



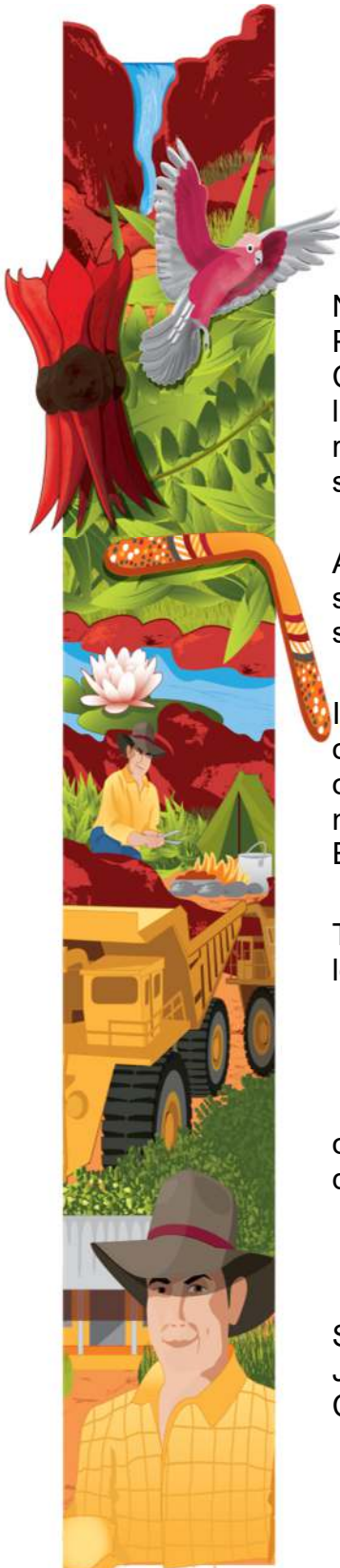
SHIRE OF EAST PILBARA

AGENDA

AUDIT COMMITTEE

NOTICE IS HEREBY GIVEN that an
Audit Committee Meeting of the Council will be held,
in the Council Chambers Meeting Room, Newman
8:00 am, Friday, 22nd February, **2019**

Jeremy Edwards
CHIEF EXECUTIVE OFFICER



DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of East Pilbara for any act, omission or statement or intimation occurring during Council or Committee Meetings. The Shire of East Pilbara disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that person's or legal entity's own risk.

In particular and without derogating any planning application or application of a licence, any statement or intimation of approval made by any member or Officer of the Shire of East Pilbara during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of East Pilbara.

The Shire of East Pilbara warns that anyone who has any application lodged with the Shire of East Pilbara must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application and any conditions attaching to the decision made by the Shire of East Pilbara in respect of the application.

Signed: _____
Jeremy Edwards
Chief Executive Officer

AUDIT COMMITTEE
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- 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**
- 2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE**

2.1 ATTENDANCES

Councillors

Gerry Parsons
Lynne Craigie
Anthony Middleton

Officers

Jeremy Edwards
Sian Appleton

2.2 APOLOGIES

Councillors

2.3 LEAVE OF ABSENCE

- 3 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**
- 4 PUBLIC QUESTION TIME**
- 5 PETITIONS/DEPUTATIONS/PRESENTATIONS**
- 6 APPLICATIONS FOR LEAVE OF ABSENCE**
- 7 CONFIRMATION OF MINUTES OF PREVIOUS COMMITTEE MEETING**
- 7.1 CONFIRMATION OF MINUTES**

OFFICER'S RECOMMENDATION:

THAT the minutes of the Audit Committee Meeting held at Newman on the 23rd November 2018, be confirmed as a true and correct record of proceedings.

8 MEMBERS' REPORTS

8.1 ITEMS FOR RECOMMENDATION'

9 OFFICERS' REPORTS

9.1 COMPLIANCE AUDIT REPORT 2018

File Ref:	LEG-1-11
Responsible Officer:	Ms Sian Appleton Executive Manager Corporate Services
Author:	Ms Sian Appleton Executive Manager Corporate Services
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

To receive the Shire of East Pilbara's Local Government Compliance Audit Return ("CAR") for the period 1 January 2018 to 31 December 2018.

