

The logo for the Shire of Dardanup features a stylized, flowing line that transitions from light blue on the left to green on the right, resembling a landscape feature like a hill or a wave.

Shire of Dardanup

# **A G E N D A**

## **AUDIT COMMITTEE MEETING**

To Be Held

Wednesday, 6 March 2019

Commencing at 2.30pm

At

Shire of Dardanup

ADMINISTRATION CENTRE EATON

1 Council Drive - EATON

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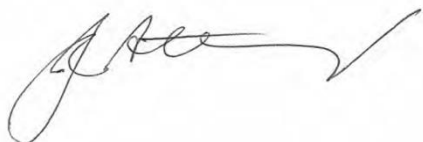
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NOTICE OF AN AUDIT COMMITTEE MEETING

Dear Committee Member

The next Audit Committee Meeting of the Shire of Dardanup will be held on Wednesday 6 March 2019 in the Council Chambers, Shire of Dardanup - Administration Centre Eaton, 1 Council Drive, Eaton - commencing at 2.30pm.



**MR JOHN ATTWOOD**  
**Acting Chief Executive Officer**

Date: 28 February 2019

**Note: If interested persons would like to make comment on any items in this agenda, please email [records@dardanup.wa.gov.au](mailto:records@dardanup.wa.gov.au) or hand deliver written comment to the Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton. To be included in the meeting comments are to be delivered no later than 48 hours prior to the meeting.**

**The Chief Executive Officer will use his discretion as to whether the written comments are relevant and applicable to the meeting before approving their inclusion in the meeting.**

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### COMMITTEE MEMBERSHIP:

#### AUDIT COMMITTEE

- CR P ROBINSON - CHAIRPERSON
- CR J DOW - DEPUTY CHAIRPERSON
- CR. T G GARDINER
- CR. M T BENNETT
- CR. J LEE

## COUNCIL ROLE

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

## DISCLAIMER

"Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire's decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request."

## **SHIRE OF DARDANUP**

### **AGENDA FOR THE SHIRE OF DARDANUP AUDIT COMMITTEE MEETING TO BE HELD ON WEDNESDAY 6 MARCH 2019, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.30PM.**

#### **1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The Chairperson to declare the meeting open, welcome those in attendance and refer to the Acknowledgement of Country; Emergency Procedures, the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

##### *Acknowledgement of Country*

*The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region by recognising the strength, resilience and capacity of Wardandi people in this land.*

##### *Affirmation of Civic Duty and Responsibility*

*Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.*

*Committee members acknowledge that only the Chief Executive Officer or a member of the Shire of Dardanup staff appointed by the Chief Executive Officer is to have contact with consultants and suppliers that are appointed under contract to undertake the development and implementation of projects.*

*The exception to this Policy is when there is a meeting of the committee or working group with the consultant and the Chief Executive Officer or the Chief Executive Officer's representative is present.*

*Members of committees acknowledge that a breach of this Policy may result in a request to Council to have them removed from the committee.*

##### *Emergency Procedure*

*In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, please proceed to the Assembly Area points located to the western side of the front office car park near the skate park and gazebo where we will meet (and complete a roll call).*

**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED**

2.1 Attendance

2.2 Apologies

**3. PETITIONS/DEPUTATIONS/PRESENTATIONS**

3.1 Financial Management System Review

Mr Tim Partridge, Director of AMD Chartered Accounts will provide an overview of the recent Financial Management System Review process and findings to the Committee.

**4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

4.1 Audit Committee Meeting Held 12 December 2018

**OFFICER RECOMMENDED RESOLUTION**

**THAT the Minutes of the Audit Committee Meeting held on 12 December 2018, be confirmed as true and correct subject to no/the following corrections:**

*Note: Minutes of committees can be found in Dropbox.*

**5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED**

None.

**6. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

None.

## 7. DECLARATION OF INTEREST

"Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences."

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

## 8. REPORTS OF OFFICERS

### 8.1 Title: 2018 Compliance Audit Return

*Reporting Department: Executive - Governance*

*Reporting Officer: Ms Cathy Lee – Manager Governance & HR*

*Legislation: Local Government Act 1995 and Local Government (Audit) Regulations*

#### Overview

This report presents the Compliance Annual Return to the Audit Committee to adopt and refer to Council for consideration, adoption and submission to the Department of Local Government and Communities.

#### Background -

The Shire of Dardanup along with each local government in Western Australia is required to carry out a compliance audit in relation to the period 1 January 2018 to 31 December 2018 against the requirements set out in the 2018 Compliance Audit Return [CAR].

#### Legal Implications -

Completion of the CAR is required under Section 7.13(i) of the Local Government Act 1995 and Local Government (Audit) Regulations (Regulation 13).

#### Strategic Community Plan

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

Precedents -

Council is required to complete the Compliance Audit Return on an annual basis.

Budget Implications - None.

Budget – Whole of Life Cost - None.

Council Policy Compliance - None.

Officer Comment

The following areas of compliance were audited by Officer's.

1. Commercial Enterprises by LG
2. Delegation of Power Duty
3. Disclosure of Interest
4. Disposal of Property
5. Finance
6. Integrated Planning and Reporting
7. LG Employees
8. Official Conduct
9. Tenders for Providing Goods and Services

As a further step of probity, Acting Chief Executive Officer, Mr John Attwood carried out a further audit of officer's responses to ensure compliance has been met.

Regulation 14 of the Local Government (Audit) Regulations 1996 requires that the local government's Audit Committee reviews the CAR and reports the results of that review to the Council prior to adoption by Council and the March submission to the Department.

When viewing the CAR, please note that the answers to the questions relate only to the 2018 year.

