

## REG 17 ACTION LIST - UPDATE

CATEGORY	MATTER NOTED	RECOMMENDATION	RESPONSIBLE PERSON/S	ACTION	Update May 2018
Risk Management Policy	Risk Management Policy adopted in October 2014 has not been implemented as prescribed in Policy.	Review the Risk Management Governance Framework drafted in August 2014 and update the document with current risk methodology and practices.	EMFA	Review to commence Q1 2018 - Interim review does not see major changes - Policy will need to return to Council. A program will be developed to roll out Risk Management to all levels of the organisation and roll out will take place Q2 2018.	This is included in the major Policy Review process currently being progressed with Council.
		Develop an entity wide risk register to monitor and assess top risks. The risk register should be integrated with the Shire's strategic and operational plans and formally reviewed at least annually (or more frequently if required).	EMFA	The Entity wide risk register will form part of the Risk Management document set and will accompany the Risk Management and Governance Framework. Estimate Q1 2018	Expect Q3 2018
	Risk Appetite statement not formally articulated and established.	Formulate a risk appetite statement and corresponding definitions for risk tolerance to enable more effective risk management process.	EMFA	Will need to accompany the Risk Management and Governance Framework. Estimate Q1 2018	Expect Q3 2018
Business Continuity & Disaster Recovery	The Shire's strategy for business continuity and disaster recovery is in the process of being upgraded to a Cloud based technological solution. Until this is complete, the Shire currently does not have a reliable back-up plan in the event of a prolonged disruption to telecommunication services impacting on email service and local servers etc.	To ensure continuity of services to the community in the event of a prolonged disruption to telecommunications, the Shire should formally track the progress of the 'Cloud Project' in a similar manner as the other key Shire infrastructure projects.	All Senior Staff. Executive Manager of Finance and Administration to contact LGIS - Emma Horsefield re a new or review of Business Continuity Plan	The matter as noted is no longer correct. The use of a "cloud" based solution for business continuity is now off the table and the Shire will use "on premise" technology to ensure best practice business continuity. Draft Business Continuity Plans will be prepared for Council Q3 2018	Remove not relevant.

<b>Corporate Governance</b>	Strategic Community Plan – 2027 and Corporate Business Plan	For Noting - The Shire has prioritised completion of the Strategic Community Plan and is aware of the impact it has on the Corporate Business Plan and other informing plans.	<b>Executive Manager Projects and Community Building</b>	<i>It is aimed to have both the strategic Community Plan and Corporate Plan presented to Council by December 2017.</i>	Corporate Business Plan adopted by Council at OCM April 2018
<b>Code of Conduct</b>	The Code of Conduct was reviewed and approved by Council in response to the Probity Audit. The Code of Conduct consists of twenty-two pages	Incorporate a simple table with the key guiding principles within the Code of Conduct to reduce confusion.	<b>All Senior Staff + HR. Executive Manager of Finance and Administration to coordinate</b>	<i>Disagree that a simple table will reduce confusion. Most LG Code of Conducts are 12 to 15 pages due to the complexity of what needs to be covered. The SoK adopted version is a comprehensive document and the information contained is critical to both elected members and staff. EMFA will consider conducting 1:1 inductions with new staff and group refreshers with existing staff. Q2 2018</i>	No change.
	To consider a Code of Business Ethics for third parties	A Code of Business Ethics should be developed for Suppliers /contractors and communicated at the start of their engagement with the Shire.	<b>All Senior Staff + Procurement. Executive Manager of Finance and Administration to coordinate</b>	<i>Review commenced Q4 2017 and draft Code will be presented to Council Q1 2018.</i>	Presented to Audit Committee Meeting May 2018
<b>Code of Conduct</b>	Roll-out of Code of Conduct training did not include prepared material nor sample case studies	To ensure consistency of training, case studies for discussion should be prepared in advance and covered in all sessions. Whilst it is acknowledged that questions may vary between the sessions, prepared material ensures at a minimum specific topics are covered.	<b>All Senior Staff + HR. Executive Manager of Finance and Administration to coordinate</b>	<i>As noted above, EMFA will consider how to improve roll out process for the Code of Conduct, including case studies for discussion in training sessions. Q2 2018.</i>	No change.
<b>Policies &amp; Procedures</b>	We understand a full review of existing Council Policies is being undertaken	Going forward, to facilitate timely review of Council Policies, a master listing of policies, their review due dates, policy owners (person responsible for review) and date of council approval should be captured in a simple document.	<b>CEO and Executive Manager of Finance and Administration</b>	<i>First draft of Policy Manual Review completed November 2017. A number of issues require addressing including consideration of new policies, deletions of policies that are redundant or covered in other areas such as Local Laws. A Policy Review Workshop will be conducted with Councillors in Q2 2018.</i>	3 Policy Review Workshops have been conducted and Council are approximately 50% through the full process.

