



**CITY OF VINCENT**

# **AGENDA**

## **Special Council Meeting**

**27 March 2018**

**Time: 6pm**  
**Location: Administration and Civic Centre**  
**244 Vincent Street, Leederville**

**Len Kosova**  
**Chief Executive Officer**



## Order Of Business

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**1 DECLARATION OF OPENING / ACKNOWLEDGEMENT OF COUNTRY**

“The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging”

**2 APOLOGIES / MEMBERS ON LEAVE OF ABSENCE**

Nil

**3 PUBLIC QUESTION TIME AND RECEIVING OF PUBLIC STATEMENTS**

## 4 CORPORATE SERVICES

### 4.1 REPORT FROM AUDIT COMMITTEE MEETING OF 20 MARCH 2018

TRIM Ref: D18/41979

Author: Tim Evans, Manager Governance and Risk

Authoriser: Kerryn Batten, Director Corporate Services

Attachments: 1. Minutes of the Audit Committee meeting held 20 March 2018 [↓](#)   
2. Agenda of the Audit Committee meeting held on 20 March 2018 - Confidential (under separate cover)

#### RECOMMENDATION:

That Council:

1. RECEIVES this report from the Audit Committee meeting of 20 March 2018 and the minutes of that meeting as Attachment 1;
2. RECEIVES a copy of the Chief Executive Officer's Report on Regulation 17 of the *Local Government (Audit) Regulations 1996* from the Audit Committee in accordance with Regulation 16(c) included as pages within Attachment 2; and
3. NOTES the recommendations of the Audit Committee in respect to the Compliance Audit Return 2017 which is the subject of a separate item on this Council agenda.

#### PURPOSE OF REPORT:

To report to Council the proceedings and transactions of the Audit Committee meeting of 20 March 2018 in accordance with clause 2.21(1) of the City's Standing Orders Local Law 2008.

#### BACKGROUND:

The City's Audit Committee is a statutory committee of Council, established in accordance with section 7.1A of the *Local Government Act 1995*. The primary objectives of the Audit Committee are to:

- Accept responsibility for the annual external audit; and
- Liaise with the local government's internal and external auditors so that Council can be satisfied with the performance of the local government in managing its affairs.

The Audit Committee meets every 2 months comprises 6 members consisting of:

- 2 external independent members; and
- 4 Council Members.

#### DETAILS:

At its meeting on 20 March 2018, the Audit Committee meeting considered four agenda items as follows:

- 5.1 Local Government Statutory Compliance Audit Return 2017
- 5.2 Chief Executive Officer's Report on Regulation 17 of the *Local Government (Audit) Regulations 1996*
- 5.3 Risk Management Administration Procedure
- 5.4 Review of the City of Vincent Audit Log

In relation to item 5.1, the committee accepted the officer's recommendation and has recommended that Council adopts the Compliance Audit Return 2017, noting the single area of non-compliance reported. This is the subject of a separate report within Council agenda.

Item 5.2 concerned the biennial Chief Executive Officer's Report relating to the appropriateness and effectiveness of the City's processes and procedures with respect to Risk Management, Internal Control and Legislative Compliance. The Audit Committee requested further information from Council Staff in relation to several areas of the report and was ultimately satisfied to receive this report and provide it to Council in accordance with its duties under Regulation 16(c) of the *Local Government (Audit) Regulations 1996*. The report is provided in full as part of item 5.2 of the Agenda of the Audit Committee meeting held on 20 March 2018 in **Attachment 2**.

In summary, the CEO's report concluded that:

- the City's procedures and systems relating to Risk Management are considered to be improving but still incomplete, lacking in consistency and therefore only partially appropriate and effective.
- the City's procedures and systems relating to Internal Control are considered to be sound if not yet exhaustive and therefore largely appropriate and effective.
- the City's procedures and systems relating to Legislative Compliance are considered to be improving but still incomplete, lacking in consistency and therefore only partially appropriate and effective.

In order to continue the progress made to date, Administration has committed to providing a report to the 8 May Audit Committee meeting to present a revised improvement specifically focussed on Internal Control and Legislative Compliance.

Item 5.3 reported to the Audit Committee a proposed Risk Administration Procedure designed to support the City's recently adopted Risk Management Policy.

Item 5.4 reported the current status of the City's Audit Log. On this item, the Audit Committee raised two amendments, both requesting additional information to assist the committee and to provide additional assurance in relation to the management of the City's Audit Log.

#### **CONSULTATION/ADVERTISING:**

Nil.

#### **LEGAL/POLICY:**

Clause 2.21 of the City's Standing Orders Local Law 2008 states:

##### **"2.21 Presentation of committee reports**

- (1) Every committee is to cause:-
  - (a) a report with recommendations and suitable preamble;
  - (b) minutes of the committee's proceedings and transactions;to be presented to the Council by the presiding member of each committee concerned, or in his or her absence, a member of the committee in the form of a motion; "That the report be received and the recommendation be adopted".
- (2) No objection to the receipt of a report of any committee, or any part of it, shall be raised when such reports are presented to the Council, except for reasons arising out of such reports.
- (3) The presiding member is to:-
  - (a) put the motion that the report be received;
  - (b) call for a motion to be moved by any member pursuant to clause 5.6(1), with the exception of item (a) of that clause, with respect to any recommendation contained in the report;
  - (c) put the motion that the recommendation be adopted in relation to the recommendations contained in the report, apart from a recommendation or recommendations which are the subject of a motion by a member pursuant to the preceding item of this sub-clause; and
  - (d) ensure that the motions are debated and dealt with in accordance with these Standing Orders in relation to a recommendation or those recommendations in the report which are the subject of a motion or motions by a member or members pursuant to clause 5.6."

Regulation 16(c) of the *Local Government (Audit) Regulations 1996* states:

**“16. Audit committee, functions of**

An audit committee —

- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO’s report) 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.

Regulation 17 of the *Local Government (Audit) Regulations 1996* states:

**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.”

**RISK MANAGEMENT IMPLICATIONS:**

**Low:** There is no risk associated with Council accepting this report relating to the Audit Committee, however the effective operation of the Audit Committee assists the City to better manage its risks as a whole.

**STRATEGIC IMPLICATIONS:**

Plan for the Future – Strategic Plan 2013 – 2023 – Strategic Objectives

*“Objective 4.1: Provide good strategic decision-making, governance, leadership and professional management.*

*4.1.2 Manage the organisation in a responsible, efficient and accountable manner*

- (a) *Continue to adopt best practise to ensure the financial resources and assets of the City are responsibly managed and the quality of services, performance procedures and processes is improved and enhanced.”*

**SUSTAINABILITY IMPLICATIONS:**

Effective processes and procedures relating to Risk Management, Internal Control and Legislative Compliance will contribute to the overall financial sustainability of the organisation.

**FINANCIAL/BUDGET IMPLICATIONS:**

Nil.

**COMMENTS:**

This report is presented to Council in order to inform Council about the proceedings of the Audit Committee. In accordance with the City’s Standing Order Local Law 2008 – reproduced in the LEGAL / POLICY section of this report, the presiding member is to put the recommendation in at least two parts. Firstly, recommendation 1 - that the report be received – is to be put. A call is then to be made for Council Members to move any other of the recommendations individually. If no mover is forthcoming for any individual items then the remaining recommendations may be put together.

As outlined in the DETAILS section of the report, the Audit Committee has received and considered the CEO's report on Risk Management, Internal Control and Legislative Compliance pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*. While the Audit Committee is required to report the results of that review to the Audit Committee, there is no statutory role prescribed for Council. However, it is Council's prerogative to ask questions of the Audit Committee chairperson or the CEO in relation to the report and to either accept or amend recommendation 2 relating to this review.



**CITY OF VINCENT**

# **MINUTES**

**Audit Committee**

**20 March 2018**

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

**MINUTES OF CITY OF VINCENT  
AUDIT COMMITTEE  
HELD AT THE COMMITTEE ROOM, ADMINISTRATION AND CIVIC CENTRE  
244 VINCENT STREET, LEEDERVILLE  
ON TUESDAY, 20 MARCH 2018 AT 1PM**

**PRESENT:**

Cr Dan Loden (Chair)	Presiding Member (from 1:08pm)
Ms Elizabeth Hunt (Deputy Chair)	Presiding Member (until 1:08pm)
Mayor Emma Cole	
Cr Susan Gontaszewski	
Cr Joshua Topelberg	
Mr Conley Manifis	

**IN ATTENDANCE:**

Len Kosova	CEO
Kerryn Batten	Director Corporate Services
Tim Evans	Manager Governance and Risk
Vanisha Govender	Manager Finance

## **1 INTRODUCTION AND WELCOME**

Ms Hunt, declared the meeting open at 1.05pm in the absence of the Chair, Cr Loden, and read the following Acknowledgement of Country statement:

"The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging".

## **2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE**

Nil

## **3 DECLARATIONS OF INTEREST**

Nil.

## **4 CONFIRMATION OF MINUTES**

Chair, Cr Loden, arrived at the meeting and assumed the Chair at 1.08pm. Ms Hunt vacated the Chair at 1.08pm.

### **COMMITTEE DECISION**

**Moved:** Cr Topelberg, **Seconded:** Mr Manifis

That the minutes of the Audit Committee held on 21 November 2017 be confirmed.

**CARRIED UNANIMOUSLY (6-0)**

**5 BUSINESS ARISING****5.1 LOCAL GOVERNMENT STATUTORY COMPLIANCE AUDIT RETURN 2017****TRIM Ref:** D18/19437**Author:** Tim Evans, Manager Governance and Risk**Authoriser:** Kerryn Batten, Director Corporate Services**Attachments:** 1. Compliance Audit Return 2017**RECOMMENDATION:**

That the Audit Committee recommends that Council **ADOPTS** the Local Government Statutory Compliance Audit Return for the period 1 January 2017 to 31 December 2017 noting the single area of non-compliance reported.

**COMMITTEE DECISION ITEM 5.1****Moved:** Mr Manifis, **Seconded:** Cr Topelberg

That the recommendation be adopted.

