



Shire of Dardanup

# **A G E N D A**

## **AUDIT COMMITTEE MEETING**

To Be Held

Wednesday, 7 March 2018

Commencing at 2.30pm

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

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Upon request.



NOTICE OF AN AUDIT COMMITTEE MEETING

Dear Committee Member

The next Audit Committee Meeting of the Shire of Dardanup will be held on Wednesday 7 March 2018 in the Council Chambers, Shire of Dardanup - Administration Centre Eaton, 1 Council Drive, Eaton - commencing at 2.30pm.



**MR MARK L CHESTER**  
Chief Executive Officer

Date: 1 March 2018

**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 L D HARRIS
- 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 7 MARCH 2018, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.30PM.**

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

The Presiding Officer, Cr Janice Dow (Deputy 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 Gnaala Karla Booja 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

Cr. P S Robinson

**3. PETITIONS/DEPUTATIONS/PRESENTATIONS**

None.

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

4.1 Audit Committee Meeting Held 13 December 2017

**OFFICER RECOMMENDED RESOLUTION**

**THAT the Minutes of the Audit Committee Meeting held on 13 December 2017, 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."

<b>8. REPORTS OF OFFICERS</b>
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8.1 Title: Terms of Reference

Reporting Department: Executive

Reporting Officer: Mr Phil Anastasakis – Director Corporate &amp; Community Services

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

Background -

At its meeting held 24 January 2018, Council adopted [18-18] the updated Terms of Reference for its Audit Committee.

The updated Committee Objectives continue to focus on audit matters and reflects to a large extent the model Terms of Reference provided in the Local Government Operation Guidelines No.9 – Audit in Local Government. The specific committee objectives are as follows:

*The Audit Committee shall have the following objectives:*

- 4.1 *Provide guidance and assistance to Council in carrying out its functions in relation to audits of the local government;*
- 4.2 *Develop and recommend to Council a written agreement for the appointment of the auditor. The agreement is to include –*
  - *the objectives of the audit;*
  - *the scope of the audit;*
  - *a plan of the audit;*
  - *details of the remuneration and expenses to be paid; and*
  - *the method to be used by the local government to communicate with, and supply information to, the auditor;*
- 4.3 *To recommend to Council the person or persons to be appointed as auditor;*
- 4.4 *To meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;*
- 4.5 *Liaise with the CEO to ensure that the local government does everything in its power to –*
  - i.) *assist the auditor to conduct the audit and carry out his or her duties;*
  - ii.) *ensure that audits are conducted expeditiously;*
- 4.6 *Examine the reports of the auditor after receiving a report from the CEO on the matters to –*
  - i.) *determine if any matters raised require action to be taken by the local government; and*
  - ii.) *ensure that appropriate action is taken in respect of those matters;*
- 4.7 *Review annually the internal audit plan, including any reports produced as part of special assignments undertaken by internal audit.*

- 4.8 *To consider the biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance (Regulation 17 Review), required to be provided to the committee, and –*
- i.) *report to Council the results of that review;*
  - ii.) *give a copy of the CEO's report to the Council;*
- 4.9 *Review the annual Compliance Audit Return and report to Council the results of that review;*
- 4.10 *To consider the Financial Management Systems Review required every four years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review;*
- 4.11 *Consider and recommend adoption of the Annual Financial Report to Council.*
- 4.12 *To undertake research of matters relevant to audit activities as and when referred by Council, or on the request of the Chief Executive Officer or Director Corporate & Community Services.*

The Committee will continue to be involved in the appointment of the auditor, review of the annual audit report, meeting annually with the auditor, reviewing the annual Compliance Audit Return, reviewing the Regulation 17 Review report on Legislative Compliance, Internal Controls and Risk Management, reviewing the Financial Management Systems Review conducted every 4 years and receiving the biennial Risk Summary Report.

A full copy of the Terms of Reference are attached (Appendix AUD: 8.1) for the Committee's information.

For Information.



8.2 Title: 2017 Compliance Audit Return

Reporting Department: Executive - Governance  
 Reporting Officer: Mrs Cathy Lee – Manager Governance & HR  
 Legislation: Local Government Act 1995 and Local Government (Audit) Regulations

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 2017 to 31 December 2017 against the requirements set out in the 2017 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 Plan - None.

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 Department of Local Government advise that the 2017 CAR continues in the reduced format introduced in 2011, with the areas of compliance restricted to those considered high risk.

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 2017 year.

