



AUDIT AND ORGANISATIONAL RISK COMMITTEE MEETING

MINUTES

**The Audit and Organisational Risk Committee Meeting
will be held in Council Chambers,
Welcome Road, Karratha,
on Tuesday, 6 March 2018**

A handwritten signature in black ink, appearing to read "Chris Adams", is positioned above a horizontal line.

**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



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WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: _____

Chris Adams - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the Local Government Act 1995.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the Local Government Act; or
 - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the Local Government Act, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	OFFICIAL OPENING	5
2	NOMINATIONS FOR THE CHAIRPERSON	5
3	RECORD OF ATTENDANCES AND APOLOGIES	5
4	DECLARATIONS OF INTEREST	5
5	CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS	6
6	ITEMS FOR DISCUSSION	7
6.1	AUDIT AND ORGANISATIONAL RISK COMMITTEE – TERMS OF REFERENCE.	7
6.2	AUDIT AND ORGANISATIONAL RISK COMMITTEE DATES 2018	13
6.3	COMPLIANCE AUDIT RETURN 2017	17
6.4	RISK REGISTER UPDATE	23
7	ITEMS FOR INFORMATION ONLY	27
7.1	BUSINESS IMPROVEMENT – PROGRESS REPORT	28
7.2	UPDATE ON INTERNAL AUDIT	32
7.3	OFFICE OF AUDITOR GENERAL – PROCUREMENT AUDIT	35
7.4	DRAFT AUDIT AND FINANCIAL MANAGEMENT REGULATION AMENDMENTS	36
8	CLOSURE & DATE OF NEXT MEETING	39

MINUTES

1 OFFICIAL OPENING

The Meeting was officially opened at 3.04pm.

2 NOMINATIONS FOR THE CHAIRPERSON

The Chief Executive Officer called for nominations for the position of Chairperson.

There being one nomination for Cr Evette Smeathers and no further nominations received, Cr Smeathers was declared the Chairperson of the Audit & Organisational Risk Committee (AORC).

Cr Smeathers assumed the position of Chairperson for the remainder of the AORC Meeting.

3 RECORD OF ATTENDANCES AND APOLOGIES

Committee Members: Cr Evette Smeathers (Chairperson)
Cr Grant Cucel
Cr Peter Long

Staff:	Chris Adams	Chief Executive Officer
	Phillip Trestrail	Director Corporate Services
	Henry Eaton	Manager Governance & Organisational Strategy
	Linda Phillips	Minute Secretary

External: Nil

Apologies: Cr Daniel Scott

4 DECLARATIONS OF INTEREST

Nil.

5 CONFIRMATION OF MINUTES AND BUSINESS ARISING FROM MINUTES OF PREVIOUS MEETINGS

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR61
MOVED : Cr Cucel
SECONDED: : Cr Long

That the Minutes of the Audit and Organisational Risk Committee Meeting held on Friday, 20 October 2017, be confirmed as a true and correct record of proceedings.

CARRIED

FOR : Cr Smeathers, Cr Cucel, Cr Long
AGAINST : Nil

6 ITEMS FOR DISCUSSION

6.1 AUDIT AND ORGANISATIONAL RISK COMMITTEE – TERMS OF REFERENCE

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance & Organisational Strategy
Date of Report:	1 March 2018
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Audit and Organisational Risk Committee Terms of Reference

PURPOSE

For the Audit and Organisational Risk Committee to consider and recommend to Council amendments to its Terms of Reference.

BACKGROUND

Council is required to have established an audit committee in accordance with the Local Government Act. The terms of reference are the guidelines approved by Council of how the committee is to operate during its tenure of existence. The committee's terms of reference have been considered every new term of Council following the latest Council elections.

The Audit and Organisational Risk Committee is the only formal committee of Council and whilst the terms of reference permit the committee to have delegated powers, no powers have been granted by Council.

Minor and cosmetic changes have been proposed to the terms of reference in part to reflect current practices but to also prepare for potential modifications to the *Local Government (Audit) Regulations 1996* resulting from amendments to the *Local Government Act 1996* giving the Office of the Auditor General responsibility for the conduct and/or oversight of external audits of the 138 local governments across WA. These legislative changes are proposed to come into force as of 1 July 2018.

The following changes are proposed:

Sectional Heading	Comments
2. Scope	Amend to include references to r.16 of the Audit regulations and Part 7 of the Act which the committee adheres to but is specifically referred to in proposed changes to the regulations.
3.2.5 Internal Controls and Internal Audit	As the Governance team now provide an internal audit function its proposed that this clause be removed.
3.3.3 Financial Reporting	Delete "large legal claims on the City and" as the financial reporting focuses on significant accounting policy changes and risks associated with sound systems to prevent major fraud and theft.

Sectional Heading	Comments
3.4 External Audit	Inclusion of a general caveat, pending outcome of the consequential amendments to the Audit regulations, that the Office of the Auditor General will be dictating how external audits will be carried out and Council may not be required to determine the appointment of auditors.
7. Meetings	Frequency of meetings currently indicates a minimum of once every quarter however in recent years there is little information to discuss at the May or August meetings as items are subject to pending reports coming from external parties. It is proposed to delete “quarterly” and replace with ‘at least three times per year’ with flexibility to have more meetings if required.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of low significance in terms of Council’s ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

Information has been provided to Council Members on changes to regulations through the February 2018 Contentious Issues reporting.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Section 7.1A of the *Local Government Act 1995* requires a local government to establish an audit committee of three or more persons. Division 1A provide further guidelines of the structure and responsibilities of an audit committee

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC IMPLICATIONS

This item is relevant to the Council’s approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2017-2018 provided for this activity:

Programs/Services:	4.c.1.1	Management Accounting Services
	4.e.1.2	Corporate Governance Support
	4.e.1.3	Risk Management

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Compliance	Low	Requirement through legislation to have established an audit committee. Terms of reference provide guidance as to how the committee is to operate and what its responsibilities are to Council.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

The Audit and Organisational Risk Committee terms of reference were last amended in October 2013.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to ACCEPT the modifications to the Terms of Reference proposed with the following amendments:

1. _____
2. _____

Option 3

That Council by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to:

1. DEFER any decision on the terms of reference and ACCEPT the continuance of the terms of reference; and
2. REVIEW the terms of reference following the gazettal of amendments to the *Local Government (Audit) Regulations 1996* and the *Local Government (Financial Management) Regulations 1996*.

CONCLUSION

Minor changes have been made to the Terms of Reference that impact upon the operations of the Audit and Organisational Risk Committee. Further changes may result following the gazettal of consequential amendments to the Audit regulations however the changes implemented in the terms of reference are broad enough to capture potential legislative amendments.

OFFICER'S RECOMMENDATION

That the Audit & Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to ACCEPT the following modifications to the Terms of Reference proposed:

Sectional Heading	Comments
2. Scope	Amend to include references to r.16 of the Audit regulations and Part 7 of the Act which the committee adheres to but is specifically referred to in proposed changes to the regulations.
3.2.5 Internal Controls and Internal Audit	As the Governance team now provide an internal audit function it is proposed that this clause be removed.
3.3.3 Financial Reporting	Delete “large legal claims on the City and” as the financial reporting focuses on significant accounting policy changes and risks associated with sound systems to prevent major fraud and theft.
3.4 External Audit	Inclusion of a general caveat, pending outcome of the consequential amendments to the Audit regulations, that the Office of the Auditor General will be dictating how external audits will be carried out and council may not be required to appoint auditors.
7. Meetings	Frequency of meetings currently indicates a minimum of once every quarter however in recent years there is little information to discuss at the May or August meetings as items are subject to pending reports coming from external parties. It is proposed to delete “quarterly” and replace with ‘at least three times per year’ with flexibility to have more meetings if required.