**CARRIED UNANIMOUSLY (6-0)****For:** Mr Manifis, Ms Hunt, Mayor Cole, Cr Gontaszewski, Cr Loden and Cr Topelberg**Against:** Nil

## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

**Vincent - Compliance Audit Return 2017****Certified Copy of Return**

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

<b>Commercial Enterprises by Local Governments</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2017.	N/A	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A	No committees have delegations	Emma Simmons - Governance & Council Support Officer
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A		Emma Simmons - Governance & Council Support Officer
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Emma Simmons - Governance & Council Support Officer
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A		Emma Simmons - Governance & Council Support Officer
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	N/A		Emma Simmons - Governance & Council Support Officer
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Emma Simmons - Governance & Council Support Officer
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Emma Simmons - Governance & Council Support Officer
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Emma Simmons - Governance & Council Support Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Emma Simmons - Governance & Council Support Officer
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Emma Simmons - Governance & Council Support 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	EDRMS documents D17/65512 and D17/51624	Emma Simmons - Governance & Council Support 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	See Council item 11.4 of OMC 27 June 2017	Emma Simmons - Governance & Council Support 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	Based on audit sample testing.	Emma Simmons - Governance & Council Support Officer

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

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	Noted in relevant minutes.	Emma Simmons - Governance & Council Support 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.	Yes	Noted in relevant minutes and Register of Interests - D16/43908	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes.	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support Officer
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register SC2692	Emma Simmons - Governance & Council Support 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	See register SC2692	Emma Simmons - Governance & Council Support 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	Moved from register SC2692 to SC401	Emma Simmons - Governance & Council Support Officer

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
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	See register - SC401	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes and Register of Interests - Document Reference D16/43908	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes and Register of Interests - Document Reference D16/43908	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes and Register of Interests - Document Reference D16/43908	Emma Simmons - Governance & Council Support 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	See register D16/32718	Emma Simmons - Governance & Council Support Officer

## Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	N/A		Emma Simmons - Governance & Council Support Officer
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.	N/A		Emma Simmons - Governance & Council Support Officer

## 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	Extraordinary Election 24 February 2017 Ordinary Election 21 October 2017	Emma Simmons - Governance & Council Support Officer

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

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	Special Council Meeting - Item 4.3 - 24 October 2017	Tim Evans - Manager Governance and Risk
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	No delegated power	Tim Evans - Manager Governance and Risk
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	David Tomasi, Wen-Shien Chai and Greg Godwin from Moore Stephens	Tim Evans - Manager Governance and Risk
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	Ordinary Council Meeting - Item 9.5.2 - 4 April 2017	Tim Evans - Manager Governance and Risk
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	Report dated 15 November 2017, Received 12 December 2017	Tim Evans - Manager Governance and Risk
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	Ordinary Council Meeting - Item 13.1 - 12 December 2017	Tim Evans - Manager Governance and Risk
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Tim Evans - Manager Governance and Risk
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		Tim Evans - Manager Governance and Risk
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		Tim Evans - Manager Governance and Risk
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	Section 10 of the contract agreement.	Tim Evans - Manager Governance and Risk

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	Section 11 of the contract agreement.	Tim Evans - Manager Governance and Risk
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Section 12 of the contract agreement.	Tim Evans - Manager Governance and Risk
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	Section 5 of the contract agreement.	Tim Evans - Manager Governance and Risk
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	Section 14 of the contract agreement.	Tim Evans - Manager Governance and Risk

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Council Decision 13.1 OMC 25 July 2017.	Len Kosova - CEO
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		Emma Simmons - Governance & Council Support Officer
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	SCP 2013-2023 was adopted at OMC 10 September 2013. A draft revised SCP has been prepared and is scheduled for adoption by mid-2018 to supersede SCP 2013-2023.	Len Kosova - CEO
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		Emma Simmons - Governance & Council Support Officer
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	The City adopted its Asset Management Strategy at OMC 15 December 2009. It is expected that a revised Asset Management Plan will be adopted by mid-2018.	Len Kosova - CEO
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Council Decision Item 11.6 - 22 August 2017.	Len Kosova - CEO
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	Adopted at OMC 23 April 2013. Preparation of a new Workforce Plan is nearing completion, in accordance with Project 4.5 in the Corporate Business Plan 2017/18 and is scheduled to be adopted by the first quarter of 2018/19.	Len Kosova - CEO

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
and Cultural Industries

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	CEO role has not been recruited for in 2017	Jackie Donnan - Manager Human Resources
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes		Jackie Donnan - Manager Human Resources
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	CEO role has not been recruited for in 2017	Jackie Donnan - Manager Human Resources
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	CEO role has not been recruited for in 2017	Jackie Donnan - Manager Human Resources
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes		Jackie Donnan - Manager Human Resources

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## AUDIT COMMITTEE MINUTES

20 MARCH 2018

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
Local Government, Sport  
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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		Emma Simmons - Governance & Council Support 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	Yes see register - D16/107330	Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support Officer

## Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
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)).	No	The City is aware of one instance where services continued to be provided and paid for after the expiry of the initial contract. The City is now re-tendering for those services.	Tim Evans - Manager Governance and Risk
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		Vanisha Govender - Manager Finance Services
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services

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## AUDIT COMMITTEE MINUTES

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No	Reference	Question	Response	Comments	Respondent
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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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	No late tenders were received in 2017	Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Vanisha Govender - Manager Finance Services
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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No	Reference	Question	Response	Comments	Respondent
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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services

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

\_\_\_\_\_  
Signed Mayor / President, Vincent

\_\_\_\_\_  
Signed CEO, Vincent

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AUDIT COMMITTEE MINUTES

20 MARCH 2018

**5.2 CHIEF EXECUTIVE OFFICER'S REPORT ON REGULATION 17 OF THE LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996**

TRIM Ref: D18/24266

Author: Tim Evans, Manager Governance and Risk

Authoriser: Len Kosova, Chief Executive Officer

Attachments: 1. Risk Management, Internal Controls and Legislative Compliance Improvement Plan  
2. Appendix 3 - Local Government Operational Guidelines - Number 09 - Audit

**RECOMMENDATION:**

That the Audit Committee:

1. RECEIVES this report as the Chief Executive Officer's review report as required by Regulation 17(3) of the *Local Government (Audit) Regulations 1996*; and
2. PROVIDES a copy of this report to Council as required by Regulation 16(c) of the *Local Government (Audit) Regulations 1996*.

**COMMITTEE DECISION ITEM 5.2****Moved: Mayor Cole, Seconded: Ms Hunt**

That the recommendation be adopted.

**CARRIED UNANIMOUSLY (6-0)****For:** Mr Manifis, Ms Hunt, Mayor Cole, Cr Gontaszewski, Cr Loden and Cr Topelberg**Against:** Nil

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AUDIT COMMITTEE MINUTES

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## 5.3 RISK MANAGEMENT ADMINISTRATION PROCEDURE

TRIM Ref: D18/12152

Author: Tim Evans, Manager Governance and Risk

Authoriser: Kerryn Batten, Director Corporate Services

Attachments: 1. GOV02 - Risk Management Administration Procedure

## RECOMMENDATION:

That the Audit Committee:

1. NOTES that the draft Risk Management Strategy presented at the 21 November 2017 will not proceed; and
2. ENDORSES the Risk Management Administration Procedure included as Attachment 1.

COMMITTEE DECISION ITEM 5.3Moved: Mr Manifis, Seconded: Cr Gontaszewski

That the recommendation be adopted.

CARRIED UNANIMOUSLY (6-0)**For:** Mr Manifis, Ms Hunt, Mayor Cole, Cr Gontaszewski, Cr Loden and Cr Topelberg**Against:** Nil



## GOV02: Risk Management

### Administration Procedure



CITY OF VINCENT

The City's Risk Management Approach describes how the City will go about managing its risk. It comprises of:

- The **AS/NZ ISO 31000:2009 Risk Management Standard** – The standard provides principles and guidelines on risk management and sets out a universally recognised approach to implementing risk management processes.
- **Policy 4.1.26 – Risk Management** – The Policy affirms the City's commitment to the implementation of an organisation-wide risk management approach. It also sets our roles and responsibilities with respect to managing risk and contains the City's agreed Risk Assessment and Acceptance Criteria.
- **Risk Management Administration Procedure** (this document) - defines the systems and processes by which the organisation will manage risk;

The following Organisational Risk Records help the City understand and manage its organisation-level risks:

- **Operational Risk Profile** – This document is a high-level self-assessment of the extent to which the City of Vincent is exposed to typical local government sector risks and of the adequacy of the controls that the City has in place to manage those risks.
- **Operational Risk Treatment Plan** – A direct output from the Operational Risk Profile, this document sets out the actions that the City plans to take to improve its controls relating to operational risks.
- **Strategic Risk Register** – This register keeps track of significant risks to the strategic intent and objectives of the City as defined by the City's Strategic Community Plan and Corporate Business Plan.

The Risk Management Tools help to identify the various risks that the City faces and set out what the City plans to do (if anything) to manage the risks identified. The tools include:

- **Business Continuity Plan** – This is the means by which the City will ensure that personnel and assets are protected and able to function in the event of a business continuity incident.
- **Project Risk Registers** – A register of risks that may have an impact on the scope, quality or cost of a project.
- **Event Risk Management Plans** – A plan to mitigate any foreseeable risks that may arise from holding an event.
- **Manual Task Risk Assessments** – A tool for identifying and assessing any risks associated with undertaking manual tasks, particularly safety risks.
- **Asset Risk Assessments** – A systematic, documented assessment of risks associated with a significant asset. Typically, asset risks will either result in a financial impact to the City or may represent a safety risk to users or the public.
- **Procurement Risk Assessments** – A systematic, documented assessment of risks associated with all significant purchases.

The City's Business Planning Framework is the means by which the City plans and schedules its work. In order to be effective, the Risk Management Tools must inform and influence the



## GOV02: Risk Management

### Administration Procedure



CITY OF VINCENT

City's operations by ensuring that the actions that need to be undertaken to manage risk are fed into the City's business plans, thereby being funded and executed.

