



Audit Committee Agenda

5 August 2019

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city@busselton.wa.gov.au

CITY OF BUSSELTON

MEETING NOTICE AND AGENDA – 5 AUGUST 2019

TO: THE MAYOR AND COUNCILLORS

NOTICE is given that a meeting of the Audit Committee will be held in the the Committee Room, Administration Building, Southern Drive, Busselton on Monday, 5 August 2019, commencing at 2.00pm.

The attendance of Committee Members is respectfully requested.

DISCLAIMER

Statements or decisions made at Council meetings or briefings should not be relied on (or acted upon) by an applicant or any other person or entity until subsequent written notification has been given by or received from the City of Busselton. Without derogating from the generality of the above, approval of planning applications and building permits and acceptance of tenders and quotations will only become effective once written notice to that effect has been given to relevant parties. The City of Busselton expressly disclaims any liability for any loss arising from any person or body relying on any statement or decision made during a Council meeting or briefing.



MIKE ARCHER

CHIEF EXECUTIVE OFFICER

29 July 2019

CITY OF BUSSELTON

AGENDA FOR THE AUDIT COMMITTEE MEETING TO BE HELD ON 5 AUGUST 2019

TABLE OF CONTENTS

ITEM NO.	SUBJECT	PAGE NO.
1.	DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS	4
2.	ATTENDANCE	4
3.	PUBLIC QUESTION TIME	4
4.	DISCLOSURE OF INTERESTS	4
5.	CONFIRMATION OF MINUTES	4
5.1	Minutes of the Audit Committee Meeting held 14 March 2019	4
6.	REPORTS	5
6.1	GOVERNANCE SYSTEMS REVIEW	5
6.2	CITY OF BUSSELTON ANNUAL FINANCIAL REPORT - INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2019	23
7.	GENERAL DISCUSSION ITEMS.....	35
8.	NEXT MEETING DATE.....	35
9.	CLOSURE	35

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

2. ATTENDANCE

Apologies

3. PUBLIC QUESTION TIME

4. DISCLOSURE OF INTERESTS

5. CONFIRMATION OF MINUTES









5.1 Minutes of the Audit Committee Meeting held 14 March 2019

RECOMMENDATION

That the Minutes of the Audit Committee Meeting held 14 March 2019 be confirmed as a true and correct record.

6. REPORTS

6.1 GOVERNANCE SYSTEMS REVIEW

SUBJECT INDEX:	Governance
STRATEGIC CONTEXT:	Key Goal Area: 6. LEADERSHIP Visionary, collaborative, accountable Objective: 6.1 Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Corporate Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Manager Governance and Corporate Services - Sarah Pierson
AUTHORISING OFFICER:	Director Finance and Corporate Services - Tony Nottle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A List of Recommendations  
	Attachment B Recommendations Status Sheet  
	Attachment C Statement of Business Ethics - Recommendation to CEO  
	Attachment D Extractive Industries Local Law - Recommendation to CEO  

PRÉCIS

This report presents an update on the progress of the implementation of the recommendations identified in the Governance Systems Review (GSR) undertaken in August 2017 by Mr John Woodhouse LLB B.Juris. The implementation of 50% of the GSR recommendations is a CEO Key Performance Indicator for the 2018/2019 period; this update provides a report as at the end of July 2019, with the CEO performance review to be undertaken in August 2019.

BACKGROUND

In August 2017, the CEO commissioned a high level independent review of the City's governance systems and processes, undertaken over a 3 month period by Mr John Woodhouse LLB B.Juris. As a result of the GSR, Mr Woodhouse identified nine broad topics or areas with opportunities for improvement. The GSR and resulting recommendations for improvement (see Attachment A) were presented to Council at a briefing in October 2017 where it was agreed that staff would, subject to resourcing, commence implementation of the recommendations.

The GSR recommended improvements in the areas of:

- Council;
- Policies and procedures;
- Procurement and tendering;
- Supporting local business;
- Contracts;
- Misconduct prevention;
- Codes of conduct, gifts;
- Local laws; and
- Internal reporting.

A total of 66 recommendation were made across these nine areas.

In October 2018, the completion of 50% of the recommendations was set as a CEO Key Performance Indicator for 2018/2019. A report on the progress of their implementation was provided to the Audit Committee in March 2019. This report provides a further update as at the end of July 2019 and seeks endorsement of the actions achieved / proposed to date.

STATUTORY ENVIRONMENT

The GSR reviewed the City's performance against various governance requirements of the *Local Government Act 1995* and associated regulations. Comparisons to 'best practice' local governments (generally larger metropolitan Band 1 Councils) were also made. Since that time the *Local Government Amendment Bill 2019* (Amendment Bill) has been introduced to parliament and was assented to on 5 July 2019. This has impacted on some of the recommendations related to codes of conduct, gifts and misconduct prevention, as detailed under Officer Comment.

RELEVANT PLANS AND POLICIES

As a result of the recommendations of the GSR, the City developed a Policy Framework. This framework has guided the subsequent policy and practice review. This framework is also being further reviewed as part of a continuous improvement approach.

FINANCIAL IMPLICATIONS

There are no financial implications directly associated with the officer recommendation. However, the recommendations of the GSR has and will continue to require resourcing, with significant staff time being dedicated to progressing the recommendations.

LONG-TERM FINANCIAL PLAN IMPLICATIONS

There are no long term financial plan implications associated with the officer recommendation.

STRATEGIC COMMUNITY OBJECTIVES

The officer recommendation primarily aligns with the following Key Goal Area and Community Objective of the City of Busselton's Strategic Community Plan 2017:

Key Goal Area 6 – LEADERSHIP: Visionary, collaborative, accountable

6.1 Governance systems, processes and practices are responsible, ethical and transparent.

RISK ASSESSMENT

The primary purpose of this report is to provide an update with respect to the progress of the recommendations of the GSR; as such there are no applicable or identified risks associated with the officer recommendation. It should be noted that, due to competing priorities, it will take an estimated additional twelve months to fully consider and implement all of the recommendations of the GSR. The consequences of this are minor considering the City's governance practices were assessed as being sound overall.

CONSULTATION

Existing and ongoing consultation both externally and internally will continue to be undertaken as required in relation to the GSR recommendations.

OFFICER COMMENT

The GSR resulted in a total of 66 recommendations, spread across nine areas. It is important to note however that 4 of the policy and procedure recommendations (to review all Council policies, delete inappropriate Council policies, review all OPPs and review 3 protocols) require the review of approximately 155 separate documents.