Council were advised at its OCM held 8 August 2018 that a non compliance of Regulation 16 of the local Government (Functions and General) Regulations 1996 had occurred.

Council were advised that at the meeting held 27 June 2018 Council assessed and awarded Tenders for the Purchase and Disposal of Shire Vehicles. It was later identified that one Tender was not assessed at the time and was inadvertently omitted from the process.

Advice was sought from the Department of Local Government and Communities who have confirmed that the process of being open and transparent and reporting the matter to Council was the correct practice. The DLGC also confirmed that reporting the omission in the 2018 Annual Compliance Audit Return under the 'Tenders for Providing Goods and Services' would be an appropriate action.

Council resolved on 8 August 2018 [262-18] as follows:

*THAT Council:*

1. *Receive the Tender submission from Mr Philip Valvoi dated 13 June 2018 and advise that his submission was unsuccessful.*
2. *Record in the 2018 Compliance Audit Return that the Shire of Dardanup notes did not comply with the S16 of Local Government (Functions and General) Regulations 1996.*

*CARRIED*  
*7/0*



The omission is reported in the 2018 CAR.

Council has met compliance in all other areas as outlined in the recommended resolution below.

Council Role - Legislative.

Voting Requirements - Absolute Majority.

### AUDIT COMMITTEE RECOMMENDED RESOLUTION

**THAT the Audit Committee recommend that Council:**

- 1. Adopts the Compliance Audit Return 2018 [CAR] as the official Return of Council for the period 1 January 2018 to 31 December 2018 as follows:**

### Dardanup - Compliance Audit Return 2018

#### Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

<b>Commercial Enterprises by Local Governments</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	N/A		John Attwood - Acting CEO
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	Yes		John Attwood - Acting CEO
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	N/A		John Attwood - Acting CEO
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	Yes		John Attwood - Acting CEO
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes		John Attwood - Acting CEO

<b>Delegation of Power / Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Cathy Lee - Manager Governance & HR
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Cathy Lee - Manager Governance & HR
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Cathy Lee - Manager Governance & HR
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Cathy Lee - Manager Governance & HR
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	Yes		Cathy Lee - Manager Governance & HR
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Cathy Lee - Manager Governance & HR
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Cathy Lee - Manager Governance & HR
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Cathy Lee - Manager Governance & HR
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Cathy Lee - Manager Governance & HR
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Cathy Lee - Manager Governance & HR
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Cathy Lee - Manager Governance & HR
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes		Cathy Lee - Manager Governance & HR
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Cathy Lee - Manager Governance & HR

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Cathy Lee - Manager Governance & HR
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Cathy Lee - Manager Governance & HR
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Cathy Lee - Manager Governance & HR
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Cathy Lee - Manager Governance & HR
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Cathy Lee - Manager Governance & HR
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Cathy Lee - Manager Governance & HR
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	Yes		Cathy Lee - Manager Governance & HR
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Cathy Lee - Manager Governance & HR
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Cathy Lee - Manager Governance & HR
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Cathy Lee - Manager Governance & HR
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Cathy Lee - Manager Governance & HR
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register,	Yes		Cathy Lee - Manager Governance &

		been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.		HR
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes	Cathy Lee - Manager Governance & HR
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes	Cathy Lee - Manager Governance & HR
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes	Cathy Lee - Manager Governance & HR
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	Cathy Lee - Manager Governance & HR

### Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes		Cathy Lee - Manager Governance & HR
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Cathy Lee - Manager Governance & HR

<b>Finance</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes		Phil Anastasakis - Director Corporate & Community Services
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A		Phil Anastasakis - Director Corporate & Community Services
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Phil Anastasakis - Director Corporate & Community Services
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		Phil Anastasakis - Director Corporate & Community Services
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes		Phil Anastasakis - Director Corporate & Community Services
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	Yes		Phil Anastasakis - Director Corporate & Community Services
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Phil Anastasakis - Director Corporate & Community Services
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9(1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A		Phil Anastasakis - Director Corporate & Community Services
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9(1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A		Phil Anastasakis - Director Corporate & Community Services
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives	Yes		Phil Anastasakis - Director Corporate &

		of the audit.			Community Services
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Phil Anastasakis - Director Corporate & Community Services
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Phil Anastasakis - Director Corporate & Community Services
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Phil Anastasakis - Director Corporate & Community Services
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Phil Anastasakis - Director Corporate & Community Services
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government's systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	Yes	Completed in September 2017	Phil Anastasakis - Director Corporate & Community Services
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	Yes	Next review scheduled for September 2020	Phil Anastasakis - Director Corporate & Community Services

### Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	20/06/2018 Council Resolution 194-18	Cathy Lee - Manager Governance & HR
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Phil Anastasakis - Director Corporate & Community Services
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	28/03/2018 Council Resolution 89-18	Cathy Lee - Manager Governance & HR

4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Phil Anastasakis - Director Corporate & Community Services
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	20/06/2018 Council Resolutions 181-18 182-18 183-18 184-18 185-18 186-18 187-18 188-18 191-18	Cathy Lee - Manager Governance & HR
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	20/06/2018 Council Resolution 191-18	Cathy Lee - Manager Governance & HR
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	20/06/2018 Council Resolution 189-18	Cathy Lee - Manager Governance & HR

### Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	Yes		Cathy Lee - Manager Governance & HR
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes		Cathy Lee - Manager Governance & HR

3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	Yes		Cathy Lee - Manager Governance & HR
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	Yes		Cathy Lee - Manager Governance & HR
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A	No designated senior employees at Shire of Dardanup	Cathy Lee - Manager Governance & HR

