

COUNCIL'S VISION

Gnowangerup Shire – A thriving, inclusive and growing community built on opportunity



SHIRE OF GNOWANGERUP

MINUTES

Audit Committee

Wednesday 25 March 2015

Commencing at 2:45pm

**Council Chambers
28 Yougenup Road
GNOWANGERUP WA 6335**

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TABLE OF CONTENTS

1. OPENING	1
2. ATTENDANCE / APOLOGIES	1
2.1 ATTENDANCE.....	1
2.2 APOLOGIES.....	1
3. CONFIRMATION OF PREVIOUS MEETING MINUTES	1
3.1 AUDIT COMMITTEE MEETING HELD 17 DECEMBER 2014.....	1
4. OFFICER ITEMS	2
4.1 2014 CALENDAR YEAR ANNUAL COMPLIANCE RETURN	2
4.2 FRAUD AND ERROR ASSESSMENT BY THE AUDIT COMMITTEE.....	12
5. CLOSURE	15

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AGENDA

1. OPENING OF MEETING

Cr K House Shire President, welcomed Councillors, Visitors and Staff and opened the meeting at 2.45pm

2. ATTENDANCE/APOLOGIES

2.1 ATTENDANCE

Cr K House	Shire President
Cr S Lance	
Cr F Hmeljak	
Cr S Hmeljak	
Cr B Gaze	
Cr R House	

S Pike	Chief Executive Officer
A Sergeant	Executive Assistant

2.2 APOLOGIES

Y Wheatcroft	Acting Manager of Infrastructure
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2.3 APPROVED LEAVE OF ABSENCE

Cr F Gaze	Deputy Shire President
Cr L Martin	

3. CONFIRMATION OF PREVIOUS MEETING MINUTES

3.1 AUDIT COMMITTEE MEETING MINUTE 17th DECEMBER 2015

COMMITTEE RESOLUTION

Moved: Cr B Gaze

Seconded: Cr R House

AC0315.1 That the minutes from Audit Committee meeting held 17th December 2014 be confirmed as true and correct.

UNANIMOUSLY CARRIED: 7/0

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4. OFFICER ITEMS

4.1	2014 CALENDAR YEAR ANNUAL COMPLIANCE RETURN
Location:	Administration
Proponent:	Nil.
Business Unit:	Corporate and Statutory Business Unit
File Ref:	14.1.1
Date of Report:	5 th March 2015
Officer:	R Seneviratne, Deputy Chief Executive Officer
Disclosure of Interest:	Nil.

ATTACHMENT

- Copy of 2014 Compliance Audit Return

PURPOSE OF REPORT

Council is required to adopt the Compliance Audit Return for 2014.

BACKGROUND

The Local Government (Audit) Regulations 1996 require that each local government is to carry out a compliance audit for the period 1 January to 31 December each year.

COMMENTS

The Compliance Audit is a useful tool in prompting and assisting both Councillors and staff to comply with the requirements of all the various legislation that is administered by a local government. It also allows Council to monitor how the organisation is functioning.

A copy of the Compliance Audit Return for 2014 is attached so that both Councillors and staff can familiarise themselves with the document. It is a requirement that the completed return is presented to the Audit Committee for adoption and then presented to the Council, adopted by the Council and recorded in the minutes of the meeting at which it was adopted.

The joint certification must be signed by both the President and Chief Executive Officer upon Council's acceptance and sent to the Department of Local Government before 31 March 2015.

CONSULTATION WITH THE COMMUNITY AND GOVERNMENT AGENCIES

Nil

LEGAL & STATUTORY REQUIREMENTS

Local Government (Audit) Regulations 1996

Local Government (Audit) Amendment Regulations 1999

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Shire of Gnowangerup Plan for the Future / Strategic Plan – Functional Area 1

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VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit Committee recommends to council:

Adopt the Local Government Compliance Audit Return for the period 1 January 2014 to 31 December 2014 and refers the Audit Return for adoption by Council.

AUDIT COMMITTEE RESOLUTION

Moved: Cr S Lance

Seconded: Cr B Gaze

AC0315.2 That the Audit Committee recommends to council:

Adopt the Local Government Compliance Audit Return for the period 1 January 2014 to 31 December 2014 and refers the Audit Return for adoption by Council.

UNANIMOUSLY CARRIED: 7/0



Gnowangerup - Compliance Audit Return 2014

Certified Copy of Return

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

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 2014.	Yes		Rosemary Seneviratne
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 2014.	Yes		Rosemary Seneviratne
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 2014.	Yes		Rosemary Seneviratne
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 2014.	N/A		Rosemary Seneviratne
5	s3.59(5)	Did the Council, during 2014, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes		Rosemary Seneviratne



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		Rosemary Seneviratne	
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Rosemary Seneviratne	
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Rosemary Seneviratne	
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Rosemary Seneviratne	
5	s5.18	Has Council reviewed delegations to its committees in the 2013/2014 financial year.	N/A	In progress	Rosemary Seneviratne	
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		Rosemary Seneviratne	
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Rosemary Seneviratne	
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Rosemary Seneviratne	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Rosemary Seneviratne	
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Rosemary Seneviratne	
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Rosemary Seneviratne	
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 2013/2014 financial year.	Yes		Rosemary Seneviratne	
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		Rosemary Seneviratne	

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		Rosemary Seneviratne	
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		Rosemary Seneviratne	



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		Rosemary Seneviratne
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Rosemary Seneviratne
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		Rosemary Seneviratne
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2014.	Yes		Rosemary Seneviratne
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2014.	Yes		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne



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		Rosemary Seneviratne
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Rosemary Seneviratne

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		Rosemary Seneviratne
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		Rosemary Seneviratne