Progress to date (of the 66 recommendations) is outlined in Table 1 below and further detailed under each subheading. A summary showing the status of each recommendation is also provided at Attachment B.

Measure	Percentage
Recommendations completed	50%
Recommendations partially completed or commenced	9.1%
Recommendations not yet commenced	34.8%
Recommendations proposed for non-adoption	6.1%
TOTAL IMPLEMENTED (completed / not adopted)	56.1%

Council

A total of ten recommendations were made in relation to the Council. In general, these recommendations addressed the ease of access to documents, guidelines, Acts and Regulations, and local laws for Councillors. All ten recommendations were accepted by the CEO and implementation was completed by December 2018.

Policies and procedures

A total of six recommendations were made in relation to Policies and Procedures. The recommendations included the development of a new organisational policy framework and a thorough review of all Council policies, OPP's and protocols, of which there are approximately 155.

A new policy framework is in place setting out the purpose of a Council policy as opposed to operational practice documents, and 45% of the total number of documents have been reviewed. 55% of Council policies have been reviewed. Through use of the new policy framework and the review process to date, several additional areas of improvement have been identified. The policy framework is currently being re-evaluated, with the aim of providing improved clarity and education to staff in relation to policy development and improving the overall review process, particularly in relation to consultation. This will result in improved policy outcomes, but is expected to extend the overall timeframe for achievement of all six recommendations out by approximately twelve months.

Procurement and tendering

The GSR made seven recommendations in relation to procurement and tendering policies, including the amalgamation of several separate policies into one, the development of a new OPP, review and revision of the City's Regional Price Preference policy and the management and availability of evaluation and pricing information for tenders.

Four of the seven recommendations are now complete with a revised Purchasing Policy, Regional Price Preference Policy and a new Procurement Selection Criteria SMP. The recommendation to delegate to the CEO the authority to make a Purchasing Policy has not, as previously reported, been actioned with the policy retained as a Council Policy. The two remaining recommendations are progressing; relating to the award of tenders and the incorporation of currently confidential evaluation assessments and submitted prices into the Council report. A pro-forma report template is being developed for the award of tenders with the proposal being to include the summarised evaluation assessment and the successful tenderers price only.

Supporting local business

A recommendation to review the City's current approach to supporting local business through policy was implemented by July 2018, alongside the review of Council policies and the implementation of the new Procurement Selection Criteria SMP. A local benefit criteria with a fixed weighting of 5% was included in this selection criteria SMP. In addition, the Finance Committee is now being provided with quarterly reports in relation to the supplier of origin. Suppliers have been split into 3 separate categories, Busselton, South West and other.

Contracts

The GSR made nine recommendations in the area of contracts, covering off issues in relation to variations, appointment of superintendents, management and document control. In addressing these recommendations, officers have developed a suite of standard contracts. Officers have also considered the appointment of a panel of superintendents but, as previously reported, have determined not to proceed with this given the limited number of projects that would require such an appointment. Officers have however developed an operational practice to guide officers as to when a superintendent might be appointed and the process for this. The remaining six recommendations, relating to the implementation of practices and procedures, are pending a wider review of current processes and systems.

Misconduct prevention

Eleven recommendations were made in relation to the City's misconduct prevention systems and processes. As previously reported officers have completed three of the recommendations, provision for the appointment of an internal auditor within the City's workforce plan (currently scheduled for 2022/2023), a review of the credit card policy and testing of the City's key financial controls. A number of the other recommendations align more closely with a review of the codes of conduct and therefore will be considered and implemented under that area. The development of a misconduct prevention strategy document will be considered post the review of the codes of conduct, however, as an interim measure a misconduct prevention policy is proposed, pending recommendation of the Policy and Legislation Committee.

Codes of conduct

In total, five recommendations were made to improve the City's codes of conduct. A review of the current codes has commenced but has stalled as a result of the Amendment Bill, which sets out new and quite specific requirements in relation to the incorporation of a Model Code for elected members and candidates. Under the new provisions there will be limited flexibility to deviate from the Model Code, which is still being developed; hence progression of this action is on hold. Similarly the Code of Conduct for employees will be required to contain prescribed matters, the final form of which is unclear at this stage.

In relation to the recommendation to develop of a Statement of Business Ethics for contractors, the City already outlines requirements for suppliers to act with integrity in its procurement processes; for example it is an express term of the City's formal request for quotation and tender process that the intending supplier undertakes that they have not canvassed or communicated with any officer in connection with providing their quote / tender. For this reason, and as further outlined in the attached memo to the CEO (Attachment C), it is recommended that a Statement of Business Ethics not be developed.

Gifts

The GSR made six recommendations relating to gifts to employees. Of those, two are completed, the development and provision of guidance information on the City's intranet and establishment of a regular review of the gift register by the CEO and Senior Management Group. The remaining recommendations are pending, with the Amendment Bill enacting significant changes in relation to the disclosure and treatment of gifts. Officers will progress implementation of those changes over

the next three months via review of the codes of conduct and subsequent induction / training of staff and elected members.

Local laws

A total of nine recommendations were made for improvements to the City's local laws. Six were in relation to the review of the City's Standing Orders Local Law. These have been completed. A further recommendation was to consider the need for an Extractive Industries Local Law. Officers have considered this and, further to a briefing held with Council, and as per the attached memo to the CEO (Attachment D), officers do not consider that an extractive industries local law would usefully add controls which are not available under the planning scheme regime. Hence it is proposed that this recommendation is complete.

Officers are continuing to consider progression of a new local law under the *Bush Fires Act 1954* and expect to have completed this assessment by the end of October 2019. The final recommendation, to develop a new Council policy for the Property Local Law, is unlikely to be completed until the bulk of the current Council policies are reviewed.

Internal reporting

The GSR made two recommendations in relation to internal reporting – to document the CEO's expectation of Directors and the Directors' expectations for Managers within the organisation. In effect these recommendations require the formalisation of a more structured internal performance reporting system / methodology. Consideration is being given as to what sort of system / methodology might suit the City's needs, although this has had a reduced focus in light of other work priorities.

Other

While there were no recommendations in relation to delegations or employee culture, there is and has been a large amount of work undertaken in these two areas, with both identified internally as areas where improvement was required.

In relation to delegations, a number of gaps have been identified as compared to best practice and in response a number of delegations from Council to the CEO have been reviewed. Additionally delegations from the CEO to officers have also been reviewed and updated. A new delegations register which combines both levels of delegations has been developed and will be implemented post the statutory review of delegations in August 2019. Processes in relation to issuing of delegations have also been reviewed.

