



City of Nedlands

Agenda

Audit and Risk Committee Meeting

18 February 2016

ATTENTION

This Agenda has yet to be dealt with by the Committee.

The Administration Recommendations, shown at the beginning of each item, have yet to be considered by the Committee and are not to be interpreted as being the position of either the Committee or Council.

The Minutes of the meeting held to discuss this Agenda should be read to ascertain the decision of the Committee.

Before acting on any recommendation of the Committee a check must also be made in the Ordinary Council Minutes following the Committee Meeting to ensure that Council did not make a decision at variance to the Committee Recommendation.

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City of Nedlands

Notice of a meeting of the Audit and Risk Committee to be held in the Council Meeting Room at 71 Stirling Hwy, Nedlands on 18 February 2016 at 6pm.

Dear Committee member

The next meeting of the Audit and Risk Committee will be held on 18 February 2016 in the Council Meeting Room at 71 Stirling Highway, Nedlands commencing at 6pm.



Greg Trevaskis
Chief Executive Officer
2 February 2016

Council Committee Agenda

Declaration of Opening

The Presiding Member will declare the meeting open at 6pm and will draw attention to the disclaimer below.

Present and Apologies and Leave Of Absence (Previously Approved)

Leave of Absence None
(Previously Approved)

Apologies Mr P Setchell

Disclaimer

Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. For example by reference to the confirmed Minutes of Council meeting. Members of the public are also advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

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1. Public Question Time

A member of the public wishing to ask a question should register that interest by notification in writing to the CEO in advance, setting out the text or substance of the question. Questions tabled at the meeting may be unable to be answered due to the requirement for technical research and will therefore be answered direct afterwards.

Questions must relate to a matter contained within the agenda of this meeting.

2. Addresses by Members of the Public (only for items listed on the agenda)

Addresses by members of the public who have completed Public Address Session Forms will be invited to be made at this point.

3. Disclosures of Financial Interest

The Presiding Member to remind Councillors and Staff of the requirements of Section 5.65 of the *Local Government Act* to disclose any interest during the meeting when the matter is discussed.

A declaration under this section requires that the nature of the interest must be disclosed. Consequently a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.

However, other members may allow participation of the declarant if the member further discloses the extent of the interest. Any such declarant who wishes to participate in the meeting on the matter, shall leave the meeting, after making their declaration and request to participate, while other members consider and decide upon whether the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.

4. Disclosures of Interests Affecting Impartiality

The Presiding Member to remind Councillors and Staff of the requirements of Council's Code of Conduct in accordance with Section 5.103 of the *Local Government Act*.

Councillors and staff are required, in addition to declaring any financial interests to declare any interest that may affect their impartiality in considering a matter. This declaration does not restrict any right to participate in or be present during the decision-making procedure.

The following pro forma declaration is provided to assist in making the disclosure.

“With regard to the matter in item x..... I disclose that I have an association with the applicant (or person seeking a decision). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”

The member or employee is encouraged to disclose the nature of the association.

5. Declarations by Members That They Have Not Given Due Consideration to Papers

Members who have not read the business papers to make declarations at this point.

6. Confirmation of Minutes

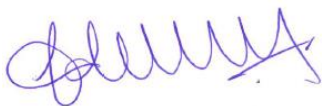
6.1 Audit and Risk Committee Meeting 16 November 2015

The minutes of the Audit and Risk Committee held 16 November 2015 are to be confirmed.

7. Items for Discussion

Note: Regulation 11(da) of the *Local Government (Administration) Regulations 1996* requires written reasons for each decision made at the meeting that is significantly different from the relevant written recommendation of a committee or an employee as defined in section 5.70, but not a decision to only note the matter or to return the recommendation for further consideration.

7.1 2015 COMPLIANCE AUDIT RETURN

Committee	18 February 2016
Applicant	City of Nedlands
Officer	Pollyanne Fisher, Policy and Projects Officer
Director	Andrew Melville – A/ Director Corporate & Strategy
Director Signature	
File Reference	CEO-GOV-00016
Previous Item	Nil

Executive Summary

The 2015 Compliance Audit Return is an annual return that is required to be reviewed and adopted by Council prior to submission to the Department of Local Government by 31 March 2016. The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

Recommendation to Committee

Council adopts the 2015 Compliance Audit Return.

Strategic Plan

KFA: Governance and Civic Leadership

The completion of the 2015 Compliance Audit Return provides a measure of compliance with certain statutory requirements under the *Local Government Act 1995* and related regulations.

