



MINUTES

**AUDIT AND GOVERNANCE COMMITTEE MEETING
HELD VIA VIDEO CONFERENCE THURSDAY, 18 JUNE 2020
COMMENCING AT 12.37PM**

OUR VALUES

Service

Provide the best service we can.

We serve the community and each other.

Accountability

We take responsibility for our own actions.

We do what we say we will do.

Mistakes are an opportunity to learn.

Support

We support our team and our community.

Look for opportunities to help each other.

Respect

We respect and value others.

Our interactions are always respectful towards others.

Integrity

We will be honest and transparent with all our dealings.

Maintain confidentiality.

Trust each other.

Achievement

Being proactive and enabling the outcomes.

Be creative and think outside the square.

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received. Any plans or documents contained in this document may be subject to copyright law provisions (Copyright Act 1968, as amended) and the express permission of the copyright owner(s) should be sought prior to the reproduction.

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1. OPENING/ANNOUNCEMENTS OF VISITORS

The meeting was formally opened by the Chair of the Audit and Governance Committee, Cr Minkom at 12.37pm.

2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Members:

Presiding Member Cr A Minkom

Deputy Presiding Member Cr S Charlston

Councillor Cr T Lacy

Secretariat:

Governance and Risk Coordinator I Macrae, Governance and Risk Coordinator

Observers:

Staff A Selvey, Chief Executive Officer
J Soderlund, Acting Chief Executive Officer

Public Nil

Visitors Nil

APOLOGIES Nil

APPROVED LEAVE OF ABSENCE: Nil

3. PUBLIC QUESTION TIME

Meetings shall be generally open to the public pursuant to the *Local Government Act 1995, s5.23* and include question time for members of the pursuant to the *Local Government Act 1995, s5.24*.

Nil

4. DECLARATION OF INTERESTS

Members of the Committee are bound by the provisions of *the Local Government Act 1995, Section 5.65* with respect to disclosure of financial, impartiality or proximity interests.

Name	Item No	Interest	Nature
NIL			

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

- 5.1 Audit Committee Meeting held on **18 February 2020**
Attachment 5.1

COMMITTEE RESOLUTION

MOVED CR CHARLSTON SECONDED CR LACY

PURSUANT TO SECTIONS 3.18 AND 5.22(2) OF THE LOCAL GOVERNMENT ACT 1995, THE MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 18 FEBRUARY 2020, AS PRESENTED IN ATTACHMENT 5.1 BE CONFIRMED AS A TRUE AND CORRECT RECORD OF PROCEEDINGS.

THE MOTION WAS PUT AND DECLARED CARRIED (3/0)

FOR: CR CHARLSTON, CR LACY, CR MINKOM

AGAINST: NIL

PURSUANT TO SECTIONS 3.18 AND 5.22(2) OF THE LOCAL GOVERNMENT ACT 1995, THE MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 18 FEBRUARY 2020, ARE PRESENTED IN ATTACHMENT 5.1 FOR CONSIDERATION BY THE AUDIT AND GOVERNANCE COMMITTEE

6. PRESENTATIONS

7. OFFICER'S REPORTS

7.1 PRESENTATION OF THE SHIRE OF COCOS (KEELING) ISLANDS REGULATION 17 REVIEW JUNE 2020 REPORT

Report Information

Date: 13 June 2020
 Applicant: Shire of Cocos (Keeling) Islands
 File Ref:
 Location: Not Applicable
 Disclosure of Interest: Nil
 Reporting Officer: Chief Executive Officer
 Island: Shire Wide
 Attachments: 7.1 Regulation 17 Review June 2020 Report

Authority / Discretion

Definition

<input type="checkbox"/>	Executive	<i>Oversight of operations and Committee functions as per the Audit and Governance Committee Terms of Reference</i>
<input checked="" type="checkbox"/>	Legislative	<i>Consideration of items as required by legislation (e.g. Reports from and liaison with the External Auditor; Compliance Audit Return; Regulation 17 Reports)</i>
<input type="checkbox"/>	Information	<i>Includes items provides to Committee for information purposes only (i.e. – for noting).</i>

Report Purpose

To present the Regulation 17 Review June 2020 Report for consideration by the Audit and Governance Committee.

Relevant Documents

Available for viewing at the meeting

Nil

Background

Regulation 17 of the *Local Government (Audit) Regulations 1996 (WA)(CKI)* requires Local Government CEOs to review the appropriateness and effectiveness of their local government’s systems and procedures at least once in every three financial years and report the results of that review to the Audit Committee. The three systems specified in

Regulation 17 for review are risk management, internal controls and legislative compliance.

The last Shire of Cocos (Keeling) Islands Regulation 17 Report was formally presented to the Shire of Cocos (Keeling) Islands Audit Committee 8 February 2017. This requires the next review to be reported to the Audit Committee by June 2020.

