



**SHIRE OF ASHBURTON  
AUDIT AND RISK COMMITTEE MEETING**

**AGENDA  
(Public Document)**


**Council Chambers, Onslow Shire  
Complex, Second Avenue, Onslow  
13 March 2018  
10.30 am**

**SHIRE OF ASHBURTON**  
**AUDIT AND RISK COMMITTEE MEETING**

Dear Councillor

Notice is hereby given that an Audit and Risk Committee of the Shire of Ashburton will be held on 13 March 2018 at the Council Chambers, Onslow Shire Complex, Second Avenue, Onslow commencing at 10:30 am.

The business to be transacted is shown in the Agenda.



Rob Paull  
**CHIEF EXECUTIVE OFFICER**

**DISCLAIMER**

*The recommendations contained in the Agenda are subject to confirmation by the Committee and endorsement by the Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.*

## AGENDA - AUDIT & RISK COMMITTEE MEETING 13 MARCH 2018

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**1. DECLARATION OF OPENING**

The Presiding Member declared the meeting open at \_\_\_\_\_ pm.

**1.1 ACKNOWLEDGEMENT OF COUNTRY**

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders both past and present.

**2. ATTENDANCE**

**2.1 PRESENT**

<b>Members:</b>	Cr P Foster Cr K White Cr D Dias Cr M Lynch	Tom Price Ward (Presiding Member) Onslow Ward Paraburdoo Ward Tom Price Ward
<b>Staff:</b>	Mr R Paull Mr J Bingham Ms J Smith Mrs M Lewis Mrs H Melville	Chief Executive Officer Director Corporate Services Executive Officer CEO & Councillor Support Officer Senior Organisational Development Advisor
<b>Guests:</b>		
<b>Members of Public:</b>	There were _____ members of the public in attendance at the commencement of the meeting.	
<b>Members of Media:</b>	There were _____ members of the media in attendance at the commencement of the meeting.	

**2.2 APOLOGIES**

**2.3 APPROVED LEAVE OF ABSENCE**

**3. ANNOUNCEMENT OF VISITORS**

**4. DECLARATION BY MEMBERS**

**4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA**

Councillors Foster, White, Dias and Lynch are requested to acknowledge during the meeting that they have given due consideration to all matters contained in the Agenda.

**4.2 DECLARATIONS OF INTEREST**

**Councillors to Note**

A member who has an Impartiality, Proximity or Financial Interest in any matter to be discussed at a Council or Committee Meeting, that 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.

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

- (a) Preside at the part of the Meeting, relating to the matter or;
- (b) 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 DECLARING INTERESTS (FOR YOUR GUIDANCE)**

The following notes are a basic guide for Councillors when they are considering whether they have an interest in a matter.

These notes are included 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 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 s.5.69(3) of the Local Government Act, with or without conditions.

### **Declarations of Interest provided:**

Item Number/ Name	Type of Interest	Nature/Extent of Interest

**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 15 DECEMBER 2017**

**Officers Recommendation**

That the Minutes of the Audit and Risk Committee Meeting held on 15 December 2017, be confirmed as a true and accurate record.

**ATTACHMENT 5.1**

**6. TERMS OF REFERENCE**

Under the Local Government Act 1995, Local Governments are required to appoint an Audit Committee (section 7.1A of the Local Government Act 1995).

An Audit and Risk Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (audit) Regulations 1996).

## 7. AGENDA ITEMS

### 7.1 REGULATION 17 - RISK AUDIT PROGRESS REPORT MARCH 2018

<b>FILE REFERENCE:</b>	FM14.16.17
<b>AUTHOR'S NAME AND POSITION:</b>	Nicky Tyson Procurement Coordinator
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	27 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Agenda Item 13.3 (Minute No. 283/2017) – Ordinary Meeting of Council 15 December 2017

#### **Summary**

This Risk Audit and review process is to occur at least once every two calendar years. The Shire's contracted Auditors, Moore Stephens Pty Ltd (MS) conducted the latest review in late 2016 and its report contains a list of improvements/opportunities.

At the December 2017 Audit & Risk Committee meeting it was reported that a number of suggestions and opportunities had already been completed and planning had commenced and/or systems had been put in place to address the remaining.

The Committee is now informed that further items have been completed with almost all outstanding items in the final stages of progression.

#### **Background**

*Local Government (Audit) Regulations 1996* includes 'Local Government Operational Guideline – 9 – Audit in Local Governments'. Regulation 17 prescribes a number of matters that are to be reviewed by local government Audit Committees. These functions now include reviewing the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance; and reporting the results of the Committee's consideration of that review, to the Council. This Risk Audit and review process is to occur at least once every two calendar years.

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The latest review / audit was conducted onsite, 24 – 25 October 2016, by MS and a report was presented to the Audit & Risk Committee in December 2016. Further progress reports were presented to the committee in January, March, September and December 2017.

At the December 2017 Ordinary Meeting of Council, the Committee expressed its desire to progress the outstanding matters in a timelier manner along with a governance and financial health review.

Ron Back who conducted the Serpentine Jarrahdale Governance review has since been contacted to quote on a governance and financial health review for the Shire of Ashburton. The following is to be included in the brief:

- Credit Card Control
- Procurement – including tendering
- Compliance and Internal Control
- Financial Management Systems – Effectiveness and Appropriateness
- Organisational Structure
- Staff Housing/FIFO

If approved, it is estimated Ron could commence late April 2018.

### **Comment**

The attached report from the Chief Executive Officer is referred to the Audit & Risk Committee and contains progress of action taken on the recommendations from MS in the Regulation 17 Audit for the Shire of Ashburton's consideration in the areas covered by the audit, that being:

- Risk Management;
- Internal Controls; and
- Legislative Compliance.

There were no critical (i.e. legislative compliance) issues raised in the MS Regulation 17 Audit and attached is the CEO's report to the Audit & Risk Committee (which contains updated Officer Status/Progress Comments) outlining how the Shire's Governance propose to see the improvements recommended progressed and finalised.

### **ATTACHMENT 7.1**

As the attached report outlines, of the 43 improvement opportunities suggested in the report, many have been completed through new or existing actions. Of the progressing items, it is anticipated that all of these suggested improvements will be addressed and finalised by June 2018.

### **Consultation**

Chief Executive Officer  
Director Corporate Services  
Procurement Coordinator  
Moore Stephens Australia (Pty) Ltd

### **Statutory Environment**

Regulation 17 *Local Government Audit Regulations 1996* requires the following:

1. *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:*



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- a) *risk management;*
- b) *internal control; and*
- c) *legislative compliance.*

2. *The review may relate to any or all of the matters referred to in sub regulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every two calendar years.*
3. *The CEO is to report to the Audit Committee the results of that review.*

### **Financial Implications**

Implementing the recommendations of the Report that have financial impacts will be processed through normal budgetary processes.

A suitable allocation will be made in the budget for future reviews, which are to take place every two years. The next review is due later this year.

### **Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 4 – Exemplary Team & Work Environment

### **Risk Management**

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Medium" risk (largely due to the costs of developing/implementing new procedures) but can be managed by routine procedures and monitoring by the Director Corporate Services.

### **Policy Implications**

Various policies have and will be amended to become aligned with new processes. This will take place over the coming months via now standardised policy review process.

### **Voting Requirement**

Simple Majority Required

### **Officers Recommendation**

That with respect to Regulation – Risk Audit Progress Report March 2018, the Audit & Risk Committee recommend to Council, that Council:

1. Notes the updated Chief Executive Officer's (CEO)'s Report (as per **ATTACHMENT 7.1**) which describes how the suggested improvements/opportunities will be implemented, including actions completed, progressing items, and those requiring further consideration along with any relevant items viewed.
2. Request the CEO to review the document with a view to progress completion of the outstanding matters by June 2018.
3. Request the CEO to continue to update the Audit & Risk Committee of the progress of actions taken on the recommendations from the Auditor in the Regulation 17 Audit.

**7.2 LOCAL GOVERNMENT COMPLIANCE AUDIT RETURN FOR 2017**

<b>FILE REFERENCE:</b>	GV32
<b>AUTHOR'S NAME AND POSITION:</b>	Nicky Tyson Procurement Coordinator
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	27 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Agenda Item 13.3 (Minute No: 122) – Ordinary Meeting of Council 14 March 2017

**Summary**

Each Local Government is to carry out a Compliance Audit annually. This Compliance Audit Return is for the period of 1 January 2017 to 31 December 2017.

The Return for the year 2017 is presented to the Audit & Risk Committee for review and approval, prior to presentation to Council for Adoption.

**Background**

The Compliance Audit Return is to assist Council in monitoring its organisational functions. Council is required to note any areas of non-compliance and endorse remedial action.

The Audit is provided by the Department of Local Government through their secure website platform named Smart Hub. The same audit is required to be completed by every WA local government. The Department considers, from a large range of issues it can audit, which ones will be specific to the year in question (i.e. each year the audit questions can change).

For 2017, there were 94 questions over 10 disciplines. This includes an additional discipline (2016 saw 87 questions over 9 disciplines) that is for the area of Integrated Planning and Reporting. The return is fully compliant.

**ATTACHMENT 7.2**

**Comment**

The Return is required to be presented to Council for adoption before its submission to the Department of Local Government and Communities.

**Consultation**

Chief Executive Officer  
Director Corporate Services  
Procurement Coordinator

**Statutory Environment**

Section 7.13(i) of the *Local Government Act 1995*  
Regulations 13, 14 & 15 of the *Local Government (Audit) Regulations 1996*

**Financial Implications**

There are no financial implications for this matter.

**Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017 - 2027  
Goal 5 – Inspiring Governance  
Objective 3 – Council Leadership

**Risk Management**

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "High". The high level of risk is being driven by the risk of a compliance breach requiring an internal investigation. As a high risk matter, the Director of Corporate Services and his staff actively monitor these matters.

**Policy Implications**

There are no policy implications to this matter.

**Voting Requirement**

Simple Majority Required

**Officers Recommendation**

That with respect to the Local Government Compliance Audit Return For 2017 that the Audit & Risk Committee recommend to Council, that Council:

1. Accept the Compliance Audit Return (**ATTACHMENT 7.2**) of the Council for the period 1 January 2017 to 31 December 2017; and
2. Request the Chief Executive Officer to submit a certified copy of the Compliance Audit Return to the Director General of the Department of Local Government and Communities by 31 March 2018.