	<p>A review of the Table of Contents for the Policy Manual indicated that there are some key policies which are not included in the Policy Manual i.e. Code of Conduct, Asset Management, Internal Control Policy, Legislative Compliance Policy</p>	<p>As part of the review of existing policies for currency, it is recommended to include a process for ensuring that key policies have been drafted, ratified by Council and included as official policies in the Shire's records management system.</p>	<p><b>CEO and Executive Manager of Finance and Administration</b></p>	<p><i>The first draft Policy Manual Review completed November 2017 has already identified matters noted and is addressing the issues. EMFA will take ownership of the Policy Manual and ensure, through liaison with the Executive Team, that all policies required are drafted, reviewed by the stakeholders and presented to Council.</i></p>	<p>As noted above, Council Policy Review is progressing.</p>
<b>Policies &amp; Procedures</b>	<p>Communication of Councils Policies/Records Retention During the review, it was observed and confirmed with some staff that they are not aware of the intranet location of Council Policies. It appears that over time, there have been multiple locations where Council Policies have been found including some which are no longer current.</p>	<p>Maintain all Council Policies in one central location on the intranet to ensure that staff are referring to the correct version. Redundant and previous versions of Policies should be removed to avoid confusion. When the full review of Policies has been completed, staff can be advised of the intranet location.</p>	<p><b>CEO and Executive Manager of Finance and Administration</b></p>	<p><i>The Shire's IT infrastructure and system requires review and it will be necessary to conduct that review prior to addition of an intranet. IT Infrastructure and systems will be reviewed 2017/18. While an intranet is required as a priority and subject to budget considerations will be developed in 2018/19.</i></p>	<p>Intranet has been ordered (20 May 2018) and will be functional by 30 June 2018.</p>
<b>Segregation of Duties</b>	<p><u>Review of System Access Privileges</u> Random live tests of user access revealed that there is further work to be done to ensure that security profiles are set up correctly to allow access only to authorised menus/transactions. It was detected that the Manager, Finance had access to change salary details and is responsible for reviewing the pay run.</p>	<p>Perform a detailed review of every users' access privileges to Synergy to ensure that users do not have access to incompatible functions.</p>	<p><b>Executive Manager of Finance and Administration</b></p>	<p><i>A review has commenced and will be completed by end Q1 2018.</i></p>	<p>By 30 June 2018.</p>

<b>Segregation of Duties</b>	<u>Independent review of bank reconciliation/journals</u> . This was reported in the FMR in April and during the site inspection in May; the procedure had not been changed to require independent review due to staff capacity issues.	Independent review of bank reconciliations and journals should be implemented as a matter of priority.	<b>Manager of Finance</b>	Q1 2018	All Bank Recs were brought up to date and a review process instigated. CEO is now required to sign off on monthly bank reconciliations.
<b>Operationalise compliance requirements</b>	Compliance requirements are not always embedded into operational procedures.	It is recommended that key regulatory obligations be embedded into operational procedures and monitored for adherence by supervisory staff. Examples: <ul style="list-style-type: none"> <li>• Review total spend with suppliers to detect non-compliance to Purchasing Policy [Reg 11A]</li> <li>• Annual health-check of credit card statements randomly selected for compliance to Credit Card Policy [Reg 11(1)(a)]</li> <li>• Consider simple register of mandatory compliance obligations and deadline cycles (i.e. 28th of month, quarterly etc) to mitigate against non-compliance or untimely execution.</li> </ul>	<b>CEO and all Senior Staff - Executive Manager of Finance and Administration to coordinate</b>	<i>An electronic compliance calendar will be implemented Q1 2018. All regulatory obligations will be included, and the electronic calendar will include random spot checks for Purchasing compliance and Credit Card usage compliance on a quarterly basis.</i>	Electronic Compliance Calendar is currently being reviewed by relevant officers and will include reminders for random checks of purchasing compliance on a quarterly basis.



