

# **SHIRE OF WANDERING MINUTES**



**21 March  
2019**

**AUDIT COMMITTEE MEETING**

Unconfirmed minutes, Thursday 21 March, 2019 in the Council  
Chambers commencing at 11.00am.

Dear Elected Member

The Audit Committee Meeting of the Shire of Wandering will be held on Thursday 21 March 2019 in the Council Chambers, 22 Watts Street, Wandering commencing at 11am.

Amanda O'Halloran  
Chief Executive Officer  
14 March 2019

#### DISCLAIMER

*The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Wandering warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Wandering for any act, omission or statement or intimation occurring during a Council meeting.*

# Agenda

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# Audit Committee Meeting

## Agenda

### 1. DECLARATION OF OPENING

The Shire President declared the meeting open at 11.01am

### 2. RECORD OF ATTENDANCE

#### 2.1 Present:

Cr B Whitley	President
Cr C Ferguson	Deputy President
Cr J Price	
Cr M Watts	
Cr G Parsons	
Cr I Turton	

#### Staff:

Ms A O'Halloran	Chief Executive Officer
Cara Ryan	Manager of Finance
Monica Treasure	Manager of Communities (Minute Taker)

#### 2.2 Apologies

Nil

#### 2.3 Approved Leave of Absence

### 3. ANNOUNCEMENT OF VISITORS

Anthony Quahe – Principal Civic Legal

*Anthony advised Councillors that his attendance was part of the Project Aware Governance Support Program that the Shire of Wandering is a participant, to support the Shire's ongoing continuous improvement and to assist with the Shire undertaking their Regulation 17 review.*

*It is intended that Anthony observe the meeting and undertake a mock Council meeting at the April 2019 Council Workshop to provide feedback and assist Councillors to improve their governance and strategic thinking.*

### 4. DECLARATION BY MEMBERS

That Councillors have given due consideration to all matters contained in the Agenda presently before the meeting

## 5. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

5.1 Minutes of the Audit Committee Meeting – 18 October 2018

ATTACHMENT 5.1.1

### COUNCIL DECISION – ITEM 5.1

MOVED: CR FERGUSON

SECONDED: CR PRICE

Minutes of the Shire of Wandering Audit Committee Meeting held on Thursday 18 October 2018 (Attachment 5.1.1) to be confirmed as a true and correct record.

CARRIED 6/0

## 6. TERMS OF REFERENCE

Under the Local Government Act 1995 (LGA), Local Governments are required to appoint an Audit Committee (section 7.1A of the Local Government Act 1995).

An Audit Committee is to provide guidance and assistance to the Local Government - as to the carrying out of its functions in relation to audits conducted under Part 7 of the LGA and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (Audit) regulations 1996).

Meeting cycle: At least once a year to recommend adoption of the Annual Financial Statements and Report.

## 7. AGENDA ITEMS

### 7.1 LOCAL GOVERNMENT COMPLIANCE AUDIT RETURN 2018

File Reference	1.1.26
Proponents:	Nil
Disclosure of Interest:	Nil
Date:	28 February 2019
Previously Before Council:	N/A
Authors Name & Position:	Adrianne Yzerman, Contract Project Officer
Attachment:	7.1.1 2018 Compliance Audit Return

#### NATURE OF COUNCIL'S

#### ROLE IN THE MATTER:

- Advocacy When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
- Legislative Includes adopting local laws, local planning schemes and policies.
- Review When Council reviews decisions made by Officers.

<input type="checkbox"/> Quasi-judicial	When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice e.g. local planning applications, building permits, other permits/licences (e.g. under Health Act, Dog Act or local laws) and other decisions that may be appealable to the State Administrative Tribunal (SAT).
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## **BACKGROUND**

### **PURPOSE OF THE REPORT**

It is a requirement that each local Government is to carry out a Compliance Audit Return annually. The Compliance Audit Return for the 2018 year is presented for Council's endorsement.

The Compliance Audit is to assist Council in monitoring its organisational functions. Council is required to note any areas of non-compliance and endorse remedial action.

## **BACKGROUND**

The Compliance Audit Return is to assist Council in monitoring its organisational functions. Council is required to note any areas of non-compliance and endorse remedial action.

The Audit is provided by the Department of Local Government, Sport and Cultural Industries (Department) through their secure website platform called 'Smart Hub'. The same audit is required to be completed by every WA local government. The Department considers, from a large range of issues it can audit, which ones will be specific to the year in question (i.e. each year the audit questions can change).