### 7.3 LOCAL GOVERNMENT ROAD INVENTORY DATA

<b>FILE REFERENCE:</b>	GS05
<b>AUTHOR'S NAME AND POSITION:</b>	Kevin Hannagan Acting Director Infrastructure Services
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Local Government Grants Commission
<b>DATE REPORT WRITTEN:</b>	25 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

#### **Summary**

For the Audit Committee to be advised of a reduction in the Shires, Local Government Grants Commission, General Purpose grant of approximately \$500,000 p.a. and the Road grant of \$75,000 p.a. from the Financial Year End 2018/19.

#### **Background**

The WA Local Government Grants Commission (LGGC) is a statutory body established under the Local Government Grants Act 1978. Its principle function is the making of recommendations to the Minister for Local Government on the allocations of financial assistance grants among 138 local governments in Western Australia. The grants are the State's entitlement for financial assistance from the Commonwealth Government.

The funding provided to local governments is allocated on the basis of horizontal equalisation to ensure that each local government in the State is able to function at a standard not lower than the average standard of other local governments. All local governments are entitled to receive at least the minimum grant. That minimum grant cannot be less than 30 per cent of what the local government would receive if all grants were allocated on a per capita basis.

There are two grant components:

#### General Purpose

The balanced budget approach has been used to calculate General Purpose Grants since 1994.

The grants commission calculates the equalisation requirement of each local government by

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assessing the revenue raising capacity and expenditure needed of each local government. Five categories (called standards) have been used to calculate revenue raising ability and six categories have been used to establish expenditure need.

The equalisation requirement is the difference between the assessed expenditure needed and the assessed revenue raising capacity of each local government. A range of cost adjustors have been developed by the grants commission (for example: location, population dispersion and socio-economic disadvantage) and are included in the calculation of the standards to recognise the additional costs a local government faces due to its physical or demographic characteristics.

### Local Roads

The grants commission uses an asset preservation model for local road funding. This model is used to assess the cost of maintaining a local government's road network and takes into account annual and recurrent maintenance costs and the costs of reconstruction at the end of a road's useful life.

### **Comment**

This report focuses on the local road funding grant component (note: road data, also has an impact on the general purpose grant as road lengths are a component of 'Transport' the general purpose grant formulae).

The Shire of Ashburton keeps infrastructure related data in its 'Assetic' database system. The Assetic system is a sophisticated system designed to enable prediction modelling and optimisation outcomes to asset custodians to facilitate superior decision making. By applying advanced analytics to dynamic life-cycle and maintenance data, Assetic enables visualisation of strategy and service level scenarios to manage and maintain assets, improve service levels and reduce capital and maintenance spending. This system is in progress to be fully implemented.

To be eligible for local road funding, local governments must ensure road inventory data submitted to the Grants Commission via Main Roads WA's 'IRIS' portal system only includes roads for which the Shire has accepted responsibility for care, control and maintenance.

The Shires Assetic system contains data on all roads within the Shire. Roads that are not eligible for funding include mining company roads, roads in company towns, national parks and forestry roads and totalled approximately 350 kms. These roads are to be 'flagged' within the database as they do not qualify for funding. Unfortunately the Shire's database included all roads as eligible for funding. Shire staff contacted the LGGC in 2016 and advised them that the Shire had been checking its databases and had inadvertently received funding for such roads. The LGGC in 2016/17 Financial Year End calculated the Shires road grant excluding these roads. This resulted in a reduction in the Roads Grant of approximately \$150,000 p.a.

The Shire has now received a letter from the LGGC on this matter. The Commission has now advised that the Shires General Purpose grant should also be reduced (approximately \$500,000 p.a.) as the length of Shire managed roads also impacts this grants 'Transport' component. The LGGC have also done a calculation going back seven years and have estimated that the Shire has received approximately \$3,000,000 in grants (general and road) that it should not have. The LGGC is considering whether to 'claw back' this amount by reducing future grants and has asked the Shire to comment on this matter.

**ATTACHMENT 7.3A**

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The Shire President and Chief Executive Officer have met with the Chair of the LGGC and were advised that since writing the letter the LGGC have reviewed the Shires grant allocations further back than seven years and are now of the view that the Shire has been over funded by approximately \$10,000,000.

The Audit Committee is advised that even if the LGGC does not 'claw back' the over funding it is highly likely that the Shires General Purpose grant will be reduced by approximately \$500,000 in the 2018/19 Financial Year End.

The LGGC is now requiring each local government Chief Executive Officer to sign a "Declaration of Road Inventory Data". Infrastructure Services staff have now undertaken a comprehensive review of the Assetic database information and have identified that 'closed roads' are still flagged for funding. These roads will now be flagged as ineligible for funding. It is estimated that the Shires Road Funding Grant may be reduced by up to \$75,000 in the 2018/19 Financial Year End.

### **ATTACHMENT 7.3B**

The LGGC road data is also used by main Roads WA for the calculation of the Shires' Regional Roads Group grant, this grant may also be reduced but the full impact is unknown at this time. Additionally the LGGC data has a flow on effect to the calculation of the Federal Government's Roads to Recovery grant, this grant may also be reduced but the full impact is unknown at this time.

Attached is a copy of the Shire President's response to the LGGC letter.

### **ATTACHMENT 7.3C**

#### **Consultation**

Chief Executive Officer  
Director – Corporate Services  
Chair, Local Government Grants Commission  
Roads Consultant, Local Government Grants Commission

#### **Statutory Environment**

*Local Government (Financial Assistance) Act 1995 – Commonwealth*  
*Local Government Grants Act 1978 – Section 12*

#### **Financial Implications**

Likely reduction in the Shires Financial Assistance Grants, General Purpose grant of \$500,000 p.a. and Road grant of \$75,000 p.a. commencing the 2018/19 Financial Year End.

#### **Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027  
Goal 4 – Quality Services and Infrastructure  
Objective 01 – Quality Public Infrastructure

#### **Risk Management**

This item has been evaluated against the Shire of Ashburton's Risk Management Framework. The perceived level of risk from the Risk Matrix is considered to be "Moderate / Likely (12)" in light of the potential reduction in grants. As the Risk Acceptance is considered to be "High", the Executive Management Team will monitor progress of this item.

#### **Policy Implications**

There were no policy implications identified.

**Voting Requirement**

Simple Majority Required

**Officers Recommendation**

That with respect to Local Government Road Inventory Data the Audit & Risk Committee recommend to Council, that Council:

1. Note this report; and
2. Request an update report when the Local Government Grants Commission respond to the Shire's correspondence as outlined in this Report; and
3. Request the Chief Executive Officer to provide further update to the Audit & Risk Committee when the Local Government Grants Commission responds to the Shire's correspondence as outlined in this Report.

**7.4 ANNUAL LEAVE AND LONG SERVICE LEAVE LIABILITY OF SHIRE STAFF**

<b>FILE REFERENCE:</b>	PE03
<b>AUTHOR'S NAME AND POSITION:</b>	Rachel Cassidy Organisational Development Coordinator
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	28 February 2018
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

**Summary**

The purpose of this report is to provide the Audit and Risk Committee with information relating to Annual Leave and Long Service Leave Accruals of Shire staff.

**Background**

Annual Leave

Every Shire of Ashburton (SoA) employee is entitled to six weeks of annual leave per year. This represents ~11.5% of the employee's annual ordinary-hours pay, but only constitutes a real liability where the full amount of leave is not taken each year, and is not otherwise budgeted for (i.e. is either carried over as a balance from one year to the next or cashed out – effectively becoming the same as unbudgeted additional hours). Longer periods of leave may potentially require a relief worker (i.e. resulting in further additional cost)

In 2016/17 financial year, SoA paid a total of 31,876.55 hours of Annual Leave at a value of \$1,256,405.45. These figures include leave taken, cashed out and paid out on termination. The SoA Annual Leave Liability as at 30 June 2017 was \$904,876.00 (including on costs).

Section 10.3.3 of the *Shire of Ashburton Enterprise Agreement 2017* provides for the Shire to request an employee with leave accruals in excess of 320 hours to reduce their Annual Leave balance giving notice.

As at 30 June 2017, 6 SoA employees, had an annual leave liability in excess of 320 hours.



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As at 30 January 2018, 12 employees had an Annual Leave balance in excess of 320 hours. Of these employees, 11 have a plan in place to manage their excess leave.

### Long Service Leave

Under the *Local Government (Long Service Leave) Regulations*, an employee is entitled to 13 calendar weeks' paid time off for every 10 years worked. When an employee with seven or more years of continuous service in (WA) Local Government service terminates, his/her balance is either paid out or transferred to his/her new Local Government Employer. There are otherwise no cash-out provisions, but an employee can choose to take half this amount of time off at double-pay, or double this amount of time off at half-pay.

In the 2016/17 financial year SoA paid a total of 1926.64 hours of Long Service Leave at a value of \$113,694.40 to employees. \$20,325.08 was paid to other Local Governments for transfer of entitlement of terminated employees.

The Shire of Ashburton Long Service Leave Liability as at 30 June 2017 was \$747,628.29. This figure includes calculations of index, discount and on costs as well as payments received from other Local Governments and payments owed to other Local Governments.

Liabilities as at 30 June 2017 are as follows:

- \$443,449.73 has been classified as current – being Long Service Leave for employees who have 7 or more years of service in WA Local Government.
- \$304,178.56 has been classified as non-current – being for Long Service Leave for employees who have less than 7 years of service in WA Local Government.
- Include a reference to the average % of employees who terminate (without transferring to another LG) before reaching the 7year threshold.
- 7 employees, as at 30 June 2017, are entitled to take their Long Service Leave entitlements.

A summary of employees who have an excess of 13 weeks Long Service Leave is below;

<b>Employee Number</b>	<b>30 June 2017 Liability (weeks)</b>	<b>30 June 2017 Liability (\$)</b>
551	16.58	\$29,323.67
549	15.74	\$35,926.98
645	13.23	\$8,703.08
1284	13.82	\$18,255.46
96	16.35	\$21,350.09
98	18.92	\$34,294.28
536	15.77	\$33,586.77
<b>Total</b>	<b>110.41</b>	<b>\$181,440.33</b>

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Long Service Leave Liability 2016 vs 2017:

<b>Number of employees (headcount) as at 30 June 2016</b>	<b>Liability as at 30 June 2016</b>	<b>Number of employees (headcount) as at 30 June 2017</b>	<b>Liability as at 30 June 2017</b>
192	\$685,586.41*	188	\$732,573.52*

\*Values include current and non-current liabilities. A 2.4% pay rise was granted to staff effective 01 July 2016.

