

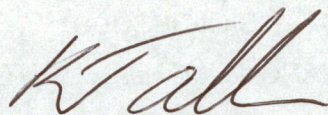
ECM #9202512

City of Cockburn
Audit and Strategic Finance Committee
Minutes

For Thursday, 19 March 2020

These Minutes are confirmed

Presiding Member's signature

A handwritten signature in black ink, appearing to read "K. Tall", is written above a horizontal blue line.

Date: 16 July 2020

CITY OF COCKBURN
SUMMARY OF MINUTES OF THE AUDIT AND STRATEGIC FINANCE
COMMITTEE MEETING HELD ON THURSDAY, 19 MARCH 2020 AT 6.00 PM

	Page
1. DECLARATION OF MEETING	4
2. APPOINTMENT OF PRESIDING MEMBER (IF REQUIRED).....	4
3. DISCLAIMER (TO BE READ ALOUD BY PRESIDING MEMBER)	4
4. ACKNOWLEDGEMENT OF RECEIPT OF WRITTEN DECLARATIONS OF FINANCIAL INTERESTS AND CONFLICT OF INTEREST (BY PRESIDING MEMBER)	5
5. APOLOGIES AND LEAVE OF ABSENCE	5
6. PUBLIC QUESTION TIME	5
7. CONFIRMATION OF MINUTES	5
7.1 (2020/MINUTE NO 0001) MINUTES OF THE AUDIT AND STRATEGIC FINANCE COMMITTEE MEETING - 21/11/2019	5
7.2 (2020/MINUTE NO 0002) MINUTES OF THE SPECIAL AUDIT AND STRATEGIC FINANCE COMMITTEE MEETING - 11/12/2019	5
8. DEPUTATIONS.....	6
9. BUSINESS LEFT OVER FROM PREVIOUS MEETING (IF ADJOURNED).....	6
10. DECLARATION BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING	6
(2020/MINUTE NO 0003) GO BEHIND CLOSED DOORS	6
11. COUNCIL MATTERS	7
11.1 (2020/MINUTE NO 0004) LOCAL GOVERNMENT ACT COMPLIANCE AUDIT RETURN 2019.....	7
(2020/MINUTE NO 0004) OPEN MEETING TO PUBLIC.....	10
12. PLANNING & DEVELOPMENT DIVISION ISSUES.....	23
13. FINANCE AND CORPORATE SERVICES DIVISION ISSUES.....	24
13.1 (2020/MINUTE NO 0006) 2019 FINANCIAL MANAGEMENT REVIEW - PROGRESS REPORT	24
14. ENGINEERING & WORKS DIVISION ISSUES	49
15. COMMUNITY SERVICES DIVISION ISSUES	49
16. EXECUTIVE DIVISION ISSUES.....	49
17. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	49
18. NOTICES OF MOTION GIVEN AT THE MEETING FOR CONSIDERATION AT NEXT MEETING	49
19. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY MEMBERS OR OFFICERS.....	49
20. MATTERS TO BE NOTED FOR INVESTIGATION, WITHOUT DEBATE	49



21. CONFIDENTIAL BUSINESS49
22. CLOSURE OF MEETING49



CITY OF COCKBURN
MINUTES OF AUDIT AND STRATEGIC FINANCE COMMITTEE HELD
ON THURSDAY, 19 MARCH 2020 AT 6.00PM

PRESENT:

ELECTED MEMBERS

Mr L Howlett	-	Mayor
Mr K Allen	-	Councillor
Mr M Separovich	-	Councillor (Deputy)
Ms S Smith	-	External Member

IN ATTENDANCE

Mr S Downing	-	Acting Chief Executive Officer
Mr D Green	-	Director Governance and Community Services
Mr D Arndt	-	Director Planning and Development
Mr C Sullivan	-	Director Engineering and Works
Mr N Mauricio	-	Acting Director Finance and Corporate Services
Mrs G Bowman	-	Executive Manager, Strategy and Civic Support
Mr J Fiori	-	Risk and Governance Advisor
Mrs S D'Agnone	-	Council Minute Officer

1. DECLARATION OF MEETING

The Presiding Member declared the meeting open at 6.00pm.

“Kaya, Wanju Wadjuk Budjar” which means “Hello, Welcome to Wadjuk Land”

The Presiding Member acknowledged the Nyungar People who are the traditional custodians of the land on which the meeting is being held and pay respect to the Elders of the Nyungar Nation, both past and present and extend that respect to Indigenous Australians who are with us tonight.

2. APPOINTMENT OF PRESIDING MEMBER (IF REQUIRED)

Nil

3. DISCLAIMER (TO BE READ ALOUD BY PRESIDING MEMBER)

Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.



4. ACKNOWLEDGEMENT OF RECEIPT OF WRITTEN DECLARATIONS OF FINANCIAL INTERESTS AND CONFLICT OF INTEREST (BY PRESIDING MEMBER)

Nil

5. APOLOGIES AND LEAVE OF ABSENCE

Dr C Terblanche	-	Councillor
Mr T Widenbar	-	Councillor
Mr Stephen Cain, CEO	-	Leave of Absence

6. PUBLIC QUESTION TIME

Nil

7. CONFIRMATION OF MINUTES

7.1 (2020/MINUTE NO 0001) MINUTES OF THE AUDIT AND STRATEGIC FINANCE COMMITTEE MEETING - 21/11/2019

RECOMMENDATION

That Committee confirms the Minutes of the Audit and Strategic Finance Committee Meeting held on Thursday, 21 November 2019 as a true and accurate record.

COMMITTEE RECOMMENDATION

MOVED Cr M Separovich SECONDED Cr K Allen

That the recommendation be adopted.

CARRIED 4/0

7.2 (2020/MINUTE NO 0002) MINUTES OF THE SPECIAL AUDIT AND STRATEGIC FINANCE COMMITTEE MEETING - 11/12/2019

RECOMMENDATION

That Committee confirms the Minutes of the Special Audit & Strategic Finance Committee Meeting held on Wednesday, 11 December 2019 as a true and accurate record.

COMMITTEE RECOMMENDATION

MOVED Mayor L Howlett SECONDED External Member Susan Smith

That the recommendation be adopted.

CARRIED 4/0

8. DEPUTATIONS

Nil

9. BUSINESS LEFT OVER FROM PREVIOUS MEETING (IF ADJOURNED)

Nil

10. DECLARATION BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING

Nil

(2020/MINUTE NO 0003) MEETING TO PROCEED BEHIND CLOSED DOORS

COMMITTEE RECOMMENDATION

MOVED Cr M Separovich SECONDED Cr K Allen

That, pursuant to Section 5.23(2)(a) of the Local Government Act 1995, Council proceeds behind closed doors to consider Item 11.1.

CARRIED 4/0

Reason for Decision

Item 11.1 contains Confidential Attachments.

NOTE: Meeting went behind closed doors at 6.24pm.



11. COUNCIL MATTERS

11.1 (2020/MINUTE NO 0004) LOCAL GOVERNMENT ACT COMPLIANCE AUDIT RETURN 2019

Author(s)	J Fiori
Attachments	<ol style="list-style-type: none"> 1. Compliance Audit Return 2019 ↓ 2. Compliance Audit Return – Committee Amendment (CONFIDENTIAL) 3. Letter to Public Sector Commission (CONFIDENTIAL) 4. DLGSCI Response (CONFIDENTIAL)

RECOMMENDATION

That the Committee adopts the Local Government Compliance Audit Return for the period 1 January 2019 to 31 December 2019, as attached to the Agenda, for adoption by Council.

COMMITTEE RECOMMENDATION

MOVED Mayor L Howlett SECONDED Cr K Allen

That the Committee:

1. adopts the Local Government Compliance Audit Return for the period 1 January 2019 to 31 December 2019, subject to amending 'Disclosure of Interest', Item 17, page 3 of 12, provided under confidential cover and attached to the minutes, with the additional amendment that the attached comment from the officer be reported to the Department as a confidential attachment;
2. amends 'Tenders for Providing Goods and Services' Item 20, page 10 of 12, from "yes" to "N/A" (not applicable);
3. requires an audit of the Compliance Audit Return for 2020 be undertaken and reported to the Audit and Strategic Finance Committee meeting;
4. notes the conformity rating for the year is reduced to 99% as a result.