Comment

In conducting this Regulation 17 Review, the Shire formed a Project Aware team consisting of four staff from different areas of the internal operation.

1. Ibrahim Macrae, Governance and Risk Coordinator.
2. Joanne Soderlund, Deputy CEO
3. Sally Badlu, Senior Finance Officer
4. Andrea Selvey, CEO

The Project Aware team assessed 83 systems and procedures across the three areas of Risk Management, Internal Controls and Legislative Compliance. Definitions were developed by the team for each of the above areas and are documented in the Report.

The team was supported by Civic Legal under their governance support service. Each month the Project Aware team considered two or three systems, using working papers to guide their consideration of how effective and appropriate each system was. The working papers were submitted to Civic Legal and in monthly governance meetings, Civic Legal assisted the Project Aware team to further analyze those systems and consider their effectiveness and appropriateness.

The review was conducted over a period of ten months commencing in September 2019 with this final Regulation 17 Report compiled and presented to the Shire of Cocos (Keeling) Islands Audit and Governance Committee on 18 June 2020.

A summary of the analysis is presented in a table in the attached Shire of Cocos (Keeling) Islands Regulation 17 Review Report June 2020.

It will be noted in summary table that some actions are listed for consideration by the Audit and Governance Committee and for their monitoring and advice. It is further proposed by the CEO that a more detailed Regulation 17 Action Plan be developed and presented to meetings of the Committee with progress updates on implementation of actions.

Policy and Legislative Implications

Local Government (Audit) Regulations 1996 (WA)(CKI) 1996

Financial Implications

Nil

Strategic Implications

Strategic Community Plan: Civic Leadership Objective

Conclusion

As per Regulation 17 of the *Local Government (Audit) Regulations 1996 (WA)(CKI) 1996*, the CEO has conducted the review of the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control, and legislative compliance and hereby presents The Shire of Cocos (Keeling) Islands Regulation 17 Review June 2020 Report to the Audit and Governance Committee for consideration. Subject to that review, the Committee can consider acquitting its responsibilities under Regulation 16 of the *Local Government (Audit) Regulations 1996 (WA)(CKI) 1996* and give a copy of the Regulation 17 Review June 2020 Report to Council.

COMMITTEE RESOLUTION

MOVED CR LACY SECONDED CR CHARLSTON

THAT THE AUDIT AND GOVERNANCE COMMITTEE RECEIVES AND REVIEWS THE SHIRE OF COCOS (KEELING) ISLANDS REGULATION 17 REPORT GIVEN TO IT BY THE CEO UNDER REGULATION 17(3) (THE CEO'S REPORT) AND:

- i. REPORTS TO THE COUNCIL THE RESULTS OF THAT REVIEW;**
- ii. GIVES A COPY OF THE CEO'S REPORT TO THE COUNCIL; AND**
- iii. SEEKS IMPLEMENTATION PLAN AND TIMELINE ON ACTIONS FROM THE CEO FOR THE NEXT AUDIT AND GOVERNANCE COMMITTEE MEETING.**

THE MOTION WAS PUT AND DECLARED CARRIED (3/0)

FOR: CR CHARLSTON, CR LACY, CR MINKOM

AGAINST: NIL

7.2 SHIRE OF COCOS (KEELING) ISLANDS FINANCIAL MANAGEMENT REVIEW JUNE 2020

Report Information

Date: 12 June 2020
 Applicant: Shire of Cocos (Keeling) Islands
 File Ref:
 Location: Not Applicable
 Disclosure of Interest: Nil
 Reporting Officer: Chief Executive Officer
 Island: Shire Wide
 Attachments: Financial Management Review Report

Authority / Discretion

Definition

<input type="checkbox"/>	Executive	<i>Oversight of operations and Committee functions as per the Audit and Governance Committee Terms of Reference</i>
<input type="checkbox"/>	Legislative	<i>Consideration of items as required by legislation (e.g. Reports from and liaison with the External Auditor; Compliance Audit Return; Regulation 17 Reports)</i>
<input checked="" type="checkbox"/>	Information	<i>Includes items provides to Committee for information purposes only (i.e. – for noting).</i>

Report Purpose

To present the Shire of Cocos (Keeling) Islands Financial Management Review report for consideration by the Audit and Governance Committee.

Relevant Documents

Available for viewing at the meeting

Nil

Background

The *Local Government (Financial Management) Regulations 1996 Part 2 – 5 (2) (c)* requires the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and to report to the local government the

results of those reviews. (This regulation was amended on the 26 June 2018 from a requirement of not less than once in every 4 financial years to 3 financial years.)

The last Shire of Cocos (Keeling) Islands Financial Management Review was formally presented to Council at the Ordinary Meeting of Council on 29 June 2016. The review was undertaken internally.

The next review will need to be reported to Council by June 2023.

