



City of Busselton
Geographe Bay

Audit Committee Agenda

14 March 2019

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST

city@busselton.wa.gov.au

CITY OF BUSSELTON

MEETING NOTICE AND AGENDA – 14 MARCH 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 Thursday, 14 March 2019, commencing at 9.30am.

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

8 March 2019

CITY OF BUSSELTON

AGENDA FOR THE AUDIT COMMITTEE MEETING TO BE HELD ON 14 MARCH 2019

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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 21 November 2018**

RECOMMENDATION

That the Minutes of the Audit Committee Meeting held 21 November 2018 be confirmed as a true and correct record.

6. REPORTS

6.1 COMPLIANCE AUDIT REPORT 2018

SUBJECT INDEX:	Reporting and Compliance
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Governance Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Governance Coordinator - Emma Heys Administration Officer - Governance - Kate Dudley
AUTHORISING OFFICER:	Director Finance and Corporate Services - Tony Nottle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A Compliance Audit Return 2018 

PRÉCIS

The Compliance Audit Return (CAR) is a statutory reporting tool that seeks to evaluate the City's compliance with targeted sections of the Local Government Act 1995 during the period 1 January 2018 to 31 December 2018.

The City has completed the CAR and it is included in this report at Attachment A for consideration by the Audit Committee. The completed CAR is recommended for adoption, after which it will be lodged with the Department of Local Government, Sport and Cultural Industries (the Department) as required by 31 March 2019.

BACKGROUND

The Department has made available the 2018 CAR for completion by local governments.

Section 7.13 of the Act requires a local government to complete the CAR in the form specified by the Department. The Local Government Audit Regulations require the CAR to be considered by the Audit Committee and Council prior to being submitted to the Department by 31 March.

STATUTORY ENVIRONMENT

Section 7.13 of the Local Government Act 1995 provides for the making of Regulations as to Audits.

Regulation 13 of the Local Government (Audit) Regulations 1996 sets out the prescribed statutory requirements for which the compliance audit needed. Regulation 14 and 15 state as follows:

14. *Compliance audits by local governments*

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local governments audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (4) *After the audit committee has reported to the council under sub regulation (3A), the compliance audit report is to be –*

- (a) presented to council at a meeting of the council; and
- (b) adopted by council; and
- (c) recorded in the minutes of the meeting at which it is adopted.

15. Compliance audit return, certified copies of etc. to be given to Executive Director.

- (1) After the compliance audit report has been presented to the council in accordance with regulation 14(3) a certified copy of the return, together with –
 - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Executive Director by 31 March next following the period to which the return relates.
- (2) In this regulation – **certified** in relation to a compliance audit means signed by –
 - (a) the mayor or president; and
 - (b) the CEO.

RELEVANT PLANS AND POLICIES

There are no relevant plans or policies to consider in relation to this matter.

FINANCIAL IMPLICATIONS

There are no budget 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

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework. Risks are only identified where the individual risk, once controls are identified, is medium or greater. No such risks have been identified with the CAR reflecting a high level of compliance.

CONSULTATION

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

OFFICER COMMENT

In completing the CAR, relevant officers designated by the Chief Executive Officer have undertaken an audit of the City's activities, practices and procedures in line with the Act and its associated Regulations.

The internal audit is summarised in Table 1 below:

Compliance Area	Compliant
Commercial Enterprises by Local Government	YES
Delegation of Power and Duty	YES
Disclosure of Interest	NO (minor delays in compliance only)**
Disposal of Property	YES
Finance	YES
Integrated Planning and Reporting	YES
Local Government Employees	YES
Official Conduct	YES
Tenders for Providing Goods and Services	YES

Where required, additional commentary has been provided in response to questions in the CAR, also included in Attachment A.

The CAR represents a high level of compliance by the City.

With regards to disclosures of interest, one annual return was not lodged by a designated employee within the required timeframe. The City took all appropriate and required steps with respect to this matter and considers this a delay in compliance only. Additionally one primary return was not submitted within the required timeframe due to the employee not commencing with the City on a full time basis initially. This is considered a minor delay in compliance only. Additional information regarding the noncompliance has been included in Attachment A.

CONCLUSION

It is recommended that the Council adopts the CAR for submission to the Department prior to 31 March 2019.

OPTIONS

Council may choose to request further information from officers prior to adopting the CAR, however the CAR must be completed endorsed by Council and submitted to the Department prior to 31 March 2019.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The CAR will be lodged with the Department prior to 31 March 2018.

OFFICER RECOMMENDATION

That Council, having reviewed the 2018 Compliance Audit Return, adopt the 2018 Compliance Audit Return and authorises the Mayor and Chief Executive Officer to sign in joint the certificate.

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



Department of
Local Government, Sport
and Cultural Industries

Busselton - Compliance Audit Return 2018

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	NA	The City has not in 2018 entered into any undertaking of the type contemplated by the section.	Director of Finance and Corporate Services
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	NA	As above	Director of Finance and Corporate Services
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	NA	As above	Director of Finance and Corporate Services
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	NA	As above	Director of Finance and Corporate Services
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	NA	As above	Director of Finance and Corporate Services

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



Department of
Local Government, Sport
and Cultural Industries

Busselton - Compliance Audit Return 2018

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		Manager of Governance and Corporate Services
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Manager of Governance and Corporate Services
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Manager of Governance and Corporate Services
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Manager of Governance and Corporate Services
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	Yes	8 August 2018 – C1808/150	Manager of Governance and Corporate Services
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		Manager of Governance and Corporate Services
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Manager of Governance and Corporate Services
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Manager of Governance and Corporate Services
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Manager of Governance and Corporate Services
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Manager of Governance and Corporate Services
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Manager of Governance and Corporate Services
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes	8 August 2018 – C1808/150	Manager of Governance and Corporate Services
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		Manager of Governance and Corporate Services