### **Comment**

It is considered that both the annual leave and long service leave accrual figures presented above are manageable and therefore do not currently present a high level of risk to the Shire of Ashburton.

In a bid to achieve ongoing improvement, Shire staff will continue to review existing directives and procedures related to leave management to ensure better practice principles are integrated where possible.

It is noted that *Regulation 8 (2) of the Local Government (Long Service Leave) Regulations* states:

*“(2) Where the commencement of long service leave under regulation 6 has been postponed to meet the convenience of the worker beyond the period of 6 months mentioned in regulation 7(1)(b) the rate of payment for or in lieu of that leave shall be the rate applicable to him for ordinary time (excluding all allowances) at the end of that period of 6 months unless otherwise agreed in writing between the employer and the worker.”*

In this regard and as an incentive to reduce the Long Service Leave liability, Council should be asked to agree to Long Service Leave entitlements being renumerated at current pay rates until 31 December 2018. Any extension of this period would be referred back to Council.

### **Consultation**

Chief Executive Officer  
Directors  
Manager Organisational Development

### **Statutory Environment**

*Local Government Act 1995 s. 5.48*  
*Local Government (Long Service Leave) Regulations*  
*Shire of Ashburton Enterprise Agreement 2017*

### **Financial Implications**

Due to the basis of this report providing a summary of leave accumulations as at 30 June 2017, accepting this report will have no associated financial implications.

### **Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 1 – Effective Planning for the Future

Desired Outcome – Ensure that Shire resources are optimally applied to achieving community outcomes, whilst maintaining financial sustainability.

## AGENDA - AUDIT & RISK COMMITTEE MEETING 13 MARCH 2018

Goal 5 – Inspiring Governance

Objective 4 – Exemplary team and work environment

Desired Outcome – Highly-functioning Shire team that effectively manages the Shire's resources to build strong communities.

### **Risk Management**

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Low", can be managed by routine procedures, and are unlikely to need specific application of resources.

### **Policy Implications**

There are currently no policy implications for this matter.

### **Voting Requirement**

Simple Majority Required

### **Officers Recommendation**

That with respect to Annual Leave and Long Service Leave Liability of Shire Staff that the Audit & Risk Committee recommend to that to Council, that Council:

1. Note the report; and
2. That the Shire management continue to provide Annual Leave and Long Service Leave progress reports to the Audit and Risk Committee over the next six (6) month period; and
3. Support the Chief Executive Officer approving Long Service Leave entitlements being remunerated at current pay rates until 31 December 2018.

## **8. CONFIDENTIAL MATTERS**

*Under the Local Government Act 1995, Part 5, and Section 5.23, states in part:*

**(2) If a meeting is being held by a Council or by a committee referred to in subsection (1)(b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following:**

**(a) a matter affecting an employee or employees;**

**(b) the personal affairs of any person;**

**(c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;**

**(d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;**

**(e) a matter that if disclosed, would reveal:**

**(I) a trade secret;**

**(II) information that has a commercial value to a person; or**

**(III) information about the business, professional, commercial or financial affairs of a person,**

*Where the trade secret or information is held by, or is about, a person other than the local government.*

**(f) a matter that if disclosed, could be reasonably expected to:**

**(I) Impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;**

**(II) Endanger the security of the local government's property; or**

**(III) Prejudice the maintenance or enforcement of any lawful measure for protecting public safety;**

**(g) information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1981; and**

**(h) such other matters as may be prescribed.**

**8.1 CONFIDENTIAL ITEM - UPDATE ON WITTENOOM LITIGATION**

<b>FILE REFERENCE:</b>	LS34
<b>AUTHOR'S NAME AND POSITION:</b>	Keith Pearson Special Projects Officer
<b>AUTHORISING OFFICER AND POSITION:</b>	Rob Paull Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	28 February 20118
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

Report / Attachment is Confidential as per *Local Government Act 1995, Section 5.23*.

**REASON FOR CONFIDENTIALITY**

The Chief Executive Officer's Report is confidential in accordance with *s5.23 (2) the Local Government Act* because it deals with matters affecting *s5.23 (2)*:

- (a) *a matter affecting an employee or employees; and*
- (b) *the personal affairs of any person;*

**Officers Recommendation**

That with respect to Confidential Item – Update on Wittenoom Litigation that the Audit & Risk Committee recommend to Council, that Council:

1. Note the report; and
2. That the Shire management continue to provide Wittenoom Litigation progress reports to the Audit & Risk Committee over the next six (6) month period.

**9. NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on Tuesday 19 June 2018, at the Ashburton Hall, Ashburton Avenue, Paraburdoo commencing at a time to be determined.

**10. CLOSURE OF MEETING**

The Presiding Member closed the meeting at \_\_\_\_ am.



**SHIRE OF ASHBURTON  
AUDIT AND RISK COMMITTEE MEETING**


**MINUTES**

**Council Chambers, Onslow Shire  
Complex, Second Avenue, Onslow  
15 December 2017  
11.30 am**

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**SHIRE OF ASHBURTON**  
**AUDIT AND RISK COMMITTEE MEETING**

The Acting Chief Executive Officer recommends the endorsement of these minutes at the next Audit and Risk Committee Meeting.

Acting CEO:  \_\_\_\_\_

Date: 18/12/2017

These minutes were confirmed by the Committee as a true and correct record of proceedings by the Audit and Risk Committee Meeting.

Presiding Member: \_\_\_\_\_

Date: \_\_\_/\_\_\_/2018

**DISCLAIMER**

*The recommendations contained in the Agenda are subject to confirmation by the Committee and endorsement by the Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.*



## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

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## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**1. DECLARATION OF OPENING**

Being the inaugural meeting of the Committee following the biennial local government election, the Acting Chief Executive Officer assumed the role of Acting Presiding Member and declared the meeting open at 11.31 pm.

**1.1 ACKNOWLEDGEMENT OF COUNTRY**

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders both past and present.

**1.2 ELECTION OF CHAIRPERSON**

The members of a committee are to elect a presiding member from amongst themselves in accordance with Schedule 2.3 of the Local Government Act 1995 (S5.12 Local Government Act 1995).

Cr White nominated Cr Foster to the position. Cr Foster accepted the nomination.

There being no further nominations, the Acting Chief Executive Officer declared Cr Peter Foster to be elected as the Presiding Member of the Audit and Risk Committee for the ensuing two (2) years to October 2019.

Councillor Foster assumed the Chair as Presiding Member.

**2. ATTENDANCE****2.1 PRESENT**

<b>Members:</b>	Cr P Foster Cr K White Cr D Dias	Tom Price Ward (Presiding Member) Onslow Ward Paraburdoo Ward
<b>Staff:</b>	Mr D Stewart Mr J Bingham Ms J Smith	Acting Chief Executive Officer Director Corporate Services Executive Officer
<b>Guests:</b>	Cr M Lynch Wen-Shien Chai	Tom Price Ward Moore Stephens (via telephone)
<b>Members of Public:</b>	There were no members of the public in attendance at the commencement of the meeting.	
<b>Members of Media:</b>	There were no members of the media in attendance at the commencement of the meeting.	

**2.2 APOLOGIES**

There were no apologies.

**2.3 APPROVED LEAVE OF ABSENCE**

Cr Dellar Ashburton Ward

**3. ANNOUNCEMENT OF VISITORS**

There were no visitors in attendance.

**4. DECLARATION BY MEMBERS**

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA**

Councillors White, Dias and Foster noted that they had given due consideration to all matters contained in the Agenda presently before the meeting.

**4.2 DECLARATIONS OF INTEREST****Councillors to Note**

A member who has an Impartiality, Proximity or Financial Interest in any matter to be discussed at a Council or Committee Meeting that 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:

- (a) Preside at the part of the Meeting, relating to the matter or;
- (b) 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 DECLARING INTERESTS (FOR YOUR GUIDANCE)**

The following notes are a basic guide for Councillors when they are considering whether they have an interest in a matter.

These notes are included 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.

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

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 s.5.69(3) of the Local Government Act, with or without conditions.

**Declarations of Interest provided:**

Item Number/ Name	Type of Interest	Nature/Extent of Interest
There no interests declared.		

**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING****5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 21 SEPTEMBER 2017****Officers Recommendation and Committee Decision**

**MOVED:** Cr K White                      **SECONDED:** Cr D Dias

**That the Minutes of the Audit and Risk Committee Meeting held on 21 September 2017, be confirmed as a true and accurate record.**

**CARRIED 3/0**  
**Councillors White, Dias and Foster voted for the motion**

ATTACHMENT 5.1

**6. TERMS OF REFERENCE**

Under the Local Government Act 1995, Local Governments are required to appoint an Audit Committee (section 7.1A of the Local Government Act 1995).

An Audit and Risk Committee is to provide guidance and assistance to the Local Government – as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under Part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (audit) Regulations 1996).

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**7. AGENDA ITEMS****7.1 REVIEW OF 2016/17 INDEPENDENT AUDIT REPORT AND MANAGEMENT REPORTS**

MINUTE: 9/2017

<b>FILE REFERENCE:</b>	FM09
<b>AUTHOR'S NAME AND POSITION:</b>	John Bingham Director Corporate Services
<b>AUTHORISING OFFICER AND POSITION:</b>	Dale Stewart Acting Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	5 December 2017
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

**Summary**

The Auditors conducted the Annual Financial Audit for 2016/17 during October and November 2017.

This report discusses outcomes of the Audit including the Independent Auditors Report and Management Letter and recommends that the Committee recommend to Council the acceptance of the Annual Report, comprising a numbers of inclusions, including the Audit Report, Annual Financial Report and other ancillary matters.

**Background**

The Auditors completed their fieldwork during a visit to Tom Price in late October. At a de-brief meeting prior to departure the Auditors confirmed there were no compliance issues in relation to the Local Government Act 1995 ("the Act") and the Local Government (Financial Management) Regulations 2011 ("the Financial Regulations"). A list of outstanding information required by the Auditors plus completion of work papers by Finance Officers was finalised in November resulting in the Financial Report for the Year ended 30 June 2017 being completed and signed off on Thursday 30 November.

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

The following reports have been presented by the Auditors for the year ended 30 June 2017:

- Independent Auditors Report to the Electors of the Shire of Ashburton (Auditor's Report); and
- Management Report for the year ended 30 June 2017 (Management Report).