### Official Conduct

No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	CEO is Complaints Officer	John Attwood - Acting CEO
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes		John Attwood - Acting CEO
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		John Attwood - Acting CEO
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		John Attwood - Acting CEO
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		John Attwood - Acting CEO
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		John Attwood - Acting CEO



<b>Tenders for Providing Goods and Services</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Phil Anastasakis - Director Corporate & Community Services
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Phil Anastasakis - Director Corporate & Community Services
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Phil Anastasakis - Director Corporate & Community Services
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Phil Anastasakis - Director Corporate & Community Services
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Phil Anastasakis - Director Corporate & Community Services
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	No	One instance of non-compliance reported to DLGC & Council OCM 08/08/2018, Resolution 262-18. Unsuccessful tenderer not advised in timely manner.	Cathy Lee - Manager Governance & HR
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	N/A		Phil Anastasakis - Director Corporate & Community Services
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Phil Anastasakis - Director Corporate & Community Services
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Phil Anastasakis - Director Corporate & Community

				Services
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes	Phil Anastasakis - Director Corporate & Community Services
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	Yes	Phil Anastasakis - Director Corporate & Community Services
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A	Phil Anastasakis - Director Corporate & Community Services
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A	Phil Anastasakis - Director Corporate & Community Services
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A	Phil Anastasakis - Director Corporate & Community Services
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A	Phil Anastasakis - Director Corporate & Community Services
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A	Phil Anastasakis - Director Corporate & Community Services
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	N/A	Phil Anastasakis - Director Corporate & Community Services
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A	Phil Anastasakis - Director Corporate & Community Services
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A	Phil Anastasakis - Director Corporate & Community Services
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and	N/A	Phil Anastasakis - Director Corporate & Community

		which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.		Services
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	N/A	Phil Anastasakis - Director Corporate & Community Services
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	N/A	Phil Anastasakis - Director Corporate & Community Services
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A	Phil Anastasakis - Director Corporate & Community Services
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	N/A	Phil Anastasakis - Director Corporate & Community Services
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes	Phil Anastasakis - Director Corporate & Community Services

I certify this Compliance Audit return has been adopted by Council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed President, Dardanup  
CR MICK T BENNETT

\_\_\_\_\_  
Signed CEO, Dardanup  
MR ANDRÉ S SCHÖNFELDT

2. **Authorise the Joint Certification of the Compliance Audit Return by the Shire President and the Chief Executive Officer be completed.**
3. **Forward the completed 2018 Compliance Audit Return to the Department of Local Government prior to 31 March 2019.**

*By Absolute Majority*

8.2 Title: Update on the Implementation of the Reg. 17 Review Actions

Reporting Department: Corporate & Community Services  
 Reporting Officer: Mr Phil Anastasakis - Director Corporate & Community Services  
 Legislation: Local Government Act 1995 and Local Government (Audit) Regulations

Overview

This report provides the Audit Committee with an update on the implementation of the Regulation 17 Review Actions.

Background

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the Chief Executive Officer (CEO) to review the appropriateness and effectiveness of a Local Government's systems and procedures at least once in every three (previously two) years and report to the Audit Committee the results of that review.

This review was undertaken by AMD Chartered Accountants and the report along with the CEO's and management's comments were presented to the Audit Committee meeting held on the 13 December 2017.

At the Audit Committee Meeting and subsequent Council meeting, the following was resolved [334-17]:

*THAT Council:*

1. *Receives the Chief Executive Officer and Director Corporate & Community Services' Report that incorporates the review and findings of AMD Chartered Accountants (dated 17 November 2017) on the Local Government systems and procedures under Regulation 17 of the Local Government (Audit) Regulations 1996.*
2. *Request that the Chief Executive Officer provide an update of the actions required from the findings of the Regulation 17 Audit to each future Audit Committee meeting.*

This report is provided to the Audit Committee meeting as an update by management on the implementation of the report findings and recommendations.

Legal Implications - None.

*Local Government Act 1995*

*Local Government (Audit) Regulations 1996 (as Amended):*

*Reg 17. CEO to review certain systems and procedures*

- (1) *The CEO is to review 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.*

- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

The Shire's Risk Management Policy AP023 guides the approach to Strategic Risk Management.

### Strategic Community Plan

Strategy 1.3.6 - Establish a Risk Management Governance Framework for the Shire of Dardanup. (Service Priority: High)

Environment - None.

### Precedents

The previous (and first) review was performed internally by Shire of Dardanup staff and presented by the CEO to the Audit Committee on 26 November 2014. The scope of the previous review included all 3 areas of (a) Risk Management; (b) Internal Controls; and (c) Legislative Compliance.

An update report on the Regulation 17 Review Actions was presented to the previous Audit Committee meeting on the 12 December 2018.

### Budget Implications

The annual budget provides sufficient expenditure allocation for consultancies to cover the cost of the next review report due in September 2020.

### Budget – Whole of Life Cost

As no assets/infrastructure are being created, there are no whole of life costs relevant to this item.

### Council Policy Compliance

The review of the Regulation 17 requirements complies with Council Risk Management Policy. The Regulation 17 review is a precursor for a complete review of the Shire of Dardanup Risk Management Framework policies and procedures.

Risk Assessment - Low.

The Regulation 17 review is designed to reduce and minimize risk. As the review has been completed by an independent professional third party recognised accounting firm the Risk Assessment for this report is low.

### Officer Comment -

Local Government (Audit) Regulation 17 is a relatively new regulation requiring the CEO to review the appropriateness and effectiveness of a Local Government's systems and procedures in relation to:

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

The review is to be undertaken at least every three (previously two) years as required by Regulation 17 (2) which was gazetted in February 2013.