With respect to employee culture, the CEO, in 2018, determined that there was a need to better understand the current levels of engagement amongst staff and what impacts the organisational culture has on engagement and ultimately performance. Work has been underway in relation to this since mid-2018 and is progressing well.

CONCLUSION

This report presents an update on the progress of the implementation of the recommendations identified in the GSR. With a current total implementation percentage of 56.1% and a number of additional items significantly progressed, progress to date is considered to be satisfactory. A further twelve months will be required to complete implementation of all of the recommendations, noting that a number are pending finalisation of the amendments to the *Local Government Act 1995*.

OPTIONS

The Committee / Council could request that additional information is provided.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

Not applicable given the nature of this report and the recommendation.

OFFICER RECOMMENDATION

That the Council:

1. notes the progress of the implementation of the Governance Systems Review recommendations; and
2. acknowledges that 56% of recommendations have been implemented or addressed.

Appendix 1: Recommendations in table form

No.	Report No.	Topic	Recommendation in brief
1.1	4.5 (1)	Council	Resources on Hub to be updated
1.2	4.5 (2) (b)	Council	Link to all relevant LG operational guidelines
1.3	4.5 (2) (a)	Council	Select only relevant guidelines
1.4	4.5 (2) (c)	Council	Link to Local Government Act
1.5	4.5 (2) (d)	Council	Select only relevant Regulations
1.6	4.5 (2) (d)	Council	Link to Regulations
1.7	4.5 (2) (e)	Council	Select and link to all Local Laws
1.8	4.5 (2) (f)	Council	Select and link to all Council policies
1.9	4.5 (3)	Council	Make resources more user friendly
1.10	4.5 (4) (5)	Council	Put resources under appropriate headings
2.1	5.4 (1)	Policies and Procedures	Review all Council policies to meet new objectives
2.2	5.4 (2)	Policies and Procedures	Delete inappropriate Council policies
2.3	5.5 (1)	Policies and Procedures	Review all OPPs to meet new objectives
2.4	5.5 (2) (3)	Policies and Procedures	Develop new OPP with OPP guidelines
2.5	5.5 (4)	Policies and Procedures	Give new name to non OPP documents
2.6	5.5 (5) (6)	Policies and Procedures	Review 3 Protocols
3.1	6.4 (1)(2)(3)	Procurement and Tenders – Policies	Develop single Procurement Council policy
3.2	6.4 (4) (5)	Procurement and Tenders – Policies	Develop new OPP re: evaluation and selection criteria
3.3	6.4 (6)	Procurement and Tenders – Policies	Revise Regional Price Preference Policy to meet new objectives
3.4	6.4 (7)	Procurement and Tenders – Policies	Delegation to CEO to make Purchasing Policy
3.5	6.4 (8)	Procurement and Tenders – Policies	Report new Purchasing Policy to Council and put on website
3.6	6.7 (1)	Procurement and Tenders – Policies	Incorporate evaluation in publicly available report
3.7	6.7 (2)	Procurement and Tenders – Policies	Consider revealing all prices or successful price
4.1	7.3	Supporting Local Business –	City to consider need for review of Policies

		Policies	
5.1	8.4 (1) (2) (3) (4)	Contracts – Variations for Principal's Convenience	Develop new OPP to meet new objectives
6.1	9.4 (1)(2)	Contracts – Other Variations	Develop new OPP to meet new objectives
7.1	10.3 (1)(2)	Contracts – Appointment of Superintendent	Develop new OPP re appointment of superintendents
7.2	10.3 (3)	Contracts – Appointment of Superintendent	Consider appointment of panel
8.1	11.4 (1)(2) (3)(4)	Contracts – Contract Management	Develop new OPP re: contract management plans to meet new objectives
9.1	12.4 (1)	Contracts – Contract Documents	Adopt suite of standard contracts to meet new objectives
9.2	12.4 (5)	Contracts – Contract Documents	Develop new OPP
9.3	12.4 (6)	Contracts – Contract Documents	Provide training
9.4	12.4 (7)	Contracts – Contract Documents	Publish standard contracts and resources on intranet
10.1	13.4 (1)(2)(3)	Misconduct Prevention	Develop Misconduct Prevention Strategy to meet new objectives
10.2	13.4 (4)	Misconduct Prevention	New Strategy to be considered by Council
10.3	13.4 (5)	Misconduct Prevention	Develop new and separate Code for employees
10.4	13.4 (6)	Misconduct Prevention	Review PID Policy
10.5	13.4 (7)	Misconduct Prevention	Develop new Induction module
10.6	13.4 (8)	Misconduct Prevention	Conduct Training for existing employees
10.7	13.4 (9)	Misconduct Prevention	CEO and SMG to review new register
10.8	13.4 (10)	Misconduct Prevention	Consider appointment of Internal Auditor and define role, functions and oversight
10.9	13.4 (11)	Misconduct Prevention	Give Audit Committee new defined role.
10.10	13.8 (1)(a)	Misconduct Prevention	Review credit card policy and segregation
10.11	13.8 (1)(b)	Misconduct Prevention	Testing of key controls
11.1	14.4	Code of Conduct	Separate 3 Codes of Conduct to meet new objectives

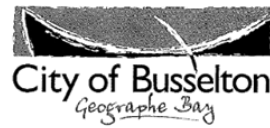
	(1)(2)(3) (4)		
11.2	14.4 (5)	Code of Conduct	Council to adopt Councillors Code and Committee Code
11.3	14.4 (6)	Code of Conduct	Delegation to CEO to prepare employees Code
11.4	14.4 (7)	Code of Conduct	Make new Code available
11.5	14.5 (1)(2) & 16.4 (6)	Code of Conduct	Replace Code for contractors with new Statement of Business Ethics
12.1	15.4 (1)	Gifts to Employees	Include new Gift training in Misconduct Prevention module
12.2	16.4 (2)	Gifts to Employees	Training for existing employees
12.3	15.4 (3)(4)	Gifts to Employees	Develop new Guidance notes and FAQs on intranet
12.4	15.4 (5)	Gifts to Employees	CEO and SMG to regularly review register
12.5	15.4 (7)	Gifts to Employees	Combine the 2 existing registers and publish on the website
12.6	15.4 (8)(9)	Gifts to Employees	Review content of Employees Code
13.1	16.2 (1)	Delegations	
14.1	17.2 (1)	Local Laws	Consider including urgent business in Standing Orders
14.2	17.2 (2)	Local Laws	Review suspension Clause in Standing Orders
14.3	17.2 (3)	Local Laws	Review motions with previous notice in Standing Orders
14.4	17.2 (4)	Local Laws	Consider new Revocation motion Clause and Implementation Clause in Standing Orders
14.5	17.2 (5)	Local Laws	Consider new Clause re: Questions from Members in Standing Orders
14.6	17.2 (6)	Local Laws	Delete Clauses 20.1, 20.2 and 20.3
14.7	17.3	Local Laws	Develop new Council Policy for Property Local Law
14.8	17.4	Local Laws	Consider need for new Extractive Industries Local Law
14.9	17.5	Local Laws	Consider preparing new Local Laws under Bushfires Act
15.1	18.4	Internal Reporting	Document CEO's expectations for Directors
15.2	18.5	Internal Reporting	Document Director's Expectations for Manager's
16.1	19.2	Employee Culture	No separate recommendation