COMMITTEE AMENDED RESOLUTION

Res No : **AOR62**
MOVED : **Cr Long**
SECONDED: : **Cr Cucel**

That the Audit & Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to ENDORSE the following modifications to the Terms of Reference proposed with an additional modification to Clause 6.1:

Sectional Heading	Comments
2. Scope	Amend to include references to r.16 of the Audit regulations and Part 7 of the Act which the committee adheres to but is specifically referred to in proposed changes to the regulations.
3.2.5 Internal Controls and Internal Audit	As the Governance team now provide an internal audit function it is proposed that this clause be removed.
3.3.3 Financial Reporting	Delete “large legal claims on the City and” as the financial reporting focuses on significant accounting policy changes and risks associated with sound systems to prevent major fraud and theft.
3.4 External Audit	Inclusion of a general caveat, pending outcome of the consequential amendments to the Audit regulations, that the Office of the Auditor General will be dictating how external audits will be carried out and council may not be required to appoint auditors.
6.1 Voting Members	Membership shall comprise a minimum of 3 City Council Members appointed by the Council following each local government ordinary election. Each member shall have full voting rights.
7. Meetings	Frequency of meetings currently indicates a minimum of once every quarter however in recent years there is little information to discuss at the May or August meetings as items are subject to pending reports coming from external parties. It is proposed to delete “quarterly” and replace with ‘at least three times per year’ with flexibility to have more meetings if required.

CARRIED

FOR : Cr Smeathers, Cr Cucel, Cr Long
AGAINST : Nil

REASON : The Committee modified the Officer's recommendation to reflect the minimum number of Committee members.



Audit & Organisational Risk Committee Terms of Reference

1. Establishment

An amendment to the *Local Government Act 1995* (the Act) in 2005 introduced a requirement that all local governments establish an audit committee.

Pursuant to section 7.1A of the *Local Government Act 1995*, Council established on 21 November 2005 an Audit Committee. Given its expanded scope, Council on 19 April 2010 considered that the Committee be renamed the Audit & Organisational Risk Committee.

2. Scope

The Committee is to provide an independent oversight of the financial systems of the local government on behalf of the Council as provided by r.16 of the *Local Government (Audit) Regulations 1996* and under Part 7 of the Act. As such, the Committee will operate to assist Council to fulfill its corporate governance, stewardship, leadership and control responsibilities in relation to the local government's financial reporting, audit and risk management responsibilities.

(As at the time of reviewing these Terms of Reference there are proposed changes being considered by the Department of Local Government and local governments as to amendments to the *Local Government Act 1995* and more specifically consequential amendments to the *Local Government (Audit) Regulations 1996* as a result of the introductiontransfer of responsibility for external audits being conducted by to the Office of the Auditor General. Amendments are proposed to come into force as from 1 July 2018.)

3. Objectives

The primary role of the Committee is to assist the Council in the effective discharge of its responsibilities for audit related matters, compliance with legislation and policy, accounting policy, review of the annual accounts and internal controls and risk management processes and procedures.

The specific functions of the Audit & Organisational Risk Committee include:

3.1 Risk Management

- 3.1.1 Providing oversight to the development of an endorsed risk management framework appropriate for the City's operations.
- 3.1.2 Ensuring controls are operating to mitigate business risks to an acceptable level.
- 3.1.3 Reviewing the approved Risk Register for Council.
- 3.1.4 Recommending the risk appetites for business operations.

- 3.1.5 Reviewing appropriate documentation and policies in relation to risk management and mitigation.

3.2 Internal Controls and Internal Audit

- 3.2.1 Ensuring adequate systems of internal control are in operation to mitigate key business risks, promote the effectiveness, efficiency and economy of operations, and report accurate and meaningful management information.
- 3.2.2 Confirming major operational areas of the City are subject to internal review on a periodical basis.
- 3.2.3 Approving Internal Audit Strategic Program and Annual Audit Plans and ensuring the internal audit function is operating effectively, independently and in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 3.2.4 Confirming the Internal Audit and Risk Management function is resourced to fulfill its purpose and is given access to all necessary information.
- 3.2.5 ~~Selecting a suitably qualified firm/individual to lead the internal audit function.~~
- 3.2.6 Monitoring appropriate and timely action to rectify major areas of concern identified by internal and external audit.

3.3 Financial Reporting

- 3.3.1 Reviewing the annual financial statements, key performance indicators and Annual Report considering whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- 3.3.2 Recommending the annual statutory accounts, key performance indicators, certifications and Annual Report to Council.
- 3.3.3 Reviewing significant accounting policy changes made by the City, ~~large legal claims on the City and~~ major frauds and thefts.
- 3.3.4 Overseeing reliability and integrity of financial and related information systems.

3.4 External Audit

- 3.4.1 Recommending to Council an appropriate process for the selection and appointment of persons as the City's auditor if required.
- ~~3.4.2 Recommending to Council—
(a) A list of those matters to be audited; and
(b) The scope of the audit to be undertaken.~~
- 3.4.3 Recommending to Council the person(s) to be appointed as auditor if required.
- 3.4.4 Recommend to Council a written agreement for the appointment of the auditor. The agreement is to include the External Auditor's audit

fee, audit plan, audit scope and approach, including their review of internal controls over financial reporting, coordination of audit effort with internal audit and discusses accounting and reporting issues. This will involve meeting with the Auditor prior to the commencement of the audit, receiving feedback during the audit and on completion.

3.4.5 Considering the audit opinion, audit findings and other reports provided to the Committee by the Auditor.

3.4.6 Reviewing the report on any actions taken in respect of any matters raised in the report of the Auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time.

3.4.7 Confirming that high risk external audit recommendations are closed out on a timely basis and other issues as appropriate.

3.4.8 Reviewing the scope of the audit plan and program and its effectiveness.

3.5 Compliance

3.5.1 Reviewing the effectiveness of the system for monitoring compliance with laws and regulations and the results of investigation and follow-up (including disciplinary action) of any instances of non-compliance.

3.5.2 Reviewing reports issued to, and findings resulting from, any compliance examinations by regulatory agencies, and any Auditor observations.

3.5.3 Receiving regular updates regarding compliance matters.

3.5.4 Considering the outcomes of any investigation of matters of non-compliance. Where appropriate a recommendation will be submitted by the Committee to the Council for deliberation.

4. **Powers of the Audit Committee**

The committee is a formally appointed committee of council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

5. **Term of Committee**

The Committee shall have an ongoing existence until such time as the Council determines its need to vary or terminate the Committee.

6. Membership

6.1 Voting Members

Membership shall comprise 5 City Council Members appointed by the Council following each local government ordinary election. Each member shall have full voting rights.

Proxy Members: Nil

(The Audit Committee shall have a minimum membership of three (3) elected members. If the Committee is to have a larger membership, then the majority of members must be members of Council – Section 7.1A(2) of the Local Government Act 1995)

6.2 Ex-Officio Participants

The following City officers shall be support to this Committee. Officers do not carry any voting entitlements in terms of decision making.

- Chief Executive Officer
- Director Corporate Services
- Manager Governance and Organisational Strategy

Other staff may be co-opted onto the Committee from time to time as appropriate to facilitate discussions on agenda related matters.

