



Perenjori
Embrace Opportunity

NOTICE OF MEETING

Dear Elected Member

The next Audit Committee Meeting of the Shire of Perenjori will be held on Monday 18th March 2019 in the Council Chambers, Fowler Street, Perenjori commencing at 5.00 pm. (Finance Committee Meeting will follow)

Paul Bawden
Chief Executive Officer
15th March 2019

**Shire of Perenjori
Audit Committee Meeting
18th March 2019**

Agenda

Copies forward to:

All Councilors

Audit Committee
Cr LC Butler (Chairperson)
Cr KJ Pohl
Cr JM Hirsch
Cr LJ Smith

Shire of Perenjori

AGENDA

Audit Committee Meeting

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To be held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on Monday 18th March 2019, to commence at 5.00 pm.

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19031 PRELIMINARIES

19031.1 RECORD OF ATTENDANCE AND APOLOGIES

19031.2 CONFIRMATION OF MINUTES

Officer Recommendation – Item 19031.2

That the Minutes of the Audit Committee Meeting held 18th December 2018 be confirmed as a true and correct record of that Meeting.

19032 ADOPTION OF COMPLIANCE AUDIT RETURN

APPLICANT:	SHIRE OF PERENJORI
FILE:	ADM 0081
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	PAUL BAWDEN - CEO
RESPONSIBLE OFFICER	PAUL BAWDEN - CEO
REPORT DATE:	18TH MARCH 2019
ATTACHMENTS	COMPLIANCE AUDIT RETURN 2018

Executive Summary

This Item recommends that the Audit Committee accepts the attached Compliance Audit Return.

Background

Local Governments are required to carry out a compliance audit in relation to the period 1 January to 31 December each year relative to the requirements set out in the attached document.

The return is completed online via the Department of Local Government (DLG) website and provided to the Audit Committee prior to being referred to the Council for adoption.

The return addresses various compliance matters with which local government CEO'S must advise the Department they have complied with or explain why a matter was not compliant.

The return must be provided to the Department by 31st March each year after it has been adopted by the Council and signed by the President and CEO.

In the audit for the year ended 2018 issues were raised as the review and update of the Long Term Financial Plan (LTFP) and Asset management Plans (AMP) had not been carried out. These plans are in the process of being updated and this will be completed prior to June 2019.

Statutory Environment

Local Government (Audit) Regulations 1996 clause 14 requires adoption of the Return prior to providing it to the Department of Local Government.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the shires position as an innovative, independent local government providing excellence in all areas of governance, management and leadership.

Risk Management

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk ensuring compliance with Acts and Regulations ensuring accountability to the Council and community.	The level of risk is dependent on the implications of compliance or non-compliance.	Each relevant employee reports on matters of compliance for their area of responsibility.

Consultation

MIS

MCDS

Comment

As detailed in its attachment the Shire has achieved a high level of compliance.

Voting Requirements – Absolute Majority

Officer Recommendation – Item 19032

That the Audit Committee accepts the Compliance Audit Return 2018 as attached for recommends the document for adoption by Council.

19032 OTHER BUSINESS

19032.1 DATE OF NEXT MEETING / MEETINGS

To be advised.

19032.2 CLOSURE



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Attachments

*Audit Committee Meeting
18th March 2019*



Perenjori
Embrace Opportunity

Attachment
19032

Compliance Audit
Return 2018

Audit Committee Meeting
18th March 2019



Perenjori - Compliance Audit Return 2018

Certified Copy of Return

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

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	N/A		Joelene Dennis
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	N/A		Joelene Dennis
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	N/A		Joelene Dennis
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	N/A		Joelene Dennis
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Joelene Dennis



Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	N/A		Joelene Dennis
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A		Joelene Dennis
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Joelene Dennis
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A		Joelene Dennis
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	Yes		Joelene Dennis
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Joelene Dennis
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Joelene Dennis
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Joelene Dennis
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Joelene Dennis
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Joelene Dennis
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Joelene Dennis
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes		Joelene Dennis
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Joelene Dennis

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Joelene Dennis
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Joelene Dennis



No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Joelene Dennis
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Joelene Dennis
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Joelene Dennis
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Joelene Dennis
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	No	One employee not completed return as ongoing Industrial Relation matter	Joelene Dennis
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Joelene Dennis
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Joelene Dennis
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Joelene Dennis
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Joelene Dennis
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Joelene Dennis
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Joelene Dennis
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes		Joelene Dennis



No	Reference	Question	Response	Comments	Respondent
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes		Joelene Dennis
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Joelene Dennis

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes		Joelene Dennis
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Joelene Dennis

Finance

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes		Joelene Dennis
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A		Joelene Dennis
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Joelene Dennis
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		Joelene Dennis
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes		Joelene Dennis
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	Yes		Joelene Dennis
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken by the local government, was that action undertaken.	No	Work on new LTFP and AMP has commenced with completion by June 2019	Joelene Dennis