The opinion on the Audit of the Financial Report can be summarised as follows:

*"The Financial report of the Shire of Ashburton is on accordance with the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 including giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its financial performance and its cash flows for the year ended on that date and complies with Australian Accounting Standards."*

Additionally the audit opinion reports:

1. There are no matters indicating adverse trends in the financial position or financial management practices of the Shire;
2. No matters indicating non-compliance with Part 6 - Financial Management of the Act or Financial Regulations or applicable financial controls of any other written law;
3. In relation to the Supplementary Ratio information the calculations were supported by verifiable information and reasonable assumptions;
4. All necessary information and explanations were obtained from Shire officers; and
5. All audit procedures satisfactorily completed during the conduct of the audit.

The Management Report provides comment on the following ratios included in the Financial Report:

- **Asset Sustainability Ratio** – this ratio expresses capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. For 2016/17 it declined slightly and is now trending downwards over the longer term. The decline is attributable to an increase in depreciation expense for the year and similar to 2015/16 is due to revaluation of infrastructure assets conducted during the year ended 30 June 2015 which resulted in a significantly higher depreciable asset base. To improve this ratio a review of condition assessment and Remaining Useful Life is necessary when revaluation of infrastructure occurs in the current financial year; and
- **Operating Surplus Ratio** – this ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue. For 2016/17 it has declined in the current year and is trending downwards over the longer term with a negative ratio reported for the first time. The deterioration is attributable to the increase in operating expenses (in particular, employee costs and depreciation) coupled with a decrease in operating revenue (in particular, operating grants and other revenue). To improve this ratio Council and Management will need to explore ways of improving the operating position.

### Consultation

Acting Chief Executive Officer  
Director Corporate Services  
Finance Team

### Statutory Environment

Regulation 16 and 17 Local Government Audit Regulations 1996

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**Financial Implications**

Outcomes of the Report will influence the current Budget as well as the Long Term Financial Plan.

**Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 4 – Exemplary Team and Work Environment

**Risk Management**

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Low" risk and can be managed by routine procedures, and is unlikely to need specific application of resources.

**Policy Implications**

There are no policy implications for this matter.

**Voting Requirement**

Simple Majority Required

**Officers Recommendation**

That the Audit & Risk Committee note receipt of the management report for the year ended 30 June 2017 per **ATTACHMENT 7.1B** and recommend to Council that they accept:

1. The 2016/17 Annual Financial Report per **ATTACHMENT 7.1A**; and
2. The Independent Auditors Report to the Electors of the Shire of Ashburton per **ATTACHMENT 7.1C**; and
3. The 2016/17 Annual Report per **ATTACHMENT 7.1D (provided under separate cover)**.

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**Committee Decision****MOVED: Cr K White****SECONDED: Cr D Dias**

**That the Audit & Risk Committee note receipt of the management report for the year ended 30 June 2017 per ATTACHMENT 7.1B and recommend to Council that they accept:**

- 1. The 2016/17 Annual Financial Report per ATTACHMENT 7.1A; and**
- 2. The Independent Auditors Report to the Electors of the Shire of Ashburton per ATTACHMENT 7.1C; and**
- 3. The 2016/17 Annual Report per ATTACHMENT 7.1D (provided under separate cover), subject to endorsement for the final layout to be approved by the Shire President and Presiding Member of the Audit and Risk Committee.**

**CARRIED 3/0****Councillors White, Dias and Foster voted for the motion****Reason for Change of Recommendation:**

The Shire President and Presiding Member wish to endorse the final presentation version prior to publication.



## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**7.2 REGULATION 17 - RISK AUDIT PROGRESS REPORT DECEMBER****MINUTE:** 10/2017

<b>FILE REFERENCE:</b>	FM14.16.17
<b>AUTHOR'S NAME AND POSITION:</b>	Nicky Tyson Procurement Coordinator
<b>AUTHORISING OFFICER AND POSITION:</b>	Dale Stewart Acting Chief Executive Officer
<b>NAME OF APPLICANT/RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	5 December 2017
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal.
<b>PREVIOUS MEETING REFERENCE:</b>	Agenda Item 13.2 (Minute no. 229/2017) – Ordinary Meeting of Council 21 September 2017

**Summary**

This Risk Audit and review process is to occur at least once every two calendar years. The Shire's contracted Auditors, Moore Stephens Australia Pty Ltd conducted the latest review in late 2016 and its report contains a list of improvements/opportunities.

At the July Audit & Risk Committee meeting it was reported that a number of suggestions and opportunities had already been completed and planning had commenced and/or systems had been put in place to address the remaining.

The Committee is now informed that further items have been completed with some in the final stages of progression.

**Background**

At the Council Meeting of 18 July 2017 Council resolved to seek completion of a Customer Complaint Handling Procedure to be due before the end of September 2017, rather than its date of March 2018.

Local Government (Audit) Regulations 1996 includes Local Government Operational Guideline – 9 – Audit in Local Governments. Regulation 17 prescribes a number of matters that are to be reviewed by local government Audit Committees. These functions now include reviewing the appropriateness and effectiveness of the local government's systems in regard

## MINUTES - AUDIT & RISK COMMITTEE MEETING 15 DECEMBER 2017

to risk management, internal control and legislative compliance; and reporting the results of the Committee's consideration of that review, to the Council. This Risk Audit and review process is to occur at least once every two calendar years.

The latest review / audit was conducted onsite, 24 – 25 October 2016, by Moore Stephens and a report was presented to the Audit & Risk Committee on 17 January 2017 and again on 14 March 2017.

### **Comment**

The attached report from the Chief Executive Officer is referred to the Audit & Risk Committee and contains progress of action taken on the recommendations from Moore Stephens Pty Ltd in the Regulation 17 Audit for the Shire of Ashburton's consideration in the areas covered by the audit, that being:

Risk Management;  
Internal Controls; and  
Legislative Compliance.

There were no critical (i.e. legislative compliance) issues raised in the Moore Stephens Regulation 17 Audit and attached is the CEO's report to the Audit & Risk Committee (which contains updated Officer Status/Progress Comments) outlining how the Shire's administration propose to see the improvements recommended progressed and finalised.

### **ATTACHMENT 7.2**

As the attached report outlines, of the 43 improvement opportunities suggested in the report, many have been completed through new or existing actions. Of the progressing items, it is anticipated that all of these suggested improvements will be considered and where thought warranted, addressed within the next 6 - 12 months.

A Customer Complaint Handling Procedure has been brought forward and developed in earlier than previously indicated in accordance with the resolution of the Council Meeting of 18 July 2017.

### **Consultation**

Acting Chief Executive Officer  
Director Corporate Services  
Acting Administration Manager  
Moore Stephens Australia (Pty) Ltd

### **Statutory Environment**

Regulation 17 Local Government Audit Regulations 1996 requires the following:

1. *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:*
  - a) *risk management;*
  - b) *internal control; and*
  - c) *legislative compliance.*
2. *The review may relate to any or all of the matters referred to in sub regulation (1) (a), (b) and (c), but each of those matters is to be the subject of a review at least once every two calendar years.*

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

3. *The CEO is to report to the Audit Committee the results of that review.*

**Financial Implications**

Implementing the recommendations of the Report that have financial impacts will be processed through normal budgetary processes.

A suitable allocation will be made in the budget for future reviews, which are to take place every two years.

**Strategic Implications**

Shire of Ashburton 10 Year Community Strategic Plan 2017-2027

Goal 5 – Inspiring Governance

Objective 4 – Exemplary Team & Work Environment

**Risk Management**

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Medium" risk (largely due to the costs of developing/implementing new procedures, etc) but can be managed by routine procedures and monitoring by the Director Corporate Services.

**Policy Implications**

Various policies have and will be amended to become aligned with new process. This will take place over the coming months via now standardised policy review process.

**Voting Requirement**

Simple Majority Required

**Officers Recommendation**

That the Audit & Risk Committee recommend to Council, that Council:

That with respect to the Review of Risk Management, Legislative Compliance and Internal Controls, Council:

1. Notes the updated Acting CEO's Report (as per **ATTACHMENT 7.2**) which describes how the suggested improvements/opportunities will be implemented, including actions completed, progressing items, and those requiring further consideration along with any relevant items viewed.

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**Committee Decision****MOVED: Cr D Dias****SECONDED: Cr K White****That the Audit & Risk Committee recommend to Council:****That with respect to the Review of Risk Management, Legislative Compliance and Internal Controls, Council:**

- 1. Notes the updated Acting CEO's Report (as per ATTACHMENT 7.2) which describes how the suggested improvements/opportunities will be implemented, including actions completed, progressing items, and those requiring further consideration along with any relevant items viewed.**
- 2. Request the Chief Executive Officer to review the document with a view to progress completion of the outstanding matters in a timely manner with priority to be placed on preparing a report on overall organisational effectiveness, governance and financial health with a date of completion to be negotiated with the Chief Executive Officer by the Shire President.**

**CARRIED 3/0****Councillors Dias, White and Foster voted for the motion****Reason for Change of Recommendation:**

The Committee wish to progress the outstanding matters in a more timely manner.

## MINUTES - AUDIT &amp; RISK COMMITTEE MEETING 15 DECEMBER 2017

**8. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING****Committee Decision****MOVED: Cr K White****SECONDED: Cr D Dias****That the Committee considers the following New Business of an Urgent Nature:****8.1 APPOINTMENT OF COUNCILLOR LYNCH TO THE AUDIT AND RISK COMMITTEE****CARRIED 3/0****Councillors Dias, White and Foster voted for the motion****8.1 APPOINTMENT OF COUNCILLOR LYNCH TO THE AUDIT AND RISK COMMITTEE****MINUTE: 11/2017****FILE REFERENCE:**

GV04

**Committee Decision****MOVED: Cr K White****SECONDED: Cr D Dias****That it be a recommendation to Council that due to the unavailability of Cr Dellar, the Council appoint Cr Lynch as a permanent replacement to Cr Dellar on the Audit and Risk Committee.****CARRIED 3/0****Councillors Dias, White and Foster voted for the motion****9. NEXT MEETING**

The next Audit and Risk Committee Meeting will be held on 13 March, at the Council Chambers, Onslow Shire Complex, Second Avenue, Onslow at a time to be determined.

**10. CLOSURE OF MEETING**

The Presiding Member closed the meeting at 12.03 pm.

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# **Acting-CEO's Report**

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## Review of Risk Management, Legislative Compliance and Internal Controls

Undertaken by Moore Stephens Australia Pty Ltd, Report Provided: 13 December 2016, Audit Date: 24-25 October 2016

This progressed report was last presented to the Audit and Risk Committee meeting ~~21-September~~ 5 December 2017. Since this date, progress has been made as per below.