The CEO is to report to the Audit Committee the results of a review. The Audit Committee under Regulation 16(c) is to review the report and report to Council the results of the review.

A Terms of Reference was developed to define the scope of the review. This Terms of Reference was based on previous reviews and the Local Government Operational Guidelines No.9 – Audit in Local Government.

AMD Chartered Accountants were appointed in September 2017 to undertake the review, and attended the 13 December 2017 Audit Committee meeting to present and discuss their report.

Listed below are the Findings noted in the Regulation 17 Review Report, and an update on the implementation of recommended actions:

- *Summary Table*

<b>1. Risk Management</b>	<b>Original Proposed Completion Date</b>	<b>Revised Completion Date</b>	<b>Status</b>
1.1 – Risk Management Framework	30/6/2018	30/6/2019	Commenced
1.2 – Business Continuity Plan	1/11/2017		Completed
1.3 – Projects and Procurement	30/6/2018	30/6/2019	80% Completed
1.4 – Emergency Risk Management	30/6/2018		Completed
1.5 – Risk Management Policies and Procedures	30/6/2018	26/7/2018	Completed
1.6 – Outdated Policies	30/6/2018	26/7/2018	Completed
<b>2. Internal Controls</b>	<b>Original Proposed Completion Date</b>	<b>Revised Completion Date</b>	<b>Status</b>
2.1 – Information Technology	31/12/2017	30/6/2019	50% Completed
2.2 – Independent Review	31/12/2017		Completed
2.3 – Signature Specimen	31/12/2017		Completed
2.4 – Financial Management Systems Review	30/6/2018		Completed
<b>3. Legislative Compliance</b>	<b>Original Proposed Completion Date</b>	<b>Revised Completion Date</b>	<b>Status</b>
3.1 – Tender Register	31/12/2017		Completed
3.2 – Compliance Calendar	30/6/2018	30/6/2019	50% Completed
3.3 – Audit Committee	30/6/2018		Completed
3.4 – Internal Audit	30/6/2018		Completed
3.5 – Petty Cash	31/12/2017	26/7/2018	Completed

## 1. RISK MANAGEMENT

### 1.1 RISK MANAGEMENT FRAMEWORK

#### *Auditor Recommendation:*

We recommend the Shire develop an organisational risk register. This should include conducting a comprehensive risk identification process to identify potential Shire risks within each business unit and incorporates the following categories:

- Operational;
- Strategic;
- Finance;
- Technological; and
- Compliance risks.

The risk register should identify the risk, analyse the risk by determining the likelihood, consequence and current controls in respect to each identified risk; evaluate the risk by deciding whether the risk is to be treated/controlled, reassessed or accepted and determine the action to be taken to treat or control each risk.

The risk register should also be monitored and reviewed on a regular basis to ensure up to date and integrates with existing Shire's Risk Management Framework policies and procedures.

Furthermore, once the organisational risk register is developed, we recommend this register is tabled at the Audit Committee meeting and subsequent Council meetings on a periodic basis.

#### *Management Comment*

It is currently proposed that LGIS (Local Government insurance Services) facilitate the updating of the Risk Management Governance Framework introduced to the Shire of Dardanup in 2014. The Framework document includes the Risk Management Policy and Risk Management Procedures established to support the introduction, utilisation, monitoring and ongoing reporting around the Framework.

The Risk Management Governance Framework document will include a risk register which will identify all potential Shire risks (Operational, Strategic, etc), analyse the risk by determining the likelihood, consequence and current controls in respect to each identified risk; and evaluate the risk by deciding whether the risk is to be treated/controlled, reassessed or accepted with any action to be taken to treat or control each risk.

The draft Risk Management Governance Framework document identifies the Corporate Excellence & Compliance Officer (previously part-time Business Excellence Officer) as the person who will be responsible for the ongoing monitoring and reporting of Risk under the framework.

Under the Framework, a (Dashboard) Risk Report will be produced every quarter and a full Risk Summary Report (incorporating the Dashboard) will be produced every six months. This is reported to the Senior Managers (every three months) and Audit Committee (every six months).

Originally this task was proposed to be completed by 30 June 2018. With the resignation of the Business Excellence Officer in early April 2018, this task has been put on hold until the Compliance Officer is appointed, which due to budget constraints, is now not anticipated until January 2019.

The Audit Committee have received a report on the Risk Management Governance Framework. It is planned for staff to participate in a workshop facilitated by LGIS on the Risk Management Governance Framework in March/April 2019, which is later than originally anticipated.

Responsible Officer	Proposed Completion Date
Director Corporate & Community Services	30 June 2019
Status	
Action has commenced as part of the recent appointment of the Compliance Officer in January 2019. A series of workshops involving staff is scheduled to be undertaken by LGIS on the 27 and 28 March 2019. A one hour Councillor Briefing is scheduled to be held on the 27 March 2019 at 2.30pm to provide an overview of the Risk Management Governance Framework.	

## 1.2 BUSINESS CONTINUITY PLAN

*Auditor Recommendation:*

We recommend the Shire finalise their incident management and business continuity plan. In addition, we recommend the incident management and business continuity plan is tested on a regular basis to ensure that in the event of a disaster, appropriate action(s) can be taken.

*Management Comment*

Council considered and adopted the Shire of Dardanup Incident Management and Business Continuity Response Plan at the 1 November 2017 (resolution 286-17) Council meeting. The Coordinator Emergency & Ranger Service's is responsible for implementing, monitoring and updating the plan.

Responsible Officer	Proposed Completion Date
Coordinator Emergency & Ranger Services	1 November 2017
Status	
Action completed.	