No.	Report No.	Topic	Recommendation in brief	Status July 2019	Expected Completion Date	Comments
1.1	4.5 (1)	Council	Resources on Hub to be updated	Completed		
1.2	4.5 (2) (b)	Council	Link to all relevant LG operational guidelines	Completed		
1.3	4.5 (2) (a)	Council	Select only relevant guidelines	Completed		
1.4	4.5 (2) (c)	Council	Link to Local Government Act	Completed		
1.5	4.5 (2) (d)	Council	Select only relevant Regulations	Completed		
1.6	4.5 (2) (d)	Council	Link to Regulations	Completed		
1.7	4.5 (2) (e)	Council	Select and link to all Local Laws	Completed		
1.8	4.5 (2) (f)	Council	Select and link to all Council policies	Completed		
1.9	4.5 (3)	Council	Make resources more user friendly	Completed		
1.10	4.5 (4) (5)	Council	Put resources under appropriate headings	Completed		
						Note between this, SMP's and Protocols there are 159 documents to review – we have done 42. This review will also be slowed down to re look at the policy framework, educate people and improve the process.
2.1	5.4 (1)	Policies and Procedures	Review all Council policies to meet new objectives	Progressing	30-Jun-20	
2.2	5.4 (2)	Policies and Procedures	Delete inappropriate Council policies	Progressing	30-Jun-20	As per above comment
2.3	5.5 (1)	Policies and Procedures	Review all OPPs to meet new objectives	Progressing	30-Jun-20	This is going to take some time - remains 45 to review
2.4	5.5 (2) (3)	Policies and Procedures	Develop new OPP with OPP guidelines	Completed		
2.5	5.5 (4)	Policies and Procedures	Give new name to non OPP documents	Completed		
2.6	5.5 (5) (6)	Policies and Procedures	Review 3 Protocols	Progressing	31-Aug-19	To be included in the Councillor Manual
3.1	6.4 (1)(2)(3)	Procurement and Tenders – Policies	Develop single Procurement Council policy	Completed		
3.2	6.4 (4) (5)	Procurement and Tenders – Policies	Develop new OPP re: evaluation and selection criteria	Completed		
3.3	6.4 (6)	Procurement and Tenders – Policies	Revise Regional Price Preference Policy to meet new objectives	Completed		
3.4	6.4 (7)	Procurement and Tenders – Policies	Delegation to CEO to make Purchasing Policy	Not adopted		Left this as a Council Policy
3.5	6.4 (8)	Procurement and Tenders – Policies	Report new Purchasing Policy to Council and put on website	Completed		
3.6	6.7 (1)	Procurement and Tenders – Policies	Incorporate evaluation in publicly available report	Progressing	31-Aug-19	New Pro-Forma report being finalised
3.7	6.7 (2)	Procurement and Tenders – Policies	Consider revealing all prices or successful price	Progressing	31-Aug-19	Successful tenderer price only
4.1	7.3	Supporting Local Business – Policies	City to consider need for review of Policies	Completed		
5.1	8.4 (1) (2) (3) (4)	Contracts – Variations for Principal's Conv	Develop new OPP to meet new objectives	Pending	31-Dec-19	
6.1	9.4 (1)(2)	Contracts – Other Variations	Develop new OPP to meet new objectives	Pending	31-Dec-19	
7.1	10.3 (1)(2)	Contracts – Appointment of Superintende	Develop new OPP re appointment of superintendents	Completed	31-Jul-19	
7.2	10.3 (3)	Contracts – Appointment of Superintende	Consider appointment of panel	Completed		Not considered necessary given how often we appoint an external super
8.1	11.4 (1)(2) (3)(4)	Contracts – Contract Management	Develop new OPP re: contract management plans to meet new objectives		31-Oct-19	
9.1	12.4 (1)	Contracts – Contract Documents	Adopt suite of standard contracts to meet new objectives	Completed	27-Jun-19	
9.2	12.4 (5)	Contracts – Contract Documents	Develop new OPP	Pending	31-Oct-19	
9.3	12.4 (6)	Contracts – Contract Documents	Provide training	Pending	31-Oct-19	
9.4	12.4 (7)	Contracts – Contract Documents	Publish standard contracts and resources on intranet	Pending	31-Oct-19	
10.1	13.4 (1)(2)(3)	Misconduct Prevention	Develop Misconduct Prevention Strategy to meet new objectives	Pending	30-Jun-20	Can also be satisfied largely through review and training on Code of Conduct
10.2	13.4 (4)	Misconduct Prevention	New Strategy to be considered by Council	Pending	30-Jun-20	
10.3	13.4 (5)	Misconduct Prevention	Develop new and separate Code for employees	Progressing	31-Dec-19	In progress but awaiting outcomes of Amendment Bill
10.4	13.4 (6)	Misconduct Prevention	Review PID Policy		11-Jun-19	New Policy considered by P&L - not necessary. A Misconduct Prevention Policy will be drafted however as an interim step to developing a Misconduct Prevention Strategy
10.5	13.4 (7)	Misconduct Prevention	Develop new Induction module	Pending	30-Nov-19	To form part of overall review of Governance Induction / Code Training