## 2. RISK CONTEXT

Operational Context: Typical risk themes that are common across local government and directly applicable to the City of Vincent include:

- Asset Management and Sustainability
- Business & Community Disruption
- Community Engagement Practices
- Compliance Requirements (statutory, regulatory)
- Document Management Processes
- Employment Practices
- Environment Management
- Errors, Omissions & Delays
- External Theft & Malicious Damage
- Facilities / Venues / Events
- IT or Communication Systems
- Misconduct and Fraud
- Project / Change Management
- Safety and Security Practices
- Supplier / Contract Management

Staff and Council Members should consider what effect the decisions they make will have within the context of each of these Risk Themes.

Strategic Context: The City's Strategic Community Plan sets out the City's objectives for its community. Both Council and Administration have demonstrated that the City of Vincent is willing to take on a moderate level of risk in order to achieve its objectives. Staff and Council Members should consider what effect the decisions they make will have upon the City's ability to achieve the objectives set out in the Strategic Community Plan.

## 3. LEVELS OF RISK

Risks will be categorised at different levels depending on what activity is being assessed. The City typically categorises its risks as:

- Strategic
- Operational
- Project

Strategic Level Risks - Are risks associated with achieving the organisation's long term, strategic objectives. These risks can be of an internal or external nature. They are usually owned and managed by Council and/or the Executive Team. Strategic level risks may include risks associated with achieving the objectives of the Strategic Community Plan.



## GOV02: Risk Management

### Administration Procedure



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The primary tool for managing strategic risks will be the Strategic Risk Register which will record prominent risks to the City's long term objectives and any mitigation actions that will be taken to mitigate those risks.

Operational Level Risks - Are risks associated with developing or delivering the operational plans, functions or activities of the local government. These risks have day to day impacts on the organisation. These risks are owned and managed by the person who has responsibility for the activity or function to the level of their delegated authority or capability. Operational level risks may include risks associated with the development or delivery of business unit plans or with the delivery of Council services.

The primary tools for managing operational risks will be the "Operational Risk Profile" which and the "Operational Risk Treatment Plan". The Operational Risk Profile includes a list of risk controls appropriate to each of the risk themes set out in section 2 of this Administration Procedure along with a brief assessment of the adequacy of the City's controls in those areas. The Operational Risk Treatment Plan contains a list actions and timeframes designed to improve the City's controls for each of the risk themes.

Project Level Risks - Are associated with developing or delivering projects or discrete activities. Project risks should be managed at each stage of the project by the person who has responsibility for that project.

The primary tool for managing project-based risk will be project risk registers and, for large projects, a more detailed project risk management plan.

#### 4. RISK MANAGEMENT PROCESS

##### A: Establishing the Context

The first step is to understand the context within which the risks are to be assessed and what is being assessed.

This Risk Management Administration Procedure provides information and guidance regarding the organisational context within which risk assessments should be conducted and the Risk Themes are to be utilised where possible to assist in the categorisation of related risks.

In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

Given that risk is defined as "the effect of uncertainty on objectives", a key aspect of understanding the risk context is being aware of what the objectives are.

All risk assessments are to utilise these Risk Assessment and Acceptance Criteria and the adopted Risk Management Tools in order to ensure consistent and comparable risk information is developed and considered within decision making processes.

##### B: Risk Identification

Using the specific risk assessment context as the foundation, and in conjunction with relevant stakeholders, answer the following questions, capture and review the information within each Risk Profile.



## GOV02: Risk Management

### Administration Procedure



CITY OF VINCENT

- What are we doing (is the activity strategic, operational or project level)?
- What can go wrong? / What are areas of uncertainty? (Risk Description)
- How could this risk eventuate? (Potential Causes)
- What are the current measurable activities that mitigate this risk from eventuating? (Controls)
- What are the potential consequential outcomes of the risk eventuating? (Consequences)

#### C: Risk Analysis

To analyse the risks, the City's Risk Assessment and Acceptance Criteria is applied:

- Based on the documented controls, analyse the risk based on existing control ratings.
- Determine relevant consequence categories and rate how bad it could be if the risk eventuated with existing controls in place (Consequence)
- Determine how likely it is that the risk will eventuate to the determined level of consequence with existing controls in place (Likelihood)
- By combining the measures of consequence and likelihood, determine the risk rating (Level of Risk)

#### D: Risk Evaluation

Following the risk analysis, a risk acceptance decision should be made based on:

- Controls Assurance (i.e. are the existing controls in use, effective, documented, up to date and relevant)
- Existing Control Rating
- Level of Risk
- Risk Acceptance Criteria

#### Risk versus Reward / Opportunity

The risk acceptance decision needs to be documented and acceptable risks are then subject to the monitor and review process.

#### E: Risk Treatment

For unacceptable risks, determine treatment options that may improve existing controls and/or reduce consequence / likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk. The treatment selection and implementation should be based on:

- Cost versus benefit
- Ease of implementation
- Alignment to organisational values / objectives

Once a treatment has been fully implemented, the responsible officer is to assess the risk again with the treatment now noted as a control. If the residual risk is considered to be acceptable then it will become subject to the monitor and review process. If the residual risk is still not considered to be acceptable then further risk treatments should be applied.

#### F: Monitoring & Review

The City is to review all Risk Profiles at least on an annual basis or if triggered by one of the following:

- Changes to context,



## GOV02: Risk Management

### Administration Procedure



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- A treatment is implemented,
- An incident occurs or due to audit/regulator findings.

The Manager Governance and Risk is to monitor the status of risk treatment implementation and provide Risk Summary reports to the Executive Team at least every six months. The Executive Team will monitor significant risks and treatment implementation with specific attention given to risks that meet any of the following criteria:

- Risks with a Level of Risk of High or Extreme
- Risks with Inadequate Existing Control Rating
- Risks with Consequence Rating of Extreme
- Risks with Likelihood Rating of Almost Certain

The Executive Team will also monitor the effectiveness of the Risk Management Framework ensuring it is practical and appropriate to the City.

#### G: Communication & Consultation

Throughout the risk management process, stakeholders will be identified, and where relevant, be involved in or informed of outputs from the risk management process. The Audit Committee will be provided with six-monthly update reports which will also be made available to Council Members.

Risk management training will be provided to staff, commencing at induction. In addition, regular Risk Management awareness communications will be sent out to all staff, at a minimum on a quarterly basis.

Risk management will be included within the employee induction process to ensure new employees are introduced to the City's risk management culture.

## 5. RISK MANAGEMENT CULTURE

A risk aware culture emerges when everyone plays their part in managing risk. Risk management should be communicated across the organisation and embedded into its philosophy, business practices and processes rather than be viewed or practiced as a separate activity. To ensure this occurs, it must always be demonstrated in strategic planning and business unit planning.

The City's leaders will support and encourage a positive risk management culture by:

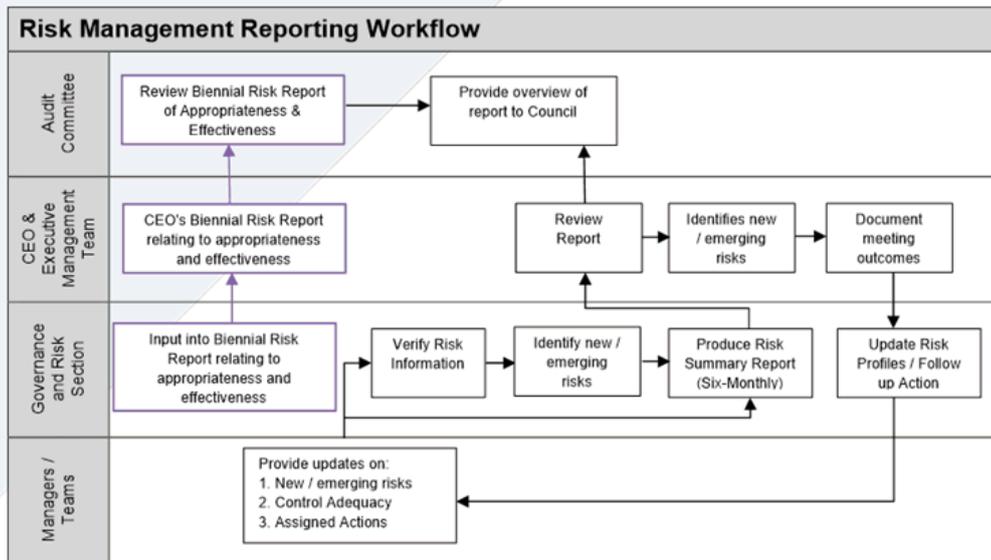
- Playing an active part, and not simply mandating production of reports;
- Empowering subordinates and employees to manage risks effectively;
- Acknowledging, rewarding and publicising good risk management;
- Having processes that promote learning from errors, rather than punishing;
- Encouraging discussion and analysis of unexpected results, both positive and negative;
- Not over-responding to problems by introducing restrictive or blanket controls.

Council and the City's Executive Management Team have a key role in promoting risk management as a vital business principle and in allocating sufficient resources for risk management activities. However, all employees, contractors and volunteers have a part to play in identifying risks and of actively managing risks within their sphere of work.

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Administration Procedure

**6. RISK REPORTING**

The following diagram provides a high level view of the ongoing reporting process for Risk Management:



Each business unit is responsible for ensuring:

- Assigned actions are completed and relevant updates are provided to the Governance and Risk team.
- They continually provide updates in relation to new and emerging risks, control effectiveness and performance indicators to the Governance and Risk team.
- Risks / Issues reported to the Executive Team are reflective of the current risk and control environment.

The Governance and Risk team is responsible for:

- Ensuring the City's Operational Risk Profile, Operational Risk Treatment Plan and Strategic Risk Register are formally reviewed and updated, at least on a six monthly basis or when there has been a material restructure, change in risk ownership or change in the external environment.
- Producing a quarterly risk report for the Executive Team which contains strategic and operational risk information for the City.
- Producing a six-monthly Risk Report to the Audit Committee which contains an overview Risk Summary for the City.