As at ~~5-December-2017~~ 13 March 2018:

Suggestions/Opportunities: 43

Completed: ~~27~~32

Progressing: ~~16~~11

This progressed report will be presented to the Audit and Risk Committee meeting to be held on the ~~15-December-2017~~ 13 March 2018. The intent is to report to the Committee that all the improvements/suggestions have been further reviewed and acted upon since the September meeting.

## Summary of Improvements (ref 9.1)

Extracted from the Review of Risk Management, Legislative Compliance and Internal Controls Report at the Shire of Ashburton, prepared by Moore Stephens (WA) Pty Ltd, 13 December 2016.

### Key:

IS - AM – Airport Manager, SCD – Strategic & Community Development, EO-CEO – Executive Officer – Office of the CEO, CSO - CEO Councillor Support Officer, CS – Corporate Services, CSD – Corporate Services Director, CSFC – Corporate Services Finance Coordinator, CS-SC Corporate Services Support Coordinator (Tom Price), CS -LAM – Library & Administration Manager, CS – MIS – Corporate Services Manager of Information Services, DRS – Development & Regulatory Services, EMC – Emergency Management Coordinator, DSCD – Director Strategic & Community Development, CS - FM – Finance Manager, GES – Governance and Executive Services, GES – GM Manager of Governance & Corporate Strategy, IS – MSAM – Manager of Strategic Asset Management, MC&T – Manager Communications & Tourism, SCD - MCS – Manager Community Services, OD – Organisational Development, CS - PC - Procurement Coordinator, RC – Records Coordinator, S&WC – Safety & Wellbeing Coordinator, SODA - Senior Organisational Development Advisor, SCD-MCS – Strategic & Community Development Manager of Community Services

Paragraph	Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
6.2.1 (1)	CORP 5 Risk Management Policy Risk recording and reporting is not currently occurring as required by Risk Management Policy.	We suggest risk recording and reporting be undertaken in accordance with the Risk Management Policy.	CS-LAM OD-S&WC	<b>COMPLETED</b> – New policy created along with relevant procedures – Adopted July 2017	Completed	Costs met by the pool scheme funds
6.2.2 (2)	CORP 5 Risk Management Policy We note the rating of consequences of risks does not consider the context in which the risk is being assessed.	We suggest the use of percentages when assessing consequences to enable the risk rating to be based on the context of the assessment being undertaken.	CS-LAM OD-S&WC	<b>COMPLETED</b> – Considered and implemented with a percentage and numerical rating system. See new Risk Management Profile and Reporting tool that forms part of the new Risk Management Framework	Completed	
6.2.3 (3)	Internal Control Policy Currently, no policy on internal controls has been adopted by Council.	We suggest an Internal Control Policy be formulated and adopted to formalise Council’s commitment to internal controls, based on a risk management process.	GES	<b>PROGRESSING</b> – A/CEO currently compiling internal control Directive. <u>This item will form part of the Governance Health Check with Ron Back as proposed.</u>	February June 2018	Nil

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
6.2.4 (4)	Legislative Compliance Policy	Currently, no policy on legislative compliance has been adopted by Council. We acknowledge a Governance Manual is available on the Shire website and covers the relevant matters, the administrative status of this document is however not clear.	We suggest a Legislative Compliance Policy be formulated and adopted to formalise Council's commitment to legislative compliance.	CS-LAM	<b>COMPLETED</b> Auditors have confirmed it is not a legislative requirement but a recommendation for "Best Practice" to ensure compliance is achieved. Governance Officer and Admin Manager have conducted extensive research, WALGA have provided essential feedback (email on request) stipulating no policy required given we have compliance systems in place, such as the automated Compliance Calendar and the CEO should also be assessed on the organisations achievement of compliance with the annual DLG Compliance Annual Report (CAR). <b>Acting AM has reviewed other Local Governments Policies in this area, can produce an example if required.</b>	Completed	Nil
6.2.5 (5)	Occupational, Health and Safety Policy	Currently, no policy on occupational safety and health has been adopted by Council. We acknowledge a Policy is contained within the Occupational Safety and Health Manual.	We suggest an Occupational Safety and Health Policy be formulated and adopted to formalise Council's commitment to occupational safety and health.	CS-LAM OD – S&WC	<b>COMPLETED</b> - EMP17 Occupational Safety & Health Management Directive – Approved EMTT 3/11/2016	Completed	Nil



Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
6.2.6 (6)	FIN12 Purchasing Policy	We note the following matters in relation to the policy: Requirements where an exemption for calling tenders applies are not provided within the Policy. It is not apparent if the exemption for calling public tenders from WALGA Preferred Suppliers under paragraph 9 of the Policy requires multiple quotations as is the case for lower value purchases in accordance with paragraph 15 and 18. Paragraph 16 refers to the use of Panel Tenders for purchases over \$150,000, this is not provided for or mentioned elsewhere in the Policy. No reference to Policy FIN19 Panels of pre-qualified suppliers is made within the Policy.	We suggest the Policy be reviewed and amended to clearly detail requirements for purchases over \$150,000 which are exempt from tender requirements under Regulation 11 of the Local Government (Functions and General) Regulations 1996.	CS-PC	<b>COMPLETED</b> – Policy modifications made. EMTT Reviewed. Agenda item adopted at November Council meeting.	Completed	Nil
6.2.7 (7)	FIN12 Purchasing Policy	We note there are no requirements stated for instances where the scope of a contract is amended or extended.	We suggest the Policy be amended to provide requirements where there is an extension or variation of a contract’s scope after a contract is signed.	CS-PC	<b>COMPLETED</b> – Policy modifications made. EMTT Reviewed. Agenda item adopted at November Council meeting.	Completed	Nil
6.2.8 (8)	FIN14 Tender Assessment Criteria Policy	We noted the Policy was last reviewed on 9 December 2015 and makes reference to clauses in FIN12 which have subsequently been amended.	We suggest the Policy be reviewed and amended for changes in legislation and other associated policies.	CS-PC	<b>COMPLETED</b> - Policy adopted 14 March 2017 OMC	Completed	Nil
6.2.9 (9)	FIN16 GRV Rating of Improvements on Mining Tenements and Petroleum Licence Sites Policy	We note the Policy was last reviewed by Council in 2014 and was developed in 2012 in response to a Policy of the Minister for Local Government to standardise the application of GRV rating of resource projects for a three year trial period.	We suggest the Policy be reviewed to ensure its remains relevant and appropriate.	CSD CS-FM	<b>COMPLETED</b> - Modifications approved by Council as part of the December 2016 Review.	Completed	Nil

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
6.2.10 (10)	FIN19 Panels of Pre-Qualified Suppliers Policy	We note the Policy does not contain provisions in relation to how the local government will ensure clear, consistent and regular communication between the local government and pre-qualified suppliers, as required by the regulations.	We suggest the Policy be amended to set out all required matters.	CS-PC	<b>COMPLETED</b> – Policy modifications made. EMTT Reviewed. Agenda item adopted at November Council meeting.	Completed	Nil
6.2.11 (11)	ENG09 Asset Management Policy	We note there is no requirement within the Policy to utilise risk management techniques in the management of Shire assets.	We suggest the Policy be amended to require the use of risk management techniques in the management of Shire assets.	IS-MSAM	<b>PROGRESSING COMPLETED</b> – Policy being reviewed in conjunction with Asset Management Strategy and Plans due for workshop in February 2018. ENG 09 has been amended to include Risk Management techniques. Separate agenda item for Council	February March 2018	Nil
6.2.12 (12)	REC05 Community Lease and Licence Agreements of Shire Assets Policy	We note the Policy was reviewed in December 2014. The Policy details set fee levels for various organisations for both leases and licenses. However, the setting of fees and charges is required to be done annually when adopting the annual budget by an absolute majority of Council (s6.16(3) of <i>Local Government Act 1995</i> ).	We suggest the Policy be reviewed, and levels of fees removed from the Policy.	SCD	<b>COMPLETED</b> - As fees are still relevant and are listed for and specifically referred as guide only (they do not purport to set the fees) – therefore a decision has been made to keep them for transparency	Completed	Nil
6.2.13 (13)	REC05 Community Lease and Licence Agreements of Shire Assets Policy	We note license fees do not appear to have been limited to the cost of providing the service as required by s6.17(3) of <i>Local Government Act 1995</i> .	We suggest controls be developed to ensure license fees do not exceed the cost of issuing the license or providing the service.	SCD CS-FM	<b>COMPLETED</b> - - the licence fees referred to are not the licence fees that relate to S6.16 of the Local Government Act but licence fees permissible under the Land Administration Act as though they operated as a 'lease', therefore the concerns are not relevant or valid	Completed	NIL
7.1.1 (14)	Workforce Plan	No Workforce Plan was available.	We suggest a Workforce Plan to be developed for adoption by Council.	OD	<b>COMPLETED</b> - Organisational Development have developed a Work Force Plan, Updated as of 30 June 2017 by the OD Projects Coordinator.	Completed	WAGES

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
7.1.2 (15)	Strategic Asset Management Strategy	We noted the Strategy does not include and assessment of risks associated with the delivery of assets to the community.	We suggest a formal assessment of risks in relation to the delivery of asset services to the community be included in the Asset Management Strategy or Asset Management Plans (to be developed).	IS-MSAM	<b>COMPLETED</b> – Asset Management Strategy July 2017 including assessment of risks (pg. 38-41) adopted at September Council meeting.	Completed	\$100,000 Budget allocation
7.1.3 (16)	Strategic Asset Management Strategy	We note the Shire has not developed formal asset management plans.	We suggest an Asset Management Plan be developed for adoption by Council.	IS-MSAM	<b>PROGRESSING</b> – <u>All AMP's except Roads and Waste have been reviewed by Council with Footpaths (to be workshopped alongside potentially -Roads at the February-April OMC) - &amp; Drainage completed. Drafts completed for Parks &amp; Rec., Infrastructure, Buildings and Roads.</u> Plans to be put to Council for adoption at the <u>June March</u> 2018 OMC.	<u>February June</u> -2018	As per 7.1.2 above
7.1.4 (17)	Local Emergency Management Arrangements	We note the Local Emergency Management Arrangements have not been reviewed in accordance with the requirements of the arrangements.	We suggest the Local Emergency Management Arrangements be reviewed in accordance with each of the documents.	DRS-EMC	<b>COMPLETED</b> - EMC has reviewed documentation and are current. Reviews are to be every 5 years if significant changes are required, otherwise arrangement stands.	Completed	NIL
7.1.5 (18)	Onslow Local Emergency Management Arrangements	We note the document available on the Shire website is watermarked as 'Confidential Draft' yet is signed by the chairperson of the LEMC.	We suggest controls be developed to ensure confidential documents are not made available on the Shire website. We also suggest standard procedures be developed to accurately show the status of documents and plans.	GES-MC&T	<del><b>PROGRESSING COMPLETED</b> – Website version corrected. GES to review and implement controls proposed. GES to review and implement controls.</del>	<u>March 2018 Completed</u>	NIL
7.1.6 (19)	Business Continuity Management Arrangements	We noted that a Business Continuity Management Plan has been partially developed and remains in draft.	We suggest the Business Continuity Management Plan be finalised and approved.	CS – D CS - AM	<b>COMPLETED</b> – Plan completed in November 2017 and distributed to organisation via AIMS.	Completed	Nil