Background

Local governments are required to complete the annual Compliance Audit Return. The attached return for the City of Nedlands is for the period 1 January 2015 to 31 December 2015. It is required to be considered and adopted by Council, and submitted to the Department of Local Government by 31 March 2016. The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

Key Relevant Previous Council Decisions:

Not applicable.

Consultation

Required by legislation: Yes No
Required by City of Nedlands policy: Yes No

The Audit and Risk Committee is required to review the return and is to submit the results of that review to Council.

Legislation / Policy

Regulations 14 and 15 of the Local Government (Audit) Regulations 1996 as follows:

In accordance with Regulation 14 and 15 of the Local Government (Audit) Regulations 1996 the Compliance Audit Return 2015 must be:

1. Presented to the Audit and Risk Committee for review and then presented to Council;
2. Adopted by Council;
3. Recorded in the minutes of the meeting at which it was adopted; and
4. A certified copy of the return, along with a copy of the minutes recording its adoption, to be submitted to the Department of Local Government by 31 March 2016.

Budget/Financial Implications

Within current approved budget: Yes No
Requires further budget consideration: Yes No

The 2015 Compliance Audit Return is conducted using internal resources and there are no other financial impacts.

Risk Management

The completion of the 2015 Compliance Audit Return provides a measure of compliance with a number of statutory requirements under the *Local Government Act 1995* and related regulations. Completion of the return minimises the risk of legislative non-compliance.

Discussion

The City's 2015 Compliance Audit Return was completed in January by the Policy and Projects Officer after reviewing and assessing:

- Council meeting agendas and minutes;
- Performance plans, media advertisements, procedures and policies, registers, delegation records, local laws; and
- Interviews with responsible officers.

Conclusion

The City is committed to compliance and operating at best-practice levels in all areas. The completion of the Compliance Audit Return for 2015 demonstrated a perfect level of compliance by the City of Nedlands for questions listed in the return.

In accordance with Regulation 14 and 15 of the Local Government (Audit) Regulations 1996 the Compliance Audit Return 2015 must be:

1. Presented to Council;
2. Adopted by Council;
3. Recorded in the minutes of the meeting at which it was adopted; and
4. A certified copy of the return, along with a copy of the minutes recording its adoption, to be submitted to the Department of Local Government by 31 March 2016.

The report is attached for the Committee's review.

Attachments

1. Compliance Audit Return 2015



Nedlands - Compliance Audit Return 2015

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2015.	N/A	No major trading undertaking in 2015	Michael Cole
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 2015.	N/A	No major land transactions	Michael Cole
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 2015.	N/A		Michael Cole
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 2015.	N/A		Michael Cole
5	s3.59(5)	Did the Council, during 2015, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Michael Cole



Delegation of Power / Duty						
No	Reference	Question	Response	Comments	Respondent	
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Pollyanne Fisher	
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Pollyanne Fisher	
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Pollyanne Fisher	
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Pollyanne Fisher	
5	s5.18	Has Council reviewed delegations to its committees in the 2014/2015 financial year.	Yes		Pollyanne Fisher	
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		Pollyanne Fisher	
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Pollyanne Fisher	
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Pollyanne Fisher	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Pollyanne Fisher	
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Pollyanne Fisher	
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Pollyanne Fisher	
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 2014/2015 financial year.	Yes		Pollyanne Fisher	
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		Pollyanne Fisher	

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



No	Reference	Question	Response	Comments	Respondent
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		Pollyanne Fisher
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 newly elected members	Pollyanne Fisher
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		Pollyanne Fisher
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2015.	Yes		Pollyanne Fisher
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2015.	Yes		Pollyanne Fisher
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		Pollyanne Fisher
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		Pollyanne Fisher
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		Pollyanne Fisher
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		Pollyanne Fisher
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		Pollyanne Fisher
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		Pollyanne Fisher
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.	N/A	There were no interests to be disclosed by employees	Pollyanne Fisher



No	Reference	Question	Response	Comments	Respondent
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.	N/A		Pollyanne Fisher
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Pollyanne Fisher

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)).	N/A	Disposals all in accordance with S3.58	Michael Cole
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.	N/A		Michael Cole

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		Michael Cole

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		Michael Cole
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.	Yes		Michael Cole
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Michael Cole
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		Michael Cole