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



Department of
Local Government, Sport
and Cultural Industries

Busselton - Compliance Audit Return 2018

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		Manager of Governance and Corporate Services
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Manager of Governance and Corporate Services
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Manager of Governance and Corporate Services
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Manager of Governance and Corporate Services
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes (with the exception of one delay in lodgement – see explanation under comments)	Employee commenced initial employment with the City of Busselton (CoB) under contract and while in the process of finalising work commitments with previous employer. At full employment with CoB, the employee lodged a Primary Return with CoB.	Manager of Governance and Corporate Services
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Manager of Governance and Corporate Services
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	No (one return was not lodged by 31 August 2018 - refer to attachments for explanation and subsequent actions taken)	Refer to attachments for explanation and subsequent actions taken.	Manager of Governance and Corporate Services
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written	Yes		Manager of Governance and Corporate Services

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



Department of
Local Government, Sport
and Cultural Industries

		acknowledgment of having received the return.		
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes	Manager of Governance and Corporate Services
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes	Manager of Governance and Corporate Services
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes	Manager of Governance and Corporate Services
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes	Manager of Governance and Corporate Services
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes	Manager of Governance and Corporate Services
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes	Manager of Governance and Corporate Services
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes	Manager of Governance and Corporate Services
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	Manager of Governance and Corporate Services

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



Department of
Local Government, Sport
and Cultural Industries

Busselton - Compliance Audit Return 2018

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		Manager of Governance and Corporate Services
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Manager of Governance and Corporate Services
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Manager of Governance and Corporate Services
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Executive Assistant – Finance & Corporate Services
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes (with the exception of one delay in lodgement – see explanation under comments)	Employee commenced initial employment with the City of Busselton (CoB) under contract while in the process of finalising work commitments with previous employer. At full employment with CoB, the employee lodged a Primary Return with CoB.	Executive Assistant – Finance & Corporate Services
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Executive Assistant – Finance & Corporate Services
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	No (one return was not lodged by 31 August 2018 - refer to attachments for explanation and subsequent actions taken)	Refer to attachments for explanation and subsequent actions taken.	Executive Assistant – Finance & Corporate Services
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written	Yes		Executive Assistant – Finance & Corporate Services

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



Department of
**Local Government, Sport
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		acknowledgment of having received the return.		
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes	Manager of Governance and Corporate Services
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes	Manager of Governance and Corporate Services
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes	Executive Assistant – Finance & Corporate Services
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes	Executive Assistant – Finance & Corporate Services
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes	Manager of Governance and Corporate Services
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	Yes	Manager of Governance and Corporate Services
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	Yes	Manager of Governance and Corporate Services
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	Executive Assistant – Finance & Corporate Services

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



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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		Director of Finance and Corporate Services
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		Director of Finance and Corporate Services

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



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Busselton - Compliance Audit Return 2018

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		Manager Finance Services
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		Manager Finance Services
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Manager Finance Services
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		Manager Finance Services
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes		Manager Finance Services
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	Yes		Manager Finance Services
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken by the local government, was that action undertaken.	N/A		Manager Finance Services
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9(1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A		Manager Finance Services
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9(1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A		Manager Finance Services
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Manager Finance Services
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Manager Finance Services

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



Department of
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12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Manager Finance Services
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	Manager Finance Services
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	Manager Finance Services
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government's systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	Yes	Manager Finance Services
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	N/A	Manager Finance Services

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



Department of
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Busselton - Compliance Audit Return 2018

Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	25 July 2018	Manager, Governance and Corporate Services
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Manager, Governance and Corporate Services
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	12 April 2017	Manager, Governance and Corporate Services
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No	We are currently conducting our 2 year desktop review	Manager, Governance and Corporate Services
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	26 June 2013 There have been asset plans adopted since this date, however these have covered individual asset classes and not all assets together	Manager, Governance and Corporate Services
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	28 March 2018. Note this plan is currently being reviewed.	Manager, Governance and Corporate Services
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	Endorsed by Council 8 November 2017. Note the full review of this plan was deferred in 2018 pending a staff engagement survey, although the review of projected workforce needs was completed. A full review of the plan is now underway, informed by the staff engagement results.	Manager, Governance and Corporate Services

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



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Busselton - Compliance Audit Return 2018

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		Manager of Governance and Corporate Services
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes		Manager of Governance and Corporate Services
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		Manager of Governance and Corporate Services
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		Manager of Governance and Corporate Services
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes		Manager of Governance and Corporate Services

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



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Busselton - Compliance Audit Return 2018

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.	Yes		Director Finance and Corporate Services
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	None have been received	Director Finance and Corporate Services
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	None have been received	Director Finance and Corporate Services
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes	None have been received	Director Finance and Corporate Services
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	None have been received	Director Finance and Corporate Services
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	None have been received	Director Finance and Corporate Services

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



Department of
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Busselton - Compliance Audit Return 2018

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	In the 2017 Report the situation was identified where for various unexpected (mainly operational) reasons the City had to extend the scope of the projects for which two consultants had been engaged. It was in the City's best interest to extend these consultants' contracts pursuant to F&G Reg 11(2)(f). The contractual arrangements for that extended scope carried into 2018 calendar year.	Manager Legal and Property Services
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	The City did not enter into two or more contracts for purposes of avoiding the requirements under F&G Reg 11(1).	Manager Legal and Property Services
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes	Details of the Statewide public notice for each invitation to tender is included in the City's Tenders Register.	Manager Legal and Property Services
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	See copies of the Statewide public notices for each invitation to tender in the City's Tenders Register, together with the City's records maintained in respect of the operation of the tender process through Tenderlink.	Manager Legal and Property Services
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	The City has kept a record of each person requesting tender documents and each such person (or each acceptable tenderer, as the case may be) had been notified in writing of any variation and	Manager Legal and Property Services

