



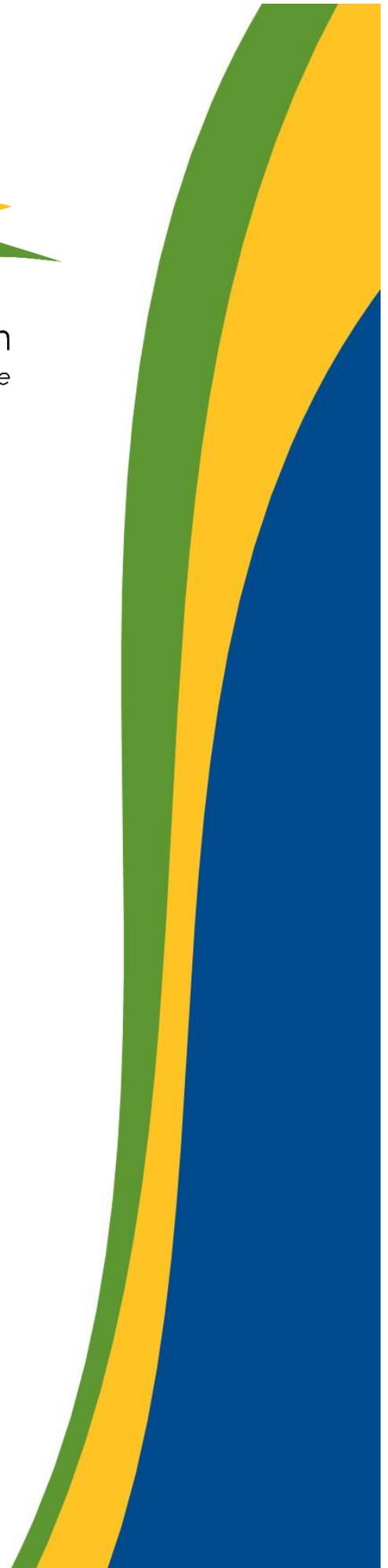
Shire of Northam
Heritage, Commerce and Lifestyle

Shire of Northam

Minutes

Audit Committee Meeting

31 May 2017



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1. DECLARATION OF OPENING

The Shire President, Cr S B Pollard declared the meeting open at 5:35pm.

2. ATTENDANCE

Committee:

Shire President
Deputy Shire President
Councillors

Cr S B Pollard
Cr T M Little
Cr C R Antonio
Cr J Proud

Staff:

Chief Executive Officer
Executive Manager Corporate Services
Executive Assistant – CEO
Accountant
Rates Officer

J B Whiteaker
C Young
A C Maxwell
Z Macdonald
C Redmond

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3. DISCLOSURE OF INTERESTS

Nil.

4. CONFIRMATION OF MINUTES

4.1 COMMITTEE MEETING HELD 22ND FEBURARY 2017

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.075

Moved: Cr Proud

Seconded: Cr Antonio

That the minutes of the Audit Committee meeting held Wednesday, 22 February 2017 be confirmed as a true and correct record of that meeting.

CARRIED 4/0

5. COMMITTEE REPORTS

5.1 AUDIT COMMITTEE TERMS OF REFERENCE

Address:	N/A
Owner:	N/A
File Reference:	2.1.3.5
Reporting Officer:	Chief Executive Officer Jason Whiteaker
Responsible Officer:	Chief Executive Officer Jason Whiteaker
Voting Requirement	Simple Majority

BRIEF

A review of the Audit Committee Terms of Reference has been undertaken by staff. This report is presented for the Committee to consider expanding the terms of reference to allow for an 'Internal Audit' function. The proposed Terms of reference are in line with the Department of Local Government Audit Committee Guidelines.

ATTACHMENTS

Attachment 1: Current Terms of Reference.

Attachment 2: Proposed Terms of Reference.

BACKGROUND / DETAILS

The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Objective G2: Improve Organisational capability & capacity.

Strategy G2.3: Operate/manage organisation in a sustainable manner.

Financial / Resource Implications

The incorporate of an internal audit function will have a financial impact on Council in the order of \$10,000 to \$20,000 per annum.

Legislative Compliance

Part 7 of the Local Government Act and the Local Government (Audit) Regulations 1996 (the Regulations) address the situation of audit. The proposed terms of reference have been developed in accordance and comply with the Act and Regulation requirements.

Policy Implications

N/A.

Stake Holder Engagement / Consultation

N/A.

Risk Implications

The proposed expanded terms of reference for the Committee is viewed as a risk mitigation strategy in itself. It will provide the Council with a further opportunity to satisfy itself that the (primarily financial) Governance of the Shire of Northam is effective and efficient

OFFICER'S COMMENT

The proposed terms of reference are in line with the recommendations of the department of Local Government. The only significant change to the terms of reference is around the provision for an internal audit function and the future requirement for the annual report to be presented to Council 'via' the audit Committee.

It is considered that the proposed adjustment will improve the 'governance/financial oversight' function of the Council.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.076

Moved: Cr Little

Seconded: Cr Antonio

That Council adopt the presented Audit Committee Terms of Reference.

CARRIED 4/0

Clarification and discussion was held around the primary changes which were made to the Terms of Reference. The CEO confirmed the changes as per the 'Officer's Comment' above.

Clarification was also sought around the external audit, the CEO confirmed that this has always been a function of the Audit Committee.

Attachment 1

Audit Committee Terms of Reference 2015 to 2017

TERMS OF REFERENCE SHIRE OF NORTHAM AUDIT COMMITTEE

1. Objectives of Audit Committee

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of local government's financial accounting systems and compliance with legislation.

The committee is to facilitate:

- the enhancement of the credibility and objectivity of external financial reporting;
- compliance with laws and regulations as well as use of best practise guidelines relative to auditing;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

2. Powers of the Audit Committee

The committee is a formally appointed committee of Council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

Audit Committee Terms of Reference 2015 to 2017

3. Membership

The committee shall consist of four elected members. All members shall have full voting rights.

The CEO and employees are not members of the committee.

The CEO and or their nominee is to attend all meetings to provide advice and guidance to the committee.

The local government shall provide secretarial and administrative support to the committee.

4. Meetings

The committee shall meet at least three times annually.

Additional meetings shall be convened at the discretion of the presiding person.

5. Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

6. Duties and Responsibilities

The duties and responsibilities of the committee will be -

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local government's auditor.
- c) Develop and recommend to Council –
 - a list of those matters to be audited; and
 - the scope to be undertaken.
- d) Recommend to Council the person or persons to be appointed as auditor.
- e) Develop and recommend to Council a written agreement for the appointment of the auditor. The agreement is to include –

Audit Committee Terms of Reference 2015 to 2017

- the objectives of the audit;
 - the scope of the audit;
 - a plan of the audit;
 - details of the remuneration and expenses to be paid to the auditor; and
 - the method to be used by the local government to communicate with, and supply information to, the auditor.
- f) Meet with the auditor once in each year.
- g) Liaise with the CEO to ensure that the local government does everything in its power to –
- assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
 - ensure that audits are conducted successfully and expeditiously.
- h) Examine the reports of the auditor after receiving a report from the CEO on the matters and –
- determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters.
- i) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time.
- j) Review the scope of the audit plan and program and its effectiveness.
- k) Address issues brought to the attention of the committee that are within the parameters of the committee's terms of reference.
- l) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council.

7. Guiding Principals

The guiding principles are in accordance with the Local Government Operational Guidelines (No 9) for Audit Committees in Local Government – Their appointment, function and responsibilities.

Audit Committee Terms of Reference 2015 to 2017

8. Tenure of Membership

Shall be in accordance with the Local Government Act, section 5.11.

9. Delegated Authority Of

The authority to meet with the Auditor of the local government at least once in every year, pursuant to Section 7.12A(2) the Local Government Act 1995.

10. Committee

10.1 Chairperson

The members shall appoint the Chairperson.

10.2 Secretary

A Shire employee will fulfil the role of non-voting Secretary.

Standing Ex-Officio Members

Nil.

10.4 Quorum

The quorum at any meeting shall be half plus one of the number of offices. Therefore the number for a Quorum shall be six (6) voting members.

10.5 Voting

Shall be in accordance with the Local Government Act, Section 5.21

10.6 Minutes

Shall be in accordance with the Local Government Act, Section 5.22.

10.7 Who Acts If No Presiding Member

Shall be in accordance with the Local Government Act, Section 5.14.

10.8 Meetings

Meetings shall be generally open to the public pursuant to Section 5.23 of the Local Government Act and include question time for members of the pursuant to Section 5.24 of the Local Government Act.

10.9 Members Interests to be Disclosed

Members of the Committee are bound by the provisions of the Local Government Act Section 5.65 with respect to disclosure of financial, impartiality or proximity interests.

Attachment 2

Audit Committee Terms of Reference 2017

**TERMS OF REFERENCE
SHIRE OF NORTHAM AUDIT COMMITTEE**

1. Objectives of Audit Committee

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of local government's financial accounting systems and compliance with legislation.

The committee is to facilitate:

- the enhancement of the credibility and objectivity of external & internal financial reporting;
- compliance with laws and regulations as well as use of best practise guidelines relative to auditing;
 - the coordination of the internal audit
 - function with the external audit
- effective oversight of financial and other risks and the protection of Council assets
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

2. Powers of the Audit Committee

The committee is a formally appointed committee of Council and is responsible to that body. The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The committee does not have any management functions and cannot involve itself in management processes or procedures.

Audit Committee Terms of Reference 2017

The committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.

3. Membership

The committee shall consist of four elected members. All members shall have full voting rights.

The CEO and employees are not members of the committee.

The CEO and or their nominee is to attend all meetings to provide advice and guidance to the committee.

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The committee shall meet at least four times annually.

Additional meetings shall be convened at the discretion of the presiding person.

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Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

6. Duties and Responsibilities

The duties and responsibilities of the committee will be -

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits.
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the local government's auditor.
- c) Develop and recommend to Council –
 - a list of those matters to be audited; and
 - the scope to be undertaken.

Audit Committee Terms of Reference 2017

- Recommend to Council the person or persons to be appointed as auditor.
 - Develop and recommend to Council a written agreement for the appointment of the auditor. The agreement is to include –
 - the objectives of the audit;
 - the scope of the audit;
 - a plan of the audit;
 - details of the remuneration and expenses to be paid to the auditor; and
 - the method to be used by the local government to communicate with, and supply information to, the auditor.
- d) Meet with the auditor once in each year.
- e) Liaise with the CEO to ensure that the local government does everything in its power to –
- assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
 - ensure that audits are conducted successfully and expeditiously.
- f) Examine the reports of the auditor after receiving a report from the CEO on the matters and –
- determine if any matters raised require action to be taken by the local government; and
 - ensure that appropriate action is taken in respect of those matters.
- g) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time.
- h) Review the scope of the audit plan and program and its effectiveness.
- i) Address issues brought to the attention of the committee that are within the parameters of the committee's terms of reference.
- j) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council.

Audit Committee Terms of Reference 2017

- k) Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or CEO
- l) Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;
- m) Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs
- n) Review the local government's draft annual financial report, focusing on –
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years;
- o) Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
- p) Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;
- q) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;
- r) Review the annual Compliance Audit Return and report to the council the results of that review, and
- s) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews.

5.2 INTERIM AUDIT

Address:	N/A
Owner:	N/A
File Reference:	1.6.1.6
Reporting Officer:	Colin Young Executive Manager Corporate Services
Responsible Officer:	Colin Young Executive Manager Corporate Services
Voting Requirement	Absolute Majority

BRIEF

For the Audit Committee to receive an update on the Interim Audit that was conducted by the Shire's auditor, Moore Stephen's on the 13 & 14 March 2017.

ATTACHMENTS

Attachment 1: Audit findings.

BACKGROUND / DETAILS

The Interim Audit was carried out on the 13 & 14 March, Moore Stephen's conducted the interim audit, it concentrated largely on compliance and administration issues rather than financial issues that are concentrated on during the year end audit.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Objective G1: Provide accountable and transparent leadership.

Objective G2: Improve organisational capability and capacity.

Strategy G2.3: Operate in a financially sustainable manner.

Financial / Resource Implications

N/A.

Legislative Compliance

Local Government Act (1995) Section 7.12A.

Policy Implications

Nil.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

If the Interim Audit was not carried out there would be a risk that agreed procedures that were not followed (if any), would not be reported to Council.

OFFICER'S COMMENT

The Auditor has raised three issues that are presented in the audit findings report attached that need to be addressed to ensure that best practices are being followed by Council. The following comprises the issues raised and as they are minor a formal report was not forthcoming from the Auditor.

1. Council minutes for the 19 October 2016 was not dated by the president of the Shire (compliance)

Management Comment: Oversight, Will ensure future minutes are dated.

2. The Annual Financial Report for the year 2016 was not submitted to the Department of Local Government within 30 days as per FM Reg 51 (2).

Management Comment: Oversight by the Executive Manager Corporate Services, was submitted on the adoption of the Financial Report by Council (38 Days), will ensure the financial report is sent to the department in a timelier manner in future.

3. The IT server is not properly secured. The server should be locked at all times and the key should be kept by the IT department and the finance department.

Management comment: actioned, the server is now keep locked.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.077

Moved: Cr Proud

Seconded: Cr Antonio

That Council receive the 2016/17 Interim Audit Findings as attached.

CARRIED 4/0

Clarification was sought around the attachment for the Interim Audit as detailed in this report. The CEO advised that this would be provided to Elected Members and included in the Committee minutes accordingly.

Attachment 1

Moore Stephens Perth				
Client Code		Shire of Northam		
Client Name		NOR802		
Period Start and End		1/07/2016-30/6/2017		
Audit findings				
#	Matter Identified/Raised		Nature	
1	Council minutes for the 19 October 2016 was not dated by the President of the Shire.		Compliance	
2	The Annual Financial Report for the year 2016 was not submitted to the Department of Local Government within 30 days as per FM Reg 51(2).		Compliance	
3	IT issue- The IT server is not properly secured. The server should be locked at all times and the key should be kept by the IT department and the finance department.			



5.3 RATES RECOVERY

Address:	Nil.
Owner:	N/A
File Reference:	N/A
Reporting Officer:	Codey Redmond Rates Officer
Responsible Officer:	Colin Young Executive Manager Corporate Services
Voting Requirement	Absolute Majority

BRIEF

This report is to advise the Council/Audit committee of the current level of outstanding rates and the current action in place to recover them.

ATTACHMENTS

Nil.

