CHAMBERS, CLARENDON STREET, DERBY
ON THURSDAY, 16 JULY 2020 AT 4.00PM**

PRESENT: Cr Rowena Mouda (Chair), Cr Geoff Haerewa (Shire President), Cr Geoff Davis (via telephone)

IN ATTENDANCE: Amanda O'Halloran (Chief Executive Officer), Carlie McCulloch (Executive Services Coordinator), Myra Henry (Manager Finance)

VISITORS: Nil

GALLERY: Nil

APOLOGIES: Cr Chris Kloss (Deputy Chair), Cr Keith Bedford, Cr Paul White

APPROVED LEAVE OF ABSENCE: Nil

ABSENT: Nil

1 DECLARATION OF OPENING, ANNOUNCEMENT OF VISITORS

The meeting was opened at 4.13pm by Rowena Mouda, Chair.

2 ATTENDANCE VIA TELEPHONE/INSTANTANEOUS COMMUNICATIONS

In accordance with regulation 14A of the Local Government (Administration) Regulations 1996 Council must approve (by Absolute Majority) the attendance of a person, not physically present at a meeting of Council, by audio contact. The person must be in a 'suitable place' as approved (by absolute majority) by Council. A 'suitable place' means a place that is located in a townsite or other residential area and 150km or further from the place at which the meeting is to be held.

Cr Geoff Davis

3 PRESENTATIONS & ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION

Presentation of 2020-21 Draft Budget – Employee Costs

Myra Henry

4 DISCLOSURE OF INTERESTS

Section 5.65 and 5.70 of the *Local Government Act 1995* requires an Elected Member or officer who has an interest in any matter to be discussed at a Committee/Council Meeting that will be attended by the Elected Member or officer must disclose the nature of the interest in a written notice given to the Chief Executive Officer before the meeting; or at the meeting before the matter is discussed.

An Elected Member who makes a disclosure under section 5.65 or 5.70 must not preside at the part of the meeting relating to the matter; or participate in; or be present during, any discussion or decision making procedure relating to the matter, unless allowed by the Committee/Council. If

Committee/Council allow an Elected Member to speak, the extent of the interest must also be stated.

4.1 Declaration of Financial Interests

Nil

4.2 Declaration of Proximity Interests

Nil

4.3 Declaration of Impartiality Interests

Nil

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

COMMITTEE RESOLUTION AC37/20

Moved: Cr Geoff Haerewa

Seconded: Cr Geoff Davis

That the Minutes of the Audit Committee Meeting held at the Council Chambers, Clarendon Street, Derby, on 11 June 2020 be CONFIRMED.

In Favour: Crs Geoff Haerewa, Geoff Davis and Rowena Mouda

Against: Nil

CARRIED 3/0

6 REPORTS**6.1 UPDATE REPORT - ON MATTERS IDENTIFIED AS SIGNIFICANT BY THE OFFICE OF THE AUDITOR GENERAL INDEPENDENT AUDITORS REPORT FOR 2018/2019****File Number:** 4105**Author:** Stewart Innes, Team Leader - Governance**Responsible Officer:** Amanda O'Halloran, Chief Executive Officer**Authority/Discretion:** Executive**SUMMARY**

To provide the Audit Committee with a an update on the plan toward completing matters identified in the report on the significant matters reported by the Office of the Auditor General in the 2018/19 Annual Audit.

DISCLOSURE OF ANY INTEREST

Nil

BACKGROUND

On the 28 June 2019 the Chief Executive Officer provided a plan to address the issues identified (by the Office of the Auditor General in the 2018/19 Annual Audit) with a requirement to provide updates to the Department of Local Government, Sport and Cultural Industries. Updates to this plan were endorsed by Council in November 2019 and February 2020. These were sent to the Department of Local Government, Sport and Cultural Industries.

STATUTORY ENVIRONMENT**Local Government Act 1995**

7.12A. Duties of local government with respect to audits

POLICY IMPLICATIONS

As a result of the report from the auditor and the identified issues, the Shire will be undertaking a review of the relevant policies and ensure that they are tailored to the statutory and management outcomes of the Shire.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

GOAL	OUTCOME	STRATEGY
4: Good Governance and an effective organisation	4.1: Effective Governance and Leadership	4.1.4 Ensure governance policies and procedures are in accordance with legislative requirements.

RISK MANAGEMENT CONSIDERATIONS

RISK	LIKELIHOOD	CONSEQUENCE	RISK ANALYSIS	MITIGATION
Legal & Compliance: Failure to fulfil compliance requirements	Likely	Moderate	Medium	The Council is committed to implementing initiatives to support the Shires operations improve and become sustainable into the future.

CONSULTATION

Senior Management team.

COMMENT

The attached plan sets out how Officer's will address the issues identified.