10.6	13.4 (8)	Misconduct Prevention	Conduct Training for existing employees	Pending	30-Nov-19	To form part of overall review of Governance Induction / Code Training
10.7	13.4 (9)	Misconduct Prevention	CEO and SMG to review new register	Pending	30-Jul-20	
10.8	13.4 (10)	Misconduct Prevention	Consider appointment of Internal Auditor and define role, functions and oversight	Completed		Internal Auditor factored into future workforce plan
10.9	13.4 (11)	Misconduct Prevention	Give Audit Committee new defined role.	Pending	30-Jun-20	
10.10	13.8 (1)(a)	Misconduct Prevention	Review credit card policy and segregation	Completed		
10.11	13.8 (1)(b)	Misconduct Prevention	Testing of key controls	Completed		
11.1	14.4 (1)(2)(3)(4)	Code of Conduct	Separate 3 Codes of Conduct to meet new objectives	Pending	31-Oct-19	In progress but waiting on outcomes of amendment bill
11.2	14.4 (5)	Code of Conduct	Council to adopt Councillors Code and Committee Code	Pending	31-Oct-19	In progress but waiting on outcomes of amendment bill
11.3	14.4 (6)	Code of Conduct	Delegation to CEO to prepare employees Code	Not adopted		Delegation not required
11.4	14.4 (7)	Code of Conduct	Make new Code available	Pending	31-Oct-19	
11.5	14.5 (1)(2) & 16.4 (6)	Code of Conduct	Replace Code for contractors with new Statement of Business Ethics	Not adopted		Recommended that other mechanisms be used
12.1	15.4 (1)	Gifts to Employees	Include new Gift training in Misconduct Prevention module	Pending	30-Nov-19	To form part of overall review of Governance Induction / Code Training
12.2	16.4 (2)	Gifts to Employees	Training for existing employees	Pending	30-Nov-19	To form part of overall review of Governance Induction / Code Training
12.3	15.4 (3)(4)	Gifts to Employees	Develop new Guidance notes and FAQs on intranet	Completed		Will need to be updated once new employee code determined which will set new gift requirements
12.4	15.4 (5)	Gifts to Employees	CEO and SMG to regularly review register	Completed		Scheduled to occur 6 monthly
12.5	15.4 (7)	Gifts to Employees	Combine the 2 existing registers and publish on the website	Not adopted		While not accepted under the amendments to the act we will need to publish the 'new' gift register
12.6	15.4 (8)(9)	Gifts to Employees	Review content of Employees Code	Pending	31-Oct-19	
13.1	16.2 (1)	Delegations		N/A		
14.1	17.2 (1)	Local Laws	Consider including urgent business in Standing Orders	Completed		
14.2	17.2 (2)	Local Laws	Review suspension Clause in Standing Orders	Completed		
14.3	17.2 (3)	Local Laws	Review motions with previous notice in Standing Orders	Completed		
14.4	17.2 (4)	Local Laws	Consider new Revocation motion Clause and Implementation Clause in Standing Orders	Completed		
14.5	17.2 (5)	Local Laws	Consider new Clause re: Questions from Members in Standing Orders	Completed		
14.6	17.2 (6)	Local Laws	Delete Clauses 20.1, 20.2 and 20.3	Completed		
14.7	17.3	Local Laws	Develop new Council Policy for Property Local Law	Pending	30-Jun-20	
14.8	17.4	Local Laws	Consider need for new Extractive Industries Local Law	Completed	30-Jun-19	Considered and decided not required
14.9	17.5	Local Laws	Consider preparing new Local Laws under Bushfires Act	Pending	31-Dec-19	
15.1	18.4	Internal Reporting	Document CEO's expectations for Directors	Progressing	30-Sep-19	
15.2	18.5	Internal Reporting	Document Director's Expectations for Manager's	Progressing	30-Sep-19	
16.1	19.2	Employee Culture	No separate recommendation	N/A		

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INTERNAL MEMORANDUM

TO:	Mike Archer, Chief Executive Officer
SUBJECT:	Governance Services Review and Statement of Business Ethics
FROM:	Martyn Cavanagh, Manager Legal and Property Services
COPY TO:	Tony Nottle, Director Corporate and Finance Services Sarah Pierson, Manager Governance and Corporate Services
DATE:	28 June 2019

Mike

Précis

This memo seeks your acknowledgement of the City's administration relating to 'good corporate citizen' business ethics and your approval for the City to not develop an express public 'Statement of Business Ethics' as contemplated in Recommendation 14.5 of the Governance Services Review (GSR) prepared by Mr John Woodhouse in late 2017.

Background

The City presently has a Code of Conduct for Contractors.

The GSR made a number of detrimental observations about this Code. Recommendation 14.5 of the GSR referred to examples of a 'Statement of Business Ethics' on other council websites, and recommended that the City of Busselton prepare such a Statement to replace the City's current 'Code of Conduct for Contractors'.

Officer Comment

I have conferred with Sarah Pierson in preparing this memorandum.

There are two aspects to business ethics – City officers acting with integrity, and suppliers acting with integrity.

As to the first aspect, it is apparent that the Business Ethics Statements of other councils (such as City of Wanneroo) simply re-state basic principles and then refer to their Code of Conduct.

As to the second aspect, the City already approaches the requirement for suppliers to act with integrity in its procurement processes. In my submission this is more appropriate and effective, as it is in the course of the contracting process. For example, it is an express term of the City's formal RFQ and Tender Submission

processes that the intending supplier warrants (undertakes) that they have not canvassed or communicated with any officer in connection with providing their quote. Then when a supplier is selected and engaged, there is a contractual term relating to the delivery of services to the highest standard and the exercise of proper professional skill and service. Unethical behaviour would clearly not be consistent with this obligation.

In addition to the above, there has and will continue to be increased attention given to the revision of the City's Code of Conduct and misconduct prevention generally.

From a different perspective, the City is increasing its accountability on officers who procure goods and services in connection with raising purchase orders (new mandatory procurement process fields/references).

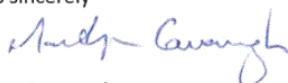
Unethical and fraudulent behaviour is minimised when intending participants have to go to extensive lengths to conceal their activities. Having regard to the City's current administration, in my view a generally 'repetitive' Statement of Business Ethics is not warranted and would serve mainly to distract officers and contractors from what are already well understood and applied principles.

Recommendation

It is recommended that the CEO approves the following:

1. The City notes the GSR Recommendations relating to replacing the Code of Conduct with a Statement of Business Ethics;
2. The City retains its current approach of using the procurement process, contractual terms/conditions and other administration to address ethical requirements of contractors.
3. The City does not at this time prepare a Statement of Business Ethics, and maintains its focus on good corporate citizen behaviour (including through the existing Code of Conduct, Culture Optimisation initiative and audit processes).
4. The City consider in due course, through its overall review of its Code of Conducts, revoking its Code of Conduct for Contractors.