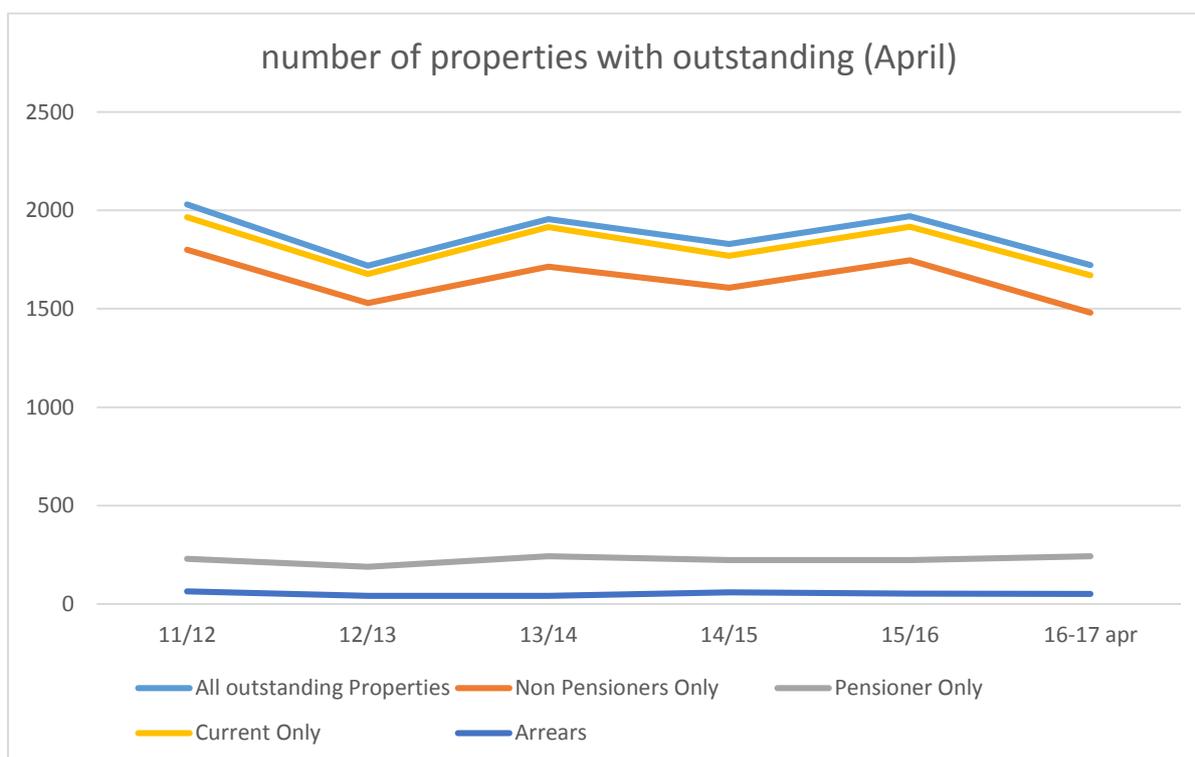
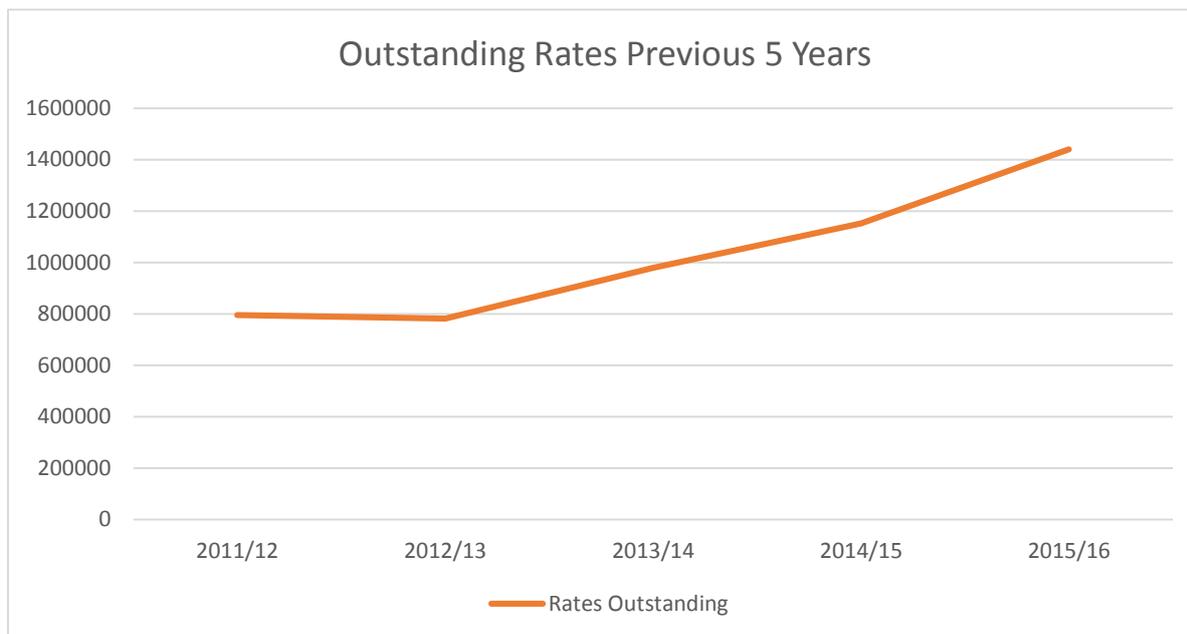
BACKGROUND / DETAILS

Over the past number of years the Executive have been raising with Council concerns in relation to escalating outstanding rate debt.

High levels of outstanding rate debt can indicate a range of issues, including affordability and historically poor debt recovery processes. As such it is the priority of Council to ensure that the current trend of increasing rate debt is reversed through a review of the current debt recovery process ensuring that all possible avenues are used to receive the debt including;

- The promotion of payment plans for those residents in financial hardship
- Legal action where necessary

The following graphs summarises the trend and subsequent challenge facing the Shire.



CONSIDERATIONS

Strategic Community / Corporate Business Plan

Objective G2: Improve organisational capability and capacity

Strategy G2.3: Operate / manage organisation in a financially sustainable manner.

Financial / Resource Implications

The Shire will be responsible for the upfront legal costs for case's referred to debt collection. Under the local government act these costs are recoverable through rates

Legislative Compliance

The Local Government Act 1995 Section 6.56(1) allows a Council to recover money owed to the Council and associated costs.

6.56. (1) If a rate or service charge remains unpaid after it becomes due and payable, the local government may recover it, as well as the costs of proceedings, if any, for that recovery, in a court of competent jurisdiction.

Policy Implications

Nil.

Stakeholder Engagement / Consultation

Rates Notice issued, Final notice Issued, additional letters and calls sent under Austral's rates payment management scheme.

Risk Implications

If outstanding debt continues to rise council cash flows may be affected.

OFFICER'S COMMENT

In an effort to recover outstanding rates and charges and reduce overall rate debt the shire has been developing strategies to address the issue.

If Ratepayers contact Council, advising they are unable to pay by the offered instalments staff have facilitated there needs by making customised payment arrangements to allow them to pay their rates over time through weekly or fortnightly payment arrangements.

All Ratepayers with no arrangements in place and over \$1,000 in outstanding rates are identified for additional action.

This year Council has utilised the debt collection agency Austral's, Rates Payment Management System in an effort to recover outstanding rates before issuing legal action. A series of letters and automated phone calls were sent with some success. Of the 150 Debts referred only 30 resulted in payment in full or a payment arrangement being made. Austral's system provided overdue ratepayers with more opportunity to pay in a less threatening manner than proceeding directly to debt collection but the uptake was lower than anticipated.

The Remaining 120 property are now been reviewed and many will be referred to Austral to issue a General Procedure claim on the outstanding rate debt.

Austral issued a new letter of demand to inform these ratepayers of the shires intentions to issue the claim within 7 days if no arrangement is in place. All ratepayers that contact us and make arrangements will be removed from our list and the remaining ratepayers will be assessed with the view of issuing general procedure claims.

For all outstanding accounts under \$1000 it is generally uneconomic to proceed with legal action as doing so will generate another \$500 in fees as a minimum. For these properties we will attempt to contact the owners to ask why rates are unpaid as well as issue additional overdue notices. For these properties under \$1000 if we are unable to contact the ratepayer the amount will be carried over into the 17/18 rates and if they continue to remain unpaid will be included in our 17/18 recovery.

In addition to recovering the current outstanding we are also looking too resolve issues with properties with several years outstanding rates which for various reason we have not been able to recover:

- A15862-A15881 - \$123,617.79 – subdivision in Bakershill owned by deregistered company. Proceeding with legal action with intention to sell and recover rates.
- A16091, A16090, A16032, A16022 - \$14,901.74 – a subdivision in spencers brook owned by a deregistered company. Proceeding with legal action with, liaising internally to determine options moving forward, including possibility of transferring land to shire or crown. (no land access and in floodplain)
- A15423 - \$11,288.28– a foreign investment property which has been abandoned by owner living in France. We have contacted owner who now has property listed for sale.
- A10888 - \$8,523.97 – previously deferred rates under scheme. Couple is now separated and both refuse to pay rates. Currently issuing PSSO and will proceed to sale if the owners do no pay.
- A13169 - \$39,668.30 – abandoned land in flood plain and recreation reserve. Reviewing internally to identify opportunities and/or transfer to crown or shire
- A13191 - \$47,726.37 - abandoned land in flood plain and recreation reserve. Reviewing internally to identify opportunities and/or transfer to crown or shire
- A10691 - \$50,468.67 – shire attempted to sell for non-payment of rate but no buyers were interested, will change into shires name for future sale.
- A11388 – \$31,571.63 -deceased estate - in the process of selling land. C.2361
- A154 - \$12,238.55 – previously receiving a pension, past action was unsuccessful so starting again. Currently issuing PSSO and will proceed to sale is the owner does no pay.

The following Debts have been Recovered/Resolved during the 2016/17 financial year.

- A15664 – \$17,633.01 - after long standing disagreement we have now met with owner and organised a settlement, \$15,000 paid by owner and remaining \$2,633.01 written off by Council.
- A14460 - \$23,705.91 – deregistered company, have contacted liquidators and recovered all rates and penalties in full. Paid \$23,705.91 on 17/01/17
- A10509 – \$56,480.71 - A deceased estate, sold by shire for \$23,700 and awaiting settlement. Remaining rates mostly made up of penalty's to be written off.
- A10384 – \$29,770.38 - a key part of king creek infrastructure, currently in the process of transferring into shires name, outstanding rates to be written off.

Council's process for Managing Rates Recovery can be viewed [here](#).

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.078

Moved: Cr Little

Seconded: Cr Proud

That Council receives the outstanding rates report.

CARRIED 4/0

Discussion was held around the current outstanding rate debt, trends and reasons associated with this. The CEO advised that the number of properties with outstanding rates is not increasing however the amount outstanding is. This indicates that it is not a general affordability issue and is an issue with the same outstanding rate properties which is increasing due to compounding nature of the interest and legal fees. Officers now have processes in place in an attempt to address these issues and will continue to work through these. The CEO stated that this is expected to decrease with the current focus and processes in place.

As a general comment it was advised the most local governments aim to recover 95% of the rates levied and in the context of annual rate recovery the Council is currently performing well against a number of local governments as identified in the Australasian Local Government Performance Excellence Program which the Shire of Northam participated in (agenda item 5.7).

5.4 PROGRESS TOWARDS BETTER PRACTICE REVIEW ACTION PLAN

Address:	N/A
Owner:	N/A
File Reference:	1.6.1.6
Reporting Officer:	Jason Whiteaker Chief Executive Officer
Responsible Officer:	Jason Whiteaker Chief Executive Officer
Voting Requirement	Simple Majority

BRIEF

To provide Council with an update of the progress made towards the Better Practice Review (BPR) Action Plan.

This report aims to establish a level of accountability in respect to completing the actions identified through the Better Practice Review Program to ensure that continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: BPR Action Plan.

BACKGROUND / DETAILS

The Local Government BPR Program is an initiative undertaken in October 2015, with the Final Report received by Council in March 2016, by the Department of Local Government and Communities to recognise and promote good practice in Western Australian country local government. The BPR Program involved a team reviewing key areas of the Shire of Northam's activities and operations. The BPR Program objectives are to:

- Generate momentum for a culture of continuous improvement and greater compliance across the local government sector;
- Promote good governance and ethical regulation;
- Identify and share innovation and best practice in the local government sector; and
- Act as a 'health check' by providing departmental advice and support to local governments that may be experiencing operational problems.

The key findings from the review are summarised in the areas of Governance, Planning and Regulatory function, Plan for the Future (strategic and corporate planning), assets and finance, workforce planning / Human Resource (HR) management and community and consultation. The report aims to highlight

areas where the local government is demonstrating better practice as well as providing constructive feedback on addressing any areas for further development. The areas requiring further development are provided to the local government with suggested recommendations that the local government can aim to address through a documented action plan (Attachment 1).

CONSIDERATIONS

Strategic Community / Corporate Business Plan

- Objective G1: Provide accountable and transparent leadership.
- Objective G2: Improve organisational capability and capacity.
- Objective G3: Provide efficient and effective corporate management.

Financial / Resource Implications

Staffing resources are required in order to action the recommendations detailed within the BPR Action Plan.

Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

Policy Implications

Nil.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

Should the recommendations and relevant actions identified not be undertaken or addressed, Council may be at risk of not generating continuous improvement, better practice, good governance and legislative compliance.

OFFICER'S COMMENT

This review found that overall the Shire is an organisation that functions well. Areas of further development identified related to enabling planning, building and health staff to work more cohesively to deliver consistent information to the community, the improvement of asset management, financial reporting practices, meeting/briefing procedures and standing orders. Areas for further development and recommendations have been detailed in Attachment 1 with comments in respect to the progress made towards each of these.

Key to table

Completed

No Action

Underway

Officers are working towards addressing the areas for further development whilst continuing the improvements already underway in order to achieve good practice, governance and legislative compliance into the future. The action plan for the review has been provided in Attachment 1 with an update of the progress made towards the recommendations.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.079

Moved: Cr Antonio

Seconded: Cr Little

That Council receive the update as provided in the Attachment 1 in relation to the progress made towards the Better Practice Review Action Plan.

CARRIED 4/0

Discussion was held around whether this was believed to be useful information for the Committee/Council. The CEO advised that this provides level of accountability in respect to how the organisation is performing and dealing with recommendations received through various reviews/audits.