CARRIED 3/1

Reason for Decision

The response 'Disclosure of Interest' Item 17 on page 3 of 12 of the Compliance Audit Return (CAR) incorrectly indicated that this requirement had been adhered to, when clearly this is not the case. The associated commentary provides the details of the non-compliance and this matter should be clarified by the Director General of the Department of Local Government, Sport and Cultural Industries. Further, there is a minor change recommended to 'Tenders for Providing Goods and Services' Item 20 on page 10 of 12. As a result of the change to the CAR for Item 17, the level of conformity



has been reduced to 99%. Also, it is recommended that the CAR for the current year (2020) be independently audited to ensure a necessary level of compliance can be validated.

Background

Pursuant to Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*, completion of the Local Government Compliance Audit Return (CAR) has been mandatory for all local governments in Western Australia since 2000.

Submission

N/A

Report

Pursuant to Regulation 14(3A) of the *Local Government (Audit) Regulations 1996* the CAR is to be presented to, and reviewed by, a meeting of the Audit and Strategic Finance Committee, and the result of that review reported to a meeting of Council for adoption.

Following its adoption by Council, and pursuant to Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996*, the City's Governance and Risk Services submit a certified copy of the CAR, signed by the Mayor and Chief Executive Officer, along with a copy of the relevant section of the Council Minutes, to the Director General, Department of Local Government, Sports and Cultural Industries (DLGSC) via the DLGSC's *Smart Hub* file upload facility by 31 March each year. The CAR indicates a conformity rating of 100% for the year.

Strategic Plans/Policy ImplicationsLeading and Listening

Deliver sustainable governance through transparent and robust policy and processes.

Budget/Financial Implications

N/A

Legal Implications

Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* refer.

Community Consultation

N/A

Risk Management Implications

Failure to adopt the recommendation will result in non-compliance with meeting the 31 March 2020 deadline for the CAR statutory reporting requirements to the regulator, DLGSC.

Advice to Proponent(s)/Submitters

N/A



Implications of Section 3.18(3) *Local Government Act 1995*

Nil



(2020/MINUTE NO 0005) REOPEN MEETING TO PUBLIC

COMMITTEE RECOMMENDATION

MOVED Cr M Separovich SECONDED Mayor L Howlett

That the Committee reopen the meeting to the public, the time being 6.53.

CARRIED 4/0

Reason for Decision

Opening the meeting to the public will allow the Presiding Member to inform the public of the Committee's decision.



Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

Cockburn - Compliance Audit Return 2019

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 2019?	N/A	No Major Tradings from a land perspective were undertaken.	Joseph Fiori
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 2019?	N/A	No Major Tradings from a land perspective were undertaken.	Joseph Fiori
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 2019?	N/A	No Major Tradings from a land perspective were undertaken.	Joseph Fiori
4	s3.59(4)	Has the local government complied with public notice and publishing requirements of each proposal to commence a major trading undertaking or enter into a major land transaction for 2019?	N/A	No Major Tradings from a land perspective were undertaken.	Joseph Fiori
5	s3.59(5)	Did the Council, during 2019, resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	No Major Tradings from a land perspective were undertaken.	Joseph Fiori

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?	Yes		Joseph Fiori
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing?	Yes		Joseph Fiori
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17?	Yes		Joseph Fiori
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations?	Yes		Joseph Fiori
5	s5.18	Has Council reviewed delegations to its committees in the 2018/2019 financial year?	Yes		Joseph Fiori
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		Joseph Fiori
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority?	Yes		Joseph Fiori
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing?	Yes		Joseph Fiori
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Joseph Fiori

1 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	Yes	Joseph Fiori
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees?	Yes	Joseph Fiori
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 2018/2019 financial year?	Yes	Joseph Fiori
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	Joseph Fiori

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		Joseph Fiori
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?	N/A	Not Applicable	Joseph Fiori
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?	N/A	Not Applicable	Joseph Fiori
4	s5.73	Where the CEO had an interest relating to a gift under section 5.71A(1), was written notice given to the Council?	N/A	Not Applicable	Joseph Fiori
5	s5.73	Where the CEO had an interest relating to a gift in a matter in respect of a report another employee is providing advice on under section 5.71A (3), was the nature of interest disclosed when the advice or report was provided?	N/A	Not Applicable	Joseph Fiori
6	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		Joseph Fiori
7	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		Joseph Fiori
8	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2019?	Yes		Joseph Fiori
9	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2019?	Yes		Joseph Fiori

2 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

10	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		Joseph Fiori
11	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		Joseph Fiori
12	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		Joseph Fiori
13	s5.89A Admin Reg 28A		Did the CEO keep a register of gifts which contained a record of disclosures made under section 5.71A, in the form prescribed in Administration Regulation 28A?	N/A	Not Applicable	Joseph Fiori
14	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		Joseph Fiori
15	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		Joseph Fiori
16	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		Joseph Fiori
17	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?	No	Refer Confidential Attachment 2	Joseph Fiori

3 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

18	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?	N/A	Not Applicable	Joseph Fiori
19	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees?	Yes		Joseph Fiori

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		Joseph Fiori
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		Joseph Fiori

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)(2)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates?	Yes		Joseph Fiori
2	Elect Reg 30G(3) &(4)	Did the CEO remove any 'disclosure of gifts' forms relating to an unsuccessful candidate or a successful candidate that completed the term of office from the electoral gift register, and retain those forms separately for a period of	N/A	Not Applicable	Joseph Fiori

4 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

at least 2 years?

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	Special Council Meeting dated 24 October 2019.	Joseph Fiori
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?	Yes	Special Council Meeting dated 24 October 2019.	Joseph Fiori
3	s7.3(1)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor, a registered company auditor?	N/A	Auditor General of WA appointed by Local Government Act 1995.	Joseph Fiori
4	s7.3(1), 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?	N/A	Auditor General of WA appointed by Local Government Act 1995.	Joseph Fiori
5	Audit Reg 10	Was the Auditor's report(s) for the financial year(s) ended 30 June received by the local government within 30 days of completion of the audit?	Yes	Audit report signed by Auditor General 13 Dec and received 20 Dec.	Joseph Fiori
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2019 received by the local government by 31 December 2019?	Yes	Received by 20 December.	Joseph Fiori
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, did the local government, ensure that appropriate action was undertaken in respect of those matters?	N/A	No action required to be taken.	Joseph Fiori
8	S7.12A (4)	Where the auditor identified matters as significant in the auditor's report (prepared under s7.9(1) of the Act), did the local government prepare a report stating what action had been taken or it intended to take with respect to each of the matters and give a copy to the Minister within 3 months after receipt of the audit report?	Yes	OAG Audit Report received by the City 13 Dec 2019 and letter sent to the Minister 27 February 2020.	Joseph Fiori
9	S7.12A (5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A	No significant matters identified.	Joseph Fiori
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit?	Yes	Comprehensive audit plan agreed with the OAG contract auditor.	Joseph Fiori
11	Audit Reg 7	Did the agreement between the local	Yes	Comprehensive audit	Joseph Fiori

5 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

		government and its auditor include the scope of the audit?		plan agreed with the OAG contract auditor.	
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit?	Yes	Comprehensive audit plan agreed with the OAG contract auditor.	Joseph Fiori
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	OAG wrote to the City advising the audit fees prior to the audit.	Joseph Fiori
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	Comprehensive audit plan agreed with the OAG contract auditor.	Joseph Fiori

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?	Yes	9 June 2016.	Joseph Fiori
2	s5.56 Admin Reg 19DA (4)	Has the local government reviewed the Corporate Business Plan in the 2018-2019 Financial Year. If Yes, please provide date of Council meeting the review was adopted at?	Yes	13 June 2019.	Joseph Fiori
3	s5.56 Admin Reg 19C	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments?	Yes	14 June 2016.	Joseph Fiori
4	s5.56 Admin Reg 19C (4)	Has the local government reviewed the current Strategic Community Plan. If Yes, please provide date of most recent review by Council in Comments. Note: If the current Strategic Community Plan was adopted after 1/1/2016, please respond N/A and provide adoption date in Comments?	N/A	14 June 2016.	Joseph Fiori
5	S5.56 Admin Reg 19DA (3)	Has the local government developed an Asset Management Plan(s) that covers all asset classes. If Yes, please provide the date of the most recent Plan adopted by Council in Comments?	Yes	An Asset Management Strategy was adopted by Council on 8 February 2018. Asset Management Plans were initially adopted by Council with subsequent reviews by Executive.	Joseph Fiori
6	S5.56 Admin Reg 19DA (3)	Has the local government developed a Long Term Financial Plan. If Yes, please provide the adoption date of the most recent Plan in Comments?	Yes	13 June 2019.	Joseph Fiori
7	S5.56 Admin Reg	Has the local government developed a	Yes	14 June 2016.	Joseph Fiori

6 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

19DA (3)

Workforce Plan. If Yes, please provide adoption date of the most recent Plan in comments?