No	Reference	Question	Response	Comments	Respondent
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2015 received by the local government within 30 days of completion of the audit.	Yes		Michael Cole
6	s7.9(1)	Was the Auditor's report for 2014/2015 received by the local government by 31 December 2015.	Yes		Michael Cole
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.	Yes		Michael Cole
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		Michael Cole
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		Michael Cole
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	N/A		Michael Cole
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Michael Cole
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Michael Cole
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		Michael Cole
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		Michael Cole



Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A	There were no new CEO appointments	Shelley Mettam
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A		Shelley Mettam
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A		Shelley Mettam
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	N/A		Shelley Mettam
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Shelley Mettam

Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	CEO or Acting CEO is the complaints officer	Greg Trevaskis
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		Greg Trevaskis
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		Greg Trevaskis
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		Greg Trevaskis
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		Greg Trevaskis
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		Greg Trevaskis



Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Michael Cole
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		Michael Cole
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Michael Cole
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Michael Cole
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		Michael Cole
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		Michael Cole
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		Michael Cole
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Michael Cole
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		Michael Cole
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		Michael Cole
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	Yes		Michael Cole
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	Yes		Michael Cole



No	Reference	Question	Response	Comments	Respondent
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	Yes		Michael Cole
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	Yes		Michael Cole
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes		Michael Cole
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		Michael Cole
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		Michael Cole
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A		Michael Cole
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.	Yes		Michael Cole
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		Michael Cole
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		Michael Cole
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		Michael Cole



No	Reference	Question	Response	Comments	Respondent
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	No regional price preference	Michael Cole
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.	N/A		Michael Cole
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		Michael Cole

COPY ONLY

7.2 CEO REPORT – RISK MANAGEMENT, INTERNAL CONTROLS, LEGISLATIVE COMPLIANCE

Background

Regulation 17 of the Local Government (Audit) Regulations 1996 require the Chief Executive Officer (CEO) to review risk management, internal control and legislative compliance and to report the results of that review to the Audit and Risk Committee. Each of these matters is to be reviewed at least once every 2 calendar years.

An extract from the Local Government (Audit) Regulations 1996 is as follows:

17. CEO to review certain systems and procedures
- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
- (a) risk management; and
 - (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 2 calendar years.

(4) The CEO is to report to the audit committee the results of that review.

The attached report is presented to the Audit and Risk Committee. For each task, the responsible area, control and current status is provided.

Recommendation to the Audit and Risk Committee

The Audit and Risk Committee receives the CEO report on Risk Management, Internal Controls, Legislative Compliance.

Attachment

1. CEO report on Risk Management, Internal Controls, Legislative Compliance

Amendments to the Local Government (Audit) Regulations 1996 (Regulation 17) require the Chief Executive Officer to review the appropriateness and effectiveness of certain systems and procedures, including risk management, internal controls, and legislative compliance. Relevant processes from the responsible areas have been reviewed and are provided in the table below.

Risk Management

Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include the following:

Task	Responsible Area	Control	Status / Reporting Mechanism
Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately identified, monitored and controlled in accordance with the City's handling of and finding solutions for risk.	Corporate Strategy & Systems	<p>The City has a Enterprise Risk Management Governance Framework that provides City staff with guidance in how to apply consistent and comprehensive risk management. The framework provides information on how the City identifies, analyses, evaluates and treats risks. In addition, it identifies other key activities needed for an effective risk management approach. The risk management process contained in the framework aligns with the Australian Standard for Risk Management (AS/NZS ISO31000:2009).</p> <p>A cross functional team of subject matter experts participates in the annual and half yearly review of the Risk Register and the risk treatments.</p> <p>The City also has comprehensive Risk Register that is regularly reviewed and updated to reflect the current status of identified risks and risk mitigation controls.</p>	<p>The Enterprise Risk Management Governance Framework has been endorsed by the Executive and the Audit and Risk Committee in October 2014.</p> <p>The results of the reviews are reported to the Executive Management Team and the Audit and Risk Committee</p> <p>The Risk register is current having last been reviewed in 2015.</p>
Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported.	Corporate Strategy & Systems	The results of the risk reviews are reported to the EMT as necessary and to Audit and Risk Committee.	Risk reports and reports by our Internal Auditors are considered by the Executive Management Team Committee are referred to the Audit and Risk Committee
Recognising potential non-compliance with legislation, regulations and standards and local government's policies; misconduct, fraud and theft	Corporate Strategy	<p>The City maintains a Compliance Calendar that is used to monitor legislative compliance as well as other key corporate reporting deadlines.</p> <p>Staff receive information of the consequence of misconduct and / or conflicts of interest in the staff induction and these are reinforced on an 'as appropriate' ad-hoc basis.</p>	Ongoing program - with refresher training on topical issues.
Addressing litigation and insurance claims	Corporate Strategy	<p>The City has a comprehensive set of procedures and guidelines in place to ensure consistent and appropriate actions are taken to minimise the City's exposure whilst recognising and respecting legitimate claims.</p> <p>A comprehensive suite of insurance policies are in place to deal with exposures including property risk, public liability, professional indemnity, fiduciary responsibility, personal injury etc. Claims are dealt with by the City's Insurance provider Willis Australia Pty Ltd.</p>	Procedures have been assessed by the City's insurance brokers Willis Australia Pty Ltd ensuring they meet industry best practice standard.
Managing the risk that important accounting judgements or estimates may prove to be inaccurate	Financial Services	The City has a financial planning model involving a comprehensive and fully funded 10 year Long Term Financial Plan, a systematic annual budget development process, regular transparent and accountable financial reporting and the Executive conducts monthly Budget Reviews to ensure that dynamic treasury management delivers the best 'value for money' outcomes from the use of our financial resources.	Council receives regular updates of financial planning models and underlying assumptions and budget review updates. The LTFP is being reviewed as part of the 2 yearly review of the Strategic Community Plan.