## 1.3 PROJECTS AND PROCUREMENT

*Auditor Recommendation:*

We suggest the Shire further enhance the already robust procurement process by developing and implementing the following:

- Documented comprehensive project / tender risk assessment and reporting process for all major projects and tenders. Determine instances/thresholds where a risk assessment is to be conducted for those tenders / projects that are deemed high risk to the Shire (i.e. monetary value, reputational impact, culturally sensitive etc.); and
- Formal post tender review process, identifying both positive and negative findings with a view of continuous improvement of the tender / quotation process the Shire has in place.



### Management Comment

The draft Risk Management Governance Framework document includes all potential Shire risks (Operational, Strategic, etc) which are categories under 16 Themes (or Profiles) common to most local governments.

The draft document identifies a "Supplier / Contract Management" Theme, which enables the risk assessment, reporting and management of risks relating to contracts, tenders and procurement. A second Theme related to "Adequate Project/Change Management" provides a similar assessment and management of risks for projects.

The review recommendations are noted and will be considered in conjunction with the implementation of the Risk Management Governance Framework.

The appointment of a Procurement Officer position in July 2018 has enabled these tasks to be initiated, with further progress occurring through the appointment of a Compliance Officer in January 2019.

A review and update of Council's Procurement Policy CP034 (adopted OCM 13 February 2019) and Procurement Procedure PR045 has introduced increased project planning and risk assessment for major items of expenditure.

Responsible Officer	Proposed Completion Date
Director Corporate & Community Services	30 June 2019
Status	
Action has commenced and is 80% completed.	

## 1.4 EMERGENCY RISK MANAGEMENT

### Auditor Recommendation:

We recommend a bushfire recovery plan be prepared and adopted by Council. Once the plan has been adopted and implemented the plan should be monitored on a regular basis including testing the appropriate sections of the plan to ensure that in the event of a disaster, appropriate actions can be taken.

### Management Comment

The review recommendation is noted and supported.

A Shire of Dardanup Bushfire Response Plan was adopted by Council in November 2014. The related Local Emergency Management & Recovery Arrangement Plan was also adopted by Council on the 6 April 2016, which outlines the bushfire recovery arrangements of Council. The Coordinator Emergency & Ranger Services monitors and updates this plan, with a practical exercise held late last year to test the plan.

The Business Continuity Plan adopted by Council on the 1 November 2017 addresses recovery processes for critical business processes.

Through these two Plans being established and maintained, a separate Bushfire Recovery Plan is not considered necessary.

Responsible Officer	Proposed Completion Date
Coordinator Emergency & Ranger Services	30 June 2018
Status	
Action completed.	

### 1.5 RISK MANAGEMENT POLICIES AND PROCEDURES

*Auditor Recommendation:*

We recommend a litigation/claims and fraud/misconduct policy be prepared and adopted by the Shire.

*Management Comment*

The review recommendation is noted and supported.

These new policies have been prepared and were adopted by Council at the 26 July 2018 Special Council Meeting as part of the regular review of policies.

Responsible Officer	Proposed Completion Date
Director Corporate & Community Services	26 July 2018
Status	
Action completed.	

### 1.6 OUTDATED POLICIES

*Auditor Recommendation:*

We recommend the code of conduct be reviewed and the next required review date be specified.

Furthermore, we recommend all policies be reviewed in accordance with their stated review dates.

*Management Comment*

The review recommendation is noted and supported.

The Code of Conduct has recently been reviewed and subsequently discussed in conjunction with a Governance Workshop conducted by WALGA staff on the 21 November 2018. Due to the impending changes to the Local Government Regulations related to the Rules of Conduct, further changes to the Code of Conduct will occur after this legislative change has been enacted.

Existing policies have been reviewed and were adopted by Council at the 26 July 2018 Special Council Meeting as part of the regular review of policies.

Responsible Officer	Proposed Completion Date
Manager Governance & HR	26 July 2018
Status	
Action completed.	

## 2. INTERNAL CONTROLS

### 2.1 INFORMATION TECHNOLOGY

#### *Auditor Recommendation:*

We recommend the following:

- Customer service operators use their own unique username and password;
- Employee access to Shire of Dardanup systems be suspended when an employee is on extended leave;
- Formal KPI's be implemented in respect of IT; and
- A formal review of vendor performance be completed following contract completion.

#### *Management Comment*

The review recommendations are noted and supported.

The Information Services department has reviewed the audit recommendations and believe they can meet most requirements.

1. Customer Service operators to use their own Credentials – not shared. This will either require each staff member to sign on/off as they move or from the front counter PC. This does create some practical issues due to the multiple batch sessions required and the time to sign on/off, potentially creating frustrated customers.

The implemented solution is for a virtual Synergy session to be running which any staff can access. When there is a change to staff, that person will also change the receipting officer so the transactions are logged against the right person.

*(Action completed)*

2. Suspension of access to system services when staff are on extended leave. Human Resources are to advise IT of extended leave and IT will suspend the credentials for the user until alternate advice is received.

*(Action completed)*

3. Formal KPI's to be implemented for IT. ICT are collectively looking at a new service framework that is the basis for meaningful KPI generation. Anticipate a decision on the best approach by June 2019.

*(Action pending)*

4. Formal review of Vendor Performance. This is a scheduled task of the new Procurement Officer position who commenced in July 2018.

*(Action pending)*

Responsible Officer	Proposed Completion Date
Manager Information Services	30 June 2019
Status	
Action commenced and 50% completed - This topic is multifaceted and is not as straight forward as originally anticipated. Some areas have progressed to completion or close to completion, but others will take some time to address.	