**GOV02: Risk Management**

Administration Procedure



CITY OF VINCENT

**RESPONSIBILITIES**

Governance and Risk	Responsible for the overall management of this procedure.
Manager Governance and Risk	The primary contact for this process.
All Staff	Responsible for complying with this procedure.

**RELATED DOCUMENTS**

- Policy 4.1.26 – Risk Management
- AS/NZ ISO 31000:2009 Risk Management Standard

**CREATION / REVIEW**

Created:	Approved by: <Approver>, on <Approval Date>, see TRIM: D18/11627
Review / Amend:	
Next Review Date:	

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AUDIT COMMITTEE MINUTES

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## 5.4 REVIEW OF THE CITY OF VINCENT AUDIT LOG

TRIM Ref: D18/26998

Author: Natasha Brooks, Governance and Council Support Officer

Authoriser: Kerryn Batten, Director Corporate Services

Attachments: 1. City of Vincent Master Audit Log

## RECOMMENDATION:

That the Audit Committee NOTES the status of the City's Audit Log as shown in Attachment 1.

Moved: Mr Manifis, Seconded: Cr Gontaszewski

That the recommendation be adopted.

PROPOSED AMENDMENT 1

Moved: Mayor Cole, Seconded: Cr Gontaszewski

That a new Recommendation 2 be added as follows:

"2. REQUESTS that, in relation to Item 30 of the City's Audit Log, a Business Case template is provided to the Audit Committee for consideration as to whether it satisfies the requirements of the Auditor's findings."

AMENDMENT 1 CARRIED UNANIMOUSLY (6-0)

**For:** Mr Manifis, Ms Hunt, Mayor Cole, Cr Gontaszewski, Cr Loden and Cr Topelberg

**Against:** Nil

PROPOSED AMENDMENT 2

Moved: Mr Manifis, Seconded: Mayor Cole

That a new Recommendation 3 be added as follows:

"3. REQUESTS that future reports to the Audit Committee relating to the Audit Log include a summary table to indicate items that have been actioned or closed."

AMENDMENT 2 CARRIED UNANIMOUSLY (6-0)

**For:** Mr Manifis, Ms Hunt, Mayor Cole, Cr Gontaszewski, Cr Loden and Cr Topelberg

**Against:** Nil

AUDIT COMMITTEE MINUTES

20 MARCH 2018

COMMITTEE DECISION ITEM 5.4Moved: Mr Manifis, Seconded: Cr Gontaszewski

That the Audit Committee:

1. NOTES the status of the City's Audit Log as shown in Attachment 1;
2. REQUESTS that, in relation to Item 30 of the City's Audit Log, a Business Case template is provided to the Audit Committee for consideration as to whether it satisfies the requirements of the Auditor's findings; and
3. REQUESTS that future reports to the Audit Committee relating to the Audit Log include a summary table to indicate items that have been actioned or closed.

CARRIED UNANIMOUSLY (6-0)**For:** Mr Manifis, Ms Hunt, Mayor Cole, Cr Gontaszewski, Cr Loden and Cr Topelberg**Against:** Nil

AUDIT COMMITTEE MINUTES

20 MARCH 2018

ITEM #	ITEM	AUDIT NAME	AUDITORS COMMENTS	FINDING ID	AUDITORS FINDINGS	RISK RATING	MANAGEMENT RESPONSE	ACTION	RESPONSIBLE OFFICER	PROPOSED COMPLETION DATE
Item 1	Purchases and Payments	Interim Audit 2015	<p>The following matters were noted and are brought to your attention:</p> <p>(i) We noted two instances (out of 18 samples tested) that the purchase orders were not raised for the procurement of goods and services.</p> <p>We request that purchase orders be raised when the goods and services are ordered. This will ensure adherence to City's purchasing policy.</p> <p>We recommend that background checks be performed as an anti-fraud control on new suppliers before entry into the Authority system. Such checks should be attached to support the existing completed "Creditor Form" and stored for record-keeping purposes.</p> <p>This matter was raised in our previous interim audit management letter dated 22 April 2014.</p> <p>We recommend that, as an additional monitoring control, a master file change report be generated on a regular basis for review by management to ensure that updates to the creditors system only contain valid and authorised details.</p> <p>This matter was raised in our previous interim audit management letter dated 22 April 2014.</p>			Not Rated	<p>The two payments without purchase orders were covered by tendered construction contracts, which were approved by Council and signed in 2008 (with variations approved in 2010) and 2014 respectively. Normally, a purchase order would be raised as well but this didn't happen in these two cases.</p> <p>The City's purchasing policy and the related procedures will be reviewed during 2015/16.</p> <p>Initial reaction is that these additions represent a small risk as they are normally added for relatively small transactions. A check is made that the organisation exists and the ABN is correct. The purchasing policy is followed for purchases, so competitive quotes have been received before proceeding.</p> <p>An increased level of checking and verification is used for tenders for large purchases or projects, as due diligence is performed as part of the tender evaluation process.</p> <p>A review of these processes will be performed during the 2015-16 financial year.</p> <p>The City's Internal Auditors raised the same issue with payroll. Since then, a master file change report has been developed for both Payroll and Creditors. The payroll change report is now in use and the creditors report is now being tested.</p>	<p><b>Action Item 1.1</b> Draft policy &amp; procedure developed. Consultation phase to follow.</p> <p>June 2016 Not yet completed. <i>Proposed new timeframe – March 2017.</i></p> <p>March 2017 Not yet completed. <i>Proposed new timeframe – June 2017.</i></p> <p>May 2017 On track for proposed completion date.</p> <p>July 2017 A report detailing the proposed revised purchasing policy is being presented to the Audit Committee 18 July 2017. Associated procedures are still being developed. <i>Proposed new timeframe – September 2017.</i></p> <p>September 2017 The revised purchasing policy is scheduled for inclusion in the Council Workshop 31 October 2017 and is to be submitted to Council Meeting 14 November 2017. <i>Proposed new timeframe – 14 November 2017.</i></p> <p>November 2017 The revised purchasing policy is scheduled for inclusion in the Council meeting 12 December 2017 <i>Proposed new timeframe – 12 December 2017</i></p> <p>March 2018 Purchasing Policy adopted 6 March 2018 – recommended for closure – awaiting sign-off from internal auditor.</p>	Manager Finance	Recommended for closure
Item 2	Rates	Interim Audit 2015	<p>We recommend that procedures be introduced to ensure that the major GRV revaluation reconciliation report is signed off by the preparer and initiated by a senior officer independent of the reconciliation process to indicate that the reconciliation is correct and all exceptions and errors have been rectified.</p>			Not Rated	<p>Rates processes and procedures will be reviewed during the 2015-16 financial year and new procedures will be developed in-line with the new organisational standard for procedures.</p>	<p><b>Action Item 2.1</b> New procedures are to be developed in-line with the new organisational standard for procedures. June 2016.</p> <p>June 2016 Not yet completed. <i>Proposed new timeframe – March 2017</i></p> <p>March 2017 Not yet completed. <i>Proposed new timeframe – June 2017.</i></p> <p>May 2017 On track for proposed completion date.</p> <p>July 2017 A procedure has been drafted during the current GRV revaluation process. This is currently being finalised. <i>Proposed new timeframe – August 2017.</i></p> <p>September 2017 A procedure has now been prepared D17/160217 and will be presented to the Auditors on 28 September 2017. <i>Proposed new timeframe – 28 September 2017.</i></p> <p>November 2017 Recommended for closure - for sign-off from internal auditor.</p>	Manager Finance	Recommended for closure
Item 3	Journal Entries	Interim Audit 2015	<p>We recommend that a documented policy be created which addresses the use of standard entries, non-routine entries (corrections and adjustments) and unusual or management-requested entries. This includes details on sequential numbering, the requirement for journals to be adequately explained or supported by appropriate documentation and the approved officers who can raise or authorise journal entries. Further, the policy may incorporate the procedures used to initiate, authorise, record, and process journal entries in the general ledger.</p> <p>This matter was raised in our previous interim audit management letter dated 22 April 2014.</p>			Not Rated	<p>It is accepted that there should be appropriate delegations of authority for the authorisation of journals and policy and/or procedures covering the development, approval, processing and filing of journals.</p> <p>These processes and procedures will be reviewed during the 2015/16 financial year and new procedures will be developed in-line with the new organisational standard for procedures.</p>	<p><b>Action Item 3.1</b> Develop appropriate delegations of authority for the authorisation of journals and policy and/or procedures covering the development, approval, processing and filing of journals.</p> <p>June 2016 Partially completed. Delegations have been reviewed and appropriate delegations are now in place. Procedures for the development, approval, processing and filing of journals are in place but not yet documented. <i>Expected to be complete by December 2016.</i></p> <p>March 2017 Partially completed. <i>Proposed new timeframe – April 2017.</i></p> <p>May 2017 Draft procedure completed. Currently under evaluation. Will be completed by the end of the month. <i>Proposed new timeframe – 31 May 2017.</i></p> <p>July 2017 A procedure has been completed. This is available for the auditors to review at their next visit D17/80512. <i>Proposed new timeframe – August 2017.</i></p> <p>September 2017 This procedure will be presented to the Auditor on 28 September 2017. <i>Proposed new timeframe – 28 September 2017.</i></p> <p>November 2017 Recommended for closure - for sign-off from internal auditor.</p>	Manager Finance	Recommended for closure