Task	Responsible Area	Control	Status / Reporting Mechanism
<p>Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time.</p>	<p>Information Services, Customer Services under Corporate Strategy & Systems</p>	<p>The City operates in a private cloud environment and is located in a secure data centre in Malaga. Disaster Recovery (DR) is currently being addressed by way of backups to the Depot but investigations are underway for replication of data from the Malaga Data Centre to another secure data centre. Backups of all the City's systems are made to this site, to allow for the restoration of key systems in the event of a disaster.</p> <p>The procedures for data recovery and re-commencement of critical operations after a business interruption are documented in the Information Technology Business Continuity Plan and has been tested. These plans are subject to periodic desktop audit development and simulations to further improve our processes.</p>	<p>The City is currently in the process of finalising the replication of data from the Malaga Data Centre to another secure data centre. This will allow the City to decommission its own server backups at the Depot.</p> <p>Testing for Cyber Risk and testing of Business Continuity Plans are in hand.</p>

Internal Controls - Finance

Internal control is regarded as a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. These are the subject of annual review in the interim audit process as auditors determine the level of 'comfort that they have with the in place controls in determining their materiality thresholds. Assessment of the strategies to maintain effective internal controls are based on a risk analysis of the internal operations of the local government.

Task	Responsible Area	Control	Status / Reporting Mechanism
Approvals - Purchase of goods and services	Financial Services	The Purchasing of Goods & Services Policy and Procedure provide clear guidance regarding the method for paying creditors to ensure that all purchases are authorised, budgeted and within agreed approval limits. There is a separation of duties between the officer processing the transaction and the officer approving the transaction. This approach meets organisational, statutory and internal accounting control requirements.	The City's purchasing policy reflects best practice guidelines. All employees receive training as part of their initial inductions. Refresher training is also provided to all relevant staff.
Approvals – Tendering	Financial Services and Technical Services	The City has a comprehensive Tendering Manual (WALGA Procurement Manual) which provides detailed guidance, templates and sample documentation for all tendering activities – including procedures for the evaluation of tenders. The City has also developed its own set of template tender and contract documentation in order to standardise its approach and ensure best practice. The Purchasing of Goods & Services Policy and Procedure reflect all statutory obligations and clarify the respective roles of the administration and Council in relation to tendering practices.	The City's purchasing policy is modelled on - and therefore, reflects, WALGA best practice guidelines. The in-place controls are reviewed and tested by the City's auditors each year. In addition, the City's Internal Auditors conducted a review of Procurement and Contract management in April 2015. Recommendations arising from the review have been acted upon.
Maintenance and review of financial control accounts, subsidiary ledgers and trial balances	Financial Services	Officers responsible for the daily transactional operation of system modules including Rates, Accounts Payable, Accounts Receivable, Investments, Payroll, Asset Accounting, Bank Reconciliation and General Ledger are required to submit reconciliations providing evidence of the Reconciliation of Relevant Control Accounts to senior financial officers and/or Finance Manager for review on a regular basis.	Reviewed monthly with signed evidence of the review being provided to auditors on request.
Confirmation of the arithmetical accuracy and content of financial records	Financial Services	This is part of the daily transaction processes and is inherent in the data processing approach.	Ongoing daily process which is tested by Finance Manager during monthly review of Financial processes and the auditors in the interim and annual audits.
Reviewing, reporting and approval of financial reconciliations	Financial Services	The City has in place a consistently applied month-end process which results in the work of individual officers in areas such as Rates, Accounts Payable, Accounts Receivable, Investments, Payroll, Asset Accounting and General Ledger being reviewed being reviewed by a senior officer being either the Manager Financial Services or Director Corporate Strategy. Following this review, Monthly Financial Management Reports reflecting the results of, and commentary on this review are submitted to Council each month.	Reports are submitted to Council as Agenda Items FIN-FS-00005 each month.
Comparison and analysis of financial results with budgeted amounts	Financial Services	Each month following the close off of the various modules in the financial system a set of draft financial statements is prepared. A detailed analysis is then undertaken on a budget line basis of all items by the Manager Financial Services with any anomalies being investigated in conjunction with the relevant manager. Following this, the Director Corporate Strategy conducts a further high level review with the Executive Management Team before preparing the Monthly Financial Management Reports to Council on significant variances - including recommendations on how to address significant variances.	Reports are submitted to Council as Agenda Items FIN-FS-00005 each month. Significant variances are identified and if appropriate, are addressed in Budget Reviews.

