

**SHIRE OF KOJONUP**



## **Audit Committee**

***21 February 2017***

# **MINUTES**

**MINUTES FOR THE AUDIT COMMITTEE MEETING**  
**HELD 21 FEBRUARY 2017**

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## MINUTES

### 1 **DECLARATION OF OPENING AND ANNOUNCEMENT OF GUESTS**

The Presiding Member, Cr Mathwin declared the meeting open at 9:05 am and alerted the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

### 2 **ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE**

#### **MEMBERS**

Cr Jill Mathwin (Presiding Member)  
Cr Ned Radford  
Cr Judith Warland  
Cr Ian Pedler  
Mr Roger House

#### **STAFF (OBSERVERS)**

|                      |                               |
|----------------------|-------------------------------|
| Mr Anthony Middleton | Manager of Corporate Services |
| Mrs Heather Marland  | Senior Finance Officer        |

#### **VISITORS**

|                   |  |
|-------------------|--|
| Ms Zahra Shirazee | Manager of Community Development & Tourism |
|-------------------|--|

#### **APOLOGIES**

Mr James Hope

### 3 **PUBLIC QUESTION TIME**

Nil

### 4 **SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**

Nil

### 5 **APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

**6      CONFIRMATION OF MINUTES**

AUDIT COMMITTEE MEETING held 15 November 2016

**COMMITTEE DECISION**

**1/17      Moved Cr Pedler, Seconded Cr Warland that the Minutes of the Audit Committee Meeting held on 15 November 2016 be confirmed as a true record.**

**CARRIED    5/0**

**7      DECLARATIONS OF INTEREST**

Nil

**8      VISITORS/GUESTS**

*The Manager Community Development & Tourism, Zahra Shirazee, discussed risk management, the Black Cockatoo Café in relation to its financial position and fielded questions from Committee members.*

## **9 AUDIT COMMITTEE TIMETABLE**

As a guide and subject to availability, each Audit Committee agenda will contain the following **(list to be expanded at the suggestion of members)**:

### **1st Quarter (January – March)**

- Committee Status Report
- Compliance Audit Return
- Review of Risk Registers

### **2nd Quarter (April – June)**

- Committee Status Report
- Review of Risk Registers
- Fees & Charges Review
- Business Continuity Plan Review
- Leave Provision Adequacy

### **3<sup>rd</sup> Quarter (July – September)**

- Committee Status Report
- Interim Audit Report
- Financial Management Review (each 4 years – 2014, 2018...)
- Review of Risk Registers

### **4<sup>th</sup> Quarter (October – December)**

- Committee Status Report
- Audit Report & Management Letter
- Annual Financial Report
- Annual Report
- Risk, Legal Compliance & Internal Controls review (each 2 years – 2014, 2016...)
- Review of Risk Registers

### **OFFICER COMMENT**

The above list will remain at the commencement of each Committee agenda to act as a timetable and enable members to add to the items to be considered.

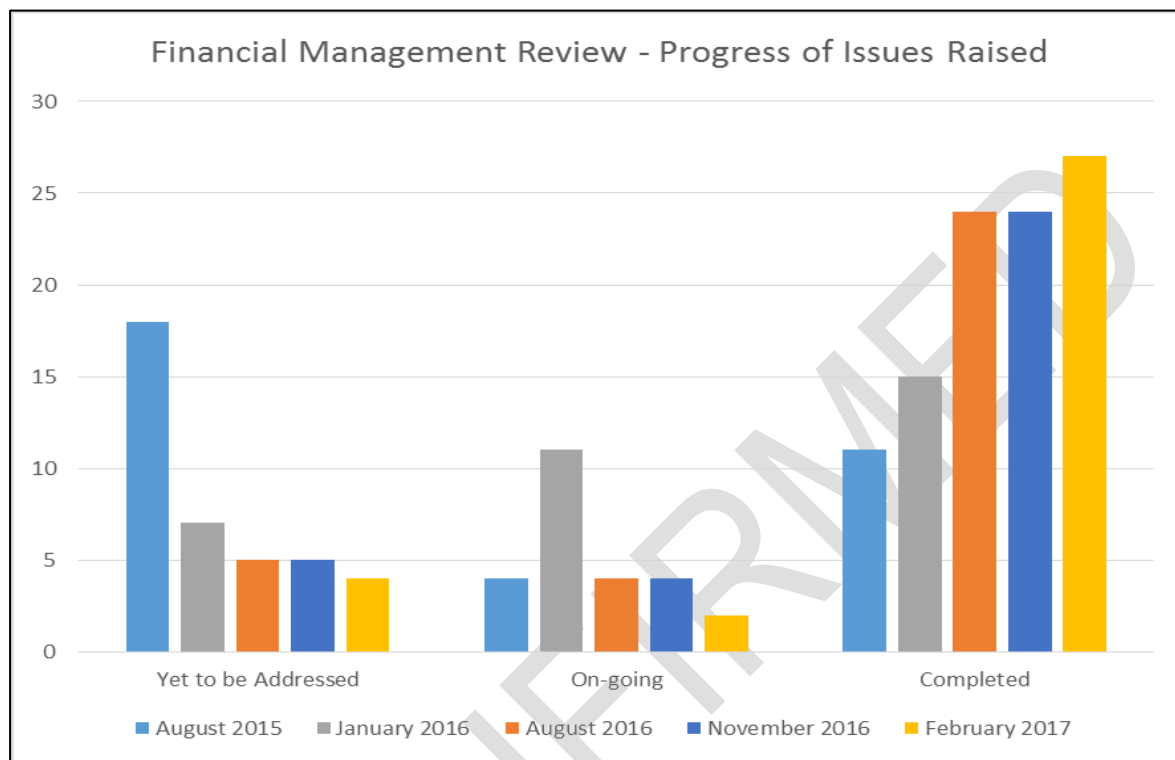
For noting only (or additions).