VOTING REQUIREMENT

Simple majority

ATTACHMENTS

1. **June 2020 Update report on the matters identified as significant by the Office of the Auditor General Independent Auditors Report 2018/19** [↓](#) 

COMMITTEE RESOLUTION AC38/20

Moved: Cr Geoff Haerewa

Seconded: Cr Geoff Davis

That the Audit Committee recommend Council

1. **Endorse the June 2020 Update report on the matters identified as significant by the Office of the Auditor General Independent Auditors Report; and**
2. **That it is forwarded to the Department of Local Government, Sport and Cultural Industries and published on the Shires Website as required by section 7.12A duties of Local government with respect to audits.**

In Favour: Crs Geoff Haerewa, Geoff Davis and Rowena Mouda

Against: Nil

CARRIED 3/0

Plan to Address Significant Matters – 2018/19 Audit

Issue Identified	Shire Comment	Action to be undertaken	Time Frame	Progress at 10/2/2020	Progress at 30/06/2020
<p>1. Material matters indicate significant adverse trends in the financial position of the Shire.</p> <p>The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past three years. The financial ratios are reported in Note 31 of the annual financial report</p>	<p>The Shires Operating Surplus Ratio has been impacted by the significant project works associated with WANDRRA. These works are due to be finalised during the 2019/20 Financial Year and from this point Council will be in a better position to understand its sustainability going forward.</p> <p>Given this Council has been working to improve its operations and decrease operation spend as much as possible. A 10 year loan has been secured to cover the works that had been carried out for life time projects such as the Derby Airport and Derby Wharf. This too will support the Shires cash flow going forward.</p>	<p>The Shire is undertaking a significant Strategic Planning Process during 2020, this will inform the Long Term Financial Plan and the Councils Asset Management and will therefore give Council and the DLGSCI a clearer picture on the Councils financial sustainability over the next 10 years.</p>	June 2021	N/A	<p>ONGOING</p> <p>Review of the Community Strategic Plan has commenced and once completed it will inform the Councils Long Term Financial Plan.</p>
<p>2. The following material matters indicating noncompliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified.</p> <p>(a) The Shire has not reported the Asset Renewal Funding Ratio for 2019, 2018 and 2017 in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations, 1996, as planned capital renewals and required capital expenditure were not estimated in a long term financial plan and asset management plan respectively.</p>	<p>The Shire is undertaking a significant Strategic Planning Process during 2020, this will inform the Long Term Financial Plan and the Councils Asset Management and will therefore give Council and the DLGSCI a clearer picture on the Councils financial sustainability over the next 10 years.</p>	<p>The Shire will move to complete its Asset Management Plan during the 2020/2021 Financial year, once the Strategic Community Plan is finalised.</p>	June 2021	N/A	<p>ONGOING</p> <p>Review of the Community Strategic Plan has commenced and once completed it will inform the Councils Asset Management Plan.</p>

Issue Identified	Shire Comment	Action to be undertaken	Time Frame	Progress at 10/2/2020	Progress at 30/06/2020
<p>(b) For approximately 30% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained, to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement</p>	<p>At the 12 December 2019 Ordinary Council Meeting a review of Delegation F1 – Payments from Municipal Funds – Incurring Liabilities and Making Payments was amended to clearly set out purchasing delegations. In addition Policy AF1 – Procurement of Goods and Services was reviewed and adopted.</p> <p>Officers have developed a procedure and form that captures required information during this process and is captured in the Shire’s financial system.</p>	<p>Training to be undertaken with all staff members setting out requirements of officers undertaking requisitioning and purchasing authority.</p> <p>Develop internal audit process to monitor compliance with policy and procedure</p>	<p>31 March 2019</p> <p>31 March 2019</p>	<p>Training was undertaken 16/17/18 December with staff in Derby and Fitzroy Crossing.</p> <p>There are approximately 10 staff who still require training.</p> <p>OUTCOME: ON TARGET</p>	<p>COMPLETED</p> <p>All new staff are to be trained as part of their induction.</p>
<p>3. Electronic Publication of the Audited Financial Report</p> <p>The Shire’s management is responsible for the integrity of the Shire’s website. This audit does not provide assurance on the integrity of the Shire’s website. The auditor’s report refers only to the annual financial report, it does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report.</p>	<p>The Shire is currently reviewing the requirements of the <i>Local Government Legislation Amendment Act 2019</i> and requirements for public information access.</p>	<p>A full detailed report identifying the issues and areas of non-compliance and the associated corrections required will be presented to the Compliance Committee for the consideration and direction.</p>	<p>OCM April 2020</p>	<p>OUTCOME: ON TARGET</p>	<p>ONGOING</p> <p>The Compliance Audit Return – went to the Audit Committee March 2020 and Council 26 March 2020.</p> <p>A new <i>Council Connect Website</i> has been purchased. This will meet the requirements of the new Local Government Amendments Act 2019 and is scheduled to go live by August 2020.</p>

6.2 UPDATE - REGULATION 17 REVIEW - RISK MANAGEMENT, INTERNAL CONTROLS AND LEGISLATIVE COMPLIANCE

File Number: 4110
Author: Stewart Innes, Team Leader - Governance
Responsible Officer: Amanda O'Halloran, Chief Executive Officer
Authority/Discretion: Legislative

SUMMARY

This report provides the Audit Committee an update on progress towards the areas identified for improvement from the Regulation 17 Review of Risk Management, Legislative Compliance and Internal Controls adopted by Council on 21 November 2019.

DISCLOSURE OF ANY INTEREST

Nil

BACKGROUND

The Internal Regulation 17 Audit incorporates the requirement under Regulation 5 (2) (c) of the *Local Government (Financial Management) Regulations 1996* which states that the Chief Executive Officer is to: 'Undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once every 3 financial years) and report to the local government the results of those reviews.'