Investment Procedures & Controls	Financial Services	Investment of surplus City funds is conducted strictly in accordance with policy - Investment of Council Funds (and the Prudent Person Rule & Local Government Guideline 19). A comprehensive fully reconciled Investment Register is maintained on a daily basis. Council receives a monthly report on the investment portfolio and the cash position of the City.	An Investment Report is provided to Council every month.
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Internal Controls - Finance

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Task	Responsible Area	Control	Status / Reporting Mechanism
Rates & Interim Rating Process	Financial Services	The City has documented a structured process for the uploading and maintaining of property valuations - which are reconciled on receipt and processing of every individual VGO (through Landgate) valuation schedule. System generated reports relating to both GRV valuations and Rates debtor balances are produced automatically and reviewed by authorised officers for all transactions relating to rates struck or rates adjustments made. Rates debtor control account balances are reconciled and authorised by a senior officer monthly.	Monthly reports are submitted by the Rates Officer for review by the Manager Financial Services. In addition, the Manager Finance performs regular checks on rates reports as needed between monthly cycles.
Rates Debt Collection & Debt Write-Off	Financial Services	Rates debt collection procedures, whether processed by City officers or subsequently by registered external debt collection agencies, follow the structured legally compliant process outlined in the Department of Local Government Guidelines. At all times the emphasis is on endeavouring to reach a mutually acceptable payment plan to clear the debt - ideally without having to seek legal recourse. Only rarely and in the most extreme cases, after all other avenues have been fully exhausted, does the City proceed to sale of the land - at which time the processes detailed in Local Government Guideline No 22 apply. Debt Recovery Policy limits and controls the exercise of authority to write off debts and recovery action to be taken.	The City proactively manages its debt collection processes. The preference is always for a mutually agreed payment plan to be developed and adhered to. In the event that this cannot be achieved, the City will take all appropriate actions to ensure that the many ratepayers that responsibly honour and respect their payment obligations are not disadvantaged.
Payroll Processes	Financial Services	All payroll transactions require authorisation by designated supervisors or senior staff before data entry. All Payroll Control Reports must be completed, reconciled and approved by two designated senior staff before processing. Before the physical transfer of funds to individual bank accounts can occur, the Manager Finance & Director Corporate Strategy must be fully satisfied that all payroll transactions are reasonable, valid, approved and being paid to authorised personnel.	Reviewed every fortnight as part of the Payroll approval process. The Manager Finance also conducts reviews, focussing on new employees and any significant variances as well as checks for ghost employees.
General Ledger Journals & Adjustments	Financial Services	General ledger adjustments can only be made via GL journal entries. These must be documented on the appropriate General Ledger journal form with supporting information attached so that they may be approved by a senior finance officer before processing. Access to the data entry programs is strictly controlled by the Authority software security matrix.	GL journal entries are reviewed by one up Manager of the person making it and approved internally prior to processing and externally during the interim and annual audit process.
Cash Receipting Processes	Financial Services	Access to cash receipting programs is strictly controlled and restricted to only a limited number of trained cashiers. Each operator's transactions are uniquely identified and each cashier is individually responsible for balancing their individual transactions and cash float at the end of each shift and presenting the reconciled Daily Cash Summary Sheet to the Finance Officer – Banking & Treasury.	Cash balancing reports are reviewed by the City's Finance Officer daily and reconciled monthly to the bank statements. Finance Manager in turn reviews reconciliation monthly.