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ITEM #	ITEM	AUDIT NAME	AUDITORS COMMENTS	FINDING ID	AUDITORS FINDINGS	RISK RATING	MANAGEMENT RESPONSE	ACTION	RESPONSIBLE OFFICER	PROPOSED COMPLETION DATE
Item 5	Rates	Internal Audit 2015	Written procedures were not formalised and based on an organisation wide standard template.	3.1.1	Rates procedures should be documented based on an organisation wide template. The procedures should be reviewed and updated as required. This will allow employees to clearly understand their roles and responsibilities within predefined limits and allow management to guide operations without constant management intervention, as well as help ensure staff involved give due consideration to appropriate risk management for processing rates.	Low	Rates procedures are available in note format. Agreed that such procedures require formal documentation which is reviewed and updated as required. Senior Rates Officer to undertake formalisation of documenting all relevant procedures following the June-September peak period. The MFS and the MHR will work with the rest of the organisation to develop and implement a standard process for the development, approval, appropriate storage/access and standard template for administration procedures.	<b>Action Item 5.1</b> The MFS and the MHR will work with the rest of the organisation to develop and implement a standard process for the development, approval, appropriate storage/access and standard template for administration procedures. November 2016 Partially Completed. A standard template for Administration Procedures (D16/121564) has been developed along with standard guidelines for development, approval and storage (D16/121564). Rates procedures not yet updated. <del>Proposed new timeframe – March 2017.</del> March 2017 Currently highlighting a list of procedures considered as high risk with regulatory or legislative implications. Proposed timeframe for high risk procedures – June 2017. Proposed timeframe for remaining low risk procedures- year end 2017. May 2017 On track for proposed completion date. July 2017 Finance is progressively documenting procedures for Rates and has identified the need for 12 rates procedures in total. These have been prioritised on a risk basis. 2 are completed (Debt Recovery D17/R0903) and Rates Exemptions (D17/R0815). 4 are currently in progress (including General Revaluations and End-of-Year, as we are currently in the midst of these processes). These 6 will be completed, implemented and available for the auditors to review at their next visit. The remaining 6 will be drafted in the next 6 months. September 2017 High priority procedures have been developed and will be presented to the Auditors on 28 September 2017. November 2017 2 of 6 procedures sent to internal auditor for sign-off. <del>Proposed new timeframe – 31 March 2018.</del> March 2018 Extension requested for submission at the Audit Committee in May 2018. All finance procedures are being reviewed by Manager Financial Services.	Manager Finance	15 May 18
Item 7	Payroll	Internal Audit 2015	Written payroll procedures were not formalised and based on an organisation wide standard template.	3.2.3	Payroll procedures should be documented based on an organisation wide template. The procedures should be reviewed and updated as required. This will allow employees to clearly understand their roles and responsibilities within predefined limits and allow management to guide operations without constant management intervention, as well as help ensure staff involved give due consideration to appropriate risk management for processing the payroll.	Low	The Payroll Officer currently maintains two sets of procedures – a lengthy step by step instruction and an abridged version. The MFS and the MGR will work with the rest of the organisation to develop and implement a standard process for the development, approval, appropriate storage/access and standard template for administration procedures.	<b>Action Item 7.1</b> The MFS and the MHR will work with the rest of the organisation to develop and implement a standard process for the development, approval, appropriate storage/access and standard template for administration procedures. November 2016 Partially Completed. A standard template for Administration Procedures (D16/121564) has been developed along with standard guidelines for development, approval and storage (D16/121564). March 2017 Not yet complete. An additional payroll support officer commenced on 7 March 2017 which has provided the capacity to address this item. It is proposed that this will be completed by August 2017. May 2017 On track for proposed completion date. July 2017 A Payroll procedure and working instructions are currently being drafted. On track for proposed completion date. September 2017 A payroll procedure and working instructions have been drafted and are being reviewed by the Manager HR. These will be reviewed by the CEO for approval along with all of the HR policies. November 2017 Payroll procedure working instructions have been drafted and are being reviewed by the Manager HR. <del>Proposed new timeframe – 31 December 2017.</del> March 2018 Payroll procedure working instructions have been drafted and have been reviewed by the Manager HR. These are required to be transferred into the standard format for all HR work instructions which is targeted to be completed by June 2018.	Manager Human Resources/ Manager Financial Services	30 Jun 18

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Item 8	Fringe Benefits Tax (FBT)	Internal Audit 2015	There were no written FBT procedures in place.	3.3.3	<p>FBT procedures should be documented based on an organisation wide template. The procedures should be reviewed and updated as required.</p> <p>This will allow employees to clearly understand their roles and responsibilities within predefined limits and allow management to guide operations without constant management intervention, as well as help ensure staff involved give due consideration to appropriate risk management for processing FBT data and preparing the FBT annual return.</p>	Low	<p>FBT procedures are available in note format. Agreed that such procedures require formal documentation which is reviewed and updated as required. Finance Officer to undertake formalisation of documenting</p>	<p><b>Action Item 8.1</b> Finance Officer to undertake formalisation of documenting FBT Procedures. <i>Completion by December 2015</i></p> <p>November 2016 Not yet completed <i>Expected to be complete by December 2016.</i></p> <p>March 2017 FBT work instructions are currently being collated into a procedure, using the new template. The finalisation and review of the procedure will align with the preparation and submission of the annual FBT return. <i>May 2017</i></p> <p>May 2017 On track for proposed completion date.</p> <p>July 2017 A procedure has been drafted during the recent FBT year-end process. This is currently being finalised.</p> <p>September 2017 Procedures for the FBT year end process have been drafted D17/81011. It is anticipated that this will be finalised by 29 September 2017.</p> <p>November 2017 This is still to be presented to the auditors. <i>Proposed new timeframe – 24 November 2017.</i></p> <p>March 2018 All finance procedures are currently being review by Manager Financial Services. An extension is requested until the May 2018 Audit Committee meeting</p>	Accountant	15 May 18
Item 10	Purchases, Creditors & Payments	Interim Audit 2016	Amendments to the Local Government (Function and General) Regulations 1996 were published in the Government Gazette on 18 September 2015 and became effective from 1 October 2015. One of the amendments was to increase the tender threshold from \$100,000 to \$150,000. We observed that the City has not revised its Purchasing Policy to incorporate this amendment since the change in legislation. We further noted that the policy has not been reviewed since 28 February 2012. We recommend that the City's Purchasing Policy be reviewed without delay and all required amendments are incorporated and thereafter reviewed on a regular basis.	iii	-	Not Rated	Noted and this issue is included in the current review of the Purchasing Policy.	<p><b>Action Item 10.1</b> Amend Purchasing Policy</p> <p>March 2017 On Track for proposed completion date 30 June 2017</p> <p>May 2017 On Track for proposed completion date <del>30 June 2017</del></p> <p>July 2017 A report detailing the proposed revised purchasing policy is being presented to the Audit Committee 18 July 2017 <i>Proposed new timeframe – 18 July 2017.</i></p> <p>September 2017 The purchasing policy will be presented to the Council Workshop 31 October 2017 and presented to the OMC 14 November 2017. <i>Proposed new timeframe - September 2017.</i></p> <p>November 2017 The revised purchasing policy is scheduled for inclusion I the Council meeting 12 December 2017 <i>Proposed new timeframe – 12 December 2017.</i></p> <p>March 2018 Purchasing Policy adopted 6 March 2018 – recommended for closure – awaiting sign-off from internal auditor.</p>	Manager Finance	Recommended for closure
Item 11	Purchases, Creditors & Payments	Interim Audit 2016	We noted that the City's Purchasing Policy does not provide any guidance with respect to obtaining quotations if the goods or services are to be acquired through the Council Purchasing Service of WALGA. Regulation 11(2) of the Local Government (Functions and General) Regulations 1996 stipulates that tenders do not have to be publicly invited if the supply of the goods or services is to be obtained through the Council Purchasing Service of WALGA.	iv	<p>On a previous occasion, we sought clarification with WALGA and the Department of Local Government and Communities on this matter and were advised as follows:</p> <ul style="list-style-type: none"> <li>- Where the intended purchase is under the \$150,000 threshold, the local government should follow its purchasing policy with respect to obtaining quotations from either WALGA preferred suppliers or non-WALGA suppliers.</li> <li>- Where the intended purchase is over the \$150,000 threshold, and the local government wishes to use the Council Purchasing Service of WALGA without going through the tender process, it is best practice for the local government to follow the process of obtaining quotations from the WALGA panel on suppliers. This will ensure that the local government is procuring goods and services at best value for money.</li> </ul> <p>Based on the clarification obtained above, in our opinion, the City's Purchasing Policy should be reviewed and amended to provide City staff with guidance for acquiring goods and services from the WALGA panel where the procurement is over \$150,000. Where the procurement is under \$150,000 staff should follow the City's purchasing policy in line with obtaining quotations based on the procurement thresholds irrespective of the source of the suppliers.</p>	Not Rated	Noted and will be addressed in the current review of the Purchasing Policy.	<p><b>Action Item 11.1</b> Amend Purchasing Policy</p> <p>March 2017 On track for proposed completion date 30 June 2017.</p> <p>May 2017 On track for proposed completion date <del>30 June 2017</del>.</p> <p>July 2017 A report detailing the proposed revised purchasing policy is being presented to the Audit Committee 18 July 2017 <i>Proposed new timeframe – September 2017.</i></p> <p>September 2017 The purchasing policy will be presented to the Council Workshop 31 October 2017 and presented to the OMC 14 November 2017 <i>Proposed new timeframe – 14 November 2017.</i></p> <p>November 2017 The revised purchasing policy is scheduled for inclusion I the Council meeting 12 December 2017 <i>Proposed new timeframe – 12 December 2017.</i></p> <p>March 2018 The adoption of an amended purchasing policy is on the agenda for the Council Meeting on 6 March 2018. Purchasing Policy adopted 6 March 2018 – recommended for closure – awaiting sign-off from internal auditor.</p>	Manager Finance	Recommended for closure