Yours sincerely



Martyn Cavanagh
Manager Legal and Property Services

The abovementioned recommendation is endorsed by:



Tony Nottle
Director Finance and Corporate Services

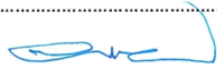
I hereby approve (with or without amendment) /
disapprove the abovementioned officer
recommendation.

CEO Comment/Notes:

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.....

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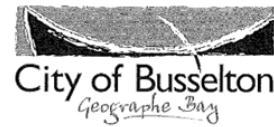


Mike Archer
Chief Executive Officer

Date: 2/7/2019

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INTERNAL MEMORANDUM

TO:	Mike Archer, Chief Executive Officer
SUBJECT:	Completion of Governance Services Review Recommendation 17.4 – Extractive Industries Local Law
FROM:	Sarah Pierson, Manager Governance and Corporate Services
COPY TO:	Paul Needham, Director Planning and Development Services Tony Nottle, Director Finance and Corporate Services Martyn Cavanagh, Legal Services Coordinator
DATE:	1 July 2019

Mike

The purpose of this memo is to inform you of the actions taken in relation to recommendation 17.4 of the Governance Services Review (GSR) carried out by Mr John Woodhouse, and to seek your support for the formal completion of the action.

The City's district contains land with valuable subterranean resources. The GSR therefore recommended that consideration be given to whether there is a need for a suitable Extractive Industries local law including whether a local law would usefully add controls which are not available under the planning scheme regime.

As part of an overall and ongoing review of extractive industry regulation by the City, this has now been considered by staff from planning and development services and legal services, who agree that an extractive industries local law would not usefully add controls and should not be progressed. The penalty quantum available under a proposed local law would be so small (\$5,000) that it would not act as a useful deterrent, whereas the planning scheme regime provides for penalties up to \$1 million. Additionally the City has a Dust and Building Waste Control Local Law which already provides relevant control for dust related issues.

In short, on detailed review, an extractive industry local law does not appear to provide effective powers that do not already exist via the town planning scheme or other local laws – what is missing is the more detailed policy, guidance and practice. What an extractive industry local law would do, however, is add a further layer of bureaucracy and an extra approval process – in addition to planning, environmental, water and mines safety regulation.

Councillors were provided with a briefing on the extractive industry regulation review on 22 May 2019 (see attached), which followed a very well attended forum for extractive industry owners and operators. Following both of those things, City officers are further investigating a range of changes to our approach to extractive industry regulation, and expect to hold a further form with industry and some broader community consultation, before asking to formally consider proposed changes to our regulatory framework.

For these reasons it is recommended that recommendation 17.4 be noted as completed.

Regards
Sarah

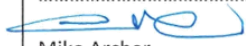
I hereby approve (with or without amendment) / ~~disapprove~~ the ~~noting~~ ^{approval} of recommendation 17.4 as complete. *but P/C will need to decide whether to implement or not.*

CEO Comment/Notes: *implement or not.*

.....

.....

.....


Mike Archer
Chief Executive Officer

Date: *2/7/2019*

Notes of City of Busselton Briefing Session

Topic:	Extractive Industry Policy Review Update				
Date:	22/5/19				
Facilitators:	Stephanie Navarro, Strategic Planning Officer Lee Reddell, Manager Planning Services				
	Cr Grant Henley, Mayor	✓	Cr Paul Carter		✓
	Cr John McCallum	✓	Cr Ross Paine		✓
	Cr Rob Bennett		Cr Kelly Hick		✓
	Cr Coralie Tarbotton	✓	Cr Lyndon Miles		✓
	Cr Robert Reekie	✓	Acting CEO – Naomi Searle		
Confidential:	No				
Attachment	Yes				
<u>Summary</u>					
Officer's provided Councillors with an update on the following:					
<ul style="list-style-type: none"> Briefing overview on current Scheme and Local Planning Policy provisions relating to Extractive Industry: Extractive Industry Regulation Review Workshop attended by owners and operators of extractive industries within the City of Busselton as well as officers from the City and Department of Water, Environment and Regulation. Explanation of key issues identified at this workshop as well as possible solutions, including: <ul style="list-style-type: none"> Roads <ul style="list-style-type: none"> Ability to use certain roads but not others. In ability to use school bus routes. Method for calculating road bonds and upgrades unclear. Approval process <ul style="list-style-type: none"> Length of approval and renewal process. Complexity of approval and renewal process. Length of process to obtain other licenses/approvals from other agencies. Noise <ul style="list-style-type: none"> Inconsistency with noise requirements to other uses in the Agricultural zone. Hydrology requirements <ul style="list-style-type: none"> Required separation distance from ground water table during extraction unnecessary. Final separation distance from ground water to ground level not appropriate. Increasing in cost and decreased availability of raw materials. Discussion on pros and cons of introducing a local law to supplement the current requirements. While this initially was considered to be a suitable option following further investigation is it not likely that the City will be perusing this as an option. Next steps and way forwarded, including: <ul style="list-style-type: none"> Continued development of revised Local Planning Policy Report to Council before end of year likely a directions paper however possibly draft LPP. Further consultation with industry & meetings with various State agencies including a meeting which has been arranged between the City with 					

representatives from DWER & DPIRD on 25 June 2019 to discuss separation distance to ground water table and rehabilitation

As a result of the above briefing session, the following actions will be undertaken:

- Next steps and way forwarded, including:
 - Continued development of revised Local Planning Policy
 - Report to Council before end of year likely a directions paper however possibly draft LPP.
 - Further consultation with industry & meetings with various State agencies including a meeting which has been arranged between the City with representatives from DWER & DPIRD on 25 June 2019 to discuss separation distance to ground water table and rehabilitation



Notes:

Taken by: Stephanie Navarro

Approved by Director: Yes

Approved by CEO: Yes

6.2 CITY OF BUSSELTON ANNUAL FINANCIAL REPORT - INTERIM AUDIT RESULTS FOR THE YEAR
ENDING 30 JUNE 2019

SUBJECT INDEX:	Annual Financial Report
STRATEGIC CONTEXT:	Key Goal Area: 6. LEADERSHIP Visionary, collaborative, accountable Objective: 6.1 Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Governance Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Governance Coordinator - Emma Heys
AUTHORISING OFFICER:	Director Finance and Corporate Services - Tony Nottle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Interim Audit Management Letter  

PRÉCIS

The City has received the Interim Audit results for the Annual Financial Report (Attachment A), for the year ending 30 June 2019 from the Office of the Auditor General.