**10 REPORTS****10.1 STATUS REPORTS****10.1.1 COMMITTEE STATUS REPORT**

| Date              | Item Number & Title                                 | Issue   | Response   | Status    |
|-------------------|---|---|--|-----------|
| 16 September 2014 | 9.3 Fuel Cards                                      | That fuel cards be considered whilst compiling the credit card policy.  | Credit Card Policy has been adopted by the Council. Agenda Item in the 15 November 2016 meeting was deferred to this agenda. | Completed |
| 4 August 2015     | 9.1 Tendering & Performance Audits                  | The Committee queried the selection criteria used in tenders and requested that a Draft Council Policy be brought to a future Committee meeting   | Agenda item proposed for 2 May 2017 meeting.   | Ongoing   |
| 15 November 2016  | 10.5 Annual Financial Report - 2015/2016            | Item raised regarding “Bank Reconciliations” in the Auditor’s Management Report.  | Senior Finance Officer addressed with Committee  | Ongoing   |
| 15 November 2016  | 10.7 Leave Entitlements & Provisions – Draft Policy | The Chief Executive Officer be requested to provide further information and/or formulate a policy on the taking of leave, leave accrual issues and any other relevant matter.                   | Agenda item proposed for 2 May 2017 meeting.   | Ongoing   |
| 21 February 2017  | 11.1 Volunteer Management / The Role of Volunteers  | That volunteers undergo a Police check and those working in the Library and Kodja place obtain a Working with Children card. Also a register of volunteers with skill sets shall be maintained. | The Manager of Corporate Services be requested to provide a report   |           |

### 10.1.2 FINANCIAL MANAGEMENT REVIEW 2015 STATUS REPORT

A full copy of the Financial Management Review has previously been circulated and is available for Committee members if required. The review raised thirty three (33) matters and the status of their implementation is as follows:



At the Audit Committee Meeting held on 2 August 2016, members requested that items contained in the “yet to be addressed” and “on-going” categories be individually listed. They are as follows:

#### **Yet to Commence:**

##### **RATES**

- No evidence of independent review on manual rolling reconciliations.

##### **PURCHASES, PAYMENTS AND PAYABLES (INCLUDING PURCHASE ORDERS)**

- No restriction over access to creditors details.

##### **SALARIES AND WAGES**

- No proper segregation of duty surrounding payroll system and changes in employees' details.

##### **INVESTMENTS**

- Investment Policy did not comply with FM Regulation 19C.

#### **Ongoing:**

##### **PURCHASES, PAYMENTS AND PAYABLES (INCLUDING PURCHASE ORDERS)**

- No proper segregation of duty surrounding EFT payments and changing of creditors details.

IT GENERAL ENVIRONMENT

- System error in debtors records.

GENERAL JOURNALS

- General journals were not reviewed.