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

No	Reference	Question	Response	Comments	Respondent
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	Yes	Reported through Audit Committee	Joelene Dennis
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	Yes	Contained in the Annual Report	Joelene Dennis
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Joelene Dennis
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Joelene Dennis
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Joelene Dennis
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes		Joelene Dennis
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes		Joelene Dennis
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government's systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	No		Joelene Dennis
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	Yes	To be completed 2019	Joelene Dennis



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	2017	Joelene Dennis
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Joelene Dennis
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	2017	Joelene Dennis
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Joelene Dennis
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	2012 currently reviewing will be completed 2019	Joelene Dennis
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	2013 currently reviewing will be completed 2019	Joelene Dennis
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	2014 currently reviewing will be completed 2019	Joelene Dennis



Local Government Employees					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	Yes		Joelene Dennis
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes		Joelene Dennis
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	Yes		Joelene Dennis
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	Yes		Joelene Dennis
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	No	Senior employees defined under Policy 1017 Designation of Senior Employees	Joelene Dennis



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A		Joelene Dennis
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	Yes		Joelene Dennis
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Joelene Dennis
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Joelene Dennis
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Joelene Dennis
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Joelene Dennis

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Joelene Dennis
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Joelene Dennis
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Joelene Dennis
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Joelene Dennis



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

No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Joelene Dennis
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes		Joelene Dennis
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Joelene Dennis
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Joelene Dennis
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Joelene Dennis
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Joelene Dennis
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	Yes		Joelene Dennis
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	Yes		Joelene Dennis
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	Yes		Joelene Dennis
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	Yes		Joelene Dennis
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes		Joelene Dennis
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	Yes		Joelene Dennis



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

No	Reference	Question	Response	Comments	Respondent
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	Yes		Joelene Dennis
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A		Joelene Dennis
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	No	No such applications received	Joelene Dennis
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application (s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Joelene Dennis
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	Yes		Joelene Dennis
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	Yes		Joelene Dennis
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	Yes		Joelene Dennis
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	Yes		Joelene Dennis
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes		Joelene Dennis



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

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

Signed Mayor / President, Perenjori

Signed CEO, Perenjori



Perenjori
Embrace Opportunity

Previous Minutes

*Audit Committee Meeting
18th December 2018*

Shire of Perenjori

MINUTES

Audit Committee Meeting

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Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on the 18th December 2018, commenced at 5.00 pm.

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18121 PRELIMINARIES

Cr L Butler declared the meeting open at 5.10 pm.

18121.1 RECORD OF ATTENDANCE AND APOLOGIES

Cr L Butler – Chair Person

Cr L Smith

Cr J Hirsch

Apologies;

Cr K Pohl

Staff:

Pascoe Durtanovich – Acting CEO

Joelene Dennis – MCDS

18121.2 CONFIRMATION OF MINUTES – 28 NOVEMBER, 2018**Officer Recommendation and Committee Decision – Item 18121.2**

Moved: Cr L Smith

Seconded: Cr J Hirsch

That the Minutes of the Audit Committee Meeting held 28 November, 2018 be confirmed as a true and correct record of that Meeting.

Carried: 3/0

18122 ADOPTION OF ANNUAL FINANCIAL REPORT 2017/18

APPLICANT:	SHIRE OF PERENJORI
FILE:	NIL
DISCLOSURE OF INTEREST:	NIL
AUTHOR:	PASCOE DURTANOVICH – A/CEO
RESPONSIBLE OFFICER	PASCOE DURTANOVICH – A/CEO
REPORT DATE:	18TH NOVEMBER 2018
ATTACHMENTS	ANNUAL FINANCIAL REPORT

Executive Summary

Committee is requested to consider and accept the 2017/18 Annual Financial Report and Auditors Report.

Background

Section 6.4 of the Local Government Act 1995 requires Local Governments to prepare an Annual Financial Report and submit same to its Auditor by the 30th September of each year.

The Audit has now been completed and the Audit Report together with the financial statements is attached.

The Annual Financial Report needs to be accepted by Council to enable the required Annual General meeting of electors to be held at which the Shire's Annual Report containing the Annual Financial Report will be considered.

The Annual Financial Report is also required to be submitted to the Department of Local Government, Sport and Cultural Industries.

Statutory Environment

Section 5.53 of the Local Government Act 1995 states;

5.53 Annual reports

(1) The local government is to prepare an annual report for each financial year.

(2) The annual report is to contain —

(f) the financial report for the financial year; and

Section 5.54 of the Local Government Act 1995 states;

5.54 Acceptance of annual reports

(1) Subject to subsection (2), the annual report for a financial year is to be accepted by the local government no later than 31 December after that financial year.*

** Absolute majority required.*

(2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

Section 6.4 of the Local Government Act 1995 states;

6.4 Financial report

(1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.