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?	N/A	There was no appointment of CEO in 2019.	Joseph Fiori
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?	N/A	There was no appointment of CEO in 2019.	Joseph Fiori
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)?	N/A	There was no appointment of CEO in 2019.	Joseph Fiori
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)?	N/A	There was no appointment of CEO in 2019.	Joseph Fiori
5	s5.37(2)	Did the CEO inform Council of each proposal to employ or dismiss a designated senior employee?	N/A	No designated employees were dismissed in 2019.	Joseph Fiori

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	CEO is the Complaints Officer.	Joseph Fiori
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		Joseph Fiori
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		Joseph Fiori
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the	Yes		Joseph Fiori

7 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

		name of the person who makes the complaint?			
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		Joseph Fiori
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		Joseph Fiori

Optional Questions

No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Local Government (Financial Management) Regulation 5(2)(c) within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	OCM 8 August 2019.	Joseph Fiori
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulation 17 within the 3 years prior to 31 December 2019? If yes, please provide date of Council resolution in comments?	Yes	The City contracted Riskwest to undertake an independent risk maturity review on October 2018. The report was presented to the July 2019 Audit and Strategic Finance Committee meeting, and subsequently to the August 2019 OCM. Council meeting, where Council adopted and committed to undertake opportunities for improvement.	Joseph Fiori
3	Financial Management Reg 5A.	Did the local government provide AASB 124 related party information in its annual report(s) tabled at an electors meeting(s) during calendar year 2019?	Yes	AGM 5 February 2019.	Joseph Fiori
4	S6.4(3)	Did the local government submit to its auditor by 30 September 2019 the balanced accounts and annual financial report for the year ending 30 June 2019?	Yes	Draft set of financials provided to auditor on 16 August 2019 and audit commenced on 23 September 2019.	Joseph Fiori

8 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
and Cultural Industries

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		Joseph Fiori
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		Joseph Fiori
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice?	Yes		Joseph Fiori
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16?	Yes		Joseph Fiori
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		Joseph Fiori
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		Joseph Fiori
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		Joseph Fiori
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		Joseph Fiori
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 and did the CEO make the tenders register available for public inspection?	Yes		Joseph Fiori
10	F&G Reg 19	Did the CEO give each tenderer written notice advising particulars of the successful tender or advising that no tender was accepted?	Yes		Joseph Fiori
11	F&G Reg 21 & 22	Did the local governments advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22?	Yes		Joseph Fiori
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		Joseph Fiori

9 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
Local Government, Sport
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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		Joseph Fiori
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest, a notice in writing in accordance with Functions & General Regulation 24?	Yes		Joseph Fiori
15	F&G Reg 24AC (1) & (2)	Has the local government established a policy on procurement of goods and services from pre-qualified suppliers in accordance with the regulations?	Yes		Joseph Fiori
16	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
17	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
18	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?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
19	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, given notice of the variation?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
20	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?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
21	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?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
22	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?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
23	F&G Reg 24AI	Did the CEO 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?	N/A	No panel of pre-qualified suppliers were invited by the City.	Joseph Fiori
24	F&G Reg 24E	Where the local government gave a regional price preference, did the local government comply with the requirements of F&G Reg 24E including the preparation of a regional price preference policy?	N/A	No regional price reference available or accepted within the City Policy.	Joseph Fiori

10 of 12

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



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

25	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?	N/A	No regional price reference available or accepted within the City Policy.	Joseph Fiori
26	F&G Reg 11A	Does the local government have a current purchasing policy that comply with F&G Reg 11A(3) 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		Joseph Fiori
27	F&G Reg 11A	Did the local government comply with it's current purchasing policy in relation to the supply of goods or services where the consideration under the contract is, or is expected to be \$150,000 or less or worth \$150,000 or less?	Yes		Joseph Fiori

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

Signed Mayor / President, Cockburn

Signed CEO, Cockburn



Department of Local Government, Sport and Cultural Industries - Compliance Audit Return



Department of
**Local Government, Sport
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12. PLANNING & DEVELOPMENT DIVISION ISSUES

Nil



13. FINANCE AND CORPORATE SERVICES DIVISION ISSUES

13.1 (2020/MINUTE NO 0006) 2019 FINANCIAL MANAGEMENT REVIEW - PROGRESS REPORT

Author(s)	N Mauricio
Attachments	1. City of Cockburn Financial Management Review June 2019 ↓

<p>RECOMMENDATION That Council receive the Financial Management Review (FMR) Progress Report.</p>
<p>COMMITTEE RECOMMENDATION MOVED Cr M Separovich SECONDED External Member Susan Smith That the recommendation be adopted.</p> <p style="text-align: right;"><u>CARRIED 4/0</u></p>

Background

Under Local Government (Financial Management) Regulation 5(2)(c), the Chief Executive Officer is required to undertake a Financial Management Review (FMR) once every three years. The main purpose of a FMR is to examine the appropriateness and effectiveness of the financial management systems and procedures of the City on behalf of the CEO.

At its July 2019 meeting, the Audit and Strategic Finance Committee (AFSC) received the FMR completed in 2019 by Moore Stephens auditors (attached). The recommendation adopted by Council included the requirement to bring a future progress report to Council on the completion of outstanding actions from the review agreed to by management.

Submission

N/A

Report

22 areas were examined in total during the FMR with the following summarised results:

- 13 areas were deemed as having effective controls and procedures appropriate for the City's current scope of operations (no issues raised for these areas); and
- Nine areas had 16 specific matters identified and noted, requiring a management response and action where applicable.



The 16 matters noted were risk assessed by the auditor in the review as follows:

- Nine matters deemed minor;
- Five matters deemed moderate; and
- Two matters deemed significant.

10 of these 16 matters had been actioned and completed at the time of reporting the review to the July 2019 AFSC meeting. The progress made since in completing outstanding actions for the remaining six matters is presented in the following table:

1. Purchases, Payments and Payables	
Matter Raised (1): Purchase orders raised after services rendered.	Rating: Minor
Action: The City will use this review finding to further reinforce procurement compliance (ETA: by Sep 2019)	
Status: Procurement compliance has been reinforced with more focused monitoring and reporting. Audit findings were also highlighted during mid-year supplier reviews. The reporting is showing a declining level of non-compliance over the past year. The City's two year mandatory procurement training is also being revamped. (Completed)	
2. Receipts and Receivables	
Matter Raised (4): Whilst the City's current process of following up outstanding sundry debtors is adequate, there are no formal documented procedures.	Rating: Minor
Management Comment: Agreed	
Action: The current process will be documented within the City's procedure template and approved. (ETA: by 30 September 2019)	
Status: A documented procedure has been written and approved by management. (Completed)	
Matter Raised (5): Re-Use Shop at Henderson Waste Recovery Park	Rating: Moderate
a) Installation of security cameras positioned over the POS systems should be considered to help ensure cash collections are adequately safeguarded and secured.	
b) Accept the risk – there is a plan to install EFTPOS at the Re-Use Shop in 2019-20, which will significantly reduce cash handling. The EFTPOS will be integrated with the cash receipting system, making reconciliations easier and more visible. (ETA: by March 2020)	
Status: Integrating an EFTPOS machine with a cash receipting system is proving challenging in the Re-Use Shop environment (dust and heat issues). As a first step, a mobile EFTPOS terminal will be trialled. (ETA: March 2020)	