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



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					where practicable, requested to formally acknowledge receipt of such notice.	
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		The City utilised an online submission process. Under this process all tenders received remained sealed (in-accessible) until the tender closing time. Members of the public were at all times allowed to attend tender openings. At all relevant times at least two City employees attended opening of tenders. The names of tenderers were immediately recorded in the City's Tenders Register.	Manager Legal and Property Services
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		Any tenders not submitted at the place and within the time specified in the invitation for tenders, were marked as such and rejected by the City.	Manager Legal and Property Services
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		All tenders not rejected were assessed by an evaluation panel by means of a written evaluation of the extent to which it satisfied the criteria for deciding which tender would be the most advantageous to accept.	Manager Legal and Property Services
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		See the City's Tenders Register	Manager Legal and Property Services
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Notices advising particulars of the successful tenders or advising that no tender was accepted were sent to each tenderer.	Manager Legal and Property Services
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		The only preliminary selection process under Reg 21 & 22 for this year was EOI 01-18 Construction of the City Centre Eastern Link – Stage 1.	Manager Legal and Property Services

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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	Any Expressions of Interest not submitted at the place and within the time specified in the invitation for tenders, were marked as such and rejected by the City.	Manager Legal and Property Services
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.	Not finalised in 2018	The process had not reached that point by 31 December 2018. The requirement will be satisfied in 2019.	Manager Legal and Property Services
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	Not finalised in 2018	The process had not reached that point by 31 December 2018. The requirement will be satisfied in 2019.	Manager Legal and Property Services
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes	A copy of the Statewide public notice of each invitation to apply to join a panel is included in the City's Tenders Register.	Manager Legal and Property Services
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	Yes	See details of the Statewide public notices for each invitation to apply to join a panel in the City's Tenders Register.	Manager Legal and Property Services
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	Yes	All applications to join a panel of pre-qualified suppliers remained sealed until the closing time. Members of the public were at all times allowed to attend openings. At all relevant times at least two City employees attended opening of applications. The names of all applicants who lodged submissions were immediately recorded in the City's Tender Register.	Manager Legal and Property Services
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	Yes	The City of Busselton uses the Tenderlink platform to satisfy this requirement.	Manager Legal and Property Services
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not	N/A	No Applications were rejected.	Manager Legal and Property Services

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		submitted at the place, and within the time specified in the invitation for applications.			
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	Yes	All applications were assessed by means of pre-determined written evaluation criteria	Manager Legal and Property Services
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	Yes	See the City's Tender Register.	Manager Legal and Property Services
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	Yes	These notices are recorded in the City's records management system.	Manager Legal and Property Services
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	Yes	The City reviewed its Regional Price Preference Policy. On 25 July 2018 Council adopted a draft revised Policy for the purposes of giving notice under regulation 24E(1)(b). On 10 October 2018 Council adopted the new Regional Price Preference Policy. The City's Regional Price Preference Policies, as they applied at relevant times, were adopted and applied in accordance with F&G Regs 24E & 24F.	Manager Legal and Property Services
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	Yes	The City's existing Regional Price Preference Policy was adopted and applied in accordance with F&G Reg 24F.	Manager Legal and Property Services
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes	The City's Purchasing Policy had been reviewed and up-dated in 2016 in accordance with the changes to the F&G Regs which came into effect on 1 October 2015. The City reviewed its Purchasing Policy on 25 July 2018 Council adopted a new	Manager Legal and Property Services






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Purchasing Policy as a
replacement of the
former policy.

6.2 OFFICE OF THE AUDITOR GENERAL AUDIT - SUPPLIER MASTER FILES

SUBJECT INDEX:	Reporting and Compliance
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Finance and Corporate Services
REPORTING OFFICER:	Director Finance and Corporate Services - Tony Nottle
AUTHORISING OFFICER:	Director Finance and Corporate Services - Tony Nottle
VOTING REQUIREMENT:	Simple Majority
ATTACHMENTS:	Attachment A Letter of 27 September 2018 from OAG re Focus Audit - Management of Supplier Master Files ↓ 
	Attachment B Preliminary Report from OAG on Findings Identified Arising from Focus Audit ↓ 
	Attachment C Response Letter of 18 February 2019 from Office of the Mayor to OAG's Draft Report to Parliament ↓ 
	Attachment D Draft Report to Parliament - Summary of Findings from OAG Arising from Focus Audit ↓ 
	Attachment E Parliamentary Report Amended Commentary - City of Busselton ↓ 

PRÉCIS

The Office of the Auditor General (OAG) have recently undertaken an audit of the City's Supplier Master Files as part of a recent focus audit which included Local and State Government agencies. The results of the audit, and subsequent amendments to the City's processes are presented to the Audit Committee for their information.

BACKGROUND

On the 27 September 2018, the Mayor received a letter from the OAG (*Refer Attachment 1*) advising that the City of Busselton had been selected to be the subject of a focus audit in relation to the management of Supplier Master Files. The objective and scope was outlined which included, (but not limited to):

1. *Do entities have appropriate policies, procedures and controls over the creation and management of their Supplier Master File used in the payment process?*
2. *Do entities effectively implement these policies, procedures and controls?*
3. *Is the Supplier Master File operating to promote effective accounts payable processes, reduce the risk of fraud, duplicate payments and other errors?*

The City of Busselton was selected along with 4 other local governments and 5 other state government agencies for the subject of this audit.

OAG representatives met with the CEO, Director of Finance and Corporate Services and the Manager of Finance to discuss the process and requirements for the audit on the 19 October 2018 at the City of Busselton offices.

City officers provided the OAG with the required information prior to the audit site visit that took place between 22 and 24 October 2018.

A preliminary report was provided to the Manager of Finance (*Refer Attachment 2*). The City was asked to respond to 3 findings in relation to:

1. Policies and Procedures;
2. Management of Supplier Master Files; and
3. Monitoring and Compliance.

The OAG has now completed their report and provided an opportunity for comment prior to the report being tabled in Parliament. Comments have since been provided via the Mayor (*Refer Attachment 3*).