This year there were ninety five (95) questions over nine (9) different governance areas.

## **COMMENT**

The 2018 Local Government Compliance Audit Return for the period 1 January 2018 to the 31 December 2018 is attached for the Committees consideration.

This year's Audit covered some governance areas that the Council did not undertake any activity in, therefore was not applicable for the 2019 calendar year.

These areas included:

- Commercial Enterprises by Local Government
- Local Government Employees

This year's Audit had the addition of 'Integrated Planning and Reporting. Despite questions five (5), six (6) and seven (7) being affirmative because Council has adopted an Asset Management Plan, a Long Term Financial Plan and a Workforce Plan, this area remains a compliance breech as the Asset Management Plan, Long Term Financial Plan and Workforce Plan has not been reviewed every four (4) years.

## **ATTACHMENT 7.1.1**

## **CONSULTATION**

CEO

Shire of Wandering Staff

## **STATUTORY ENVIRONMENT**

*Local Government Act 1995 s. 7.13(1)*

*Local Government (Audit) Regulations 1996 r.14*

**14. Compliance audits by local governments**

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

Operational resources required to achieve compliance are mostly provided for in the 2018/19 Annual Budget.

## STRATEGIC IMPLICATIONS

Strategic Community Plan 2018 - 2028

### Goal 1 – Improve our Financial Position

Strategic Community Plan		
Goal	Outcome	Strategies
1.1	The Wandering Shire is financially sustainable	Prudently manage our financial resources to ensure value for money

### Goal 4 – Provide Strong Leadership

Strategic Community Plan		
Goal	Outcome	Strategies
4.1	We plan for the future and are strategically focused	Ensure accountable, ethical and best proactive governance

## VOTING REQUIREMENTS

Simple Majority

## OFFICER RECOMMENDATION

With respect to the Local Government Compliance Audit Return 2018 for the Shire of Wandering, the Audit and Risk Committee recommend, that Council:

1. Note and accept the Compliance Audit Return 2018, included as **ATTACHMENT 7.1.1** of this agenda and minutes.
2. Request the Chief Executive Officer to submit a certified copy of the Compliance Audit Return to the Director General of the Department of Local Government Sport and Cultural Industries by 31 March 2019.

## COUNCIL DECISION – ITEM 7.1

**MOVED: CR PRICE**

**SECONDED: CR TURTON**

With respect to the Local Government Compliance Audit Return 2018 for the Shire of Wandering, the Audit and Risk Committee recommend, that Council:

1. Note and accept the Compliance Audit Return 2018, included as **ATTACHMENT 7.1.1** of this agenda and minutes.
2. Request the Chief Executive Officer to submit a certified copy of the Compliance Audit Return to the Director General of the Department of Local Government Sport and Cultural Industries by 31 March 2019.

**CARRIED 6/0**

## 7.2 2018/19 BUDGET REVIEW

File Reference	10.1.18
Proponents:	Nil
Disclosure of Interest:	Nil
Date:	12 March 2019
Previously Before Council:	N/A
Authors Name & Position:	Cara Ryan – Manager of Finance
Attachment:	7.2.1 2018/19 Annual Budget Review

### NATURE OF COUNCIL'S ROLE IN THE MATTER:

Advocacy When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.

Executive The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

Legislative Includes adopting local laws, local planning schemes and policies.

Review When Council reviews decisions made by Officers.

Quasi-judicial When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice e.g. local planning applications, building permits, other permits/licences (e.g. under Health Act, Dog Act or local laws) and other decisions that may be appealable to the State Administrative Tribunal (SAT).

### PURPOSE OF THE REPORT

To consider and review the 2018-2019 Budget Review as presented in the Statement of Financial Activity for the period 1 July 2018 to 28 February 2019.

### BACKGROUND

A Statement of Financial Activity incorporating year to date budget variations and forecasts to 30 June 2019 for the period ending 28 February 2019 is presented to the Audit Committee to consider and for recommendation to Council for adoption. The *Local Government (Financial Management) Regulations 1996*, regulation 33A, requires that local governments conduct a budget review between 1 January and 31 March in each financial year.

A copy of the review and determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

### COMMENT/ DETAILS

The budget review has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

Council adopted a 10% and a \$5,000 minimum for the reporting of material variances to be used in the statements of financial activity and the annual budget review.