Shire of  
**Katanning**  
Heart of the Great Southern

Statement of Business Ethics for  
Contractors and Suppliers

DRAFT



Heart of the Great Southern

## **Overview**

This Statement of Business Ethics (Statement) provides guidance for all sectors of the community when conducting business with the Shire of Katanning (Shire). It outlines the Shire's ethical standards and expectations that suppliers and contractors are to adhere to within any dealings with the Shire. This Statement also outlines what suppliers and contractors can expect from the Shire.

## **Shire of Katanning's Key Business Principles**

### *Ethics and integrity*

Every Shire business relationship is to be honest, respectful, responsible, ethical, fair and consistent. All parties involved in business activities with the Shire must operate with integrity and maintain high standards of ethical conduct to preserve sound decision making processes and ensure community confidence and trust in the Shire.

### *Transparency and accountability*

Business activities are to be open, transparent and comply with relevant legislation and the Shire's policies, procedures and practices, and be accessible for public scrutiny, wherever possible.

### *Value for money*

Value for money is an overarching principle governing business that allows the best possible outcome to be achieved for the Shire. Compliance with specifications is more important than obtaining the lowest price.

### *Sustainability*

The Shire is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities and will consider the environmental and social impacts when purchasing goods and services.

## **Why compliance is important?**

By complying with this Statement, all sectors of the community undertaking business with the Shire will be able to advance objectives and interests fairly and ethically. Complying with the Shire's business principles will also prepare businesses for dealing with the ethical requirements of other local governments and public sector agencies.

Non-compliance with the Shire's ethical requirements when doing business with the Shire and/or improper or unethical conduct could lead to negative consequences such as termination of contracts, being excluded from the procurement and business activities or loss of future work with the Shire. Overall business reputations can also be detrimentally affected if corrupt and criminal behaviour is made public.

## **What to expect from the Shire**

All employees, Councillors and committee members are accountable for their actions and are expected to:

- Deal fairly, ethically, lawfully, honestly and transparently with all individuals and organisations;
- Act in a professional and responsible manner, respect others, and observe a high standard of behaviour;
- Protect and responsibly manage the resources of the Shire and confidential information;
- Utilise opportunities to achieve continual social, economic and environmental improvement in operations and activities carried out by and on behalf of the Shire;
- Disclose any situation that involves, or could be perceived to involve, a conflict of interest;
- Immediately report any unethical behaviour (actual or perceived); and
- Not seek or accept any financial or other benefits for performing official duties.

### **What the Shire expects**

The Shire expects that all suppliers and contractors will:

- Ensure compliance with all Australian laws and regulations, the Shire's procurement policies and procedures, and this Statement;
- Be aware of the relevant legislation, Codes of Practice, Australian Standards and occupational health and safety requirements when undertaking work or supplying goods and services to the Shire;
- Gain an understanding of other Shire policies, procedures and practices in relation to conducting business with the Shire in particular the Shire's Purchasing Policy and Buy Local Regional Price Preference Policy;
- Act ethically, honestly and fairly when dealing with the Shire;
- Give reliable advice and accurate information, when requested;
- Take all necessary steps to ensure the supply of goods and services is sourced in an ethical and socially responsible manner;
- Not engage in any form of collusion;
- Not make any statement or behave in a way that could mislead anyone to believe that they are representing the Shire, or expressing Shire views or policies without the appropriate authorisation;
- No other Shire employees, Councillors, contractors, sub-contractors and consultants will accept any financial inducements, or any gifts or other benefits (including employment);
- Declare any actual, perceived or potential conflicts of interest;
- Notify the Shire immediately if there are any errors or omissions in documents; and
- Immediately report any unethical behaviour (actual or perceived).

### **Practical Guidelines**

#### *Incentives, gifts and benefits*

The Shire's employees, Councillors and committee members are to refrain from accepting incentives, gifts or benefits as a consequence of business relationships, in accordance with the Shire's Code of Conduct.

### *Conflicts of interest*

All Shire employees, Councillors, committee members, contractors and business partners must disclose any actual, perceived or potential conflicts of interest. The Shire extends this requirement to all sectors of the community undertaking business with the Shire.

### *Misconduct*

Where a breach of this Statement or procurement activity is suspected during a business activity, it should be reported in a confidential manner to the Chief Executive Officer via the details listed at the end of this document.