Comment

Megan Shirt, an experienced Local Government Financial Management Consultant, was engaged by the Shire to undertake an independent financial management review for the Shire. Samples were selected and systems tested during an onsite visit in March 2019 for the 12 months from March 2018 – February 2019. Subsequent to the onsite testing a report has been developed tabling the findings of the review. It was intended to finalise the report during a further site visit scheduled for April 2020 however due to travel restriction this did not occur, and the report was finalised remotely on the 28 February 2020.

Staff comments as at the 28 February are listed on the final page of the report next to each action / comment raised in the review. An updated and more comprehensive action plan will be developed and tabled at the next Audit and Governance Committee meeting.

This report has been tabled for the Audit and Governance Committee given the remit of the committee in both financial controls and governance matters as per the terms of reference. As required by the Regulations, this review will be formally presented at the June 2020 Ordinary Meeting for Council to receive the report.

Policy and Legislative Implications

Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

Financial Implications

Nil

Strategic Implications

Strategic Community Plan: Civic Leadership Objective

Conclusion

The Shire of Cocos (Keeling) Islands Financial Management Review June 2020 is presented under *Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996* for noting by the Audit and Governance Committee.

COMMITTEE RESOLUTION

MOVED CR CHARLSTON SECONDED CR LACY

THAT THE AUDIT AND GOVERNANCE COMMITTEE RECEIVES THE SHIRE OF COCOS (KEELING) ISLANDS FINANCIAL MANAGEMENT REPORT FOR JUNE 2020 AND SEEKS IMPLEMENTATION PLAN AND TIMELINE ON THE IDENTIFIED ACTIONS AT THE NEXT AUDIT AND GOVERNANCE COMMITTEE MEETING.

THE MOTION WAS PUT AND DECLARED CARRIED (3/0)

FOR: CR CHARLSTON, CR LACY, CR MINKOM

AGAINST: NIL

7.3 EXPRESSIONS OF INTEREST FOR MEMBERSHIP TO THE SHIRE OF COCOS (KEELING) ISLAND AUDIT AND GOVERNANCE COMMITTEE

Report Information

Date: 13 June 2020
 Applicant: Shire of Cocos (Keeling) Islands
 File Ref:
 Location: Not Applicable
 Disclosure of Interest: Nil
 Reporting Officer: Chief Executive Officer
 Island: Shire Wide
 Attachments: Financial Management Review Report

Authority / Discretion

Definition

X	Executive	<i>Oversight of operations and Committee functions as per the Audit and Governance Committee Terms of Reference</i>
<input type="checkbox"/>	Legislative	<i>Consideration of items as required by legislation (e.g. Reports from and liaison with the External Auditor; Compliance Audit Return; Regulation 17 Reports)</i>
<input type="checkbox"/>	Information	<i>Includes items provides to Committee for information purposes only (i.e. – for noting).</i>

Report Purpose

To present applications received by individuals seeking to fill the vacancy for an external member of the Shire of Cocos (Keeling) Islands Audit and Governance Committee.

Relevant Documents

Available for viewing at the meeting

Nil

Background

At the Ordinary Meeting of Council on 6 November 2019, Council established the Terms of Reference for the Shire’s Audit and Governance Committee (the Committee) setting out membership, responsibilities, authority and operations of the Committee. The Terms of Reference 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 ToRs, 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).

At issuing of this agenda, five expressions of interest had been received. Please see applications as CONFIDENTIAL attachments.

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.

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 ToRs state that reimbursement of approved expenses will be paid to an external person who is a member of the Committee by prior approval and subject to budget.

Strategic Implications

Strategic Community Plan: Civic Leadership Objective

Conclusion

The Expressions of Interest are presented to the Committee for its consideration and for the Committee to recommend a suitable applicant to Council.

COMMITTEE RESOLUTION

MOVED CR LACY SECONDED CR CHARLSON

THAT THE AUDIT AND GOVERNANCE COMMITTEE RECOMMENDS TO COUNCIL THAT:

- I. THAT COUNCIL ACKNOWLEDGES ALL INDIVIDUALS WHO SUBMITTED AN EXPRESSION OF INTEREST IN THE AUDIT AND GOVERNANCE COMMITTEE:**
- II. THAT COUNCIL APPOINTS MR PHILLIP ANASTASAKIS TO THE SHIRE OF COCOS (KEELING) ISLANDS AUDIT AND GOVERNANCE COMMITTEE BASED ON AN ASSESSMENT OF HIS QUALIFICATIONS, LOCAL GOVERNMENT EXPERIENCE AND DIVERSITY IN EXPERIENCE; AND**
- III. COUNCIL APPOINTS MR ANASTASAKIS' FOR A TERM OF 15 MONTHS WITH HIS MEMBERSHIP EXPIRING IN OCTOBER 2021.**

THE MOTION WAS PUT AND DECLARED CARRIED (3/0)

FOR: CR CHARLSTON, CR LACY, CR MINKOM

AGAINST: NIL