Features of the review as summarised from the detailed financial reports attached are as follow:

**REVENUE**

Income received for reimbursement of Members expenditure.	\$1,294
Additional income generated from interim rates due to subdivision of land and reduced take up of Councils discount on early payment of rates.	\$6,243
Adjustment to final payment of the Federal Assistance Grant.	(\$13,809)
Increased revenue received on Sanitation and Town Planning fees and charges.	\$5,281
Additional funds received for Main Roads Direct Grant compared to last year.	\$22,128
Additional funding received for feral pig eradication.	\$6,409
Increased income received for Caravan Park accommodation.	\$4,496
Increased fees received for building applications	\$3,627
Revenue generated by CRC activities exceeding budget expectations.	\$12,138
<b>TOTAL ADJUSTED REVENUE</b>	<b>\$47,807</b>

**EXPENDITURE**

Savings on members expenses.	\$3,500
Increased costs for engaging a Consultant Health Surveyor.	(\$3,000)
Additional expenditure required for refurbishment of 14 Down Street, house.	(\$20,000)
Postponing of paving costs for 1 Dowsett Street, house.	\$8,000
Savings on costs on maintenance of urban stormwater drainage.	\$3,000
Overall saving on parks, ovals and reserves maintenance.	\$6,000
Overall saving on shire road maintenance costs due to shire resources being required to complete storm damage reinstatement works.	\$20,000
Additional expenditure on feral pig eradication to match extra grant funding.	(\$6,409)
Postponing of works budgeted for Area Promotion.	\$5,000
Increased costs for engaging a Consultant Building Surveyor.	(\$2,021)
Increased expenditure on CRC activities, due to extra grant funding.	(\$2,363)
Postponing of works on CRC building maintenance.	\$10,000
Increased expenditure on tyres and tube costs.	(\$5,000)
Overall savings on the running of the administration office.	\$9,000
Additional expenditure required for the appointment of a new CEO.	(\$9,500)
<b>TOTAL ADJUSTED EXPENDITURE</b>	<b>\$16,207</b>

**CAPITAL ITEMS**

Proceeds received for the sale of 1 Michibin Street.	\$169,665
Additional funds to be received for the sale of 2 x rollers.	\$28,000
Allocation for a new Fixed Water Standpipe Controller.	(\$13,000)
Purchase of a Metrocount – Road Counter.	(\$16,765)
<b>TOTAL ADJUSTED CAPITAL ADJUSTMENT</b>	<b>\$167,900</b>

## FINANCING ACTIVITIES

Transfer proceeds of sale of Michibin Street to Council Reserves.	(\$140,000)
<b>TOTAL ADJUSTED FINANCING ACTIVITIES</b>	<b>(\$140,000)</b>

Attached are detailed schedules showing the 30 June 2019 forecast and explanations for the variances.

## ATTACHMENT 7.2.1

Due to the above adjustments the balanced budget is now predicted to have a **closing surplus of \$91,915**. This predicted surplus includes a timing adjustment of \$24,500, which will be required to be carried over to the 2019-2020 Budget. There has been careful consideration of each line item set in the budget and allowances have been maintained in the budget for any unexpected expenditure. Providing the budget continues to maintain a budget surplus by June 2019 it is recommended that the Audit Committee recommends that Council transfer \$50,000 of these funds to the plant reserve for much needed future plant replacement.

## TRIPLE BOTTOM LINE ASSESSMENT

### Economic Implications

The budget has been reviewed based on sound financial management and accountability principles and is considered to deliver a sustainable economic outcome for council and the community

### Social Implications

The budget has been reviewed to deliver social outcomes identified in various planning and community supporting strategies that have been previously been adopted by Council.

### Environmental Implications

The budget has been reviewed to support key environmental strategies and initiatives adopted by the Council.

## CONSULTATION

Management Team

## STATUTORY/ LEGAL ENVIRONMENT

Regulation 33 A of the Local Government (Financial Management) Regulations 1996 requires:

- 1) Between 1 January and 31 March in each year a local government is to carry out a review of its annual budget for that year.
- 2) Consideration and review is to be given to a local government's financial performance in the period beginning on 12 July and ending no earlier than 31 December in that financial year.
- 3) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the Council.
- 4) A Council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.  
*\* Absolute majority required*
- 5) Within 30 days after a Council has made a determination, a copy of the review and determination is to be provided to the Department.

## POLICY IMPLICATIONS

Nil.

## FINANCIAL IMPLICATIONS

Specific financial implications are as outlined in the statutory financial attachments.