STATUTORY ENVIRONMENT

The *Local Government Amendment (Auditing) Act 2017* now makes the Auditor General responsible for financial and performance auditing of local governments.

As a result of the changeover of responsibility from the local government to the Auditor General, a decision has been made by the OAG to commence some focus audits on key activities. This particular focus audit will make recommendations and also provide a report to Parliament.

This particular audit is not part of the City's annual financial or performance audits which occur at separate times.

RELEVANT PLANS AND POLICIES

This particular audit required consideration and review of the Purchasing Policy as well as numerous procedures in relation to creditor file establishment, control and maintenance.

FINANCIAL IMPLICATIONS

There are no financial implications in relation to this item.

LONG-TERM FINANCIAL PLAN IMPLICATIONS

There are no long term financial plan implications in relation to this item.

STRATEGIC COMMUNITY OBJECTIVES

This matter principally aligns with Key Goal Area 6 – Leadership of the City's Strategic Community Plan 2017 and more specifically Community Objective 6.1: Governance systems, process and practices are responsible, ethical and transparent.

RISK ASSESSMENT

There are no identified risks of a medium or greater level.

CONSULTATION

While no further consultation is required, clarification was sought regarding certain aspects of the OAG's findings around what constituted an "authorisation for payment." Following clarification and correspondence sent via the Mayor, additional commentary has been added to the final report that the OAG will be presenting to Parliament.

OFFICER COMMENT

The OAG focus audit was undertaken in October 2018 with the assistance of key Finance & Corporate Services staff. Various documentation, procedures and data were provided to the OAG officers to assist with their processes.

The initial report provided to the City indicated 3 findings to be considered by the City. OAG Officers have also provided an assessment of these findings and categorised them into 3 separate risk categories which are deemed to be of either minor, moderate or significant risk to the organisation. The City was required to provide a response to each section indicating the treatment actions and responses from City Management.

A copy of these responses is provided within the attached Management Letter in *Attachment 2*.

Council officers did provide further detail and information via the Mayor's response to clarify two points:

1. the requirement for an independent officer to ensure supplier information is correct and accurate; and
2. officers with the ability to amend a creditor file are not able to approve payments.

In relation to the first point, the City has been able to implement an additional review and checking procedure to ensure this is the case.

Our IT system is able to separate individual employee's access to ensure that those who approve payments cannot amend supplier information. However, it is difficult on occasion within a relatively small team to separate all duties. City staff clarified with the OAG at which point a payment is actually "approved."

At the City, there is still another final step before funds are released to the suppliers which occurs outside of the finance system. If a payment is made via a cheque, two separate people are required to sign the cheque which occurs after the payment is authorised in the system.

If the payment is made via an electronic funds transfer (EFT) there is another step after the payment is authorised in the system whereby 2 individual employees supply their passwords and codes to release the funds. It was felt that while there was the risk of an employee authorising payments who also has the ability to amend creditor master files, there is another checking mechanism prior to the releasing of funds.

In light of the concerns, however, we have instigated changes to the accessibility of the user profiles to reduce the risk.

Overall the focus audit has enabled the City to improve its management of Creditor Master Files and reduce its risk. Some of the tasks that have been undertaken since the audit include:

- Independent review mechanisms are now in place for new supplier records;
- Instructions and procedures prepared to address legacy, obsolete and duplicate supplier records;
- User profiles amended to reduce the amount of staff able to amend records and authorise payments; and
- Review undertaken to update existing master files to ensure all necessary information is collected and the removal of obsolete (greater than 2 years of non-activity) Creditor Master Files is undertaken.

The tasks required to be undertaken have been completed and there will be an ongoing requirement to continue to review the Creditor Master Files on a regular basis.

At the conclusion of this process the Mayor was asked to respond to the OAG's Draft Report to Parliament (*Refer Attachments 3 & 4*).

As a result of these responses, the Report to Parliament from the OAG has included additional commentary which is highlighted in *Attachment 5*.

CONCLUSION

This report has been provided to inform the Audit Committee of the recent focus audit that took place at the City of Busselton. Improvements have been made to ensure the risk of fraud and error is minimised.

This audit was part of an overall Focus Audit across both Local and State Governments.

OPTIONS

The Committee is only being asked to receive and acknowledge the report. The Committee may consider requesting further information in relation to the current procedures of the City in relation to Master Creditor Files.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The actions required and recommended out of the OAG Focus Audit have already been implemented.

OFFICER RECOMMENDATION

That the Audit Committee acknowledge and receive the report on the Office of the Auditor General's Focus Audit undertaken at the City of Busselton for the period 1 January 2018 – 30 September 2018 in relation to the Management of Supplier Master Files.

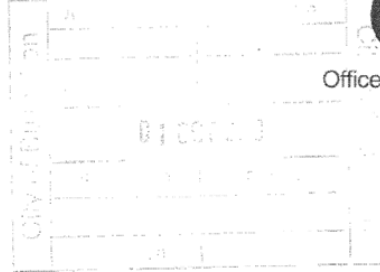
Letter of 27 September 2018 from OAG re Focus Audit -
Management of Supplier Master Files

①



Our Ref: 8170

Mayor Grant Henley
City of Busselton
Locked Bag 1
BUSSELTON WA 6280



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469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

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Email: info@audit.wa.gov.au

Dear Sir

FOCUS AUDIT – MANAGEMENT OF SUPPLIER MASTER FILES

As you will be aware, the *Local Government Amendment (Auditing) Act 2017* makes the Auditor General responsible for the financial and performance auditing of local governments.

Your local government has been selected as part of our focus area audit looking at management of supplier master files. The results of our audit, which will include about 5 local governments and 5 state government agencies, will be summarised and tabled in Parliament.

The audit will focus on the areas outlined in Attachment A.

Focus audits assess how well common control and business practices are performed. The findings provide an insight into good practice and recommendations for improvement, so all local and state governments, including those not audited, can consider their own performance. I have included an information fact sheet which provides more details on focus audits.

