



**SHIRE OF DENMARK
AUDIT ADVISORY COMMITTEE**

HELD IN THE COUNCIL CHAMBERS,
953 SOUTH COAST HIGHWAY, DENMARK,
TUESDAY, 13 MARCH 2018

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Council Committee Meeting

13th March 2018

DISCLAIMER

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

3.00pm – Cr Gibson, assumed the role as Presiding Person and declared the meeting open. As nominated by The Shire President, Cr Gearon and seconded by Cr Phillips.

Members noted the following Council Policy which relates.

“P040235 - Presiding Members of Council Committees

Objectives

- *To maximise the adherence of Council Committees to adopted policies and procedures;*
- *To maximise the likelihood of Council Committees having continuity of a Presiding Person for the duration of its term; and*
- *To maximise the efficiency and effectiveness of Committees by ensuring that the Chairperson has the appropriate training and support.*

Policy

Wherever there is one or more Elected Members appointed to a Council Committee, then it is Council Policy that the members of the Committee should elect one of those Elected Members to the role of Presiding Person of that Committee.

In addition, a deputy of a member of a Committee may perform the functions of the member when the member is unable to do so by reason of illness, absence or other cause and a deputy of a member of a committee, while acting as a member, has all the functions of and all the protection given to a member (Section 5.11A of the Local Government Act 1995).”

2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE

MEMBERS:

Cr Ceinwen Gearon (Shire President)
 Cr Peter Caron (Deputy Shire President)
 Cr Kingsley Gibson
 Cr Ian Osborne
 Cr Janine Phillips
 Vacant (Community Member)
 Vacant (Community Member)
 Vacant (Community Member)

STAFF:

Mr Bill Parker (Chief Executive Officer)
 Mr Cary Green (Director Corporate and Community Services)

APOLOGIES:

Cr Rob Whooley

ON LEAVE OF ABSENCE:

Nil

ABSENT:

Nil

VISITORS:

Nil

DECLARATIONS OF INTEREST:

Nil

3. ELECTION OF PRESIDING PERSON

*Cr Gearon had submitted her nomination for Cr Gibson and in writing.
Cr Gibson accepted the nomination.*

*There being no further nominations received, Cr Gearon declared Cr Gibson elected,
Cr Phillips seconded.*

Cr Gibson assumed the Chair as the Presiding Person.

4. ANNOUNCEMENTS BY THE PERSON PRESIDING

Nil

5. CONFIRMATION OF MINUTES**5.1 AUDIT ADVISORY COMMITTEE MEETING**

| | |
|---|-----------------------|
| COMMITTEE DECISION & OFFICER RECOMMENDATION | ITEM 5.1 |
| MOVED : Cr GEARON | SECONDED : CR OSBORNE |
| That the minutes of the Shire of Denmark Audit Advisory Committee meeting held on 20 February 2018, be confirmed as a true and correct record of the proceedings. | |
| CARRIED: 5/0 | |

6. OFFICER REPORTS**6.1 REVIEW OF DRAFT 2017 COMPLIANCE AUDIT RETURN**

| | |
|--|--------------------------------------|
| File Ref: | GOV.20B |
| Applicant / Proponent: | Not applicable |
| Subject Land / Locality: | Not applicable |
| Disclosure of Officer Interest: | Nil |
| Date: | 7 March 2018 |
| Author: | Claire Thompson, Executive Assistant |
| Authorising Officer: | Bill Parker, Chief Executive Officer |
| Attachments: | Draft 2017 Compliance Audit Return |

Summary:

The Audit Advisory Committee are requested to review the 2017 Compliance Audit Return and report to Council the results of the review.

Background:

Each year a local government is required to carry out a compliance audit for the period 1 January to 31 December against the requirements of the Compliance Audit Return provided by the Department of Local Government, Sport and Cultural Industries.

The information derived from the CAR is retained by the Department for future reference.

Consultation:

- Internal consultation with relevant employees.
- Department of Local Government, Sport and Cultural Industries.

Statutory Obligations:

- Section 7.13 (i) of the Local Government Act 1995 requires that the audit of compliance is to be carried out in a prescribed manner and in a form approved by the Minister.
- Regulation 13 sets out the prescribed manner and form of a compliance audit return, which has been approved by the Minister.

- Regulation 14 refers to the compliance audit period, the format and states that the compliance audit return is to be reviewed by the local government’s audit committee and that the audit committee must report the result of that review to Council. The audit committee’s report must be presented to and adopted by the Council.
- Regulation 15 refers to the requirement that a certified copy of the compliance audit return is presented to the Director General of the Department by 31 March.

Policy Implications:

There are no policy implications.

Budget / Financial Implications:

There are no known financial implications upon either the Council’s current Budget or Long Term Financial Plan.

Strategic & Corporate Plan Implications:

The report and officer recommendation is consistent with Council’s adopted Strategic Community Plan Aspirations and Objectives and the Corporate Business Plan Actions and Projects in the following specific ways:

Denmark 2027

L5.0 Our Local Government

The Shire of Denmark is recognised as a transparent, well governed and effectively managed Local Government.

L5.1 To be a high functioning, open, transparent, ethical and responsive.

Corporate Business Plan

4.4.12 Provide statutory and other relevant information to internal and external stakeholders on a timely basis.

Sustainability Implications:

➤ **Governance:**

There are no known significant governance considerations relating to the report or officer recommendation.

➤ **Environmental:**

There are no known significant environmental implications relating to the report or officer recommendation.

➤ **Economic:**

There are no known significant economic implications relating to the report or officer recommendation.