STATUTORY ENVIRONMENT

Local Government Act 1995

7.13 Regulations as to audits

Local Government (Audit) Regulations 1996

16. Functions of audit committee

17. CEO to review certain systems and procedures

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

All costs have been accounted for in the 2019/20 Annual Budget.

STRATEGIC IMPLICATIONS

GOAL	OUTCOME	STRATEGY
4: Good governance and an effective organisation Leadership that provides strategic direction for the community, supported by	4.1: Effective governance and leadership	4.1.3: Strengthen the governance role of Councillors by informing, resourcing, skilling and supporting their role 4.1.4: Ensure governance policies and

efficient and effective service delivery		procedures are in accordance with legislative requirements
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RISK MANAGEMENT CONSIDERATIONS

RISK	LIKELIHOOD	CONSEQUENCE	RISK ANALYSIS	MITIGATION
Legal & Compliance: Legal and Compliance, Organisational Operations	Unlikely	Minor	Low	Quarterly reporting to the Audit Committee

CONSULTATION

Senior Management Group

COMMENT

The attached summary provides detail on actions undertaken to June 2020. In summary 33 corrective actions are required – 11 completed, 21 on target, 1 not commenced.

Internal Operational Management

The internal operational management strategy (Risk Dashboard) enables the CEO to monitor and ensure the effectiveness of risk management within the Shire.

The CEO has assessed the progress of the Risk Dashboard as of June 2020 and is satisfied with level of progress being achieved by the Senior Management Group.

VOTING REQUIREMENT

Simple majority

ATTACHMENTS

1. **Update to June 2020 - CEO's Regulation 17 Report – Review of Risk management, Internal Controls and Legislative Compliance** [↓](#) 

COMMITTEE RESOLUTION AC39/20

Moved: Cr Geoff Haerewa

Seconded: Cr Geoff Davis

1. **That the Audit Committee Receives the June 2020 update report to the CEO's Regulation 17 Report – Review of Risk Management, Internal Controls and Legislative Compliance.**

In Favour: Crs Geoff Haerewa, Geoff Davis and Rowena Mouda

Against: Nil

CARRIED 3/0

Update to June 2020 - CEO's Regulation 17 Report – Review of Risk management, Internal Controls and Legislative Compliance

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.2.1	Risk Management Policy	The Risk Management Policy AF6 adopted by Council in February 2019 covers the commitment and rationale for risk management. This Policy does not clearly articulate the purpose and desired outcomes of an entity wide risk management strategy in line with the Standard for Risk Management, ISO 31000:2018	Review and update the Risk Management Policy to help the Shire to: <ul style="list-style-type: none"> Align risk management with its objectives, strategy and culture Communicate the value of risk management to the organisation and stakeholders; and Promote systematic monitoring of risks 	High	LGIS engaged to develop framework and supporting documentation including policy. One of 2 onsite workshops completed. Training undertaken with staff 4/5/6 February 2020 Presentation to Council 20 February 2020. Documentation to April meetings.	Policy OUTCOME: ON TARGET Training OUTCOME: COMPLETE Roles & Responsibilities OUTCOME: COMPLETE	OUTCOME: COMPLETE
3.2.2	Risk Framework	Risk and Opportunity Management Framework was developed in conjunction with the adoption of AF6 however has not been implemented throughout the Shire.	Risk management training with staff is required to embed this framework into operational culture. Risk Framework and Risk Profile to be reviewed with LGIS and workshops presented to staff.	High	LGIS engaged to develop framework and supporting documentation Documentation to April meetings	OUTCOME: ON TARGET	OUTCOME: COMPLETE

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.2.3	Risk Management Process	<p>A formal risk management process is yet to be fully implemented across the Shire.</p> <p>Currently, no process to formally communicate and manage entity wide risks is in place.</p> <p>A risk register is reported to the Compliance and Strategic Review Committee, however only contains issues identified as non-compliant at the Shire’s Airport and Port. Risks which could significantly impact on the Shire’s ability to deliver on its strategic objectives or essential services are not recorded in the register.</p>	<p>Following update of the Shire’s Risk Management Policy and Risk and Opportunity Management Framework, the risk management process should be implemented throughout the Shire.</p> <p>Staff training on principles of risk management should be provided to embed a risk awareness culture.</p>	Medium	<p>LGIS engaged to develop framework and supporting documentation</p> <p>Documentation to April meetings</p> <p>One of 2 onsite workshops completed. Training undertaken with staff 4/5/6 February 2020</p>	<p>Process OUTCOME: ON TARGET</p> <p>Training OUTCOME: COMPLETE</p>	OUTCOME: ON TARGET
3.2.4	Risk Monitoring	There are currently no formal processes to formally review risks.	Routine monitoring of identified risks should be undertaken to ensure risks are reduced to an acceptable level.	Medium	LGIS engaged to develop framework and supporting documentation	Process OUTCOME: ON TARGET	OUTCOME: ON TARGET
3.2.5	Risk Reporting	A risk register of specific/identified risks are reported to Council’s Compliance and Strategic Review Committee monthly, however only address areas of non-compliance at airports/port.	<p>Risks which could significantly impact on the Shire’s ability to deliver on its strategic objectives or essential services are not recorded in the register.</p> <p>Risk reporting requirements to the Compliance and Strategic Review Committee should be included in the Risk Management Policy and Risk and Opportunity Management Framework.</p>	Medium	LGIS engaged to develop framework and supporting documentation	Process OUTCOME: ON TARGET	OUTCOME: ON TARGET