3. Rates	
Matter Raised (9): A review of the City's rate notices noted various (minor) disclosures required by the Local Government (Financial Management) Regulations were missing.	Rating: Minor
Action: City will modify the interim rates notice template to include the rate in the dollar used for the rates levied. (ETA: by Sep 2019)	
Status: A specific rate notice template created for interims displaying the rate in the dollars on the back and other required disclosures. (Completed)	
4. Trust Funds	
Matter Raised (10): All bona fide trust money should be transferred from the municipal bank account into the trust bank account in a timely manner after receipt to ensure compliance with the <i>Local Government Act 1995</i> .	Rating: Moderate
Action: The City will however explore options for a more timely transfer of cash between bank accounts eg: review daily transaction reports for any material Trust receipts or payments. (ETA: by August 2019)	
Status: A review of Trust transactions for 2019-20 reveals these to be infrequent, as they only relate to POS cash in lieu monies (One receipt and three payments). Given this infrequency, a monthly process is appropriate for funds balancing between Trust and Municipal funds. (Completed)	
5. IT Controls	
Matter Raised (16): The City's documented Information Services Disaster Recovery Plan specifies a review of the plan should be carried out annually but last occurred in 2017.	Rating: Minor
Action: The City is planning a full disaster recovery plan test during 2019-2020 and will review the plan beforehand. A full test is a big exercise for the City to coordinate, as it requires shutting down some services and operations. Timing is therefore a critical consideration. An annual review of the plan will be made a priority going forward. (ETA: by Dec 2019)	
Status: A full shutdown test was not possible due to the DR building works being delayed as part of the wider Depot works (now due for completion by October 2020) and the limited capacity of existing DR IT infrastructure. In the meantime, the City has successfully completed partial disaster recovery testing by shutting down individual systems and restoring services in DR. Future DR plan reviews will now target partial shutdowns (vs full shutdown) due to business impacts. (Completed)	



The above demonstrates that outstanding actions from the FMR have been satisfactorily progressed since the last AFSC meeting and it is considered there is no need to provide further updates.

Strategic Plans/Policy ImplicationsLeading and Listening

Deliver sustainable governance through transparent and robust policy and processes.

Budget/Financial Implications

N/A

Legal Implications

N/A

Community Consultation

N/A

Risk Management Implications

There is an obligation under Section 5(2) (c) of the *Local Government (Financial Management) Regulations 1996* for the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government at least once in every three financial years and report to Council the results of those reviews. The completed review and implemented actions ensures statutory compliance and assists the CEO to mitigate risks associated with the financial management of the City.

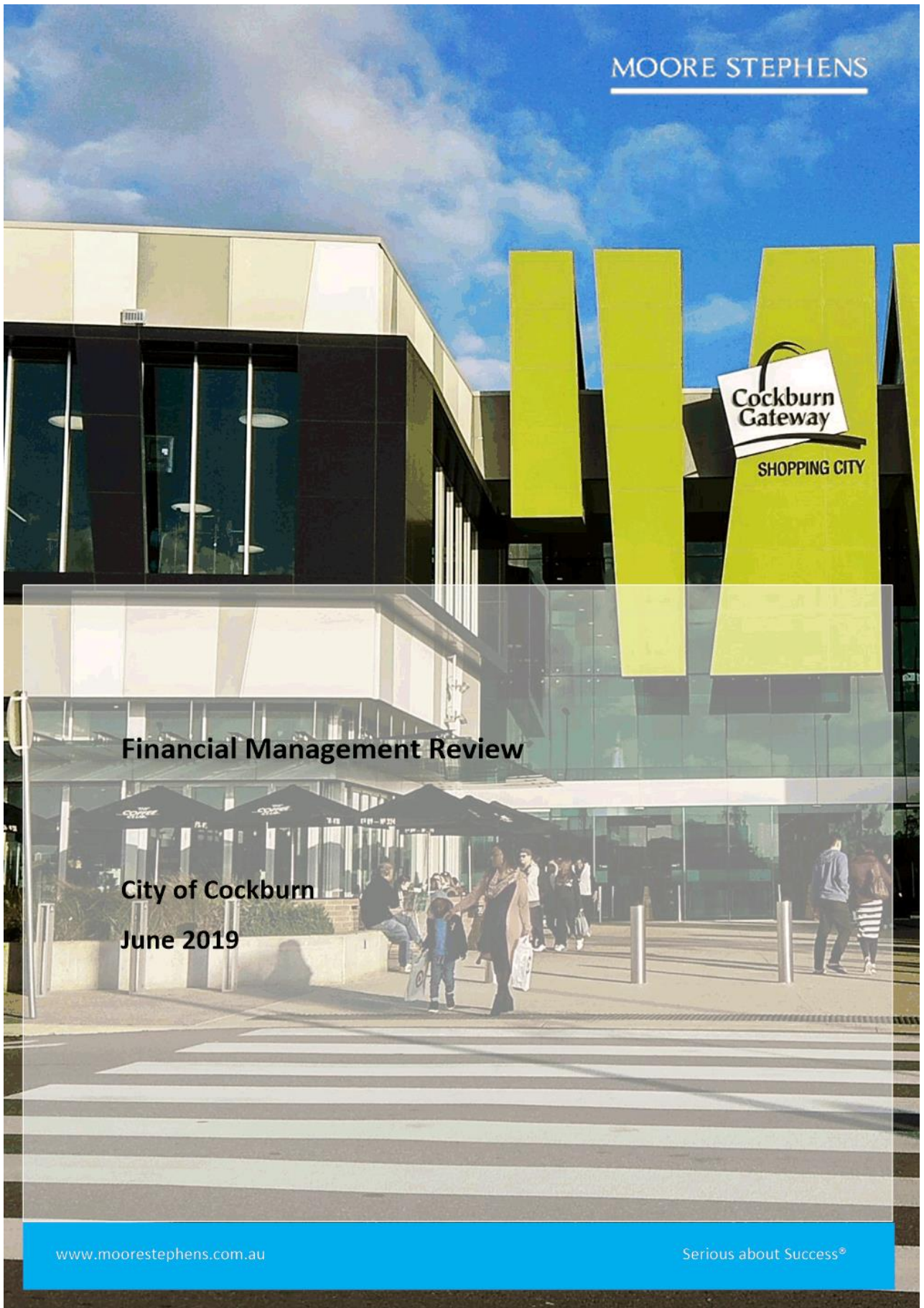
Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act 1995*

Nil





MOORE STEPHENS

Cockburn Gateway
SHOPPING CITY

Financial Management Review

**City of Cockburn
June 2019**

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Contents

Disclaimer.....3
1.0 Executive Summary4
2.0 Matters Noted.....6
Appendix A – Review Procedures17



Disclaimer

The objective of this review as outlined in greater detail in Part 1.0 of this report as presented, is to assist the Chief Executive Officer of the City of Cockburn discharge responsibilities in respect to Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 (as amended).

It has been prepared by Moore Stephens (WA) Pty Ltd for this sole purpose.

It is not intended to be used by any other individual or organisation.

Confidential – this document and the information contained in it are confidential and should not be used or disclosed in any way without our prior consent.

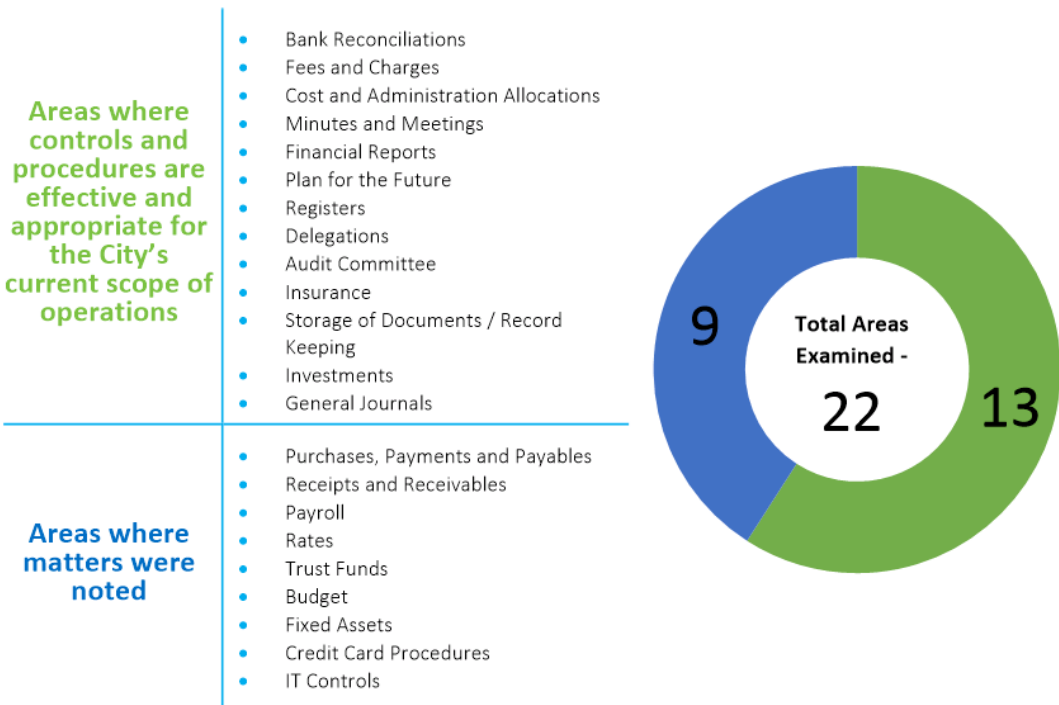
Moore Stephens (WA) Pty Ltd carries on business separately and independently from other Moore Stephens member firms around Australia and worldwide. Services provided under this engagement are provided by Moore Stephens (WA) Pty Ltd and not by any other independent Moore Stephens member firm. No other independent Moore Stephens member has any liability for services provided by other members.