7. Meetings

To be held quarterly at least three times per year, or as required more frequently, in order to expedite matters of governance and risk.

Notice of meetings shall be provided no less than five (5) working days before the meeting date. Members to be supplied with an agenda no less than 72 hours prior to the meeting date.

Standing Orders

Standing Orders are permitted to be relaxed throughout the duration of the meeting at the approval of the Committee.

Notwithstanding any relaxation of Standing Orders, it is incumbent on the members to declare any interests they may have in relation to matters contained in the agenda; and follow proper protocols in respect to the interest had Standing Orders not been relaxed.

8. Quorum

A quorum is constituted to be not less than fifty percent of the total number of members of the Committee in office for the time being. In the above context there shall be no less than 3 voting members in attendance at all times.

9. Place and Duration of Meeting

Meetings will be conducted at the City Council Chambers in Welcome Road, Karratha. Meetings will have a duration that generally does not exceed one (1) hour.

10. Reporting

Minutes are to be prepared of the meeting and circulated to Members within 72 hours and shall also be presented to the next ordinary meeting of Council for the receipt of minutes and deliberating on any recommendations where delegated authority has not been provided.

Minutes shall also be re-presented to the next meeting of the Committee for endorsement.

11. Delegated Authority

The only powers and duties that can be delegated to the committee are any of the powers and duties of the local government under Part 7 of the Act. The committee cannot on-delegate the powers and duties delegated to it.

12. Ethical Behaviour

Members of the Committee will at all times in the discharge of their duties and responsibilities exercise honesty, objectivity and probity. Members will refrain from entering into any activity that may prejudice their ability to do so. At all times members must act in a proper and prudent manner in the use of information acquired in the course of their work.

Further, members will not publicly discuss or comment on matters relevant to the activities of the Committee, other than as authorised by the Council.

13. Liabilities of Members

No civil liability attaches to a member of a committee for an honest act or omission in the exercise, performance or discharge, or purported exercise, performance or discharge, of the members' or committee's powers, functions or duties. Such a liability attaches instead to the Council.

14. Amendments to Terms of Reference

These Terms of Reference can only be amended by resolution of Council on the basis of a report directly to Council.

Original Date of Establishment	21 November 2005
Amendment #1	22 October 2007
Amendment #2	19 October 2009
Amendment #3	19 April 2010
Amendment #4	16 May 2011
Amendment #5	20 February 2012
Amendment #6 (Resolution No 152639)	28 October 2013
Amendment #7	(tbc)

6.2 AUDIT AND ORGANISATIONAL RISK COMMITTEE DATES 2018

File No: FM.3

Responsible Executive Officer: Director Corporate Services

Reporting Author: Manager Governance & Organisational Strategy

Date of Report: 29 January 2018

Applicant/Proponent: Nil

Disclosure of Interest: Nil

Attachment(s): Nil

PURPOSE

To consider dates for Audit & Organisational Risk Committee meetings in 2018.

BACKGROUND

The Audit & Organisational Risk Committee's terms of reference provides for meetings "[of] no less than once every quarter each year" to monitor matters of compliance, governance and risk and to ensure that the City has effective internal controls in place. The committee last met on four occasions in 2015, whereas in 2016 and 2017 only three meetings were convened. It has been proposed to amend the Committee Terms of Reference to hold a minimum of three meetings per annum. The following dates are proposed for the 2018 year:

Date of Meeting	Matters for Discussion
Tuesday 6 March 2018 at 3pm	<ul style="list-style-type: none"> • Appoint Presiding Officer of the AORC • Review Terms of Reference of the Audit and Organisational Risk Committee • Approve 2018 meeting dates • Receive annual Compliance Audit 2017 • Receive update on internal audit activities and recommendations • Receive risk management report • Update on OAG Performance Audit • Receive business improvement progress report
Tuesday 22 May 2018 at 3pm	<ul style="list-style-type: none"> • Receive Interim Audit Report 2017/18 (AMD) • Receive update on internal audit activities and recommendations • Receive risk management report • Receive update/findings/recommendations from OAG performance audit • Receive business improvement progress report
Tuesday 23 October 2018 at 3pm	<ul style="list-style-type: none"> • Consider External Audit Report 2017/18 (includes teleconference with Auditor) • Receive Annual Financial Report 2017/18 • Endorse 2019 AORC Meeting dates • Receive update on internal audit activities and recommendations • Receive risk management report • Receive business improvement progress report

LEVEL OF SIGNIFICANCE

In accordance with Council Policy *CG-8 Significant Decision Making Policy*, this matter is considered to be of low significance in terms of Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

No Councillor or Officer consultation is required.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Division 1A of Part 7 of the *Local Government Act* makes provision for local government audit committees.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021.

Our Program/Services: 4.a.2.6 Agenda and Minutes Preparation

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Service Interruption	Low	City has varied checks to ensure that risks are managed and alternate methods exist to report issues back to Executive and Council.
Compliance	Low	The Committee's terms of reference stipulate the expected frequency of meetings. The Committee is required to meet to discuss appointment of auditors and outcomes of any audits.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

Committee meeting dates are set annually.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to MEET as follows:

CONCLUSION

It is proposed to vary the schedule of Audit and Organisational Risk Committee meetings to schedule three meetings in 2018 consistent with recent years, however this maybe varied in the event that an urgent matter needs to be considered.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR63
MOVED : Cr Cucel
SECONDED: : Cr Long

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Part 7 of the *Local Government Act 1995* RESOLVES to NOTE the proposed remaining meeting dates of the Audit and Organisational Risk Committee meetings for 2018 as follows:

- Tuesday 22 May 2018 at 3pm
- Tuesday 23 October 2018 at 3pm.

CARRIED

FOR : Cr Smeathers, Cr Cucel, Cr Long
AGAINST : Nil

6.3 COMPLIANCE AUDIT RETURN 2017

File No:	FM.12
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	2 March 2018
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Compliance Audit Return 2017

PURPOSE

To consider the review of the City's level of compliance with legislation to inform the 2017 Compliance Audit Return (CAR).

BACKGROUND

Each local government is required to carry out a compliance audit in relation to the period 1 January 2017 to 31 December 2017 against the requirements set out in the 2017 CAR.