We will make contact with your office's Chief Executive Officer shortly to arrange a meeting. In the meantime, if you have any questions about the audit, please contact me on 6557 7716.

We appreciate that you and your organisation are unlikely to have been involved with a focus audit previously. Please let us know if you have any concerns or questions and please be reassured that we will work with you to ensure a 'no surprises' audit.

Yours sincerely


SUBHA GUNALAN
ACTING SENIOR DIRECTOR
FINANCIAL AUDIT
27th September 2018

Attach

ATTACHMENT A

MANAGEMENT OF SUPPLIER MASTER FILES

Proposed Objective and Scope

The objective of this audit is to determine if policies, procedures and controls over the supplier master file promote effective accounts payable processes.

Our focus for the audit will include, but not be limited to:

1. Do entities have appropriate policies, procedures and controls over the creation and management of their supplier master file used in the payment process?
2. Do entities effectively implement these policies, procedures and controls?
3. Is the supplier master file operating to promote effective accounts payable processes, reduce the risk of fraud, duplicate payments and other errors?

Proposed Approach

The audit approach will involve:

- Liaison with staff to gain an understanding of policies, procedures and controls over the supplier master file.
- A review of policies and practices for management of the supplier master file.
- A review of the controls associated with the supplier master file.
- Informal progress briefings with nominated liaison(s) including discussion on emerging findings.
- Issuing a draft management letter containing our findings for management comments.
- Issuing a draft report and seeking agency's comments prior to tabling the report in Parliament.

ATTACHMENT

2

CITY OF BUSSELTON

PERIOD OF AUDIT: 1 JANUARY TO 30 SEPTEMBER 2018

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT – MANAGEMENT OF SUPPLIER
MASTER FILES**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Policies and procedures		✓	
2. Management of supplier master files	✓		
3. Monitoring and compliance		✓	

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: 1 JANUARY TO 30 SEPTEMBER 2018

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT – MANAGEMENT OF SUPPLIER
MASTER FILES**

1. Policies and procedures

Finding

We reviewed the City of Busselton's *Maintenance of the payment details of a creditor and Procedure – Adding and editing a supplier* (the "procedures") and noted the following:

- no requirement for an independent review of new supplier records created
- no instructions for maintaining appropriate documentary evidence supporting the creation of new supplier records
- no instructions to document the reason for an amendment of supplier records
- no instructions on deletion or deactivation of supplier records
- no instructions to ensure a consistent approach is taken to minimise the possibility of duplicate supplier records being created such as applying supplier naming convention or capturing supplier's name from a single source e.g. ABN database.
- no requirement to perform a periodic internal review of the supplier master files to assess compliance with procedures, identify any duplicate, incorrect, incomplete or obsolete supplier records. We do recognise however that the procedures require review of changes to the bank details of the existing suppliers prior to every payment run.

Rating: Moderate

Implication

Lack of comprehensive procedures providing guidance on management of supplier master files increases the risk of the City maintaining incorrect, incomplete, duplicate or obsolete supplier records, resulting in inappropriate payments being made.

Recommendation

The procedure should be updated to provide comprehensive guidance to employees to effectively manage supplier master files. It should also include a requirement for periodic monitoring of supplier master files to assess compliance with the procedures, and identify duplication, errors and incompleteness.

Management Comment

Written procedures to be updated to incorporate current, undocumented, practices and to provide more comprehensive guidance to employees to effectively manage supplier master files including the requirement for periodic monitoring of supplier master files to assess compliance with the procedures, and identify duplication, errors and incompleteness.

Responsible Person: Kim Dolzadelli

Completion Date: no later than 31 January 2019

2. Management of supplier master files

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: 1 JANUARY TO 30 SEPTEMBER 2018

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT – MANAGEMENT OF SUPPLIER
MASTER FILES**

Finding

We tested 40 creations and amendments of supplier master file records during the period 1 January to 30 September 2018 and noted the following:

- no independent review process in place to confirm the accuracy of information included in the newly created or amended supplier records
- five employees with ability to create/amend supplier records and also authorise payments to the suppliers

**Rating: Significant
Implication**

Lack of an independent review and segregation of duties increases the risk of incorrect or fraudulent supplier details being added to the master files, resulting in incorrect or fraudulent payments.

Recommendation

Management should ensure that creation and amendment of supplier master file entries is reviewed by an independent officer to ensure supplier records are correct and legitimate. In addition, employees with the ability to create/amend supplier master files and also approving payments to the suppliers should be restricted to either of these functions to ensure appropriate segregation of duties.

Management Comment

A written procedure will be put into place to ensure that creation and amendment of supplier master file entries is reviewed by an independent officer to ensure supplier records are correct and legitimate. In addition employees with the ability to create/amend supplier master files will be restricted to only approving payments not related to supplier payments.

Responsible Person: Kim Dolzadelli
Completion Date: no later than 31 January 2019

3. Monitoring and compliance

ATTACHMENT

CITY OF BUSSELTON

PERIOD OF AUDIT: 1 JANUARY TO 30 SEPTEMBER 2018

**FINDINGS IDENTIFIED DURING THE FOCUS AUDIT – MANAGEMENT OF SUPPLIER
MASTER FILES**

Finding

We noted that there is no formal and periodic review of the supplier master files to ensure compliance with procedures, and identify any duplicate, incomplete, incorrect or obsolete supplier records.

We reviewed the supplier master files as at 23 October 2018 and noted:

- 2,287 active supplier records unused for more than 2 years
- 690 active supplier records with missing contact numbers.

Rating: Moderate

Implication

Lack of a formal and periodic review of the supplier master files increases the risk of unauthorised changes to supplier records and the City maintaining incomplete, incorrect, duplicate or obsolete supplier records, resulting in incorrect, duplicate or fraudulent payments being made.

