



A G E N D A

OF THE

AUDIT COMMITTEE MEETING

17 March 2020

5.30pm

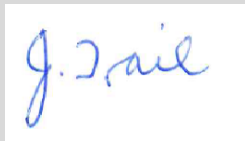
Kambalda

SHIRE OF COOLGARDIE

NOTICE OF AUDIT COMMITTEE MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Coolgardie will be held on Tuesday 17 March 2020 in the Recreation Centre, Barnes Drive, Kambalda commencing at 5:30pm.

A handwritten signature in blue ink that reads "J. Trail". The signature is written in a cursive style and is contained within a white rectangular box.

JAMES TRAIL
CHIEF EXECUTIVE OFFICER

SHIRE OF COOLGARDIE

DISCLOSURE OF INTERESTS

TO THE CHIEF EXECUTIVE OFFICER:

Under the Provisions of Division 6 of Part 5 of the Local Government Act 1995, I hereby disclose a Financial Interest/s in the matter/s listed on this form, which is/are scheduled for consideration at the meeting of Council to be held on:

TUESDAY _____ **2020**

Where indicated by the word 'YES' in column 6, I will be seeking a determination (under Section 5.68) by the meeting, for reasons I will expand on.

(Print Name) _____ (Signature) _____ (Date)

NOTE: Members of Council are asked to deliver this completed form to the Chief Executive Officer on the day of the Council Meeting as required by the Act. Where this is not practicable the Disclosure/s may be telephoned to the Council Office on 9080 2111 and/or the form subsequently passed to the Chief Executive Officer prior to the meeting.

ITEM	PAGE No.	TYPE	REASON

For inclusion for interest declaration

Interests Affecting Impartiality: Disclosing Statement

"With regard to....(the matter in item)... I disclose that I have an association with the applicant. As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly."

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- 1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

- 2 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

- 3 DECLARATIONS OF INTEREST
 - 3.1 *Declarations of Financial Interests – Local Government Act Section 5.60A*

 - 3.2 *Declarations of Proximity Interests – Local Government Act Section 5.60B*

 - 3.3 *Declarations of Impartiality Interests – Administration Regulation 34C*

- 4 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS
 - 4.1 *Audit Committee Meeting 10 December 2019*

OFFICER RECOMMENDATION:

That the minutes of the Audit Committee Meeting of Council of 10 December 2019 be confirmed as a true and accurate record.

5 REPORTS OF OFFICERS

5.1 Chief Executive Officer

5.1.1 Risk

Location:	N/A
Applicant:	N/A
File Reference:	
Disclosure of Interest:	Nil
Date:	09 March 2020
Author:	Manager Executive Services, Bec Horan

Summary:

That the audit committee receive the risk report as attached and recommend that the report be received by Council.

Background:

Shire staff have been working together to collate all shire risks into a risk register/matrix. In order to assist the Shire has purchased risk management software – Altus Risk Management.

Staff have been trained to use the system and risks have been entered into Altus. This is 80% complete. Once populated staff will be able to report to the audit committee quarterly on actions. The risks entered are in accordance with the attached risk management framework.

Comment:

A large number of risks have been added into the system however at this stage our reporting focus will be high level risks.

Attachments:

1. Risks Report - March Audit Committee Meeting [5.1.1.1 - 7 pages]

Consultation:

Management Team
Staff
IT Vision

Statutory Environment:

Local Government (Audit) Regulation 17

The Local Government (Audit) Regulations 1996, Regulation 17, requires the following: The CEO is 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 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 three (3) financial years (with effect 28 June 2018). The CEO is to report to the audit committee the results of that review.

Policy Implications:

Policy no 042 Infrastructure Policy – Asset Management
Policy no 21 Risk Management

Financial Implications:

Allowance has been made in the 2019/2020 Annual Draft Budget for implementation of the risk framework.

Strategic Implications:

Accountable and Effective Leaders

High quality corporate governance, accountability and compliance

Voting Requirement: Simple Majority

Officer Recommendation:

That the Audit Committee receive the risk report as attached and recommend the report be received by Council.

5.1.2 List of Credit Card Payment July - December 2019

Location: Nil

Applicant: Nil

File Reference: Nil

Disclosure of Interest: James Trail has a financial interest in this item. In accordance with section 5.70(2) of the Local Government Act 1995, I declare a financial interest in the agenda item 5.3 List of credit card payments. The interest is in relation to CEO credit card vouchers.