### *Confidentiality*

Information which is marked confidential, or which a reasonable person would expect to be confidential, should be treated as such.

### *Communication between parties*

All communication shall be clear, direct and accountable to minimise the risk or perception of inappropriate influence being brought to bear on the business relationship.

### *Code of Conduct*

All employees, Councillors and committee members are bound by the Shire's Code of Conduct.

### *Use of Shire equipment, resources and information*

All Shire equipment, resources, and information must only be used for acceptable purposes.

### *Contracting employees*

All contracted and sub-contracted employees are expected to comply with this Statement. If sub-contractors are employed to assist with work for the Shire they must be made aware of this Statement.

### *Intellectual property rights*

All parties are to respect intellectual property rights and formally negotiate any access, licence or use of intellectual property.

### *Safety*

All parties shall observe legal and moral obligations to protect the safety of Shire employees, Councillors, committee members, contractors and the public.

## **Who to Contact?**

If you have any questions regarding this Statement or wish to provide information about suspected corrupt conduct, please contact the Shire:

Chief Executive Officer  
Shire of Katanning  
PO Box 130  
KATANNING WA 6317  
Phone: 9821 9999  
Email: [admin@katanning.wa.gov.au](mailto:admin@katanning.wa.gov.au)

The *Corruption, Crime and Misconduct Act 2003* and other “whistle blower” protection laws (such as the *Public Interest Disclosure Act 2003*) protect persons disclosing misconduct or corruption related matters from reprisal or detrimental action and ensure disclosures are properly investigated and dealt with.

**Relevant Legislation:**

Local Government Act 1995

Corruption, Crime and Misconduct Act 2003

Local Government (Rules of Conduct) Regulations 2007

Local Government (Functions and General) Regulations 1996

Local Government (Administration) Regulations 1996

Public Interest Disclosure Act 2013

Link: [www.slp.wa.gov.au/legislation/statutes.nsf/default.html](http://www.slp.wa.gov.au/legislation/statutes.nsf/default.html)

## **SHIRE OF KATANNING AUDIT AND RISK COMMITTEE TERMS OF REFERENCE**

### **OBJECTIVES OF THE 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 the 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;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance; and
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

### **POWERS OF THE AUDIT COMMITTEE**

The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is 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.

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.

### **MEMBERSHIP**

The committee will consist of all elected members of Council. All members shall have full voting rights.

The CEO and employees are not members of the committee.



The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the committee.

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

### **MEETINGS**

The committee shall meet at least annually.

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

### **REPORTING**

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

### **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 of the audit 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 external 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;
- f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- 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 to –
- 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, including responding to requests from Council for advice 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;
- m) Review the annual Compliance Audit Return and report to the council the results of that review, and
- n) 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.

Date of Last Review:



Department of  
**Local Government, Sport  
and Cultural Industries**

# **A Guide to Local Government Auditing Reforms**

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September 2017

Department of Local Government, Sport and Cultural Industries  
Gordon Stephenson House, 140 William Street, Perth WA 6000  
GPO Box R1250, Perth WA 6844

Telephone: (08) 6551 8700 Fax: (08) 6552 1555

Freecall: 1800 620 511 (Country only)

Email: [legislation@dlgsc.wa.gov.au](mailto:legislation@dlgsc.wa.gov.au) Website: [www.dlgsc.wa.gov.au](http://www.dlgsc.wa.gov.au)

Translating and Interpreting Service (TIS) – Telephone: 13 14 50

All or part of this document may be copied. Due recognition of source would be appreciated. If you would like more information please contact the Department of Local Government, Sport and Cultural Industries.

# A Guide to Local Government Auditing Reforms

## Introduction

On 24 August 2017, amendments to the *Local Government Act 1995* were passed by State Parliament that will enable the Auditor General to audit council finances and performance. The reforms will result in changes to the way local government audits are conducted.

This guide has been prepared by the Department of Local Government, Sport and Cultural Industries (the Department) to inform local governments and auditors about the changes.

## Major changes

### **Auditor General will be responsible for financial and supplementary audits**

The reforms expand the Auditor General's scope of powers to undertake and report on local government financial audits and provide for the independent oversight of the local government sector.