UNCONFIRMED



## 10.1.3 RISK REGISTER

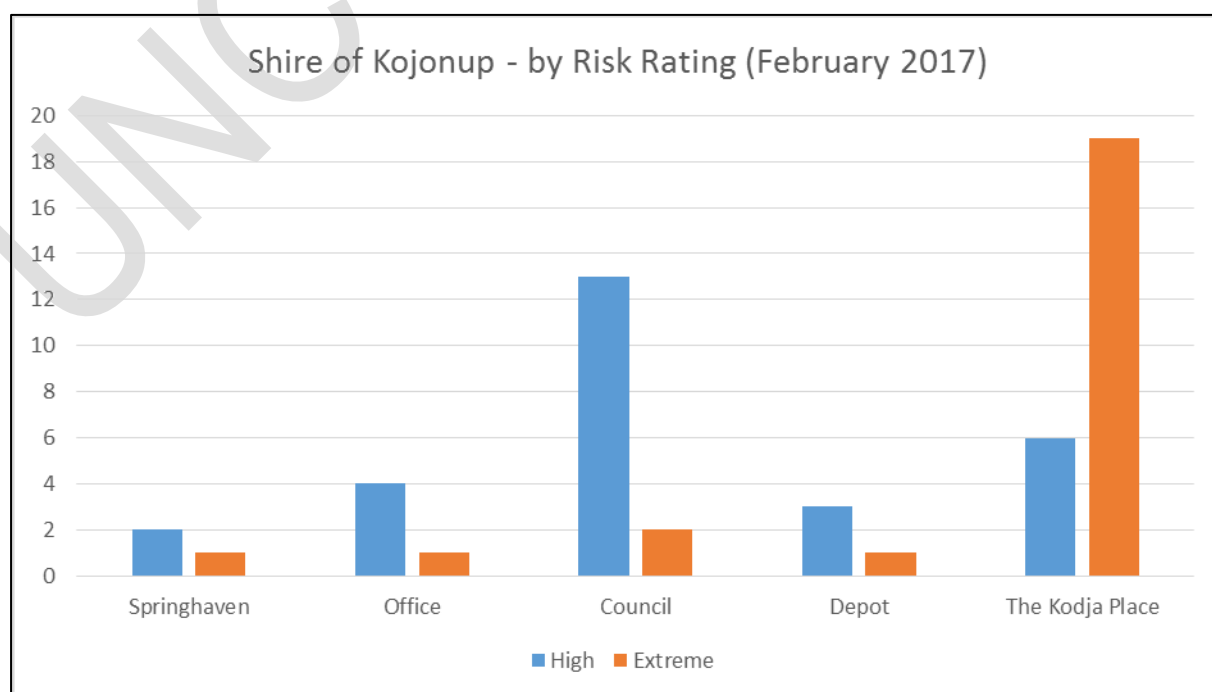
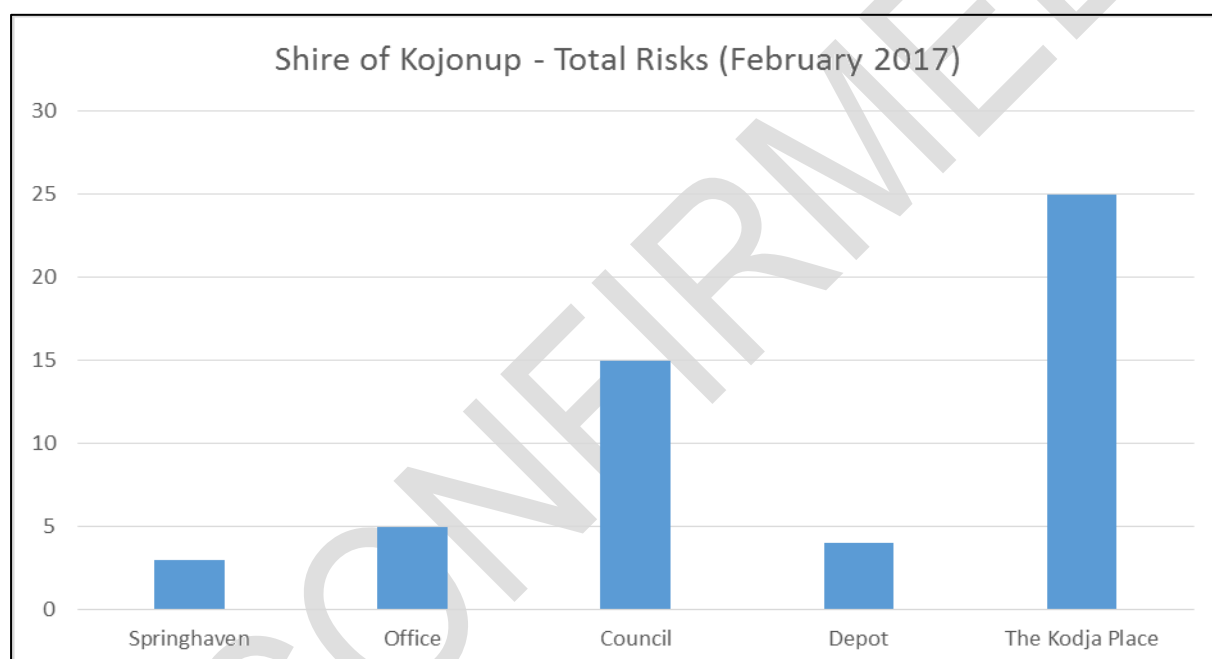
**ATTACHMENTS:** 10.1.3 Risk Register (Current)