1.0 Executive Summary

The objective of our review as outlined in our engagement letter dated 29 April 2019 is to provide a report, based on our understanding of the City and associated risks, to assist the CEO to report to the local government on the appropriateness and effectiveness of the City’s financial management systems and procedures as required by local government(Financial Management) Regulation 5(2)(c).

The review covered the period 1 July 2018 to 31 March 2019.

Financial systems and processes examined



Our review included a high-level understanding of the key financial systems that support the financial processes undertaken by the City and the performance of review procedures designed to evaluate the appropriateness and effectiveness of the control environment of the City’s financial management system.

The procedures performed for each area in respect of the review have been included in **Appendix A**.

We did not necessarily examine compliance with provisions of the Act or Regulations which were not financial in nature.

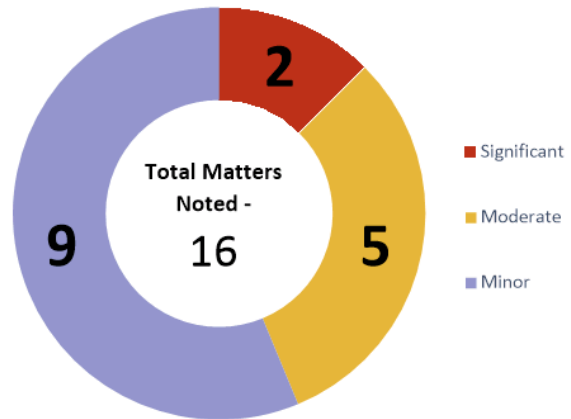
The review constitutes an advisory engagement which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standard Board and, consequently no opinions or conclusions are intended to convey assurance, either expressed or implied.



1.0 Executive Summary (continued)

Matters noted summarised by risk rating

Details of the specific areas with matters noted, together with our risk ratings, recommendations and management comments can be found in part 2 commencing on page 6.



Addressing the issues highlighted will help to ensure the controls and procedures established are not compromised in the future and the integrity of the financial management system is maintained.




We trust this report will assist in the ongoing review and improvement of the City’s financial management practices and procedures.




2.0 Matters Noted



Please Note: The rating assessment as detailed below is our assessment based on the circumstances surrounding the procedures performed. They are intended to be read in the context of our rating assessment to the organisation as a whole. They are provided solely to assist you understand the nature of the matters raised and to prioritise any remedial action.

Key for Rating Assessment:

Significant Issue represents a weakness which may have an adverse effect on the ability to achieve business objectives. Requires immediate management action.	
Moderate Issue represents a weakness which may become more serious if not addressed. Requires management action within a reasonable time period.	
Minor Issue represents an opportunity for improvement. Management should consider cost benefit analysis within a reasonable time period.	



Area	Rating	Matters Identified / Recommendations / Management Comments
Purchases, Payments and Payables		<p>During our testing of purchases we noted one instance where a purchase order was raised after the supplier invoice and one instance where a purchase order was raised after the service had been rendered.</p> <p>Recommendation:</p> <p>Whilst we note the City has detected and managed the above mentioned instances, to help prevent further occurrences, all authorising officers should be reminded that purchasing delegations are lawful instructions under their contract of employment and therefore the importance of the need to ensure purchase orders are raised and authorised prior to goods being received or the services rendered. This will help to ensure goods/services have been appropriately ordered and authorised and also helps ensure budget responsibility.</p> <p>Management Comments:</p> <p>The City has developed a comprehensive compliance and training framework around procurement activities, which specifically identifies and targets these types of non-compliance occurrences.</p> <p>In the two instances identified by the review, one of the officers no longer works at the City following previous procurement breaches. The other one involves an officer with a high volume of procurement transactions, who has previously been detected by the City's non-compliance reporting process and escalated to senior management for a response and action. As a consequence, additional training and resources have been provided to this officer to assist them with the high workload.</p> <p>Additionally, all of the City's officers' assigned delegated financial authority must first successfully complete a procurement training induction course developed by the City. For more senior, high responsibility roles, this training is provided one on one by the procurement manager.</p>

2.0 Matters Noted (continued)


Area	Rating	Matters Identified / Recommendations / Management Comments
Purchases, Payments and Payables		<p>Management Comments (continued):</p> <p>The City acknowledges that the best monitoring and compliance systems can never totally eliminate this risk, just manage and control it better (speeding on our roads is a case in point). The City believes it has sufficiently strong controls in place for this risk but will use this review finding to further reinforce procurement compliance.</p>
Purchases, Payments and Payables		<p>Whilst we found the City's current process of changing supplier banking details to be adequate, there are no formal documented procedures in place.</p> <p>Recommendation:</p> <p>To assist relief or new officers with verifying changes of supplier details the required process should be documented and provided to officers.</p> <p>Management Comments:</p> <p>The Manager Financial Services previously issued a directive by email to the AP Coordinator, requiring all supplier bank account changes to be followed up with phone calls and other checks. These checks and evidentiary documentation are recorded within the AP system against the supplier record. Additionally, a monthly exception report was put in place showing all supplier bank detail changes and acknowledged (in writing) by the AP Coordinator that all are in compliance with the established verification procedure. This report is provided to the City's delegated officers as part of the process to approve and transmit monthly supplier bank payment files. This procedure will be documented within an operational quick guide for future reference and training (ETA: June 2019).</p>
Purchases, Payments and Payables		<p>The creditor's ABA files are saved on a Drive which is accessible by all staff members of the City.</p> <p>Recommendation:</p> <p>To help ensure the ABA files are not tampered with after their creation, they should be kept in a secure location and access to these files should be limited to authorised personnel.</p> <p>Management Comments:</p> <p>The City acknowledges the ABA files are currently saved in a location accessible by all staff. Mitigating the risk of other staff tampering with or altering payment details, is the timely uploading of ABA files by AP staff into the banking system and verification of the amount being paid. The risk that other staff could access the file and make changes (without being detected) within a limited time window is considered relatively remote. The zero incidences during the 17 year period this payment procedure has been in operation supports this risk assessment. However, the City will lock down the file location to only authorised staff, thereby eliminating the risk (ETA: June 2019).</p>



2.0 Matters Noted (continued)



Area	Rating	Matters Identified / Recommendations / Management Comments
Receipts and Receivables		<p>Whilst we found the City's current process of following up outstanding sundry debtors to be adequate, there are no formal documented procedures in place.</p> <p>Recommendation: To assist relief or new officers with following up outstanding debtors the required process should be documented and provided to officers.</p> <p>Management Comments: The current process will be documented within the City's procedure template and approved. (ETA: by 30 September 2019).</p>
Receipts and Receivables (Henderson Waste Recovery Park)		<p>From our review of the cash handling procedures at the "Re-Use Shop" at the Henderson Waste Recovery Park we noted the following:</p> <ol style="list-style-type: none"> No evidence that the end of day cash receipting reconciliation between the physical cash collected and the system receipting reports was verified and reviewed by a staff member independent of preparation; No security cameras are installed; and Whilst reviewing the end of day receipting report for the "Re-Use Shop" we noted that there was no supporting system receipt or documentation for two cancelled transactions. <p>Recommendations: To help ensure the completeness and accuracy of cash receipts at the "Re-Use Shop" we recommend the following:</p> <ol style="list-style-type: none"> The receipting reconciliations should be reviewed by another staff member independent of preparation. This review should be evidenced accordingly; Installation of security cameras positioned over the POS systems should be considered to help ensure cash collections are adequately safeguarded and secured. This will also help ensure all receipts are accounted for in the system; and To help ensure the integrity of cancelled receipts and hence refunds are bona fide, all cancelled transactions should be supported by appropriate documentary evidence. <p>Alternatively an EFTPOS system could be implemented.</p> <p>Management Comments:</p> <ol style="list-style-type: none"> The Reuse Shop "end of day" reconciliation is completed by the two employees working in that area. The end of day reconciliation will be completed by one staff member and verified by the other. The form will be amended to indicate "Prepared by;" and "Checked by;" with corresponding spaces for signatures.