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Item 15	Payroll	Interim Audit 2016	<p>We examined the City's payroll system in the following areas:</p> <ul style="list-style-type: none"> <li>• Reviewing the policies and procedures at the City in relation to the Payroll system</li> <li>• Staff additions and terminations</li> <li>• Changes to employees pay, including variations to pay</li> <li>• Authorisation and monitoring of leave taken by employees</li> <li>• Processing of payroll</li> <li>• Segregation of duties</li> </ul>		<p>The following matters were noted and are brought to your attention:</p> <p>i) The City's 'Annual Leave and Long Service Leave Policy No. 5.7.4' stipulates that the City may require an employee to take annual leave by giving at least four weeks' notice where more than eight weeks' leave is accrued, provided the employee retains a balance of at least 8 weeks.</p> <p>During our review of the employee annual leave entitlement balances as at 11 March 2016, we noted that 22 employees with accrued annual leave in excess of 8 weeks (354 hours) to a maximum of 18 weeks (687 hours).</p> <p>Excess annual leave entitlements may have adverse effects on the City including:</p> <ul style="list-style-type: none"> <li>• Key staff not being rotated, a preventative control against fraud,</li> <li>• Health and safety concerns with staff members not taking their annual entitlements; and</li> <li>• Increase the City's costs given salary rises and increments over time.</li> </ul>	Not Rated	<p>In May 2016 the Acting Manager HR advised the Managers and Directors of the excessive leave accruals within their teams (by this stage 17 employees in total). Managers and Directors were advised to work with their employees and put in place an Excess Leave Management Plan for their staff with excessive leave accruals to bring their leave accruals to 8 weeks maximum. These excess leave management plans generally work to reduce the leave over a period of 12, 18 or 24 months. This process is still ongoing and will continue to be monitored whilst we have employees with excessive leave.</p>	<p><b>Action Item 15.1</b> Ongoing review of excess leave management plan.</p> <p><b>March 2017</b> Leave management plans are in place for some employees with excessive leave balances. This process is ongoing and will continue to be monitored and leave management plans introduced as leave balances continue to increase.</p> <p><b>May 2017</b> Leave management plans continue to be introduced for employees with excessive leave balances, as well as the provision for cashing out of leave within Award restrictions. This process is ongoing and will continue to be monitored to keep leave balances within reasonable limits.</p> <p><b>July 2017</b> Excessive leave accruals continue to be managed by the relevant Manager. A procedure is being drafted by the HR team to formalise the process of identifying and managing or cashing out excessive leave. This will be in place by <b>October 2017</b>.</p> <p><b>September 2017</b> All employees who have over 8 weeks of annual leave have been contacted by their Manager to either plan to take leave or to cash out a portion. Requirements for cashing out leave are now included within the draft Employee Handbook.</p> <p><b>November 2017</b> The Employee Handbook is currently with the CEO for review and approval. <b>Proposed new timeframe – 31 December 2017.</b></p> <p><b>March 2018</b> Excessive Leave continues to be managed as part normal business practices. The Employee Handbook is currently with the CEO for review and approval. The CEO approval of the Employee Handbook will finalise this action. <b>Proposed new timeframe - 30 April 2018.</b></p>	Manager HR	30 Apr 18
Item 19	3.1 Trust Funds	Internal Audit 2016	<p>The trust ledger reflects Cash in lieu - Car Park Contributions of \$1.24mil, whereas actual funds are physically held in the Municipal bank account. Discussion held with Christine Deventish, Administration Officer for Development Services revealed that planning approval is valid for 2 years for applicants to obtain a building permit. Once a building permit is obtained, there is a further one year allowed to commence the building process. Therefore, within the first 3 years, the applicant is entitled to apply for a refund for cash in lieu - car park contributions. As a result, the City should not keep these funds in the Municipal account.</p>	3.1.1	<p>These funds should be held in the Trust bank account for as long as the applicant is entitled to apply for a refund.</p>	Medium	<p>The timing of the transfer of monies from the Trust account to the cash-in-lieu reserve should occur at the point when the City has control of the money and that it is no longer able to be called upon by the creditor. However more work needs to be done to ensure that the exact point at which this occurs is better defined.</p>	<p><b>Action Item 19.1</b> Develop a documented Administration Procedure for accepting and managing cash-in-lieu payments.</p> <p><b>March 2017</b> On track.</p> <p><b>May 2017</b> On track for proposed completion date.</p> <p><b>July 2017</b> Development Services have been reviewing the processes for the collection and management of Cash-in-Lieu and %for-ART payments. The main question to be resolved is when the City has control of the funds – that is, when can the developer no-longer ask for the refund of the monies with-out assessment by the City. Finance has finished the reconciliation of funds held for %for-ART and is now starting on Cash-in-Lieu. Development Services will now compare the deposits still held with the progress/stage of the individual developments. Target is to finish both as part of the year end process – <b>Aug 17</b>. <b>Proposed new timeframe – August 2017.</b></p> <p><b>September 2017</b> On track for proposed completion date 31 October 2017</p> <p><b>November 2017</b> This was not addressed during the audit due to the Finance Manager's absence. <b>Proposed new timeframe – February 2018.</b></p> <p><b>March 2018</b> Extension requested to <b>June 2018</b> to accommodate sufficient review and documentation of an Administration Procedure by Manager Financial Services.</p>	Manager Finance & Manager Approval Services	30 Jun 18
Item 24	3.4 Asset Register	Internal Audit 2016	<p>Acquisition of Assets: We noted certain assets in the asset register costing \$1,000.</p>	3.4.2	<p>The City should consider additional checks to ensure the policy is followed in respect of the \$1,000 capitalisation threshold.</p>	Low	<p>Finance staff have been reminded about the provisions of the Policy in respect to the capitalisation threshold. It is considered that additional checks are not required due to the minor nature of this issue. However, it would be beneficial to clarify any exceptions to the \$1000 threshold in the current procedures and communicate this to the wider organisation.</p>	<p><b>Action Item 24.1</b> Review capitalisation procedures with a view to setting out circumstances where the \$1000 may not apply. Communicate to the broader organisation.</p> <p><b>March 2017</b> <b>Proposed new timeframe - Year-end 2017.</b></p> <p><b>May 2017</b> On track for proposed completion date.</p> <p><b>July 2017</b> This will be closed-out by the completion of a procedure and position paper for the auditors to review as part of the year end audit. <b>Proposed new timeframe - September 2017 to align with Item 25.1.</b></p> <p><b>September 2017</b> On track for proposed completion date 30 September 2017</p> <p><b>November 2017</b> This was not addressed during the audit due to the Finance Manager's absence. <b>Proposed new timeframe – January 2018</b></p> <p><b>March 2018</b> Extension requested for submission at the Audit Committee in May 2018. All finance procedures are being reviewed by Manager Financial Services.</p>	Manager Finance	15 May 18

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Item 26	3.4 Asset Register	Internal Audit 2016	Additions to assets involving construction: Assets involving construction are only capitalised and transferred to the asset register at the end of the financial year.	3.4.6	While capitalisation at the end of the year is usually acceptable, strict compliance with accounting standards would require assets to be depreciated from the date they are brought into use. This should be considered for large items which may have a material impact.	Medium	Agree	<b>Action Item 26.1</b> Finance will liaise with Technical Services to identify a suitable threshold and develop a process for project completion and capitalisation.  March 2017 On track  May 2017 On track for proposed completion date 30-May-2017.  July 2017 Infrastructure and other constructed assets will be reviewed for completion and capitalised quarterly. Procedure will need to be written and implemented before the end of the September quarter. <b>Proposed new time@ame – 30-September-2017.</b>  September 2017 Audit needs to be completed before we can capitalise expenditure. <b>Proposed new time@ame – 31-October-2017.</b>  November 2017 The Audit of 2016-17 is now complete (as of 14 Nov) and asset register has now been rolled-over into 2017-18. This means that completed infrastructure assets/projects can now be capitalised. The first of these will be capitalised as part of the November month-end process. <b>Proposed new time@ame – 31-December-2017.</b>  March 2018 Infrastructure assets are still to be capitalised for this financial year. <b>Proposed new completion date of June 2018 when there will be a more defined capitalisation process.</b>	Manager Finance	30-Jun-18
Item 27	4.1 Code of Tendering Policy and Document.	Internal Audit 2017	4.1 Lack of formal Policy / Procedural Guidance may result in unnecessary expenses being incurred and acquisitions being made.  4.1.1 Lack of formal Policy / Procedural Guidance available to all employees may result in confusion over how purchases over \$100,000 in value should be prepared for and approved prior to becoming a formal tender.  However, we note that the Policy lacks guidance regarding the process prior to the proposed purchase becoming a formal tender.  We noted that there was no formal Policy or Procedural Manual which clearly outlines how a tender is raised, who is responsible for the process and the components within the process and how the tender should be evaluated.	4.1	We noted that the Code of Tendering Policy provides guidance on the following:  <input type="checkbox"/> The content and format of the Request for Tender. <input type="checkbox"/> Advertising the tender and for how long the advertisement should be open; <input type="checkbox"/> How tenders should be received; and <input type="checkbox"/> On closure of the advertisement period, how the tender box should be opened and submissions recorded.  However, we note that the Policy lacks guidance regarding the process prior to the proposed purchase becoming a formal tender.  We noted that there was no formal Policy or Procedural Manual which clearly outlines how a tender is raised, who is responsible for the process and the components within the process and how the tender should be evaluated.	High	Administration notes that the Code of Tendering is no longer current. It is proposed that this will be rescinded and replaced by a Tendering Administration Procedure.  Agreed. It is proposed that the Code of Tendering will be rescinded and replaced by a Tendering Administration Procedure. However, propose that the threshold will be \$150,000 rather than \$100,000 to align with the proposed tender threshold in the draft purchasing policy.	<b>Action Item 27.1</b> Develop Tendering Administration Procedure November 2017 On track  <b>Action Item 27.2</b> Incorporate thresholds into Tendering Administration Procedure November 2017 On track  March 2018 Administration has created the position of 'Special Projects Officer' whose responsibilities will include contracts and procurement and will lead the development and implementation of contracts and purchasing procedures. <b>Proposed new completion date - June 2018.</b>	Manager Finance	30-Jun-18
Item 28	4.2 Tendering policy, systems and practices.	Internal Audit 2017	4.2 Lack of clarity regarding the roles and responsibilities of the tendering process leads to an inconsistent approach to tendering being applied and confusion regarding who is responsible for certain key milestones and documents within the tendering process.  4.2.1 Lack of understanding of the applicable tender and procurement laws and regulations, as well as the internal tendering policies and procedures, may result in tenders being prepared outside of specified internal policies and procedures, and in the worst case may not be prepared and performed in line with the applicable laws and regulations.		From our discussions with management and staff regarding the current tendering policy, systems and practices in place we note that both management and staff are not fully aware of:  <input type="checkbox"/> What their role and responsibilities are in relation to the tendering process; <input type="checkbox"/> How they initiate or become a part of the tendering process; and <input type="checkbox"/> What the tendering process actually entails.  We noted that management is concerned with the lack of appropriate knowledge regarding the applicable laws and regulations for tendering and procurement, and is concerned that staff have not been provided with sufficient training to produce quality tendering documents.	High	Agreed. Responsibilities relating to tendering will be clearly defined in the Tendering Administration Procedure.  A training plan will be developed for rolling out the Tendering Administration Procedure once it is complete.	<b>Action Item 28.1</b> Responsibilities relating to tendering will be clearly defined in the Tendering Administration Procedure. November 2017 On track  <b>Action Item 28.2</b> A training plan will be developed for rolling out the Tendering Administration Procedure November 2017 On track  March 2018 Administration has created the position of 'Special Projects Officer' whose responsibilities will include contracts and procurement and will lead the development and implementation of contracts and purchasing procedures. <b>Proposed new completion date - June 2018.</b>	Manager Finance	30-Jun-18
Item 30	4.4 Business Case	Internal Audit 2017	Lack of a Business Case being prepared and considered prior to budget allocation may result in unnecessary expenses being authorised and incurred.  We recommend that a Business Case is prepared and put forward to Council for review for all purchases of goods and services which will exceed the prescribed \$100,000 in value. The Business Case should tell the Council why the expense needs to be incurred and what the proposed cost will be. Based on the approved Business Case, a budget allocation should then be made.		We were unable to review any Business Case documentation as no formal Business Case had been prepared and submitted to Council for individual consideration for any of the samples selected for testing.	Medium	Council, through its adoption of strategic priorities on 19 April 2016 committed to a new initiative to require a Business Case to be presented to Council and in annual budget papers for all expenditure greater than \$250,000 or proposed to run for 2 or more year CIP Item 4.2 Implement a Project Management Framework will set out further details and provisions the development of business case documents.	<b>Action Item 30</b> November 2017 Email sent to auditors on 10 November, highlighting the City's Capital and Budget submission process. Advice requested as to whether or not this process satisfies, or could be adapted to satisfy, the audit finding.	Manager Governance and Risk	Recommended for closure

