

# Audit & Risk Committee Meeting

Agenda for Monday 12 December 2016



**shire of  
kalamunda**

## NOTICE OF MEETING AUDIT AND RISK COMMITTEE

Dear Councillors

Notice is hereby given that the next meeting of the Audit & Risk Committee will be held in the Council Chambers, Administration Centre, 2 Railway Road, Kalamunda on **Monday 12 December 2016 at the conclusion of the Development and Infrastructure Services Committee Meeting.**



Rhonda Hardy  
**Chief Executive Officer**  
8 December 2016

### Our Vision and Our Values

#### Our Vision

The Shire will have a diversity of lifestyle and people. It will take pride in caring for the natural, social, cultural and built environments and provide opportunities for people of all ages.

#### Our Core Values

**Service** – We deliver excellent service by actively engaging and listening to each other.

**Respect** – We trust and respect each other by valuing our difference, communicating openly and showing integrity in all we do.

**Diversity** – We challenge ourselves by keeping our minds open and looking for all possibilities and opportunities.

**Ethics** – We provide honest, open, equitable and responsive leadership by demonstrating high standards of ethical behavior.

#### Our Aspirational Values

**Prosperity** – We will ensure our Shire has a robust economy through a mixture of industrial and commercial development.

**Harmony** – We will retain our natural assets in balance with our built environment.

**Courage** – We take risks that are calculated to lead us to a bold new future.

**Creativity** – We create and innovate to improve all we do.

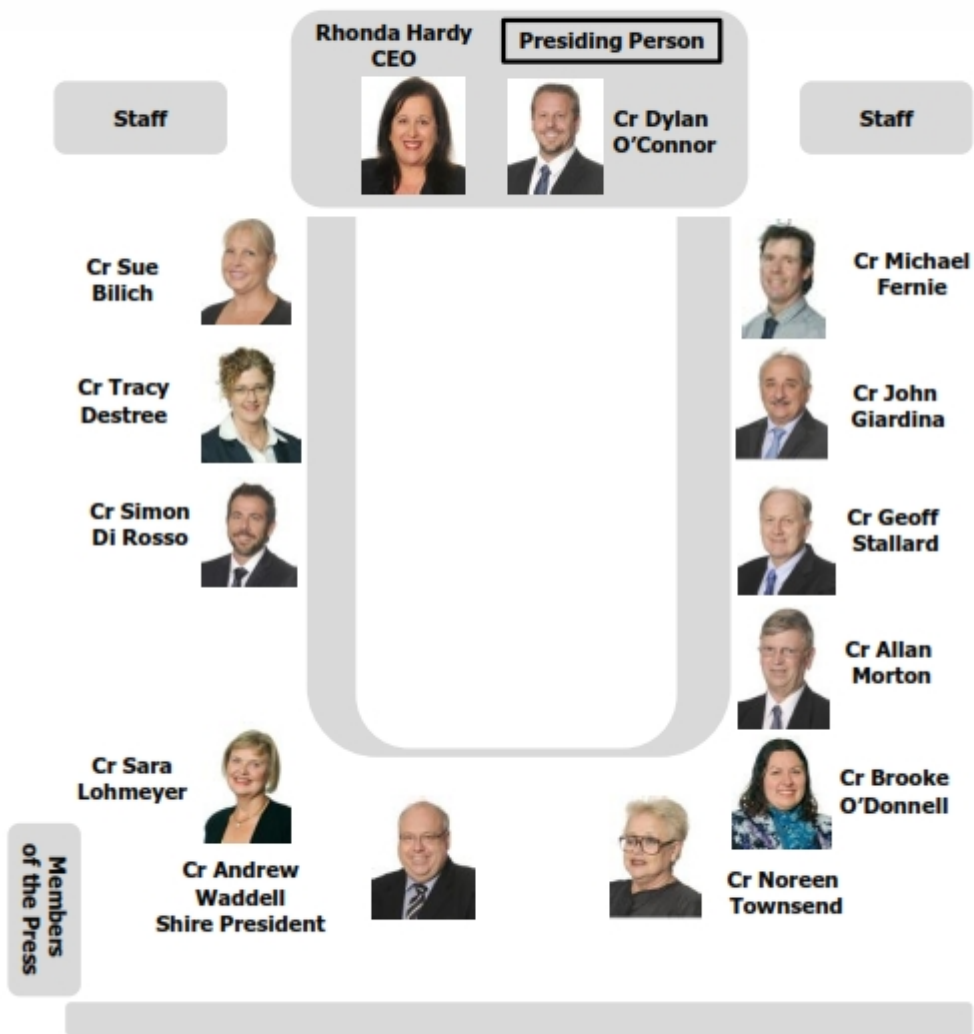


### Audit & Risk Committee Meeting Procedure

1. Audit & Risk Committee has a membership of all Councillors.
3. The Committee makes recommendations only to Full Council (held on the fourth Monday of each month at 6.30pm).
4. All other arrangements are in general accordance with Council's Audit & Risk Committee Terms of Reference February 2013.

# Council Chambers Seating Layout

## Council Chambers



Public Gallery



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## AGENDA

### 1.0 OFFICIAL OPENING

### 2.0 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

### 3.0 CONFIRMATION OF THE PREVIOUS MINUTES

- 3.1 That the Minutes of the Audit and Risk Committee Meeting held on 31 October 2016, as published and circulated, are confirmed as a true and accurate record of the proceedings.

Moved:

Seconded:

Vote:

#### Statement by Presiding Member

“On the basis of the above Motion I now sign the Minutes as a true and accurate record of the meeting of 31 October 2016”.