Credit Card Procedures	Financial Services & CEO	<p>Credit card use is restricted to only 4 senior staff. Purchasing cards are also issued to Administration Officers for urgent and minor purchases to minimise the use and demand for petty cash.</p> <p>Use of the cards is strictly controlled by the Procedures for Purchasing Cards which dictates eligibility for use of the cards, principles / restrictions of card use and supporting documentation requirements to allow the Director Corporate Strategy and CEO to review the card transactions on a monthly basis.</p>	<p>Review of card transactions conducted by CEO through delegation to Director Corporate Strategy and Finance Manager.</p> <p>Purchase cards transactions are authorised by the Manager responsible and are reviewed by the Coordinator Financial Accounting.</p> <p>In addition, the City's Internal Auditors conducted a review of Credit Cards in November 2014. Recommendations arising from the review have been acted upon.</p>
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Internal Controls - Physical Assets

Internal control is regarded as a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. These are the subject of annual review in the interim audit process as auditors determine the level of 'comfort that they have with the in place controls in determining their materiality thresholds. Assessment of the strategies to maintain effective internal controls are based on a risk analysis of the internal operations of the local government.

Task	Responsible Area	Control	Status / Reporting Mechanism
Recording & valuation of physical assets	Financial Services & Technical Services	<p>A cross functional working group is in place to oversee this area. However, responsibility for recording the details and valuation of all Non Infrastructure Assets (essentially non-transferable assets) resides with Financial Services. The similar responsibility for all Infrastructure Assets resides with the Asset Management Team in Technical Services. For infrastructure assets, unit rates, asset component information and condition data are maintained by Technical Services. Financial Services senior staff review and seek validation for infrastructure asset unit rates before asset values are introduced into the City's financial statements.</p> <p>Asset valuation validation and physical sighting of assets to verify their existence is reviewed by Auditors as part of their Interim Audit process.</p>	<p>The separation of responsibilities and the Financial Services over-sight function in relation to asset valuations is consistent with the best practice guidelines for asset management and is recommended by the City's external auditors. As part of implementing Fair Value valuations of City's Infrastructure assets, external consultants have been used to establish valuation methodologies and report Fair Values.</p>
Access to Plant, Equipment & Tools	<p>Technical Services</p> <p>Information Services</p>	<p>For Mobile Plant and Equipment, keys are kept in a secure location away from the vehicles overnight. Every vehicle has two sets of keys - with one set housed in a secure cabinet inside the Workshop Coordinators office at the Operations Centre. Access to the internal key cabinet is restricted to Supervisors or above positions. An operations key cabinet is located within the Operations Centre. This cabinet is accessible to all operators. Passenger vehicle keys are identified by Fleet number only.</p> <p>Light plant items such as blowers, chainsaws mowers etc are all individually ID engraved for security and are kept in locked/chained in storage storage units when not in use.</p> <p>Some IT equipment is managed by assets stickers - secure asset ID tagging, physical access restrictions and operational practices that disallow anyone other than authorised IT staff from moving these assets from one location to another or removing them from the building.</p>	<p>The controls are representative of those that would be expected to be in place in such an entity – and are (based on current experience), working effectively.</p> <p>Controls have been recently re-assessed and are considered adequate for purpose.</p>