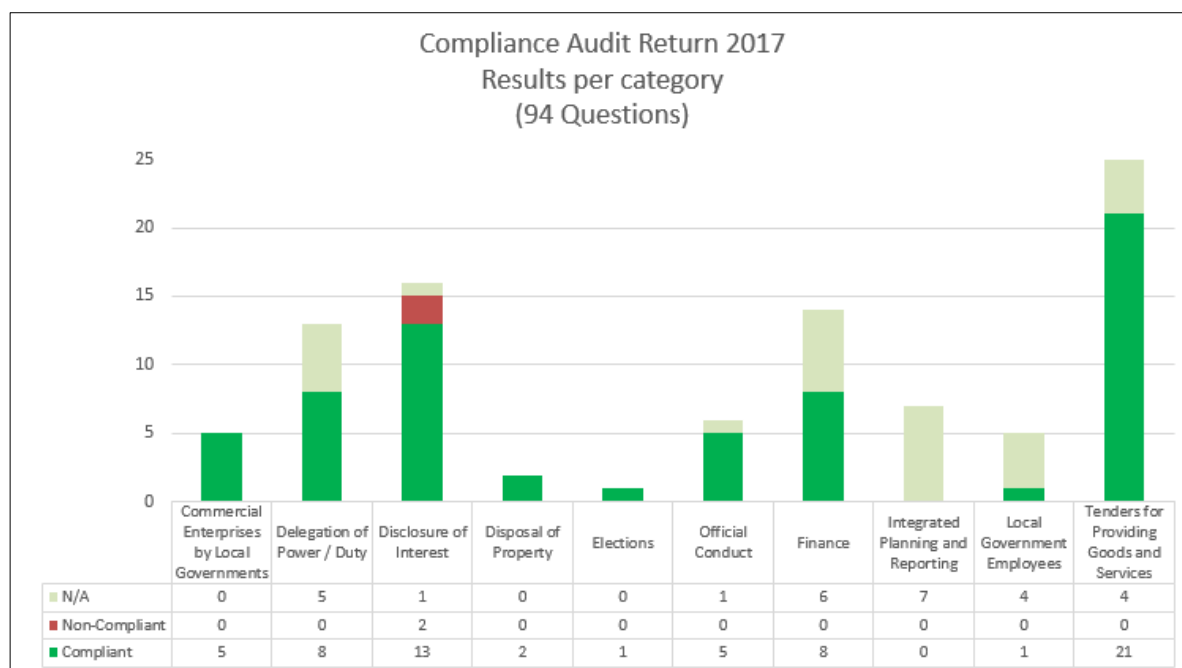
The Audit & Organisational Risk Committee is required to review the completed CAR and report the results to Council. After the CAR has been reviewed by the Audit & Organisational Risk Committee and a report presented to Council, a certified copy of the CAR is to be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2018.

The CAR requires local governments to carry out an audit of compliance with statutory requirements in the areas of:

- a) Commercial Enterprises by local governments;
- b) Delegation of Power/Duty;
- c) Disclosure of Interest;
- d) Disposal of Property;
- e) Elections;
- f) Finance;
- g) Integrated Planning and Reporting;
- h) Local Government Employees;
- i) Official Conduct; and
- j) Tenders for Providing Goods and Services.

The 2017 CAR was essentially the same as last year's return with the exception of a new category - Integrated Planning and Reporting requiring a further seven responses. Of the 94 questions, there are two instances of non-compliance, resulting in a 97.8% compliance rate.

Continual monitoring and improvements are made each year to ensure staff are educated on their regulatory obligations and repeat breaches are minimised. Following is a summary of the results per category:

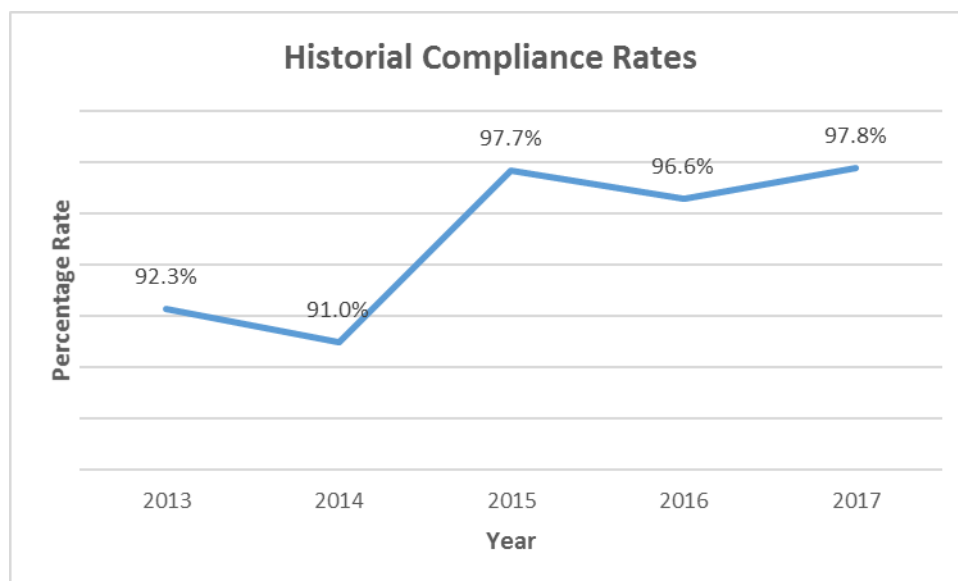


The two instances of non-compliance are detailed below:

Category	Legislative Reference	Question	Comments
Disclosure of Interest	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)?	Ministerial approval was given under s5.69 for 3 Councillors to participate in the matter at the December 2017 Council Meeting.
Disclosure of Interest	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.	One employee did not submit a Primary Return after acting role was extended beyond three months. (Reported to CCC 19 July 2017 - no further action required by CCC).

Inductions, reminders and regular ongoing training provided to staff includes education surrounding disclosures of interest and their legislative timeframes. Officers are confident that internal processes and procedures are robust and that compliance is high.

The table below provides five-year historical data detailing the percentage rate of compliance in response to the CAR. It is worth noting that the 2017 CAR represents a particularly good result given the addition of the new Integrated Planning and Reporting category.



LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of compliance.

COUNCILLOR/OFFICER CONSULTATION

Consultation has taken place with relevant Officers in preparing responses.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Section 7.13(1)(i) of the *Local Government Act 1995* and Regulations 13-15 of the *Local Government (Audit) Regulations 1996* provide for compliance audits.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2017-2018 provided for this activity:

Our Program/Services:	4.e.1.2	Corporate Governance Support
Our Projects/Actions:	4.e.1.2.1	Conduct Compliance Audit Return

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	NA	Nil
Financial	NA	Nil
Service Interruption	NA	Nil
Environment	NA	Nil
Reputation	NA	Nil
Compliance	High	Good systems and strong governance in place to manage risk.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Section 7.13 of the *Local Government Act 1995* and Regulation 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of the 2017 Compliance Audit Return pending further review, noting that submissions are due to the Department of Local Government, Sport and Cultural Industries by 31 March 2018.

CONCLUSION

Each local government is required to carry out an annual Compliance Audit Return in relation to the calendar year period from 1 January 2017 to 31 December 2017. Overall, the audit indicates a compliance rate of 97.8% for the City. Internal controls continue to be monitored to identify and address those non-compliance issues which have previously been identified in the Compliance Audit Return reflecting the high level of compliance.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : **AOR64**
MOVED : **Cr Cucel**
SECONDED: : **Cr Long**

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Section 7.13 of the *Local Government Act 1995* and Regulation 14 of the *Local Government (Audit) Regulations 1996* RESOLVES to:

- 1. RECEIVE the 2017 Compliance Audit Return; and**
- 2. PRESENT the 2017 Compliance Audit Return to Council for adoption prior to submission to the Department of Local Government, Sport and Cultural Industries by 31 March 2018.**

CARRIED

FOR : **Cr Smeathers, Cr Cucel, Cr Long**
AGAINST : **Nil**

Department of Local Government, Sport and Cultural Industries
City of Karratha - Compliance Audit Return 2017

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.	Yes	A Business Plan was prepared and presented at the 20 March 2017 OCM for the Quarter HQ.	Josie Lanza
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	A Business Plan was prepared and presented at the 23 January 2017 OCM for the Homemaker Centre.	Josie Lanza
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	As provided at 18 April 2017 (Homemaker Centre) and 29 May 2017 OCMs for the Quarter HQ.	Josie Lanza
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	Homemaker Centre - Resolved at January OCM and advertised on 8 February 2017. The Quarter HQ resolved at March OCM and advertised 29 March 2017.	Josie Lanza
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes	Yes. Both resolved to proceed, however only phase 1 - detailed feasibility, for the Homemaker Centre.	Josie Lanza