BACKGROUND

Council must complete an annual audit of compliance with statutory requirements

The Compliance Audit Return is a checklist of compliance with statutory obligations relating to the provision of services by, and the management of, a local government.

The *Local Government Act 1995* requires that each local government is to carry out a compliance audit for the period 1 January to 31 December each year, against the requirements included in the CAR for the year.

After the completion of the CAR the following should occur:

- (a) the Audit Committee is to review the CAR;
- (b) the CAR is to then be presented to a subsequent meeting of Council;
- (c) The CAR is to be adopted by the Council before 31 March;
- (d) the adoption is to be recorded in the minutes of the meeting at which it is adopted; and
- (e) a certified copy of the return, along with the relevant section of the minutes and any additional information explaining or qualifying the compliance audit, is to be submitted to the Department of Local Government by 31 March.

COMMENTS/OPTIONS/DISCUSSIONS

Over previous years this Council has produced the report by using either an independent consultant or doing the report in house. On this occasion the Compliance Audit has been completed externally by a consultant – Mr Andrew Burchfield.

The structure of the CAR was revised in 2011 when the Department decided to include only the areas of compliance that they consider to be of high risk.

This format has nine sections. It now includes a section on Integrated Planning and Reporting Section which is a voluntary section of the report and has been included as part of the 2018 audit.

2018 CAR Section Name	Yes Answers	No Answers	Not Applicable Answers	Total Answers
Commercial Enterprises by Local Governments	0	0	5	5
Delegation of Power/Duty	8	0	5	13
Disclosure of Interest	13	2	1	16
Disposal of Property	0	0	2	2
Finance	13	0	3	16
Integrated Planning and Reporting	5	1	1	7
Local Government Employees	4	0	1	5
Official Conduct	5	0	1	6
Tenders for providing Goods and Services	13	1	11	25
Total	61	4	30	95

There has been four areas identified whereby a “No” answer has been recorded and these are set out below.

Disclosure of Interest

1. “Was an annual return lodged by all continuing elected members by 31 August 2018”
2. “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.”

Comment Some of the acknowledgments were made by the Coordinator Governance using the automated Attain computer system.

Integrated Planning and Reporting

3. “Has the local government adopted a workforce plan“

Comment The Shire has produced a workforce plan for 2018 – 2021, there will be a number of changes over the coming years as the Shire refocuses and plans for the future. The key plans for the Council to endorse are the Strategic Community Plan and Corporate Business Plan, this

report has not been adopted by Council however there is no legislative requirement for Council to do so.

Tenders for providing Goods and Services

4. "Did the local government invite tenders on all occasion where the consideration under the contract was, or was expected to be, worth more than the consideration stated in the regulation 11(1)."

Comment One contract was highlighted in this area due to Council paying a total of \$196,000 to a contractor where the tender process had not been adequately completed. We are currently seeking legal advise on how to terminate this contract without adverse financial consequences. This contract has been in place since 2009.

STATUTORY IMPLICATIONS/REQUIREMENTS

Part 7 - Audit (Division 4 - General) 7.13. Regulations as to audits (pg 274)

- 1 Regulations may make provision –
(i) Requiring local governments to carry out...an audit of compliance as prescribed.

Regulation 13 of the *Local Government (Audit) Regulations* prescribes the item to be subject to an audit.

Regulation 14 of the *Local Government (Audit) Regulations* states that a compliance audit shall be prepared and lays out the form and manner of its preparation

Regulation 15 of the *Local Government (Audit) Regulations* deals with the return of the compliance audit to the Department of Local Government after its presentation to the Audit Committee and Council.