The purpose of this report is to inform Council of the findings and recommendations made by the Auditor in the evaluation of the City's internal control environment, key business processes and risks that are relevant to the audit of the annual financial report and Managements response to those recommendations.

BACKGROUND

Pursuant to Section 7.9 of the *Local Government Act 1995* (the Act), an Auditor is required to examine the accounts and annual financial report submitted for audit and by the 31 December of the following year, prepare a report and forward a copy of that report to:

- (a) The Mayor or President;
- (b) The CEO of the local government; and
- (c) The Minister

In accordance with Regulation 10 (4) of the *Local Government (Audit) Regulations 1996*, where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's report, which is also to be forwarded to the persons specified in Section 7.9 of the Act.

The Office of Auditor General conducted an Interim Audit at the City offices on 13 – 15 May 2019 and provided an Interim Audit Management Letter dated 24 June 2019, detailing their findings on the effectiveness of the City's internal controls, key business processes and risks, relevant to select areas of audit of the annual financial report.

The detailed findings of each area of audit are described in the Officer Comment section of this report.

STATUTORY ENVIRONMENT

Matters relating to the Interim Audit Results for the Annual Financial Report, for the year ending 30 June 2019 are detailed within:

- The *Local Government Act 1995*;
- The *Local Government (Financial Management) Regulations 1996*; and
- The *Local Government (Audit) Regulations 1996*.

RELEVANT PLANS AND POLICIES

A number of plans and policies are relevant to the areas of audit and the resultant findings detailed within the Interim Audit Management Letter received from the Office of the Auditor General.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the officer recommendation.

LONG-TERM FINANCIAL PLAN IMPLICATIONS

There are no Long Term Financial Plan implications associated with the officer recommendation.

STRATEGIC COMMUNITY OBJECTIVES

The officer recommendation primarily aligns with the following Key Goal Area and Community Objective of the City of Busselton's Strategic Community Plan 2017:

Key Goal Area 6 – LEADERSHIP: Visionary, collaborative, accountable

6.1 Governance systems, processes and practices are responsible, ethical and transparent.

RISK ASSESSMENT

The Interim Audit is a risk control mechanism and the ratings and recommendations made in the Interim Audit Management Letter seek to mitigate the risks identified in the select audit areas, and as such, there are no identified risks associated with the officer recommendation.

CONSULTATION

No external consultation was considered necessary in relation to this matter.

OFFICER COMMENT

The Interim Audit Management Letter makes recommendations on the following audit areas:

- (a) General Journals;
- (b) Monthly Reconciliations;
- (c) Review of Council Minutes;
- (d) Receipting Procedures – Art Geo;
- (e) Council Policies; and
- (f) Lodgement of Annual Returns.

Ratings in the management letter are based on the Auditor's assessment of risks in relation to the consequential outcome if action is not taken. The rating key is as follows:

- (a) Significant – those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly;
- (b) Moderate – those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable; and
- (c) Minor – those findings that are not of primary concern but still warrant action being taken.

General Journals

The Auditor's given rating was Significant for this audit area and the recommendation was for all general journals to be signed as evidence of review and approval and for general journals to be retained in one register.

The recommendation is required to be completed by 31 July 2019.

In response to this finding, the development of a Staff Management Practice has been finalised.

Monthly Reconciliations

The Auditor's given rating was Moderate for this audit area and the recommendation was for all key accounts to be reconciled on a regular basis.

The recommendation is required to be completed by 31 August 2019.

In response to this finding, the development of a Staff Management Practice is being finalised and the creation of new reconciliation files is being undertaken.

Review of Council Minutes

A rating of Moderate was given for this audit area. The Auditor's recommendation to adopt a standard work practice of presenting minutes at the following Council meeting has already been implemented by staff.

The recommendation was required to be completed by 30 June 2019.

Receipting Procedures – Art Geo

The Auditor's given rating was Moderate and a recommendation to ensure proper signing and review by two employees has now been included in the procedure for Art Geo's daily banking reconciliations.

The recommendation was required to be completed by 30 June 2019.

Council Policies

A rating of Minor was given for this audit area.

The Auditor's finding was in reference to Sundry Debtors-Debt Recovery and Motor Vehicle policies not being reviewed in accordance with the scheduled review dates. Further, a recommendation was made in reference to the development of an outstanding debt collection policy, and more broadly, the review of policies and procedures in accordance with "stated dates, including updating references to applicable legislation and standards as changes arise".

The recommendation for the development of a new Council policy in respect to the collection of outstanding rates will be implemented through the Policy and Legislation Committee.

A scheduled program to review policy documents (meaning both Council and administrative level documents) is currently being developed.

Lodgement of Annual Returns

The Auditor's given rating was Minor. No further action is required to satisfy the recommendation that all annual returns for designated employees are to be lodged by 31 August each year, as a robust procedure has been implemented by staff to achieve this. The incidence reported by the Auditor was despite this procedure being implemented and was ultimately outside of the City's control.

The recommendation was required to be completed by 30 June 2019.

CONCLUSION

The City has received the Interim Audit Management Letter, detailing the findings of six audit areas and providing recommendations for each. Council are required to consider the findings, recommendations and the management responses of each of those audit areas. The Interim Audit Management Letter is provided at Attachment A for further information.

OPTIONS

The Council may request further information and action regarding each audit area.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

All actions resulting from the recommendations made in the Interim Audit Management Letter are either finalised or in the process of being completed by 30 September 2019.

OFFICER RECOMMENDATION

Council are required to consider the findings, recommendations and the Management responses of each of the six audit areas detailed within the Interim Audit Management Letter included at Attachment A.



Our Ref: 8253

City of Busselton	Application No	Receipt No	City of Busselton
	CIO ID		
	26 JUN 2019		
	Property ID	Doc ID	
	Retention		



7th Floor, Albert Facey House
469 Wellington Street, Perth

Mr Mike Archer
Chief Executive Officer
City of Busselton
Locked Bag 1
BUSSELTON WA 6280

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PO Box 8489
PERTH WA 6849

Tel: (08) 6557 7500
Fax: (08) 6557 7600
Email: info@audit.wa.gov.au

Dear Sir

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2019**

We have completed the interim audit for the year ending 30 June 2019. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management Control Issues

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the Mayor. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7640 if you would like to discuss these matters further.