## 2.2 INDEPENDENT REVIEW

### Auditor Recommendation:

We recommend the following:

- The Manager of Financial Services sign general journals raised as evidence of independent review, for journals raised by the Manager of Financial Services we recommend the Director of Corporate and Community Services review these journals. We understand journals are prepared in excel format and thereby electronic signatures may be required to evidence this review occurring;
- Credit card statements once signed by the cardholder be reviewed and signed by the Director Corporate and Community Services to evidence review occurring;
- End of day cash reconciliation be signed by preparer and a second employee to evidence review prior to monies being banked; and
- A periodic review (e.g. quarterly) of Synergy master file changes reports be completed.

### Management Comment

The review recommendations are noted and supported.

An updated Monthly Journal Form has been prepared which requires manual signature by the Manager Financial Services and electronic signature by the Director Corporate and Community Services. The batch number has also been included on this Form to verify entry into Synergy.

An updated Credit Card payment approval process has been implemented which requires signature by the Director Corporate and Community Services.

End of day cash reconciliation process have been updated to require a second employee signature. The bank deposit form produced by Synergy was updated in February 2018, which enables a second employee to review. Cash is not recounted as any discrepancies are corrected by the bank.

*(Actions completed)*

A process to monitor Synergy master file Creditor changes has been implemented as part of the monthly reconciliation process for the Finance Officer.

*(Action completed)*

Responsible Officer	Proposed Completion Date
Manager Information Services	30 June 2018
Status	
Action completed.	

## 2.3 SIGNATURE SPECIMEN

### Auditor Recommendation:

We recommend a signature specimen be prepared and signed by all delegated authorities.

### Management Comment

The review recommendation is noted and supported.

The specimen signature form has been created and all specimen signatures obtained.

Responsible Officer	Proposed Completion Date
Manager Financial Services	30 June 2018
Status	
Action completed.	

## 2.4 FINANCIAL MANAGEMENT SYSTEMS REVIEW

*Auditor Recommendation:*

We recommend the above recommendations be implemented.

*Management Comment*

The review recommendation is noted and supported. The relevant recommendations in the FMSR are:

### 5 – Purchase/Expense

- Rating: Low
- Findings: The Shire's payment of accounts policy states that the Council staff shall settle accounts due and payable each fortnight. The review noted that the payment of accounts occurs every Friday. The policy and practice appear to be inconsistent.
- Recommendation: That the Shire's payment of accounts policy be amended to reflect the actual process.
- Management comment: While no material risk is deemed associated with this practice, Policy CP035 was amended as part of the Special Policy Review meeting held for 26 July 2018.  
(Action completed)

### 6 – Purchase/Expense

- Rating: Low
- Findings – The Shire's payment of accounts policy includes the Customer Service Officer in Dardanup as a responsible officer for delegated petty cash. From their enquiry the Dardanup CSO no longer has petty cash.
- Recommendation: That the Shire's payment of accounts policy be updated accordingly.
- Management comment: Agreed. While no material risk is deemed associated with this practice, Policy CP035 was amended as part of the Special Policy Review meeting held for 26 July 2018.  
(Action completed)

## 10 – Credit Card

- Rating: Low
- Findings: In the use of the corporate credit card policy, they noted the following clause: *Failure to comply with this policy may incur disciplinary action at the discretion of the CEO.* It was noted that the CEO is the only person that has a Shire credit card.
- Recommendation: That the policy be adjusted to refer any non-compliance issues to Council.
- Management comment: The policy will be amended to require any non-compliance be reported to the CEO, the Director Corporate & Community Services and Council.

The recommended Policy changes will be implemented to ensure consistency between policy and practice during the review scheduled for 26 July 2018.

Responsible Officer	Proposed Completion Date
Director Corporate & Community Services	26 July 2018
Status	
Action completed.	

### 3. LEGISLATIVE COMPLIANCE

#### 3.1 TENDER REGISTER

##### *Auditor Recommendation:*

The following should be included within the tender register:

- The name of any successful tenderer; and
- For each invitation to tender the amount of the consideration or a summary of the amount of the consideration sought in the tender accepted by the local government.

We also recommend:

- The name of any successful tenderer; and
- For each invitation to tender the amount of the consideration or a summary of the amount of the consideration sought in the tender accepted by the local government.

##### *Management Comment*

The review recommendations are noted and supported. Action will occur as a priority to implement the recommended changes to the tender register.

In reviewing the tender register a breach of Regulation 17 of the Local Government (Functions & General) Regulations 1996 was identified by staff. The breach being that the goods provided exceeded the Delegated Authority to the CEO to accept tenders up to \$150,000, and the Request for Tender prices were not referred to Council for consideration. Therefore the Council resolution number was not able to be recorded in the tender register.

The breach was not identified when the January to December 2016 Annual Compliance Return was presented to Council. The breach has been reported to the Department of Local Government and Communities on the 28 March 2018, with no further response or correspondence received on the matter.

A thorough internal audit of the tender register has been completed for transactions over the last 5 years, with no other non-compliant matters identified. This has ensured that there is full compliance with the Regulations and recommended practice for the 2017 Compliance Audit Return.

*(Action completed)*

The creation of a new position of Procurement Officer in July 2018 has enabled the development of a Procurement and Tender Manual, which will assist in the ongoing implementation and monitoring of procurement and tender improvements.

Responsible Officer:	Proposed Completion Date:
Director Corporate & Community Services	30 June 2018
Status:	
This was commenced in December 2017. Action completed.	