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		Rosemary Seneviratne

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		Rosemary Seneviratne
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		Rosemary Seneviratne
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Rosemary Seneviratne
4	s7.3	Was the person(s) appointed by the local government to be its auditor, an approved auditor.	Yes		Rosemary Seneviratne
5	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		Rosemary Seneviratne



No	Reference	Question	Response	Comments	Respondent
6	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2014 received by the local government within 30 days of completion of the audit.	Yes		Rosemary Seneviratne
7	s7.9(1)	Was the Auditor's report for 2013/2014 received by the local government by 31 December 2014.	Yes		Rosemary Seneviratne
8	S7.12A(3), (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 that action undertaken.	N/A		Rosemary Seneviratne
9	S7.12A(3), (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		Rosemary Seneviratne
10	S7.12A(3), (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		Rosemary Seneviratne
11	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Rosemary Seneviratne
12	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Rosemary Seneviratne
13	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Rosemary Seneviratne
14	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		Rosemary Seneviratne
15	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		Rosemary Seneviratne



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	Current CEO has a contract until December 2016	Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes		Rosemary Seneviratne

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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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		Rosemary Seneviratne
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) (c).	Yes		Rosemary Seneviratne



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		Rosemary Seneviratne
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		Rosemary Seneviratne
3	F&G Reg 14(1)	Did the local government invite tenders via Statewide public notice.	Yes		Rosemary Seneviratne
4	F&G Reg 14, 15 & 16	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Rosemary Seneviratne
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		Rosemary Seneviratne
6	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		Rosemary Seneviratne
7	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		Rosemary Seneviratne
8	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		Rosemary Seneviratne
9	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Rosemary Seneviratne
10	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		Rosemary Seneviratne
11	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		Rosemary Seneviratne



No	Reference	Question	Response	Comments	Respondent
12	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		Rosemary Seneviratne
13	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		Rosemary Seneviratne
14	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).	Yes		Rosemary Seneviratne
15	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, \$100,000 or less.	Yes		Rosemary Seneviratne

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

 Signed Mayor / President, Gnowangerup

 Signed CEO, Gnowangerup

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4.2	FRAUD AND ERROR ASSESSMENT BY THE AUDIT COMMITTEE
Location:	Nil.
Proponent:	Uhy Haines Norton
Business Unit:	Corporate and Statutory Business Unit
File Ref:	14.1.1
Date of Report:	5 th March 2015
Officer:	R Seneviratne, Deputy Chief Executive Officer
Disclosure of Interest:	Nil.

ATTACHMENT

- Copy of Appendix 4 – Fraud and Error Assessment by the Audit Committee

PURPOSE OF REPORT

As part of the 2015 Interim report UHY Haines Norton require the Audit Committee to answer and sign off on a number of questions.

BACKGROUND

In preparation to perform the interim risk assessment for council in relation to the audit for the year ending 30 June 2015, The Australia Standards require council to consider the risk that fraud could occur within the organisation. These standards require UHY Haines Norton to make enquiries of those in charged with governance of the risk of fraud within the organisation.

COMMENTS

The Committee is now required answer the following questions;

1. Do you believe the policies and procedures in place within the organisation are adequate to minimise the risk of fraud to an appropriately low level? If no please provide an explanation and reason for your answer.

Yes No *(If No, please explain)*

2. Are you aware of any instances where policies and procedures have not been adhered to which could have resulted in a fraud occurring? If yes, please provide details.
3. Have you during the past year become aware of the suspected fraud within the organisation? If yes please provide details.
4. If there any concerns of question you would like us to address during the course of our audit, please describe.

CONSULTATION WITH THE COMMUNITY AND GOVERNMENT AGENCIES

Nil

LEGAL & STATUTORY REQUIREMENTS

Local Government (Audit) Regulations 1996

Local Government (Audit) Amendment Regulations 1999

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POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That the Audit Committee recommends that council:

Authorise the Chair of the Audit Committee to answer question 1 – 4 of the Fraud and Error Assessment for the year ended 30 June 2015.

AUDIT COMMITTEE RESOLUTION

Moved: B Hinkley

Seconded: Cr F Hmeljak

AC15.3 That the Audit Committee recommends that council:

Authorise the Chair of the Audit Committee to answer question 1 – 4 of the Fraud and Error Assessment for the year ended 30 June 2015.

UNANIMOUSLY CARRIED: 7/0

APPENDIX 4 – FRAUD AND ERROR ASSESSMENT BY THE AUDIT COMMITTEE

TO THE CHAIR OF THE AUDIT COMMITTEE

RE: FRAUD AND ERROR ASSESSMENT FOR THE YEAR ENDED 30 JUNE 2015.

We are preparing to perform our Interim risk assessment of your Council in relation to the audit for the year ended 30 June 2015. In performing the engagement, the Australian Auditing Standards require us to consider the risk that fraud could occur within the organisation.

These standards require us to make enquiries of those charged with governance of the risk of fraud within the organisation.

We would appreciate you taking the time to briefly answer the following questions in the spaces provided, and return this letter, preferably before the commencement of the audit.

1. Do you believe the policies and procedures in place within the organisation are adequate to minimise the risk of fraud to an appropriately low level? If no, please provide an explanation and reasons for your answer.

Yes No *If No, please explain reasons.*

2. Are you aware of any instances where policies and procedures have not been adhered to which could have resulted in a fraud occurring? If yes, please provide details.
3. Have you, during the past year, become aware of or suspected fraud within the organisation? If yes, please provide details.
4. If there any concerns or questions you would like us to address during the course of our audit, please describe.

Council Name: _____

Reply completed by: _____

Signed: _____

Date: _____

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5. CLOSURE

There being no further business President Cr K House closed the meeting at 2.58pm