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
7.1.7 (20)	Record Keeping Plan	We note the Plan contains an assessment of Risks however not all identified risks have been rated in accordance with the Risk Management Policy.	We suggest when the record keeping plan is next reviewed an assessment of risks be undertaken in accordance with the Risk Management Policy.	CS-RC	<b>PROGRESSING</b> <del>Currently under review for risk assessment due to updated Risk Management Policy and Framework.</del> Full Plan review due in 2021. <u>State Records Office have confirmed that the only risk assessment that is required within the Shires Recordkeeping Plan (due in 2021) is a Records Emergency Management Plan - Risk Assessment. Moore Stephens confirmed no need to review until due date of 2021.</u>	2021 – form part of next review	NIL
7.2.1 (21)	Draft Risk Management Framework	We note the framework is still in draft form and has not been finalised. The Risk Level Matrix and Assessment Criteria differs to the one contained within the Risk Management Policy.	To avoid possible misinterpretation of rated risks, we suggest the development of one context based risk level matrix and assessment criteria to be used for all risk assessments.	CS-LAM OD-S&WC	<b>COMPLETED</b> - New CORP 5 Policy and subsidiary Risk Management Framework procedures have been created and finalised. Approved by ARC and adopted by Council July 2017 OMC	Completed	NIL
7.2.2 (22)	Documented Procedures	Limited documented procedures currently exist.	Opportunities exist to improve standard operating procedures and ensure they are documented and key controls clearly identified. Once these procedures are developed and implemented, they require constant monitoring for adherence and to ensure they are effective.	CEO Directors CS OD	<b>PROGRESSING</b> – (ongoing) All staff positions are completing procedure manuals for their areas of responsibility. These manuals are constantly updated on an as-needs basis. This is monitored and managed by the relevant responsible officers.	June 2018	NIL

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
7.2.3 (23)	Finance Department Procedures	We note the following matters in relation to the documented procedures: Key controls such as the prior authorisation of general journals, authorisation of creditor invoices for processing and payment and authorisation of credit limits for debtors are not documented within the procedures. Documented procedures for the processing of payroll are not included within the procedures.	We suggest the procedures be modified to clearly identify all key control requirements and procedures for processing and authorisation of payroll be documented.	CS-FM CS – FC OD	<b>COMPLETED PROGRESSING</b> – Document is under review and being updated by both Organisational Development and the Finance Department. Recent amendments to ‘Accounts Payable’ section via Procurement. A new Finance Procedure Manual has been created with the assistance of a Consultant.	Mar 2018 Completed	\$4,398.90 Nil
7.2.4 (24)	Draft Procurement Coordinator Procedure Manual JA71	We note the Tender Register is only required to be completed as the final stage of the tender procedure.	We suggest the Tender Register be completed at each stage of the tender process, to help ensure all tenders called are recorded within the Register at all times.	CS-PC	<b>COMPLETED</b> - Procurement has an internal Tender Register containing all details from beginning to end (both on AIMS and hard copy), there is also the Public Tender Register which contains the details as per our legislative requirement.	Completed	Nil
7.2.5 (25)	EMP24 Credit Card Management Procedure	We noted the list of current credit card holders is not up to date, as required by the procedure.	We suggest the list of current credit card holders is updated.	CS-FM	<b>COMPLETED</b>	Completed	Nil
7.2.6 (26)	Checklists	Checklists of key functions are not maintained.	Creation of standard checklists may assist in evidencing key points of control.	SoA CEO - GM	<b>PROGRESSING</b> – Key checklists exist, however the responsibility of further investigation and implementation will be the responsibility of the proposed Governance and Corporate Strategy Manager. The position remains vacant and will not be filled until <del>2018</del> mid-2018.	February June 2018	Nil

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
7.2.7 (27)	Workflow diagrams	Workflow diagrams have not been compiled.	In conjunction with the development of documented procedures and checklists, development of workflow process diagrams may assist in clearly identifying controls and processes to be followed.	CS OD SoA	<b>PROGRESSING</b> – To be developed. <u>Moore Stephens have suggested the Shire investigate Process Mapping, flow diagrams and swimming lane diagrams in the instances Checklists are not suitable. Trialling 'Lucid Chart' for Finance, Governance and Procurement Processes.</u>	June 2018	<del>unknown</del> \$
7.2.8 (28)	Procedures for the raising of Landing Fees	We noted no independent procedures exist for monitoring aircraft passenger numbers in order to raise landing fees. We view the current system of relying on the airline to report the number of flights and passengers as inappropriate.	We suggest procedures and processes be developed to ensure passenger numbers are independently verified before raising the fee.	IS-AM	<b>COMPLETED</b> NOTE: Landing fees are based on the weight of the planes and are monitored by AVDATA who are an independent company engaged by the Shire. Passenger Head Tax are the fees paid by the airlines to the SoA. These are generated on a monthly basis by the airlines based on the passenger numbers. The only way to monitor/verify this process would require a SoA staff member permanently based at the airport counting passengers for each flight. This is a common practice in all airports and is an “honour system”. The recommendation is noted and a procedure will be created and implemented whereby “random” passenger counts will be undertaken by SoA staff and used to verify the fees paid each month. <b>Confirmed that passenger numbers are provided as a monthly total and not on a flight by flight basis. Every flight in a reporting period would need to be counted to enable a verification. This is not practicable given costs.</b>	Completed	Nil
7.2.9 (29)	Project Specific Risk Assessments	Documented risk assessments have been undertaken for a current major project and appear appropriate. However, the risk assessment was not in accordance with the Risk Management Policy.	We suggest the assessments be undertaken in accordance with the Risk Management framework.	SoA IS SCD	<b>COMPLETED</b> –Addressed in the new Risk Management Framework/Procedures	Completed	Nil

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
7.3.1 (30)	Code of Conduct	Volunteers and contractors are not bound by a Code of Conduct when performing functions on behalf of the Shire.	We suggest an expansion of the scope of the Code of Conduct to include actions by volunteers and contractors. Alternatively, a separate Code of Conduct be developed for volunteers and contractors.	<del>CS - SC</del> <del>SCD - MCS</del> <del>GES - GM</del>	<del>PROGRESSING</del> – Community Development have engaged an external consultant who is assisting with the implementation of a Volunteer Manual which will include full code of conduct details and requirements along with the full induction process. – THG Consultant is no longer covering this area. Amendments to be made to the existing Policy ELM04 to mention Volunteers and Contractors by Governance	<del>February</del> <del>June 2018</del>	Nil
7.3.2 (31)	Occupational Safety and Health Manual <a href="#">EMP17</a>	We note the manual contains comprehensive requirements for contractors. However, there is no requirement for contractors or volunteers to be inducted on the requirements contained in the Manual.	We suggest a requirement for the induction of volunteers and contractors be included in the Manual.	OD-S&WC <del>CS - SC</del> <del>SCD - MCS</del> <del>CS - PC</del>	<del>PROGRESSING</del> - Community Development have engaged an external consultant who is assisting with the implementation of a Volunteer Manual which will include full code of conduct details and requirements along with the full induction process. Will be need to liaise with Procurement and OD re Process for roll out for contractors utilising standard LGIS templates. Contractors' induction currently being considered by S&WB Team in consultation with stakeholders (including Procurement).	<del>April</del> <del>June 2018</del>	Nil
7.3.3 (32)	Experienced Staff	Experienced senior staff are expected to have a sound understanding of the requirements of their roles. We noted cases where, due to external limitations, current staff have been elevated to positions for which they have limited experience and no formal qualification.	Key positions should be reserved for staff with relevant experience and qualification and where this is not possible, formal training and development plans should be mandated.	SoA	<del>COMPLETED</del> - Noted – for implementation on an “as needs” basis.	Completed	Combined with 7.1.1

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
7.3.4 (33)	Staff Training	Training needs analysis and register have not been updated. A number of licences /skills accreditations have expired.	We suggest the Training Needs Analysis and Register be updated with procedures implemented to ensure licences/skills accreditations remain current.	OD- <del>Manager</del> SODA	<b>PROGRESSING</b> – Implementation of new human resources software (“ELMO”) is still progressing and when finalised will retain and monitor this information more accurately. <del>OD SODA to review the existing register and ensure update and implementation of current licences/skills.ELMO has failed to produce in this area. OD Manager is seeking alternatives.</del>	<del>February</del> <u>June 2018</u>	Nil
7.5.1 (34)	Information Systems Plans	We noted an IT Disaster Recovery Plan and IT Security Plan are in place, but have never been tested.	We suggest the IT Disaster Recovery Plan and IT Security Plan be tested.	CS-MIS	<b>PROGRESSING</b> - The plan will be tested. <del>This test needs coordinated with third parties (such as Telstra) to ensure our backup systems are operating at an optimum. CS MIS to trigger a test of both plans to determine viability and adequacy of plans. Proper testing will require a complete shutdown of the Tom Price office and a cross over to the equipment at the Onslow Airport and as we are yet to have a final number for how this cutover will take, it is yet to be scheduled.</del>	June 2018	Nil
7.5.2 (35)	IT Resources	No policy in place for the use of Shire IT equipment for private use.	We suggest a policy be created and implemented for the use of Shire IT equipment for private use.	CS-MIS OD	<del>COMPLETED</del> <b>PROGRESSING</b> – EMP14 Equipment & Key Directive <del>is being finalised.</del> <del>CS MIS to develop policy in conjunction with OD for all staff.has been completed 21 December 2017</del>	<del>Completed.</del> <u>March 2018</u>	<del>\$Nil</del>
8.1.1 (36)	Risk Register	We noted risks documented within Council Meeting minutes are not maintained within a risk register.	We suggest risks documented within Council Meeting Minutes are recorded within the risk register.	GES - GM <del>GES – EO</del>	<del>COMPLETED</del> <b>PROGRESSING</b> – Governance Officer is <del>compiling the register from January 2018 to identify all risks documented in Council meetings via minutes including date, type, level, impact and consequence. ES – GM and EO CEO to compile examples for review and implementation</del>	<del>Completed</del> <u>March 2018</u>	Nil



Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
8.2.1 (37)	Minutes of Executive Management Group Meetings	No minutes of the Executive Management Group meetings were available for inspection.	We suggest minutes of the Executive Management Group meetings be maintained with risks, internal control and legislative compliance weaknesses identified in the minutes.	GES - EO	<b>COMPLETED</b> Minutes are documented and recorded in secure file GV27.	Completed	Nil
8.3.1 (38)	Risk Register	We reviewed a draft register and noted it is not being maintained up to date.	Risk Register to be reviewed/updated on a regular basis.	GES - GM	<b>COMPLETED</b> – Corporate Risk Register updated and to be maintained by Governance Manager	Completed	Nil
8.3.2 (39)	OSH Audit Response Register	We note the register contains 29 recommendations rated as high priority. Of these only 4 recommendations are recorded as complete. No dates are provided as to when the audit was undertaken or when the recommendations were finalised.	We suggest recommendations are dated to assist in following up on long outstanding matters.	OD-S&WC	<b>COMPLETED</b> There are 129 recommendations total, 66 in progress, 8 not started, 47 complete, 8 awaiting other action. More detail can be provided if required. It should be noted not all recommendations are practical or necessary to implement. It should also be noted of those recommendations the “in progress” can include those that have been fully implemented in high risk departments but not completed elsewhere due to competing priorities. S&WC to implement recommendations.	Completed	Nil
8.3.3 (40)	Incident Register	We note the register does not record any follow up measures to help prevent re-occurrence of incidents.	We suggest the Register records actions to be taken to help prevent re-occurrence of incidents.	OD-S&WC	<b>COMPLETED</b> The Action Register in system STEMS records all proactive and reactive actions (controls) following incidents; scheduled inspections; ad hoc observations and hazard reports etc. Auditors did not review this program.	Completed	Nil
8.5.1 (41)	Employee Complaints / Grievance Handling	We note there are no procedures to ensure employee complaints remain confidential, recorded and responded to appropriately.	We suggest a documented procedure be developed to ensure all employee complaints are logged and followed up to ensure they are resolved.	OD-MOD	<b>COMPLETED</b> - EMP16 Grievances, Investigations and Resolution Management Directive modified accordingly (refer to Executive Team Meeting 1/12/2016). EMP22 Discrimination, Harassment and Bullying Management Directive modified accordingly (refer to Executive Team Meeting 24/11/2016)	Completed	Nil

Paragraph		Matter Noted	Improvements	Responsible Department/ Position	Responses	Date for completion	Potential Additional Costs
8.5.2 (42)	Community Complaints Handling	Whilst we note there are procedures for community complaints in relation to assets, there are no procedures to ensure general community complaints are recorded and responded to appropriately within a defined timeframe.	We suggest a documented procedure be developed to ensure all community complaints are logged and forwarded to the appropriate officer then followed up to ensure they are resolved.	CS-LAM GES CEO - GM	<b>COMPLETED</b> - New Council Policy adopted by Council 21/9/17 and implemented December 2017.	September 2017	NIL
8.6.1 (43)	Internal Audit	Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken.	We suggest that as the level of documented procedures increases, an expanded internal audit function to confirm adherence to documented policies and procedures may be required.	GES- <u>CEO</u>	<b>PROGRESSING</b> - Suggestion noted and included in the 2017/18 Budget. <del>The creation of the Manager of Governance and Corporate Strategy will be responsible for the implementation and process of an internal audit program.</del> <u>CEO's intention to establish a permanent internal auditor in the 2018/2019 Financial Year</u>	June 2018	<u>Nil\$?</u>



## Ashburton - Compliance Audit Return 2017

### Certified Copy of Return

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

<b>Commercial Enterprises by Local Governments</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2017.	Yes	Onslow Airport Record 1824168	Nicky Tyson
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	Onslow Airport Record 1824168	Nicky Tyson
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	Onslow Airport Record 1824168	Nicky Tyson
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	Onslow Airport Record 1824168	Nicky Tyson
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes	Onslow Airport Record 1824168	Nicky Tyson



<b>Delegation of Power / Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A	Nil delegations to Committees	Nicky Tyson
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A	Nil delegations to Committees	Nicky Tyson
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A	Nil delegations to Committees	Nicky Tyson
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A	Nil delegations to Committees	Nicky Tyson
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	N/A	Nil delegations to Committees	Nicky Tyson
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		Nicky Tyson
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes	Delegation register reviewed and approved OMC 18/07/2017	Nicky Tyson
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	Issued by the Shire President and recorded in register GV01.17	Nicky Tyson
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	As per GV01.17 and hard copy file in Media Office	Nicky Tyson
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	Ordinary Meeting of Council 18/07/2017	Nicky Tyson
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	GV 01.17 and hard copy file	Nicky Tyson
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	Ordinary Meeting of Council 18/07/2017 and by the ARC	Nicky Tyson
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	Yes - CEO 078 form and recorded in GV01.17 on all occasions as required	Nicky Tyson

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes	GV04	Nicky Tyson



Department of  
**Local Government, Sport  
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes	GV04	Nicky Tyson
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	GV04	Nicky Tyson
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.	N/A	No new members elected	Nicky Tyson
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes	FM07.17.18	Nicky Tyson
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes	Yes - All annual returns from Elected Members received in correct time frame. See GV28	Nicky Tyson
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes	See FM07.17.18	Nicky Tyson
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes	See FM07.17.18	Nicky Tyson
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	Yes see FM07.17.18 and hard copy files	Nicky Tyson
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes	See GV28 for Members and FM07.17.18 for staff	Nicky Tyson
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	FM07.01	Nicky Tyson
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	FM07.01	Nicky Tyson
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	GV04	Nicky Tyson



Department of  
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No	Reference	Question	Response	Comments	Respondent
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	GV07	Nicky Tyson
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	GV07	Nicky Tyson
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	GV22	Nicky Tyson

### 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	Record 1724070 and 1776262	Nicky Tyson
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	Record 1724070 and 1776262	Nicky Tyson

### 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	GV22	Nicky Tyson

### 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	GV04 Agenda and Minutes	Nicky Tyson
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 delegations to ARC	Nicky Tyson



Department of  
**Local Government, Sport  
and Cultural Industries**

No	Reference	Question	Response	Comments	Respondent
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	Moore Stephens	Nicky Tyson
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes	OMC 9 December 2015. Minute 12039	Nicky Tyson
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	See Minutes OMC 15 December 2017 Synergy Ref: 1776414	Nicky Tyson
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	Synergy 1776414 Received 1 December 2017	Nicky Tyson
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		Nicky Tyson
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		Nicky Tyson
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		Nicky Tyson
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	See RFT02.16 in CM02.16 Synergy	Nicky Tyson
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	See RFT02.16 in CM02.16 Synergy	Nicky Tyson
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	See RFT02.16 in CM02.16 Synergy	Nicky Tyson
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	See RFT02.16 in CM02.16 Synergy	Nicky Tyson
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	See RFT02.16 in CM02.16 Synergy	Nicky Tyson



<b>Integrated Planning and Reporting</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Adopted 21 August 2013 Currently Under review by the CEO CM03	Nicky Tyson
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.	Yes	15 December 2017. Adoption of the Annual Report	Nicky Tyson
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	Adopted 14 March 2017 Minute: 123	Nicky Tyson
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No	Not yet due	Nicky Tyson
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Strategic Asset Management Plan 2016 – 2020 adopted at 15 March 2016 OMC. Agenda item 15.1. Minute 12064	Nicky Tyson
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	20 June 2017 Minute: 179/2017	Nicky Tyson
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Audit & Risk Committee and OMC 18 July 2017	Nicky Tyson





<b>Local Government Employees</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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.	Yes	See RFQ 41.17 CMQ41.17	Nicky Tyson
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes	Outsourced to Consultant – see Synergy CMQ41.17/1824219	Nicky Tyson
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).	Yes	HR Files – not in Synergy	Nicky Tyson
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).	Yes	Consultant completed – See HR files. Not in Synergy	Nicky Tyson
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A	No instances for the 2017 year	Nicky Tyson



<b>Official Conduct</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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	CEO is complaints officer	Nicky Tyson
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	GV.03.01 Nil complaints to date	Nicky Tyson
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	GV03.01	Nicky Tyson
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	GV03.01	Nicky Tyson
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	GV03.01	Nicky Tyson
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	GV03.01	Nicky Tyson

<b>Tenders for Providing Goods and Services</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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	Synergy CM01.17 – CM25.17 Also See Tender register	Nicky Tyson
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes	As per FIN 12 Purchasing policy	Nicky Tyson
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes	Copies of advertisements under each relevant tender file in Synergy	Nicky Tyson
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	All advertising to comply	Nicky Tyson



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No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes	Provided by official addendum via Tenderlink	Nicky Tyson
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	As per internal Procedures monitored and managed by Procurement Staff	Nicky Tyson
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	No tenders accepted after closing date and time.	Nicky Tyson
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.	N/A	Not applicable	Nicky Tyson
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	See hard copy public Tender Register	Nicky Tyson
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	All Tenderers advised of outcome of each Tender via email	Nicky Tyson
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	Not applicable	Nicky Tyson
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A	Not applicable	Nicky Tyson
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	N/A	Not applicable	Nicky Tyson
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	N/A	Not applicable	Nicky Tyson
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes	See RFT 13.17. CM13.17	Nicky Tyson
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	See RFT 13.17. CM13.17	Nicky Tyson



No	Reference	Question	Response	Comments	Respondent
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	Yes	As per internal Procedures monitored and managed by Procurement Staff	Nicky Tyson
18	F&G Reg 24AD(6)	If the local government to sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	Yes	Provided by official addendum via Tenderlink	Nicky Tyson
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	Nil submitted after closing date and time (Tenderlink)	Nicky Tyson
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	As per internal Procedures managed by Procurement Staff	Nicky Tyson
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	See Public Tender Register	Nicky Tyson
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	All Tenderers advised of outcome of each Tender via email – also council minutes	Nicky Tyson
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	Already adopted Policy	Nicky Tyson
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	FIN12 Purchasing policy (Previously FIN04)	Nicky Tyson
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	FIN12 Purchasing policy	Nicky Tyson



Department of  
**Local Government, Sport  
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I certify this Compliance Audit return has been adopted by Council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor / President, Ashburton

\_\_\_\_\_  
Signed CEO, Ashburton



Department of  
**Local Government, Sport  
and Cultural Industries**

Our ref LG17-111; E1803173  
Enquiries Chris Berry  
Phone (08) 6552 1563  
Email Chris.berry@dlgsc.wa.gov.au

Mr Rob Paull  
Chief Executive Officer  
Shire of Ashburton  
PO Box 567  
TOM PRICE WA 6751

SHIRE OF ASHBURTON	
Rec No:	18 77142
07 FEB 2018	
File:	6505
Officer:	

CR 18 77053

Dear Mr Paull

### LOCAL GOVERNMENT ROAD INVENTORY DATA

The WA Local Government Grants Commission is reminding local governments that it must ensure road inventory data submitted to Main Roads WA (MRWA) only includes roads for which the local government has accepted responsibility for care, control and maintenance.