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 delegations to Committees	Josie Lanza
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A	No delegations to Committees	Josie Lanza
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A	No delegations to Committees	Josie Lanza
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A	No delegations to Committees	Josie Lanza
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	N/A	No delegations to Committees	Josie Lanza
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		Josie Lanza
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes	Delegation Register was approved at the 20 March 2017 OCM.	Josie Lanza
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	As per OCM resolution and Delegation Register	Josie Lanza
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	Yes. All delegations and receipt / acknowledgement of delegations provided in writing. Roles with applicable delegations specified in Delegation Register.	Josie Lanza
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	Resolved at 23 January 2017 OCM and at adoption of Delegation Register on 20 March 2017.	Josie Lanza
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	Yes. Delegation Register maintained.	Josie Lanza
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	Reviewed and adopted by Council at March 2017 OCM.	Josie Lanza
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	There are no known instances where a delegation has been exercised and not recorded.	Josie Lanza

Department of Local Government, Sport and Cultural Industries
City of Karratha - Compliance Audit Return 2017

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).	No	However Ministerial approval was given under s5.69 at December 2017 OCM for 3 Councillors.	Josie Lanza
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.	N/A		Josie Lanza
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		Josie Lanza
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	All 5 new Councillors have submitted Primary Returns. 4 returns were received in 2017 and the other within three months of start date in 2018.	Josie Lanza
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.	No	Employee did not submit Primary Return after extension to acting role of 3 months. Reported to CCC 19 July 2017.	Josie Lanza
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes		Josie Lanza
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Josie Lanza

Department of Local Government, Sport and Cultural Industries
City of Karratha - Compliance Audit Return 2017

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)).	Yes	There are four instances where local public notice was given for disposal of property (Komatsu Bulldozer and three Leisureplex leases).	Josie Lanza
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	Yes, all disposals were advertised as prescribed.	Josie Lanza

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	Two disclosures were received in the disclosure period from candidates and are clearly identifiable.	Josie Lanza

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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza

Department of Local Government, Sport and Cultural Industries
City of Karratha - Compliance Audit Return 2017

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	Audit committee members appointed on 17 Nov 2017 by an absolute majority decision of Council.	Henry Eaton
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 powers/duties delegated	Henry Eaton
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	N/A	Appointment made in 2016.	Henry Eaton
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.	N/A	Appointment made in 2016.	Henry Eaton
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		Henry Eaton
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	Auditor's Report was received on 29 Sep 2017 and was presented to the Audit & Organisational Risk Committee on 20 October 2017 and at Council on 20 November 2017.	Henry Eaton
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	No action required.	Henry Eaton
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	No action required	Henry Eaton
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	No action required	Henry Eaton
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	Submitted as part of RFQ in 2016.	Henry Eaton
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	Submitted in 2016 as part of RFQ	Henry Eaton
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Submitted in 2016 as part of RFQ	Henry Eaton
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	Submitted in 2016 as part of RFQ	Henry Eaton
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	Submitted in 2016 as part of RFQ	Henry Eaton

Department of Local Government, Sport and Cultural Industries
City of Karratha - Compliance Audit Return 2017

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.	N/A		Henry Eaton
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.	N/A	Modified at 17 October 2016 OCM.	Josie Lanza
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.	N/A		Henry Eaton
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.	N/A	Modified at 17 October 2016 OCM.	Josie Lanza
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.	N/A	Last Asset Management Plan adopted by Council on 17 December 2012.	Josie Lanza
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.	N/A	Original adoption 18 March 2013. Assumptions updated 15 June 2015. Rolling updates of Budget and Actuals. Current major review in progress for adoption August 2018.	Josie Lanza
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.	N/A	Workforce Plan for 2013-2018 adopted by Council 19 August 2013. Major review in progress for adoption July/August 2018.	Josie Lanza

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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
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		Josie Lanza
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes	Council resolved to approve the appointment of the Director Development Services at the Special Council Meeting on 23 January 2017.	Josie Lanza

Department of Local Government, Sport and Cultural Industries
City of Karratha - Compliance Audit Return 2017

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)).	Yes		Neil Harrison
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.	N/A		Neil Harrison
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via <u>Statewide public notice</u> .	Yes		Neil Harrison
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Neil Harrison
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		Neil Harrison
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		Neil Harrison
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		Neil Harrison
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		Neil Harrison
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		Neil Harrison
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		Neil Harrison
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		Neil Harrison
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	One EOI application rejected as it was submitted via email.	Neil Harrison
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		Neil Harrison
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		Neil Harrison
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes		Neil Harrison
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		Neil Harrison
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		Neil Harrison

Department of Local Government, Sport and Cultural Industries
City of Karratha - Compliance Audit Return 2017

Tenders for Providing Goods and Services (Cont)						
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			Neil Harrison
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	All applications received in accordance with requirements.		Neil Harrison
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			Neil Harrison
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			Neil Harrison
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			Neil Harrison
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	Regional Price Preference Policy previously adopted by Council.		Neil Harrison
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.	Yes			Neil Harrison
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			Neil Harrison

6.4 RISK REGISTER UPDATE

File No:	RM.8
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Governance Officer - Compliance
Date of Report:	12 February 2018
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s)	Confidential Risk Register Extract

PURPOSE

To receive an update on relevant indicators relating to the organisation's management of risks for the period October 2017 – February 2018.

BACKGROUND

On 7 February 2018, managers were requested to review and update the Risk Register, with particular emphasis on identifying:

- Risks not already captured;
- Potential changes in cause and effect factors;
- Inherent Likelihood and Consequence;
- Key controls and their respective rating;
- Residual Likelihood and Consequence; and
- Actions or treatments to manage the risks (including review of action items from last review).

Two new risks were identified in the latest review, bringing the total to 178 risks on the Risk Register. This includes the following new Risk entries:

- Airport death or serious injury
- Lack of emergency readiness guidance to tenants in leased premises.

The table below provides the *inherent* and *residual* risk totals and percentage representation.

Number of Risks	178	
Number with Inherent Consequences rated Major or Catastrophic	31	17.4%
Number of Inherent Risks rated High or Extreme	46	25.8%
Number of Residual Risks rated High or Extreme	5	2.8%

The attached extract from the Risk Register provides details of the 31 risks with major or catastrophic inherent consequences, 68% of which have a high or extreme *inherent* risk rating, however with current controls in place there are only two of these risks that have a high *residual* risk. These risks are considered acceptable given the controls in place and effective management and monitoring of the risks.

8.4% of risks require some further improvement to existing controls. These are being addressed through stakeholder engagement, introduction of new technologies, training, implementing new methodologies, strategies or processes which in some cases may have a long lead in period, for example updating cemetery records, PIIG process review, etc.

The heat map below displays the current assessed *residual* rating for all 178 identified risks.

Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	0	0	0	0	0
Likely	4	2	4	3	0	0
Possible	3	19	22	13	0	0
Unlikely	2	15	39	20	12	2
Rare	1	2	14	6	4	1

Since the last AORC meeting there has been no changes to the number of *residual* risks rated extreme or high. There are an additional 4 *residual* risks rated moderate as indicated below. Two of these are new risks and the *residual* risk for two existing risks has been increased owing to a review of the likelihood and consequence.

Risk Acceptance	July 2017	Sept 2017	Feb 2018	Change
Low	91	103	101	-2
Moderate	68	68	72	+4
High	4	5	5	0
Extreme	0	0	0	0

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

Consultation has taken place with the Executive Management Group.

COMMUNITY CONSULTATION

No community consultation is required.