It was queried whether a percentage for the completion or an extra column can be added to assist in tracking the items underway (highlighted orange). The CEO advised that this could be onerous and time consuming to implement however if Councillors identify items that they believe are important or should be treated as a priority then can raise and track these accordingly.

The Committee indicated that the information is useful and was interested in this information being reported to the Committee/Council in the future.

Attachment 1

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
Governance				
Business Continuity Plan	1. Continue to work towards developing a business continuity plan to complement any risk management documentation.	June 2016	CEOPA	Adopted
Council forum meetings	2. Review the council forum procedures and formalise these to minimise duplication with Ordinary Council Meetings.	May 2016	CEO	Review completed. Notes of forums now taken and presented to council meetings for acceptance. Process has been improved eliminating duplication of agenda preparation.
Local Laws	3. Review (and update or repeal, where required) local laws, including the Standing Orders in line with the requirements of the <i>Local Government Act 1995</i>	2016/17	Gov Officer	Reviews underway.
Information Statement	4. Review and update the Shire's Information Statement and ensure that it reflects the current council.	July 2016	Gov Officer	Review Completed
Legislative compliance	5. Develop a legislative compliance checklist/calendar to promote accountability and legislative awareness amongst all staff.	June 2016	CEO	In place
Communication devices	6. Develop a communication device usage agreement for Elected Members	October 2016	CEOPA	No progress
Business statement ethics	7. Consider developing a statement or policy to guide contractors and suppliers on expected standards and conduct when acting on the Shire's behalf.	August 2016	Purchasing Officer	No progress

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
Information Technology (IT) and Information and Communications Technology Framework (ICT)	8. Review the current arrangements with the Shire's IT provider to ensure appropriate support is provided.	May 2016	EMCS	Under development by I/T Officer
	9. Consider the adoption of an ICT Strategic Framework as a resource to use to plan for, manage and review the Shire's information and technology assets.	November 2016	EMCS	Have realigned staff to accommodate I/T Officer to coordinate
Governance Relationship	10. Review the Shire's Code of Conducts and/or develop policies to formalise and document the Shire's practices in regards to elected member and staff interactions and requests for information.	January 2017	CEO	No progress on second part of the recommendation
Emergency management	11. Continue the process of reviewing and documenting emergency management processes and procedures, ensuring plans are current and relevant.	November 2016	Community Emergency Services Manager	Completion of Local Emergency Management Arrangements adopted by Council 16/11/16.
Planning and Regulatory				
Documentation on Development Application Process	12. Review the current information and content on the Shire's website relating to Planning to ensure it is accurate and helpful.	October 2016	Senior Planner	In progress
	13. Further develop additional information that will assist applicants to understand the Development Applications process and ensure its availability on the Shire's website.	October 2016	Senior Planner	In progress
Heritage	14. Continue working towards developing a heritage list and revising and amending the Municipal inventory.	February 2017	Senior Planner	In progress, consultant currently being appointed to undertake full review

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
<i>Plan for the Future</i>				
Corporate Business Plan	15. Ensure the annual review of the Corporate Business Plan results in the development of an evolving and rolling four-year plan, with the current financial year as the base year, which is linked to the annual budget.	May 2016	CEO	Completed
	16. Review and provide clearer descriptions of the two categories of 'priority projects' in the Corporate Business Plan and ensure the financial allocation for the priority projects in the Corporate Business Plan aligns with the annual budget.	May 2016	CEO	Completed
<i>Asset and Finance</i>				
Asset management	17. Continue the process of drafting individual asset plans for each of the major asset classes ensuring integration with other IPR plans.	June 2016	EMES	Infrastructure Asset Plan finalised. Parks & Building Asset Plans under development
	18. As part of the Shire's asset management review, both an asset management policy and strategy should be developed.	June 2016	EMES	Completed
	19. Consider developing an asset disposal policy.	November 2016	EMCS	No progress
Long Term Financial Plan	20. Continue the process of revising the Long Term Financial Plan.	June 2016	EMCS	Completed

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
	21. Once the update of the Long Term Financial Plan is complete, consider undertaking annual reviews of the plan and its projections to ensure data remains current and up-to-date, resulting in a rolling and evolving 10-year plan.	April 2017	EMCS	In progress
Statutory Ratios	22. Monitor the Operating Surplus Ratio and the Shire's expenditures to avoid any further deterioration of the continuing trend of decline of this ratio.	Ongoing	CEO	Staff are currently focusing on these indicators and looking at developing strategies to improve performance as part of the development of the LTFP
	23. Consider reviewing the Shire's long term capital investment program to ensure asset renewal is maintained at an appropriate level with sufficient funding support.	Ongoing	CEO	Staff are currently focusing on these indicators and looking at developing strategies to improve performance as part of the development of the LTFP
	24. Consider reviewing the Shire's depreciation calculations to ensure depreciation expenses are accurate.	July 2016	EMCS	Completed, resulted in significant movements in depreciation to better reflect Council position.
Workforce Planning and HR Management				
Workforce Plan	25. Future revisions of the Workforce Plan should align with the rest of the Shire's Plan for the Future documentation, to ensure the most current Plan for the Future vision, mission statement, themes and objectives are captured.	December 2016	HRC	Undertaking staff survey as phase 1 of the review, this will occur in June 2017
Employee surveys	26. Investigate the appropriateness of conducting an employee survey and including results from the survey in the revised Workforce Plan.	October 2016	HRC	Per above

Area for Further Development	Recommendation / Action	Timeframe	Responsibility	Progress Report
<i>Community and Consultation</i>				
Tourism Plan	27. Continue the development of a local tourism plan/marketing strategy.	November 2016	EMCMS	Development of plan underway – currently finalising (with the CEO for signoff)
Reconciliation Action Plan (RAP)	28. Work with Reconciliation Australia to develop and adopt a Reconciliation Action Plan.	December 2016	EMCMS	First internal draft has been completed. Will be presented to Council for discussion / workshopping if required

5.5 PROGRESS TOWARDS THE REGULATION 17 REVIEW ACTION PLAN

Address:	N/A
Owner:	N/A
File Reference:	8.2.7.1
Reporting Officer:	Jason Whiteaker Chief Executive Officer
Responsible Officer:	Jason Whiteaker Chief Executive Officer
Voting Requirement	Simple Majority

BRIEF

To provide Council with an update of the progress made towards the Regulation 17 Review Action Plan.

This report aims to establish a level of accountability in respect to completing the actions identified through the Regulation 17 Review to ensure that Council's risk management, internal controls and legislative compliance is appropriate and effective.

ATTACHMENTS

Attachment 1: Regulation 17 Review Action Plan.

BACKGROUND / DETAILS

The Shire of Northam procured AMD Chartered Accountants to undertake the Shire of Northam's Regulation 17 Review in accordance with Local Government (Audit) Regulations 1996, Regulation 17 for the period ending 31 December 2016. This Regulation 17 Review includes a review of the appropriateness and effectiveness of the risk management, internal controls and legislative compliance of the Shire of Northam. A report has then been prepared identifying the findings from the review along with recommendations (if applicable). These findings and recommendation have been developed into an action plan and provided in Attachment 1.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

- Objective G1: Provide accountable and transparent leadership.
- Objective G2: Improve organisational capability and capacity.
- Objective G3: Provide efficient and effective corporate management.

Financial / Resource Implications

Staffing resources are required in order to action the recommendations detailed within the BPR Action Plan.

Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.

Policy Implications

Nil.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

Should the recommendations and relevant actions identified not be undertaken or addressed, Council may be at risk of not generating continuous improvement, better practice, good governance and legislative compliance.

OFFICER'S COMMENT

This review indicated that the Shire of Northam is proactive in managing risk, internal controls and legislative compliance as well as taking the necessary steps to ensure appropriate risk management, internal controls and legislative compliance policies and practices are in place. Areas for improvement and recommendations have been detailed in Attachment 2 with comments in respect to the progress made towards each of these.

Officers are working towards addressing the recommendations from the review whilst continuing the improvements already underway in order to achieve an optimum levels of risk management, internal controls and legislative compliance into the future. The Action Plan for Review has been provided in Attachment 1 with an update of the progress made towards the recommendations.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.080

Moved: Cr Proud

Seconded: Cr Antonio

That Council receive the update as provided in Attachment 1 in relation to the progress made towards the Regulation 17 Action Plan.

CARRIED 4/0

Discussion was held around items with no progress. The CEO advised that Officers are working towards addressing the recommendations from the review whilst continuing the improvements already underway, this is in an attempt to achieve an optimum levels of risk management, internal controls and legislative compliance.

The Committee requested whether the organisational risk matrix along with a list of risks can be provided. The CEO advised that this will be provided to the Committee at the next meeting.

Attachment 1
APPENDIX A
SHIRE OF NORTHAM
RISK MANAGEMENT

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
1	<p>Shire of Northam have not developed an organisational-wide risk register which identifies risks, assesses the impact of the risk and identifies controls to mitigate risk.</p> <p>We would expect the organisational risk register to encompass each business unit incorporating the following categories for each business unit:</p> <ul style="list-style-type: none"> • Operational; • Strategic; • Finance; • Technological; and • Compliance risks (also refer Appendix C) <p>While we acknowledge Shire of Northam has developed a Risk Management Framework, Risk Dashboard and many individual policies and operational procedures, the risk identification process</p>	Medium	Lack of documentation in place to evidence risks have been identified.	<p>We recommend the Shire of Northam develop an organisational risk register. This should include conducting a comprehensive risk identification process to identify potential Shire of Northam risks within each business unit and incorporating the following categories:</p> <ul style="list-style-type: none"> (a) Operational; (b) Strategic; (c) Finance; (d) Technological; and (e) Compliance risks. <p>The risk register should identify the risk, analyse the risk by determining the likelihood, consequence and current controls in respect to each identified risk; evaluate the risk by deciding whether the risk is to be treated/controlled, reassessed or accepted and determine the action to be taken to treat or control each risk.</p> <p>The risk register should also be monitored and reviewed on a</p>	<p>A current register exists even though it is not as extensive as that suggested, the risk register will be updated in the future as recommended.</p> <p>Agree, the three identified policies will be developed.</p>	Chief Executive Officer	A risk register has been developed, not to the extent as identified

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
	is the first step to effective risk management. In addition, we noted Shire of Northam's Risk policies and procedures do not include: (a) Litigation/Claims Policy; (b) Fraud Control Policy; and (c) Whistleblower/Public Interest Disclosure (PID) Policy (allowing anonymous reporting and to be available on the Shire's website to ensure external parties can report).			regular basis to ensure up to date and integrates with existing Shire of Northam Risk Management Framework policies and procedures.			
2	We noted at the time of our on-site visit the following plans are currently under review and require finalisation: (a) Landfill Site Waste Management Plan; (b) Local Emergency Response Plan; (c) Bushfire Management Plan; (d) Asset Management Plan; and (e) Long Term Financial Management Plan.	Medium	Risk of significant delays and business interruption in the event of unforeseen circumstances in respect to Northam Community and District operations. Risk of the plan being out of date and non-compliance with the plan.	Once the plans have been completed, we recommend they are endorsed and communicated to all staff, implemented and monitored on a regular basis including testing the plans to ensure that in the event of a disaster, appropriate actions can be taken.	Noted, all plans are expected to be finalized and adopted early 2017, current plans in place reduce the risk until the reviews are completed.	Various	<div style="background-color: #d4edda; padding: 5px;"> A – Inkpen Road Waste Management Facility Plan was adopted by Council on 25.01.2017. The Old Quarry Road Waste Management Facility Plan is being presented to Council on 17/05/2017. </div> <div style="background-color: #f4cccc; padding: 5px; margin-top: 5px;"> B – Completion of Local Emergency Management Arrangements adopted by Council 16/11/16. </div> <div style="background-color: #f2dede; padding: 5px; margin-top: 5px;"> C – Due for Review late 2017, the new document will include Bushfire Management, procedures, HR </div>

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
							<p>induction, OSH, Administration, BFAC Terms.</p> <p>D – Completed for road related assets, finalising parks & buildings currently</p> <p>E – Completed</p>
3	<p>We noted that the following from the sample of lease agreements tested:</p> <p>(a) Lease agreement for Northam Aero Club Management is not signed and the details on the lease register are out of the date;</p> <p>(b) Lease register not updated to reflect the lease agreement terms for Northam Airport – Hanger 13; and</p> <p>(c) The commencement date in the lease register for Blackberry Close Bakers Hill differs to that reflected in the lease agreement.</p>	Medium	Risk the Shire is exposed to risks due to lessee non-compliance with lease terms.	We recommend a sample lessee compliance check be completed to ensure lessees are complying with stated lease terms, including obtaining documentation to support adequate insurance is maintained by the lessee. This could be completed on a rolling basis over several years to ensure all lessees are contacted at least once within the lease term.	<p>(a) As discussed with the Auditor, the lease agreement for Northam Aero Club is not yet signed because it is with them (Aero Club) for their approval and signing.</p> <p>(b) Register for Hangar 13 has been updated.</p> <p>(c) The reason is that the original lease commenced in 2004 and went for 5 years, a new lease was initiated 1/7/2009 for two years with 4x2year options to renew. The lease register is currently being updated so this will be rectified.</p> <p>The Governance officer is the designated officer with the responsibility for</p>	Governance Officer	<p>Complete - The register is updated on a regular basis and random checks are conducted including Property Condition Reports.</p>