Council has met compliance in all 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:**

- Adopts the Compliance Audit Return 2017 [CAR] as the official Return of Council for the period 1 January 2017 to 31 December 2017 as follows:**

**Dardanup - Compliance Audit Return 2017**

<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 2017.	N/A		Mark Chester - Chief Executive Officer
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 2017.	N/A		Mark Chester - Chief Executive Officer
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 2017.	N/A		Mark Chester - Chief Executive Officer
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 2017.	N/A		Mark Chester - Chief Executive Officer
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Mark Chester - Chief Executive Officer

<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.	N/A		Mark Chester - Chief Executive Officer
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A		Mark Chester - Chief Executive Officer
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Mark Chester - Chief Executive Officer
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A		Mark Chester - Chief Executive Officer
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	Yes		Mark Chester - Chief Executive Officer
6	s5.42(1),5.43	Did the powers and duties of	No		Mark Chester -

	Admin Reg 18G	the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.		Chief Executive Officer
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes	Mark Chester - Chief Executive Officer
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	Mark Chester - Chief Executive Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	Mark Chester - Chief Executive Officer
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	N/A	Mark Chester - Chief Executive Officer
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	Mark Chester - Chief Executive Officer
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 2016/2017 financial year.	Yes	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer

### Disclosure of Interest

No	Reference	Question	Response	Comments	Respondent
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		Mark Chester - Chief Executive Officer
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.	N/A		Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes		Mark Chester - Chief Executive Officer

7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, 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.	Yes	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer
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	Mark Chester - Chief Executive Officer
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	Mark Chester - Chief Executive Officer

### Disposal of Property

No	Reference	Question	Response	Comments	Respondent
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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

### Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates.	Yes		Cathy Lee - Manager Governance & HR

### Finance

No	Reference	Question	Response	Comments	Respondent
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 2017 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 2017 received by the local government by 31 December 2017.	Yes		Phil Anastasakis - Director Corporate & Community Services
7	S7.12A(3)	Where the local government	N/A		Phil Anastasakis

		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.		- 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 of the audit.	Yes	Phil Anastasakis - Director Corporate & 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

### 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	Yes	30 June 2017	Phil Anastasakis - Director Corporate & Community Services

		question is optional, answer N/A if you choose not to respond.			
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 November 2012	Phil Anastasakis - Director Corporate & Community Services
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	7 June 2017	Phil Anastasakis - Director Corporate & Community Services
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.	No	Strategic Financial Plan adopted by Council on 7 June 2017	Phil Anastasakis - Director Corporate & Community Services
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	30 June 2017	Phil Anastasakis - Director Corporate & Community Services

### 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.	N/A		Mark Chester - Chief Executive Officer

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.	N/A		Mark Chester - Chief Executive Officer
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).	N/A		Mark Chester - Chief Executive Officer
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).	N/A		Mark Chester - Chief Executive Officer
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Mark Chester - Chief Executive Officer

### 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	Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer
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		Mark Chester - Chief Executive Officer



<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.	Yes		Phil Anastasakis - Director Corporate & Community Services
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		Cathy Lee - Manager Governance & HR
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was	Yes		Cathy Lee - Manager Governance & HR

		accepted.		
11	F&G Reg 21 & 22	Did the local governments' advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	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 which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	N/A	Phil Anastasakis - Director Corporate & Community 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

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 2017 Compliance Audit Return to the Department of Local Government prior to 31 March 2018.**

*By Absolute Majority*

8.3 Title: Regulation 17 Review of Local Government Systems & Procedures Update

Reporting Department: Executive

Reporting Officer: Mr Mark Chester – Chief Executive Officer  
Mr Phil Anastasakis – Director Corporate & Community Services

Legislation: Local Government Act 1995

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 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

**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 - None

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.

Budget Implications

The 2017/18 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 -

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 -

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 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:

## **1. Risk Management**

### **1.1 - RISK MANAGEMENT FRAMEWORK**

#### **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 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).

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 April / May 2018.

**Responsible Officer:**

Director Corporate & Community Services

**Proposed Completion Date:**

30<sup>th</sup> June 2018

**Status:**

Action ongoing

**1.2 - BUSINESS CONTINUITY PLAN****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:**

Coordinator Emergency & Ranger Services

**Proposed Completion Date:**

1 November 2017

**Status:**

Action completed.

**1.3 - PROJECTS AND PROCUREMENT****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 addition of a Procurement Officer position in the 2018/19 budget will enable these tasks to be completed.

#### Responsible Officer:

Director Corporate & Community Services

#### Proposed Completion Date:

30<sup>th</sup> June 2018

#### Status:

Action pending.