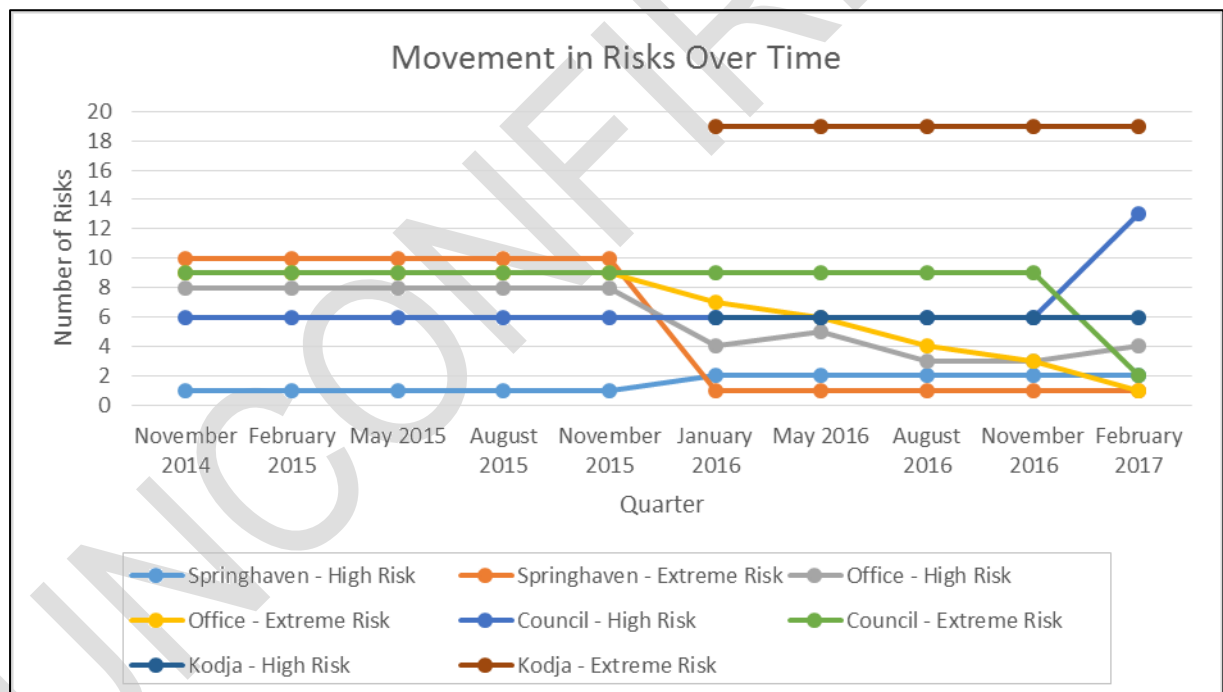
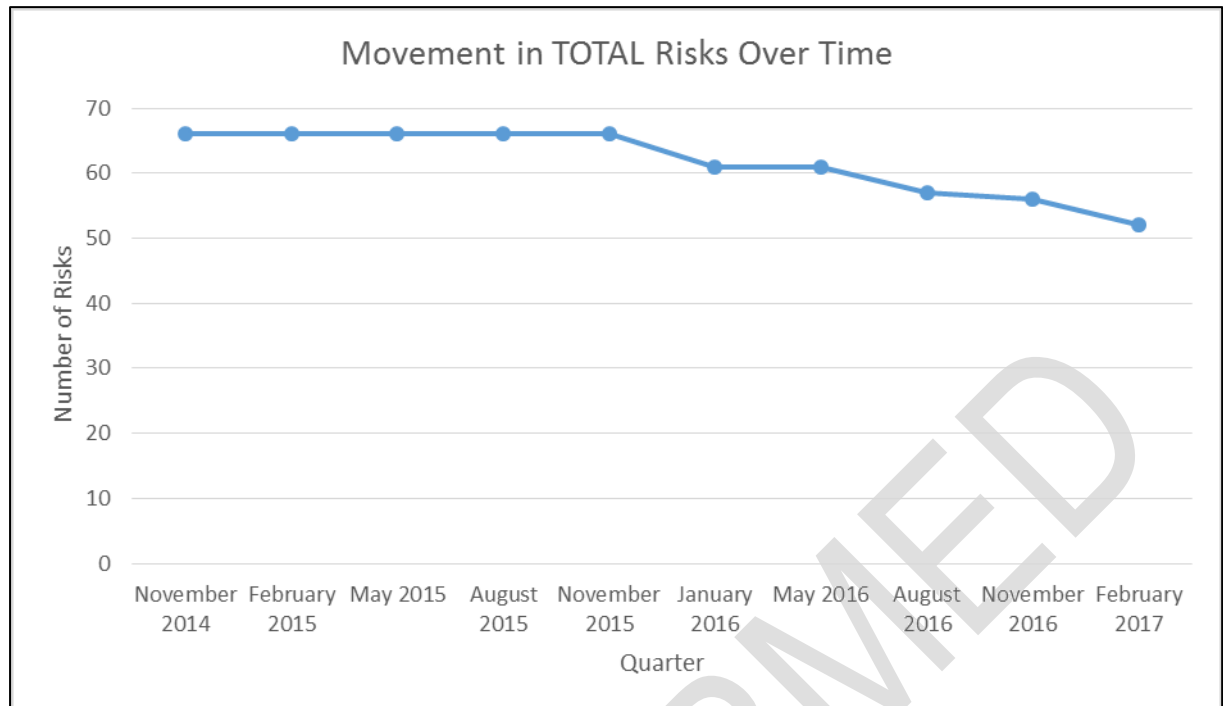
*At the request of the Presiding Member, the current risk register is attached for the information of the Committee Members.*

It is appropriate that the Audit Committee consider the major risks in each Shire operational area and the progress made towards minimising them. Areas of concern can then be reported to the Council, through the Committee.

Currently office staff are reviewing one risk each fortnight at their staff meeting.

A summary of the risk registers are as follows:





## 10.2 FINANCIAL PERFORMANCE – THE BLACK COCKATOO CAFÉ

AUTHOR: Anthony Middleton – Manager Corporate Services  
 DATE: Thursday, 16 February 2017  
 FILE NO: RC.MUS.1  
 ATTACHMENT: Nil

**DECLARATION OF INTEREST**

Nil

**SUMMARY**

The purpose of this report is to advise the Committee of a significant financial performance issue within the Shire's current operations.