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.2.6	Council Policies	Comprehensive review of Policy Manual undertaken from September 2018 and completed March 2019 with review by the Compliance and Strategic Review Committee. There were over 15 polices that were not reviewed during this process.	To be included on governance calendar to ensure regular review through the Compliance and Strategic Review Committee.	Low		Process OUTCOME: ON TARGET	OUTOME: ON TARGET
3.2.7	Code of Conduct Training	9 staff have been trained, approximately 45 still to complete.	Code of Conduct training is completed by outstanding staff members. Code of Conduct refresher training for all staff be conducted at least annually.	High	Progressing, not yet complete	OUTCOME: ON TARGET	OUTOME: ON TARGET
3.2.8	Disaster Recovery Plan	A disaster recovery plan does not exist for Shire Operations.	Plan has been identified as needing development in approved Recordkeeping Plan. This plan will be included with risk management program with the assistance of LGIS.	Medium	LGIS engaged to develop framework and supporting documentation Documentation to April meetings Concurrently plans are being developed with IT Consultants Managed IT.	OUTCOME: ON TARGET	OUTOME: ON TARGET
3.2.9	Business Continuity Plan	An extensive amount of work has been undertaken in relation to IT systems, however there is no comprehensive business continuity plan that encompasses all areas of operations in place.	A Plan has been identified as needing development in approved Recordkeeping Plan. Business continuity plans to cover all areas of operations with a focus on Derby Port and airports to be supported by LGIS.	High	LGIS engaged to develop framework and supporting documentation Documentation to April meetings One of 2 onsite workshops completed. with management 4/5/6 February 2020	OUTCOME: ON TARGET	OUTOME: ON TARGET

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.3.1	Internal Audit - Finance	Items raised in the auditors Management Report were presented to the Compliance and Strategic Review Committee on 16 May 2019 and endorsed by Council on 30 May 2019, authorising the CEO to prepare a report to the Minister within 3 months addressing any significant matters raised. The CEO provided a response to the Department on 28 June 2019. Currently there is no plan in place to manage corrective action.	To provide the CEO with assurance of the effectiveness of the Shire's internal control framework, consideration be given to conducting routine independent planned reviews over key financial and operational controls. The review program can be performed by internal staff where they are not responsible for the area under review. Implementation of plan with quarterly reporting to the Compliance and Strategic Review Committee	Medium	Of the original 26 items identified 22 items are now complete with four items ongoing. Two of these relate to the review of Community Strategic Plan which has commenced and will be adopted by December 2020. The final two relate to ratios as a result of outstanding WANDRRA monies. Considerable works have been undertaken with a number of claims pending Main Roads approval, this will allow invoicing and assist with improvements in this area.	OUTCOME: ON TARGET	OUTCOME: ON TARGET
3.3.2	Segregation of Duties – System Access	Currently no plan in place to manage corrective action.	User access privileges in the IT system be reviewed and access privileges be amended to align with job roles. For good practice, undertake review at least annually across the whole organisation.	High	Programmed to be completed by 30 June 2020. To be included in risk framework.	OUTCOME: ON TARGET OUTCOME: ON TARGET	OUTCOME: ON TARGET

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.3.3	Work Procedures - Finance	The Shire has procedures in place which support financial functions. Further development is required for documented procedures such as detailed checklists and work instructions to help staff perform their key financial/operational controls. There are deficiencies across all function areas across the organisation.	Development of: <ul style="list-style-type: none"> • Current position descriptions • Job checklists • Flow charts • Documented procedures that show step by step with screenshots of how to perform critical functions. • Opportunity to use framework such as Better Business to facilitate a coordinated approach. 	High	Work has commenced in this area and will be progressively undertaken during the 2020 calendar year.	OUTCOME: ON TARGET	OUTCOME: ON TARGET
3.3.4	Review of Financial Processes	Currently no plan in place to manage corrective action.	<ul style="list-style-type: none"> • Development of process to address and implement. • Consideration for independent health-checks on key financial and operational controls be carried out on a cyclical basis to provide the CEO with assurance of the effectiveness of the Shire's internal control framework. 	High	Work has commenced in this area and will be progressively undertaken during the 2020 calendar year.	OUTCOME: ON TARGET	OUTCOME: ON TARGET
3.3.5	Credit Cards	Adoption of Transaction Card policy on 28.02.2019. This policy covers the use of Corporate Credit Cards, Fuel Cards and Cabcharges. Further process is required in relation to use of credit cards. Fuel card use and supporting systems need to be implemented.	<ul style="list-style-type: none"> • Implementation of declarations on monthly credit card acquittal • Strengthening of Corporate Credit Card User Agreement • Process is developed for the use of fuel cards 	High	<p>Amendment made</p> <p>Amendment made</p> <p>No progress made, will be undertaken by December 2020</p>	<p>OUTCOME: COMPLETE</p> <p>OUTCOME: COMPLETE</p> <p>OUTCOME: ON TARGET</p>	OUTCOME: ON TARGET

