



AGENDA

Audit Committee Meeting

27 May 2020

Shire of Victoria Plains
Council Chambers, Calingiri
AND
via E-Meeting Protocol

Commencing – 12.00 pm

DISCLAIMER:

The recommendations contained in this document are officers' recommendations only and should not be acted upon.

The decisions of the Committee are not considered final until the minutes of the Committee meeting are adopted by Council at a subsequent meeting or advised in writing by the CEO or authorised person.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification.

Please note that meetings may be recorded for minute taking purposes.

E – Disclaimer

It is the Presiding Member's responsibility to preserve order in the meeting and this can be more difficult in an eMeeting. Therefore, each Council Member must consistently and respectfully follow the Local Government's Meeting Procedures Local Law, any additional eMeeting guidance provided by the Local Government and support the Presiding Member in their conduct of the eMeeting.

The pace of an eMeeting should be slow and orderly. The following practices will help avoid confusion and support effective eMeetings:

Speak clearly and slowly, as connections may be distorted or delayed;

Always state your name to indicate to the Presiding Member that you wish to speak. Restate your name if the Presiding Member has not heard you at first;

In debate, only speak after the Presiding Member has acknowledged you. Then state your name, so that others know who is speaking;

Follow the Presiding Member's directions and rulings;

If you are unclear about what is happening in an eMeeting, immediately state your name to draw the Presiding Member's attention and enable you to then seek clarification from the Presiding Member;

Avoid looking for opportunities to call Points of Order; instead, politely and respectfully gain the Presiding Member's attention and explain any deviation from your Meeting Procedures, the Local Government Act or any other relevant matter.

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Agenda

Shire of Victoria Plains Audit Committee Meeting

To be Held in the Council Chambers and via E-meeting protocol, Cavell Street, Calingiri
on Wednesday 27 May 2020 commencing at 12.00pm.

1. DECLARATION OF OPENING

1.1 Opening

1.2 Announcements by Presiding Member

2. RECORD OF ATTENDANCE

Members

Staff

Apologies

Approved leave of absence Nil

Visitors

Members of the public N/A

3. DISCLOSURES OF INTEREST

Type *Item* *Person / Details*

3.1 Financial

3.2 Proximity

3.3 Impartiality

4. PUBLIC QUESTION TIME

Not required – Committee has no delegated authority

5. CONFIRMATION OF MINUTES

VOTING REQUIREMENTS

Absolute Majority Required: No

Committee Recommendation

Moved _____

Seconded _____

That the Minutes of the Audit Committee Meeting held 21 April 2020 as circulated, be confirmed as a true and correct record.

For ___ / Against ___

6. REPORTS REQUIRING DECISION

6.1 Compliance Audit Return 2019

File reference			
Report date	5 May 2020		
Applicant/proponent	Department of Local Government, Sport and Cultural Industries		
Officer disclosure of interest	Nil		
Previous meeting references	Item 10.5, 27 March 2019		
Prepared by	Sean Fletcher, Interim Governance Officer		
Authorised by	CEO		
Attachments			
Attachment 1	Page		SoVP CAR 2019

PURPOSE

As per the Local Government (Audit) Regulations, this item is presented to the Audit Committee to make appropriate recommendations to Council.

BACKGROUND

It is a requirement of all local governments to complete the Compliance Audit Return by 31 March for the preceding calendar year and submit it to the Department of Local Government, Sports and Cultural industries as part of its regulatory obligations.

COMMENT

Matters That Required Clarification

The Compliance Audit Return has been completed for the 2019 year and is submitted for review. The former Governance Officer, Manager Finance and Administration, the Officer responsible for providing agenda and minutes (OCM Officer – Mrs Julie Klobas) and the Author reviewed the practices and procedures of the administration, as required under the CAR (Attachment 1).

Due to the change in staff, it was not realised the 2019 CAR was incomplete until the former Manager Finance and Administration received a query from the Department of Local Government regarding the CAR's status. Mrs Edwardson subsequently notified the author by email on 17 April 2020 to seek answers to the matters outstanding on the CAR noting once received, she would then upload these to the Department's Smart Hub. The author advised that corrections were required to the attachment.

On 22 April 2020, Mrs Edwardson notified the CEO (cc to the author) that the CAR was ready for submission.

Audit Findings

The following is a summary of the audit findings and suggested course of action for non-compliant actions regarding the CAR for 2019:

Subject	Page	Question of Non-Compliance	Finding
Commercial Enterprises by Local Government			
	1	N/A	SoVP did not undertake any such activity for 2019
Delegation of Power or Duty			
	2	9	<p>Section 5.44 (2) requires a delegation to be in writing and may be general (considering or including only the main features or elements of something) or as provided in the instrument of delegation.</p> <p>Although a letter was issued to staff on 16 October 2019 regarding a delegation for purchasing limits, it does not quote the relevant legislative section, regulation and/or policy that is applicable. The issue of correct delegations in writing was identified as an action under the procurement improvement plan considered by the Audit Committee and Council on 21 April 2020.</p> <p>Action CEO to issue letters of delegation in an appropriate form as soon as possible</p>
	2	11	<p>The current delegations register identifies delegations by Council to the CEO. There are some secondary delegates mentioned, but this does not read as from the CEO to the delegate.</p> <p>Action The delegations register is updated to reflect clearly:</p> <ul style="list-style-type: none"> • A Delegation Register re Council delegations to the CEO; • A Delegations Register re CEO delegations to other staff.
	2	12	<p>The last review of the Delegations Register was conducted in June 2018 and adopted by Council on 18 July 2018. The issue is whether the adoption in the next financial year satisfies meeting the review criteria</p> <p>Action The delegations register is updated as part of the review for 2019/2020 during May 2020 to reflect clearly:</p> <ul style="list-style-type: none"> • A Delegation Register re Council delegations to the CEO; • A Delegations Register re CEO delegations to other staff.
	2	13	<p>It is unclear whether such records were kept:</p> <ul style="list-style-type: none"> • The use of financial delegations is captured by approval flags in the Shire's Financial

			<p>Management System. This is satisfactory;</p> <ul style="list-style-type: none"> • However, it is not clear within the Shire's Record Keeping System when other delegations were used. This includes keeping Council informed re the use of a delegation by the CEO. <p><u>Note:</u> the CEO has commenced the first part of a review regarding the Shire's record keeping practices.</p> <p>Action The CEO to implement appropriate practices for the recording of the use of delegations:</p> <ul style="list-style-type: none"> • Within the Shire's Record Keeping System including appropriate systems and files; • To report to Council in the CEO report each month when her delegations were used.
Disclosure of Interests			
	3	N/A	No matters of non-compliance
Disposal of Property			
	4	N/A	No matters of non-compliance
Elections			
	5	N/A	No matters of non-compliance
Finance			
	5	7	<p>Although the Shire did not take appropriate action by 31 December 2020 re the procurement breaches, it has now done so through both the Audit Committee and Council considering a plan of action at their respective meetings on 21 April 2020.</p> <p>Action As per the procurement action plan</p>
	6	8	<p>Although the Shire did not take appropriate action by 31 December 2020 re a report and a plan regarding the Shire's Operating Surplus Ratio, it has now done so through both the Audit Committee and Council considering a plan of action at their respective meetings on 21 April 2020.</p> <p>Action As per the report and plan for Shire's Operating Surplus Ratio</p>
Integrated Planning and Reporting			
	7	N/A	Compliant
Local Government Employees			
	8	N/A	There was no CEO appointment made in 2019 and there were no senior employees employed or dismissed
Official Conduct			
	9	N/A	Compliant

Optional Questions			
	10	N/A	Compliant
Tenders for Providing Goods and Services			
	10	1	<p>This matter of where tenders were not invited has been addressed as part of the action plan regarding the improvement to procurement practices in the report considered by the Audit Committee and Council on 21 April 2020 including:</p> <ul style="list-style-type: none"> • Improvement to the purchasing framework; • Implementation of executive policies and templates. <p>Action No further action</p>
	10	2	<p>This matter of where multiple contracts without using a single tender has been addressed as part of the action plan regarding the improvement to procurement practices in the report considered by the Audit Committee and Council on 21 April 2020 including:</p> <ul style="list-style-type: none"> • Improvement to the purchasing framework; • Implementation of executive policies and templates. <p>Action No further action</p>
	11	4	<p>Staff have not been exposed to the requirements of time as defined in the Interpretation Act previously.</p> <p>Action Staff to undertake training regarding the definition of time under the Interpretation Act. This will now form part of the Procurement “Accreditation” Training that staff receive.</p>
	13	27	<p>This matter of staff not obtaining or seeking the appropriate number of quotes has been addressed as part of the action plan regarding the improvement to procurement practices in the report considered by the Audit Committee and Council on 21 April 2020 including:</p> <ul style="list-style-type: none"> • Improvement to the purchasing framework; • Implementation of executive policies and templates. <p>Action No further action</p>

In all there were 12 matters of non-compliance. However, the issues outstanding are:

- Issue of appropriate letters/instruments of delegation as soon as possible;
- Immediate review of the Shire’s Delegations Registers;
- Better recording of when delegations are used;
- The CEO to upgrade the Shire’s procurement accreditation training to include the definition of time as per the *Interpretation Act 1984*.

CONSULTATION

CEO

OCM Officer

Manager Finance and Administration

STATUTORY CONTEXT

Local Government (Audit) Regulations 1996 –

- r.14 – Compliance Audit Return to be reviewed by Audit Committee and report to Council;
- r.15 – once considered by Council, the Return is to be signed by the President and CEO and lodged with the Department by 31 March.