The Auditor General will take over responsibility for financial audits on a transitional basis as existing audit contracts expire. From 2020-21, all local governments will be audited by the Auditor General, regardless of whether their auditing contracts have expired.

The Department has received advice that this termination requirement will not expose the State, the Director General, or local governments to any liability if audit contracts are cancelled as a result of the changes.

Following commencement of the legislation, a local government cannot appoint a person to be its auditor.

The Auditor General will be able to contract out some or all of the financial audits but all audits will be done under the supervision of the Auditor General.

As is currently the case, local governments will be responsible for meeting the costs of financial audits. The Auditor General will determine the fees for a financial audit.

During the transition, the Department will publish the status of each local government's audit arrangements. This will provide transparency so that members of the community are aware of whether or not the Auditor General has responsibility for a local government audit or not.

Regional subsidiaries and regional councils will be audited by the Auditor General in the same way as local governments. The Auditor General will have the power to dispense with a financial audit of a local government or regional subsidiary where the Auditor General believes this is appropriate.

The Auditor General must consult with the Minister for Local Government before exercising this power. This could be used, for example, if a regional council has ceased to operate but has not yet been wound up. If this power is exercised, the Auditor General must notify the Parliament's Public Accounts Committee and the Estimates and Financial Operations Committee.

The Auditor General must give the report on the financial audit to the Mayor or President of the local government, the CEO of the local government, and the Minister for Local Government.

### **New category of audits: performance audits**

The reforms introduce a new category of audits; performance audits. These audits examine the economy, efficiency, and effectiveness of programs and organisations, including compliance with legislative provisions and internal policies.

The new legislation gives the Auditor General the power to conduct such audits, which may focus on a particular issue or theme, such as procurement practices, and may include individual or multiple local governments and related bodies. This is in line with the approach adopted in other jurisdictions and for State Government agencies. Performance audits will be paid for by the State Government.

Performance audit reports will be submitted to both Houses of Parliament for the Public Accounts Committee and the Estimates and Financial Operations Committee. The report is also provided to the relevant local government.

### **Publication of financial reports**

Commencing with their 2017-18 annual report, local governments will be required to publish the annual report, including audit reports, on the local government's official website within 14 days after the report has been accepted by the local government.

Local governments will be required to publish their annual report online regardless of who undertakes the audit.

### **Local government duties with respect to audits**

Legislation now requires local governments to examine an audit report it receives and implement appropriate action in respect to the significant matters raised.

Local governments must prepare a report addressing the significant matters identified in the report and state what action the local government has taken or intends to take. This report must be provided to the Minister within three months of receiving the audit

report. Within 14 days after the local government gives the report to the Minister, the CEO must publish a copy of the report on its official website.

### **Role of the Audit Committee**

Changes to the Local Government (Audit) Regulations 1996 will revise the role and functions of a local government's Audit Committee. These changes are discussed in detail below.

## **Amendments to the Local Government (Financial Management) Regulations 1996**

The following amendments to the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996 are being prepared.

### **Timeframe for review of financial management systems**

Regulation 5 regarding the CEO's duties as to financial management will be amended to require the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures from no less than once in every four financial years to no less than three financial years. This change in combination with amendments to the provisions in the Audit Regulations related to reviewing auditing systems, will achieve greater consistency.

### **Assets valued under \$5,000**

Amendments to Regulation 17A will exclude assets in a local government annual financial report valued under \$5,000. In order to ensure effective asset management of low value assets that are susceptible to theft or loss, local governments will be required to maintain a property register of portable and attractive items. This change brings local governments in line with State Government agencies as specified in Treasurer's Instruction 410 Record of Assets.

### **Timeframe for local governments to revalue assets**

Regulation 17A(4)(b) will be amended to set the timeframe for local governments to revalue their assets to between three and five years, which is consistent with Australian Accounting Standards Board standard 116: Property, Plant and Equipment.

## Amendments to the Local Government (Audit) Regulations 1996

### **Role of the Audit Committee**

With the transfer of auditing to the Auditor General, local government Audit Committees will have a new and important role.

The role of the Audit Committee will be amended so that the Audit Committee will have greater involvement in assisting the CEO to carry out the review under Regulation 17 of the Audit Regulations of systems and procedures concerning risk management, internal control, and legislative compliance.

