

M18/5648 – RECRUITMENT OF EXTERNAL MEMBER OF FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE (REC) (ATTACHMENT)

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| Ward | : All |
| Category | : Operational |
| Subject Index | : Audits – Compliance, Policies, Procedures, Agenda and Minutes |
| Customer Index | : City of Melville |
| Disclosure of any Interest | : No Officer involved in the preparation of this report has a declarable interest in this matter. |
| Previous Items | : Item M16/5504 – Appointment of External Member of Financial Management, Audit, Risk and Compliance Committee – 20 September 2016 |
| Works Program | : Not Applicable |
| Funding | : Not Applicable |
| Responsible Officer | : Jeff Clark Governance and Compliance Advisor |

AUTHORITY / DISCRETION

DEFINITION

| | | |
|-------------------------------------|------------------|---|
| <input type="checkbox"/> | Advocacy | <i>When the 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 & policies.</i> |
| <input type="checkbox"/> | Review | <i>When the Council operates as a review authority on decisions made by Officers for appeal purposes.</i> |
| <input type="checkbox"/> | Quasi-Judicial | <i>When the Council determines an application/matter that directly affects a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</i> |
| <input type="checkbox"/> | Information | <i>For the Committee to note.</i> |

M18/5648 – RECRUITMENT OF EXTERNAL MEMBER OF FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE (REC) (ATTACHMENT)**KEY ISSUES / SUMMARY**

- The Financial Management, Audit, Risk and Compliance Committee (FMARCC) has a provision in its Charter for an external member to be appointed.
- Mr Richard Woodgate completed his term in October 2018.
- This report advises the Committee of the progress of the Recruitment Process.
- This report seeks the Committee's approval for the establishment of an interview panel to make a recommendation of an applicant to the Council.

BACKGROUND

At the Council meeting held on the 19 September 2006 a Council resolution was passed by absolute majority decision that established the Financial Management, Audit, Risk and Compliance Committee as per the approved Committee Charter. The Council also approved the payment of an honorarium of up to \$2,500 per annum to be paid quarterly in arrears to the independent member of the Financial Management, Audit, Risk and Compliance Committee.

The Charter for the Committee outlines the following requirements relating to membership.

“3. Membership

- *In accordance with Section 7.1A (2) of the Local Government Act 1995 members of the Committee will be appointed by absolute majority decision of the Council;*
- *The Committee will comprise at least four persons of which at least three are to be Elected Members of the City of Melville and one other member who will be an independent person;*
- *Independent members will have no association with the Council either as a member, an officer or closely associated person;*
- *Where possible the majority of members shall have experience in business and/or financial and management reporting and risk management;*
- *The independent member shall be selected on the basis of their skills and experience in the financial and/or risk management environment;*
- *The CEO and designated City of Melville employees, whilst not permitted to be members of this Committee, will when requested be required to attend meetings of the Committee to provide advice and guidance to the committee;*
- *Membership of the Committee will be reviewed after every Local Government Election.*

4. Meetings

- *The Chairperson will call and conduct meetings of the Committee in accordance with the City of Melville's Standing Orders and the Local Government Act 1995 and Regulations;*

M18/5648 – RECRUITMENT OF EXTERNAL MEMBER OF FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE (REC) (ATTACHMENT)

- *The Committee will meet at least four times per annum, with the timing of each meeting coinciding with the conduct of particular aspects of the City of Melville’s audit, risk management and financial reporting cycle;*
- *An agenda, and written reports on the business to be conducted at the meeting, will be prepared and distributed to Committee members at least 72 hours prior to the meeting;*
- *Minutes of the Committee meeting proceedings and recommendations will be taken and submitted to Council for decision ;*
- *The External and Internal auditors will be invited to attend at least one meeting per calendar year, but may be invited at any time to address the Committee on any issues the Committee believes necessary.”*

DETAIL

Mr Woodgate completed his term in October 2018 and on the occasion of the last renewal of position of External Member in September 2016, the Council resolved that at the conclusion of this term, the City would undertake a recruitment process.

A Recruitment Process has been developed to clarify the process, timelines and roles to achieve the recruitment of an External Member.

Advertising for a qualified person with skills in financial and/or risk management has occurred with applications requested by November 2018. See advertisement below:

**Independent Member
Financial Management, Audit, Risk and Compliance Committee**

The City of Melville is seeking applications from interested persons with qualifications, skills and experience in financial management, risk management and audit roles.

This position is for a fixed term ending in October 2020. The City will reimburse expenses to \$2,500 per annum for attendance at usually four meetings per annum.

An application information pack is available on the City’s website at <https://www.melvillecity.com.au/currentjobs>.