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.3.6	Access to ABA Files	Currently no plan in place to manage corrective action.	Review the current access privileges and grant access only to those requiring it for their role. Implement controls to ensure bank account details loaded to the bank agree to supplier or employee records.	High	Work has commenced in this area and will be progressively undertaken during the 2020 calendar year.	OUTCOME: ON TARGET	OUTCOME: ON TARGET Access has been limited to ABA. Continuing to work with Manage IT on this issue.
3.3.7	Purchasing Controls	Currently no plan in place to manage corrective action.	Review of purchasing delegations and limits to be undertaken Development of Procurement guideline and recording of quotes assessment Staff to be trained in purchasing roles and responsibilities.	High	OCM 12 December 2019 <ul style="list-style-type: none"> • Delegation amended • Policy updated • Guidelines developed • Staff trained December 2019 • Internal audit process to be implemented by 31/3/20 	OUTCOME: COMPLETE OUTCOME: ON TARGET	OUTCOME: ON TARGET
3.4.1	Framework	<ul style="list-style-type: none"> • Varying levels of systems and processes are in place across the organisation. • A governance program was endorsed in October 2018 that gave some framework to policy and strategic document review. • Dissemination of information is at best ad hoc. 	The governance program needs to be further developed to ensure compliance decisions are documented and staff trained in their use especially Policy adoption and any amendment to procedures as a result.	Medium	Process yet to be developed	OUTCOME: NOT COMMENCED	OUTCOME: ON TARGET Work has started on the Compliance Calendar which will provide a framework for policy and strategic document review.

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.4.2	Maintenance of Registers	<p>The Shire uses the ATTAIN electronic system for reporting use of returns, related party interests, delegations, gifts and travel declarations. Information has generally been captured and complies however further development of process is required to ensure information is made available as appropriate eg gifts declaration on website.</p> <p>There has been a failure in the management of Leases, Agreements and Grants registers due to staff turnover.</p>	<p>Develop process to ensure data is entered into and extracted out of systems.</p> <p>Purchase of Synergy Compliance calendar that will enable oversight by governance and notifications to responsible officer and their supervisor of due dates/milestones. This will prevent system failure due to staff turnover.</p> <p>Leases, Grants and Agreements – collation and review current terms and conditions. This data will enable use of central system enabling reporting and oversight, ensuring actions are undertaken when required.</p>	High	<p>Process yet to be developed</p> <p>Software is available for use</p> <p>Contract labour is currently in place to collate data</p>	<p>OUTCOME: NOT COMMENCED</p> <p>OUTCOME: COMPLETE</p> <p>OUTCOME: ON TARGET</p>	OUTOME: ON TARGET
3.4.3	Review and Submission of Reports	<p>Governance staff work with the WALGA compliance calendar. Reporting structures are not evident.</p>	<p>Quarterly reporting to be presented to the Compliance and Strategic Review Committee to demonstrate compliance is achieved.</p>	High	Ongoing		OUTOME: ON TARGET

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.4.4	Operational Compliance	<p><i>Recordkeeping Act</i> Record Keeping Plan has been reviewed and adopted by State Records Commission in December 2018. Plans identified and required to ensure all areas of the Act are being achieved operationally, and demonstrate compliance have not commenced. Recordkeeping requirements included in revised Code of Conduct demonstrating the importance of recordkeeping and providing mechanism for managing non-compliance.</p>	<ul style="list-style-type: none"> • Induction process to include recordkeeping responsibilities training same as undertaken with staff • Annual training with all staff • Training to be developed and undertaken with Elected Members 	Medium	<p>Documented procedures provided. Training still to be implemented</p> <p>Not yet addressed</p> <p>Training undertaken with whole of Council November 2019. Need to be included in annual training</p>		OUTOME: ON TARGET

	Category	Assessment	Corrective Actions	Priority	Comment	Progress at 10 February 2020	Progress at 30 June 2020
3.4.5	Integrated Planning and reporting	<p>Plans have not been reviewed at the time of reporting.</p> <ul style="list-style-type: none"> • Community Strategic Plan – 2012 • Corporate Business Plan – 2013 • Long Term Financial Plan – 2013 • Workforce Management Plan – 2013 • Asset Management Plan - 2013 	<p>Community Strategic Plan - will be reviewed over the next 12 months in conjunction with Elected Members and the Community.</p> <p>Corporate Business Plan - is currently being reviewed with the support of Moore Stephens prior to the adoption of the Annual Budget to ensure ongoing compliance</p> <p>Long Term Financial Plan and Asset Management Plan - Moore Stephens was engaged in February 2019 to undertake these reviews, they have been delayed to date due to resourcing issues and issues finalising the 2018/19 year end etc. Elected Member workshops and Management Review have been booked to occur in Derby during July, to have these reports finalised to influence the budget, long term Strategic planning and investment strategies.</p>	High	<p>Consultant appointed. Workshops held with Elected Members and staff. Community consultation to commence March with formal adoption by December 2020</p> <p>Plan completed. Endorsed by Compliance & Strategic Review Committee 12/9/19. Adopted at OCM 21/11/19.</p> <p>Plan completed. Endorsed by Compliance & Strategic Review Committee 12/9/19. Adopted at OCM 21/11/19.</p>		OUTOME: ON TARGET

6.3 COMPLIANCE REPORTS - COUNCILLOR MEETING ATTENDANCE**File Number:** 4262 - Status Reports**Author:** Carlie McCulloch, Executive Services Coordinator**Responsible Officer:** Amanda O'Halloran, Chief Executive Officer**Authority/Discretion:** Information**SUMMARY**

For the Committee to receive the information provided in the attached report and provide strategic direction as required.