Internal Controls - Information & Technology

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Task	Responsible Area	Control	Status / Reporting Mechanism
Enforcing responsible use of technology devices and corporate information	Information Services, Human Resources and Corporate Strategy.	Procedures detail the City's expectations of how employees are to use City provided technology devices and / or to behave on the City's technology network (or external networks accessed via the internet using City computing devices). It addresses topics including, but not limited to access to systems, system security, fraudulent access or threats to City technology infrastructure, appropriate and inappropriate content, reasonableness of use and consequences of use of City technology in a manner not consistent with the management practice.	All staff members are required to sign to acknowledge the management practice as part of their induction. Suspected breaches are investigated by a nominated senior IT staff member and appropriate action taken if required.
Control of computer applications and information system standards	Information Services	Capacity to install software on individual PC s is controlled through the use of standard operating environments (SOE) on City desktop machines. This is important not only for IT support, software compatibility and network security. No staff member is able to install or alter any computer applications. All applications are managed by Information Services in conjunction with software support from business systems vendors. All staff are required to complete a Software Requisition Form requesting the installation of business software. Requests for new software applications that are not currently in use at the City are required to be objectively assessed through a Software Evaluation Matrix that considers issues such as system functionality, user friendliness, vendor support, pricing and integration with other systems before approval is given.	These controls and the assessments and approvals resulting from them are current and ongoing.
Control of network access and access to corporate information.	Information Services	Access to each of the City's corporate applications (including the Financial System, EDMS, CRM, HR, GIS, Asset Management System & Email system etc.) is strictly controlled by a configurable Security Matrix of Access Permissions for each application with the access levels individually determined based on an organisational hierarchy, need to know and business needs basis. This restricts unauthorised or 'curiosity-access' and provides appropriate information privacy. Certain sensitive or confidential items such as personnel records are kept in areas that have limited physical access to strengthen access controls. All accesses to these areas are electronically tracked.	Active Directory login and security access module within in each application. Constant password changes required by users every three months to further enhance access
Control of creation and cessation of user accounts	Information Services	All access to the City's network is provided through the Information Services team via the City's online Network Account Access & Exit forms. The relevant manager must approve the required applications and level of access needed to perform the role and then log an IT Helpdesk job to initiate this. Similar online advice is required to be given to the IT Team by the relevant manager / supervisor to arrange the timely termination of user accounts and (if necessary) the re-direction of emails and files to another staff member.	Ongoing procedure that is being used across the organisation.

Internal Controls - Information & Technology

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Task	Responsible Area	Control	Status / Reporting Mechanism
Limiting access to make changes in data files and systems	Information Services	<p>Access to each of the City's corporate applications (including the Financial System, EDMS, CRM, HR, GIS, Asset Management System & Email system etc.) is strictly controlled by a configurable Security Matrix of Access Permissions for each application that determines and controls the access levels for each module and program based on a principle of lowest required level to effectively discharge the role. That is, whilst numerous people may have view or report access to a particular program module, only a small number (usually only the module champion / owner) may have data entry access and an even more restricted number have 'maintenance' mode access (able to make database changes).</p> <p>Reports can be periodically produced by module for review by senior officers of any master record changes made.</p> <p>In the IT area, database or system configuration changes can only be effected after IT has considered the implications of any proposed change and signed off their approval that the change is ok and won't have unintended consequential impacts. This process allows timely interventions before unintended business interruptions can occur, but more importantly ensures that any system configuration changes are fully documented.</p>	<p>An improvement opportunity that is currently being considered is the idea of introducing a form that requires the operator to complete a database change form before the change is made.</p> <p>The process for loading software and changes to software is currently working very effectively.</p>
Management of internal data / records	<p>Information Services</p> <p>Records Services</p>	<p>Internal data and records management practices comply with the State Records Act and FOI legislation.</p> <p>Records Keeping Plan - The plan sets out the minimum requirements as to which records are to be created by the City and how it is to keep its records. It provides an accurate reflection of the recordkeeping program within the organisation, including information regarding the organisation's record keeping system(s), disposal arrangements, policies, practices and processes. The Plan is the primary means of providing evidence of compliance with the Act and that best practice has been implemented in the organisation.</p> <p>Record Management Policy – Defines accountability and responsibility for information and record management at the City and establishes the City's standards for effective information and record management that conforms with best practice.</p>	<p>Currently the Record Keeping Plan is fully compliant- notwithstanding the requirement to periodically review and certify ongoing compliance.</p> <p>Records Keeping Plan, Policies and Procedures are reviewed annually. With the move to SharePoint the Records Keeping Plan will need to be updated.</p> <p>The Policy be developed once the Records Keeping Plan is updated.</p>

**Internal Controls -
Information & Technology**

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Task	Responsible Area	Control	Status / Reporting Mechanism
Ensure that processes are in place to handle incoming correspondence in a timely manner that directs the issue to the appropriate City officer and keeps the customer informed of progress.	Records Services	Incoming Mail Corporate Procedure - This provides guidance to staff on the process for the handling and management of all incoming mail to the City and includes postal delivery, hand delivery, email and fax.	This approach reflects a best practice solution. The City has moved its records to a SharePoint environment and as a result most correspondence is dealt with electronically within the Administration.