## STRATEGIC IMPLICATIONS

### Community Strategic Plan 2018 - 2028

#### Goal 1. – The Wandering Shire is Financially Sustainable

Strategic Community Plan			
Outcome	Strategies	KPI's	
1.1	Improve accountability and transparency	1.1.1	Balanced budget delivered annually Annual external financial audit identifies no adverse issues
1.3	Prudently manage our financial resources to ensure value for money	1.1.2	Annual external financial audit identifies no adverse issues

#### Goal 4 – Provide Strong Leadership

Strategic Community Plan			
Outcome	Strategies	KPI's	
4.1	A well informed Community	4.1.1	Foster opportunities for connectivity between Council and the Community
4.2	We plan for the future and are strategically focused.	4.2.1	Ensure accountable, ethical and best practice governance.

## VOTING REQUIREMENT

Absolute Majority

## OFFICER RECOMMENDATION

That the Audit Committee accepts and recommends that the 2018-2019 Budget Review included as **ATTACHMENT 7.2.1**, be recommended to Council for adoption. Further, that the following proposed budget amendments be recommended for adoption by Council.

GL Account Code	Description	Increase in Available Cash	Decrease in Available Cash
	Budget Adoption – Increased Surplus	884,150	
R03202	Grants Commission - Roads		(19,485)
E05107	Insurances		(5,800)
E09103	Maintenance - 14 Down Street		(20,000)
E09104	Maintenance - 1 Dowsett Street	8,000	
E09107	Loss on Sale of Assett		(50,201)
E11300	Public Parks, Gardens & Reserves	5,000	
E11301	Community Centre Oval	4,000	
R12204	Grant - MRWA Direct	22,129	
R12210	Grant - Storm & Flood Damage		(791,073)
R12200	Rural Road Maintenance		(8,000)
R12203	Drainage Maintenance/Spraying	28,000	
E12299	Administration Allocated	80,198	
R13102	Feral Pigs Funding	6,409	
E13102	Feral Pigs		(6,409)
E13202	Area Promotion	5,000	
R13420	RDL Traineeship	5,635	
E13411	CRC Building Maintenance	10,000	

E14202	Works - Annual, LSL, Public Holiday & Sick Leave		(19,643)
E14204	Works - Health, Safety & Training	15,000	
E14205	Tools & Consumables	7,000	
E14206	Other Works Related Expenses		(5,806)
E14299	Administration Allocated		(80,198)
R10201	Commercial Refuse Collection Fees		(1,800)
E14301	Plant - Insurance	5,000	
E14505	Admin - Conference Expenses	5,000	
E14514	Legal Expenses	4,000	
E14515	Consultancy Fees		(5,500)
E14516	Advertising		(4,000)
R09195	Proceeds on Disposal of Assets	169,665	
R09195	Proceeds on Disposal of Assets	28,000	
E12360	Metrocount - Road Counter		(16,765)
E12360	Fixed Water Standpipe Controller		(13,000)
L72100	Plant Replacement Reserve		(112,000)
L72200	Land and Building Reserve		(28,000)
L41100	Loan Liability - Current		(100,000)
<b>TOTAL</b>		<b>1,386,901</b>	<b>(1,359,706)</b>

**COUNCIL DECISION – ITEM 7.2**

**MOVED: CR PRICE**

**SECONDED: CR FERGUSON**

That the Audit Committee accepts and recommends that the 2018-2019 Budget Review included as **ATTACHMENT 7.2.1**, be recommended to Council for adoption. Further, that the following proposed budget amendments be recommended for adoption by Council.

GL Account Code	Description	Increase in Available Cash	Decrease in Available Cash
	Budget Adoption – Increased Surplus	884,150	
R03202	Grants Commission - Roads		(19,485)
E05107	Insurances		(5,800)
E09103	Maintenance - 14 Down Street		(20,000)
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E09107	Loss on Sale of Assett		(50,201)
E11300	Public Parks, Gardens & Reserves	5,000	
E11301	Community Centre Oval	4,000	
R12204	Grant - MRWA Direct	22,129	
R12210	Grant - Storm & Flood Damage		(791,073)
R12200	Rural Road Maintenance		(8,000)
R12203	Drainage Maintenance/Spraying	28,000	
E12299	Administration Allocated	80,198	
R13102	Feral Pigs Funding	6,409	
E13102	Feral Pigs		(6,409)
E13202	Area Promotion	5,000	
R13420	RDL Traineeship	5,635	
E13411	CRC Building Maintenance	10,000	