Date: 10 March 2020

Author: Finance Manager, Nav Kaur

Summary:

For the Audit Committee to receive the list of credit card payments from 1st July 2019 to 31st December 2019 for the Chief Executive Officer.

Background:

The Local Government (Financial Management) Regulations 1996, Regulation 13(3)(b) requires that Council receive a list of credit cards paid in the month, and that this be recorded in the minutes. Council has delegated to the Chief Executive Officer that authority to make these payments from Municipal and Trust Funds.

Comment:

The schedule of payments made under delegated authority as summarised below and recommended to be received by the audit committee, has been checked and is supported by vouchers and invoices which have been duly certified as to the receipt of goods and provision of services, and verification of prices and costings.

It is deemed prudent that all Chief Executive Officer credit card vouchers now be presented to the Audit Committee for consideration and recommendation to Council. This is particularly the case given the authorisation required for the Chief Executive Officer credit card.

Attachments:

1. List of Credit Card Payments (July 2019- Dec 2019) [5.1.2.1 - 6 pages]

Consultation:

Nil

Statutory Environment:

Local Government (Financial Management) Regulations 1996, Regulation 13 – Lists of Accounts.

Policy Implications:

CS-PROCUREMENTS POLICY. Policy CS-11 as amended, sets the guides with regards to the purchase of goods or services provided.

Financial Implications:

Nil

Strategic Implications:**Accountable and Effective Leaders**

High quality corporate governance, accountability and compliance

Voting Requirement: Simple Majority

Officer Recommendation:

That the Audit Committee,

- **Receive listing (attached) of credit card invoices totaling \$45,042.43 paid from 1st July 2019 to 31st December 2019 by the Chief Executive Officer under delegated authority of Council.**
- **Recommend the Council receive the listing of credit card invoices totaling \$45,042.43 paid from the period 1st July 2019 to 31st December 2019 by the Chief Executive Officer under delegated authority**
- **Recommend to Council the Shire President authorize the credit card vouchers totaling \$45,042.43 paid from the period 1st July 2019 to 31st December 2019 by the Chief Executive Officer under delegated authority**

5.1.3 Compliance Audit Return 2019

Location:	Nil
Applicant:	Nil
File Reference:	Nil
Disclosure of Interest:	Nil
Date:	10 March 2020
Author:	Martin Whitely, Consultant

Summary:

The purpose of this report is to present the Audit Committee with the completed 2019 Compliance Audit Return (CAR).

Background:

In accordance with the Local Government Act 1995 and Local Government (Audit) Regulations 1996, a local government is required to complete an annual CAR for the period 1 January to 31 December of the preceding year. The CAR, after being adopted by Council, is to be forwarded to the Department of Local Government by 31 March 2019.

Comment:

The purpose of the annual CAR is for individual local governments to assess their level of compliance with the Local Government Act 1995 and associated Regulations.

With the exceptions of Elections (as it was an election year) and an "Optional" Category that included 4 questions relating financial reporting requirements, the specific areas addressed by the CAR are the same as those covered in the 2018 return. Overall the areas covered include:

- Commercial Enterprises by Local Government
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning & Reporting
- Local Government Employees
- Official Conduct
- Optional Questions
- Tenders for Providing Goods and Services

The Compliance Audit Return has been undertaken as an internal audit, sourcing evidence of compliance through the Shire's own records. Where relevant, resolution references have been included in the CAR.

The review has found that there were 2 items of non-compliance. As a comparative, there were 10 areas of non-compliance identified in the 2016, 4 areas of non-compliance in 2017 and 2 areas of non compliance in 2018.

A summary for the each of the sections is shown below;

Commercial Enterprises by Local Government

The Shire had no major trading undertakings during 2019

Non Compliance matters raised - Nil

Delegation of Power/Duty

1. Written records have not been maintained on all occasions by persons exercising a delegated power/duty

Non-Compliance matters raised – 1

While records were maintained for persons exercising delegated power or duty during the period, this was not recorded on all occasions. Rectifying the matter is an administration requirement that will require monitoring throughout the year and is currently being addressed to ensure it is compliant in 2020.