2.0 Matters Noted (continued)



Area	Rating	Matters Identified / Recommendations / Management Comments
		<p>Management Comments (continued):</p> <ul style="list-style-type: none"> b) The issue of CCTV cameras has been reviewed previously and deemed to be ineffective. The City is willing to accept this risk of unauthorised activity at the cashier counter, as any potential dishonest, illegal or criminal acts would merely be completed away from the POS and the view of the camera. In addition, it would indicate that we do not trust our employees. Only one of the transactions at the time did not have the supporting documentation. It has since been attached and staff at the Reuse Shop has been reminded of the requirement. Cancelled transactions in the shop are extremely rare and are authorised by a Supervisor. c) Only one of the transactions at the time did not have the supporting documentation. It has since been attached and staff at the Reuse Shop has been reminded of the requirement. Cancelled transactions in the shop are extremely rare and are authorised by a Supervisor. <p>A previous attempt to install an EFTPOS machine failed due to the expense and concerns the EFTPOS terminal could not operate effectively within the dusty environment.</p> <p>The City has existing plans to install EFTPOS at the Re-Use Shop in 2019-20 (included in budget), which will significantly reduce cash handling at this site. Additionally, the EFTPOS will be integrated with the City's online Enterprise Cash Receipting System (ECR), making reconciliations easier and more visible. Testing will occur to ensure reliability of operation. (ETA: by March 2020).</p>
Receipts and Receivables (Henderson Waste Recovery Park)		<p>No security cameras are installed at the weighbridge.</p> <hr/> <p>Recommendation:</p> <p>Installation of security cameras positioned over the POS systems should be considered to help ensure cash collections are adequately safeguarded and secured. This will also help ensure all receipts are accounted for in the system.</p> <hr/> <p>Management Comments:</p> <p>The City has previously accepted the risk of no CCTV cameras at the Weighbridge and will continue to do so. The City is willing to accept this risk of unauthorised activity at the cashier counter, as any potential dishonest, illegal or criminal acts would merely be completed away from the POS and the view of the camera. In addition, it would indicate that we do not trust our employees. We accept that the weighbridge operator works alone and undertakes the end of day transactions without direction supervision.</p>



2.0 Matters Noted (continued)

Area	Rating	Matters Identified / Recommendations / Management Comments
		<p>Management Comments (continued):</p> <p>The cash transactions are minimal now as most now opt for credit or account transaction. This is supported by the fact that there is now only one armed security collection per week, when previously there were two.</p>
Payroll		<p>We noted instances where changes to employee details were accepted via email without verbal confirmation with the employee before the change was processed, one instance resulted in a fraudulent payment being made. We also noted changes to the payroll Masterfile had not been independently reviewed.</p> <p>Whilst we found the City's revised process of changing employee banking details to be adequate, there was no formal documented procedure in place.</p> <p>Recommendation:</p> <p>Whilst we agree the City has changed its processes in light of the above instances, we emphasise to help ensure that changes to employee details are authentic, any requested changes should be verbally confirmed with the employee before the change is processed.</p> <p>To assist relief or new officers with verifying changes of employee details the required process should be documented and provided to officers.</p> <p>Management Comments:</p> <p>Changes are now verbally confirmed and the documented procedure will be put in place (ETA: by end of June 2019).</p>
Payroll		<p>The payroll ABA files are saved on a Drive which is accessible by all staff members of the City.</p> <p>Recommendation:</p> <p>To help ensure the ABA files are not tampered with after their creation, they should be kept in a secure location and access to these files should be limited to authorised personnel.</p> <p>Management Comments:</p> <p>The City acknowledges the ABA files are currently saved in a location accessible by all staff. Mitigating the risk of other staff tampering with or altering payment details, is the timely uploading of ABA files by payroll staff into the banking system and verification of the total amount being paid. The risk that other staff could access the file and make changes (without being detected) within a limited time window is considered relatively remote. The zero incidences during the 17 year period this payment procedure has been in operation supports this risk assessment. However, the City will lock down the file location to only authorised staff, thereby eliminating the risk (ETA: June 2019).</p>

2.0 Matters Noted (continued)

Area	Rating	Matters Identified / Recommendations / Management Comments
Rates		<p>From review of the City's rate notices we noted the following:</p> <ul style="list-style-type: none"> a) Interim rate notices did not include the rate in the dollar as required by <i>Local Government (Financial Management) Regulation 56(3)(c)</i>; b) A brief statement of the objects/reasons for imposing differential rates was not included on the rate notice or information accompanying as required by <i>Local Government (Financial Management) Regulation 56(4)(a)</i>; and c) A brief statement advising that payment may not be made by instalments if at the date of payment of the first instalment any part of a rate or service charge imposed in a previous financial year remains unpaid was not included on the rate notice or information accompanying as required by <i>Local Government (Financial Management) Regulation 56(4)(i)</i>. <p>Recommendation: To help ensure compliance with statutory provisions, these requirements should be correctly addressed in the future.</p> <p>Management Comments:</p> <ul style="list-style-type: none"> a) Whilst the City always includes a copy of its annual rates brochure with the mail out of the interim notice (that shows the various rate in the dollars for the rating year), the City will modify the interim rates notice template to include the rate in the dollar used for the rates levied. (ETA: by Sep 2019). b) The City will amend its rates brochure that accompanies every rates notice to include the necessary details of the objects/reasons for imposing differential rates. (ETA: by Jul 2019). c) The City's rates notice does state that any arrears must be paid with the first instalment. It will be made clearer that the instalment method will be cancelled if any arrears are not paid. (ETA: by Jul 2019).
Trust Funds		<p>We noted trust transactions are processed through the municipal bank account with journals being processed to transfer the funds to the trust bank account monthly. The <i>Local Government Act Section 6.6(2)</i> requires the municipal fund to be kept separate and distinct from the trust fund. In processing trust transactions through the municipal bank account there is increased risk that the City may be utilising trust moneys as part of the municipal fund or earning interest on funds that the City is not entitled to do so.</p> <p>Recommendation: To help ensure compliance with the <i>Local Government Act</i>, all bona fide trust money should be transferred from the municipal bank account into the trust bank account in a timely manner after receipt.</p>



2.0 Matters Noted (continued)

Area	Rating	Matters Identified / Recommendations / Management Comments
Trust Funds		<p>Management Comments:</p> <p>The CEO's duties as to financial management under FM Reg 5.1 calls for efficient systems and procedures for the proper collection of all money owing, the safe custody and security of all money collected, maintenance and security of financial records and accounting for municipal or trust. Efficiency of systems is a key consideration for the City.</p> <ol style="list-style-type: none"> 1. The City accounts for municipal and trust fund monies separately within its accounting system. 2. The City has separate bank accounts for each fund. 3. Trust funds pass through the municipal bank account on the way to the trust bank account and vice versa. 4. The amount required to be held in Trust is reconciled monthly based on net transactions and funds at bank are adjusted accordingly. 5. Payments received are often a mixture of both trust and municipal funds. <p>Trust deposits account for a very minor proportion of the City's financial transactions and the existing banking arrangements are considered to be very efficient. Given the disparity in the City's municipal and trust cash holdings, there is minimal risk of utilising trust monies for municipal purposes. The City will however explore options for a more timely transfer of cash between bank accounts (e.g. review daily transaction reports for any material Trust receipts or payments) (ETA: by August 2019).</p>
Trust Funds	●	<p>We noted that interest earnings on short term bonds or deposits (trust fund moneys) are not retained in trust or provided back to the entitled recipient on return of their moneys. Rather the City keeps these earnings as their own in line with the legal advice they have obtained.</p> <p>The <i>Local Government Act Section 6.9(3)</i> specifies that where money is held in the trust fund, the local government is to pay it to the person entitled to it together with, if the money has been invested, any interest earned from that investment. In our opinion, in retaining interest earned on trust fund moneys, the City is keeping and utilising moneys that it is not entitled to under the Act.</p> <p>Recommendation:</p> <p>The City needs to account and manage trust fund moneys in accordance with the Local Government Act.</p> <p>The City should also undertake the necessary steps to identify any obligations it has to return moneys that it has incorrectly retained from the current and previous years.</p>