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20 MARCH 2018

ITEM #	ITEM	AUDIT NAME	AUDITORS COMMENTS	FINDING ID	AUDITORS FINDINGS	RISK RATING	MANAGEMENT RESPONSE	ACTION	RESPONSIBLE OFFICER	PROPOSED COMPLETION DATE
Item 31	4.5 Procurement Plan.	Internal Audit 2017	The preparation of a Procurement Plan was only introduced in 2016. We note that the Procurement Plan is a standard template document which is completed by the Project Team and Approved by the Director of the Directorate requesting the tender. While the Procurement Plan is robust and ensures the Project Team are addressing the concerns management have, there appears to be a lack of detail with regards to the evaluation criteria (which is currently only listed with weightings disclosed), definitions and scope. Lack of detail in the Procurement Plan may result in a lack of understanding by the Evaluation Team of the selected criteria and how they are to assess each tender submission against the criteria. In addition, lack of definitions and a scope may result in the evaluator lacking sufficient understanding to appropriately evaluate tender submissions.		Reviewed the format and content of the Procurement Plan.  The Procurement Plan template should be reviewed, and where possible, additional detail requested regarding: <ul style="list-style-type: none"> <li>□ Why the Project Team has selected the listed criteria;</li> <li>□ How the criteria should be evaluated;</li> <li>□ What the scope of the tender is; and</li> <li>□ Definitions of any terms that may not be understood by independent members of the Project Team / Evaluation Team.</li> </ul>	Medium	Agreed. The Procurement Plan template will be amended to address the additional detail noted.	Action Item 31 The Procurement Plan template will be amended to address the additional detail noted. November 2017  Recommended for closure - for sign-off from internal auditor.	Manager Finance	Recommended for closure
Item 32	4.6 Request for Tender content and format.	Internal Audit 2017	We noted that the Request for Tender appears to be mostly consistent from tender to tender, with minimal modifications being applied (including, but not limited to, the tender criteria and weighting). It appears as though the Request for Tender, and as a result Contract conditions, are being rolled forward based on previous completed documents. While the Procurement Plan reduces the risk associated with the roll forward of prior year Requests for Tender / Contracts, we note that management and the Council should consider the implementation of a process which results in the Request for Tender and the proposed Contract on award of a tender, being reviewed by a member of staff with a background in drafting contracts and contract law.		Rolling forward Requests for Tender and Contract templates from previous years may result in inappropriate contract terms and conditions being set. In addition, irrelevant information may be asked for, or disclosed within the Request for Tender document. Further, we note that the evaluation criteria applied may not be relevant to the works required for the Request for Tender.	High	Agreed in principle, however Administration notes that the necessary skills and capacity is not currently available internally.	Action Item 32 Develop a brief business case outlining the various options and costs available to improve the City's capability in relation to drafting tenders and contracts. (e.g. training, additional resources, outsourcing etc).  November 2017 On track.  March 2018 Administration has created the position of "Special Projects Officer" whose responsibilities will include contracts and procurement and will lead the development and implementation of contracts and purchasing procedures. Proposed new completion date - June 2018.	Director Corporate Services	30-Jun-18
Item 33	4.7 Evaluation Report	Internal Audit 2017	There is a risk that the Council are not making informed and independent decisions based on the documents and data being submitted to them for review for the authorisation and award of tenders. We recommend that Evaluation Reports submitted to Council provide sufficient detail so that Council may independently make an assessment without having to rely solely on the evaluation calculated and performed by the Evaluation Team. In addition, sufficient information should be submitted so that Council is able to understand, and have comfort over, how the tender submissions have been evaluated and recommendations reach by the Evaluation Team.		We note there is a lack of consistency between Evaluation Reports prepared and submitted to the Council for review. In addition, Evaluation Reports lack the following detail: <ul style="list-style-type: none"> <li>□ Scores calculated by the Evaluation Team are not explained;</li> <li>□ How scores were calculated by the Evaluation Team is not explained;</li> <li>□ The only way to verify tender submissions to the Evaluation Report is through the Price Schedule – no further tender details are provided or summarised.</li> </ul> We also note that, where the CEO has Delegated Authority to authorise and award a tender, an alternative evaluation is performed being the Selection Report (this appears to be a combination of both a Procurement Plan and Evaluation Report).	Medium	Administration notes that different formats have been used for Evaluation Reports to CEO vs Evaluation Reports to Council.	Action Item 33.1 Administration will create a "standard" Evaluation Report that will apply to all tenders which can then be supported by a brief memo or Council Report depending on the intended audience. By November 2017.  November 2017 Scheduled for late November 2017 - proposed completion date 31 December 2017 Proposed new completion date - 31 December 2017.  March 2018 A draft standard template has been developed, adapted from the WALGA evaluation template – see D18/29266. However it needs to be aligned to the Tendering Administration Procedure (see items 27 and 28) before it is implemented. Proposed new completion date - June 2018.	Manager Governance and Risk	30-Jun-18
Item 38	5.4 Breach of Code of Tendering Policy / Document – tender 518/16 'Provision of general cleaning services for the City of Vincent's Administration Civic Building and Library'	Internal Audit 2017	Should the supplier who submitted tenders become aware that not all tender submissions were evaluated per the criteria listed in the Request for Tender, this may create legal issues for City of Vincent as a result of applicable laws and regulations not being appropriately applied.		We note per review of e-mail correspondence between members of the Evaluation Team, that 19 of the 29 tender submissions received were not evaluated per the criteria documented in the Procurement Plan and the Request for Tender. Instead, these were eliminated from the evaluation procedure based on price alone. These 19 tender submissions were not included in the evaluation process and were only disclosed in the Price Schedule.  We recommend that all staff are made aware of the Code of Tendering Policy / Document and that they receive formal training on not only the applicable laws and regulations, but also on how tender submissions are to be evaluated.	Not Rated	Although initially 19 tenders were not evaluated, this issue had been picked up by a routine check during the approval phase and the panel subsequently reviewed all complying tenders prior to the awarding of the tender.  Notwithstanding, it is proposed that formal training will be rolled out on the "Tendering Administration Procedure" proposed as Item 4.1.	Action Item 38.1 Formal training will be rolled out on the "Tendering Administration Procedure" proposed as Item 4.2. (action item 28.2) November 2017 On track.  March 2018 Administration has created the position of "Special Projects Officer" whose responsibilities will include contracts and procurement and will lead the development and implementation of contracts and purchasing procedures. Proposed new completion date - June 2018.	Manager Finance	30-Jun-18

**AUDIT COMMITTEE MINUTES**

**20 MARCH 2018**

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**6 GENERAL BUSINESS**

Nil

**7 NEXT MEETING**

8 May 2018

**8 CLOSURE**

The meeting was closed at 2.02pm.

**4.2 LOCAL GOVERNMENT STATUTORY COMPLIANCE AUDIT RETURN 2017**

**TRIM Ref:** D18/42533  
**Author:** Tim Evans, Manager Governance and Risk  
**Authoriser:** Kerryn Batten, Director Corporate Services  
**Attachments:** 1. Compliance Audit Return 2017  

**RECOMMENDATION:**

**That Council:**

1. **ADOPTS** the Local Government Statutory Compliance Audit Return for the period 1 January 2017 to 31 December 2017 noting the single area of non-compliance reported.
2. **AUTHORISES** the certification to be jointly completed by the Mayor and Chief Executive Officer in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*.

**PURPOSE OF REPORT:**

To consider the City's Compliance Audit Return for 2017.

**BACKGROUND:**

Section 7.13(1)(i) of the *Local Government Act 1995* (the Act) requires local governments to undertake an audit of compliance, "in the prescribed manner and in a form approved by the Minister". The compliance audit is to be undertaken for the period 1 January to 31 December each year, with the completed Compliance Audit Return (CAR) submitted to the Department of Local Government and Communities (the Department) by 31 March 2018.

The 2017 CAR deals with the period 1 January 2017 to 31 December 2017 and focuses on those areas considered high risk in accordance with the Act and associated Regulations.

