



MINUTES

Audit Committee Meeting

Held in Council Chambers
Corner King & Barrack Street's, Merredin
Tuesday 19 March 2019



Common Acronyms Used in this Document	
WEROC	Wheatbelt East Regional Organisation of Councils
GECZ	Great Eastern Country Zone
WALGA	Western Australian Local Government Association
CEACA	Central East Aged Care Alliance
CEO	Chief Executive Officer
DCEO	Deputy CEO
EMDS	Executive Manager of Development Services
EMES	Executive Manager of Engineering Services
EMCS	Executive Manager of Corporate Services
EA	Executive Assistant to CEO
LPS	Local Planning Scheme
LGIS	Local Government Insurance Services
SRP	Strategic Resource Plan
CBP	Corporate Business Plan
CSP	Community Strategic Plan
MRCLC	Merredin Regional Community and Leisure Centre
CWVC	Central Wheatbelt Visitors Centre
MoU	Memorandum of Understanding

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Shire of Merredin
Audit Committee Meeting
Tuesday 19 March 2019



1. Official Opening

The President welcomed those in attendance and declared the meeting open at 3.01pm.

2. Record of Attendance / Apologies and Leave of Absence

Councillors:

Cr KA Hooper	President
Cr MD Willis	Deputy President (Member until 3.03pm, Observer from 3.03pm)
Cr BJ Anderson	(from 3.03pm)
Cr LN Boehme	(Observer)
Cr AR Butler	(Observer)
Cr MA Crisafio	(Observer)
Cr JR Flockart	
Cr PR Patroni	

Staff:

G Powell	CEO
K Bartley	DCEO
C Brown	EMCS
V Green	EA to CEO

Members of the Public: Nil

Apologies: Nil

Approved Leave of Absence: Nil

Voting Requirements

Simple Majority Absolute Majority

Councillor's Recommendation / Resolution

Moved: Cr Patroni **Seconded:** Cr Flockart

82324 That Councillor Willis be appointed as member to the Audit Committee in the absence of Councillor Anderson.

CARRIED 3/0

3. Public Question Time

Nil

4. Disclosure of Interest

Nil

5. Confirmation of Minutes of the Previous Meeting

5.1 Audit Committee Meeting held on 18 December 2018

[Attachment 5.1A](#)

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation / Resolution

Moved: Cr Patroni

Seconded: Cr Flockart

82325 That the minutes of the Audit Committee Meeting held on 18 December 2018 be confirmed as a true and accurate record of proceedings.

CARRIED 4/0

3.03pm – Councillor Anderson entered the meeting and resumed his membership.

6. Officer's Reports – Corporate Services

6.1 2018 Compliance Audit Return

<h2>Corporate Services</h2>		
Responsible Officer:	Greg Powell, CEO	
Author:	Kellie Bartley, DCEO	
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
File Reference:	GR/17/19	
Disclosure of Interest:	Nil	
Attachments:	Attachment 6.1A – Compliance Audit Return	

Purpose of Report

- Executive Decision Legislative Requirement

Background

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996*, each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the Compliance Audit Return (CAR).

After the CAR has been reviewed by the Audit Committee and presented to Council, a copy certified by the President and CEO, along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSCI) by 31 March.

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. The Audit Committee's role includes the requirement to review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal controls and legislative compliance.

Comment

The CAR is one of the tools available to Council in its governance monitoring role. The CAR also forms part of the DLGSCI's monitoring program. The 2018 CAR once again places emphasis on the need for Council to be aware of and acknowledge instances of non-compliance or where full compliance was not achieved. In addition, the CAR requires Council to endorse details of remedial action either taken or proposed to prevent future like occurrences.

The 2018 CAR contains the following compliance categories:

1. Commercial Enterprises by Local Governments;
2. Delegation of Power/Duty;
3. Disclosure of Interest;
4. Disposal of Property;
5. Finance;
6. Integrated Planning and Reporting;
7. Local Government Employees;
8. Official Conduct; and
9. Tenders for Providing Goods and Services.