### Local Government (Functions & General) Regulations 1996

#### 17. Tenders register

- (1) *The CEO is responsible for keeping the tenders register and making it available for public inspection.*
- (2) *The tenders register is to include, for each invitation to tender —*
  - (a) *a brief description of the goods or services required; and*
  - [(b) deleted]*
  - (c) *particulars of—*
    - (i) *any notice by which expressions of interests from prospective tenderers was sought; and*
    - (ii) *any person who submitted an expression of interest; and*
    - (iii) *any list of acceptable tenderers that was prepared under regulation 23(4);*

*and*

  - (d) *a copy of the notice of the invitation to tender; and*
  - (e) *the name of each tenderer whose tender has been opened; and*
  - (f) *the name of any successful tenderer.*
- (3) *The tenders register is to include for each invitation to tender the amount of the consideration or a summary of the amount of the consideration sought in the tender accepted by the local government.*

## **3.2 COMPLIANCE CALENDAR**

### *Auditor Recommendation:*

We recommend consideration be given to completing and implementing a compliance manual linked to each business unit risk assessment.

We would expect the manual to be divided into each business unit section (as identified within the organisation structure) and to:

- Identify relevant legislation to that business unit (for example the Health Act 1911 or the Planning and Development Act 2005 or the Dog Act 1976);
- Identify key relevant sections within each legislation and note within the compliance manual;
- Who is responsible for ensuring controls in place to ensure compliance with each identified legislation section;
- The mechanism in place to ensure compliance, for example a policy or procedure (this component of the compliance manual would link each relevant section of legislation to a policy, procedure, person or other control).
- Regular testing of compliance, for example if the mechanism for compliance is a policy, regular review and spot checking (internal audit) of that policy; and
- Key milestone / reporting dates applicable to that legislative section and how compliance is met.

Once the compliance calendar is implemented, we recommend a standing agenda item be added to the Audit Committee / Council meeting agenda to assess the effectiveness of compliance through the review and assessment of the compliance calendar.

#### *Management Comment*

The review recommendations are noted and supported.

The template Compliance Manual, incorporating a Compliance Calendar, can be updated and tailored to be an effective compliance tool for the Shire of Dardanup. The Compliance Officer has been given this ongoing monitoring and reporting responsibility.

Originally this task was proposed to be completed by 30 June 2018. With the resignation of the Business Excellence Officer in early April 2018, this task was put on hold until the Compliance Officer was appointed, which occurred in January 2019.

<b>Responsible Officer</b>	<b>Proposed Completion Date</b>
Director Corporate & Community Services	30 June 2019
Status	
Action commenced and 50% completed.	

### **3.3 AUDIT COMMITTEE**

#### *Auditor Recommendation:*

We recommend a review of the audit committee 'Instrument of Appointment and Terms of Reference' be completed and audit committee meetings be held at least quarterly as recommended by the Department of Local Government Sport And Cultural Industries, operational guideline Number 09.



*Management Comment*

The review recommendations are noted and supported. These audit committee changes are also proposed and supported as part of the Risk Management Governance Framework.

The Audit Committee Terms of Reference have been updated and adopted by Council.

Responsible Officer	Proposed Completion Date
Director Corporate & Community Services	30 June 2018
Status	
Action completed.	

**3.4 INTERNAL AUDIT***Auditor Recommendation:*

In accordance with Department of Local Government Sport And Cultural Industries best practice operational guidelines, we recommend an internal audit function be established incorporating an internal audit program which is re-assessed annually.

Should Shire of Dardanup consider an internal audit function not be required, we suggest the Audit Committee formally document they have considered the best practice guideline and the reasons they feel it is not necessary.

*Management Comment*

The review recommendations are noted and supported. The Business Excellence Officer currently performs ad-hoc internal audits for specific functions and areas, which could be developed into a formal internal audit schedule over time and based on available resources.

An Internal Audit Plan has now been created and allocated as a function of the Compliance Officer. Due to budget constraints, this position is now not anticipated to be filled until January 2019.

Responsible Officer	Proposed Completion Date
Director Corporate & Community Services	30 June 2018
Status	
Action completed.	

**3.5 PETTY CASH***Auditor Recommendation:*

We recommend petty cash purchases do not exceed \$20 and where purchases are required above this threshold they are made through the Shire's creditors system. Alternatively it may be appropriate and practical to increase the \$20 threshold within the 'Payment of Accounts' policy.

*Management Comment*

The review recommendation is noted and supported. As part of the Policy review in July 2018, there was an increase in the Petty Cash threshold to \$50 maximum.

Responsible Officer	Proposed Completion Date
Manager Financial Services	26 July 2018
Status	
Action completed.	

Voting Requirements - Simple Majority.

**OFFICER RECOMMENDED RESOLUTION**

**THAT the Audit Committee receive the March 2019 update report on the implementation of actions required from the findings of the December 2017 Regulation 17 review of Risk Management, Internal Controls and Compliance.**

### 8.3 Title: Financial Management System Review

Reporting Department: Corporate & Community Services  
Reporting Officer: Mr Phil Anastasakis – Director Corporate & Community Services  
Legislation: Local Government Act 1995 and Local Government (Audit) Regulations

#### Overview

This report provides the Audit Committee with the Auditor opinion and written report on the recently conducted Financial Management System Review audit, together with management comments.

#### Background

In accordance with regulation 5(2)(c) Local Government Financial Management Regulation 1996, the Chief Executive Officer is required to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (not less than once in every 3 financial years) and report to the Local Government the results of those reviews.

This review has been undertaken by AMD Chartered Accountants and a review report has been prepared along with the Chief Executive Officer's and management comments (refer to Confidential Attachment provided to Committee members only under separate cover).