E14202	Works - Annual, LSL, Public Holiday & Sick Leave		(19,643)
E14204	Works - Health, Safety & Training	15,000	
E14205	Tools & Consumables	7,000	
E14206	Other Works Related Expenses		(5,806)
E14299	Administration Allocated		(80,198)
R10201	Commercial Refuse Collection Fees		(1,800)
E14301	Plant - Insurance	5,000	
E14505	Admin - Conference Expenses	5,000	
E14514	Legal Expenses	4,000	
E14515	Consultancy Fees		(5,500)
E14516	Advertising		(4,000)
R09195	Proceeds on Disposal of Assets	169,665	
R09195	Proceeds on Disposal of Assets	28,000	
E12360	Metrocount - Road Counter		(16,765)
E12360	Fixed Water Standpipe Controller		(13,000)
L72100	Plant Replacement Reserve		(112,000)
L72200	Land and Building Reserve		(28,000)
L41100	Loan Liability - Current		(100,000)
<b>TOTAL</b>		<b>1,386,901</b>	<b>(1,359,706)</b>

**CARRIED 6/0**

### 7.3 REGULATION 17 2019 QUARTERLY UPDATE

File Reference:	1.1.16.1
Proponents:	N/A
Disclosure of Interest:	Nil
Date:	13 March 2019
Previously Before Council:	N/A
Authors Name & Position:	Amanda O'Halloran CEO
ATTACHMENT:	7.3.1 Regulation 17 2019 Update

#### SUMMARY

The Shire is required to undertake a review of the appropriateness and effectiveness of its systems and procedures in the areas of risk management, internal controls and legislative compliance in accordance with the Local Government (Audit) Regulations 1996, Regulation 17 no less than once in every three financial years.

This agenda item is a quarterly update to the Audit Committee to:

- Assist it to achieve a clear understanding as to the process being undertaken to ensure the Shire complies with Regulation 17;
- Give it an indication of the appropriateness and effectiveness of the Shire's current systems and procedures;
- Articulate any areas for improvement; and provide it with a basis for fulfilling its role pursuant to Regulation 16 of the Local Government (Audit) Regulations of monitoring and advising the Administration as to what actions to take to address issues, problems, deficiencies and challenges identified by the Administration in the course of its Regulation 17 work.

#### BACKGROUND

The Shire has been working with Civic Legal under their Project Aware program, which is designed to assist the Shire in its continuous improvement work in upgrading its governance. We have been undertaking the Project Aware program since the beginning of 2018. The program is also designed to support the Shire in undertaking its own reviews to achieve compliance with Regulation 17. It has facilitated an increase in knowledge throughout the organisation, building the Council's capacity throughout the process.

Many Councils undertake the review by sourcing a contractor to undertake the audit over a number of days, culminating in the presentation of a report which outlines issues and compliance levels. However, it is the CEO's opinion that the Project Aware program provides better value for money and will translate to better governance overall as staff are intimately involved and learning throughout the ongoing process. This raises the administrative capacity of the Shire considerably.

In order to adequately satisfy Regulation 17, the CEO intends to seek a selection of topics across the required areas of

- Risk management,
- Internal controls, and
- Legislative compliance,

to be reviewed annually, culminating in up to 18 areas reviewed over the three year statutory timeframe.

As previously reported and acknowledged by Council, the Project Aware Program has been undertaken to engage the whole organisation rather than using the traditional financial audit approach.

The key principles underpinning the approach have been:

- To implement an internal audit culture that encourages increased involvement of staff and Council in the

Regulation 17 obligations in an effort to develop a positive organisational acceptance and ensure long term compliance; and

- To ensure that the process of undertaking the Regulation 17 Audit is specific to the needs of the Shire of Wandering, adds value in key areas of business pertinent to the Shire of Wandering and is tailored to our size and capacity.

### **COMMENT/ DETAILS**

The purpose of this report is to provide an update as to the progress of the organisation to date.

The Shire Administration with the help of the appointment of the Contract Project Officer, has made considerable progress over the last two months, however emphasis is still focused on finalising last year's commitments and closing out documentation shortfalls. It is hoped that last calendar year's audit will be finalised by early April and this year's internal review can commence in earnest.

