CITY OF ARMADALE

AGENDA

OF **CITY AUDIT COMMITTEE** TO BE HELD IN THE **COMMITTEE ROOM**, ADMINISTRATION CENTRE, 7 ORCHARD AVENUE, ARMADALE ON **MONDAY, 5 FEBRUARY 2018 AT 5.30PM.**

PRESENT:

APOLOGIES:

OBSERVERS:

IN ATTENDANCE:

PUBLIC QUESTION TIME

Note:
Meetings of the City Audit Committee are closed to the public on the basis that matters to be dealt with by Committee will generally be of a sensitive and confidential nature which, if disclosed could reasonably be expected to impair the effectiveness of the audit process – Council resolution CS18/2001 refers.

DECLARATION OF MEMBERS' INTERESTS

DEPUTATION

CONFIRMATION OF MINUTES

RECOMMEND

Minutes of the City Audit Committee Meeting held on 22 November 2017 be confirmed.

*"For details of Councillor Membership on this Committee, please refer to the City's website – **www.armadale.wa.gov.au/your council/councillors**."*

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CITY AUDIT COMMITTEE

5 FEBRUARY 2018

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1.1 - EXTERNAL AUDIT PLAN FOR THE YEAR ENDING 30 JUNE 2018

WARD	:	ALL
FILE No.	:	M/23/18
DATE	:	16 January 2018
REF	:	TM
RESPONSIBLE MANAGER	:	Executive Director Corporate Services

In Brief:

- This Reports presents for discussion and determination with Committee, the Auditor's *External Audit Plan* for the year ending 30 June 2018
- The report recommends that the Auditor's *External Audit Plan* be approved.

Tabled Items

Nil

Officer Interest Declaration

Nil

Strategic Implications

4.1.13 Support the role of the elected body

Legislation Implications

Local Government Act 1995

Section 7.1A – Audit Committee
Section 7.1C – Decisions of audit committees
Section 7.9 – Audit to be conducted
Section 7.12A – Duties of local government with respect to audits

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

The budgeted cost of the External Financial Audit for the year ending 30 June 2018 is approx. $30,000

Consultation

Council's Auditor

BACKGROUND

The City's Auditor has provided his *External Audit Plan* for the year ending 30 June 2018 for review/discussion with the City Audit Committee – refer to confidential Attachment.

DETAILS OF PROPOSAL

The attached *External Audit Plan* is self-explanatory.

The Interim Audit planned for April 2018 (which forms part of the External Audit Plan) is explained as follows:-

The following areas will be covered for risk assessment during the interim audit:

- *Treasury management cycle – Bank reconciliations and investment of surplus funds*
- *Procurement and Payments cycle – Purchases (includes purchases through credit cards), Payments and Creditors Management*
- *Revenue cycle – Rates & ESL, Other revenue (fees and charges, etc.) and Debtors Management*
- *Payroll cycle*
- *Fraud risk assessment - Journals*
- *IT Controls assessment*

Compliance Matters

An examination of some compliance matters (including registers, minutes and other legislative matters) under:

- *Part 6 of the Local Government Act 1995 (as amended);*
- *the Local Government (Financial Management) Regulations 1996 (as amended); or*
- *applicable financial controls of any other written law*

will be carried out and any non-compliance matters will be reported in our Interim Audit Management Report for management information.

COMMENT

ANALYSIS

The Auditor's examination of internal controls during the Interim Audit is designed primarily for the purpose of expressing an opinion on the financial statements of the City of Armadale. During this process, various checks and tests will be undertaken to ensure that the policies and procedures established by management and Council are being adhered to.

The City's Auditor Mr Anthony Macri (Audit Partner) and Mr Suren Herathmudalige (Audit Manager) will be in attendance to explain/discuss the External Audit Plan.

From a Management perspective, there are no matters additional to those detailed in the *External Audit Plan* recommended for inclusion in the Plan - Committee may however wish to discuss with the Auditor, additional matters for inclusion in the interim audit.

CONCLUSION

It is recommended that the Auditor's *External Audit Plan* as presented as a confidential Attachment to this Report, be approved with or without modification

RECOMMEND

That Council approves (with or without modification) the City Auditor's External Audit Plan for the year ending 30 June 2018 as presented as a confidential Attachment to this Report.

ATTACHMENTS

1. External Audit Plan 2018 - *This matter is considered to be confidential under Section 5.23(2) (f i) of the Local Government Act, as it deals with the matter, if disclosed, could be reasonably expected to impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law*

1.2 - COMPLIANCE AUDIT RETURN 2017 CALENDAR YEAR

WARD	:	ALL
FILE No.	:	M/24/18
DATE	:	16 January 2018
REF	:	TM
RESPONSIBLE MANAGER	:	Executive Director Corporate Services

In Brief:

- Council is requested to consider and adopt the 2017 Compliance Audit Return covering the period 1 January 2017 to 31 December 2017 as presented, noting that there are no instances of non-compliance

Tabled Items

Nil

Officer Interest Declaration

Nil

Strategic Implications

4.1.3 Support the role of the elected body

Legislation Implications

Local Government (Audit) Regulations 1996, i.e.