All types of private roads which are not the responsibility of local governments, including mining company roads, roads in company towns, national park and forestry roads, should not be included in local government road inventories.

Road inventory data is used as the primary basis for allocation of the road grant component within the Financial Assistance Grants, as well as other grants programs including Direct Grants (through MRWA) and Roads to Recovery funding. It is imperative that inventory data correctly reflects local government responsibilities. The Commission believes most local governments will not have an issue with private roads but it is concerned that some local road inventories may be being overstated.

If the local government finds that private roads are currently included in their inventory, they should advise MRWA of inventory corrections by 15 March 2018. Where it is found that a local government's road inventory has been significantly misrepresented by the inclusion of private roads, the Commission will consider means of adjusting future grant allocations in an effort to neutralise overpayments.

The Local Government Grants Commission, under section 12 of the *Local Government Grants Act 1978*, is requesting local government Chief Executive Officers to sign and return the attached declaration by 15 March 2018, confirming that the local government's road inventory (as submitted to MRWA) does not include roads that are not the responsibility of the local government

Gordon Stephenson House, 140 William Street  
PO Box 8349 Perth Business Centre, WA 6849  
Telephone (08) 6552 7300  
Email [info@dlgsc.wa.gov.au](mailto:info@dlgsc.wa.gov.au)  
Web [www.dlgsc.wa.gov.au](http://www.dlgsc.wa.gov.au)


Private roads to be removed their inventory should be advised to MRWA in the following format:

Road Number	Road Name	Carriageway	Start SLK	End SLK
nnnnnnn	Road Name	(S)ingle, (L)eft, (R)ight	nnnn.nnn	nnnn.nnn

Where local governments do identify to MRWA private roads that need to be removed from their inventory, they should ensure their own systems are updated to prevent the same roads from being submitted to MRWA again in future.

To submit your declaration, or if you believe that there are issues with your road inventory data, please contact Chris Berry (Mondays and Tuesdays) or via [chris.berry@dlgsc.wa.gov.au](mailto:chris.berry@dlgsc.wa.gov.au).

Yours sincerely



Paul Omodei  
Chair  
WA Local Government Grants Commission

2 February 2018





Department of  
**Local Government, Sport  
 and Cultural Industries**

### WA Local Government Grants Commission

#### Local Government - Declaration of Road Inventory

*I certify that the road inventory data provided to Main Roads WA does not include private roads which are not the responsibility of this local government.*

Signed:

\_\_\_\_\_  
 Chief Executive Officer

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Local Government: \_\_\_\_\_

If you are unable to certify by 15 March 2018, please advise the Commission of the reasons and the steps being taken to address the situation.

**Please return the declaration or alternatively advise the Commission of the status of your inventory via email to [chris.berry@dlgsc.wa.gov.au](mailto:chris.berry@dlgsc.wa.gov.au) at the WA Local Government Grants Commission by 15 March 2018.**

**Note:** Private roads include mining company roads, roads in company towns, national park and forestry roads, and other private roads.





Department of  
**Local Government, Sport  
and Cultural Industries**

Our ref LG17-111; E1802186  
Enquiries Dr Chris Berry  
Phone (08) 6552 1563  
Email chris.berry@dlgsc.wa.gov.au

Cr Kerry White  
President  
Shire of Ashburton  
PO Box 567  
TOM PRICE WA 6751



Dear Cr White

### LOCAL GOVERNMENT ROAD INVENTORY DATA

As you would be aware, a review and update of the Shire of Ashburton's road inventory data conducted by the Shire in 2016 found that roads that were not the responsibility of the Shire of Ashburton had been included in the Shire's road inventories. This resulted in an additional 380km of roads being recognised in road grant calculations. The inclusion of these roads resulted in the Shire receiving Financial Assistance Grant allocations higher (average of 11.7% over seven years) than it should have.

The WA Local Government Grants Commission recently discussed the issue noting that this had occurred over a number of years and added up to a significant amount. The correct inventory was applied to the 2016-17 and 2017-18 road grant allocations, but the effect remains in the general purpose component. The Commission has assessed the grants impact due to the incorrect road inventory as follows.

Year	Road Grants	General Purpose Grants
2011-12	\$134,152	\$0
2012-13	\$140,264	\$38,876
2013-14	\$143,632	\$361,937
2014-15	\$185,423	\$415,018
2015-16	\$141,886	\$523,261
2016-17	\$0	\$495,148
2017-18	\$0	\$499,234
<b>TOTAL</b>	<b>\$745,357</b>	<b>\$2,333,474</b>

While the Commission has only analysed the last seven years of grants it believes these roads had been in the Shire's inventory since 2000-2001. This gives rise to a significant equity issue. Since becoming aware of this matter, the Commission has been considering what it can do about the situation.

The Commission cannot take back grants which have already been paid. However, it would be possible for the Commission to have regard to the previous overpayments made to the Shire when determining the amount to be granted in the future.

This could be implemented over a period of perhaps five years, commencing in the 2018-19 allocations, through an adjustment for additional funding in the 'transport standard' of the Balanced Budget used for determining equalisation grants.

This would result in the general purpose grant being significantly less for the Shire during the period of adjustment. The funding 'clawed back' by this means would be redistributed to other local governments in WA, as they have effectively received lesser grants than they would have received over a number of years due to the overpayments to the Shire of Ashburton.

The Shire is invited to comment on the Commission's proposed course of action.

It should also be noted that as Main Roads WA allocates its Direct Grants each year in proportion to the road asset preservation needs assessed by the Commission, it means that Main Roads' Direct Grants would also have been 11.7% higher over the relevant period. Roads to Recovery funding would have been similarly overpaid. These overpayments would be a matter for the responsible authorities to consider.

Should you wish to discuss the matter further, or have any questions, please contact the Commission's Roads Consultant, Dr Chris Berry (Mondays and Tuesdays) on (08) 6552 1563 or [chris.berry@dlgsc.wa.gov.au](mailto:chris.berry@dlgsc.wa.gov.au) or the Commission's Manager Executive Support, Julie Knight on (08) 6552 1595 or [julie.knight@dlgsc.wa.gov.au](mailto:julie.knight@dlgsc.wa.gov.au)

Yours sincerely



Paul Omodei  
Chair  
WA Local Government Grants Commission

23 January 2018



**Shire of Ashburton**

Administration Centre  
246 Poinciana Street  
PO Box 567, Tom Price, WA, 6751  
E [soa@ashburton.wa.gov.au](mailto:soa@ashburton.wa.gov.au)  
T (08) 9188 4444  
F (08) 9189 2252

[ashburton.wa.gov.au](http://ashburton.wa.gov.au)

ABN 45 503 070 070

Enquiries: Kevin Hannagan  
Our Ref: 1877053  
Your Ref: LG17-111; E1802186

26 February 2018

Mr Paul Omodei  
Chair  
WA Local Government Grants Commission  
GPO Box R150  
PERTH WA 6844

Dear Paul

Re: LOCAL GOVERNMENT ROAD INVENTORY DATA

Thankyou for your letter of 23 January 2018 requesting comment on the Commissions proposed course of action.

Firstly, I must apologise on behalf of Shire staff for incorrect classifications within their roads database, i.e. roads that the Shire may not have responsibility for care, control and maintenance. They were unaware of the severe implications of making such an error.

Many Councils have data on all roads within their shire boundaries, this data is also captured by MRWA for other purposes. However, Shire data bases should contain an indicator determining such care, control and maintenance responsibility and as such roads that they can receive road grant funding for. The data contained within Road Asset Maintenance Managements Systems maintained by engineering departments is used for maintenance planning purposes not financial management purposes.

I am advised that Shire Officers did liaise with Mr Clive Shepherd of your office in mid 2016 when they were made aware of this problem and acknowledged that the database had not been updated for some time and did include roads not the responsibility of the Shire.

On the 30 June 2015 each Council was required to undertake a revaluation of their road inventory in accordance with Fair Value. As such many Councils may have become aware that the records held (Financial Asset Registers) by their Corporate Services staff did not align with the databases (Maintenance Management) held by Infrastructure Services staff. The different databases were maintained for different purposes. After the Fair Value assessment was done we are of the view that many councils may have found discrepancies with their databases. The Shire is aware of several other Shires who had not maintained their databases for many years and after fair value should have received increases in their funding going back many years. Our current Acting Director Infrastructure Services has advised that he has worked in two such Shires where their grants were under claimed for many years and were only recently adjusted (going forward).

The Shire of Ashburton has undertaken a significant review of its databases and is liaising with Main Roads WA, IRIS staff to ensure that our road information is correct.



The Shire fully supports the Commission's new initiative of requiring Local Government CEO's to annually declare that their road inventory data is correct (going forward).

The Shire regrets the unfortunate position it now finds itself in with the Grants Commission and respectfully requests that as this was not done purposefully that the Shire accepts adjustments made to its Road Grant effective 2016/17. The Shire also acknowledges that its General Purpose Grant may also be reduced 'going forward' due to the flow on effect from revised road length data used in the General Purpose funding formulae.

Shire Officers and I are more than willing to discuss this matter further with the Grants Commission during its upcoming visit to the Shire in April.

Regards

A handwritten signature in blue ink that reads 'Kerry White'.

Kerry White

**SHIRE PRESIDENT**