### 4.0 CONFIDENTIAL ITEMS

### 5.0 DISCLOSURE OF INTERESTS

#### 5.1 Disclosure of Financial and Proximity Interests

- a. Members must disclose the nature of their interest in matters to be discussed at the meeting. (Section 5.65 of the *Local Government Act 1995*.)
- b. Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Section 5.70 of the *Local Government Act 1995*.)

#### 5.2 Disclosure of Interest Affecting Impartiality

- a. Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee had given or will give advice.

### 6.0 REPORTS TO COUNCIL

Please Note: declaration of financial/conflict of interests to be recorded prior to dealing with each item.

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**Declaration of financial / conflict of interests to be recorded prior to dealing with each item.**

**08. Internal Audit Report**

Previous Items	OCM 185/2016
Responsible Officer	Director Corporate and Community Services
Service Area	Internal Audit
File Reference	
Applicant	Nil
Owner	Nil
Attachment 1	Internal Audit Plan
Attachment 2	Internal Audit Report - template

**PURPOSE**

1. To endorse the Internal Audit Plan (Attachment 1).
2. To endorse the Internal Audit Report Template (Attachment 2).

**BACKGROUND**

3. The Audit and Risk Committee requested that the Shire's Internal Audit Plan be brought to Council (A&R 31 October 2016). The updated Internal Audit Plan outlines the work completed during 2016/17 and the scheduled audit works from 2016/17 through to 2019/20.
4. The *Local Government Audit Regulations 1996* requires the Chief Executive Officer (CEO) to carry out a biennial review of legislative compliance, internal control and risk management, presenting the results of the review to the Audit and Risk Committee for their consideration. The Internal Audit Plan outlines the audit program including, key controls, risk management and financial management that will be reviewed.
5. The Audit and Risk Committee requested that the Internal Audit Report structure be reviewed to provide better more informative information (A&R 31 October 2016). The revised Internal Audit Report is submitted for Council endorsement.

**DETAILS**

6. The Shire of Kalamunda (Shire) is required by legislation to conduct a financial management review four yearly focusing on evaluation of procedures, key controls, assessment of risk and a review of systems. In addition, the Shire is required to conduct a Risk Management Review two yearly assessing legislative compliance, internal control and risk management. The Financial Management and Risk Management Review form the basis of the Internal Audit Plan for the period 2016/17 to 2019/20. The Internal Audit Plan is reviewed annually and presented to the Audit and Risk Committee for their endorsement.
7. Audit findings from the Financial Management and Risk Management Review are recorded in an Audit Log together with management responses and

implementation dates. The Audit Log is reviewed by management and is presented to the Audit and Risk Committee on an annual basis.

8. The Internal Audit Report Template (Attachment 2) has been revised to provide more informative information regarding audit findings. The template has been aligned to the audit reporting carried out by the Shire's external auditors. The template identifies the:
- Audit focus
  - Classification
  - Financial value (where appropriate)
  - Management judgement – applicable where a management assessment is carried involving assumptions, estimates
  - Outstanding matters from previous audit reviews
  - Details of the audit risk
  - Details of the audit procedures carried out
  - Audit conclusions
  - Control deficiencies
  - Audit recommendations.

### **STATUTORY AND LEGAL CONSIDERATIONS**

9. *Local Government Act 1995*  
*Local Government (Financial Management) Regulations 1996*  
*Local Government (Functions and General) Regulations 1996*  
*Australian Accounting Standards*

### **POLICY CONSIDERATIONS**

10. Shire and Council Policies are considered in accordance with the audit focus area.

### **COMMUNITY ENGAGEMENT REQUIREMENTS**

11. Nil.

### **FINANCIAL CONSIDERATIONS**

12. Nil.

### **STRATEGIC COMMUNITY PLAN**

#### **Strategic Planning Alignment**

13. *Kalamunda Advancing: Strategic Community Plan to 2023*
- |                |  |
|----------------|--|
| Strategy 6.3.3 | Regularly review the organisations structure and procedures in response to changing circumstances.   |
| Strategy 6.8.4 | Provide effective financial services to support the Shire's operations and to meet sustainability planning, reporting and accountability requirements. |

## SUSTAINABILITY

### Social Implications

14. Nil.

### Economic Implications

15. Nil.

### Environmental Implications

16. Nil.

## RISK MANAGEMENT CONSIDERATIONS

17.

Risk	Likelihood	Consequence	Rating	Action/Strategy
Ineffective audit plan	Unlikely	Moderate	Low	Regular review of Audit Plan
Audit identifies significant control, risk and legislative issues	Unlikely	Moderate	Low	Staff training Legislative frameworks Audit reviews Monitoring of audit results

## OFFICER COMMENT

18. The Internal Audit Plan identifies the audit program for the current year and the three following years. Within the Audit Plan there is a focus on key controls, risk management and financial management. The results of the reviews are presented to the Audit and Risk Committee and the Department of Local Government.

19. The Internal Audit Report has been restructured to provide more informative information for the Audit and Risk Committee to consider the Shire's performance against audited areas.

**Voting Requirements: Simple Majority**

## OFFICER RECOMMENDATION (A&R 08/2016)

That Council:

1. Endorse the Internal Audit Plan (Attachment 1).
2. Endorse the Internal Audit Report Template (Attachment 2).

Moved:



Seconded:

Vote:

Attachment 1 – Internal Audit Plan

[Click HERE to go to the attachment](#)

Attachment 2 – Internal Audit Report Template

[Click HERE to go to the attachment](#)

**7.0 URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY  
DECISION**

**8.0 CLOSURE**