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
					ensuring compliance and random checks are done several times a year to ensure compliance.		
4	<p>While the “Declaration of Interest” step was added to the Purchasing Process in Promapp post the Projects and Contracts Administration Officer and Procurement Officer attending the WALGA procurement training in August 2016, there is no centrally maintained register that records any disclosed Councillor and staff conflicts of interests.</p> <p>We acknowledge the Shire of Northam records those interests disclosed at the Council and Committee meetings in the Register of Financial Interest. However this register does not currently record any conflicts (whether perceived or actual) disclosed outside these meetings.</p>	Medium	Risk that a Councillor/staff have a perceived/actual conflict of interest which is not recorded and managed appropriately by the Council.	We recommend that the Shire of Northam design and implement a conflict of interest register. This register should be monitored to ensure that all conflicts (whether perceived/actual) are disclosed. All conflicts of interest should be managed accordingly by the Shire.	Noted, management will investigate the establishment of a central register	CEO	Executive Assistant – CEO (EA – CEO) has posted an improvement idea/request onto the ‘Manage Purchasing’ process for an additional task outlining that a disclosure of interest form is to be completed (if applicable) and forwarded the EA – CEO. This will then be added to the existing Register for Interest Disclosures. This improvement idea/request is currently pending approval of the process owner (Executive Manager Corporate Services). The EA – CEO has also amended the register to add an additional field for the person/party/location which the disclosure relates to allow for a quick search to be undertaken when reviewing whether interests should be declared.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
5	Our inquiries of the Human Resources Officer identified that the Shire of Northam does not maintain a central Contractor/Sub-contractor Insurance Register and that the responsibility for checking insurances currently rests with the Responsible Officer who has arranged the Contract.	Medium	Risk that the Contractors/Sub-contractors insurances expire whilst providing the service to the Shire and that this is not identified in a timely manner.	We recommend that the Shire designs and implements a central Contractor/Sub-contractor Insurance Register which is maintained by one or two individual to ensure that all insurances are up to date.	Noted and will implement.	Human Resource Officer	HR Coordinator is investigating an online induction for all contractors. Will be liaising with the Executive Manager Development Services to finalise due to the resignation of Council's Building & Project Supervisor. It is proposed that contractors would be able to lodge their paperwork and do the online OSH test via the Shire website. It is suggested by the HR/OSH Coordinator that Council's purchasing Officer be responsible for ensuring that their insurance cover is maintained through the MYOSH system however this is awaiting confirmation/approval from the Executive Manager Corporate Services.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
6	Our inquiries indicated Shire of Northam has no documented policy or procedure in respect to personally owned IT devices including laptops, smartphones, tablets, thumb drives etc.	Medium	Risk that existing procedures and practices in respect to personally owned devices are not formally documented.	In accordance with the Department of Local Government IT Framework (best practice guidelines), we recommend policies and procedures outlining the terms and conditions in respect to the use of personally owned devices and access be documented, approved, implemented and monitored on an ongoing basis.	Noted, a policy will be developed and implemented.	Exec Manager Corporate Services	Limited, policy to be developed as part of overall IT Strategy.
7	While our inquiries indicate that the Shire of Northam's prior period Audit Regulation 17 Risk Report (being the risk dashboard) was presented to the Audit Committee, an updated risk report is not provided to the Audit Committee / Council on a regular basis.	Low	Lack of communication with those charged with governance.	Once the development of the organisation risk register (as noted at number 1 above) is completed, we recommend this register and / or risk dashboard is tabled at Audit Committee and subsequent Council meetings on a periodic basis.	Notes, currently in the process of reviewing the functions for the Audit committee.	CEO	Completed, per this report to the Audit Committee.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
8	We note Shire of Northam does not currently hold Cybercrime insurance.	Low	Risk of being uninsured against cybercrime.	We recommend Council investigate obtaining cybercrime insurance.	Insurance coverage is reviewed annually in consultation with the council Insurance Company (LGIS), in the past this has not been identified as a 'high' risk area, will investigate as part of the annual insurance review.	Exec Manager Corporate Services	Complete – The Shire now has cover for Cybercrime.
9	We noted the Shire of Northam Insurance Register does not currently record the date insurance claims are submitted to the Shire of Northam, to ensure insurance claims are subsequently lodged and followed up in a timely manner after an incident.	Low	Untimely recovery of costs associated with insurance events.	We recommend insurance claims be lodged on a timely basis after incidents occur (we suggest no longer than one month) and the date the claim is submitted to the Shire be recorded in the insurance claims register.	Noted.	Governance Officer	Complete - The register is updated and now reflects the date the event happened, when it was given to the Governance Officer and when it was provided to LGIS. If there is a gap in the dates, the reason for the gap has been entered.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
10	Our review identified that the: (a) Community Engagement Plan was last endorsed on 12 October 2011; and (b) Management of Council Property Leases was last reviewed on 16 October 2013.	Low	Risk that outdated documents are being referenced by Council staff.	We recommend all Council plans, policies and procedures are reviewed and updated regularly. We also recommend that reviews of policies and procedures include ensuring all references to legislation / guidelines are current and if legislation / guidelines have changed, the policy is updated to reflect those changes.	Plans and policies are monitored and reviewed (as required) internally on a regular basis.	Various	a) Not yet reviewed. b) Policy on Management of Council Leases will be reviewed prior to the end of 2017. This Policy was transferred to the Administration section of the Policy manual as a result of the decision made at the Ordinary Council meeting on 15 th February 2017, the review is yet to be undertaken.
11	Our inquiries of the Executive Manager, Corporate Services indicated that there is currently no Council signature specimen list in place.	Low	Risk that someone without the appropriate delegated authority signs a document approving a Contract, transaction etc. which could be enforceable by another party.	We recommend that the Shire of Northam develops a signature specimen list for all those with delegated authority.	A signature register is currently being developed.	Exec Manager Corporate Services	Completed.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
12	Our inquiries of the Projects and Contracts Administration Officer identified that Council has not developed any probity plan(s) or Statement of Purchasing Ethics requiring acknowledgement by third parties.	Low	Risk of the third party not acting in accordance with the Shire's policies and procedures.	We recommend that the Shire develops and implements a Statement of Purchasing Ethics which sets out the way the third party conducts business with the Shire. Terms and conditions included within supplier contracts would require suppliers to comply with Council's Statement of Purchasing Ethics.	Will investigate the implementation.	Exec Manager Corporate Services	Limited, under investigation.
13	We noted that there is currently no process documented in Promapp which covers the following: <ul style="list-style-type: none"> • Receiving of goods/services; • Matching of purchase order to invoice; • Invoice verification; and • Invoice authorisation ready for payment. 	Low	Lack of a formalised documented processes.	We recommend that the Shire designs and implements in Promapp an all-encompassing purchasing process which includes the following (in addition to the current Purchasing Process documented in Promapp): <ul style="list-style-type: none"> • Receiving of goods/services; • Matching of purchase order to invoice; • Invoice verification and authorisation 	Staff are currently in the process of developing a procedure with the Promapp system for creditor payments this will cover the identified areas.	Exec Manager Corporate Services	Still in the development stage.

**APPENDIX B
 SHIRE OF NORTHAM
 INTERNAL CONTROLS**

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
1	Our inquiries of the Executive Manager, Corporate Services identified that the Shire of Northam does not currently have a formal documented IT Disaster Recovery Plan in place. We acknowledge that IT Disaster Recovery is briefly commented on in the Business Continuity Plan and that by coincidence the Shire put to test the recovery of the Shire's back-up due to an incident that occurred on 22 September 2016.	Medium	Risk of significant delays and business interruption in the event of unforeseen circumstances in respect to Council organisational business.	We recommend the IT Disaster Recovery Plan be developed and implemented by the Shire of Northam. Once the plan has been completed, we recommend it is endorsed and communicated to all staff, implemented and monitored on a regular basis including testing the plan to ensure that in the event of a disaster, appropriate actions can be taken.	Staff are currently looking to develop an IT disaster recovery plan.	Exec Manager Corporate Services	Limited.
2	We noted there is a Contractor Induction process in place. However, testing identified no evidence that the contractor had attended/completed the Contractor Induction process.	Medium	Risk of non-compliance with stated policies, procedures including relevant health and safety requirements.	We recommend contractors be required to complete some level of induction (the level of induction completed should be determined based on the risks associated with the service or product provided) and the induction process be formally documented as evidence of attendance.	A current register exists even though it is not as extensive as that suggested, the risk register will be updated in the future as recommended.	CEO	Not yet complete. HR/OSH Coordinator is to finalise with the Executive Manager Development Services. This has been delayed due to the resignation of the Building & Project Supervisor.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
3	Our inquiries of the Executive Manager, Corporate Services indicated that the Shire of Northam does not currently have an ICT Framework in place.	Medium	Risk that existing procedures and practices in respect to information and communication technology are not formally documented.	<p>We recommend the ICT Framework be developed to ensure procedures and practices in respect to information and communication technology is documented and presented to Council for review and adoption. The framework should be monitored on a pre-determined basis to ensure compliance with stated policies and procedures. As part of the development of the ICT framework, we suggest consideration be given to:</p> <ul style="list-style-type: none"> •A formal cost v benefit analysis or feasibility study be completed prior to major ITC projects, including post implementation reviews; •KPI's are set for the IT process and regular monitoring against KPI be performed, including user satisfaction reviews; •Confidentiality clause be included in key service level agreements with external supplies; and •Review of external service level agreements be completed against targets included within those agreements. 	Currently investigating available options.	Exec Manager Corporate Services	Looking at options

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
4	Our inquiries of Council's Building Supervisor indicated the Shire of Northam does not currently have a signed contract in place with the external security companies used for monitoring and call-outs.	Medium	Risk of the Shire of Northam locations not being protected from break-ins, vandalism etc.	We recommend that contracts are in place with all third parties engaged to provide said security services.	Staff will develop an agreement.	Exec Manager Development Services	Council's security company has been changed. Staff are in the process of revising contract documentation with the new contractor.
5	Our inquiries of the Executive Manager, Corporate Services indicated there is no ongoing security awareness program in respect to IT.	Low	Risk of security breaches due to changing security environment.	We recommend an ongoing security awareness program be developed to ensure security needs of the Shire is updated as required (for example due to IT infrastructure or application changes) and to prevent any security breaches from occurring. This could be incorporated as part of Shire of Northam's overall Risk Management Framework.	Staff to investigate. While there is no formal program the Council IT Officer regularly sends notifications in regards to 'cyber alerts' and other potential IT related issues.	Exec Manager Corporate Services	Alerts being sent as they come to light
6	Our inquiries of the Executive Manager, Corporate Services identified that the Shire of Northam computers do not currently automatically log out when left dormant for a period of time. <i>We acknowledge that the licensing computers at the front counter does automatically log out when left dormant.</i>	Low	Risk of someone else using the computer to access information that they do not currently have authority to view and/or amend details in order to receive some benefit etc.	We recommend that the Shire of Northam implements a policy where all Shire owned computers are automatically logged out after five minutes of being dormant (or as considered appropriate time limit).	Staff to investigate and implement.	Exec Manager Corporate Services	Currently under review.

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
7	Our inquiries of the Governance Officer identified that there is currently no cash handling policies and procedures in place.	Low	Risk that cash is not being handled appropriately by staff.	We recommend that cash handling policies and procedures are developed and implemented. Once developed, these policies and procedures should be reviewed and approved by Council and then communicated to all staff that handles the Shire's cash.	Staff are verbally informed of the procedures, these however are not written, and staff will look at developing a written procedure.	Exec Manager Corporate Services	Complete - There is a 'Guide to Reception Duties' document at Reception which is maintained and used for training.
8	We note that there is currently no independent review of the general journal adjustments posted to Synergy Soft.	Low	Risk that errors will not be identified in a timely manner.	We recommend that all general journal adjustment journals are independently reviewed and physically signed off by the reviewed as evidence of this review.	The measure will be implemented.	Exec Manager Corporate Services	Implemented.
9	We note that that credit card statements were not signed off to evidence review as required by policy HR 2.7 Credit Card Use.	Low	Risk that fraud or errors will not be identified in a timely manner.	We recommend that all credit card statements are signed off by the reviewer as evidence of this review, as per stated policy.	Credit Cards are independently reviewed by Finance Officer, Accountant, Exec Manager of Corporate Services and finally the Credit Card Holder. It is noted however that the reviewing persons do not sign to indicate the review has been completed. This has been corrected. It is also noted that that all credit card payments are itemised and presented to	Exec Manager Corporate Services	Completed

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
					Council monthly for review.		
10	We note that the Vehicle Management Policy was currently under review at the time of our on-site visit.	Low	Risk of inappropriate usage of the Shire's fuel cards.	We recommend that the Vehicle Management Policy is finalised and approved by Council. This policy should detail limits and permissible usage. Once endorsed, the policy should be communicated to all staff, implemented and monitored on a regular basis including testing fuel card usage is in accordance with the policy.	Policy expected to be adopted early 2017.	Exec Manager Engineering Services	In process of finalising
11	Our testing identified instances where the purchase order was raised post receiving the invoice. This finding was raised previously when the Financial Management System Review was performed (report issued in June 2016) and we acknowledge that there have been no unexplainable instances of this occurring post the issuance of the report.	Low	Risk of non-compliance with policies and procedures. Risk of fraud or error not being identified in a timely manner.	We recommend purchase orders are raised and approved prior to the goods/services being incurred by the Shire.	Noted.	Various	Process in place and random audits undertaken by purchasing staff

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
12	While best practice methods are used in respect to procurement practices, our testing identified one instance where a Purchasing Procedures Checklist was not attached to the payment documentation for All-ways Foods (invoice number 20368).	Low	Risk of non-compliance with and procedures.	We recommend that the Purchasing Procedures Checklist is completed, signed off and attached to all payment documentation in accordance with stated policy.	Noted.	Various	Implemented and audited by purchasing staff
13	While best practice methods are used in respect to tendering processes, our testing identified that Tender Checklist form was not signed off by the senior checking officer for tender 1 of 2016.	Low	Risk of non-compliance with and procedures.	We recommend that the Tender Checklist is reviewed and signed off by the senior checking officer once the tender process has been completed, in accordance with stated policy.	All staff involved have been reminded of the importance of following procedures.	Exec Managers	Completed. A process is currently being developed for 'Managing Tenders'. This will include tasks outlining the requirements for updating and signing off tenders.