Disclosure of Interest

Council need to ensure that all Primary and Annual Returns are completed in a timely manner and returns are acknowledged in writing by the CEO (for all Councillors & Staff) and the President (for the CEO).

For the purpose of completing Primary and Annual Returns for staff, a designated employee is an employee, other than the Chief Executive Officer, to whom any power or duty has been delegated to that employee as explained in section 5.74 of the Local Government Act 1995.

The Local Government Act 1995 has very stringent rules for both Annual and Primary Returns. Annual Returns must be completed within 3 months of the commencement date, while Annual Returns must be completed by 31 August each year. There are very harsh penalties for non-compliance in this area with penalties of a \$10,000 fine or imprisonment for 2 years that may be applied for Annual and Primary Returns not completed within the required timeframes. Below is an extract from the Local Government Act 1995;

5.75. Primary returns

- (1) A relevant person other than the CEO must lodge with the CEO a primary return in the prescribed form within 3 months of the start day.
- (2) A CEO must lodge with the mayor or president a primary return in the prescribed form within 3 months of the start day.
- (3) This section does not apply to a person who —
 - (a) has lodged a return within the previous year; or
 - (b) has, within 3 months of the start day, ceased to be a relevant person.

Penalty: \$10 000 or imprisonment for 2 years.

5.76. Annual returns

- (1) Each year, a relevant person other than the CEO must lodge with the CEO an annual return in the prescribed form by 31 August of that year.
- (2) Each year, a CEO must lodge with the mayor or president an annual return in the prescribed form by 31 August of that year.

Penalty applicable to subsections (1) and (2): \$10 000 or imprisonment for 2 years.

[Section 5.76 amended by No. 1 of 1998 s. 18; No. 66 of 2006 s. 12.]

5.77. Acknowledging receipt of returns

On receipt of a return under section 5.75 or 5.76 from a person, the CEO or the mayor or president, as the case may be, is to give the person written acknowledgment of having received the return.

Non Compliance matters raised – Nil

Disposal of Property

Public notice is required for the disposal of property under section 3.58 of the Act unless sold by public auction. There was no property disposed of during the period.

Non Compliance matters raised - Nil

Finance

In the 2018 period Council had established an Audit Committee, however the members of the Audit Committee have not been appointed by Council, so the matter was raised as being non compliant.

This was addressed in the current period for the 2019 CAR.

It is a requirement for any significant matters raised in the Audit Report to be addressed by the CEO with an Action List addressing these matters raised endorsed by Council and a copy sent to the Minister within 3 months of receiving the Audit Report.

The 2018 Audit Report was tabled and endorsed at the Audit Committee meeting in December 2018 but was not endorsed at a Council Meeting until August 2019. As a result, a copy of the Shire's Audit Report & Action List was not forwarded to the Minister until October 2019 which is outside of the 3 month requirement.

This has been addressed for the 2019 Audit Report.

Non Compliance matters raised - 1

Integrated Planning & Reporting

This section was introduced in the CAR for 2017 and was not compulsory for Council to complete for 2017 & 2018, however it was a requirement to be completed for 2019.

Non Compliance matters raised - Nil

Local Government Employees

There are currently no designated senior employees as per the definition of the Local Government Act 1995 employed at the Shire.

Non Compliance matters raised - Nil

Official Conduct

No complaints were received in accordance with section 5.121 of the Local Government Act 1995

Non Compliance matters raised – Nil

Optional

The optional section included 4 questions relating to various financial management reporting and disclosures.

All of which were compliance and the questions were completed.

Non Compliance matters raised - Nil

Tenders for Providing Goods and Services

A tender register has been maintained and the processes for calling tenders followed within this reporting section. While a tender register has been maintained it is imperative to ensure the register is properly maintained at all times. Outlined below are the minimum requirements for information to be maintained in the tender register.

17. Tenders register

- (1) The CEO is responsible for keeping the tenders register and making it available for public inspection.

(2)The tenders register is to include, for each invitation to tender —

(a) a brief description of the goods or services required; and

[(b) *deleted*]

(c) particulars of —

(i) any notice by which expressions of interests from prospective tenderers was sought; and

(ii) any person who submitted an expression of interest; and

(iii) any list of acceptable tenderers that was prepared under regulation 23(4);

and

(d) a copy of the notice of the invitation to tender; and

(e) the name of each tenderer whose tender has been opened; and

(f) the name of any successful tenderer.

