



SHIRE OF NORTHAM

**MINUTES OF THE
AUDIT COMMITTEE MEETING
HELD
WEDNESDAY
12 MARCH 2014**

SHIRE OF NORTHAM

MINUTES OF THE AUDIT COMMITTEE MEETING TO BE HELD ON 12 MARCH 2014 AT 7:20 PM

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SHIRE OF NORTHAM

Minutes of the Audit Committee Meeting of Council to be held in the Council Chambers on WEDNESDAY, 12 March 2014 at 7:20pm

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1. **DECLARATION OF OPENING AND WELCOME**

The Presiding Officer Cr S B Pollard declared the meeting open at 7:20 pm

2. **DECLARATION OF INTEREST**

Parts of Division 6 Subdivision 1 of the Local Government Act 1995 requires Council members and employees to disclose any direct or indirect financial interest or general interest in any matter listed in this agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter being discussed.

NB A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the disclosed matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

3. ATTENDANCE

COUNCIL

President
Councillors

Cr S B Pollard
T M Little
K D Saunders
U Rumjantsev
D A Hughes
D G Beresford
J E Williams
R M Head
A W Llewellyn
R W Tinetti

Chief Executive Officer
Executive Manager Corporate Services
Executive Manager Development Services
Executive Manager Community Services
Executive Manager Engineering Services
Project Manager Community Infrastructure

J B Whiteaker
D R Gobbart
P B Steven
J McGready
C D Kleynhans
C B Hunt

4. APOLOGIES

Nil

5. LEAVE OF ABSENCE

Cr D G Beresford has been granted leave of absence for the month of March 2014.

The meeting adjourned at 7.24pm and resumed at 7.29pm, during which time Ms McGready left the meeting and returned at 7.30pm

6. CONFIRMATION OF MINUTES

Minute: AU.043

Moved: Cr Hughes

Seconded: Cr Head

That the Minutes of the Audit Committee Meeting held on Wednesday, 18 December 2013 be confirmed as a true and correct record of that meeting.

Carried 9/0

7. AGENDA ITEMS

7.1 COMPLIANCE AUDIT RETURN 2013

| | |
|--------------------|---------------------------|
| Name of Applicant: | Internal Report |
| File Ref: | 1.6.1.6 |
| Officer: | Denise Gobbart |
| Officer Interest: | N/A |
| Policy: | Local Government Act 1995 |
| Voting: | Simple Majority |
| Date: | 03/03/2014 |

PURPOSE

For Council to adopt the Compliance Audit Return (CAR) 2013.

BACKGROUND

Under the Local Government (Audit) Regulations 1996, a Local Government is required to carry out a Compliance Audit for the period 1 January 2013 to 31 December 2013. The certified return needs to be submitted to the Director General, Department of Local Government and Regional Development by 31 March 2014.

The Compliance Audit Return must be:

1. Presented to Council at a meeting of the Council;
2. Adopted by the Council; and
3. Recorded in the minutes of the meeting at which it is adopted.

A copy of the return is submitted for Councillor's perusal, comment and adoption by Council before 31 March 2014. It is necessary for the Shire President and the Chief Executive Officer to sign off the return as a certified copy.

The 2013 Compliance Audit Return was completed in house this year as we were not able to engage the services of an external party. After completing the return all matters have been reviewed with the CEO.

The compliance review process provides both the CEO and the Council with an additional element of accountability through a check on internal management systems, procedures and record keeping and this demonstrates the Shire's emphasis on improving its good governance, compliance, and best practice.

STATUTORY REQUIREMENTS

- Local Government Act 1995;
- Local Government (Functions and General) Regulations 1996;
- Local Government (Administration) Regulations 1996;

- Local Government (Elections) Regulations 1997;
- Local Government (Audit) Regulations 1996;
- Local Government (Rules of Conduct) Regulations 2007.

CONFORMITY WITH THE COMMUNITY STRATEGIC PLAN

N/A

BUDGET IMPLICATIONS

N/A

OFFICER'S COMMENT

The standard of compliance in 2013 slipped from the past years achievement of 97.4% to 89.8%. For context purposes, non-compliance or partial non-compliance related to eight of the total 78 items included in the Compliance Return.