**APPENDIX C
 SHIRE OF NORTHAM
 LEGISLATIVE COMPLIANCE**

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
1	<p>Our inquiries indicated Shire of Northam does not have a documented legislative compliance manual which is linked to each business unit risk management assessment.</p> <p>While we understand the Chief Executive Officer and Executive Managers Annual Delivery Plan sets out key compliance milestones, however there does not appear to be an overall compliance manual which identifies the legislation (as the first step) and follows the process from this initial point, to risk management.</p>	Medium	Risk of non-compliance with all legislative requirements.	<p>We recommend a compliance manual linked to each business unit risk management assessment be completed and implemented.</p> <p>We would expect the manual to be divided into each business unit section (as identified within the organisation structure) and to:</p> <ul style="list-style-type: none"> • Identify relevant legislation to that business unit (for example the Health Act 1911 or the Planning and Development Act 2005 or the Dog Act 1976); • Identify key relevant sections within each legislation and note within the compliance manual; • Who is responsible for ensuring controls in place to ensure compliance with each identified legislation section; • The mechanism in place to ensure compliance, for example a policy or procedure (this component of the compliance manual 	Noted.	CEO	In progress, draft has been completed

No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
				<p>would link each relevant section of legislation to a policy, procedure, person or other control).</p> <ul style="list-style-type: none"> • Regular testing of compliance, for example if the mechanism for compliance is a policy, regular review and spot checking (internal audit) of that policy; any • Key milestone / reporting dates applicable to that legislative section and how compliance is met. <p>Once the compliance manual is implemented, we recommend a standing agenda item be added to the Audit Committee meeting agenda to assess the effectiveness of compliance through the review and assessment of the compliance manual.</p>			
2	We noted two Audit and Risk Management Committee meetings were held during the year.	Medium	Risk of governance and oversight responsibilities not being met.	Local Government Operational Guideline Number 09 – Audit in Local Government outlines it is best practice for the Audit Committee to meet on at least a quarterly basis.	Noted and agreed that the committee should be meeting on more regular basis.	CEO	Completed
3	Our inquiries of the Chief Executive Officer identified the current Internal Audit Framework incorporates the:	Medium	Risk that internal controls are not being adhered to.	We recommend that Council consider conducting relevant internal audits in the years between Financial	Currently developing a framework for internal audits.	CEO	In progress

Audit Committee Meeting Minutes
31 May 2017



No.	Finding	Finding Rating	Implication	Recommendation	Management Comment	Responsible Officer	Progress to Date
	(a) Financial Management System Review (conducted every four years, last conducted for the period 1 July 2015 to 30 April 2016); (b) Regulation 17 Review (conducted every two years, the current review for the period 1 July 2015 to 30 October 2016); and (c) DLGC Better Practice Review (conducted every four years, last conducted the end of 2015).			Management System reviews and Regulation 17 reviews.			
4	We note that the Audit Committee meeting minutes have not been signed by the Presiding Officer for the meeting held on 19 November 2014, 16 March 2015, 25 November 2015 and 8 March 2016.	Medium	Risk of non-compliance with clause 5.22(3) of the Local Government Act 1995.	We recommend that the Presiding Officer signs off the Audit Committee meeting minutes certifying confirmation.	Will ensure this is adhered to in the future.	CEO	Completed

5.6 PROGRESS TOWARDS SAFETY & RISK MANAGEMENT PLAN

Address:	N/A
Owner:	N/A
File Reference:	1.1.9.1
Reporting Officer:	Jason Whiteaker Chief Executive Officer
Responsible Officer:	Jason Whiteaker Chief Executive Officer
Voting Requirement	Simple Majority

BRIEF

To provide Council with an update of the progress made towards the Safety & Risk Management Plan.

This report aims to establish a level of accountability in respect to completing the actions identified through the audit undertaken by LGIS in 2014 and 2016 in order to ensure that continuous improvement occurs within the organisation.

ATTACHMENTS

Attachment 1: Safety & Risk Management Plan.

BACKGROUND / DETAILS

The AS/NZS 4801:2001 Audit Report undertaken by LGIS in August 2016 has highlighted significant improvements pertaining to all aspects of Occupational Safety and Health at the Shire of Northam. The total 'average' score for the Shire of Northam was 67% which is significantly higher than the previous audit result of 28% which was achieved in 2014.

As a consequence and to ensure that any shortfalls identified during the audit are addressed, the Safety & Risk Management Plan has been developed to ensure that required improvements are made in a timely manner. This Plan demonstrates the commitment of the Executive team together with the Occupational Safety & Health Committee to the achievement of a safe working environment.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Objective G2: Improve organisational capability and capacity.

Financial / Resource Implications

Staffing resources are required in order to action the recommendations detailed within

Legislative Compliance

Local Government Act 1995 and relevant subsidiary legislation.
Occupation Safety & Health Act 1984 and relevant subsidiary legislation.

Policy Implications

Nil.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

Should the actions identified not be undertaken or addressed, the Council may not meet its responsibilities in respect to legislative compliance and providing a safe working environment for its employees and contractors.

OFFICER'S COMMENT

The Shire, as an employer, must ensure that all employees and contractors across the entire scope of operations are considered and included in the application of occupational health and safety management systems.

As with all system based programs there is opportunity for continuous improvement aligned with AS/NZS 4801 guidance specifications. The implementation of the recommendations contained in audit report have assisted the Shire of Northam to improve its current occupational health and safety performance.

Officers are working towards addressing the areas requiring attention whilst continuing the improvements already underway in order meet its occupational health and safety responsibilities into the future. The Safety & Risk Management Plan has been provided as Attachment 1 with an update of the progress made towards the actions.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.081

Moved: Cr Proud

Seconded: Cr Little

That Council receive the update as provided in the Attachment 1 in relation to the progress made towards the following Safety & Risk Management Plan.

CARRIED 4/0

Discussion was held around the timeframes that were listed where the date had passed and the item had not yet been completed. The CEO advised that these timeframes were set by staff however due to other work commitments had not yet been completed. The CEO advised that it is not critical or urgent for these to be completed and stated that Audit undertaken at the end of 2016 demonstrated Council had a score of approximately 70% which was equivalent to a silver rating.

Clarification was sought in relation to the 'score' column within the attachment. The CEO advised that it is believed that this is in relation to the priority however would be confirmed upon investigation.

Cr Proud departed the Council Chambers at 6:15pm and returned at 6:16pm.

Attachment 1

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
1	OSH Audit 2014	N/A	N/A		Close out actions from OHS Audit 2014 HR to note item as superseded by 2016 Audit	HR	31.3.17 ACTIONED
2	4.3	4.3.1	3	<p>Planning Identification of Hazards, Hazard/Risk Assessment and Control of Hazards/Risks <i>The organisation shall establish, implement and maintain documented procedures for hazard identification, hazard/risk assessment and control of hazards/risks of activities, products and services over which an organisation has control or influence, including activities, products or services of contractors and suppliers.</i></p> <p><i>The organisation shall develop its methodology for hazard identification, hazard/risk assessment and control of hazards/risks, based on its operational experience and its commitment to eliminate workplace illness and injury. The methodology shall be kept up to date.</i></p>	Contractor management procedure to be developed and implemented to include hazard identification for contracts less than \$100K.	HR	30.6.17 WAITING FOR NEW BUILDING/PROJECT SUPERVISOR TO LAUNCH THE PROCEDURE
3	4.3	4.3.2	2	<p>Legal and Other Requirements <i>The organisation shall establish, implement and maintain procedures to identify and have access to all legal and other requirements that are directly applicable to the OSH issues related to its activities, products or services, including relevant relationships with contractors and suppliers. The organisation shall keep this information up-to-date. It shall communicate relevant information on legal and other requirements to its employees.</i></p>	Develop a procedure for accessing legislative documentation e.g. Act, Regulations, Codes of Practice, Australian Standards etc.	HR	31.3.17 COMPLETED
4	4.3	4.3.3	3	<p>Objectives and Targets</p>	Ensure that targets align with all Shire Business	HR	ONGOING

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<i>The organisation shall establish, implement and maintain documented OHS objectives and targets, at each relevant function and level within the organisation. When establishing and reviewing its objectives, an organisation shall consider its legal and other requirements, its hazards and risks, its technological options, its operational and business requirements and the views of interested parties. The objectives and targets shall be consistent with the OSH policy, including the commitment to measuring and improving OSH performance.</i>	Plans and documents e.g. LTIFR targets		
5	4.3	4.3.4	2	<p>OHS Management Plans</p> <p><i>The organisation shall establish and maintain management plans for achieving objectives and targets. They shall include:</i></p> <p>a) <i>Designation of responsibility for achievement of objectives and targets at relevant functions and levels of the organisation;</i></p> <p>b) <i>Outlining the means and timeframes by which objectives and targets are to be achieved.</i></p> <p><i>Procedures shall be established to ensure that current plans are reviewed and if necessary amended to address such changes at regular and planned intervals, whenever there are changes to the activities, products or services of the organisation or significant changes in operating conditions.</i></p>	Ensure any OHS Management Plans (Safety and Risk Management Plans) are regularly reviewed and updated.	OSH COMMITTEE	ONGOING TO BECOME A REGULAR ITEM ON AGENDA
6	4.4	4.4.1.2	2	<p>Responsibility and Accountability</p> <p><i>The organisation shall define, document and communicate the areas of accountability and responsibility (including those imposed by OHS legislation). Where contractors are involved, those areas of accountability and responsibility shall be clarified with respect to those contractors.</i></p>	Performance evaluations need to include OHS. Position descriptions should include a sign-off of OHS responsibilities. Any amendments made to performance evaluations	EXECUTIVE TEAM	30.6.17

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<p>a) <i>The organisation's top management shall appoint a specific management representative(s) who, irrespective of other responsibilities, shall have defined roles, responsibilities and authority for:</i></p> <p>a) <i>ensuring that OHSMS requirements are established, implemented and maintained in accordance with AS/NZS 4801; and</i></p> <p>b) <i>reporting on the performance of the OHSMS to top management for review and as a basis for improvement of the OHSMS.</i></p>	and/or Position Descriptions need to be communicated to relevant personnel.		
7	4.4	4.4.2	3	<p>Training and Competency</p> <p><i>The organisation in consultation with employees shall identify training needs in relation to performing work activities competently, including OHS training. Procedures shall be in place to ensure that OHS competencies are developed and maintained. Personnel shall be assessed as competent on the basis of skills achieved through education, training or experience, to perform assigned tasks taking into account the OHS obligations, hazards and risks associated with the work activities.</i></p>	Training requirements should be clearly stated in Position Descriptions.	EXECUTIVE TEAM & HR	31.1.18
8	4.4	4.4.2	2	<p>Training and Competency Continued</p> <p><i>Procedures shall be developed for providing OHS training. These procedures shall take into account:</i></p> <p>a) <i>the characteristics and composition of the workforce which impact on occupational health and safety management; and</i></p> <p>b) <i>responsibilities, hazards and risks.</i></p> <p><i>The organisation shall ensure that all personnel, including contractors and visitors, have undertaken training appropriate to the identified needs. Training shall be carried out by persons with appropriate knowledge, skills and experience in OHS and training.</i></p>	Develop a procedure that outlines the specific training requirements for OHS including Contractors.	HR	30.4.17 CURRENTLY WORKING WITH CRT TO CREATE A TRAINING PLAN

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
9	4.4.3	4.4.3.2	3	<p>Communication</p> <p><i>The organisation shall have procedures for ensuring that pertinent OHS information is communicated to and from employees and other interested parties.</i></p>	All staff meetings and toolbox meetings must be documented and OHS items raised must be minuted.	DEPARTMENT MANAGERS	31.3.17 & ONGOING
10	4.4.3	4.4.3.3	3	<p>Reporting</p> <p><i>a) Appropriate procedures for relevant and timely reporting of information shall be established to ensure the OHSMS is monitored and performance improved. Reporting procedures shall be established to cover the following:</i></p> <p><i>a) OHS performance reporting (including results of OHS audits and reviews)</i></p> <p><i>b) Reporting on incidents and systems failures</i></p> <p><i>c) Reporting on hazard identifications</i></p> <p><i>d) Reporting on hazard/risk assessment</i></p> <p><i>e) Reporting on preventive and corrective action</i></p> <p><i>f) Statutory reporting requirements</i></p>	Include reporting notification timeframes in the OHS induction (for employees and contractors).	HR	31.3.17 COMPLETED
11	4.4	4.4.5	2	<p>Document and Data Control</p> <p><i>The organisation shall establish, implement and maintain procedures for controlling all relevant documents and data required by AS/NZS 4801 to ensure that:</i></p> <p><i>a) They can be readily located;</i></p> <p><i>b) They are periodically reviewed, revised as necessary and approved for adequacy by competent and responsible personnel;</i></p> <p><i>c) Current versions of relevant documents and data are available at all locations where operations essential to the effective functioning of the OHSMS are performed;</i></p>	Finalise Document Control and Records Management Procedure (see previous OHS Audit 2014 actions).	EXECUTIVE MANAGER CORPORATE SERVICES	31.3.17

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<p>d) <i>Obsolete documents are promptly removed from all points of issue or otherwise assured against unintended use; and</i></p> <p>e) <i>Archival documents and data retained for legal or knowledge preservation purposes or both, are suitably identified.</i></p> <p><i>Documentation and data shall be legible, dated (with dates of revision) and readily identifiable and be maintained in an orderly manner for a specified period. Procedures and responsibilities shall be established and maintained concerning the creation and modification of various types of documentation and data. The organisation shall preclude the use of obsolete documents.</i></p>			
12	4.4.6	4.4.6.1	2	<p>General</p> <p><i>The organisation shall establish, implement and maintain documented procedures to ensure that the following are conducted:</i></p> <p><i>identification;</i></p> <p><i>hazard/risk assessment;</i></p> <p><i>of hazards/risks; and then evaluation of steps a) to c).</i></p>	<p>Evaluate current Hazard Management Procedure for effectiveness and continual improvement.</p> <p>(Chiara will develop evaluation methodology and a template for reporting on this).</p> <p>Develop and implement a purchasing procedure & Hire/Lease procedure/Agreement that details hazard identification, risk assessment and risk control of new products</p>	<p>HR</p> <p>EXECUTIVE MANGER CORPORATE SERVICES</p>	<p>30.09.17</p> <p>31.3.17</p>

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
					Implement a Supplier/Contractor selection criteria and listing based on safety practices	EXECUTIVE MANGER CORPORATE SERVICE	31.3.17
13	4.4.6	4.4.6.2	2	<p>Hazard Identification</p> <p>a) <i>The identification of hazards in the workplace shall take into account:</i></p> <p>a) <i>the situation or events or combination of circumstances that has the potential to give rise to injury or illness;</i></p> <p>b) <i>the nature of the potential relevant injury or illness.</i></p> <p>i. <i>The identification process shall also include consideration of: the way that work is organised, managed, carried out and any changes that occur in this;</i></p> <p>ii. <i>the design of workplaces, work processes, materials, plant and equipment;</i></p> <p>iii. <i>the fabrication, installation and commissioning and handling and disposal (of materials, workplaces, plant and equipment);</i></p> <p>iv. <i>the purchasing of goods and services;</i></p> <p>v. <i>the contracting and subcontracting of plant, equipment, services and labour including contract specification and responsibilities to and by contractors;</i></p> <p>vi. <i>vi) the inspection, maintenance, testing, repair and replacement (of plant and equipment) to the activity, product or service; and</i></p>	<p>Conduct a review of injury, hazard and incident data.</p> <p>Analyse and consider findings in data for planning future work.</p> <p>Chiara will develop a methodology and template for reporting on this.</p>	OSH COMMITTEE	ONGOING