DISCLOSURE OF ANY INTEREST

Nil

BACKGROUND

The Terms of Reference for the Compliance and Strategic Review Committee (now Audit Committee) adopted on 26 March 2015 detail the key role the Committee holds in assisting the Shire fulfil its corporate governance responsibilities in managing the affairs of the organisation. This includes financial reporting, risk management, compliance requirements and auditing.

The Committee will ensure compliance in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems to meet statutory requirements.

STATUTORY ENVIRONMENT***Local Government Act 1995***

2.25. Disqualification for failure to attend meetings

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

GOAL	OUTCOME	STRATEGY
4: Good governance and effective organisation	4.1: Effective governance and leadership	4.1.3: Strengthen the governance role of Councillors by informing, resourcing, skilling and supporting their role 4.1.8: Develop and maintain risk management policies and procedures

RISK MANAGEMENT CONSIDERATIONS

RISK	LIKELIHOOD	CONSEQUENCE	RISK ANALYSIS	MITIGATION
Financial: Financial, Legal and Compliance, Organisational Operations and Reputation	Unlikely	Severe	Extreme	Monthly reporting to the Audit Committee for awareness and direction where required.

CONSULTATION

Internal consultation has been undertaken with relevant areas to collate information.

COMMENT

Nil

VOTING REQUIREMENT

Simple majority

ATTACHMENTS

1. Council Meeting Attendance Table - June 2020  

COMMITTEE RESOLUTION AC40/20

Moved: Cr Geoff Davis

Seconded: Cr Geoff Haerewa

That the Audit Committee RECEIVES the information contained in the report detailing Councillor meeting attendance.

In Favour: Crs Geoff Haerewa, Geoff Davis and Rowena Mouda

Against: Nil

CARRIED 3/0



MEETING ATTENDANCE

The following table provides information on attendance at the 2020 Ordinary and Special Council Meetings:

Councillor	4 Feb 2020	27 Feb 2020	26 Mar 2020	30 Apr 2020	28 May 2020	25 Jun 2020	30 Jul 2020	27 Aug 2020	24 Sep 2020	29 Oct 2020	26 Nov 2020	17 Dec 2020
	AGM	OCM	OCM	OCM	OCM	OCM	OCM	OCM	OCM	OCM	OCM	OCM
P White	✓	✓	✓	✓	✓	✓						
G Haerewa	✓	✓	✓	✓	✓	✓						
C Kloss		✓	✓	✓	✓	✓						
R Mouda	✓	✓	✓	✓	✓	✓						
S Ross	✓	✓	LOA	✓	✓	✓						
A Twaddle	✓	✓	✓	✓	✓	✓						
G Davis		✓	✓	✓	✓	✓						
P Riley		✓	LOA	LOA	LOA	✓						
K Bedford		✓	✓	✓	✓	✓						

Derby

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 sdwk@sdwk.wa.gov.au | PO Box 94, Derby WA 6728

Fitzroy Crossing

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6.4 COMPLIANCE REPORTS - COUNCIL MINUTE MANAGEMENT**File Number:** 4262 - Status Reports**Author:** Carlie McCulloch, Executive Services Coordinator**Responsible Officer:** Amanda O'Halloran, Chief Executive Officer**Authority/Discretion:** Information**SUMMARY**

For the Committee to receive the information provided in the attached reports and provide strategic direction as required.

DISCLOSURE OF ANY INTEREST

Nil

BACKGROUND

The Terms of Reference for the Compliance and Strategic Review Committee (now Audit Committee) adopted on 26 March 2015 detail the key role the Committee holds in assisting the Shire fulfil its corporate governance responsibilities in managing the affairs of the organisation. This includes financial reporting, risk management, compliance requirements and auditing.

The Committee will ensure compliance in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems to meet statutory requirements.

STATUTORY ENVIRONMENT***Local Government Act 1995***

Section 5.41(a) of the Act requires CEOs to advise Councils in relation to the functions of a local government under both the *Local Government Act 1995*, and other legislation.

The CEO's function under section 5.41(b) is to ensure the availability of unbiased, professional and relevant advice and information to elected members for their decision making purposes.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

GOAL	OUTCOME	STRATEGY
4: Good governance and effective organisation	4.1: Effective governance and leadership	4.1.3: Strengthen the governance role of Councillors by informing, resourcing, skilling and supporting their role

		4.1.8: Develop and maintain risk management policies and procedures
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RISK MANAGEMENT CONSIDERATIONS

RISK	LIKELIHOOD	CONSEQUENCE	RISK ANALYSIS	MITIGATION
Financial: Financial, Legal and Compliance, Organisational Operations and Reputation	Unlikely	Severe	Extreme	Monthly reporting to the Audit Committee for awareness and direction where required.

CONSULTATION

Internal consultation has been undertaken with relevant areas to collate information.