Recommendation

Management should implement a formal and periodic internal review to ensure compliance with procedures, and identify and deactivate duplicate, incorrect or obsolete supplier records.

The need for such review appears to be critical as creation and amendment of supplier records is currently not subject to an independent review, and a few employees have the ability to create/amend supplier master files as well as approve payments to the suppliers.

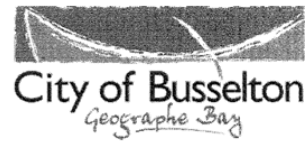
Management Comment

A formal and periodic internal review to ensure compliance with procedures, and identify and deactivate duplicate, incorrect or obsolete supplier records will be implemented and documented appropriately in written procedures.

Responsible Person: Kim Dolzadelli

Completion Date: no later than 31 January 2019

Office of the Mayor



18 February 2019

Subha.Gunalan@audit.wa.gov.au

Dear Subha,

RE: PROCEDURAL FAIRNESS - MANAGEMENT OF SUPPLIER MASTER FILES

Thank you for your email and invitation to comment on the Summary of Findings Report.

Please be advised that the City of Busselton is comfortable with the report's content but would also make the following additional comments:

1. Whilst the City acknowledges that it had a process whereby those employees who could amend the master file could also create a payment within the accounting system, there is an additional step required in the payment process, post creation; where two separate employees authorise the payment before the funds are actually released. This is completed externally to the accounts system via a separate on-line banking platform or the physical signing of the cheque, both of which require dual authorisation. This mandatory step allowed for a separation of those employees who created the payment to those who authorised it. This segregation of access and duties has now been documented in a written procedure.
2. Consideration should also be given to the limitations imposed on processes by having a small number of staff available in the accounts team. A small team limits the ability to fully segregate each and every step of the payment process. However it is acknowledged that the City did not always have a process of independent review nor have fully documented written procedures. Accordingly these are being implemented. Employee profiles, which limit staff access within the electronic accounts system, have been reviewed to ensure a segregation of duties where required.

Thank you for the opportunity to comment on the Summary of Findings report.

Yours sincerely

A handwritten signature in black ink, appearing to read "Grant Henley".

Grant Henley
MAYOR

3 4

Management of Supplier Master Files

Background

In 2017-18 the State Public Sector paid a total of \$23 billion in operating expenses and services and contracts. In 2016-17 Local Government entities reported over \$4 billion in expenditure. The vast majority of these payments were made through accounts payable systems that rely on the accuracy of information in supplier master files.

The supplier master file is a central, comprehensive file that holds information about suppliers including method of payment, bank account details, ABN and contact details. To ensure payments are correctly made, this information needs to be valid and complete. Changes made to the supplier master file are typically varied and may include adding new or deleting redundant suppliers, changing contact or bank account details, and variations to payment frequency. Well publicised frauds that have in the past occurred across Australia, and payment errors we have reported from our audits, demonstrate the importance of adequate controls over changes to this information.

We previously performed this audit in 2012, for a sample of 8 State Government agencies. In that audit, we reported the need for those entities to improve the monitoring and review of supplier master files, and 3 needed to improve their documented policies and procedures for managing supplier master files.

Conclusion

Most of the 10 entities we audited did not have comprehensive policies or procedures, which resulted in a lack of formal monitoring and review of their supplier master files. More than half the entities had weaknesses in controls over creation or amendment of their supplier records. In addition, at 3 entities, some suppliers were owned by or related to employees and the entities did not adequately manage conflicts of interest.

What we did

The focus of this audit was to assess whether entities had suitable policies, procedures and controls for the management of supplier master files, to promote effective payment processes.

We assessed the policies and practices at 10 State and Local Government entities of varying sizes over a 9-month period from 1 January to 30 September 2018, using the following lines of inquiry:

1. Do entities have appropriate policies, procedures and controls over the creation and management of their supplier master file used in the payment process?
2. Do entities effectively implement these policies, procedures and controls?
3. Is the supplier master file operating to promote effective accounts payable processes, and reduce the risk of fraud, duplicate payments and other errors?

We tested 2,395 out of total 150,386 supplier records across 10 entities to assess if policies, procedures and controls over the supplier master files were followed, and promoted effective accounts payable processes. We also assessed how well entities managed conflict of interest in circumstances where entities procured from suppliers which were either owned by or related to their employees.

We conducted this audit under section 18 of the *Auditor General Act 2006* and in accordance with Australian Auditing and Assurance Standards.

The following 5 State Government and 5 Local Government entities were included in this audit:

Entities
[REDACTED]
[REDACTED]
City of Busselton
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

What did we find?

[REDACTED] and [REDACTED] displayed good policies, practices and controls. The other 8 entities need to improve various aspects of their policies and practices, in particular, management and monitoring of their supplier master files.

Most entities need to improve their policies and procedures

Sound policies and procedures help ensure that only authorised additions and changes are made to supplier masterfile information, and that information is accurately recorded in a consistent manner, avoiding duplicate entries.

We found that only [REDACTED], [REDACTED] had good policies and procedures that included all the essential guidance for employees. Although the remaining 7 entities did have policies and procedures, they provided limited guidance and had the following deficiencies:

- The policies of the 7 entities did not require regular review of their supplier master files to ensure employees' compliance, and validity and completeness of the supplier records. These policies were also silent on consistent application of naming conventions when a new supplier record is created. This is important, to avoid the same supplier being created under multiple names.
- The policies of 5 entities did not require regular review of their supplier master files to identify and deactivate redundant supplier records, for example suppliers not used for more than 2 years.
- Three entities did not require recording of the reason for amendments to supplier records.
- Policies at 3 entities did not require independent review of the new supplier records created or amendments to existing supplier records. Independent review is a key control against unauthorised additions or amendments. At 2 of these entities, policies were

also silent on retaining documentary evidence to support creation or amendment of supplier records.