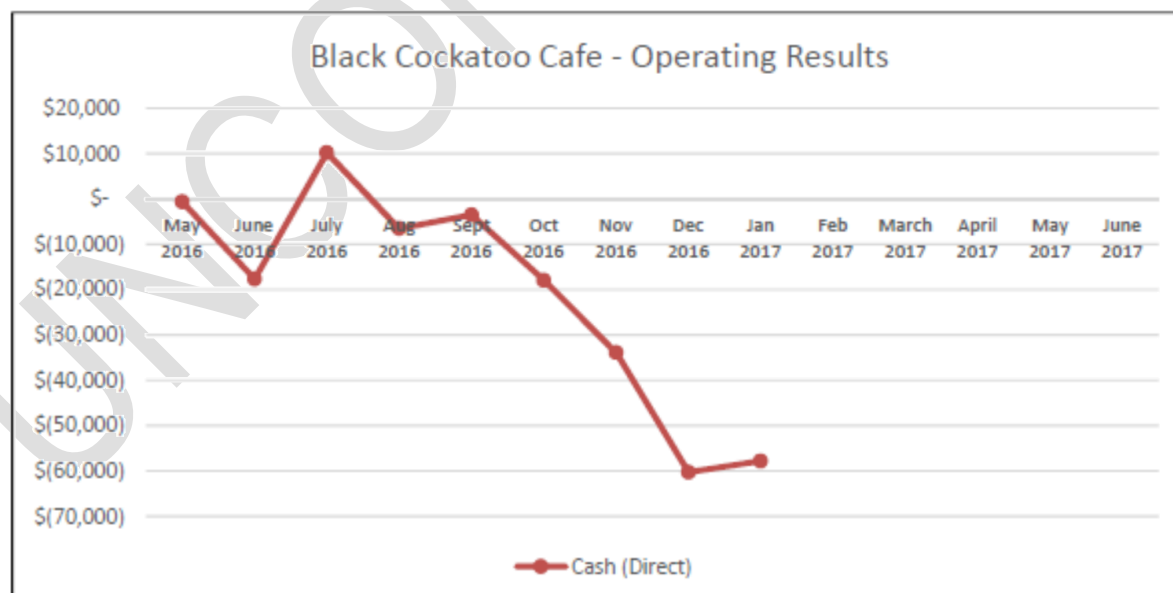
**BACKGROUND**

In June 2016, the Shire of Kojonup purchased 'The Black Cockatoo Café' (BCC) situated at The Kodja Place Precinct to ensure continuity of service and to protect the ongoing appeal and overall viability of the precinct.

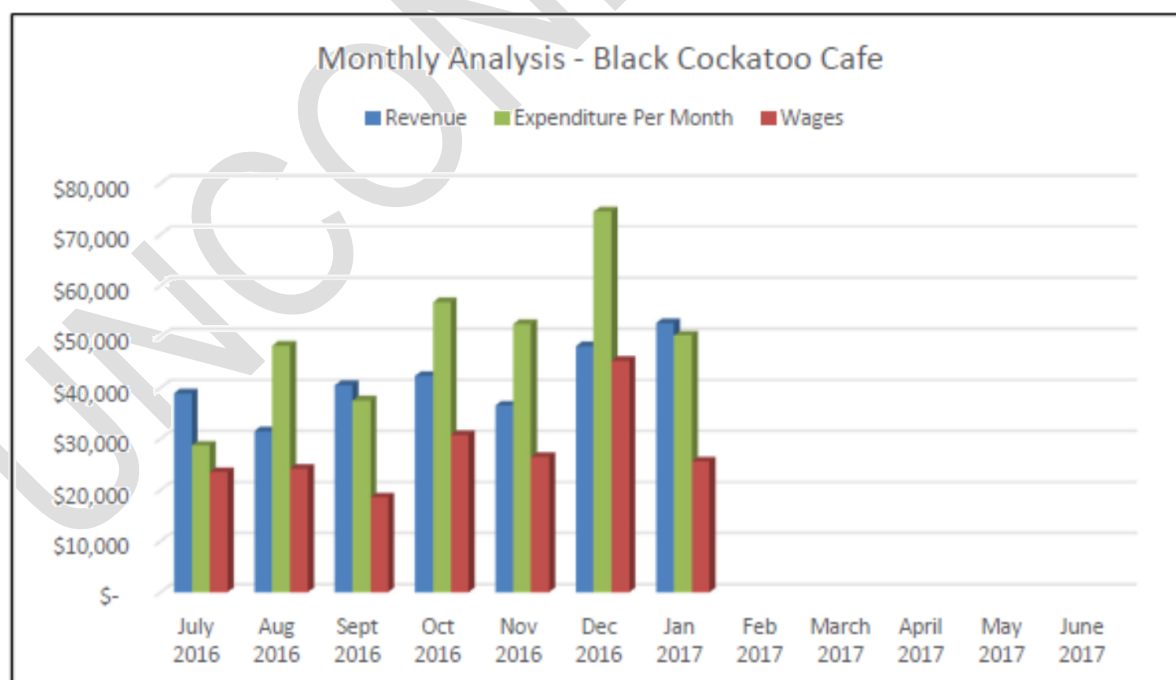
With many factors being unknown, the 2016/2017 Annual Budget was prepared assuming a financial break even result for operations, that is total budgeted operating expenditure equaled total budgeted operating revenue (or a profit/(loss) of \$0)