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<i>c) past injuries, incidents and illnesses.</i>			
14	4.4.6	4.4.6.3	3	<p>Hazard/Risk Assessment</p> <p><i>All risks shall be assessed and have control priorities assigned, based on the established level of risk.</i></p>	<p>Develop a Job Safety Analysis template that is consistent throughout the Shire departments ensuring that the template includes an initial risk rating and residual risk rating boxes.</p> <p>It is recommended that the document called "Task Steps" be re-named "Safe Work Method Statement" to align with the OHS legislation.</p>	HR	30.11.16 COMPLETED
15	4.4.6	4.4.6.5	2	<p>Evaluation</p> <p><i>The process of hazard identification, hazard/risk assessment and control of hazards/risks shall be subject to a documented evaluation of effectiveness and modified as necessary.</i></p>	As above for 4.4.6.1.	HR	31.1.18
16	4.5.1	4.5.1.2	2	<p>General continued</p> <p><i>The organisation shall establish, implement and maintain documented procedures to monitor and measure on a regular basis the key characteristics of its operations and activities that can cause illness and injury. The effectiveness of these measures shall be evaluated. Appropriate equipment for monitoring and measurement related to health and safety risks shall be identified, calibrated, maintained and stored as necessary.</i></p> <p><i>Records of this process shall be retained according to the organisation's procedures.</i></p>	<p>Conduct a risk assessment to determine health surveillance requirements. This includes reviewing MSDS' and work processes.</p> <p>Chiara will assist with this process.</p>	CONTINUED FROM PREVIOUS PAGE	SEE PREVIOUS PAGE

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<p><i>With regards to the OHSMS, the organisation shall establish, implement and maintain procedures to monitor:</i></p> <ul style="list-style-type: none"> a) <i>performance, effectiveness of operational controls and conformance with the organisation's objectives and targets; and</i> b) <i>compliance with relevant OHS legislation.</i> 	<p>When it is determined whether health surveillance is required a procedure should be developed.</p>		
17	4.5	4.5.3	2	<p>Records and Records Management</p> <p><i>The organisation shall establish, implement and maintain procedures for the identification, maintenance and disposition of OHS records, as well as the results of audits and reviews. OHS records shall be legible, identifiable and traceable to the activity, product or service involved. OHS records shall be stored and maintained in such a way that they are readily retrievable and protected against damage, deterioration or loss. Their retention times shall be established and maintained. Records shall be maintained as appropriate to the system and to the organisation, to demonstrate conformance to the requirements of AS/NZS 4801.</i></p>	<p>As above for 4.4.5.</p> <p>Review current staff access, security arrangements and storage of records.</p>	<p>EXECUTIVE MANAGER CORPORATE SERVICES</p>	31.3.17
18	4.5	4.5.4	1	<p>OHSMS Audit</p> <p><i>The organisation shall establish, implement and maintain an audit program and procedures for periodic audits to be carried out by a competent person, in order to:</i></p> <ul style="list-style-type: none"> a) <i>determine whether the OHSMS:</i> <ul style="list-style-type: none"> i) <i>conforms to planned arrangements for OHS management including the requirements of AS/NZS 4801;</i> ii) <i>has been properly implemented and maintained;</i> iii) <i>is effective in meeting the organisation's policy as well as objectives and targets for continual improvement; and</i> iii) <i>provide information on the results of audits to management and employees.</i> 	<p>Develop a procedure for audits.</p> <p>Develop an Audit Program based on previous audit findings and areas of concern.</p>	<p>HR</p>	30.6.17

Action Item	Element Number	Sub-element Number	Score	Requirements Extracted From Criteria	Actions to be Taken	Responsibility	Due Date
				<i>The audit program, including any schedule, shall be based on the OHS importance of the activity concerned, and the results of previous audits. The audit procedures shall cover scope, frequency, methodologies and competencies, as well as the responsibilities and requirements for conducting audits and reporting results.</i>			
19	4.6	4.6	2	<p>Management Review</p> <p><i>The organisation's top management shall ensure, at intervals that it determines, review the OHSMS, to ensure its continuing suitability, adequacy and effectiveness. The management review process shall ensure that the necessary information is collected to allow management to carry out this evaluation. This review shall be documented. Management shall review the continued relevance of, and change where appropriate, policy, objectives, responsibilities and other elements of the OHSMS, in light of OHSMS audit results, changing circumstances and the commitment to continual improvement.</i></p>	<p>Senior management to conduct a review of the OHS system.</p> <p>Develop an agenda for items and determine timeframes/intervals for the review.</p>	EXECUTIVE TEAM	30.9.17

5.7 AUSTRALASIAN LG PERFORMANCE EXCELLENCE PROGRAM FY16

Address:	N/A
Owner:	N/A
File Reference:	2.1.2.1
Reporting Officer:	Chief Executive Officer Jason Whiteaker
Responsible Officer:	Chief Executive Officer Jason Whiteaker
Voting Requirement	Simple Majority

BRIEF

In 2016 the Shire of Northam joined the Australasian LG Performance Excellence Program. The program is in essence an opportunity to compare the Shire of Northam across a range of areas with other Local Governments in Western Australia, Australia and New Zealand.

The areas of focus are:

- Workforce;
- Finance;
- Operations;
- Service Delivery;
- Risk management;
- Corporate Leadership; and
- Asset Management.

ATTACHMENTS

Attachment 1: Full Report (provided as a separate confidential attachment).

BACKGROUND / DETAILS

In 2016 the Shire of Northam joined the Australasian LG Performance Excellence Program. The program is in essence an opportunity to compare the Shire of Northam across a range of areas with other Local Governments in Western Australia, Australia and New Zealand.

The areas of focus are:

- Workforce;
- Finance;
- Operations;
- Service Delivery;
- Risk management;

- Corporate Leadership; and
- Asset Management.

The process for populating the Council data occurred over a period from September 2016 – November 2016, with the information relating to the 2015/16 Financial Year.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Objective G2: Improve organisational capability and capacity.

Strategy G2.3: Operate/manage organisation in a sustainable manner.

Financial / Resource Implications

There has been staff time committed to populating the database associated with the survey and in analysing the results. It is expected that further staff resource will be provided to undertake a more detailed assessment of some specific areas.

Legislative Compliance

N/A.

Policy Implications

N/A.

Stake Holder Engagement / Consultation

N/A.

Risk Implications

There is a risk of becoming a poor performing Council if organisational performance is not assessed on a regular basis.

OFFICER'S COMMENT

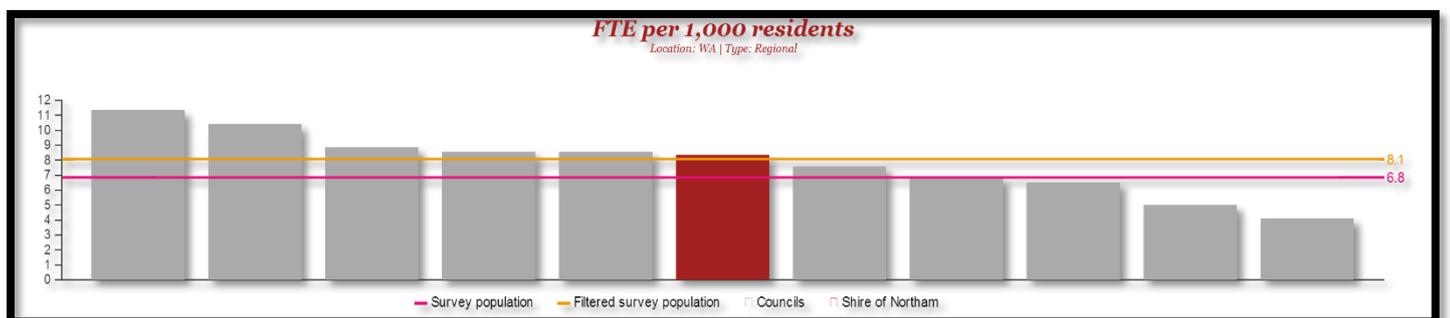
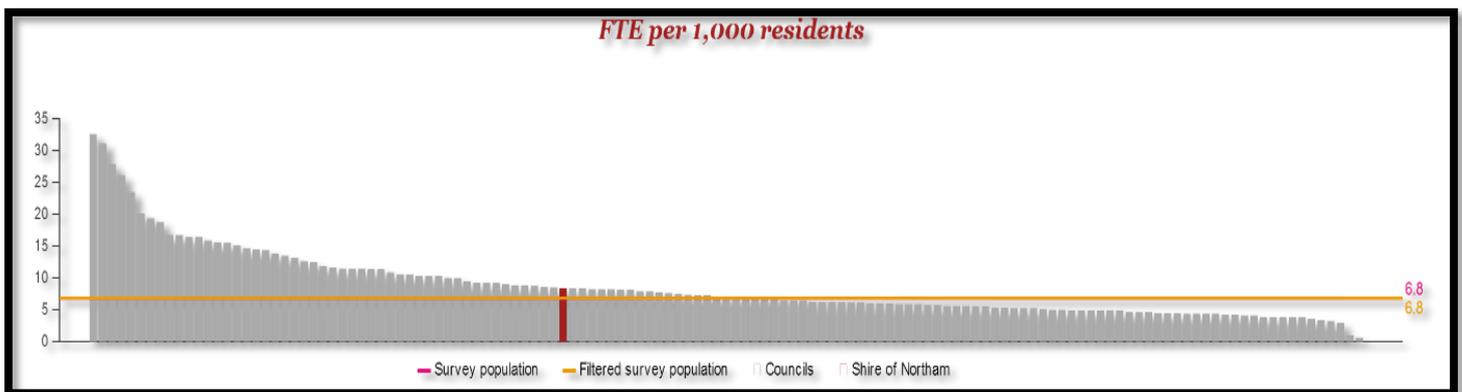
Staff have reviewed the outcomes of the Program and make the following comments:

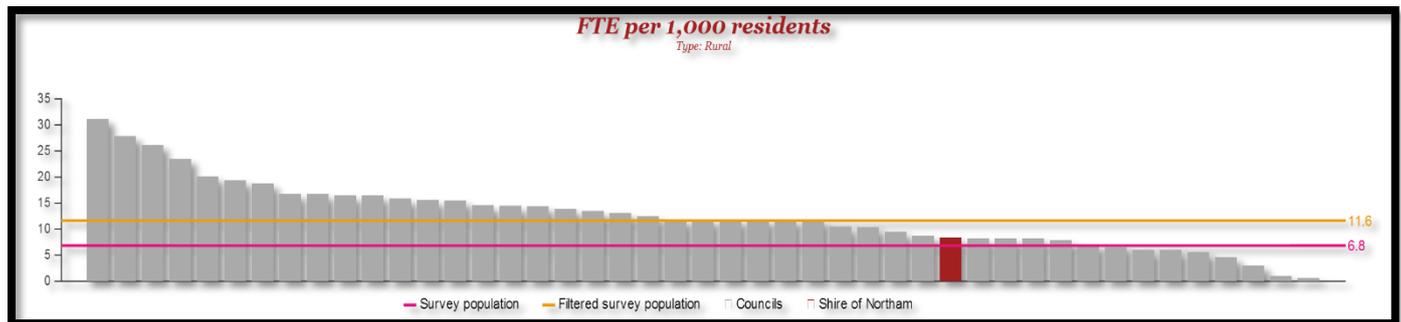
1. Workforce
 - a. FTE per 1,000 residents. Show the Council at 8.3, compared with 6.5 in the overall WA survey population. However, if you filter the survey population to WA Rural Council's the average is at 8.3, which is the Council's FTE count (noting this is a very small sample size). In addition, if you filter the figures to Regional Local Governments in WA the average FTE count is 8.1, slightly lower than Councils 8.3. In essence this highlights that the larger City local governments skew the number of employees per 1,000 employees to the lower result of 6.5.

This notion of the skewing effect of larger Councils on the numbers is supported by assessing the employee numbers per 1,000 residents across all Rural Local Governments in the program (across Australia and New Zealand), which indicates the average number of employees per 1,000 residents is 11.6, putting Northam well under the national average.

The other relevant factor associated with these numbers is the Council playing a role in the Killara Respite Centre, Licensing and Visitor Centres. These three areas are not 'usual' local government functions and may further skew the Shire of Northam figures. To put this into context Killara employs 1.4 employees per 1,000, whilst the combined Licensing and Visitor Centre represents 0.5 (approx.) employees per 1,000 residents.

In addition the Shire of Northam, as 'hang over' from the amalgamation has two swimming pools and libraries, which would be unusual for a rural or regional local government.





b. Remuneration as a % of operating expenses

All the comments above remain relevant, although when filtering the results by Rural Local Governments across Australia our percentage of remuneration to operating expenses is at the higher end, being 42.9% compared with an average of 36.3%

c. Staff Turnover

The turnover rate is higher than that the WA Survey population, with Northam being at 21.1%, WA Survey population being 16.2%. Comparing to Rural & regional Councils across the entire survey population Council fares more poorly with the average being 13.6%. It is noteworthy to highlight that the turnover numbers are based on number of actual employees employed at 1 July 2015, not number of positions, so having positions vacant at that time will skew the results. It also does not take into account turnover instigated by the Council. Consequently the turnover rates reported to Council regularly are considered more accurate and highlight our performance is under the internal benchmark set of 20%.

The turnover of employees in the first year of service represents a positive outcome, with Council having Nil over the year in review, highlighting sound recruitment practices.

d. Median sick leave days

At 2.8, the Shire is in a positive position compared with the WA Survey population showing 5.4. Compared to all Councils involved in the survey, Northam again is in a strong position with the average across all Councils being 5.7 days. Northam is ranked the 6th lowest in the particular category which is positive given it has been a focus over the past four years and indicates a good ethic / culture.

e. Lost Time Injuries

Another area Council is performing strongly in, with our LTI's less than the WA Survey Population (62 compared with 86), however we are

slightly higher than the entire population which is 54, indicating there is some work to do, which we are aware of.

2. Finance

a. Cost of finance as a % of revenue

This is an area staff are currently investigating, however filtering the data to compare with other WA Regional and Rural Communities indicates that our finance function is only slightly higher than the average, with Northam being 4.6% of revenue whilst the average is 3.7%. It is however noted that Councils finance department includes the position of a Purchasing Officer which is rare within Local Government and supports the whole of the organisation in Procurement.

b. Rates and annual charges collected

Interestingly, given the context of discussions Council is having on its rate recovery, the Council is actually performing well in this area comparatively. Compared with the entire population, who are recovering on average of 62% of rates and charges at the end of the second quarter, Northam is collecting 83%. However important context around this is the collection framework of other States and New Zealand, a better comparison would simply be with WA where Council is performing slightly above benchmark, with the average WA Council collecting 80%.