Entities need better controls over creation and amendment of supplier records

We tested 425 new supplier records created, and existing supplier records amended from 1 January to 30 September 2018. Our objective was to assess if the internal controls implemented around creation and amendment of supplier records were appropriate and operating effectively.

The [redacted] and [redacted] demonstrated good controls over creation and amendment of supplier records. The common control deficiencies found at other 6 entities included:

- At City of Busselton and [redacted], new supplier records were created, and existing supplier records amended without an independent review. In addition, at Busselton, employees with the ability to create or amend supplier records could also authorise payments to suppliers. Where possible, staff who authorise payments should not also make changes to the supplier master file. At [redacted], independent review of master file amendments was undertaken only on a 'spot check' basis and was limited to checking supplier bank details.
- At [redacted], 44 of 52 creations and amendments of supplier records we tested had not been independently reviewed. At [redacted], 30 of 40 creations and amendments were not independently reviewed, 2 of which were made by employees who could also authorise payments to suppliers.
- At [redacted], 12 of 50, and at [redacted] 43 of 52 amendments to supplier records were made without confirming the changes with suppliers. This increases the risk of fraudulent changes passing undetected.
- At [redacted] and [redacted], 37 and 12 supplier records respectively were created or amended by employees who were not authorised to do so.
- At [redacted], no documentary evidence was available for 3 out of 52 supplier records created or amended.

Although we did not identify any fraudulent or erroneous transactions, the above control weaknesses increase the risk of incorrect or invalid suppliers being recorded in supplier master files, which could result in incorrect, duplicate or fraudulent payments. Also, if relevant documentary evidence is not readily available, it could be difficult for management to confirm the validity of newly created supplier records or changes to existing supplier records.

Most entities need to improve the management of their supplier master files

We reviewed the supplier master file databases for all the entities in our sample as at 30 September 2018, to assess if they were well managed, and were operating to promote effective accounts payable processes and reduce the risk of fraud and errors.

Only [redacted] and [redacted] were appropriately managing their supplier master files. The common findings at the other 7 entities were:

- Six entities had a total of 9,321 supplier records with missing information, including suppliers' bank details, ABN, address or contact details. Completeness of supplier records is essential to enable effective processing.
- Seven entities had a total of 79,107 active supplier records unused for more than 2 years. Although there may have been reasons for retaining some of these records, there was no evidence that management had identified a reason. Lack of timely clean-up or deactivation of redundant supplier records makes ongoing monitoring and review of supplier master files difficult.
- We tested 1,311 potential duplicate records and confirmed that 93 of these were duplicate supplier records, at 6 entities. These duplications were mainly due to suppliers either changing business names or bank details, but the entities did not delete or deactivate the redundant supplier records. Two of these entities also had 71 records with incorrect bank details or ABNs. Duplicate or incorrect supplier records may result in duplicate payments.

Most entities need to formally monitor compliance with their policies on a periodic basis

The [REDACTED], [REDACTED] and [REDACTED] were formally monitoring their supplier master files.

Periodic review enables management to detect non-compliance with policies, remediate invalid, incomplete and obsolete supplier records, and reduce the likelihood of fraud or errors.

Conflicts of interest were not declared or effectively managed at 3 entities

Contrary to management's policies, conflicts of interest were not declared by 2 employees at the [REDACTED] and 6 employees at the [REDACTED] who owned, or whose family members owned the suppliers that their entity was procuring from. This involved 14 and 29 transactions undertaken by the respective entities between April 2017 and September 2018 totalling \$41,383. The purchases included fencing, cleaning, fitness, carpentry and childcare services. We however confirmed that these employees did not approve any purchases or payments to the suppliers they owned.

Lack of appropriate disclosure and effective management of actual, potential or perceived conflicts of interest may undermine a fair and impartial procurement process, resulting in value for money not being achieved.

At [REDACTED], an employee approved 2 purchase orders totalling \$29,193 for payment of program funding to a supplier, of which the employee was a board member. The *Local Government Act 1995* prohibits an employee from being involved in the procurement and purchasing process with the supplier the employee is related to. We recognise however that the employee had disclosed this conflict of interest, and that the subsequent payments were not approved by that employee.

If an employee has a conflict of interest because they are associated with a supplier, in addition to declaring the conflict they should also not be involved in the process of procuring from that supplier.

Recommendations

1. Entities should:

- a. have policies and procedures that include comprehensive guidance for employees to effectively manage supplier master files.
- b. ensure that all additions or amendments to supplier master files are subject to a formal independent review to confirm validity and correctness.
- c. regularly review employees' access to create or amend supplier master files to prevent any unauthorised access, and ensure adequate segregation of duties between those amending the master files and those approving payments.
- d. ensure all key information is input at the time of creating a new supplier record.
- e. apply consistent naming conventions for supplier records, to avoid suppliers being registered under multiple names.
- f. ensure that documentary evidence is retained for all additions and amendments to supplier master files and there is a record of the reason for amending the supplier record.
- g. include a requirement for a formal and periodic internal review to identify incomplete, incorrect, duplicate or redundant supplier records.
- h. ensure any actual, potential or perceived conflicts of interest are declared and effectively managed, and that relevant employees are not involved in the procurement from, or management of supplier records in respect of their related suppliers.

Entity responses

Entities in our sample generally accepted the recommendations and confirmed that where relevant, they either have amended policies and practices or will improve management of their supplier master files.

5.

- At City of Busselton new supplier records were created, and existing supplier records amended without an independent review. In addition, employees with the ability to create or amend supplier records could also authorise payments to suppliers. Where possible, staff who authorise payments should not also make changes to the supplier master file. At [REDACTED] and [REDACTED], independent review of master file updates was undertaken only on a 'spot check' basis and was limited to checking supplier bank details.



Entity responses

Entities in our sample generally accepted the recommendations and confirmed that where relevant, they either have amended policies and practices or will improve management of their supplier master files.