**COMMENT**

Unfortunately, the operations of the BCC in 2016/2017 have not eventuated this way, with significant over expenditure in employee costs not being met with corresponding increase in sales. The following table and graphs represent the financial performance of the BCC as shown in the Shire's monthly financial statements:



| A/c   | Description                                      | Type | Resp. Officer | 16/17 Total Budget | 16/17 YTD Budget  | 16/17 YTD Actuals | % of Annual Budget |
|---|--|------|---------------|--------------------|-------------------|-------------------|--------------------|
| <b>Tourism &amp; Area Promotion - The Black Cockatoo Café</b> |  |      |               |                    |                   |                   | <b>58%</b>         |
| 8502  | Salaries   | Exp. | MC&T          | \$245,000          | \$142,912         | \$194,261         | 79%                |
| 8532  | Superannuation                                   | Exp. | MC&T          | \$19,000           | \$11,081          | \$14,854          | 78%                |
| 8564  | Other Employment Costs                           | Exp. | MC&T          | \$3,500            | \$2,037           | \$270             | 8%                 |
| 8562  | Training   | Exp. | MC&T          | \$1,000            | \$581             | \$86              | 9%                 |
| 8534  | Utilities  | Exp. | MC&T          | \$29,000           | \$16,912          | \$8,842           | 30%                |
| 8536  | Insurance  | Exp. | MC&T          | \$1,000            | \$581             | \$0               | 0%                 |
| 8542  | Bank Fees  | Exp. | MC&T          | \$4,250            | \$2,478           | \$0               | 0%                 |
| 8546  | Minor Equipment & Repairs                        | Exp. | MC&T          | \$12,000           | \$7,000           | \$2,200           | 18%                |
| 8554  | Other Expenses                                   | Exp. | MC&T          | \$5,850            | \$3,409           | \$1,752           | 30%                |
| 8567  | Cost of Goods Sold                               | Exp. | MC&T          | \$200,000          | \$116,662         | \$122,924         | 61%                |
| 0550  | Depreciation                                     | Exp. | MC&T          | \$1,400            | \$812             | \$0               | 0%                 |
| 8558  | Transition Costs                                 | Exp. | MC&T          | \$5,000            | \$2,912           | \$0               | 0%                 |
| 8557  | Building Maintenance                             | Exp. | MC&T          | \$1,000            | \$574             | \$3,115           | 311%               |
|   |  |      |               | <b>\$528,000</b>   | <b>\$307,951</b>  | <b>\$348,303</b>  | <b>66%</b>         |
| 8503  | Trading Income                                   | Inc. | MC&T          | -\$513,000         | -\$299,250        | -\$288,733        | 56%                |
| 8513  | Grant for Cool Room                              | Inc. | MC&T          | -\$20,000          | -\$11,662         | \$0               | 0%                 |
| 8523  | Functions  | Inc. | MC&T          | -\$5,000           | -\$2,912          | -\$477            | 10%                |
| 8533  | Catering   | Inc. | MC&T          | -\$10,000          | -\$5,831          | -\$1,288          | 13%                |
|   |  |      |               | <b>-\$548,000</b>  | <b>-\$319,655</b> | <b>-\$290,498</b> | <b>53%</b>         |
|   | <i>Net Profit/(loss) The Black Cockatoo Café</i> |      |               | <i>\$20,000</i>    | <i>\$11,704</i>   | <i>-\$57,805</i>  |                    |
| <b>Tourism &amp; Area Promotion - Other</b>                   |  |      |               |                    |                   |                   |                    |
| 8404  | New Shire Entry Signage                          | Exp. | CEO           | \$10,000           | \$5,824           | \$0               | 0%                 |
| 8414  | Wool Wagon                                       | Exp. | R/BMC         | \$1,000            | \$581             | \$0               | 0%                 |
| 8374  | Australia Day Breakfast                          | Exp. | MC&T          | \$0                | \$0               | \$0               |                    |
| 8432  | Railway Station Building Maintenance             | Exp. | R/BMC         | \$5,000            | \$2,912           | \$2,716           | 54%                |
| 8402  | Tourist Railway Assistance                       | Exp. | CEO           | \$7,333            | \$4,270           | \$6,768           | 92%                |
|   |  |      |               | <b>\$23,333</b>    | <b>\$13,587</b>   | <b>\$9,484</b>    | <b>41%</b>         |



The Council has been thoroughly briefed regarding this topic by both the Manager Corporate Services (financial aspects) and the Manager Community Development & Tourism (operational café aspects). Significant work has been undertaken by the Manager to address this situation and this can be expanded verbally at the meeting. This agenda item has been

prepared to inform the audit committee in the interests of full disclosure and accountability.

The current impact on the Shire's financial position has resulted in a recommendation to the Council through the mid-year budget review process for additional budget provision to the BCC. As a result, an additional \$78,000 is proposed as an amendment to the budget to minimize the impact on the overall budget, as follows:

| A/c   | Description                                      | Resp. Officer | 16/17 Total Budget | 16/17 YTD Budget  | 16/17 YTD Actuals | % of Annual Budget 58% | Proposed Change to Budget | Proposed New Budget |
|---|--|---------------|--------------------|-------------------|-------------------|------------------------|---------------------------|---------------------|
| <b>Tourism &amp; Area Promotion - The Black Cockatoo Café</b> |  |               |                    |                   |                   |                        |                           |                     |
| 8502  | Salaries   | MC&T          | \$245,000          | \$142,912         | \$194,261         | 79%                    | \$ 70,000                 | \$315,000           |
| 8532  | Superannuation                                   | MC&T          | \$19,000           | \$11,081          | \$14,854          | 78%                    | \$ 8,000                  | \$27,000            |
| 8564  | Other Employment Costs                           | MC&T          | \$3,500            | \$2,037           | \$270             | 8%                     |                           | \$3,500             |
| 8562  | Training   | MC&T          | \$1,000            | \$581             | \$86              | 9%                     |                           | \$1,000             |
| 8534  | Utilities  | MC&T          | \$29,000           | \$16,912          | \$8,842           | 30%                    |                           | \$29,000            |
| 8536  | Insurance  | MC&T          | \$1,000            | \$581             | \$0               | 0%                     |                           | \$1,000             |
| 8542  | Bank Fees  | MC&T          | \$4,250            | \$2,478           | \$0               | 0%                     |                           | \$4,250             |
| 8546  | Minor Equipment & Repairs                        | MC&T          | \$12,000           | \$7,000           | \$2,200           | 18%                    |                           | \$12,000            |
| 8554  | Other Expenses                                   | MC&T          | \$5,850            | \$3,409           | \$1,752           | 30%                    |                           | \$5,850             |
| 8567  | Cost of Goods Sold                               | MC&T          | \$200,000          | \$116,662         | \$122,924         | 61%                    |                           | \$200,000           |
| 055D  | Depreciation                                     | MC&T          | \$1,400            | \$812             | \$0               | 0%                     |                           | \$1,400             |
| 8558  | Transition Costs                                 | MC&T          | \$5,000            | \$2,912           | \$0               | 0%                     | \$ (3,000)                | \$2,000             |
| 8557  | Building Maintenance                             | MC&T          | \$1,000            | \$574             | \$3,115           | 311%                   | \$ 3,000                  | \$4,000             |
|   |  |               | <b>\$528,000</b>   | <b>\$307,951</b>  | <b>\$348,303</b>  | <b>66%</b>             | <b>\$78,000</b>           | <b>\$606,000</b>    |
| 8503  | Trading Income                                   | MC&T          | -\$513,000         | -\$299,250        | -\$288,733        | 56%                    |                           | -\$513,000          |
| 8513  | Grant for Cool Room                              | MC&T          | -\$20,000          | -\$11,662         | \$0               | 0%                     |                           | -\$20,000           |
| 8523  | Functions  | MC&T          | -\$5,000           | -\$2,912          | -\$477            | 10%                    |                           | -\$5,000            |
| 8533  | Catering   | MC&T          | -\$10,000          | -\$5,831          | -\$1,288          | 13%                    |                           | -\$10,000           |
|   |  |               | <b>-\$548,000</b>  | <b>-\$319,655</b> | <b>-\$290,498</b> | <b>53%</b>             | <b>\$0</b>                | <b>-\$548,000</b>   |
|   | <i>Net Profit/(loss) The Black Cockatoo Café</i> |               | <b>\$20,000</b>    | <b>\$11,704</b>   | <b>-\$57,805</b>  |                        |                           | <b>-\$58,000</b>    |

\*\* Please note that in the figures above, account 8513 – 'Grant for Cool Room' should be excluded to obtain a true operating result.

## CONSULTATION

Council briefing sessions, senior management team, Audit Committee Presiding Member.

## STATUTORY REQUIREMENTS

There are no statutory implications for this report.

## POLICY IMPLICATIONS

There are no policy implications for this report.

## FINANCIAL IMPLICATIONS

The purpose of this report is to advise the negative financial impact currently being experienced as a result of one area of the Council operations. The result is significant in nature and has a substantial effect on our financial position.

## STRATEGIC/CORPORATE IMPLICATIONS

### Community Strategic Plan 2013 – 2023

Outcomes:

- G1 – Being Well Governed

### Corporate Business Plan 2013 – 2017

Objectives:

- G1.4 – Maintain robust systems and controls

**RISK MANAGEMENT IMPLICATIONS**

This report is addressing a significant financial risk for the organisation. This risk can be minimized through close monitoring, open communication and information flow and rapid decision making.

**ASSET MANAGEMENT IMPLICATIONS**

There are no asset management implications for this report.

**VOTING REQUIREMENTS**

Simple Majority

**OFFICER RECOMMENDATION/COMMITTEE DECISION**

**2/17      Moved Cr Warland, seconded Cr Radford that the report be received and the information contained within be noted.**

**CARRIED      5/0**

### 10.3 FUEL CARD USAGE

AUTHOR: Anthony Middleton – Manager Corporate Services  
DATE: Wednesday, 19 October 2016  
FILE NO: GO.CNM.9  
ATTACHMENT: 10.3 Circular 9-2011 Provision of Motor Vehicles to Elected Members

#### DECLARATION OF INTEREST

Nil

#### SUMMARY

The purpose of this report is to review the usage of fuel cards within the organisation.

#### BACKGROUND

At its meeting held 16 September 2014, the Audit Committee resolved:

*“that it be recommended to the Council that Fuel Cards be considered whilst compiling the credit card policy.”*

A credit card policy has since been adopted by both the Audit Committee and Council, however, the use of fuel cards was not included in the policy.

The use of fuel cards is adequately covered for staff through the ‘Purchasing and Creditor Control’ Council Policy and associated purchasing delegations, however it is not addressed for elected members (Shire President).