Yours faithfully

CARLY MEAGHER
DIRECTOR FINANCIAL AUDIT
24 June 2019

Attach

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. General Journals	✓		
2. Monthly Reconciliations		✓	
3. Review of Council Minutes		✓	
4. Receipting Procedures- Art Geo		✓	
5. Council Policies			✓
6. Lodgment of Annual Returns			✓

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

CITY OF BUSSELTON**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****1. General Journals****Finding**

We note the following in respect to general journals;

- Prior to April 2019, not all general journals were subject to independent review prior to posting; and
- A central register of all supporting documentation for general journals is not maintained, each officer who processes general journals maintains their own file of supporting documentation.

Rating: Significant**Implication**

Without evidence of independent review and approval of journal entries, there is an increased risk of fraud and error, and non-compliance with Regulation 5(1) of the Local Government (Financial Management) Regulations 1995.

Recommendation

All general journals should be signed to evidence review and approval by someone independent of the processing function. We also recommend general journals be retained in one register.

Management Comment

The City acknowledges staff practices did not always include independent review of all journals prior to posting. This issue was identified by staff some months ago and work practices altered prior to the completion of the interim audit. A draft Staff Management Practice on the proper handling of journals had been developed and will be officially enacted. The value of retaining all paper copies of general journals on a central register is being evaluated, as it is a concern that their removal from some work areas will reduce working efficiency.

Responsible Officer:

Jeffrey Corker, A/Manager Financial Services

Completion Date:

31 July 2019

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

2. Monthly Reconciliations

Finding

We noted the following in respect of monthly reconciliations:

- Each officer who completes monthly reconciliations maintain their own separate file containing the reconciliation and supporting documentation;
- Loans are reconciled to WA Treasury loan confirmations periodically throughout the year however these reconciliations and any related reconciliations prepared in respect to self-supporting loans are not subject to independent review on a regular basis;
- Rateable value reconciliations are completed by the rates officers when a Landgate schedule is received, however these reconciliations are not subject to independent review prior to the raising of interim rates; and

Rating: Moderate**Implication**

By not having an independent review of reconciliations there is an increased risk of error. In addition, reconciliations should be prepared on a regular basis to enable effective monitoring and to ensure that any errors are picked up and corrected quickly.

Recommendation

We recommend all key accounts are reconciled on a regular basis (at least monthly) and reconciliations are signed as evidence of independent review occurring.

Management Comment

Key accounts are reconciled on a monthly basis (assets, bank accounts, accounts payable, rates and accounts receivable), however it is acknowledged these are not maintained on a central register. It is normal practice that these are independently reviewed, however it is acknowledged that a small amount were not signed during the past year. The reconciliation process is to be reviewed, with a written procedure to be developed.

Responsible Officer:

Jeffrey Corker, A/Manager Financial Services

Completion Date:

31 August 2019

ATTACHMENT

CITY OF BUSSELTON**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****3. Review of Council Minutes****Finding**

Council minutes for the meetings held throughout the period of July 2018 to 13 March 2019 were subsequently signed by the City Mayor and dated 27 March 2019, indicating the review and approval of minutes did not occur in a timely manner.

Rating: Moderate**Implication**

By not formally approving Council minutes, there is an increased risk that there may be errors on the public record that are not picked up before publishing.

Recommendation

We recommend Council meeting minutes be presented at the subsequent Council meeting and physically signed and dated by the Mayor as evidence of Council's endorsement.

Management Comment

The City acknowledges that standard work practices were not followed as a result of a staff change, and the signing of some Council Minutes was not completed in a timely manner. Procedures have been enacted to ensure this is not repeated.

Responsible Officer:

Sarah Pierson, Manager Governance and Corporate Services

Completion Date:

30 June 2019

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

4. Receipting Procedures - Art Geo

Finding

Art Geo daily banking reconciliations are signed by preparer, however no independent review is completed by a second employee prior to monies being banked.

Rating: Moderate**Implication**

By not having an independent review of daily banking reconciliations before monies are banked, there is a significantly increased risk of fraud and error.

Recommendation

We recommend daily banking reconciliations are signed by the preparer and a second employee to evidence independent review across all cash collection point managed by the City.

Management Comment

A software change at ArtGeo resulted in the accounts keeping system producing new end of day reports. The lack of a place to sign the banking sheet was a simple oversight by staff. Once identified staff were immediately requested to ensure that the daily banking reconciliations were signed.

Responsible Officer:

Jeffrey Corker, A/Manager Financial Services

Completion Date:

30 June 2019

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

5. Council Policies

Finding

We noted the following policies which have not been reviewed in accordance with the scheduled review dates:

- Sundry Debtors- Debt Recovery; and
- Shire Motor Vehicles.

We also noted the City does not currently have a debt collection policy for rate debtors.

Rating: Minor**Implication**

Risk of policy being out of date and non-compliance with stated policy.

Lack of guidance in respect to recovery of outstanding rates.

Recommendation

We recommend policies and procedures are reviewed in accordance with stated dates, including updating references to applicable legislation and standards as changes arise. We also recommend a policy is developed in relation to the collection of outstanding rates.

Management Comment

The City is currently undertaking a complete systematic review of all Policies. More specifically, the Motor Vehicle Policy was already in the process of undergoing a major review and rewrite, and will be formally readopted in due course. The Sundry Debtors – Debt Recovery Policy remains appropriate, and will be formally readopted in due course. The lack of a debt collection policy for rates debtors had already been identified by the Rates Coordinator, and discussions with staff and then in turn Council to develop such a policy have already begun.

Responsible Officer:

Sarah Pierson, Manager Governance and Corporate Services

Completion Date:

Generally ongoing, Motor Vehicle Policy – 31 August 2019, Rates Debt Collection Policy – 30 September 2019

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2019

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

6. Lodgment of Annual Returns

Finding

As disclosed within the City of Busselton's 2018 Compliance Audit Return; the annual return for one designated employee was not lodged by 31 August as required by section 5.76 of the *Local Government Act 1995*.

Rating: Minor**Implication**

By not lodging all annual returns by 31 August, the City has breached section 5.76 of the *Local Government Act 1995*.

Recommendation

An annual return is to be lodged for all designated employees by 31 August each year as required by section 5.76 of the *Local Government Act 1995*.

Management Comment

Already acknowledged.

However, the process once the return was received post the due date affected employee was appropriately reported to the PSC and the Department.

Responsible Officer:

Sarah Pierson, Manager Governance and Corporate Services

Completion Date:

30 June 2019

7. **GENERAL DISCUSSION ITEMS**
8. **NEXT MEETING DATE**
9. **CLOSURE**