STATUTORY IMPLICATIONS

Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to ensure that there are appropriate risk management systems and procedures in place for the City.

POLICY IMPLICATIONS

This is consistent with Council Policy - CG01 Risk Management Policy and how risk is managed across the organisation.

FINANCIAL IMPLICATIONS

There are no financial implications.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2017-2018 provided for this activity:

Program/Services: 4. e.1.3 Risk Management
 Projects/Actions: 4.e.1.3.2 Review Risk Management Systems

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	NA	Nil
Financial	NA	Nil
Service Interruption	NA	Nil
Environment	NA	Nil
Reputation	NA	Nil
Compliance	High	Local Government Audit Regulations require appropriate risk management systems and procedures to be in place. A Risk Register and supporting policy documents ensure that the City is constantly reviewing identified risks and managing them appropriately.

IMPACT ON CAPACITY

There is minimal impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

The Risk Register is reviewed on an ongoing basis.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to DEFER consideration of this matter pending further review.

CONCLUSION

Following a review of the Risk Register, two new risks have been identified bringing the total of identified risk to 178. Overall the City is managing risk effectively with no *residual* risks rated extreme and only 2.8% of *residual* risks rated high. These risks are considered acceptable given the controls in place and effective management and monitoring of the risks.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : **AOR65**
MOVED : **Cr Long**
SECONDED: : **Cr Cucel**

That the Audit and Organisational Risk Committee by SIMPLE Majority pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996* RESOLVES to NOTE the current status of risk management.

CARRIED

FOR : **Cr Smeathers, Cr Cucel, Cr Long**
AGAINST : **Nil**

7 ITEMS FOR INFORMATION ONLY

Responsible Officer: Director Corporate Services

Reporting Author: Minute Secretary

Disclosure of Interest: Nil

PURPOSE

To advise the Audit and Organisational Risk Committee of the information items for period ending March 2018.

OFFICER'S RECOMMENDATION / COMMITTEE RESOLUTION

Res No : AOR66

MOVED : Cr Cucel

SECONDED: : Cr Long

That the Audit and Organisational Risk Committee note the following information items:

- 7.1 Business Improvement – Progress Report
- 7.2 Update on Internal Audits
- 7.3 Office of Auditor General – Procurement Audit
- 7.4 Draft Audit and Financial Management Regulation Amendments

CARRIED

FOR : Cr Smeathers, Cr Cucel, Cr Long
AGAINST : Nil

7.1 BUSINESS IMPROVEMENT – PROGRESS REPORT**File No: FM.3****Responsible Executive Officer: Director Corporate Services****Reporting Author: Manager Governance and Organisational Strategy****Date of Report: 8 January 2018****Disclosure of Interest: Nil****Attachment(s): Nil****PURPOSE**

To provide the Audit & Organisational Risk Committee with a progress update on Business Improvement activities and initiatives:

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
1. Strategic Community Plan 2016-2026	Outlines the outcomes expressed by our communities and our response as an organisation in achieving those agreed outcomes in the next 10 years.	<ul style="list-style-type: none"> • Vision • Strategies • Community Engagement • Resources and Commitments 	<ul style="list-style-type: none"> • Review undertaken by Councillors community and staff during 2105/16 • Adopted by Council in September 2016 	<ul style="list-style-type: none"> • June 2020
2. Corporate Business Plan 2016-2020	Outlines what the organisation needs to deliver in the next five years. Has been extensively reworked internally over the past 4-6 weeks with a focus on consistency and measurability of KPI's.	<ul style="list-style-type: none"> • Activates Strategic Community Plan • Progress Measures to achieve delivery of outcomes • Budget information for five years 	<ul style="list-style-type: none"> • Approved by Council at October 2016 OCM • 2018 review to take into account any changes in direction since appointment of new Council 	<ul style="list-style-type: none"> • Desktop review due June 2018
3. Operational Plan 2018-2019	Annual slice and dice of Corporate Business Plan. Has been extensively reworked internally to ensure consistency and compliance.	<ul style="list-style-type: none"> • Annual Budget. • Annual Projects and Services 	<ul style="list-style-type: none"> • Approved by Council at June 2017 SCM 	<ul style="list-style-type: none"> • June 2018
4. Asset Management Plan	What Assets are required at what service level to deliver the services expressed by our communities?	<ul style="list-style-type: none"> • Asset Conditions & Ratings • Levels of Service, operational, technical and community • Financial information for maintenance of 	<ul style="list-style-type: none"> • Approved by Council in June 2013. • Asset Management Policy reviewed and submitted to Council in Nov 2016 	<ul style="list-style-type: none"> • To be completed by Dec 2018

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
		<ul style="list-style-type: none"> assets at an agreed level of service Asset Disposal Strategy and Lifecycle Costing Action Plans 	however deferred pending further review.	
5. Long Term Financial Plan	<p>Informs the Strategic Community Plan and Corporate Business Plan. CEO has reviewed with EMT. Staff believe that assumptions that inform the financial modelling need review prior to Council adoption.</p>	<ul style="list-style-type: none"> Sensitivity Analysis Long Term Financial Sustainability Capital Works Program for next 10 years Financial Modelling Assumptions and Scenarios 	<ul style="list-style-type: none"> Submitted to the DLGC in June 2013. Review of key assumptions and 10 year Capital Works Plan completed in June 2015 and March 2017. 	<ul style="list-style-type: none"> Key assumptions reviewed in Nov 2017 and updated LTFP to be submitted to Council in Q2 2018.
6. Workforce Plan 2013-2018	<p>Development of an all-encompassing strategy which addresses staff turnover rates and an appreciation of the full number of staff required to deliver City business now and into the future.</p>	<ul style="list-style-type: none"> Structural Review Performance Measurement Systems Performance Appraisal System Retention Recruitment Succession Planning Development and training Staff housing & accommodation 	<ul style="list-style-type: none"> Approved by Council in August 2013. Annual review has been completed and incorporated in the LTFP assumptions. 	<ul style="list-style-type: none"> Currently under review and to be presented to Council in first half of 2018.
7. Housing Strategy	<p>Development of a strategy to address the housing and accommodation needs of the City from retention and recruitment perspective.</p>	<ul style="list-style-type: none"> Short term review and modifications undertaken. Options for staff housing to be developed (ownership vs leasing vs paying allowances). 	<ul style="list-style-type: none"> Strategy currently under review to reflect normalisation of the housing market. 	<ul style="list-style-type: none"> Review completed and expected to be submitted to Council in April 2018
8. Corporate Performance Management System	<p>A tool to integrate all operations including projects and services delivered by the organisation and report on the individual status and financials.</p>	<ul style="list-style-type: none"> Ability for all reporting teams to update their quarterly performances. 	<ul style="list-style-type: none"> Contract awarded to Civica Pty Ltd. KPIs for 2016/17 loaded. 	<ul style="list-style-type: none"> Q2 KPIs to be completed for February Council meeting. Review of KPI to be submitted to Council in June 2018.
9. Procurement and Tendering	<p>Given the large growth and volume of projects that the City is accountable for, there needs to be a review of the way</p>	<ul style="list-style-type: none"> Centralise and streamline the approach to procurement and tendering. 	<ul style="list-style-type: none"> Induction and awareness training commenced June 2014. 	<ul style="list-style-type: none"> Ongoing OAG currently undertaking a performance review of