COMMENT

Nil

VOTING REQUIREMENT

Simple majority

ATTACHMENTS

1. Council Minute Management - July 2020. [↓](#) 

COMMITTEE RESOLUTION AC41/20

Moved: Cr Geoff Davis

Seconded: Cr Geoff Haerewa

That the Audit Committee RECEIVES the information contained in the report detailing Council Minute management.

In Favour: Crs Geoff Haerewa, Geoff Davis and Rowena Mouda

Against: Nil

CARRIED 3/0

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	McCulloch, Carlie O'Halloran, Amanda	Executive Services	Strategic Community Plan - Project Plan and Timeline
RESOLUTION 103/20			
Moved: Cr Chris Kloss			
Seconded: Cr Paul White			
That Council endorses the Strategic Community Project Plan, acknowledging key facets such as:			
<ul style="list-style-type: none"> • the use of Councillors and staff champions to lead the consultations; • anticipated budget; • consultation schedule; • themes and over all questions to be asked; and • the proposed consultation processes. 			
<u>In Favour:</u> Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda and Keith Bedford			
<u>Against:</u> Nil			
CARRIED 8/0			
13/07/2020 Ongoing – Workshops and consultation has commenced as of Monday 29 June 2020.			

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	O'Halloran, Amanda O'Halloran, Amanda	Executive Services	Chief Executive Officer Annual Leave/Acting Chief Executive Officer Arrangements
RESOLUTION 104/20			
Moved: Cr Steve Ross			
Seconded: Cr Paul White			
That Council:			
<ol style="list-style-type: none"> 1. Approve the Annual leave of the Chief Executive Officer, Amanda O'Halloran for the period commencing on 31 July 2020 up to and including Monday the 17 August 2020. 2. Appoint the Director of Technical and Development Services, Wayne Neate, as the Acting Chief Executive Officer for the period from 31 July 2020 up to and including Monday the 17 August 2020. 			
<u>In Favour:</u> Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda and Keith Bedford			
<u>Against:</u> Nil			
CARRIED 8/0			
<div style="background-color: #90EE90; padding: 2px;">13/07/2020</div> Leave applied for and process in place.			

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	Neate, Wayne O'Halloran, Amanda	Executive Services	Allocation of Curtin Airport Donga's
RESOLUTION 105/20			
Moved: Cr Rowena Mouda			
Seconded: Cr Paul White			
That Council;			
<ol style="list-style-type: none"> 1. Advertise notice of intention to dispose of the ex-Curtin Accommodation Block 3 to the Friends of Wharfinger House in accordance with section 3.58 of the <i>Local Government Act 1995</i>, subject to the relevant approvals being gained; 2. Advertise notice of intention to dispose of the ex-Curtin Accommodation Block 4 to the Derby Enduro Club in accordance with section 3.58 of the <i>Local Government Act 1995</i>, subject to the relevant approvals being gained; 3. Advertise notice of intention to dispose of the ex-Curtin Accommodation Block 5 to the Derby Golf Club in accordance with section 3.58 of the <i>Local Government Act 1995</i>, subject to the relevant approvals being gained; 4. Advertise notice of intention to dispose of the ex-Curtin Security Block to the Derby Regional Hospital in accordance with section 3.58 of the <i>Local Government Act 1995</i>, subject to the relevant approvals being gained; 5. Note that the Shire is using the remaining two Guard Houses for its own purposes; and 6. Advertise to the wider public for expression of interest for the use of the eight piece medical facility and for any of the other buildings should the disposal of the assets listed in points 1 through to 4 not occur for any reason. 			
<u>In Favour:</u> Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford			
<u>Against:</u> Nil			
CARRIED 9/0 BY ABSOLUTE MAJORITY			
No update – Audit Committee to be updated August meeting			

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	Neate, Wayne O'Halloran, Amanda	Executive Services	User Agreement - Derby Airport Rio Tinto
RESOLUTION 106/20			
Moved: Cr Chris Kloss			
Seconded: Cr Steve Ross			
That Council endorses entering into a user agreement with Rio Tinto for the use of the small security room at the Derby Airport.			
<u>In Favour:</u> Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford			
<u>Against:</u> Nil			
CARRIED 9/0			
No update – Audit Committee to be updated August meeting			

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	O'Halloran, Amanda O'Halloran, Amanda	Executive Services	Sale of Unit 8 No 5 Rowan Street, Derby
RESOLUTION 107/20			
Moved: Cr Andrew Twaddle			
Seconded: Cr Paul White			
That Council			
<ol style="list-style-type: none"> 1. Notes the completion of the legislative requirements for the disposal of Unit 8 No 5 Rowan Street, Derby in accordance with the requirements of section 3.58(3) & (4) of the <i>Local Government Act 1995</i>; and 2. Gives approval and delegation to the CEO to proceed to settlement for sale of Unit 8 No 5 Rowan Street Derby, for the advertised price of \$85,000.00 to Jaala Ozies; and 3. Approve the transfer of 100% of the proceeds of the sale to the Staff Housing Reserve in the 2019/20 Budget. 			
<u>In Favour:</u> Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford			
<u>Against:</u> Nil			
CARRIED 9/0 BY ABSOLUTE MAJORITY			
<p>13/07/2020 Advertised in Broome Advertiser June 11 2020. Engaged Kimberley Property Settlements 06/07/2020 to conduct settlement.</p>			