POLICY IMPLICATIONS

Nil

STRATEGIC COMMUNITY PLAN

5. Governance

Demonstrated accountability and corporate governance

G1.1 Enhance governance capability to deliver sustainable outcomes, roads and buildings

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION

THAT Council:

- 1. Receive the Compliance Audit Return for the Calendar year 1 January 2018 to 31 December 2018; and**
- 2. Note the responses with respect to the suggestions contained within the Review report.**

9.2 RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS, AUDIT (REG 17) REVIEW

File Name: A RISK MANAGEMENT LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS REG 17 REVIEW.docx -
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File Ref: LEG-19-1

Attachments: [Shire of East Pilbara Audit Reg 17 Review 2019 FINAL](#)

Responsible Officer: Ms Sian Appleton
Executive Manager Corporate Services

Author: Ms Sian Appleton
Executive Manager Corporate Services

Proposed Meeting Date: 22 February 2019

Location/Address: N/A

Name of Applicant: N/A

Author Disclosure of Interest: Nil

REPORT PURPOSE

To receive the results of the 2018 CEO's Review of Risk Management, Internal Control and Legislative Compliance.

BACKGROUND

The *Local Government (Audit) Regulations 1996* (the regulations), Regulation 17 requires that the Chief Executive Officer undertakes a review of the appropriateness and effectiveness of its systems and procedures in regard to Risk Management, Legislative Compliance and Internal Control Frameworks.

A review was carried out by Moore Stephens and presented to Council at the 23 September 2016 Ordinary Council meeting – Resolution 201617/42.

Previously reviews of Council's audit systems needed to be carried out every two years. The regulations were revised and gazetted on Tuesday, 26 June 2018 to conduct the review no less than every three years. This means that the Shire of East Pilbara will not be required to complete another review until 2021.

COMMENTS/OPTIONS/DISCUSSIONS

Moore Stephens were engaged to undertake this review and then report to the Chief Executive Officer on the adequacy and effectiveness of the Shire's existing Risk Management, Internal Control and Legislative Compliance .

The assessment was to be carried out with a view to identifying areas that may require improvement and then detail these in an Improvement Plan.

The scope of the review encompassed all aspects of the Shire's operations including the following broad categories:-

- Management
- Financial
- Compliance
- Technology
- Infrastructure and Assets
- Human Resources
- Contractual
- Security
- Economic/Political

Following interviews and enquiries conducted with key staff within the Shire and interrogation of relevant documentation, Moore Stephens have identified a number of opportunities for improvements in the above frameworks.

These findings and actions are included in the attached Improvement Plan to ensure that the systems and procedures are amended and improvements implemented.

STATUTORY IMPLICATIONS/REQUIREMENTS

Local Government (Audit) Regulations

Regulation 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.*

POLICY IMPLICATIONS

4.11 Legislative Compliance

4.12 Risk Management

STRATEGIC COMMUNITY PLAN

Goal 1 – Civic Leadership – Planned Actions

The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by

community engagement – leading to the effective allocation of the Shire's resources – that deliver optimum benefits to the community.

- 1.1 Efficient and effective local government
 - 1.1.1 *Ethical, accountable and transparent decision-making*
Responsible officer: DCEO
Timing: As appropriate
 - 1.1.2 *Continued strong financial management*
Responsible officer: DCEO
Timing: 1 year
 - 1.1.3 *Effective business management*
Responsible officer: DCEO
Timing: 1-3 years

FINANCIAL IMPLICATIONS

Resource requirements are in accordance with existing budgetary allocation.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION

THAT Council

- 1. Receives the Chief Executive Officers Review of Risk Management, Internal Control and Legislative Compliance;**
- 2. Notes the Chief Executives responses with respect to the suggestions contained within the improvement plan; and instructs administration to present an update to the Audit Committee regarding the status of the Improvement Plan quarterly.**

- 10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**
- 11 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A
 DECISION OF COMMITTEE**
- 12 CONFIDENTIAL MATTERS BEHIND CLOSED DOORS**
- 13 GENERAL BUSINESS**
- 14 DATE OF NEXT MEETING**

 24 May 2019.
- 15 CLOSURE**