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
	procurement and tendering occurs to ensure a more centralised approach is adopted which is connected across the various directorates within the organisation.	<ul style="list-style-type: none"> Create knowledge management and succession planning of procurement and tendering through the organisation. 	<ul style="list-style-type: none"> eQuotes for local suppliers introduced in November 2015. Management training provided at October 2016 EMG meeting. 	procurement systems.
10. Functional Processes	A review of the key processes that link how things are done within the organisation and examine the need to streamline and avoid duplication of activity that further create efficiencies in time and cost on how activities are undertaken.	<ul style="list-style-type: none"> Define what a process is and how these will be recorded. Conduct a review of current functional processes across the organisation. Define what functional processes are needed, how they will be recorded, understood and applied consistently throughout the organisation. 	<ul style="list-style-type: none"> Policies adopted. Current practices are being process mapped as an internal resource and guide to all staff. 597 processes have been developed with 88% published for organisation to use. 	<ul style="list-style-type: none"> Ongoing and annual reviews of processes undertaken
11. Service Reviews	Review of all service areas to ensure efficacy and alignment with strategic direction and community	<ul style="list-style-type: none"> Thorough review of individual service area with recommendations targeting business improvement and efficiency 	<ul style="list-style-type: none"> Service reviews have been undertaken across all service areas with over 335 recommended actions put forward to EMT. 	<ul style="list-style-type: none"> 44% of recommendations complete. Staff working through balance that have varying time frames.
12. Risk Management Review	Review of existing policies, procedures and supporting documentation. Development of Risk Management Framework.	<ul style="list-style-type: none"> Common, contemporary, compliant framework was developed and utilised for the four (4) Pilbara LGA's. 	<ul style="list-style-type: none"> Risk plan and policies approved by Council in Feb 2017 Major review of Risk Register undertaken. 	<ul style="list-style-type: none"> Highlight risks to be provided to AORC each meeting.
13. Business Continuity Management Project	A project funded by the PRC to assist Pilbara councils to establish a business continuity framework for their local authorities.	<ul style="list-style-type: none"> BCM Policy and Plan. BCM Governance Framework. Exercise Maintenance and Awareness Plan. 	<ul style="list-style-type: none"> BCM Plan prepared and training undertaken by PRC with Critical Response Team in November 2015. 	<ul style="list-style-type: none"> BCM Plan under review and will be submitted to AORC in 2018.
14. DLGC Governance	External review by AICD of City's governance	<ul style="list-style-type: none"> Independent review and benchmarking 	<ul style="list-style-type: none"> Surveys completed and responses 	

Focus Areas	Brief Description	Indicative Activities/Outputs	Current and Future Status	Review Date
Review Program	structures and practices. Online feedback required by Crs and Exec, followed with workshop by AICD.	of governance systems. • Identify any areas of weakness that need to be improved upon.	collated by AICD. • AICD has provided overview to Mayor and CEO.	
15. Internal Audit Program	A program to examine and test internal controls established within the organisation to ensure sound governance systems are effective.	<ul style="list-style-type: none"> • IA Schedule developed of internal audit program. • Identify any weaknesses and reduce risks by examining existing control measures and providing recommendations for improvement. 	<ul style="list-style-type: none"> • Completed Delegations and Authorisations IA with 22 improvement opportunities identified. • IA on Credit Card use finalised with 12 recommendations. • IA on Grants and Contributions in progress. 	<ul style="list-style-type: none"> • Grants and Contributions IA to be completed for mid 2018.
16. Staff Engagement Survey	All staff are invited to participate in a survey to provide feedback on a wide range of work related topics that will help to shape our people policies and ensure a positive workplace for all employees.	<ul style="list-style-type: none"> • Online and hard copy survey sent to all employees every 2 years. • Each department to develop an action plan in consultation with staff to respond to survey results. 	<ul style="list-style-type: none"> • Survey released on 16 May 2017. • Closing date 30 May. • Action plan prepared to respond to feedback. 	<ul style="list-style-type: none"> • March 2019

7.2 UPDATE ON INTERNAL AUDIT

File No: CM.131

Responsible Executive Officer: Director Corporate Services

Reporting Author: Governance Officer - Compliance

Date of Report: 31 January 2018

Disclosure of Interest: Nil

Attachment(s): Nil




PURPOSE

To provide the Audit & Organisational Risk Committee with a status update regarding implementation of recommendations from past internal audits.

BACKGROUND




Recent internal audits have been conducted on Delegations & Authorisations and Corporate Credit Card Usage and below is a summary on the status of the audit recommendations outstanding since the last AORC meeting held in October 2017.



The following key applies to status:

	Recommendation yet to be implemented
	Recommendation currently being implemented
	Recommendation implemented / completed

Internal Audit - Delegations and Authorisations






Date presented to Audit and Organisational Risk Committee:		21 February 2017
Number of Recommendations:	22	Recommendations completed: 19 (86%)



Recommendation	Responsibility	Comments	Timing	Status
Finance to provide improved training around Purchase Orders	Finance	<ul style="list-style-type: none"> Finance arranging resources to implement a training workshop prior to end of year. 	Mar 2018	
Invoices to be stored electronically	Finance	<ul style="list-style-type: none"> Governance liaised with Finance and Records teams. Invoices received electronically meet recommendation. A complete transition is not possible with existing software, workflow and approval processes. 	Sep 2018	
Health staff to maintain better records utilising Synergy.	Regulatory Services	<ul style="list-style-type: none"> Governance has met with Regulatory Services Manager to provide advice 	Mar 2018	

Recommendation	Responsibility	Comments	Timing	Status
		and education surrounding improving record keeping. <ul style="list-style-type: none"> Spot check undertaken on a number of records. Records now being scanned into Synergy. 		
Proper processes to be developed for accountability of infringements.	Regulatory Services	<ul style="list-style-type: none"> Registers enhanced to track all infringements including changes to infringement books. 	Nov 2017	
Improved electronic workflow process to replace paper based slower systems surrounding delegations.	Governance	<ul style="list-style-type: none"> Working towards using functionality available in SharePoint but will need to consider workflow systems and escalations. 	June 2018	

Internal Audit – Credit Card Usage

Date presented to Audit and Organisational Risk Committee:	20 October 2017
Number of Recommendations:	8
Recommendations completed:	8 (100%)

Recommendation	Responsibility	Comments	Timing	Status
The Credit Card Policy be amended to clarify 'Council business activities' and 'business related expenses'.	Governance / Finance	<ul style="list-style-type: none"> Corporate Credit Card Policy updated to reflect change. Policy adopted by Council at November 2017 OCM. 	Oct 2017	
Card holders to be reminded of policy requirement to only use credit cards <i>'where, for practical purposes, a purchase order cannot be issued'</i> .	Governance	<ul style="list-style-type: none"> Reminder email sent to all corporate credit cardholders on 27 November 2017 and 22 January 2018. 	Dec 2017	
Card holders to be reminded of their obligations to sign and date reconciliation of their accounts, however the expectation for cardholders to state 'all expenditure is of a business nature' be removed.	Governance	<ul style="list-style-type: none"> Reminder sent Updated policy adopted by Council. 	Dec 2017	
Card holders to be reminded of their obligation to reconcile their accounts within seven days.	Governance	<ul style="list-style-type: none"> Reminder email sent to all corporate credit card holders on 22 January 2018 	Dec 2017	
Card holders to be reminded of their obligation to provide receipts/invoices for all transactions.	Governance	<ul style="list-style-type: none"> Reminder email sent to all corporate credit card holders on 22 January 2018 	Dec 2017	

Recommendation	Responsibility	Comments	Timing	Status
Policy to be amended to recognise circumstances when the card holder is on leave or when online or in person transactions are required and transactions by other staff to be accompanied by an internal "Corporate Card Requisition Request" form for authorisation of use and expenditure by cardholder.	Governance	<ul style="list-style-type: none"> Updated policy adopted by Council. Advice provided in email sent to all corporate credit cardholders on 27 November 2017 and 22 January 2018. 	Oct 2017	
With the exception of nominated positions, monthly credit card limits to be reduced for all card holders to reflect actual usage and minimise risk.	Governance / Finance	<ul style="list-style-type: none"> Limits reviewed and changes requested. 	Dec 2017	

CONCLUSION

All of the recommendations of the Credit Card audit have been implemented. Various teams are collaborating in order to implement the outstanding recommendations of the Delegations audit.

