



Agenda for the Audit Committee Meeting

18 March 2020

COUNCIL CALENDAR		
Date	Time	Meeting
18 March 2020	2.00pm	Audit Committee Meeting

MEETING GUESTS

Nil



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AGENDA

**Shire of Narembeen
Audit Committee Meeting
Wednesday 18 March 2020, commencing at 2.00pm**

1.0	Opening & Welcome
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2.0	Attendance & Apologies
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Attendance

Councillors

Staff

Apologies

3.0	Declarations of Interest
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4.0	Public Question Time & Deputations (15 min)
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Nil

5.0	Minutes of Previous Meetings
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5.1 Confirmation of Minutes of Audit Committee Meeting – 20th November 2019

See binder attachment

5.1.1 Confirmation of Minutes

Confirmation of Minutes from the Shire of Narembeen Audit Committee Meeting held on Wednesday 20th November 2019

RECOMMENDATION:

That the minutes of the Shire of Narembeen Audit Committee Meeting held on Wednesday 20th November 2019 be confirmed as a true and accurate record of the proceedings.

COUNCIL RESOLUTION

MIN

MOTION - Moved Cr.

2nd Cr.

CARRIED /

6.0 REPORTS

AGENDA ITEM: 6.1 - Compliance Audit Return 2019

Subject:	Compliance Audit Return 2019
Applicant:	N/A
File Ref:	ADM129
Disclosure of Interest (Staff):	Nil
Disclosure of Interest (Member):	Nil
Author:	Scott Wildgoose, Acting Chief Executive Officer
Date:	9 March 2020
Attachments:	Compliance Audit Return 2019 (see binder attachment)

SUMMARY

Council to endorse the Compliance Audit Return for the period 1 January 2019 – 31 December 2019.

BACKGROUND

Each year all local governments across the State are required by legislation to undertake a compliance audit for the period 1 January to 31 December. This audit is performed against the requirements of the Compliance Audit Return prepared by the Department of Local Government covering the following business areas considered to be 'high risk':

- Commercial Enterprises by Local Government
- Delegation of Power / Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Tendering for Providing Goods and Services

A completed Compliance Audit Return for the year ended 31 December 2019 must be submitted to the Department of Local Government by the 31 March 2020.

COMMENT

The audit committee is required to review the completed Compliance Audit Return and report their recommendations to the Council, prior to the Compliance Audit Return's adoption by Council and submission to the Department by 31 March 2020.

Given the Compliance Audit Return must be reviewed and endorsed by the Audit Committee and Council prior to submission to the department, the recommendations of the Audit Committee will be taken to the Wednesday, 18 March 2020 Council Meeting as a late item.

During the Compliance Audit Return process two areas of non-compliance have been identified. The areas of non-compliance related to the risk area associated with Disclosure of Interest. Specifically, not all designated employees had lodged primary and annual returns. This area of non-compliance seems to stem from a misunderstanding of the legislation, such that the administration for a number of years has only been classing a designated employee as someone with an authorisation to purchase. In my opinion this is an incorrect interpretation of the legislation.

Part 5, Division 6, Section 5.74 of the Local Government Act 1995 defines a designated employee as:

- a) a CEO; and
- b) an employee, other than the CEO, to whom any power or duty has been delegated under Division 4; and
- c) an employee who is a member of a committee comprising council members and employees; and
- d) an employee nominated by the local government to be a designated employee

The main area that relates to Shire employees is 2) such that the employees have been delegated a power or duty by the CEO – in line with Division 4 – Section 5.36 to Section 5.51, specifically Section 5.44.

An authorisation to purchase is not a delegation of the CEO's powers or duties; it is the enactment of a policy and the provision of authority to act within the policy.

In essence using the purchasing example, the delegation would actually come in the form of Cheque Signing Authority or the Power to Make Payments from Municipal and Trust Funds. Only certain employees are delegated this power from the CEO.

Due to the misinterpretation of the legislation, employees who have been delegated powers or duties from the CEO who do not have purchasing authorisation have not completed primary or annual returns over the last few years.

Action has now been taken to remediate this area of non-compliance.

No other areas of non-compliance were identified.

Note this report was prepared by the Acting CEO, who also completed the majority of the Compliance Audit Return and review.

CONSULTATION

Community and Economic Development Officer

STATUTORY IMPLICATIONS

Local Government Act 1995

FINANCIAL IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

STRATEGIC PLAN REFERENCE

Nil

RELATED PARTY TRANSACTIONS

Nil

OFFICER RECOMMENDATION

That Council:

1. Approve the 2019 Compliance Audit Return for signing by the Shire President and Chief Executive Officer; and
2. Endorse the Compliance Audit Return for submission to the Department of Local Government, Sport and Cultural Industries.

AUDIT COMMITTEE RECOMMENDATION

MIN

MOTION - Moved Cr.

2nd Cr.

CARRIED /

7.0 Other Business

8.0 Next Meeting

To be advised.

9.0 Closure

There being no further business the Chair declared the meeting closed at _____.