The Shire has sound management systems and procedures. The examples of non-compliance noted reflected inconsistent or incomplete compliance and human error, and not any systemic failure.

It is important to note that the actual compliance audit process is a detached, retrospective examination of minute, multifaceted, and ambiguous statutory detail specified by the Local Government Act 1995 and associated regulations. Significantly, the CAR excludes the actual working environment and pressures of the day-by-day operational circumstances, and other community priorities that exist in the pragmatic management of the wide range of functions and issues experienced in a vibrant and growing local government such as the Shire. The overall compliance requirement to observe "all written law" places an onerous responsibility on the CEO of a growing local government.

A number of deficiencies have been identified in the Shire of Northam Compliance Audit Return 2013, namely:

Delegation:

The delegation register was reviewed as required; points needing to be addressed are that delegations to the CEO and officers are required to be in writing.

Page 2, No 6, s5.42(1)(2), Admin Reg 18G – It did not appear that the delegations to the CEO were in writing.

Page 2, No 6, s5.44(2) – It did not appear that all delegations from the CEO to officers were in writing.

Page 2, No 13, s5.46(3), Admin Reg 19 – Some aspects, such as the record keeping associated with exercising a delegated power was difficult to gauge. We have now implemented a central register.

Disclosure of Interest:

The management of the Primary and Annual returns and registers, and disclosure of interest at meetings were of not to the usual standard expected.

Page 2, No 1, s5.67 – The minute record of disclosures at the Special meeting held 30 January 2013 indicated that a member that disclosed an indirect financial interest did not leave the Chambers and voted. The item related to a Fees & Charges Concession for Avon Events & Marketing.

With this indirect financial interest disclosure the member was required to leave the room; Council could have then made a decision for the member to participate and the extent of the participation.

Page 3, No 5, s5.75(1) Admin Reg 23 Form 2 – A Primary Return was not lodged by all designated staff. There were four occasions this occurred.

Page 3, No 6 s5.76(1) Admin Reg 23 Form 3 – As an elected member was away on leave when the Annual Return was due it was not submitted on time. An email was sent advising that there was no change, and on return from leave the Annual Return was duly signed.

Page 3, No 7 s5.76 Admin Reg 23 Form 3 – Two officers failed to complete an Annual Return by the due date.

Tenders:

The tender process is thorough and supported by comprehensive documentation.

It was noted that the Tender Register was also being used as the relevant Tender file for each tender called and therefore the register contained material and information not required by the register. It is strongly recommended that the register only contain the statutory information (i.e. the register sheet and a copy of the Statewide notice) and all other information including the completed checklist be filed separately.

The “Tender Register” is a public document that may be inspected during office hours, and therefore caution is required to ensure that only the necessary statutory information is recorded and that any confidential or sensitive information is not included in the register but filed separately.

Page 7, No 1 s3.57 F&G Reg 11 – It appears that a tender process was being considered for the 2012/2013 Footpath Construction Program as the tender register has a number listed for it. There is no further evidence that this program went to tender. The minutes have no record of the tender going before Council. \$176,000 of works was completed in constructing footpaths during this period.

Page 7, No 2 F&G Reg 12 – Evidence provides that contracts with three contractors were entered into for the construction of footpaths. This lends to the belief that individual contracts were entered into to avoid going through the administrative process of tendering. This regulation is an anti-avoidance provision for tendering.

RECOMMENDATION

Minute: AU.044

Moved: Cr Head

Seconded: Cr Little

That the Compliance Audit Return 2013, as attached, be adopted and submitted to the Department of Local Government, inclusive of comments on matters to be addressed.

Carried 9/0

8. CLOSURE OF MEETING

There being no further business the Presiding Officer declared the meeting closed at 7.40pm.

"I certify that the Minutes of the Audit Committee Meeting held on 12 March 2014 have been confirmed as a true and correct record."

_____President

_____Date