



Ordinary Council Meeting

Wednesday, 24 June 2020, 4.00pm

LATE ITEM

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15.1 APPOINTMENT OF AN EXTERNAL MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE

Report Information

Date: 22 June 2020
 Location: N/A
 Applicant: Shire of Cocos (Keeling) Islands
 File Ref:
 Disclosure of Interest: Nil
 Reporting Officer: Andrea Selvey, Chief Executive Officer
 Island: N/A
 Attachments: CONFIDENTIAL - Expressions of Interest received for membership to the Shire of Cocos (Keeling) Islands Audit and Governance Committee

Authority / Discretion

Definition

| | | |
|-------------------------------------|----------------|--|
| <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 checked="" type="checkbox"/> | Executive | <i>The substantial direction setting and oversight role of the Council. E.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i> |
| <input type="checkbox"/> | Legislative | <i>Includes adopting local laws, town planning schemes and policies. Review 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 interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.</i> |
| <input type="checkbox"/> | Information | <i>Includes items provides to Council for information purposes only that do not require a decision of Council (i.e. – for noting).</i> |

Report Purpose

This report formally presents the Expressions of Interest received from individuals seeking to fill the role of external committee member on the Shire of Cocos (Keeling) Islands Audit and Governance Committee along with the Committee's recommendation.

Relevant Documents

Available for viewing at the meeting

Background

At the Ordinary Meeting of Council on 06 November 2019, Council resolved to re-establish the Shire of Cocos (Keeling) Islands Audit and Governance Committee and adopted the Terms of Reference (ToRs) for this Committee.

The ToRs established that the membership would consist of four members with three elected members and one external person. The ToRs stated that the appointment of external person would be made by Council by way of a public advertisement and would be for a maximum term of two years. The ToRs stated that the external person appointed to the Committee would have financial management/reporting knowledge in a local government context and experience and be conversant with financial and other reporting requirements. The ToRs also allowed all members full voting rights, including the External Member.

Comment

In response to the Council resolution and the ToRs adopted by Council, the Shire advertised extensively for an external member via the Atoll, on the Shire website and email via professional networks. Applications closed on Monday 15 June at 12noon (WST). However, due to an administrative error on the part of one of the agencies promoting this opportunity on behalf of the Shire which erroneously gave the closing day as Wednesday 15 June, the Shire continued to accept applications until 12noon (WST) on Wednesday 17 June 2020. As at that time, ten expressions of interest (EoI) were received.

These ten EoIs were considered by the Audit and Governance Committee at their meeting on Thursday 18 June at which time the Committee unanimously agreed on the process for selection, applied that process and identified their preferred candidate. However, as per the ToRs, the appointment will need to be made by Council. Therefore, this Committee is not able to directly appoint the external member but is able to recommend the applicant they feel is the most suitable to Council.

The Audit and Governance Committee recommendation for appointment is Mr Phillip Anastasakis. The Committee based its recommendations on Mr Anastasakis' qualifications, and his experience in local government, particularly rural and remote Shires.

Policy and Legislative Implications

Section 7.1A of the *Local Government Act (WA)(CKI) 1996* states that:

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.
- (2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.

* Absolute majority required.

The Shire of Cocos (Keeling) Islands Audit and Governance Committee complies with this requirement in that three members of the Committee are Councillors.

Financial Implications

The Audit and Governance Committee's Terms of Reference allows for reimbursement of approved expenses to be paid to an external person who is a member of the Committee by prior approval and subject to budget with the intent of having the external member attend one meeting per annum in person. Therefore, the approximate financial impact is \$2500 per annum.

Strategic Implications

Strategic Community Plan: Civic Leadership Objective

Risk Implications

| Risk Category | Description | Rating (consequence x likelihood) | Mitigation Action |
|----------------------|--|-----------------------------------|---|
| Financial | N/A | | |
| Health & Safety | N/A | | |
| Reputation | The Shire's reputation could possibly be damaged if the Audit Committee does not fulfil its functions appropriately. | Moderate (6) | Audit Committees provide another reassurance to the community regarding the operations of the organisation and assist in maintaining a positive reputation. |
| Service Interruption | N/A | | |
| Compliance | The Audit Committee acts outside its legislative remit. | | The Audit Committee has properly scoped Terms of Reference. |
| Property | N/A | | |
| Environment | N/A | | |
| Fraud | Without relevant skills and experience, the Audit Committee is less effective in | Moderate (6) | An external member with appropriate skills, qualifications and experience will aid in |

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| | fulfilling its role in protecting the Shire from possible fraud. | | ensuring an effective Audit and Governance Committee is one tool to protect an organisation from fraud. |
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Risk Matrix

| Consequence / Likelihood | Insignificant (1) | Minor (2) | Medium (3) | Major (4) | Extreme (5) |
|---------------------------|-------------------|--------------|--------------|--------------|--------------|
| Almost Certain (5) | Moderate (5) | High (10) | High (15) | Extreme (20) | Extreme (25) |
| Likely (4) | Low (4) | Moderate (8) | High (12) | High (16) | Extreme (20) |
| Possible (3) | Low (3) | Moderate (6) | Moderate (9) | High (12) | High (15) |
| Unlikely (2) | Low (2) | Low (4) | Moderate (6) | Moderate (8) | High (10) |
| Rare (1) | Low (1) | Low (2) | Low (3) | Low (4) | Moderate (5) |

Voting Requirements

Absolute Majority

Conclusion

The recommendation by the Audit and Governance Committee is based on the Committee's assessment of the skills, qualifications and experience of all individuals, and while all were of a very of a very high standard, the recommendation is for the person the Committee feels will be best positioned to assist the Committee in meeting its responsibilities.

COMMITTEE'S RECOMMENDATION – ITEM NO 15.1

THAT COUNCIL, BY ABSOLUTE MAJORITY, PURSUANT TO S7.1A OF THE LOCAL GOVERNMENT ACT (WA)(CKI) 1996, RESOLVES TO APPOINT MR PHILLIP ANASTASAKIS TO THE SHIRE OF COCOS (KEELING) ISLANDS AUDIT AND GOVERNANCE COMMITTEE WITH HIS MEMBERSHIP EXPIRING IN OCTOBER 2021.