➤ **Social:**

There are no known significant social considerations relating to the report or officer recommendation.

➤ **Risk:**

| Risk | Risk Likelihood (based on history and with existing controls) | Risk Impact / Consequence | Risk Rating (Prior to Treatment or Control) | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|--|---|---------------------------|---|--|---|
| That the Audit Advisory Committee not review the 2017 Compliance Audit Return. | Rare (1) | Minor (2) | Low (1-4) | Failure to meet Statutory, Regulatory or Compliance Requirements | Accept Officer Recommendation |

Comment/Conclusion:

The draft 2017 Compliance Audit Return is attached for the Audit Advisory Committee's review and report to Council.

Areas of non-compliance have been identified as follows;

| Disclosure of Interest | | |
|--|--|--|
| Number 4 | Reference: s5.75(1) of LGA Admin Reg 22 Form 2 | Comment: One Primary Return received 3 days late and one Primary Return received 10 days late. Reported to the Crime & Corruption Commission. CCC advised no further action to be taken. |
| Integrated Planning & Reporting | | |
| Number 2 | Reference: s5.56 of LGA Admin Reg 19DA (6) | Comment: Following the major review of the Strategic Community Plan in December 2017, a new Corporate Business Plan will be adopted by Council prior to 30 June 2018. |
| Number 4 | Reference: s5.56 Admin Reg 19C (7) | Comment: No modifications have been required as a new Strategic Community Plan was adopted by Council in December 2017, following a major review. |
| Number 5 | Reference: s5.56 of LGA | Comment: Council adopted an Asset Management Policy and an Asset Management Strategy in October 2017. Four Asset Management Plans will be adopted by Council prior to 30 June 2018. |
| Number 6 | Reference: s5.56 of LGA | Comment: A draft Long Term Financial Plan has been prepared and will be adopted by Council prior to 30 June 2018. |
| Number 7 | Reference: s5.56 of LGA | Comment: A draft Workforce Plan is being prepared and will be adopted by Council prior to 30 June 2018. |

Voting Requirements:

Simple majority.

| | |
|---|----------------------------------|
| COMMITTEE & OFFICER RECOMMENDATION | ITEM 6.1 |
| <p>MOVED: CR GEARON</p> <p>That the Audit Advisory Committee recommend that Council endorse the 2017 Compliance Audit Return and submit a certified copy to the Director General of the Department of Local Government, Sport and Cultural Industries by 31 March 2018.</p> <p>CARRIED: 5/0</p> | <p>SECONDED: CR CARON</p> |

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|------------|---|
| 6.2 | OFFICE OF THE AUDITOR GENERAL – FOCUS AUDIT FINDING REPORTS 2017 |
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|--|---|
| File Ref: | FIN.31 |
| Applicant / Proponent: | Shire of Denmark |
| Subject Land / Locality: | Nil |
| Disclosure of Officer Interest: | Nil |
| Date: | 7 March 2018 |
| Author: | Cary Green, Director Corporate and Community Services |
| Authorising Officer: | Bill Parker, Chief Executive Officer |
| Attachments: | OAG findings identified during audit |

Summary:

For the Audit Advisory Committee to accept the findings identified during the recent focus audit by the Office of the Auditor General (OAG) on the controls over Corporate Credit Cards.

Comment:

The Shire of Denmark was selected by the (OAG) to be part of a focus audit on controls over corporate credit cards. The focus of the audit was to determine how well the Shire's common controls and business practices are performed, with the findings providing an insight into good practices and improvements.

Staff from the OAG's conducted an onsite audit on 13th and 14th December 2017 and the finding of this audit was provided to officers in January 2018. The attachments include the findings identified during the audit and also include management responses to the recommendation made.

Consultation:

Shire of Denmark Audit Advisory Committee & Staff.
Department of Local Government, Sport and Cultural Industries
Office of the Auditor General

Statutory Obligations:

Local Government Act 1995 (*incorporating the Local Government Amendment (Auditing) Act 2017 - gazetted 27 October 2017*).

Policy Implications:

Nil

Budget / Financial Implications:

Nil

Strategic & Corporate Plan Implications:

The report and officer recommendation are consistent with Council's adopted Strategic Community Plan Aspirations and Objectives and the Corporate Business Plan Actions and Projects in the following specific ways:

Denmark 2027

L5.4 To be fiscally responsible

Corporate Business Plan

4.4.12 Provide statutory and other relevant information to internal and external stakeholders on a timely basis.

Sustainability Implications:

➤ **Environmental:**

There are no known significant environmental considerations relating to the report or officer recommendation.

➤ **Economic:**

There are no known significant economic considerations relating to the report or officer recommendation.

➤ **Social:**

There are no known significant social considerations relating to the report or officer recommendation.

Voting Requirements:

Simple Majority

| | |
|--|--------------------|
| COMMITTEE DECISION & OFFICER RECOMMENDATION | ITEM 6.2 |
| MOVED: CR PHILLIPS | SECONDED: CR CARON |
| That the Shire of Denmark Audit Advisory Committee accepts the findings identified during the recent focus audit by the Office of the Auditor General (OAG) on the controls over Corporate Credit Cards. | |
| CARRIED: 5/0 | |

7. GENERAL BUSINESS

Nil

8. NEXT MEETING

The next meeting of the Shire of Denmark Audit Committee is to be held as required.

9. CLOSURE OF MEETING

3.35pm - Cr Gibson thanked all of those in attendance and declared the meeting closed.

These minutes were confirmed at the meeting of the _____

Signed: _____