CORPORATE CONTEXT

Corporate Business Plan

Civic Leadership		<i>to better allocate scarce resources and effectively interact with the community</i>
5.1	Implement measures to improve relationship and communication between Council and community	<ul style="list-style-type: none"> • <i>Implementation of initiatives to better connect Council with the community and associated matters.</i>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

Risk Management (Risk Governance Framework)

Consequence:	Likelihood:	Risk	Risk Acceptance	Outcome
Compliance	Likely			
Major (4) ie Imposed penalties to Shire/Officers	At least once in 3 years (3)	H (12)	Senior Management Team/CEO	Existing controls to be improved as follows: <ul style="list-style-type: none"> • Issue of appropriate letters/instruments of delegation as soon as possible; • Immediate review of the Shire's Delegations Registers; • Better recording of when delegations are used; • The CEO to upgrade the Shire's procurement accreditation training to include the definition of time as per the <i>Interpretation Act 1984</i>.

FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENTS

No

Officer's Recommendation

Moved

Seconded Cr _____

That the Audit Committee in accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996*:

1. has identified 10 matters of non-compliance that includes the following questions as set out in Attachment 1:

Subject	Page	Question	Finding
Delegation of Power or Duty			
	2	9	<p>Section 5.44 (2) requires a delegation to be in writing and may be general (considering or including only the main features or elements of something) or as provided in the instrument of delegation.</p> <p>Although a letter was issued to staff on 16 October 2019 regarding a delegation for purchasing limits, it does not quote the relevant legislative section, regulation and/or policy that is applicable. The issue of correct delegations in writing was identified as an action under the procurement improvement plan considered by the Audit Committee and Council on 21 April 2020.</p> <p>Action CEO to issue letters of delegation in an appropriate form as soon as possible</p>
	2	11	<p>The current delegations register identifies delegations by Council to the CEO. There are some secondary delegates mentioned, but this does not read as from the CEO to the delegate.</p> <p>Action The delegations register is updated to reflect clearly:</p> <ul style="list-style-type: none">• A Delegation Register re Council delegations to the CEO;• A Delegations Register re CEO delegations to other staff.
	2	12	<p>The last review of the Delegations Register was conducted in June 2018 and adopted by Council on 18 July 2018. The issue is whether the adoption in</p>

			<p>the next financial year satisfies meeting the review criteria</p> <p>Action The delegations register is updated as part of the review for 2019/2020 during May 2020 to reflect clearly:</p> <ul style="list-style-type: none"> • A Delegation Register re Council delegations to the CEO; • A Delegations Register re CEO delegations to other staff.
	2	13	<p>It is unclear whether such records were kept:</p> <ul style="list-style-type: none"> • The use of financial delegations is captured by approval flags in the Shire's Financial Management System. This is satisfactory; • However, it is not clear within the Shire's Record Keeping System when other delegations were used. This includes keeping Council informed re the use of a delegation by the CEO. <p><u>Note:</u> the CEO has commenced the first part of a review regarding the Shire's record keeping practices.</p> <p>Action The CEO to implement appropriate practices for the recording of the use of delegations:</p> <ul style="list-style-type: none"> • Within the Shire's Record Keeping System including appropriate systems and files; • To report to Council in the CEO report each month when her delegations were used.
Disclosure of Interests			
Finance			
	5	7	Auditor's Report was received by the CEO on 18 December 2020.
	6	8	Significant findings re tenders (and procurement) considered in March 2020
Tenders for Providing Goods and Services			
	10	1	<p>This matter of where tenders were not invited has been addressed as part of the action plan regarding the improvement to procurement practices in the report considered by the Audit Committee and Council on 21 April 2020 including:</p> <ul style="list-style-type: none"> • Improvement to the purchasing framework; • Implementation of executive policies and templates. <p>Action No further action</p>

	10	2	<p>This matter of where multiple contracts without using a single tender has been addressed as part of the action plan regarding the improvement to procurement practices in the report considered by the Audit Committee and Council on 21 April 2020 including:</p> <ul style="list-style-type: none"> • Improvement to the purchasing framework; • Implementation of executive policies and templates. <p>Action No further action</p>
	11	4	<p>Staff have not been exposed to the requirements of time as defined in the Interpretation Act previously.</p> <p>Action Staff to undertake training regarding the definition of time under the Interpretation Act. This will now form part of the Procurement “Accreditation” Training that staff receive.</p>
	13	27	<p>This matter of staff not obtaining or seeking the appropriate number of quotes has been addressed as part of the action plan regarding the improvement to procurement practices in the report considered by the Audit Committee and Council on 21 April 2020 including:</p> <ul style="list-style-type: none"> • Improvement to the purchasing framework; • Implementation of executive policies and templates. <p>Action No further action</p>

2. Reports to Council that it has completed the review of the Compliance Audit Return 2019

For _____ / Against _____

7. MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

8. NEW BUSINESS OF AN URGENT NATURE REQUIRING DECISION

9. MEETING CLOSED TO PUBLIC

Matters for which the meeting may be closed in accordance with the Local Government Act 1995 s.5.23(2).

Public reading of resolutions made during a closed meeting.

10. CLOSURE OF MEETING

There being no further business, the presiding member declared the meeting closed at _____ am.

CERTIFICATION

These minutes were confirmed at the Audit Committee Meeting held on _____

Signed _____ Date _____
(Presiding member at the meeting which confirmed the minutes)

Committee –

- **Minutes are unconfirmed until adopted at the following meeting of Committee**
- **Committee decisions may be authorised by Council, or by CEO authority**