#### Legal Implications

Local Government Act 1995

Local Government (Financial Management) Regulations 1996 (as Amended):

(2) *The CEO is to —*

- c) *undertake reviews 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 report to the local government the results of those reviews.*

#### Strategic Community Plan

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

#### Precedents

The previous review was undertaken by Butler Settineri in 2015 and presented to the Chief Executive Officer on 13 January 2016. The scope of the previous review was to compare the financial policies adopted by the Shire with the minimum requirements of the Local Government Act 1995 and its associated regulations and to determine

the extent to which the stated policies and procedures as adopted by the Shire have been implemented by the Chief Executive Officer.

### Budget Implications

The 2018-19 budget provides sufficient allocation for consultancies to cover the cost of this review report.

### Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance - None.

Risk Assessment - Low.

### Officer Comment

The Financial Management Systems Review is to be undertaken at least once in every 3 financial years. The Chief Executive Officer is to report to the Audit Committee the results of the review. The Audit Committee under Regulation 16(c) of the Local Government (Audit) Regulations 1996 is to review the report and report to Council the results of the review.

It was considered appropriate for this review to be conducted by an external auditing firm familiar with local government functions to reinforce the transparency and independence of the process.

The scope of the review was in accordance with Regulation 5(1) of the Local Government (Financial Management) Regulations 1996 which would incorporate an assessment of the appropriateness and effectiveness of Council's financial management systems and procedures.

Quotes were obtained from 2 auditing firms to review the financial management systems of the Shire of Dardanup for the period from January 2016 to December 2018.

AMD Chartered Accountants (AMD) were appointed in February 2019 to undertake the review. A comprehensive checklist of audit material was provided to AMD for the review with a site visit conducted by one AMD staff member from Monday 18 February 2019 to Friday 22 February 2019. In addition to the site visit at the Eaton Administration Centre, the AMD staff member also conducted site visits to the Dardanup Administration Centre, Banksia Road Transfer Station, Martin-Pelusey Road Depot, Eaton Community Library and the Eaton Recreation Centre.

Attached is the Financial Management Systems Review Report produced by AMD Chartered Accountants (refer to Confidential Attachment provided to Committee members only under separate cover). Mr Tim Partridge, Director – Audit for AMD will be in attendance at the Audit Committee to respond to any questions in relation to the report and their findings.

The Auditors findings are summarised below:

Ref	Issue	Risk Rating
<b>1.</b>	<b>Collection of money</b>	
	We have no recommendations to raise in respect to the collection of money and related internal controls in place.	
<b>2.</b>	<b>Custody and security of money</b>	
	We have no recommendations to raise in respect to the custody and security of money and related internal controls in place.	
<b>3.</b>	<b>Maintenance and security of financial records</b>	
	<b>Key Security and Register</b>	
3.2.1	No documented procedure in respect to access of motor vehicles machinery and building keys. Key cabinet at the Shire depot was unlocked during the onsite visit. Currently no key register is maintained at the Shire Depot.	Moderate
<b>4.</b>	<b>Accounting for municipal or trust transactions</b>	
	<b>FBT and BAS Independent Review</b>	
4.2.1	We noted the BAS and FBT returns are not signed off by the preparer and are not signed off to evidence review by someone independent of the BAS/FBT preparation process.	Minor
	<b>Fixed Asset Capitalisation and Depreciation Policy</b>	
4.2.2	There are no documented policies in place in respect to asset capitalisation, depreciation and the management of attractive assets.	Minor
<b>5.</b>	<b>Authorisation for incurring liabilities and making payments</b>	
	<b>Changes to Creditor Master File</b>	
5.2.1	We note there is no standard documentation completed and subsequently approved prior to making a change to creditor details in the creditor master file.	Significant
	<b>Purchasing and Payment</b>	
5.2.2	We identified a number of matters for enhancement and improvement in respect to purchasing and payments.	Significant
<b>6.</b>	<b>Maintenance of payroll, stock control and costing records</b>	
	<b>Fuel Card/Usage Policy</b>	
6.2.1	Currently no fuel card policy in place.	Minor
	<b>Loss on Private Works</b>	
6.2.2	Loss of \$350 made on private works jobs completed for the period ended 31 December 2018.	Minor
<b>7.</b>	<b>Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations</b>	
	<b>Code of Conduct</b>	
7.2.1	The Shire Code of Conduct for Council Members, Committee Members and Staff was last reviewed and adopted by Council on the 6 November 2013.	Minor

In conclusion, this Financial Management Systems Review supports the understanding that Council's overall systems and procedures have been operating effectively. Those areas noted in the report will be addressed in accordance with the management comments provided, and will be reported and monitored through future reviews and reports.

Council Role - Legislative.

Voting Requirements - Simple Majority.

#### OFFICER RECOMMENDED RESOLUTION

**THAT the Audit Committee recommend that Council receives the report from the Chief Executive Officer, incorporating the review and findings of AMD Chartered Accountants (dated 28 February 2019) on the review of the appropriateness and effectiveness of the financial management systems and procedures under Regulation 5 of the Local Government (Financial Management) Regulations 1996.**

**9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

None.

**10. NEW BUSINESS OF AN URGENT NATURE**

[Please Note: This is Not General Business – This is for Urgent Business Approved By the Person Presiding or by Decision. In cases of extreme urgency or other special circumstance, matters may, with the consent of the person presiding, or by decision of the members present, be raised without notice and decided by the meeting.]

**11. MATTERS BEHIND CLOSED DOORS**

None.

**12. CLOSURE OF MEETING.**

The Chairperson advises that the date of the next Audit Committee Meeting is to be advised.

There being no further business the Chairperson to declare the meeting closed.