Please submit your letter of application and CV detailing your experience and qualifications to Locked Bag 1, Booragoon WA 6954 or Governance@melville.wa.gov.au by 9 November 2018 noting any current or potential conflict of interest.

Please contact Mr K Wan, Process Improvement Auditor on **9364 0632** for further information.

Marten Tieleman
Acting Chief Executive Officer

M18/5648 – RECRUITMENT OF EXTERNAL MEMBER OF FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE (REC) (ATTACHMENT)

In the event that no applicants have the requisite experience and qualifications to provide guidance to FMARCC on financial, audit, risks and compliance matters, the City will use different media channels of advertising for a suitable candidate, such as the websites of the Institute of Company Directors, the Certified Practising Accountants Association, and volunteering organisations.

The FMARCC is requested to select Elected Members to fulfil the role of a panel to assess applications and make a recommendation to the Council to appoint a person to the position.

STAKEHOLDER ENGAGEMENT

I. COMMUNITY

No community consultation occurred during the period in question.

II. OTHER AGENCIES / CONSULTANTS

Not applicable.

STATUTORY AND LEGAL IMPLICATIONS

There are no legal implications in this report.

FINANCIAL IMPLICATIONS

The financial implications relate to advertising costs for the recruitment advertisements. A provision is included in the City's operational budget.

STRATEGIC, RISK AND ENVIRONMENTAL MANAGEMENT IMPLICATIONS

The appointment of an External Member is expected to add to the City's expertise to assess risk management implications of non-compliance with processes and legislative requirements may leave the City open to challenge on decisions or processes. There are no Environmental Management Implications in this report.

| Risk Statement | Level of Risk | Risk Mitigation Strategy |
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| Risk of non-compliance with legislation and management processes | A possible Major consequence which could result in a High level of risk | The appointment of an External Member with specific skills in financial and risk management will limit the potential for non-compliance. |

M18/5648 – RECRUITMENT OF EXTERNAL MEMBER OF FINANCIAL MANAGEMENT, AUDIT, RISK AND COMPLIANCE COMMITTEE (REC) (ATTACHMENT)**POLICY IMPLICATIONS**

The following Council Policies relate to this report:

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|--------|--|
| CP-099 | Risk Management Policy |
| CP-025 | Accounting Policy |
| CP-104 | Related Party Disclosures Policy |
| CP-024 | Borrowings and Asset Financing Policy |
| CP-009 | Investment of Funds Policy |
| CP-008 | Financial Sustainability Forward Financial Planning and Funding Allocation |
| CP-023 | Procurement Policy |
| CP-062 | Fraud and Corruption Prevention Policy |

ALTERNATE OPTIONS AND THEIR IMPLICATIONS

The Committee could resolve not to recruit an External Member but this would require a rescission of the Council's resolution from 2016.

CONCLUSION

The Council has resolved in September 2016 to advertise for a person with skills in financial management and risk management upon the end of the two year term concluding in 2018. The Recruitment Process has been developed to clarify roles and a timeline. It is appropriate that an Interview Panel be appointed to progress the recruitment objective and a report be prepared for consideration of the FMARCC and finally the Council, to finalise an appointment.

OFFICER RECOMMENDATION AND COMMITTEE RESOLUTION (5648) APPROVAL

At 7.53pm Mayor Aubrey moved, Cr Barling seconded –

That the Financial Management, Audit, Risk and Compliance Committee recommend to the Council that:

- 1 The Recruitment Process as attached be endorsed [5648 Recruitment Process](#)**
- 2 That the Financial Management, Audit, Risk and Compliance Committee make a recommendation to the Council for the position of External Member for the term of office being two years following a selection process.**
- 3 That the Interview Panel comprise four Elected Members being Mayor Aubrey, Cr Macphail, Cr Pazolli and Cr Wheatland.**

At 8.01pm the Presiding Member submitted the motion, which was declared

CARRIED (6/0)

**M18/5648 – RECRUITMENT OF EXTERNAL MEMBER OF FINANCIAL MANAGEMENT,
AUDIT, RISK AND COMPLIANCE COMMITTEE (REC) (ATTACHMENT)****COMMITTEE RECOMMENDATION (5648)****APPROVAL****That the Council:**

- 1 Endorses the Recruitment Process as attached [5648 Recruitment Process](#)**
- 2 Confirms that the Financial Management, Audit, Risk and Compliance Committee be approved to make a recommendation to the Council for the position of External Member for the term of office being two years following a selection process.**
- 3 Approves that the Interview Panel comprise four Elected Members being Mayor Aubrey, Cr Macphail, Cr Pazolli and Cr Wheatland.**