The attached spread sheet identifies the work being undertaken to rectify the issues found. Whilst it is not the requirement of Regulation 17 to "fix the issue identified", it is expected that the organisation will develop a plan demonstrating an intent to improve or meet compliance where required.

In a number of instances this work will require Audit Committee input to assist Council and the Shire Administration in regards to funding available to prioritise issues and implement compliance shortfalls, particularly where a budget allocation is required.

### **ATTACHMENT 7.1.1 2018 REGULATION 17 STATUS REPORT**

The 2019 Regulation 17 systems and procedure review is likely to include the review of the following, however further internal assessment is being undertaken to ensure that these topics are the most relevant for Council:

- Risk Management (RM) – Review whether the local Government has a current and effective business continuity plan;
- RM – Review the Local Governments procurement framework with a focus on the probity and transparency of policies and procedures/process and whether these are being applied. *Utilise the Auditor General October 2018 Report as guidance* ;
- Legislative Compliance (LC) – Review the Local Government's completion of the Annual Compliance return and reporting of results of that review to the Audit Committee;
- LC – Review the Local Government's Record Keeping practices in accordance with State Records Act 2000;
- Internal Controls (IC) – Review of Segregation of roles and functions, processing and authorisation controls. *Utilise the Auditor General March 2019 Report as guidance*;
- IC – Reviewing whether the Local Government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints; and
- IC – Review security controls for:
  - information systems,
  - computer applications, and
  - physical access to assets and records.

### **CONSULTATION**

Civic Legal Representatives  
Contract Project Officer  
Finance Manager  
Finance Officer  
Manager of Communities

## STATUTORY/ LEGAL ENVIRONMENT

*Regulation 17 of the Local Government (Audit) Regulations 1996 sets out the following:*

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 sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review no less than once every 3 financial years.
  3. The CEO is to report to the audit committee the results of that review.

*Regulation 16 of the Local Government (Audit) Regulations 1996 sets out the following:*

16. An audit committee has the following functions —
  - (a) to review a report given to it by the CEO under regulation 17(3) and is to —
    - (i) report to the council the results of that review; and
    - (ii) give a copy of the CEO's report to the council;
  - (b) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
    - (i) regulation 17(1)
  - (C) to oversee the implementation of any action that the local government —
    - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1)

## POLICY IMPLICATIONS

Nil

## FINANCIAL IMPLICATIONS

Provision has been made in the 2018/19 Annual Budget to facilitate the organisations compliance to Regulation 17.

## STRATEGIC IMPLICATIONS

Community Strategic Plan 2013-2023

**Goal 5 – A strong and effective Organisation**

Strategic Community Plan			
Outcome	Strategies	KPI's	
5.2	Accountable decision making and resource allocation through effective governance.	5.2.1	Ensure the Council's decision making process is effective and transparent.
		5.2.2:	Ensure that the organisation's governance structure, policies and procedures are current and relevant.

## VOTING REQUIREMENT

Simple Majority

## **OFFICER RECOMMENDATION**

That the Audit Committee:

1. Notes the direction and progress made in undertaking the Project Aware Program which will, amongst other organisational continuous improvement purposes, serve to improve the governance of the Shire and provide the Audit Committee a basis for its work in monitoring and advising the CEO to effect any improvements in response to the results of the CEO's work under Regulation 17.
2. Instructs the CEO to provide it with a detailed priority listing with associated costs and statutory implications in regards to the issues identified to date for presentation and consideration at the next quarterly Audit Committee Meeting on the 20<sup>th</sup> June 2019 so that it can monitor and advise the CEO in its work in this area as required by Regulation 16.

## **COUNCIL DECISION – ITEM 7.3**

**MOVED: CR TURTON**

**SECONDED: CR FERGUSON**

That the Audit Committee:

1. Notes the direction and progress made in undertaking the Project Aware Program which will, amongst other organisational continuous improvement purposes, serve to improve the governance of the Shire and provide the Audit Committee a basis for its work in monitoring and advising the CEO to effect any improvements in response to the results of the CEO's work under Regulation 17.
2. Instructs the CEO to provide it with a detailed priority listing with associated costs and statutory implications in regards to the issues identified to date for presentation and consideration at the next quarterly Audit Committee Meeting on the 20<sup>th</sup> June 2019 so that it can monitor and advise the CEO in its work in this area as required by Regulation 16.

**CARRIED 6/0**

## **NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on the 20th June 2019.

## **9 CLOSURE OF MEETING**

The Shire President declared the meeting closed at 12.16pm.