(3) The tenders register is to include for each invitation to tender the amount of the consideration or a summary of the amount of the consideration sought in the tender accepted by the local government.

Non Compliance matters raised - Nil

Overall the completed CAR indicates that the Shire of Coolgardie is maintaining an acceptable level of compliance in the key areas that the CAR focuses on. Those items identified as being non-compliant can be rectified with the implementation of simple administration processes.

Attachments:

1. 2019 CAR - 2 nd Draft [5.1.3.1 - 13 pages]

Consultation:

Robert Hicks, Director of Operations

Bec Horan, Manager Executive Services

Bree Crawley, Executive Assistant

Kristie Brown, Executive Assistant

Nav Kaur, Finance Coordinator

Statutory Environment:

Local Government Act 1995

Local Government (Audit) Regulations 1996

Local Government (Functions & General) Regulations 1996

Local Government (Administration) Regulations 1996

Local Government (Financial Management) Regulations 1996

Local Government (Rules of Conduct) Regulations 2007

Local Government Act 1995

7.13. Regulations as to audits

- (1) Regulations may make provision as follows —
 - (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
 - (i) of a financial nature or not; or
 - (ii) under this Act or another written law.

Local Government (Audit) Regulations 1996

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 subregulation (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.

15. Compliance audit return, certified copy of etc. to be given to Executive Director

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
 - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit,is to be submitted to the Executive Director by 31 March next following the period to which the return relates.
- (2) In this regulation —

certified in relation to a compliance audit return means signed by —

 - (a) the mayor or president; and
 - (b) the CEO.

Policy Implications:

Nil

Financial Implications:

Nil

Implications:

Accountable and Effective Leaders

High quality corporate governance, accountability and compliance
Maintain integrated strategic and operational plans

Voting Requirement: Simple Majority

Officer Recommendation:

That the Audit Committee, receives the completed 2019 Compliance Audit Return for the period of 1 January to 31 December 2019 and recommends that Council endorses the return as tabled.

5.1.4 Office of Auditor General – Audit Results Report

Location:	Nil
Applicant:	Nil
File Reference:	Nil
Disclosure of Interest:	Nil
Date:	12 March 2020
Author:	Martin Whitely, Consultant

Summary:

The purpose of this report is to present Council with a copy of the Office of Auditor General's report on the findings coming out of the 2018/19 annual financial audits of local governments.

Background:

On the 11th March 2020 the Office of Auditor General ("OAG") released a report detailing their findings coming out the audits from the 112 local governments audited by the OAG in the 2018/19 financial year.

Comment:

The 2018/19 financial year was the 2nd year in a 4 year transition of the OAG undertaking the financial audits of local governments. The 2019/20 financial year will be the first year that the Shire of Coolgardie falls under the jurisdiction of the OAG.

The report notes that in total 93 material matters of non-compliance in the auditor's reports of 48 entities, and 823 significant or moderate weaknesses in financial management and information systems controls in our management letters.

The OAG makes comment in the report that most entities need to implement a more robust quality review process to ensure that their financial reports are complete and accurate and the working papers adequately support the figures in their financial reports.

In total the report makes 12 recommendations. Once there has been an opportunity to have a more thorough look at the report it is recommended that a report be presented to Council on the likely impacts these recommendations will have for the Shire.

Attachments:

1. Audit- Results- Report--- Annual-2018-19- Financial- Audits-of- Local- Government- Entities [5.1.4.1 - 44 pages]

Consultation:

James Trail, Chief Executive Officer

Statutory Environment:

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Local Government (Audit) Regulations 1996

Local Government (Functions & General) Regulations 1996

Local Government (Administration) Regulations 1996

Policy Implications:

Nil

Financial Implications:

There is likely to be a financial cost adhering to the increased levels of compliance required.

Strategic Implications:**Accountable and Effective Leaders**

High quality corporate governance, accountability and compliance

Voting Requirement: Simple Majority

Officer Recommendation:**That the Audit Committee**

1. **Receives the attached report from the Office of the Auditor General, and**
2. **Requests the CEO to prepare a report to be presented to Council at the May 2020 meeting summarising the likely impacts for the Shire from the recommendations contained within the attached report.**

6 CLOSURE OF MEETING