

MINUTES

Shire of Nannup - Audit Advisory Committee

CONFIRMATION OF MINUTES

These minutes comprising pages 1 – 4 were confirmed by
Council on _____ as a true and accurate
record.

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Tony Dean
SHIRE PRESIDENT

Minutes

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The meeting was declared opened by the Shire President at 14.33 hours.

PRESENT:

Dean, Gilbert, Lorkiewicz, Longmore, Mellema, Slater, Steer and Stevenson.

VISITORS: None

APOLOGIES: None.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (previously approved)

None.

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

None.

4. APPLICATIONS FOR LEAVE OF ABSENCE

None.

5. PETITIONS/DEPUTATIONS/PRESENTATIONS

None.

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Deferred to next meeting.

7. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

None.

8. REPORTS BY MEMBERS ATTENDING COMMITTEES

None.

9. REPORTS OF OFFICERS

AGENDA NUMBER:	9.1
SUBJECT:	Governance Review 2013/14
LOCATION/ADDRESS:	Nannup Shire
NAME OF APPLICANT:	N/A
FILE REFERENCE:	ADM 17
AUTHOR:	Vic Smith – Manager Corporate Services
REPORTING OFFICER:	Vic Smith – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	14 November 2014

Attachment 1: CEO's Review of Governance Arrangements 2013/14.

BACKGROUND:

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the Chief Executive Officer to carry out a review at least biennially of the appropriateness and effectiveness of a local government's systems and procedures in relation to —

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

This requirement is addressed by the inclusion in the Annual Report of a Review of Corporate Governance by the CEO.

COMMENT:

Whilst the statutory requirement for a biennial review was met by carrying out a review in 2012/13, it is good practice to go beyond the statutory requirement and carry out an annual review for inclusion in the Annual Report. This allows stakeholders to be informed of emerging issues and progress in improving the governance arrangements in a timely manner.

The report for 2013/14 is appended at Attachment 1 and concludes that the control environment is essentially sound and that governance arrangements remain effective for a relatively small council.

The main weakness identified in the 2012/13 review was that lack of a mature risk management process and the development of the risk management framework was a priority in the council's Corporate Business Plan. A great deal of work has been undertaken to develop the council's approach to risk management during 2014, culminating in a strategic risk workshop for councillors and senior staff facilitated by the

council's insurers. The workshop identified and scored the council's top 10 strategic risks and these are now being reviewed on a quarterly basis by the Risk Management Advisory Committee.

Internal control issues raised by the auditors in 2012/13 have largely been addressed, although work to reconcile debtor information from the rates system to the general ledger remains outstanding and will be progressed in 2014/15.

As noted in the current review there have been significant control issues connected with the council's IT security arrangements. None of these issues resulted in the loss of data or in financial losses to the council. There were two main issues:

1. Failure of back up arrangements for data
2. Loss of service and access to data from virus infections

Failure of back up arrangements for data

During December 2013 the council experienced a failure in the backing up of its data to offline tape storage. This problem was eventually traced to the hardware used for the storage, in that the tapes in use did not have the capacity to store the quantity of data required. To address this problem a new tape drive that could accommodate higher capacity data tapes was procured and installed. Backup tapes are now being successfully generated and securely stored.

Virus Infections

A number of the council's PCs have been infected by computer viruses during the year; these were of two types:

- viruses that encrypted data and demanded payment of the encryption key
- virus that generated spam from the council's email server, resulting in suspension of the internet service by the council's ISP

The encrypted files were replaced by files backed up from the previous day's tapes and the virus was removed from affected machines. The viruses generating spam were cleared from affected machines and the internet service re-established. The main effect of the infections was a loss of productivity and electronic communications; this typically took 48 hours to address.

The council's virus protection service has been reviewed in detail and weaknesses in the set up of the protection software were identified and corrected. The position will continue to be monitored and improvements implemented as necessary.

STATUTORY ENVIRONMENT:

Regulation 16(c) of the Local Government (Audit) Regulations 1996 requires the Audit Committee to review a report given to it by the CEO under regulation 17(3) (the *CEO's report*) and is to —

- (i) report to the council the results of that review; and
- (ii) give a copy of the CEO's report to the council.

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: None.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATIONS:

That the Committee accept the Review of Corporate Governance by the CEO as set out in Attachment 1.

Slater/Longmore

That the Committee accept the Review of Corporate Governance by the CEO as set out in Attachment 1.

CARRIED 8/0

10. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

11. CLOSURE OF MEETING

There being no further business to discuss the Chairperson declared the meeting closed at 14:54 hours.