## 1.4 - EMERGENCY RISK MANAGEMENT

### 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:**

Coordinator Emergency &amp; Ranger Services

**Proposed Completion Date:**30<sup>th</sup> June 2018**Status:**

Action completed.

**1.5 - Risk Management Policies and Procedures****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 policies will be prepared and presented to Council as part of the regular policy review process conducted during April-May.

**Responsible Officer:**

Director Corporate &amp; Community Services

**Proposed Completion Date:**30<sup>th</sup> June 2018**Status:**

Action pending.

**1.6 - OUTDATED POLICIES****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 is scheduled to be reviewed as part of the implementation of the Human Resources Framework & Action Plan 2017-2021.

These policies will be reviewed and presented to Council as part of the regular policy review process conducted during April-May.

**Responsible Officer:**

Manager Governance &amp; HR

**Proposed Completion Date:**30<sup>th</sup> June 2018**Status:**

Action pending.

## **2. Internal Controls**

### **2.1 - INFORMATION TECHNOLOGY**

#### **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. Options are currently being explored to overcome these issues.
2. Suspension of access to system services when staff are on extended leave. HR are to advise IT of extended leave and IT will suspend the credentials for the user until alternate advice is received.
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 next approach by June 2018.
4. Formal review of Vendor Performance. This is planned to be a task of the new Procurement Officer position, scheduled for July 2018.

#### **Responsible Officer:**

Manager Information Services

#### **Proposed Completion Date:**

31<sup>st</sup> December 2017

#### **Status:**

Action pending - 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

### 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, 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 changes is being drafted. Action pending.

**Responsible Officer:**

Manager Financial Services

**Proposed Completion Date:**

31<sup>st</sup> December 2017

**Status:**

Action pending. - Most of the actions have been completed except for the last one. The process of tracking Synergy master file changes has raised other issues which we are working through.

### 2.3 - SIGNATURE SPECIMEN

#### 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 is in the process of obtaining all specimen signatures.

#### Responsible Officer:

Manager Financial Services

#### Proposed Completion Date:

31<sup>st</sup> December 2017

#### Status:

Action pending.

### 2.4 - FINANCIAL MANAGEMENT SYSTEMS REVIEW

#### 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, the policy will be amended upon review.
- 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. Review of Council policies are intended to be undertaken this year. This matter will be included in the review for actioning.
- 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 April 2018.

**Responsible Officer:**

Director Corporate &amp; Community Services

**Proposed Completion Date:**30<sup>th</sup> June 2018**Status:**

Action pending.

**3. Legislative Compliance****3.1 – TENDER REGISTER****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.

The tender register for the last 5 years is currently being reviewed by Governance staff to ensure full compliance with the Regulations and recommended practice. Action pending.

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

**Responsible Officer:**

Director Corporate &amp; Community Services

**Proposed Completion Date:**31<sup>st</sup> December 2017**Status:**

Action pending. This was commenced in December 2017.

### 3.2 – COMPLIANCE CALENDAR

#### 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 and Compliance Calendar, can be updated and tailored to be an effective compliance tool for the Shire of Dardanup. It is proposed that the Business Excellence Officer be given this ongoing monitoring and reporting responsibility.

This task has been allocated to the Business Excellence Officer, and is under development.

**Responsible Officer:**

Director Corporate & Community Services

**Proposed Completion Date:**

30<sup>th</sup> June 2018

**Status:**

Action ongoing.

### 3.3 – AUDIT COMMITTEE

#### Recommendation

We recommend a review of the audit committee's 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:**

Director Corporate & Community Services

**Proposed Completion Date:**

30th June 2018

**Status:**

Action completed.

### 3.4 – INTERNAL AUDIT

#### 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 Business Excellence Officer.

**Responsible Officer:**

Director Corporate & Community Services

**Proposed Completion Date:**

30th June 2018

**Status:**

Action completed.

**3.5 – PETTY CASH****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 scheduled for April 2018 it is proposed to increase the Petty Cash threshold to \$50 maximum.

**Responsible Officer:**

Manager Financial Services

**Proposed Completion Date:**

31<sup>st</sup> December 2017

**Status:**

Action pending. Change to petty cash threshold involves a change to policy. Policy review Special Council meeting scheduled for 11 April 2018.

Council Role - Legislative

Voting Requirements - Simple Majority

**OFFICER RECOMMENDED RESOLUTION**

**THAT the Audit Committee receive the 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.**

<b>9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN</b>
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None.

<b>10. NEW BUSINESS OF AN URGENT NATURE</b>
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[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.