2.0 Matters Noted (continued)

Area	Rating	Matters Identified / Recommendations / Management Comments
Trust Funds		<p>Management Comments:</p> <p>The City disputes the premise of this finding on a number of fronts.</p> <p>In 2016, the City's previous auditor used their powers under S 7.10(1)(c) of the LG Act to obtain from the City's solicitors a legal opinion on the treatment of various bonds and deposits and any requirements for holding these in trust. The City previously held these as liabilities in the municipal balance sheet. The City engaged Neil Douglas, Partner at McLeods being the City's solicitors.</p> <p>The legal opinion received was that the various bonds and deposits paid to the City must be held in the City's trust fund and unless the bond money is invested, the person entitled to the bond is not entitled to any interest.</p> <p>The City has discretion whether to invest all or part of the money held in trust where that money is not required for any other purpose at the time (S6.14 of LG Act). Indeed, the City chooses to invest POS cash in lieu monies in a term deposit, as these are long term funds not needed for any other purpose at the time.</p> <p>The legal opinion clearly stipulates that no interest is required to be paid on the bond when the funds are simply held in a bank account that is not properly classified as an investment (even though it may be interest bearing). The City's trust funds for short term bonds and deposits are held in a transactional bank account that allows immediate withdrawal when required. That this account earns some nominal interest on the daily balance is irrelevant as per the legal advice.</p> <p>This legal advice was provided to the City's previous auditor and the City implemented changes to its accounting and banking practices in accordance with the advice. The City has since been audited twice (including once under the auspices of the OAG) and has satisfied audit requirements both years with unqualified audit opinions.</p> <p>Given this finding appears to be based on opinion, and in the absence of any contrary legal advice, the City has confidence in continuing to follow its own legal advice. Accordingly, the City doesn't believe it has any obligation to return monies as it has not illegally retained any from the current or previous years.</p>
Budgets	●	<p>Whilst reviewing the City's 2018/2019 Statutory Budget we noted the document did not include the due dates of each rate instalment under each option as required by <i>Local Government (Financial Management) Regulation 27(c)(i)</i>.</p> <p>Recommendation:</p> <p>To help ensure compliance with statutory provisions, these requirements should be correctly addressed in the future.</p> <p>Management Comments:</p> <p>Council's decision to adopt the 2018-19 annual budget included the instalment dates. However, whilst some information on the instalment option is included in the statutory budget document, this does not show the instalment due dates adopted by Council. This will be rectified when preparing future budget documents (ETA: June 2019).</p>


2.0 Matters Noted (continued)

Area	Rating	Matters Identified / Recommendations / Management Comments
Fixed Assets		<p>Fixed asset reconciliations were not prepared from July to September 2018 and December 2018. We also noted that a \$2,000 discrepancy between the fixed asset register and general ledger control accounts has existed since 2013.</p> <p>Recommendation:</p> <p>To help ensure fixed assets are completely and correctly posted in the general ledger, the corresponding general ledger control accounts should be reconciled on a monthly basis to the fixed asset register and reviewed by a senior staff member independent of preparation. Any variances should be investigated and rectified.</p> <p>Management Comments:</p> <p>The period July to September each year is focused on end of financial year processing and audit for the fixed assets register. This includes final asset capitalisations and adjustments for the prior year (once accounting numbers are finalised), completing asset revaluation exercises and attaining audit approval. The City's fixed asset register is a perpetual register, meaning it cannot commence processing new year transactions until the prior year is completed.</p> <p>Once the asset register is rollover into the new financial year, it makes sense to reconcile it to the general ledger in one exercise for the whole period, rather than performing 3 separate exercises (for obvious efficiency reasons).</p> <p>The City's fixed asset reconciliations are indeed reviewed by a senior staff member, with the service unit manager signing these off each time.</p> <p>The \$2,000 discrepancy noted by audit is a known issue in reconciling the parks infrastructure assets between the general ledger and fixed asset register. This relates to a revaluation depreciation transaction that didn't post properly in 2013. Previous efforts to resolve this haven't been successful but it hasn't received any priority from the City or its auditors (given the parks assets have a gross value of \$71.5m, accumulated depreciation of \$29.0m and annual depreciation expense of \$3.77m). This discrepancy will now be resolved. (ETA: Jun 2019).</p>
Fixed Assets		<p>We noted the City's artwork had been grouped together and capitalised on the City's fixed asset register. The City does not currently have an asset policy encompassing group capitalisation of assets. If treated as individual assets, these artwork assets are worth less than \$5,000 and therefore should be expensed rather than capitalised as required by <i>Local Government (Financial Management) Regulation 17A(5)</i>.</p> <p>Recommendation:</p> <p>The City should develop a policy regarding capitalisation of assets, including how grouped assets should be accounted for. To help ensure compliance with statutory provisions, any assets capitalised under the \$5,000 threshold should be expensed.</p>

2.0 Matters Noted (continued)

Area	Rating	Matters Identified / Recommendations / Management Comments
Fixed Assets		<p>Management Comments:</p> <p>Council adopts Significant Accounting Policies within its annual budget and annual financial report. These include guidance on capitalisation thresholds and set a minimum of at least \$5,000 for all asset classes in accordance with FM Reg 17A(5). The City has applied a \$5,000 capitalisation threshold to its assets for a number of years now (well ahead of the regulatory requirement gazetted in June 2018), deeming this to be best practice.</p> <p>The City does not usually group assets for capitalisation purposes and this is not part of the accounting policy. However, as the City's artworks were previously not recognised in the asset register, with agreement from its auditors, these were brought in as a grouped asset due to the high number of individual items (296 pieces with total value of \$204k). It is worth noting that this strategy was developed before the FM regulations were amended and that end of year audit did not raise an issue with it.</p> <p>The City will now individually capitalise those artworks valued at least \$5,000 and expense the remainder. A separate inventory of the City's artworks will be maintained and reviewed by the Arts & Cultural coordinator in order to satisfy the requirements of FM Reg 17B, being to prevent theft or loss of portable and attractive assets. (ETA: June 2019).</p>
Credit Card Procedures		<p>Whilst reviewing the City's credit card policy and credit card guidelines we noted they are inconsistent regarding the time allowed for submission of monthly credit card reconciliations.</p> <p>Recommendation:</p> <p>To help ensure the City's policy and procedures relating to credit cards are adhered to, the documents should be reviewed and any inconsistencies should be rectified.</p> <p>Management Comments:</p> <p>The City reported to its audit committee in March a review of the Office of Auditor General's audit on "Controls over Corporate Credit Cards" against the City's policies and practices. This found the City's credit card practices to be at a highly compliant and effective level, with monthly non-compliance reporting in place and measures dealing with non-compliance.</p> <p>An outcome of the review was to streamline and update the Council policy on credit cards, resulting in a new administrative policy being proposed and subsequently adopted by Council (June 2019). The new administrative policy requires the acquittal of credit card transactions within a reasonable time, being no longer than one month after statement issue. The City's existing operational guideline (which continues to be used with the new policy) asks cardholders to ensure their acquittals are processed within 5 working days of statement upload. This aims to allow them enough time to follow up any missing receipts and for line managers to complete their approvals within the one month policy limit.</p> <p>The operational guidelines will be reviewed and where necessary, updated to align with current practice. (ETA: June 2019).</p>