3. Operations

a. Corporate Services staff per 10,000 residents

At 4.7, this is slightly higher than the entire population survey results of 2.4, however exactly the same as the 4.7 results for the Rural WA cohort, but higher than the Rural and Regional LG Council results of 2.7. Consideration does need to be given to the structure of our Corporate Services area with licensing being included, a function not undertaken by many local governments, this function equates to approximately 2 employees per 10,000 residents.

b. Customer Service staff per 100 employees and per 10,000 residents

Per above comment.

c. I/T staff per 100 employees

This is the most significant area of underperformance/representation within the organisation. Given that I/T is being raised across every audit and review Council is undertaking as a focus. It is an area which requires some consideration moving forward to ensure our organisational structure is effective and efficient.

I/T staff per 100 employees at the Shire of Northam compares with 4.1 for the entire population and 2.4 for rural and regional WA Councils.

4. Service Delivery

a. Service delivery operating costs and FTE breakdown (p.79)

The provision of this comparison raises some areas of potential interest, however it also raised a number of queries. Specifically the assessment that Council is spending significantly less than the survey population in Governance & Administration. This is currently being clarified but may go to explaining why other costs elements are more than the survey population, as we may be allocating more of the Governance Expense out than others. In saying this the areas that staff believe we should specifically focus on to assess our performance is in Parks & Gardens and Sporting Grounds & Venues which are the most significant outliers for Council.

b. Organisational design by span of control (p83)

This highlights the relatively flat structure of the Shire of Northam, which is a positive. Our organisation performs well when compared with others in the context of the number of employees per supervisor/manager.

c. Solid Waste Management (p.88)

Council cost of \$138 per resident is exactly average with the survey population, indicating our current contract is around market rate.

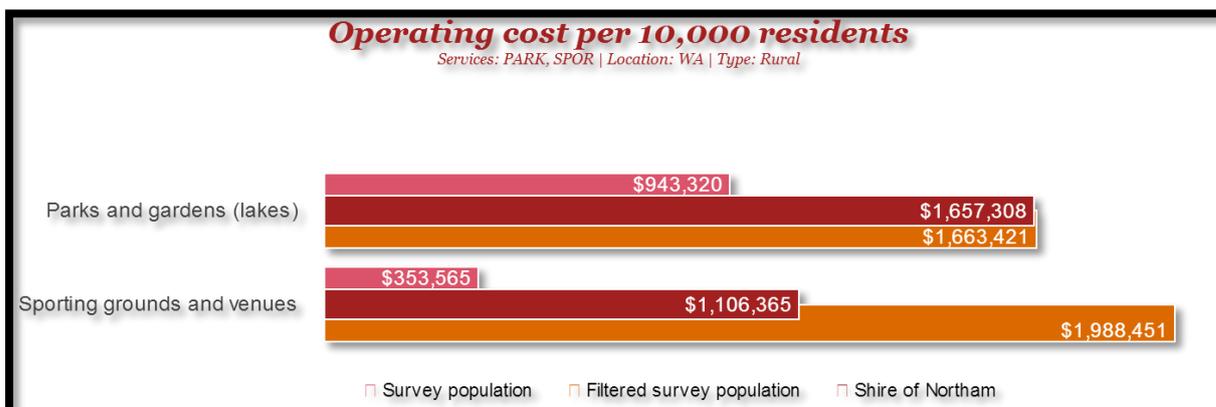
d. Roads & Bridges (p.91)

A breakdown of our roads & bridges cost per kilometre of road indicates Council is either very efficient, or underspending. This more detailed assessment needs to be undertaken in the context of the Council's endorsed asset management plan, which would indicate that our current spend is sufficient to maintain existing service standards. However a more detailed analysis may be advisable.

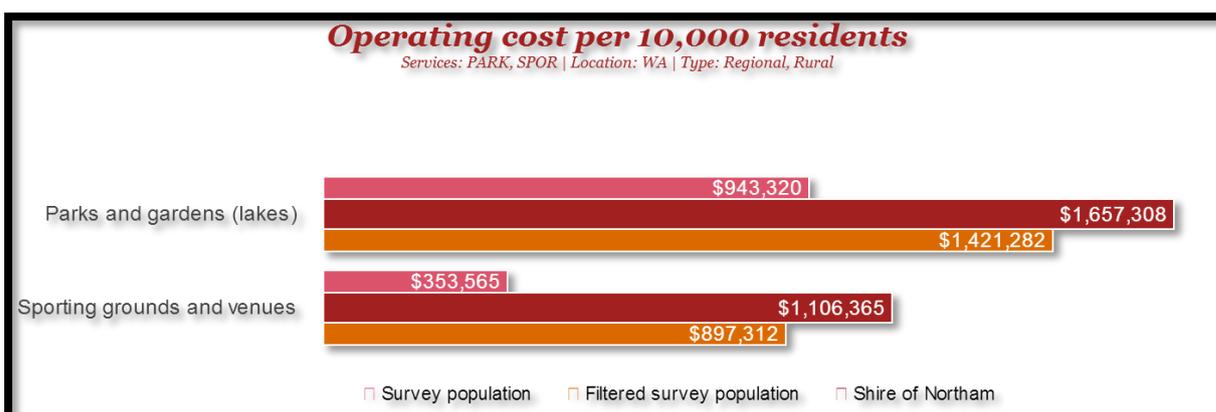
e. Parks, Gardens and Sporting Grounds (p.93)

Out of the review it appears that this is the area that requires the most significant further detailed assessment. This indicator (figure 4.23) indicates that Council is spending \$276 per sq. kilometre of park, garden/sporting ground. This is well above the survey average and should be investigated further to ensure we are getting value for money.

However putting this into further context when filtered by Regional WA the Shire of Northam is performing better as the table below shows;



Analysis highlights that performance against WA Rural & Regional Local Governments is also better, although not as positive as against only the Rural LG's (as shown above);



5. Risk Management

a. Audit & Risk Committee

The current terms of reference for the Council Audit Committee does not include risk. It is the view of the staff that the terms of reference should be expanded to include risk which will allow the Committee to increase its scope and play a more prominent role in a range of areas.

b. Internal Audit

Staff have held a view for some time that an internal audit function should be performed for Council. This element is further explored in a furthermore detailed report to the Committee.

6. Corporate Leadership

No specific areas requiring comment or focus

7. Asset Management
No specific areas requiring comment or focus

RECOMMENDATION

That Council:

- 1. Receives the Australasian LG Performance Excellence Program FY16; and**
- 2. Identifies the following areas to be assessed in more detail and reported back to a future Audit Committee Meeting in 2017:**
 - a. Information Technology resourcing; and**
 - b. Parks, Gardens & Sporting Grounds resourcing.**

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.082

Moved: Cr Proud
Seconded: Cr Antonio

That Council:

- 1. Receives the Australasian LG Performance Excellence Program FY16;**
- 2. Identifies the following areas to be assessed in more detail and reported back to a future Audit Committee Meeting in 2017:**
 - a. Information Technology resourcing;**
 - b. Parks, Gardens & Sporting Grounds resourcing; and**
 - c. Roads & Bridges.**
- 3. Identify the following area to be assessed in more detail upon the completion of item 2;**
 - a. Gross Workforce FTE per 1,000 Residents; and**
 - b. Governance Costs.**

CARRIED 4/0

Mr C Redmond departed the Council Chambers at 7:00pm.

Discussion was held around the usefulness of this report. The CEO advised that the report provides a comparison with other local governments which participated in the program and provides Council with information in relation to how the Council is performing generally. The report provides some context for improvement and the opportunity to look at other local governments to see how they are performing. From this, Council may then be able to look at their processes to assist in optimising its performance. The report has the intent of highlighted areas of potential focus (it is not intended to provide any

definitive answers or absolutes) which can then be further investigated and as a result have formed the recommendation of this report.

It was raised that the report does not outline what is a good or acceptable level of performance. The CEO advised that this is not the intention of the assessment. The intention is to look at performance compared to other local governments and then allow Council to make a determination if it would like to focus on assessing particular areas to ascertain if it is comfortable with performance levels.

Discussion was held around the items listed under the 'Officers Comment' of the report. From this, the Committee identified additional items/focus areas for further investigation which formed item 2c, and 3 of the Committee decision.

5.8 INTERNAL AUDIT

Address:	N/A
Owner:	N/A
File Reference:	8.2.7.1
Reporting Officer:	Chief Executive Officer Jason Whiteaker
Responsible Officer:	Chief Executive Officer Jason Whiteaker
Voting Requirement	Simple Majority

BRIEF

Report recommends the establishment of an Internal Audit Framework reporting back to Council via the Shire of Northam Audit Committee

ATTACHMENTS

Nil.

BACKGROUND / DETAILS

The following is taken from the Department of Local Government & Communities guidelines on Audit Committee's in local government:

Many local governments have recognised the need to improve their internal auditing processes, and have moved to either employ an internal auditor or contract out the internal audit function.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The scope of an internal audit would be determined by the Audit committee, with input from the CEO, based on the size of the local government's internal operations and the level of compliance to be achieved.

The role differs from that of the external auditor who is appointed by council on the recommendation of the Audit Committee, to report independently to it, through the mayor/president and the CEO, on the annual financial statements. The external auditor's primary role is to decide whether the annual financial statements of a local government are free of material misstatement.

There are certain functions of the internal audit that complement the external auditor's role. As the external auditor plans for an effective audit they need to assess and determine whether to include the scope, procedures and outcomes of the internal audit. The CEO must refer all internal audit reports to the Audit Committee for consideration.

An internal auditor's activities should typically include the following:

- (a) Review of the internal control structure, monitoring the operations of the information system and internal controls and providing recommendations for improvements;
- (b) A risk assessment with the intention of minimising exposure to all forms of risk on the local government;
- (c) Examination of financial and operating information that includes detailed testing of transactions, balances and procedures;
- (d) a review of the efficiency and effectiveness of operations and services including non-financial controls of a local government;
- (e) a review of compliance with management policies and directives and any other internal requirements;
- (f) review of the annual Compliance Audit Return;
- (g) assist in the CEO's biennial reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance; and
- (h) specific tasks requested by management.

For local government, the internal auditor should report functionally to the audit committee and administratively to the CEO. It should be remembered that pursuant to section 5.41 of the Act, the CEO is responsible for the day-to-day management of council activities including the direction of staff and implicitly the internal audit function. The CEO may choose to delegate this responsibility provided always that the delegation does not directly or indirectly interfere with the ability of the Internal Auditor to conduct an internal audit function free from interference.

A clear and properly defined reporting relationship ensures that the internal auditor is empowered to perform their role working with management. The direct reporting line to the audit committee also acts as an adequate safeguard in the event of a serious breakdown in internal controls or internal control culture at senior levels in the organisation.

While it is recognised that smaller councils may not be able to justify a full-time internal auditor, a small size of operation does not justify forgoing internal audit altogether. If audit committee or management is of the view that the employment of an independent internal auditor either full-time or part-time is not warranted, it may request the council to have the internal audit function undertaken as necessary by an external contractor, or expand the role of its external auditor.

The external auditor or his or her professional company should only undertake internal audit functions that complement the external audit and do not cloud the objectivity and independence of the external audit. An external auditor must not audit information prepared by them or their accounting practice, as this is considered incompatible with the standard of independence.

Local governments that do not establish an internal audit process but require a review of the financial management systems and procedures, may decide to use the services of the external auditor for that purpose. Such reviews are to be undertaken every four years in accordance with regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

The review of financial management systems and procedures provides the external auditor with greater assurance of systems and procedures used to prepare the annual financial statements, and whether they provide information free of material misstatement.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

Objective G2: Improve organisational capability and capacity.

Strategy G2.3: Operate/Manage organisation in a sustainable manner.

Financial / Resource Implications

The development of an internal audit function will come at a financial cost to Council. It is considered that given the scale of the organisation the Internal Audit function would be outsourced. It is envisaged that the cost would be between \$10,000 and \$20,000 per annum.

Legislative Compliance

There is no legislative requirement to undertake internal audits, however it is considered a sound management practice.

Policy Implications

F4.2 – Purchasing and Tendering Policy will be applied if the Officers Recommendation is supported by Council.

Stake Holder Engagement / Consultation

Nil.

Risk Implications

It is considered that the development of an internal audit function will act as a significant organisational risk mitigation strategy for Council.

OFFICER'S COMMENT

Over the past three years the Shire of Northam has exposed itself to a significant number of reviews and assessments to promote a high level compliance, governance and general organisational effectiveness. These reviews have included:

- Dept. of Local Government Better Practice review
- OHS & Risk Review/Audit
- Community satisfaction surveys
- Australasian LG Performance Excellence Program FY16
- Dept. of Local Government Governance Review (underway)
- Key Systems and Processes Review (Promapps)
- Regulation 17 CEO review of risk management, internal control, legislative compliance

Whilst all of the reviews have resulted in improvement recommendations, the general theme is that the Shire of Northam is an organisation which is performing strongly. However with the a view of striving for improvement and to ensure that the Elected Council can be satisfied that our governance role is being discharged to a high level the internal audit function is being recommended.

It is proposed that the internal function be risk based, in that areas considered high risk be the focus on more detailed audits. Assessing the Shire of Northam Corporate Risk Register the following areas are identified as High Risk and may therefore represent a good starting point:

- Failure to fulfil statutory, regulatory or compliance requirements
- Inadequate safety and security practices
- Document Management
- Not meeting Community expectations
- Ineffective Management of Facilities / Venues / Events
- Inadequate Supplier / Contract Management

In addition to recent focuses from the Corruption and Crime Commission (CCC) have been around purchasing / contract management, identifying this as a critical risk to local government. In 2015 the CCC published a report on

the Misconduct Risk in Local Government Procurement <https://www.ccc.wa.gov.au/sites/default/files/Report%20on%20Misconduct%20Risk%20in%20Local%20Government%20Procurement.pdf> this may be another starting point for Council.

Council may also take the approach of balancing the focuses of Internal Audit between a risk based approach and a service based approach. This type of approach would result in, for example, two internal audits being undertaken each year, one selected from the our risk register (for example supplier/contract management) and another based on information obtained from the LG Performance Excellence Program (for example customer service or parks and gardens performance).

In terms of procuring the internal audit service the Council would have a number of options. Council could tender for a three year service, identifying a scope of audit services and detailing the areas to look at (audit plan). Alternatively Council could choose to develop a three year audit plan, to be confirmed annually and then procure individual organisations to undertake the selected audit independently.