Legislative Compliance

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include the following tasks:

Task	Responsible Area	Control	Status
Monitoring compliance with legislation and regulations.	Corporate Strategy	The City reviews the Government Gazettes and receives alerts to allow it to monitor and identify legislative changes, which are then forwarded to relevant staff for review and implementation where appropriate. Staff are also required to be up to date with legislation and regulations which affect their areas and to make changes to policies and procedures where required.	Changes to legislative requirements are monitored regularly by the Projects and Policy Officer and also by technical staff within specific disciplines.
Reviewing the annual Compliance Audit Return and reporting to Council the results of that review.	Corporate Strategy	The Compliance Audit Return is completed on an annual basis and submitted in accordance with the Local Government Act 1995 and Regulations. A comprehensive spread sheet is compiled containing evidence of compliance with all the legislative requirements. Where any non-compliance issues are identified in the completion of the Compliance Audit Return, they are reported to the Audit Committee and then Council, as well as the action to be taken to ensure compliance in future years.	The 2014 Compliance Audit Return was completed and submitted by the 31 March 2015 deadline. There were no non-compliance issues identified. The Compliance Audit Return is presented to Council annually and is also submitted to the Department of Local Government & Communities.
Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary.	Corporate Strategy	Policies and procedures are reviewed on an annual basis and changes to legislation are considered and incorporated during this process. In addition, internal processes are reviewed when new or changed legislative requirements are identified. Also, the City has authorised persons to carry out some of its discretionary functions under its legislative requirements and delegated authority to do the same. The delegations register is reviewed on an annual basis and authorisations are reviewed when changes to legislation are identified. A report is presented to Council annually.	Policies are reviewed regularly reviewed and presented to Council for endorsement. The most recent review of the City's Register of Delegated Authority was undertaken in June 2015.
Complying with legislative and regulatory requirements imposed on employees & Council Members, including the disclosure of conflicts of interest and not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government.	Corporate Strategy	The Governance area maintains the City's Financial Interest Register and its Gift Register that provide the mechanisms to ensure that potential conflicts of interest are recorded. The City also promotes its Code of Conduct to employees and Council Members to ensure they have an appropriate professional awareness of the expectations of their positions. Inductions provided for newly Council Members cover conflicts of interest. Council Members are provided with the opportunity to attend relevant training delivered by WALGA.	Annually and ongoing monitoring and training as appropriate

Legislative Compliance

The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include the following tasks:

Task	Responsible Area	Control	Status
Obtaining assurance that adverse trends are identified and that management has plans to deal with these.	Executive Team	<p>If any adverse trends are identified during business as usual activities, action is taken to understand the problem and develop a strategy to rectify the issue immediately. The leadership team is focused on continuous improvement.</p> <p>Weekly meetings of the EMT provide a forum for communicating identified adverse trends or emerging issues. How the issue is dealt with will depend on the severity of the problem and the risk it presents to the City.</p> <p>For major projects, a regular project reporting regime is put in place to identify issues and ensure timely management interventions if required.</p>	Ongoing business practice.
Appointment of Auditor	Financial Services & Council	<p>The appointment of the External Auditors is reviewed every three years (although a contract may include a further 2 year extension). Appointment is made by Council on the recommendation of the Audit & Risk Committee. Before making any appointment, Council must be satisfied that the nominated auditor is a registered company auditor and meets all of the requirements specified in the Local Government Act and associated regulations.</p> <p>The Audit Contract is based on the Department of Local Government standard Audit Contract.</p>	The current audit contract is valid until the completion of the 2014/2015 annual audit.
External Audit	Financial Services	<p>Each year the City undergoes an audit process. This comprises of an interim audit conducted between March and May and a final audit in September / October.</p> <p>The auditors meet with the Audit & Risk Committee before and after the audits. An Audit Completion Report including findings and business improvement opportunities is presented to the Audit & Risk Committee in addition to the statutory Audit Report (Opinion) on the Financial Statements.</p>	2014/2015 audit is completed. The most recent meeting between auditors and Council was November 2015 after the completion of the 2014/2015 annual audit.
Reviewing whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee.	Financial Services	<p>The auditors present a Methodology Document that addresses all of these matters to the Audit & Risk Committee each year before the conduct of the audit.</p> <p>For internal audits, an annual plan is presented to the Audit and Risk Committee. For each internal audit assignment, a scope is agreed with the City and once finalised reports are presented to the Audit and Risk Committee.</p>	<p>Annual meeting between Auditors and Council.</p> <p>Internal audit reports are presented to the Audit and Risk Committee.</p>

Date of next meeting

3 March 2016.

Declaration of Closure

There being no further business, the Presiding Member will declare the meeting closed.

A handwritten signature in black ink, appearing to read 'Greg Trevaskis', with a long horizontal flourish extending to the left.

Greg Trevaskis
Chief Executive Officer