2.0 Matters Noted (continued)

Area	Rating	Matters Identified / Recommendations / Management Comments
IT Controls		<p>The City's documented Information Services Disaster Recovery Plan specifies a review of the plan should be carried out annually. We noted this review last occurred in 2017.</p> <hr/> <p>Recommendation: To help ensure the City's disaster recovery plan remains relevant to current circumstances, it should be reviewed on an annual basis.</p> <hr/> <p>Management Comments: The City is planning a full disaster recovery plan test during 2019-20 and will review the plan beforehand. A full test is a big exercise for the City to coordinate, as it requires shutting down some services and operations. Timing is therefore a critical consideration. An annual review of the plan will be made a priority going forward. (ETA: by Dec 2019).</p>

Appendix A – Review Procedures

The following procedures were undertaken in our evaluation of the financial management system controls:

System	Description of Procedures Performed
Purchases, payments and payables (including purchase orders)	A sample of payment transactions was selected and tested to determine whether purchases were authorised/budgeted, and payments were supported, certified/authorised and correctly allocated. The City's purchases, payments and payables system was also examined to determine if adequate controls were in place in ensuring liabilities are properly recorded and payments are properly controlled.
Receipts and Receivables	The City's end of day banking procedures were examined to determine if they are adequate in ensuring cash collections are being recorded and allocated properly to the general ledger. Detailed testing of a sample of receipts was performed. This included tracing to individual receipt detail, bank deposits, general ledger and bank statements to ensure banking was correctly performed.
Payroll	<p>Detailed testing of a sample of individual employees was selected from different pay runs and for each employee's pay the following tests were performed to help ensure:</p> <ul style="list-style-type: none"> - the employee existed; - the correct rate of pay was used; - non-statutory deduction authorities are on hand; - time sheets were properly completed and authorised; - hours worked were properly authorised; and - allocations were reasonable and correctly posted. <p>We also tested the first pay of a sample of new employees and the last pay of a sample of terminated employee. The City's payroll system was also reviewed to determine if adequate controls were in place to help ensure wages and salaries are properly processed and payments are properly controlled.</p>
Rates	<p>The City's rating procedures were examined to determine if they are adequate in ensuring rates are being imposed or raised correctly. This also included inspection of the rate record, rate notices, instalment notices, valuation reconciliations and general ledger.</p> <p>We selected a sample of rate notices, instalment rate notices and interim rate notices for the period under review. This included:</p> <ul style="list-style-type: none"> - re-performing the calculations on the rate notices; - ascertaining whether the valuations applied agree to Landgate's valuation roll/report and rate in the dollar imposed are as per adopted budget; - ensuring the rate system is properly updated; and - checking proper posting to the general ledger.
Bank Reconciliations	An examination of bank reconciliations and procedures was performed for the period under review to ensure they are up to date as well as being prepared regularly and promptly for all bank accounts. We also checked the bank reconciliations were reviewed by a senior staff member independent of preparation.

Appendix A –Review Procedures (continued)

System	Description of Procedures Performed
Trust Funds	Trust funds held by the City were examined through testing a sample of receipts and refunds to determine proper accountability in the City's financial management system and compliance with regulatory requirements.
Fees and Charges	Fees and Charges imposed at the time of budget adoption were found to be in accordance with legislative requirements. Detailed testing of a sample of fees and charges was performed. This included tracing to receipts, the adopted fees and charges schedule and the general ledger to ensure they were correctly charged, and their allocation/posting was correctly performed.
Cost and Administration Allocations	The City's cost and administration allocations system was examined to determine if indirect costs have been properly allocated to various jobs/programs. This included review of the allocation basis and rates used to ensure they are appropriate and regularly reviewed.
Minutes and Meetings	Council and Committee meeting minutes were reviewed to ensure compliance with procedures and protocols.
Financial Reports	A review of the City's systems and procedures over the annual financial report and monthly financial reports was performed to determine if: <ul style="list-style-type: none"> - Structured reporting processes are in place and being properly managed; - Reports are properly constructed based balanced trial balances; - Reports include all relevant and necessary details as required for proper financial/management reporting purposes; - Monthly reports with variance analysis are presented to Council for adoption in a timely manner; and - The annual financial report has been prepared in accordance with the Local Government Act 1995. <p>We also checked to ensure the annual financial report has been adopted by Council and lodged with the Department of Local Government, Sport and Cultural Industries within the statutory timeframes.</p>
Budget	The City's budgetary system and procedures was examined to determine if: <ul style="list-style-type: none"> - A structured process is in place and being managed properly; - The Budget includes all relevant and necessary details and was properly adopted; and - The Budget is subject to proper half yearly review and variances are properly dealt with. <p>We also checked to ensure the annual budget and the budget review documents have been lodged with the Department of Local Government, Sport and Cultural Industries within the statutory timeframe.</p>

Appendix A –Review Procedures (continued)

System	Description of Procedures Performed
Plan for the Future	Reviewed the Strategic Community Plan and Corporate Business Plan, which together comprise the Plan for the Future, to ensure they up to date and complied with legislative requirements.
Fixed assets (including depreciation, acquisition, and disposal of property)	<p>The fixed assets system including controls over acquisition and disposal of assets, updating of the fixed assets register, depreciation of fixed assets and reconciliation of the fixed assets register to the general ledger was examined.</p> <p>A sample of asset additions and disposals was selected and testing performed to ensure:</p> <ul style="list-style-type: none"> - tax invoices existed; - correct posting to the general ledger; - fixed assets register was promptly updated; and - classification of assets was correct. <p>In addition, a sample of assets was selected and testing performed to ensure the depreciation rates used are in line with the City's accounting policy.</p> <p>The City's asset register was also reviewed for assets acquired for less than \$5,000 due to the addition of Regulation 17A(5) to the Local Government (Financial Management) Regulations as of 1 July 2018.</p>
Registers	<p><u>Financial Interest Register</u></p> <p>The register was examined to ensure compliance with regulatory requirements.</p> <p><u>Tender Register</u></p> <p>The City's tender register was examined to ensure compliance with regulatory requirements.</p> <p>We also reviewed the City's tender process to determine if adequate controls were in place to ensure the tendering of goods and services is being managed properly. This included walking through a sample of tenders selected for review from inception through to award of tender against the tender register, minutes and relevant supporting documentation.</p>
Delegations	The register was examined to ensure compliance with regulatory requirements, including whether the register has been reviewed on an annual basis as required.
Audit Committee	The City's establishment of its audit committee and the constituted membership was examined by us and considered satisfactory.
Insurance	Discussions with staff and review of policy documents to ensure cover is current and is reviewed annually.
Storage of Documents / Record keeping and IT Controls	The City's record keeping / storage system and IT general control environment surrounding its information systems (such as access to the computer system, regular changes to passwords and data backup) were examined to determine if adequate controls and safeguards are in place.

Appendix A –Review Procedures (continued)

System	Description of Procedures Performed
Credit Card Procedures	<p>A review of the City's credit card procedures was performed to determine if adequate controls are in place.</p> <p>We selected a sample of credit card transactions from 1 July 2018 to 31 March 2019 across all credit cards to determine whether they are legitimate and usual in the context of the City's operations. This included:</p> <ul style="list-style-type: none"> - Sighting tax invoices; - Ascertaining whether the transactions are for bona fide City business, and - Determining whether transactions are in line with the credit card policy.
Investments	<p>A review of the City's controls and procedures over investments was performed to determine if investments were properly recorded and managed in line with Local Government (Financial Management) Regulations.</p>
General Journals	<p>The City's journal procedures were examined to determine if they were sufficiently reviewed / approved at each relevant staff level before and after processing.</p>

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14. ENGINEERING & WORKS DIVISION ISSUES

Nil

15. COMMUNITY SERVICES DIVISION ISSUES

Nil

16. EXECUTIVE DIVISION ISSUES

Nil

17. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

18. NOTICES OF MOTION GIVEN AT THE MEETING FOR CONSIDERATION AT NEXT MEETING

Nil

19. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY MEMBERS OR OFFICERS

Nil

20. MATTERS TO BE NOTED FOR INVESTIGATION, WITHOUT DEBATE

Nil

21. CONFIDENTIAL BUSINESS

Nil

22. CLOSURE OF MEETING

The meeting closed at 7.06pm.