In accordance with Regulation 14 (3A) of the *Local Government (Audit) Regulations 1996*, the Audit Committee reviewed the (CAR) at its meeting held on 20 March 2017 and resolved:

*"That the Audit Committee recommends that Council ADOPTS the Local Government Statutory Compliance Audit Return for the period 1 January 2017 to 31 December 2017 noting the single area of non-compliance reported."*

**DETAILS:**

The 2017 CAR contains the following compliance categories:

- Commercial Enterprises by Local Governments;
- Delegation of Power/Duty;
- Disclosure of Interest;
- Disposal of Property;
- Elections;
- Finance;
- Integrated planning and Reporting
- Local Government Employees;
- Official Conduct; and
- Tenders for Providing Goods and Services.

This year there are an additional seven questions to answer about Integrated Planning and Reporting. These are not required to be completed by the *Local Government Act 1995* and have therefore been flagged as "optional". Nevertheless, Administration has answered each of these questions and, while there is no non-compliance, it is noted that the City is currently in the process of developing revised asset management and workforce plans and that the plans that are currently in place have expired.

The CAR shows one area of non-compliance as follows:

No	Reference	Question	Response	Comments	Respondent
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)).	No	The City is aware of one instance where services continued to be provided and paid for after the expiry of the initial contract. The City is now re-tendering for those services.	Tim Evans - Manager Governance and Risk

#### CONSULTATION/ADVERTISING:

Not applicable.

#### LEGAL/POLICY:

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996* the Audit Committee must review the completed 2017 Compliance Audit Return and report the results to Council. Following Council's adoption, the 2017 Compliance Audit Return must be submitted to the Department of Local Government and Communities by 31 March 2018.

#### RISK MANAGEMENT IMPLICATIONS:

**Low:** Regulation 13 of the *Local Government (Audit) Regulations 1996* requires each Council to adopt the Compliance Audit Return. Failure to do so would be a breach of the Regulations.

#### STRATEGIC IMPLICATIONS:

This is in keeping with the City's Strategic Plan 2013-2023 - Key Result Area Four:

"Leadership, Governance and Management" and, in particular, 4.1.2 - "Manage the organisation in a responsible, efficient and accountable manner".

#### SUSTAINABILITY IMPLICATIONS:

An effect system of compliance auditing helps to ensure that the City is sustainable in the long term.

#### FINANCIAL/BUDGET IMPLICATIONS:

Nil.

#### COMMENTS:

The return is complete and is now required to be adopted by Council prior to being submitted to the Department of Local Government and Communities by 31 March 2018.

#### Non-compliance with s3.57, Regulation 11

Administration is aware of one instance where services continued to be provided and paid for after the expiry of a valid contract. The details are as follows:

At the 21 Dec 2010 OMC, the following resolution was adopted in part.

***That the Council;***

- 1. ACCEPTS the Tender submitted by Australian Parking and Revenue Control (APARC) as being the most acceptable and advantageous to the Town for the supply, installation, commissioning and associated maintenance of 128 Parkeon Pay and Display Ticket Machines, in accordance with the terms and conditions of Tender No. 424/10, at an estimated cost of \$1,494,332;***

The tender called for a 5 year maintenance contract. The contract is dated 19 January 2011 and provides for a maximum 5 month commissioning period for the ticket issuing machines.

In Clause 5 of the contract (attached) the Contract Period is clearly stated as "five (5) years". However, section 7 of the contract states "The Town has accepted the rates as shown in Appendix 1 including the additional quote on a fully comprehensive maintenance agreement".

The additional quote in Appendix 1 sets out a fully comprehensive maintenance agreement which includes a "7 year warranty" and spare parts for 7 years at a rate of \$2,100 per meter per year.

The contractor has contended that this constitutes a contractual arrangement until June 2018 and this view appears to have been accepted by the relevant City Manager. Notwithstanding the confusion caused by the additional clause in the 2011 contract, both the contract and the tender stated that the term was for a period of five years. Therefore, Administration is of the view that the contract expired in 2016, and that no lawful contract has been in place since that date. As a result, the City has arguably breached Regulation 11(1) which states that:

*"Tenders are to be publicly invited according to the requirements of this Division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$150 000 unless subregulation (2) states otherwise."*

One of the primary causes of this issue was a lack of systematic or automatic contract management systems that would have alerted the Manager and Administration more broadly to the fact that the contract was coming to an end. City resources have now been focussed to address this gap and prevent this situation arising in future. Additionally, the City is currently in the process of re-tendering for this contract which will bring the City back into compliance in this particular case.

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of  
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## Vincent - Compliance Audit Return 2017

### Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk
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	No major land transactions or trading undertaken in 2017	Tim Evans - Manager Governance and Risk

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A	No committees have delegations	Emma Simmons - Governance & Council Support Officer
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A		Emma Simmons - Governance & Council Support Officer
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Emma Simmons - Governance & Council Support Officer
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A		Emma Simmons - Governance & Council Support Officer
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	N/A		Emma Simmons - Governance & Council Support Officer
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Emma Simmons - Governance & Council Support Officer
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Emma Simmons - Governance & Council Support Officer
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Emma Simmons - Governance & Council Support Officer
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Emma Simmons - Governance & Council Support Officer
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Emma Simmons - Governance & Council Support 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	EDRMS documents D17/65512 and D17/51624	Emma Simmons - Governance & Council Support 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	See Council item 11.4 of OMC 27 June 2017	Emma Simmons - Governance & Council Support 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	Based on audit sample testing.	Emma Simmons - Governance & Council Support Officer

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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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	Noted in relevant minutes.	Emma Simmons - Governance & Council Support 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.	Yes	Noted in relevant minutes and Register of Interests - D16/43908	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes.	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support Officer
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register - SC2692	Emma Simmons - Governance & Council Support 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	See register SC2692	Emma Simmons - Governance & Council Support 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	See register SC2692	Emma Simmons - Governance & Council Support 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	Moved from register SC2692 to SC401	Emma Simmons - Governance & Council Support Officer

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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No	Reference	Question	Response	Comments	Respondent
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	See register - SC401	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes and Register of Interests - Document Reference D16/43908	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes and Register of Interests - Document Reference D16/43908	Emma Simmons - Governance & Council Support 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	Noted in relevant minutes and Register of Interests - Document Reference D16/43908	Emma Simmons - Governance & Council Support 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	See register D16/32718	Emma Simmons - Governance & Council Support Officer

#### Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	N/A		Emma Simmons - Governance & Council Support Officer
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.	N/A		Emma Simmons - Governance & Council Support Officer

#### 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	Extraordinary Election 24 February 2017 Ordinary Election 21 October 2017	Emma Simmons - Governance & Council Support Officer

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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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	Special Council Meeting - Item 4.3 - 24 October 2017	Tim Evans - Manager Governance and Risk
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	No delegated power	Tim Evans - Manager Governance and Risk
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	David Tomasi, Wen-Shien Chai and Greg Godwin from Moore Stephens	Tim Evans - Manager Governance and Risk
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	Ordinary Council Meeting - Item 9.5.2 - 4 April 2017	Tim Evans - Manager Governance and Risk
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	Report dated 15 November 2017, Received 12 December 2017	Tim Evans - Manager Governance and Risk
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	Ordinary Council Meeting - Item 13.1 - 12 December 2017	Tim Evans - Manager Governance and Risk
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Tim Evans - Manager Governance and Risk
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		Tim Evans - Manager Governance and Risk
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		Tim Evans - Manager Governance and Risk
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	Section 10 of the contract agreement.	Tim Evans - Manager Governance and Risk

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No	Reference	Question	Response	Comments	Respondent
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	Section 11 of the contract agreement.	Tim Evans - Manager Governance and Risk
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Section 12 of the contract agreement.	Tim Evans - Manager Governance and Risk
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	Section 5 of the contract agreement.	Tim Evans - Manager Governance and Risk
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	Section 14 of the contract agreement.	Tim Evans - Manager Governance and Risk

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Council Decision 13.1 OMC 25 July 2017.	Len Kosova - CEO
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		Emma Simmons - Governance & Council Support Officer
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	SCP 2013-2023 was adopted at OMC 10 September 2013. A draft revised SCP has been prepared and is scheduled for adoption by mid-2018 to supersede SCP 2013-2023.	Len Kosova - CEO
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		Emma Simmons - Governance & Council Support Officer
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	The City adopted its Asset Management Strategy at OMC 15 December 2009. It is expected that a revised Asset Management Plan will be adopted by mid-2018.	Len Kosova - CEO
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Council Decision Item 11.6 - 22 August 2017.	Len Kosova - CEO
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	Adopted at OMC 23 April 2013. Preparation of a new Workforce Plan is nearing completion, in accordance with Project 4.5 in the Corporate Business Plan 2017/18 and is scheduled to be adopted by the first quarter of 2018/19.	Len Kosova - CEO

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Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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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	CEO role has not been recruited for in 2017	Jackie Donnan - Manager Human Resources	
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes		Jackie Donnan - Manager Human Resources	
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	CEO role has not been recruited for in 2017	Jackie Donnan - Manager Human Resources	
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	CEO role has not been recruited for in 2017	Jackie Donnan - Manager Human Resources	
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes		Jackie Donnan - Manager Human Resources	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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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		Emma Simmons - Governance & Council Support 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	Yes see register - D16/107330	Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support 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		Emma Simmons - Governance & Council Support Officer

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
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)).	No	The City is aware of one instance where services continued to be provided and paid for after the expiry of the initial contract. The City is now re-tendering for those services.	Tim Evans - Manager Governance and Risk
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		Vanisha Govender - Manager Finance Services
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services

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No	Reference	Question	Response	Comments	Respondent
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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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	No late tenders were received in 2017	Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Vanisha Govender - Manager Finance Services
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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	No EOIs were submitted in 2017	Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services

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No	Reference	Question	Response	Comments	Respondent
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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance 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		Vanisha Govender - Manager Finance Services

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

\_\_\_\_\_  
Signed Mayor / President, Vincent

\_\_\_\_\_  
Signed CEO, Vincent

**5 CLOSURE**