



SHIRE OF
COCOS
KEELING **ISLANDS**

EXPRESSIONS OF INTEREST FOR AN INDEPENDENT MEMBER
OF THE AUDIT AND RISK MANAGEMENT COMMITTEE FOR A
TWO-YEAR PERIOD

Background

The Shire of Cocos (Keeling) Islands ('the Shire') is a local government situated 2750 kms northwest of Perth, Western Australia. The Cocos Keeling Islands are a group of 27 coral islands that form two atolls. Arguably Australia's last unspoilt paradise, the Islands lie in the azure waters of the Indian Ocean offering spectacular snorkelling, world-class diving, excellent fishing and the adrenalin-rush of kitesurfing. The pristine beaches, uninhabited islands, spectacular birdlife and the culture and traditions of the Cocos Malay people combine to make Cocos (Keeling) Islands one of the world's most fascinating destinations.

<https://www.bing.com/videos/search?q=cocos+keeling+islands&&view=detail&mid=C40EDB702888A85B3E7EC40EDB702888A85B3E7E&&FORM=VRDGAR>

The Shire has approximately 550 residents who are represented by a Council comprised of the Shire President, Deputy Shire president and five other Councillors who collectively represent the electorate. Council meetings are held fortnightly.

The Local Government Act 1995 requires all local governments to have an audit committee. The Shire's committee is titled the Audit and Governance Committee to reflect its terms of reference.

The Audit and Governance Committee currently comprises three elected members. At its meeting on 6 November 2019, Council resolved to adopt the terms of reference for the Audit and Governance Committee which provides for one external member to be appointed to the committee, which will take the total number of the committee members to four.

Having at least one external member on the audit committee has been a long-established practice in other states, and local governments in Western Australia have been increasingly moving in that direction. External members are appointed for a maximum period of two years.

Legislative Framework

The principle legislation is the Local Government Act 1995 WA (CKI) (the Act). There are a number of subsidiary regulations which apply to the audit committee. All of the legislation can be viewed online.

Role of the Office of Auditor General in Local Government Audits

Local governments are required to be audited annually and, up until 2017, they could appoint their own financial auditors. Performance audits were not required under legislation.

Part 7 of the Act relating to appointment of auditors and conducting audits was amended in 2017 to allow for financial and performance audits to be done by the Office of Auditor General (OAG).

Of particular significance are the new sub-sections:

7.12AD. 'Reporting on a financial audit' which requires the auditor to provide copies of financial reports to the Minister;

7.12AG. 'Conducting a supplementary audit' which allows the Minister to direct the auditor to conduct a supplementary audit of any aspect of the accounts of a local government; and

7.12AJ. 'Conducting a performance audit' which treats local governments as a state government agency for the purposes of carrying out performance audits.

Essentially, the significant changes for local government auditing are that all financial audits of local governments are now conducted by auditors engaged by the OAG and, secondly, performance audits are now conducted of local governments under similar programs to that of State government.

Purpose of the Expression of Interest

Audit practice guidelines universally recommend that there be external and independent membership of an audit committee, as it is an opportunity to bring in specific financial and governance skills. It can be argued that Council members meet the description of an independent member in the same way that a company board member is independent to the operations of an organisation, however the Department of Local Government, Sport and Cultural Industry's Guideline No 9 – Audit Committees states that "If the local government wishes to appoint one or more persons other than elected members to the committee, which is recommended, it should ensure that they have the requisite knowledge and skills to provide benefit to the committee. If Council were to opt for a model that involves external membership, the number of external members must also be determined."

The external member will participate in Audit and Governance Committee meetings via either tele or video conferencing technology. Subject to budget requirements and mutual agreement it is anticipated that the external member will travel to the Cocos Keeling Islands for one in person meeting per year with all costs met by the Shire.

Shire's Contact Person

Further information may be obtained from:

Joanne Soderlund
Deputy Chief Executive Officer
Ph. (08) 9162 6649
Email: dceo@cocos.wa.gov.au

Essential Requirements for Consideration

While there are no specific criteria, applicants must be able to demonstrate the appropriate experience and qualifications in at least one relevant discipline such as financial risk management, corporate governance, risk management or auditing.

Evaluation Process

Expressions of interest will be presented to the first available Audit and Governance Management Committee.

Depending on the level of response, an initial assessment may be made by an internal panel to develop a shortlist of the expressions of interest.

Lodgement Process

The responses should be provided by 12.00 noon (WA Standard Time) on 15 June 2020 to allow time for them to be presented to the next available Audit and Governance Committee

meeting.

All applicants will be advised in writing of the outcome of this EOI process as soon as possible following the meeting of the Audit and Governance Committee.

Electronic responses may be lodged via the Shire's corporate email address: info@cocos.wa.gov.au and should be marked for the attention of Andrea Selvey, Chief Executive Officer. Hand-delivered or posted submissions will also be accepted, and should also be marked for the attention of:

Andrea Selvey
Chief Executive Officer
Shire of Cocos Keeling Islands
PO Box 1094
Home Island WA 6799