Executive Managers and relevant officers were required to complete the CAR questions relevant to their areas with approval and sign off by the CEO. The DCEO reviewed the completeness, coordination and generation of the CAR. Observations were discussed and documented with relevant officers.

The 2018 CAR has been completed in-house and reviewed by the DCEO. The period examined by this audit is 1 January to 31 December 2018 and the completed return is required to be:

1. reviewed by the Audit Committee;
2. considered and adopted by Council;
3. certified by the President and CEO following Council adoption; and
4. submitted together with a copy of the Council Minutes to the DLGSCI by 31 March 2019.

The CAR assists the Shire to monitor legislative compliance by examining a range of prescribed requirements under Regulation 13 of the *Local Government (Audit) Regulations 1996* in detail. The Shire's audit findings must be recorded in the CAR.

Overall, based on the limited testing performed on responses, there were two areas identified where management will be required to take remedial action.

These included:

Delegations of Power/Duty

Some delegations were not registered within the Attain system. Attain records all the delegations and sub delegations of officers.

Additional governance training has been activated and discussed with relevant officers to make sure they are aware of their responsibility with regards to recording of delegations. Additional procedures will be put in place as required.

Tenders

One Tender process through the WALGA Preferred Supplier System complied, however the power of delegation and conditions under this delegation was contrary to the Shire's Delegation Register and Purchasing Policy.

Through undertaking the review a number of guidance recommendations and internal procedures/processes were identified to address these matters and will ensure an ongoing high level of compliance is achieved going forward.

Policy Implications

Nil

Statutory Implications

Section 7.13(1)(i) of the *Local Government Act 1995* states:

"7.13.Regulations as to audits

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

Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* states:

"14. Compliance audits by local governments

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

“15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

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

Strategic Implications

➤ Strategic Community Plan

Zone: Zone 4 – Communication and Leadership
Zone Statement: Merredin Council engages with its community and leads by example
Key Priority: 4.1 – Ensuring all planning, reporting and resourcing is in accordance with best practice, compliance and statutory requirements

➤ Corporate Business Plan

Key Action: 4.1.1 – Continue to update the Integrated Planning Framework, meet statutory requirements of the Local Government Act and regulations and regulatory obligations required under other regulations
Directorate: Corporate Services
Timeline: Ongoing

Sustainability Implications

➤ Strategic Resource Plan

Nil

➤ Workforce Plan

Directorate: Nil
Activity: Nil
Current Staff: Nil
Focus Area: Nil
Strategy Code: Nil

Strategy: Nil
Implications: Nil

Risk Implications

Council would be contravening the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996* if this item was not presented to the Audit Committee for recommendation to Council.

The objective of the CAR is about identifying risks to the organisation where non-compliant activities may have taken place enabling processes and procedures to be developed or reviewed and amended, if required.

Financial Implications

Nil

Voting Requirements



Simple Majority



Absolute Majority

Officer's Recommendation / Resolution

Moved: Cr Flockart

Seconded: Cr Patroni

82326 That the Audit Committee recommends to Council:

1. that it receives the 2018 Compliance Audit Return;
2. that it adopts the 2018 Compliance Audit Return for the period 1 January 2018 to 31 December 2018 as contained in Attachment 6.1A;
3. that it authorises the Shire President and Chief Executive Officer to sign the joint certification and submit the completed 2018 Compliance Audit Return, and any additional information explaining or quantifying the compliance audit, to the Department of Local Government, Sport and Cultural Industries by 31 March 2019; and
4. that it notes the areas where remedial action is required and requests the Chief Executive Officer to address these areas and report back to Council on the measures taken to mitigate the non-compliance in due course.

CARRIED 4/0

7. Closure

The President thanked those in attendance and declared the meeting closed at 3.09pm.