(2) The financial report is to —

(a) be prepared and presented in the manner and form prescribed; and

(b) contain the prescribed information.

(3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —

(a) the accounts of the local government, balanced up to the last day of the preceding financial year; and

(b) the annual financial report of the local government for the preceding financial year.

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership

Risk Management

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk of non-compliance with legislation.	A moderate consequence which is possible resulting in medium level of risk.	Rectify non compliant issues.

Consultation

RSM

CEO

SFO

MIS

Megan Shirt – Consultant

Comment

The Audit has been completed and includes mention of three issues of non compliance. These are listed below together with management comment and timeline for compliance.

1.1 REVALUATION OF ROADS AND FOOTPATHS

Findings:

During the financial year, the Shire engaged an independent valuer to revalue its roads and footpaths infrastructure assets as at 30 June 2018. The valuation report indicated a material reduction of \$16,750,858 in the carrying value of these assets. However, the Shire initially failed to bring to account the impairment of these assets in the draft financial statements presented for audit. Failure to bring to account the impairment is a breach of Regulation 17A(4) of the *Local Government (Financial Management) Regulations 1996* and is also a failure to comply with AASB 136 *Impairment of Assets*.

During the audit, the Shire subsequently brought to account the financial impact of the independent valuation in the revised 30 June 2018 financial statements, which resulted in a reduction of \$16,750,858 in the carrying value of these assets, a decrement to the asset revaluation reserve of \$16,644,221 and a charge to the Statement of Comprehensive Income of \$106,637.

Implication:

Failure to bring to account the financial impact of the independent valuation of the roads and footpaths infrastructure assets in the initial 30 June 2018 financial statements presented for audit, resulted in the carrying value of these assets being overstated by \$16,750,858.

Furthermore, the Shire was initially in breach of Regulation 17A(4) of the *Local Government (Financial Management) Regulations 1996* and was not complying with AASB 136 *Impairment of Assets*.

Management Comment:

The findings are noted and agreed with. It is noted that this matter is now a resolved issue however to ensure compliance with Financial Management Regulation 17A (4) in the future, Administration will establish a compliance calendar so that the need to assess and document whether an asset category valuation is likely to be materially different from its carrying amount is drawn to the attention of the responsible officer.

Responsible Person:

Manager Corporate and Development Services.

Completion Date:

31 December, 2018

1.2 FAILURE TO COMPLETE RELATED PARTY DISCLOSURE DECLARATION FORMS**Findings:**

At the time of drafting the 30 June 2018 financial statements, it was noted that Shire Councillors and key management staff had not completed the Related Party Disclosure Declaration forms. These forms are used by the Shire as a means of gathering evidence to demonstrate compliance with the disclosure requirements of AASB 124 *Related Party Disclosures*. Audit notes that these forms had been completed by Shire Councillors and key management staff during the prior financial year.

Rating: Moderate**Implication:**

There is a risk that the Shire will fail to comply with the requirements of AASB 124 *Related Party Disclosures*.

Management Comment:

Noted and agreed.

Councillors and relevant staff will be provided with the necessary forms so the disclosures can be completed.

Responsible Person:

Chief Executive Officer

Completion Date:

20 December, 2018

1.3 UPDATE OF LONG-TERM FINANCIAL PLAN AND ASSET MANAGEMENT PLAN**Findings:**

The asset renewal funding ratio was calculated using required capital renewals per the asset management plan and planned asset renewals from the long term financial plan, with a rolling average applied for years beyond the period projected in the long term financial plan.

The asset renewal funding ratio must be calculated using both verifiable and reasonable assumptions and in accordance with *Local Government (Financial Management) Regulation 50*.

Implication:

There is a risk that the Shire will fail to comply with the requirements of *Local Government (Financial Management) Regulation 50* in future years if the long term financial plan and asset management plan are not updated.

Management Comment:

Finding noted and agreed.

It is proposed to raise this issue with council on 20 December, 2018 with a view to resources being allocated so that the AMP and LTFP can be reviewed and updated prior to June 2019.

Responsible Person:

Chief Executive Officer

Completion Date:

AMP and LTFP to be reviewed and updated by May, 2019.

Voting Requirements – Absolute Majority**Officer Recommendation and Committee Decision – Item 18122**

Moved: Cr J Hirsch

Seconded: Cr L Smith

That Council by an absolute majority accepts the draft Annual Financial Report of the Shire of Perenjori and the Audit Report for the financial year 2017/18 identified as attachments 1 and 2 to this report.

Carried: 3/0

18122 OTHER BUSINESS**18122.1 DATE OF NEXT MEETING / MEETINGS**

To be advised.

18122.2 CLOSURE

Cr L Butler declared the meeting closed at 5.30 pm.