This will include helping the CEO to formulate recommendations to council to address issues identified in the reviews. The Audit Committee will also support the auditor as required and have functions to oversee:

- the implementation of audit recommendations made by the auditor, which have been accepted by council; and
- accepted recommendations arising from reviews of local government systems and procedures.

These roles reflect the importance of the Audit Committee as a section of council charged with specific responsibilities to scrutinise performance and financial management. The regulations continue to allow for external membership of Audit Committees. Councils are encouraged to consider inviting appropriate people with expertise in financial management and audit to be members of their Audit Committee.

### **Role of the council assisting the auditor**

Local governments will be required to provide the auditor with a copy of their adopted Long Term Financial Plan, Asset Management Plan, Corporate Business Plan and Strategic Community Plan.

### **Timeframe for reviewing audit systems and procedures**

An amendment to Regulation 17(2) will require the CEO to undertake a review of audit systems and procedures no less than once in every three financial years. This change will introduce consistency in CEO responsibilities to review financial management and audit systems and procedures in a timely manner.

## Further information and liaison

The Auditor General has informed the Department that he intends to commence liaising with local governments in October regarding the transfer of responsibility.

## For more information, please contact:

Department of Local Government, Sport and Cultural Industries

Gordon Stephenson House, 140 William Street, Perth WA 6000

GPO Box R1250, Perth WA 6844

Telephone: (08) 6551 8700 Fax: (08) 6552 1555

Freecall: 1800 620 511 (Country only)

Email: [legislation@dlgsc.wa.gov.au](mailto:legislation@dlgsc.wa.gov.au) Website: [www.dlgsc.wa.gov.au](http://www.dlgsc.wa.gov.au)

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## INTERIM AUDIT MARCH 2018 - MATTERS IDENTIFIED/RAISED

<b>Compliance Issues</b>	
1.	<i>Executive Manager P&amp;CB did not lodge an annual return before 31 August (lodged on 9 February 2018).</i>
	This was noted in the annual Compliance Return and appropriate authorities were advised. A formal process has been implemented to ensure future compliance.
2.	<i>Minutes are not always signed at the next Council meeting by the Chairman</i>
	New process implemented - Executive Assistant is now taking signing copies of minutes to OCM and Shire President is signing directly after the conclusion of the OCM where said minutes were adopted.
3.	<i>Public Notice was not given after the Strategic Community Plan was adopted.</i>
	Public Notice has now been given.
4.	<i>The Monthly statement of financial activity has not been presented in the format of a rate setting statement</i>
	The Manager Finance has implemented changes to the monthly statements, and a new format, based on the Moore Stephens model, will be implemented in the coming months.
<b>Internal Control weaknesses</b>	
1.	<i>Bank Reconciliation is not up to date (the Muni rec was last prepared in November 2017; Reserve Rec was last prepared in December 2017 and no Trust rec was prepared yet).</i>
	With the commencement of the Senior Finance Officer in February 2018, all bank reconciliations are now up to date and being completed on a monthly basis.
2.	<i>4 instances where the Purchase Order was raised after the invoice was received.</i>
	All staff are inducted in the correct processes for purchasing. While it must be noted that there are times when it is difficult to raise a purchase prior to purchase, there has been a marked improvement in staff compliance.
3.	<i>Quotation form noting being prepared for goods ordered by the Executive Manager P&amp;CB.</i>
	Relevant officer was reminded of responsibility for adherence to the Purchasing Policy.
4.	<i>No formal written procedures are in place for changes to EFT bank account details.</i>
	Manager Finance is researching with other Shires how to manage this process. Will be resolved by 30 June 2018
5.	<i>Payroll reports which include hours worked and wage rates are not being signed by the preparer and reviewer.</i>
	Payroll reports are now being signed by the Payroll Officer (preparer) and the MoF or EMFA (reviewer).
6.	<i>FAR reconciliation not being reviewed by an independent person.</i>
	Fixed Asset Reconciliation have been completed and reviewed by the Manager Finance.
7.	<i>Depreciation rate on buildings has not been reset after last year's revaluation.</i>
	Senior Finance Officer has fully resolved this issue as at May 2018.

8.	<i>Road additions during the year have not been split into different classes, such as sub grade, surface and pavement.</i>
	Senior Finance Officer has addressed this and the issue is fully resolved.
9.	<i>Rates debtor's reconciliation are not being performed.</i>
	Rates Officer is bringing these reconciliations up to date – they will be fully up to date by 30 June 2018.