Outstanding/Finalised	Division:	Date From:	11/06/2020
	Committee:	Date To:	31/12/9999
Action Sheets Report	Officer:	Printed:	13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	Willis, Mark O'Halloran, Amanda	Corporate Services	Write off of Fitzroy Crossing Visitors Centre Stock
RESOLUTION 108/20			
Moved: Cr Geoff Davis			
Seconded: Cr Steve Ross			
That Council:			
<ol style="list-style-type: none"> 1. Approve the writing off of the Birubi Art Stock for \$1945.40; and 2. Endorse the proposed disposal of the stock to ensure that the items are removed from circulation in the interests of protecting and maintaining the authenticity of Indigenous Art. 			
<u>In Favour:</u>	Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford		
<u>Against:</u>	Nil		
CARRIED 9/0			
2 Jul 2020 - 9:12 AM - Carlie McCulloch			
Action reassigned to Willis, Mark by: McCulloch, Carlie for the reason: Mark to action			

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	Neate, Wayne O'Halloran, Amanda	Technical Services	Fitzroy Crossing - Low level Crossing
RESOLUTION 111/20			
Moved: Cr Geoff Davis			
Seconded: Cr Paul White			
That Council;			
<ol style="list-style-type: none"> 1. Include the Fitzroy Crossing Low Level Crossing in the Road Maintenance Strategy 2020-25 with updated pricing for the risk assessment and upgrade works. 2. Close the Fitzroy Crossing Low Level Crossing to all traffic and advertise the decision as per the requirements of the Local Government Act 1995. 3. Instruct Officers to investigate feasible options to close the Fitzroy Crossing Low Level Crossing to traffic but allow access to the banks of the Fitzroy River. 4. Instruct officers to investigate alternative sources of funding for the Low Level Crossing. 			
<u>In Favour:</u>	Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford		
<u>Against:</u>	Nil		
			CARRIED 9/0
No update – Audit Committee to be updated August meeting			

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	Gugeri, Emma O'Halloran, Amanda	Matters for which the Meeting May Be Closed (Conf)	Settlement Proposal - Pegasus Metals Ltd
RESOLUTION 113/20			
Moved: Cr Andrew Twaddle			
Seconded: Cr Geoff Davis			
That Council:			
1. Agree to the final settlement proposal of \$132,839.64 over 10 monthly instalment amounts of \$13,283.96			
In Favour: Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford			
Against: Nil			
CARRIED 9/0 BY ABSOLUTE MAJORITY			
2 Jul 2020 - 10:56 AM - Emma Gugeri			
Rates officer processed write off batch for interest amounts totalling \$52,859.34			
2 Jul 2020 - 10:57 AM - Emma Gugeri			
Rates officer ticked "Exclude from interest calc" on all properties as per section b)			
2 Jul 2020 - 5:05 PM - Emma Gugeri			
Emailed Scorpion with details of resolution and included amended rate notices after write offs had been applied. Rates officer requested to be notified date of first payment to initiate a payment plan on each tenement under special arrangements.			

Outstanding/Finalised	Division:	Date From: 11/06/2020
	Committee:	Date To: 31/12/9999
Action Sheets Report	Officer:	Printed: 13 July 2020 8:13 AM

Meeting	Officer/Director	Section	Subject
Council 25/06/2020	O'Halloran, Amanda O'Halloran, Amanda	Matters for which the Meeting May Be Closed (Conf)	Extension of Memorandum of Understanding with Warburton Group and ACE Infrastructure
RESOLUTION 114/20			
Moved: Cr Chris Kloss			
Seconded: Cr Steve Ross			
That Council,			
<ol style="list-style-type: none"> 1. Agree to a one year (twelve month) extension of the Memorandum of Understanding for investigations to occur at the Derby Airport and Derby Wharf with the Derby Infrastructure Joint Venture participants WGPL Property No 3 PTY LTD and ACE Infrastructure SPV PTY LTD. 2. Authorise the Chief Executive Officer and Shire President to sign and execute the deed of extension by affixing the common seal of the Shire of Derby/West Kimberley. 3. Agree to the Notice of a Force Majeure Impact and endorse the delaying of the Milestone Dates to take into account the time commencing from the 9 April 2020 (date of notification) until the end of the period for which the Force Majeure extends as an initial position of negotiation. 			
<u>In Favour:</u> Crs Geoff Haerewa, Paul White, Geoff Davis, Chris Kloss, Andrew Twaddle, Steve Ross, Rowena Mouda, Pat Riley and Keith Bedford			
<u>Against:</u> Nil			
CARRIED 9/0 BY ABSOLUTE MAJORITY			
2 Jul 2020 - 3:11 PM - Amanda O'Halloran			
Action completed by: McCulloch, Carlie			
Signed MOU sent to Warburton Group for signing 02/07/2020. Record number O28283.			

7 NEW BUSINESS OF AN URGENT NATURE

8 NEW AND EMERGING ITEMS FOR DISCUSSION

9 DATE OF NEXT MEETING

The next meeting of Audit Committee will be held on Thursday 30 July 2020 in the Derby Library/Council Chambers, 2020.

10 CLOSURE OF MEETING

The Presiding Member closed the meeting at 4.41pm.

These minutes were confirmed at a meeting on
.....
Signed:
Presiding Person at the meeting at which these minutes were confirmed.
Date: