



Shire of Northam
Heritage, Commerce and Lifestyle

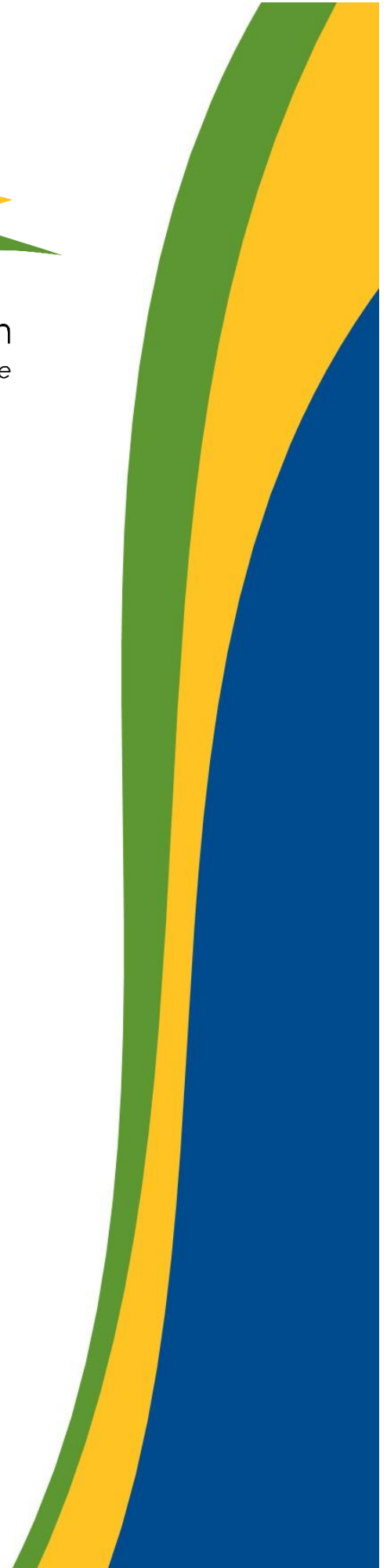
Shire of Northam

Agenda

Audit & Risk Management

Committee Meeting

17 December 2020



NOTICE PAPER

Audit & Risk Management Committee Meeting

17 December 2020

Committee Members

I inform you that an Audit & Risk Management Committee meeting will be held in the Council Chambers, located at 395 Fitzgerald Street, Northam on 17 December 2020 at 5:00pm.

Yours faithfully



Jason Whiteaker
Chief Executive Officer

DISCLAIMER

This agenda has yet to be dealt with by the Council. The Recommendations shown at the foot of each item have yet to be considered by the Council and are not to be interpreted as being the position of the Council. The minutes of the meeting held to discuss this agenda should be read to ascertain the decision of the Council.

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1. DECLARATION OF OPENING

2. ATTENDANCE

Committee:

Shire President
Councillors

Cr C R Antonio
Cr A J Mencshelyi
Cr M P Ryan

Staff:

Chief Executive Officer
Acting Executive Manager Corporate Services
Accountant
Executive Assistant – CEO

J B Whiteaker
R Jahmeerbacus
Z Macdonald
A McCall

Guest:

Moore Stephens

Office of the Auditor General

G Godwin
Gilles Chan
Kellie Tonich

2.1 APOLOGIES

Councillor

Cr S B Pollard

2.2 APPROVED LEAVE OF ABSENCE

Nil.

2.3 ABSENT

3. DISCLOSURE OF INTERESTS

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

*As defined in section 5.60A of the Local Government Act 1995, a **financial interest** occurs where a Councillor / Committee Member, or a person with whom the Councillor / Committee Member is closely associated, has a direct or indirect financial interest in the matter. That is, the person stands to make a financial gain or loss from the decision, either now or at some time in the future.*

*As defined in section 5.61 of the Local Government Act 1995, an **indirect financial interest** includes a reference to a financial relationship between that person and another person who requires a Local Government decision in relation to the matter.*

*As defined in section 5.60B of the Local Government Act 1995, a person has a **proximity interest** in a matter if the matter concerns a proposed change to a*

planning scheme affecting land that adjoins the person's land; or a proposed change to the zoning or use of land that adjoins the person's land; or a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land.

As defined in 34C of the Local Government (Administration) Regulations 1996, an **impartiality interest** means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.

Item Name	Item No.	Name	Type of Interest	Nature of Interest

4. CONFIRMATION OF MINUTES

4.1 COMMITTEE MEETING HELD 12 NOVEMBER 2020

RECOMMENDATION

That the minutes of the Audit Committee meeting held on 12 November 2020 be confirmed as a true and correct record of that meeting.

5. COMMITTEE REPORTS

5.1 SHIRE OF NORTHAM ANNUAL REPORT 2019/20

File Reference:	8.2.7.5
Reporting Officer:	Chief Executive Officer, Jason Whiteaker
Responsible Officer:	Accountant, Zoe Macdonald
Officer Declaration of Interest:	N/A
Voting Requirement:	Absolute Majority
Press release to be issued:	Yes – public notice

BRIEF

For Council to endorse the Annual Report for 2019/20. There will also be an opportunity to provide a forum for the audit exit interview for Moore Stephens, as auditors of the Office of the Auditor General (OAG), and the OAG to present their opinion and management letter points.

ATTACHMENTS

- Attachment 1: Audit Concluding Memorandum to for the year ended June 2020 (provided as a separate confidential attachment to this agenda/minutes).
- Attachment 2: Annual Report for the year ended June 2020 (provided as a separate attachment to this agenda/minutes).

A. BACKGROUND / DETAILS

The Financial Statements for the year ended 30 June 2020 have been audited and will be signed by the Chief Executive Officer and the Auditor General after acceptance by the Audit and Risk Committee.

Section 5.54 'Acceptance of Annual Reports' of the Local Government Act 1995 requires an Annual Report to be accepted by Council by 31 December in each year unless the Auditors Report is not available in time. The Local Government Act 1995 Section 5.54(2) requires that if the Annual Report is not accepted by the Local Government by 31 December then it must be presented within two (2) months of the Auditors Report becoming available.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area 6: Governance & Leadership

- Outcome 6.3: The Shire of Northam Council is a sustainable, responsive, innovative and transparent organisation.
- Maintain a high standard of corporate governance; and
 - Undertake our regulatory roles in a safe, open, accountable and respectful manner.
- Outcome 6.4: The Elected Members of the Shire of Northam provide accountable, strong and effective community leadership.
- Open, accountable and effective decision making.

B.2 Financial / Resource Implications

It is estimated that advertising costs for the availability of the Annual Report and Annual Electors General meeting will be approximately \$600 including GST which will be charged to account 040521920 (Advertising).

B.3 Legislative Compliance

Local Government (Audit) Regulations 1996 Section 9A

CEO to provide documents to Auditor General carrying out financial audit

- (1) In this regulation — audit document means — (a) the strategic community plan as defined in the Local Government (Administration) Regulations 1996 regulation 19BA; or (b) the corporate business plan as defined in the Local Government (Administration) Regulations 1996 regulation 19BA; or (c) another plan or informing strategy specified by the Auditor General; or (d) another document specified by the Auditor General.
- (2) The CEO must provide a copy of an audit document to the Auditor General within 14 days after the Auditor General requests it for the purposes of a financial audit under Part 7 Division 3A of the Act.

Local Government Act 1995 Section 5.53 Annual Reports;

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain -
- (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - [(c), (d) deleted]
 - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (f) the financial report for the financial year; and
 - (g) such information as may be prescribed in relation to the payments made to employees; and
 - (h) the auditor's report for the financial year under section 7.9(1) or 7.12AD(1) for the financial year; and
 - (ha) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and

- (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
- (i) the number of complaints recorded in the register of complaints, and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require; and
 - (i) such other information as may be prescribed.

Local Government Act 1995 Section 5.54 Acceptance of Annual Reports;

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

* Absolute majority required.

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

Local Government Act 1995 Section 5.55 Notice of Annual Reports;

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

B.4 Policy Implications

Nil.

B.5 Stakeholder Engagement / Consultation

Providing the 2019/20 Annual Report is endorsed at the Special Council Meeting proposed on 22 December 2020. It is intended that public notice shall be placed into the West Australian on Thursday, 24 December 2020.

Notices will also be placed on our Notice Boards, Facebook and the Shire of Northam website.

B.6 Risk Implications

Risk Category	Description	Rating (likelihood x consequence)	Mitigation Action
Financial	N/A	N/A	N/A
Health & Safety	N/A	N/A	N/A
Reputation	N/A	N/A	N/A

Service Interruption	N/A	N/A	N/A
Compliance	The Annual Report is not endorsed prior to 31 st December annually.	Insignificant (1) x Possible (3) = Low (3)	Council has a documented process for developing the Annual Report. In accordance with this process, the Annual Report is prepared and presented to the Audit and Risk Management Committee and Council for by 31 st December annually.
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C. OFFICER'S COMMENT

This year was the second year the Shire of Northam was audited by the Office of Auditor General. The process was rigorous and extensive.

This was compounded with the change in the *Local Government (Financial Management) Regulations 1996* proclaimed on 6 November 2020 and applied from 1 July 2019.

Regulation 16 was deleted.

- It legitimised the treatment relating to land under roads and other Crown / vested land under control.
- It removed the need to treat certain vested land assets, golf courses, differently. The three vested land assets for the Shire of Northam were the Bakers Hill Golf Course land, the Wundowie Golf Course land and the Northam Harness Club land and reserve.

Regulation 17A was amended to

- It removed the confusion around assets and non-financial assets.
- It defines Right-of-use assets and vested improvements.
- It allows Right-of-use assets to be treated as concessionary leases at zero cost on accordance with AASB16. It corrects inconsistency with AASB1051.
- Plant and equipment type assets and other right of use type assets are to revert to measurement at cost.
- It simplifies revaluation period to a maximum of five years.

During the current year the following new standards were applied, AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities.

The loss on the sale of Victoria Oval of \$1,077,800 reduced the net result for the year, which subsequently impacted the debt service ratio, operating surplus ratio and own source revenue ratios.

The table below outlines the reconciliation between the budgeted surplus and the actual surplus as presented in the Financial Report. The adjustments will be carried out as part of the budget review process.

Surplus Reconciliation	2019/20	Adjustment
Budgeted Surplus	6,248,942	
Financial Report Actual Surplus	(6,309,758)	
Unallocated	(60,816)	

RECOMMENDATION

That Council, by Absolute Majority;

- 1. In accordance with Sections 5.53 and 5.54 of the *Local Government Act 1995*, accepts the Annual Report for the 2019/20 financial year; and**
- 2. In accordance with Section 5.55 of the *Local Government Act 1995*, authorise the Chief Executive Officer to give public notice of the availability of the Annual Report from Thursday, 24 December 2020.**

5.2 SHIRE OF NORTHAM ANNUAL ELECTORS GENERAL MEETING 2019/2020

File Reference:	8.2.7.1
Reporting Officer:	Alysha McCall, Executive Assistant - CEO
Responsible Officer:	Jason Whiteaker, Chief Executive Officer
Officer Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Press release to be issued:	Yes – public notice

BRIEF

For Council to consider and endorse the date for the Annual Electors General Meeting.

ATTACHMENTS

Nil.

A. BACKGROUND / DETAILS

The Annual Electors General Meeting is to be held within 56 days of the local government accepting the Annual Report.

A requirement of setting the date is that 14 days local public notice is required for advertising the meeting. Providing the Annual Report is endorsed at the Special Council Meeting proposed on 22 December 2020, it is recommended that this be held prior to the January Council Forum Meeting which is scheduled on 20 January 2021.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area 6: Governance & Leadership

Outcome 6.2: Residents and other stakeholders are actively listened to and their input into decision-making processes is valued.

- Decisions made by the Shire of Northam are communicated and the reasoning clearly articulated to residents and stakeholders; and
- Effective and efficient two-way communication between the Shire of Northam and stakeholders.

Outcome 6.3: The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

- Improve community access to information to ensure they are able to be informed of our activities;
- Encourage active community participation in our local government;
- Maintain a high standard of corporate governance; and
- Undertake our regulatory roles in a safe, open, accountable and respectful manner.

Outcome 6.4: The Elected Members of the Shire of Northam provide accountable, strong and effective community leadership.

- Open, accountable and effective decision making.

B.2 Financial / Resource Implications

It is estimated that advertising costs for the availability of the Annual Report and Annual Electors General meeting will be approximately \$600 including GST which will be charged to account 040521920 (Advertising).

B.3 Legislative Compliance

Local Government Act 1995 Section 5.27 Electors' general meetings;

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

Local Government (Administration) Regulation No 15 Matters for discussion at general electors' meetings - s. 5.27(3)

For the purposes of section 5.27(3), the matters to be discussed at a general electors' meeting are, firstly, the contents of the annual report for the previous financial year and then any other general business.

Local Government Act 1995 Section 5.29 Convening Electors' Meetings;

- (1) The CEO is to convene an electors' meeting by giving –
 - (a) at least 14 days' local public notice; and
 - (b) each council member at least 14 days' notice, of the date, time, place and purpose of the meeting.
- (2) The local public notice referred to in subsection (1)(a) is to be treated as having commenced at the time of publication of the notice under section 1.7(1)(a) and is to continue by way of exhibition under section 1.7(1)(b) and (c) until the meeting has been held.

B.4 Policy Implications

Nil.

B.5 Stakeholder Engagement / Consultation

Providing the 2019/20 Annual Report is endorsed at the Special Council Meeting proposed on 22 December 2020. It is intended that public notice shall be placed into the West Australian on Thursday, 24 December 2020.

Notices will also be placed on our Notice Boards, Facebook and the Shire of Northam website.

B.6 Risk Implications

Risk Category	Description	Rating (likelihood x consequence)	Mitigation Action
Financial	N/A	N/A	N/A
Health & Safety	N/A	N/A	N/A
Reputation	N/A	N/A	N/A
Service Interruption	N/A	N/A	N/A
Compliance	An Annual Electors Meeting is not held once each financial year and not more than 56 days after the local government accepts the annual report. Public Notice is not given in accordance with legislative requirements.	Insignificant (1) x Possible (3) = Low (3)	Council has a documented process for developing the Annual Report. This process includes the requirements associated with the Annual Electors Meetings.
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A

C. OFFICER'S COMMENT

Council is requested to endorse the date proposed, in accordance with the Local Government Act, for the Annual Electors Meeting.

RECOMMENDATION

That Council holds the Annual Electors General Meeting on Wednesday, 20 January 2021 at 5.00pm at the Northam Recreation Centre and authorise the Chief Executive Officer to give public notice of the meeting from Thursday, 24 December 2020.

5.3 NORTHAM AQUATIC FACILITY REPORT

File Reference:	1.3.8.8
Reporting Officer:	Jason Whiteaker – Chief Executive Officer
Responsible Officer:	Jason Whiteaker – Chief Executive Officer
Officer Declaration of Interest:	N/A
Voting Requirement:	Simple Majority
Press release to be issued:	No

BRIEF

Provide a report on Northam Aquatic Facility, major project.

ATTACHMENTS

Attachment 1: Project Assessment Report (provided as a separate confidential attachment to this agenda and minutes).

A. BACKGROUND / DETAILS

As part of the risk assessment undertaken for the Northam Aquatic Facility project, there were a range of potential risks identified as being associated with this project, one of these was 'ineffective project management'. As an identified risk exceeding the acceptable inherent risk threshold, specific mitigation actions / treatments were identified to manage the risk. These actions included;

- Project management framework in place, providing parameters for staff to operate within
- Prepare Elected Members Monthly Report - Publish Monthly Report. Major Project status reporting to Council (through monthly elected member report)
- Independent Project Superintendent appointed with requisite skills to acknowledge scale and complexity of this project
- Construction project progress reports to be provided
- Project Superintendent (Donovan Payne) reports to be provided monthly
- Financial variations to be signed off by Project Manager
- All request for information and clarification to be signed off / cited by Council Project Manager
- Project time delays to be signed off in accordance with contract; and
- **Project assessment / evaluation to be undertaken at completion and reported to audit committee**

It is the final action which is the subject of this report.

B. CONSIDERATIONS

B.1 Strategic Community / Corporate Business Plan

Theme Area: 6 Governance & Leadership

Outcome: 6.3 - The Shire of Northam council is a sustainable, responsive, innovative and transparent organisation.

Objective: Implement systems and processes which deliver outcomes for our community

B.2 Financial / Resource Implications

B.3 Legislative Compliance

N/A.

B.4 Policy Implications

G1.8 – Risk Management.

B.5 Stakeholder Engagement / Consultation

N/A

B.6 Risk Implications

Risk Category	Description	Rating (likelihood x consequence)	Mitigation Action
Financial	Nil.		
Health & Safety	Nil.		
Reputation	Nil.		
Service Interruption	Nil.		
Compliance	Nil.		
Property	Nil.		
Environment	Nil.		

C. OFFICER'S COMMENT

Refer to Attachment 1.

RECOMMENDATION

That Council accepts the Project Assessment Report as provided in Attachment 1.

6. URGENT BUSINESS APPROVED BY PERSON PRESIDING OR BY DECISION

Nil.

7. DATE OF NEXT MEETING

Thursday, 25th February 2020 at 5:00pm.

8. DECLARATION OF CLOSURE