A further update will be provided at the next Audit and Organisational Risk Committee meeting.

7.3 OFFICE OF AUDITOR GENERAL – PROCUREMENT AUDIT

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Governance & Organisational Strategy
Date of Report:	29 January 2018
Disclosure of Interest:	Nil
Attachment(s):	Nil

PURPOSE

To provide a status report on the Office of Auditor General's (OAG) procurement audit of the City of Karratha.

BACKGROUND

The *Local Government Amendment (Auditing) Act 2017* makes the Auditor General responsible for the financial and performance auditing of local governments. In November 2017 the OAG wrote to the City to advise that the City of Karratha was one of eight local governments selected for its first performance audit with a focus on procurement. The audits are designed to focus on the economy, efficiency and effectiveness of operations resulting in key findings and recommendations that identify continuous improvement opportunities and best practice standards.

OAG staff attended the City offices in December 2017 and met key management and staff. The OAG staff were provided with a list of all payments for 2015/16 and 2016/17 as well as a detailed trial balance for the two years, Council policy documents and operational templates, process maps, training documents, and registers for tenders and quotations.

In January 2018 the OAG requested all documentation relating to 20 sample payments, including requisitions, quotes, purchase orders, invoices, contracts and any other relevant documents related to the purchase.

An officer from the OAG visited the City during the week of 5 February 2018 to conclude the onsite audit. Additional documentation was requested on five tenders. The OAG expects to conclude the review by the end of March and the City will be given an opportunity to comment on any finding prior to the final report being tabled in Parliament.

CONCLUSION

For information only

7.4 DRAFT AUDIT AND FINANCIAL MANAGEMENT REGULATION AMENDMENTS**File No:** GR.3**Responsible Executive Officer:** Director Corporate Services**Reporting Author:** Manager Governance & Organisational Strategy**Date of Report:** 1 February 2018**Disclosure of Interest:** Nil**Attachment(s):** Nil**PURPOSE**

To consider proposed amendments to the *Local Government (Audit) Regulations 1996* and *Local Government (Financial Management) Regulations 1996*.

BACKGROUND

As a result of amendments made to the *Local Government Act 1995* in September 2017 to provide for audits being conducted by the Office of the Auditor General, consequential amendments have been drafted by the Department of Local Government, Sport and Cultural Industries (the Department) to the Audit regulations and the Financial Management regulations. The Department is seeking feedback by 29 March 2018 and WALGA also sought feedback from members by 9 February 2018 for discussion at their State Council in February/March 2018.

The changes proposed are listed below and most are considered necessary and appropriate.

Local Government (Audit) Regulations 1996:

Subject	Legislative Reference	Proposed Amendments	Officer's Comments
Delete Term used "Australian Accounting Standard"	r.3	Deleted	No issue as it is redefined in r.9.
Termination of Audit Agreement	r.8	Amended Executive Director [of DLGSCI] to Departmental CEO [of DLGSCI].	No issue.
Performance of Audit	r.9	Redefined "Australian Accounting Standard" and included in definition section 261 of the <i>Australian Securities and Investments Commission Act 2001 (Cwlth)</i> ; Audits to be carried out in accordance with AAS and maybe amended by the Auditing and Assurance Standards Board established by 227A of the ASIC Act 2001	No issue.

Subject	Legislative Reference	Proposed Amendments	Officer's Comments
Provision of Audit Documents	r.9A	New section indicating that audit documents includes the strategic community plan, corporate business plan and any other plans or strategies specified by the auditor. Documents must be provided within 14 days of its request.	No issue as these are reviewed regularly and are published on the City's website.
Compliance Audits	r.13	Included in Compliance Audit Return matters relating to: - Register of gifts and contributions to travel; - Strategic Community Plan; - Corporate Business Plan	No issue. This is being asked for in the 2017 CAR review.
Furnishing of Compliance Audit Return	r.15	Certified copy to be provided to the Departmental CEO [of DLGSC].	No issue.
Functions of Audit Committee	r.16	The functions of the audit committee have been refined and hone in on guiding and assisting LGs in carrying out its functions under Part 6 of the Act and other matters related to financial management; carrying out functions identified under Part 7 [Audit] of the Act; review reports supplied under Reg 17(3) [eg risk management, internal controls, legislative compliance]; support the auditor in conducting their audit and reviewing findings and action plans to address concerns raised from the audits.	No issue. Additional matters are supported by the City's Audit and Organisational Risk Committee and Council.
Review of Systems and Procedures	r.17	Review of risk management, internal control and legislative compliance should be undertaken no less than once every three financial years.	No issue. The review period was previously every two calendar years and the City was carrying this out every two years.

Local Government (Financial Management) Regulations 1996:

Subject	Legislative Reference	Proposed Amendments	Officer's Comments
CEO's duties as to financial management	r.5(2)	Amended frequency of reviews whereby CEO is to undertake reviews of appropriateness and effectiveness of financial management systems and procedures and report to the LG	No issue. The review period previously was once in every four years.

Subject	Legislative Reference	Proposed Amendments	Officer's Comments
		no less than once in every three years.	
Asset values for financial reports	r.17A	<ul style="list-style-type: none"> - Redefined "<i>carrying amount</i>"; - Asset to be revalued if its fair value is materially different in between revaluation periods - Assets to be revalued every 3-5 years since its last revalue. - Assets with a fair value of less than \$5,000 are excluded from being revalued. 	No issue. This aligns with the City's Accounting Policy CF-1 with the exception of Artwork where the minimum is \$2,500 and all land is captured as an asset for fair value reporting.
Register of excluded portable and attractive assets	r.17B (New Regulation)	<p>CEO to keep a register of all assets that are non-consumable and are susceptible to theft or loss because they are portable in nature and attractive for personal use or resale and have been excluded from r.17A because they are under \$5,000 in value.</p> <p>Register will include a description of the asset, original cost/fair value cost, date of acquisition, manufacturer's identification number, agency identification number, and location.</p>	Suggest that 'portable and attractive' may need to be defined in the regulations to ensure a consistent approach across the sector.
Statement by CEO	Schedule 2 Form 1	This statement accompanies the annual financial report that is audited by the auditors. Cosmetic changes only.	No issue.

CONCLUSION

Feedback has been provided to WALGA as outlined above and it is proposed to provide the same feedback to the Department of Local Government.

8 CLOSURE & DATE OF NEXT MEETING

The meeting closed at 3.29pm.

The date of the next meeting is to be held on Tuesday, 22 May 2018 at 3:00 pm in Meeting Room 4 - Welcome Road, Karratha.

I, Cr Evette Smeathers, Chairperson for the Audit & Organisational Risk Committee of the City of Karratha, hereby declare on behalf of the Committee that the enclosed Minutes are a true and accurate record of the Audit & Organisational Risk Committee Meeting held 6 March 2018.

..... Date ____/____/____