A potential internal audit plan could be based on the following:

Risk focus (taken from areas considered High Risk in organisational risk matrix)

- Failure to fulfil statutory, regulatory or compliance requirements
Council undertakes its annual compliance return 'internally'. It may be prudent to consider 'outsourcing' this function every second or third year (if not annually). The Council may also wish to expand on the compliance return framework provided by the Department of Local Government.
- Misconduct
 - Procurement
The objectives of the review could be to:
 - Evaluate internal controls over procurement process;
 - Verify that the payments were made correctly, accurately accounted for, timely and properly supported;
 - Review for duplicate payments; and
 - Evaluate compliance with policy, procedures and with laws and regulations.
 - Evaluate the support for local business
 - Assess adequacy and application of delegated authority
- Inadequate safety and security practices
- Document Management

- Not meeting Community expectations
It could be considered that this 'audit' occurs biennially through the community perception survey.
- Ineffective Management of Facilities / Venues / Events
- Inadequate Supplier / Contract Management
The objectives of this review could be similar to the procurement review with the added element of reviewing what occurs after the purchase decision has been made – contract development, management etc

Service focus (taken from Australasian LG Performance Excellence Program FY16)

1. Parks, Gardens & Sporting Grounds

The objective of the review will be to assess the performance of the Councils management of Parks, Gardens & Sporting Grounds in the context of the Australasian LG Performance Excellence Program 2016 results. The following will be reviewed;

- Adequacy and appropriateness of the
 - service provided
 - staffing levels
 - cost of service
- Opportunities identified for improvements in process, service and cost

2. Information Technology resourcing

The objective of this review will be to assess the adequacy and performance of Information technology Management in the Shire of Northam.

3. Customer Service

The objective of the review will be to assess the performance of the Councils customer service primarily in the core area of in and around the administration centre. The following will be reviewed;

- Adequacy and appropriateness of:
 - Face to face service at Admin Centre 'front counter'
 - Building Services customer service
 - Health services customer service
 - Town planning customer service
 - Ranger customer service
 - Adequacy and performance of ICS system/process

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.083

Moved: Cr Antonio

Seconded: Cr Proud

That Council request the Chief Executive Officer to:

- 1. Obtain quotes, in accordance with Council Policy, for a suitably qualified organisations to undertake the following Internal Audits in 2017/18:**
 - a. Procurement; and**
 - b. Customer Service.**
- 2. Make budget provision for Internal Audit; and**
- 3. Report back to the next Audit Committee outcomes of the quotes received along with details of the objectives of the individual audits for a final determination.**

CARRIED 4/0

5.9 AASB124 RELATED PARTY DISCLOSURES

Address:	N/A
Owner:	N/A
File Reference:	2.1.3.4
Reporting Officer:	Accountant Zoe Macdonald
Responsible Officer:	Executive Manager Corporate Services Colin Young
Voting Requirement	Simple Majority

BRIEF

Changes to the scope of AASB124 becomes operative from 1 July 2016, with disclosures to be made in the Financial Statements for the year ended 30 June 2017. The declarations for the process are enclosed as an introduction to the procedural forms.

ATTACHMENTS

Attachment 1: Related Party Disclosure Forms.

Attachment 2 Appendix 2 Terms of Reference.

BACKGROUND / DETAILS

The objective of the standard is to ensure that the entity's financial statements contain disclosures necessary to draw attention to related parties and transactions.

The disclosure requirements apply to the existence of relationships regardless of whether a transaction has occurred or not.

CONSIDERATIONS

Strategic Community / Corporate Business Plan

N/A.

Financial / Resource Implications

N/A.

Legislative Compliance

Associated Regulatory Framework.
AASB 124 Related Party Disclosures.
Local Government Act 1995.

Local Government (Financial Management) Regulations 1996.

Policy Implications

To be developed.

Stake Holder Engagement / Consultation

N/A.

Risk Implications

The proposed forms for completion ensures the compliance Shire of Northam.

OFFICER'S COMMENT

The proposed forms are in line with the recommendations of the department of Local Government and our appointed Auditors. They will be supplied to senior staff and Councillors at the end of the financial year.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.084

Moved: Cr Proud

Seconded: Cr Antonio

That Council adopt the presented Related Party Disclosure Forms.

CARRIED 4/0

Discussion was held around the reasons for requiring this to be undertaken. The Executive Manager Corporate Services confirmed that the standards have always been in place however have recently been changed to include not for profits which includes local governments.

Clarification was sought in relation to when items must be declared. The CEO and Executive Manager Corporate Services referred Councillors to the examples provided in the attachments to respond to their queries.

Shire of Northam

AASB 124 – “RELATED PARTY DISCLOSURES”

3. ORDINARY CITIZEN TRANSACTIONS – NOT PROVIDED AT ARMS LENGTH

Did you or any member of your close family use facilities provided at Recreation Centre, attend any event at the Civic Centre, or use any other council provided facility AND you received a discount or special terms that would not otherwise be offered to any other member of the public?

Name of person using the facility	Service/Facility used	Nature of transaction	Nature of discount or special conditions received.

Note: Recreation Centre membership provided as part of employment has been provided under the same terms as those memberships provided to the public.

4. LEASING AGREEMENTS - DOMESTIC RESIDENTIAL

Did you, a close family member or related entity, enter into a lease agreement with the Shire of Northam (either as lessee or lessor) for the provision of a domestic rental property (Includes properties owned by the Shire of Northam and privately owned properties sub-leased through the Shire of Northam from a real estate agent)? Did you receive or provide a discount or special terms that would not otherwise be offered to any other member of the public?

Name of Person party to the lease	Property Address	Term of Lease & Weekly rent	Detail of any non-arms length conditions

Shire of Northam

AASB 124 – “RELATED PARTY DISCLOSURES”

5. LEASING AGREEMENTS - COMMERCIAL

Did you, a close family member or related entity, enter into a commercial leasing agreement with the Shire of Northam for the provision of a commercial property? Did you receive a discount or special terms that would not otherwise be offered to any other member of the public?

Name of person party to the lease	Property Address	Term of Lease & Weekly rent	Detail of any non-arms length conditions

6. TRADING ARRANGEMENTS

Were you or a close family member (as defined above) the owner of any business (or in a position to substantially control the business) that provided goods or services to the Shire of Northam? Were those goods or services provided on the same terms and conditions as those available to any other customer? If not, please provide details of the specific terms provided to the Shire of Northam.

Business name	Goods or services provided	Approximate value for the reporting period	Terms & conditions

Shire of Northam

AASB 124 – “RELATED PARTY DISCLOSURES”

8. PURCHASE OF PROPERTY

Did you, a close family member or related entity, purchase any property or other assets from the Shire of Northam? (This may include vehicles or other plant items, land or buildings).

Was the purchase made at arms length (for e.g. at public auction), and on terms and conditions available to any other member of the public? If not, please provide details of the specific terms provided to you.

Name of person or entity name	Property purchased	Value of the purchase	Terms & conditions

9. SALE OF PROPERTY

Did you, a close family member or related entity, sell any property or other assets to the Shire of Northam? (This may include vehicles or other plant items, land or buildings).

Was the sale made at arms length, and on terms and conditions available to any other member of the public? If not, please provide details of the specific terms provided.

Name of person or entity name	Property Sold	Value of the Sale	Terms & conditions



Shire of Northam

AASB 124 – “RELATED PARTY DISCLOSURES”

10. FEES & CHARGES FOR APPLICATIONS

Did you, a close family member or related entity, make an application to Council for a trading, building, planning or development application, licence or approval, or any other type of permit or licence?

Name of person or entity name	Application type	Application and/or receipt number

11. SELF SUPPORTING LOANS

Did you, a close family member or related entity, enter into a loan agreement with the Shire of Northam?

For e.g. a club for which you have control (See Appendix 2 for example)

Name of person or entity name	Loan details	Value of the loan	Terms & conditions

12. OTHER AGREEMENTS

Please list any other agreement or arrangement you believe is a related party transaction and should be declared.

Name of person or business/company	Nature of agreement	Value of agreement	Terms & conditions

Shire of Northam

AASB 124 – “RELATED PARTY DISCLOSURES”

I declare that all information and details provided in this form are true and correct to the best of my knowledge and belief and that no known relevant information has been omitted.

I have made this declaration after reading the information supplied by Council which details the meaning of the definitions to which this declaration relates.

SELECT OPTION 1: Handwritten Signature

Signed: _____ Date: ____/____/____

Once signed please provide to the Executive Manager Corporate Services.

OR

SELECT OPTION 2: Electronic Signature

This form can be sent by email to the Executive Manager Corporate Services provided the email is sent by the person making the disclosure from their work or personal (e.g. Councillors) email account.

Attachment 2

APPENDIX 2

Terms of Reference

AASB 124 – “RELATED PARTY DISCLOSURES”

Close Family Members

Close family members include:

- a child, spouse or domestic partner;
- children of your spouse or domestic partner;
- dependents of you or your spouse or domestic partner;
- any other close family member;

who may be expected to influence, or be influenced by, your dealings with the council.

The following table may assist you in identifying your close family members:

Definitely a close family member	May be a close family member
Your spouse/domestic partner	Your brothers and sisters, if they could be expected to influence or be influenced by you in their dealings with council
Your children	Your aunts, uncles and cousins, if they could be expected to influence or be influenced by you in their dealings with council
Your dependants	Your parents and grandparents, if they could be expected to influence or be influenced by you in their dealings with council
Children of your spouse/domestic partner	Your nieces and nephews, if they could be expected to influence or be influenced by you in their dealings with council
Dependants of your spouse/domestic partner	Any other member of your family if they could be expected to influence or be influenced by you in their dealings with council

There may be relationships that a council has which are not identified in this appendix but still meet the definition of a related party.

Example: Cousin of Councillor

A Councillor for the Shire has lived in the Shire her whole life. In fact her family has been in the area for generations.

The Councillor’s cousin, owns and operates the local newsagent through a company ABC Pty Ltd, in which she owns 100% of the shares. The Councillor and her cousin have always been close and regularly socialise together.

From these facts it would appear that the Councillor’s cousin is a close family member of the Councillor because she would be expected to influence, or be influenced by, that person in her dealings with Council.

Both the cousin and the company she controls, ABC Pty Ltd would therefore be related parties of Council.

Any transactions that the Council makes with the newsagent would need to be separately identified and may need to be disclosed.

APPENDIX 2

AASB 124 – “RELATED PARTY DISCLOSURES”

Control in entities

What is an entity that I, or my close family member, control or jointly control?

Entities include companies, trusts, incorporated and unincorporated associations such as clubs and charities, joint ventures and partnerships.

You control an entity if you have

- a) power over the entity;
- b) exposure, or rights, to variable returns from involvement with the entity; and
- c) the ability to use your power over the entity to affect the amount of your returns.

To jointly control an entity there must be contractually agreed sharing of control of the entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In some cases it will be obvious that you or a family member control or have joint control over an entity. In other cases it will be less clear.

In some cases it will be obvious that you or a family member control or have joint control over an entity. In other cases it will be less clear.

If you are unsure whether you, or a close family member, has control or joint control of an entity then you should contact the Manager Financial Services for a confidential discussion.

Example: Clubs or other incorporated bodies

(A Shire of Councillor is the President of a local football club)

A Shire of Councillor is the President of a Football Club Inc., the local football club. This club is overseen by a committee which comprises the President and four other committee members. Each member has a single vote when making decisions at meetings. The committee members are not related and do not have agreements to vote with one another. The club has over 100 members that each have a vote in electing the committee members at the club’s annual general meeting.

From these facts it would appear that the Councillor does not control or jointly control the football club so it will not be a related party of Council just because the Councillor is the president of the club.

Appendix 2

AASB 124 – “RELATED PARTY DISCLOSURES”

Other examples

Example 1 (Audit committee member)

A Shire’s audit committee comprises two Councillors and a local retired accountant, Fred. Fred has no other connection with the council.

The audit committee attends to the functions as required under the *Audit Regulations*. It does not make any decisions on behalf of the council but simply provides reports, with recommendations, for the Mayor and councillors to consider.

Based on the facts outlined Fred would not be a KMP of council.

Example 2 (Son of CFO employed by council)

A Council has recently employed Paul's son (George) in the Council's parks and garden's area. Paul is Council's Deputy Chief Executive Officer but was not involved in hiring George. This process was managed by the Director of Parks and Gardens and included an independent assessment process. Paul did not have any influence in George securing the job.

Paul has been identified as a KMP of council, which makes him a related party.

George will also be a related party of Council because he is a close family member of Paul. The recruitment process that was undertaken for George's position is irrelevant when assessing whether George is a related party.

Example 3 (Cousin of Mayor - related party commonly known but omitted from declaration)

Shelley, the Mayor of a Shire forgets to include her cousin Mavis, and Mavis' company, when she completes her KMP declaration.

It is commonly known in the community that Shelley and Mavis are close and that Shelley would be expected to influence, or be influenced by, Mavis in her dealings with Council and vice versa.

Mavis and her company are related parties of Council, even though Shelley omitted them from her declaration.

Example 4 (Example of control)

Fred is the Mayor of a Shire and owns 100% of the ordinary shares in the Shire Development Company Pty Ltd (the company). The ordinary shares are the only shares in the company that have voting rights.

Fred controls the company because he has the power to affect the company's decisions and the return that he will get from the company.

Fred will need to include the company on his related party declaration.

Appendix 2

AASB 124 – “RELATED PARTY DISCLOSURES”

Example 5 (Example of joint control)

Fred is the Mayor a Shire and owns 50% of the ordinary shares in a Shire Development Company Pty Ltd (the company). Fred's brother Stan owns the other 50% of ordinary shares. Fred and Stan are the only Directors of the company and have equal voting rights on the board.

Fred and Stan have joint control of the company because any decisions require the unanimous consent of them both.

Fred will need to include the company on his related party declaration

6. URGENT BUSINESS APPROVED BY PERSON PRESIDING OR BY DECISION

Nil.

7. DATE OF NEXT MEETING

The next Audit Committee Meeting is proposed to be held on 23rd August 2017 at 4:00pm.

8. DECLARATION OF CLOSURE

There being no further business the Presiding Officer declared the meeting closed at 7:34pm.

"I certify that the Minutes of the Audit Committee meeting held on Wednesday, 31 May 2017 have been confirmed as a true and correct record."

_____ Presiding Officer

_____ Date