[REDACTED]

The City of Busselton advised that it has implemented independent review of supplier master file updates but because of their small accounts team, ~~they are limited in the ability to fully segregate each and every step of the payment process.~~

6.3 GOVERNANCE SYSTEMS REVIEW - STATUS UPDATE

SUBJECT INDEX:	Governance Systems
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Governance Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Governance Coordinator - Emma Heys 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  

PRÉCIS

This report presents an update on the status/progress of the implementation of the recommendations identified in the Governance Systems Review undertaken in August 2017 by Mr John Woodhouse LLB B.Juris.

BACKGROUND

In August 2017, the CEO commissioned a high level independent review of the City's governance systems and processes, the Governance Systems Review (GSR), 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 and as a result of that briefing, it was agreed that staff would commence implementation of the recommendations and would periodically report to Council on the progress of their implementation.

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 of focus.

This report provides an update to the Audit Committee as to the current status of the implementation of the GSR recommendations.

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.

RELEVANT PLANS AND POLICIES

As a result of the recommendations of the GSR, the City developed a Policy Framework. This framework has formed the basis for our subsequent policy and Staff Management Practice (SMP) reviews have taken place.

FINANCIAL IMPLICATIONS

There are no financial implications directly associated with the officer recommendation. Having said that implementation of 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. More broadly there is a risk that, due to levels of resourcing and competing priorities, not all of the recommendations of the GSR will be able to be implemented within an appropriate timeframe (suggested as two years or October 2019). This risk is considered of a medium level, that is, minor in terms of consequence but likely.

CONSULTATION

External consultation of varying types has, and 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 (as per Attachment A). It is important to note however that 4 of the recommendations under policies and procedures (to review all Council policies, delete inappropriate Council policies, review all OPPs and review 3 protocols) require the review of 159 separate documents.

Overall progress to date (of the 66 recommendations) is outlined in Table 1 below and further detailed under each subheading.

Measure	Percentage
Recommendations completed	43.9%
Recommendations partially completed or commenced	13.6%
Recommendations not yet commenced	37.9%
Recommendations proposed for non-adoption	4.5%

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 include a thorough review of all Council policies, OPP's and protocols and the development of a new organisational policy framework. As stated above this area of recommendation requires the review of 159 documents.

Currently, two of the six recommendations have been complete, with the development of a new policy framework setting out the purpose of a Council policy as opposed to a (new) Staff Management Practice document and other operational documents, and four are progressing. Of the 159 documents identified for review, 42 have been completed.

Through use of the new policy framework and the process of review to date of the current council policies, OPP's and protocols, several additional areas of improvement have been identified. Governance are currently re-evaluating the policy framework, with the aim of providing improved clarity and education to staff in policy development and improving the overall review process, particularly in relation to consultation. This may result in the policy review schedule extending beyond October 2019.

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, two are progressing and expected to be completed by 30 April 2019, while the final recommendation, 'to delegate to the CEO the authority to make a Purchasing Policy' is not proposed to be actioned as a decision has been made to leave this as a Council Policy.

Supporting local business

A recommendation to review the City's current approach to supporting local business through policy was implemented by July 2018, along-side 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 percent was included in this selection criteria SMP.

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 progressed the development of a suite of standard contracts to meet new objectives, with these set for completion by the end of April 2019. Officers have also considered the appointment of a panel of superintendents but have determined not to proceed with this. The City would only appoint an external superintendent for very large value projects, and, given the limited number of these, officers do not feel that appointment of a panel is necessary or an efficient use of resourcing. The remaining seven recommendations, relating to the implementation of practices and procedures, are pending a wider review of the current processes and systems.

Misconduct prevention

Eleven recommendations were made in relation to the City's misconduct prevention systems and processes. Staff have now completed three of the recommendations, including the provision made in the workforce plan for the appointment of an internal auditor (currently scheduled for 2021/2022); 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. Specifically, the development of a misconduct prevention strategy document will be considered post the review of the codes of conduct.

Codes of conduct

In total, five recommendations were made to realise opportunities for improvement in the City's codes of conduct. A review of the current structure of the codes was undertaken and while it is supported to keep the four codes separate, the format of the codes will be amended to align more closely with a council policy template for increased formality and to ensure they are clearer and more readily understood. Officers are also developing a Councillor Charter, amending the Councillor Code of Conduct and developing a Councillor manual, with expected completion in draft form (for further workshopping with Council) by 31 March 2019. With the exception of a recommendation to delegate to the CEO the authority to prepare an employees' code, which officers don't believe is required, all other recommendations are progressing.

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, and three are pending. Officers propose that the final one, to combine the existing gift registers and publish to the City's website, is not progressed at present, noting that there are significant changes pending in relation to gift provisions as part of the Local Government Act review process. There is currently no legislative requirement to publish the notifiable gift register, only to have it available for public viewing on request.

As with the misconduct prevention recommendations, a number of the recommendations in relation to gifts will be included in the review of the codes of conduct and subsequent induction / training of staff and elected members.

The outstanding recommendation are expected to be completed by 30 May 2019.

Local laws

A total of nine recommendations were made for improvements to the City's local laws, of which six are now completed, all in relation to the review of several clauses within the City's Standing Orders Local Law. Officers are continuing to progress the development of two new local laws under the Bush Fires Act 1954 and an Extractive Industries Local Law, with completion targeting 30 June 2019. The recommendation to develop a new Council policy for the Property Local Law is currently pending and 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, with a proposal expected to be presented to the CEO by 30 June 2019.

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. This review process is nearing finalisation, as is development of a new delegations register which combines both levels of delegations. 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.

CONCLUSION

This report presents an update on the status/progress of the implementation of the recommendations identified in the GSR. With a current completion percentage of 43.9% and a number of additional items significantly progressed, progress to date is considered to be satisfactory.

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 notes the progress of the implementation of the Governance Systems Review recommendations.

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

7. **GENERAL DISCUSSION ITEMS**

8. **NEXT MEETING DATE**

9. **CLOSURE**