- Clause 13 – prescribed statutory requirements for which compliance audit needed;
- Clause 14 – compliance audits by local governments; and
- Clause 15 – compliance audit return, certified copy of etc. to be given to Executive Director

Council Policy/Local Law Implications

Nil

Budget/Financial Implications

Nil

Consultation

Management Executive Group (MANEX)

BACKGROUND

The *Local Government (Audit) Regulations 1996* requires every local government to carry out a Compliance Audit for the period 1 January to 31 December each year and to complete a Compliance Audit Return (CAR) as produced by the Department of Local Government.
The CAR is to be:

- Presented to Council at a meeting of the Council;
- Adopted by the Council; and
- Recorded in the minutes of the council meeting at which it is adopted.

After the CAR has been presented to and adopted by Council, a certified copy is to be signed by the Mayor and CEO for lodgment with the Department by 31 March together with the relevant section of the council minutes and any additional information explaining or qualifying the compliance audit.

COMMENT

The CAR is one of the tools available to Council in its governance monitoring role. The CAR also forms part of the Department of Local Government's monitoring program.

The 2017 CAR once again places emphasis on the need for Council to be aware and acknowledge instances of non-compliance or where full compliance was not achieved. In addition, the CAR also requires (if applicable) Council to endorse details of remedial action either taken or proposed, to prevent future like occurrences.

The 2017 CAR has been completed by Management and is presented as an attachment to this Report for consideration/review by Committee, prior to it being submitted to Council.

The 2017 CAR has not identified any instances of non-compliance which is a good result.

The 2017 CAR, once adopted by Council, will be certified/signed by the Mayor and CEO and then forwarded to the Director General of the Department of Local Government by 31 March 2017

CONCLUSION

It is recommended that 2017 Compliance Audit Return as presented as an Attachment to this Report which reports no instances of non-compliance, be approved by Council.

RECOMMEND

That Council:

1. **Adopts the Compliance Audit Return (CAR) for the 2017 calendar year presented as an attachment noting there are no instances of non-compliance;**

2. **Acknowledges that the 2017 Compliance Audit Return presented as an attachment will be subsequently jointly certified by the Mayor and Chief Executive Officer for forwarding to the Department of Local Government.**

ATTACHMENTS

1.⇩ Compliance Audit Return 2017

COUNCILLORS' ITEMS

Nil

MEETING DECLARED CLOSED AT _____

CITY AUDIT COMMITTEE

SUMMARY OF ATTACHMENTS

5 FEBRUARY 2018

ATT NO.	SUBJECT	PAGE
1.2	**COMPLIANCE AUDIT RETURN 2017 CALENDAR YEAR**	
1.2.1	Compliance Audit Return 2017	9

Department of Local Government and Communities - Compliance Audit Return

Government of **Western Australia**
Department of **Local Government and Communities**

Armadale - Compliance Audit Return 2017

Commercial Enterprises by Local Governments

No	Reference	Question	Response	Comments
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	
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.	Yes	
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.	Yes	
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.	Yes	
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	No	Decision Pending

Delegation of Power / Duty

No	Reference	Question	Response	Comments
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A	
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A	
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A	
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A	
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	N/A	
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	
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes	
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	
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	
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	

Disclosure of Interest

No	Reference	Question	Response	Comments
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	
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	
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	
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	
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	
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes	
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes	
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	
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	
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	
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	
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	
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	
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	
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	
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	

Disposal of Property

No	Reference	Question	Response	Comments
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes	

Elections

No	Reference	Question	Response	Comments
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	

Finance

No	Reference	Question	Response	Comments
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	
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	
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	
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	
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	
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	
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	
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	
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	
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	
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	
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	

ntegrated Planning and Reporting (optional)

No	Reference	Question	Response	Comments
1	s5.56 Admin Reg 19DA (6) Audit Reg 9A (2)(a)	Has the local government adopted a Coprorate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This questions is optional, answer N/A if you choose not to respond.	Yes	10/07/2017
2	s5.56 Admin Reg 19DA (6) Audit Reg 9A (2)(a)	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.	Yes	10/07/2017
3	s5.56 Admin Reg 19C (7) Audit Reg 9A2 (b)	Has the local government adopted a Strategic Community Plan. If Yes, please proivide aoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	29/03/2016
4	s5.56 Admin Reg 19C (7) Audit Reg 9A2 (b)	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	
5	s5.56 Audit Reg 9A (2)(c)	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of 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	13/11/2017
6	s5.56 Audit Reg 9A (2)(d)	Has the local government adopted a Long Term Finanical Plan. If Yes, in comments provide date of the most recent Plan plus if adopted or endorsed by Council, the date of adoption or endorsement. This question is optoinal, answer N/A if you choose not to respond.	Yes	10/07/2017
7	s5.56 Audit Reg 9A (2)(e)	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of 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	February 2016

Local Government Employees

No	Reference	Question	Response	Comments
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	
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A	
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	
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	
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A	

Official Conduct

No	Reference	Question	Response	Comments
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	
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	
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	
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	
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 occured.	Yes	
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	

Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes	
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	
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes	
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	
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	
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	
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.	Yes	
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	
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	
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	
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.	Yes	
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.	Yes	
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.	Yes	
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.	Yes	
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes	
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	Yes	
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.	Yes	
18	F&G Reg 24AD(6)	If the local government to 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.	Yes	
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.	Yes	
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.	Yes	
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.	Yes	
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.	Yes	
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	
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	
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	