This item was considered by the Audit Committee at its meeting held on 15 November 2016, however, the Committee resolved that:

*“The item to be tabled for further discussion.”*

#### COMMENT

The *Local Government Act 1995* does not allow elected members to incur expenditure on behalf of the Shire (with the exception of the Shire President in emergency situations). A fuel card operates in the same manner as a credit card or purchase order, that is, purchase the goods now with a liability on the Shire to pay later.

Guideline 11 (Use of Corporate Credit Cards) issued by the Department of Local Government & Communities states this:

*“5. Issuing of Corporate Credit Cards to Elected Members*

*The Act does not make provision for the issuing of credit cards to elected members. A local government can only pay allowances or reimburse expenses to an elected member. There are no provisions within the Act which allow an elected member to incur a debt, as would be the case with a credit card.”*

Council Policy 3.20 ‘Motor Vehicle Use – Shire President’ includes the following statements:

*“A fully maintained motor vehicle will be made available to the Shire President to enable the undertaking of official duties and activities associated with the position of the office of Shire President.*

*The motor vehicle will be made available to the Shire President for both Business Use and Restricted Private Use within the State of Western Australia, south of the 26th parallel. At the discretion of the Shire President the vehicle may be used by other Councillors and Staff for business use.*

*The Council will be responsible for all running costs of the motor vehicle, including but not limited to, all registration, insurances, fuels and oils maintenance, and repair costs. Fuel for private use to be the responsibility of the Shire President.”*

And

*“The Shire of Kojonup will be financially responsible for the maintenance of the motor vehicle but it is the responsibility of the primary user to ensure that the motor vehicle has a sufficient amount of fuel, oil/lubricant, water, and tyre pressure.”*

In researching this agenda item, a ‘Department of Local Government’ circular from 2011 was uncovered which explains this issue in detail. The circular titled ‘Provision of Motor Vehicles to Elected Members’ is attached and details reimbursements vs allowances, private usage and Council Policy inclusions. This circular makes suggestions for inclusion into a Council Policy and it is recommended that these be actioned by adding the following to the Council Policy:

*“The position of Shire President shall, for the purposes of carrying out the functions of the office, be entitled to receive the provision of a fully maintained local government owned vehicle.*

*The vehicle provided to the President:*

- *is to be in lieu of travel/mileage claims otherwise claimable by the President for use of his/her personal vehicle;*
- *can be used for personal private purposes, not for any commercial purpose, but only on the basis that the cost of that private use is fully reimbursed by the President to the local government;*
- *will not occur at the reduction of the fees, allowances and reimbursements (other than the travel/mileage claims) otherwise ordinarily payable to the Shire President's position as approved by Council in accordance with the relevant provisions of the Local Government Act 1995; and*
- *will be administered in accordance with any related Management Practice to this Policy that the local government has in place.*

*The calculation of the private use component of the vehicle costs to be reimbursed to the local government by the President is to be determined as follows:*



- *a logbook is to be kept of both official and private use of the vehicle, which shall be agreed with the President as being the basis upon which the costs of private use will be calculated and subsequently required to be paid by the President to the Shire;*
- *on the basis that the predominant use of the vehicle will be for official purposes, only those vehicle costs of a "variable" nature directly affected by the additional private use will be used for determining the payment for private use to be made by the Mayor/President. This includes fuel, vehicle servicing costs (and then only the additional servicing costs occasioned by the private use) and depreciation where it can be shown that the additional private use has negatively impacted on the trade value of the vehicle."*

As the Council Policy already states that fuel used for private use is to be paid for by the President and a log book is currently maintained, it is considered that in practice the recommended provisions above are already being met by both the organisation and the Shire President.

For the avoidance of all doubt, it would also be prudent to add to the policy that *"Fuel purchased for business (Shire) use of the vehicle be made by way of Shire issued fuel card."*

## CONSULTATION

Chief Executive Officer and Shire President.

## STATUTORY REQUIREMENTS

Section 5.101A and 5.102 of the *Local Government Act 1995* states:

### **5.101A. Regulations about payment of expenses**

Regulations may be made about the method of payment of an expense for which a person can be reimbursed.

### **5.102. Expense may be funded before actually incurred**

Nothing in this Division prevents a local government from making a cash advance to a person in respect of an expense for which the person can be reimbursed.

*Local Government (Administration) Regulations 1996* state:

### **34AD. Method of payment of expenses for which person can be reimbursed**

- (1) The provision of a vehicle owned by a local government —
  - (a) to a council member who is a mayor or president of the local government; or
  - (b) to a council member who is not a mayor or president of the local government if —
    - (i) no reasonable alternative method of travel is available to the council member; and
    - (ii) the CEO, mayor or president of the local government has given prior written approval for the provision of the vehicle,

is prescribed under section 5.101A as a method of payment of expenses for which a council member can be reimbursed.
- (2) Before a vehicle owned by a local government is provided to a council member the local government and the council member must sign an

agreement setting out the responsibilities of the council member in relation to the use of the vehicle.

**POLICY IMPLICATIONS**

The recommendation seeks to add additional information to Council Policy 3.20 ‘Motor Vehicle Use – Shire President’

Council Policy 3.10 ‘Councillors Fees and Reimbursements’ is also relevant to this item.

**FINANCIAL IMPLICATIONS**

Nil

**STRATEGIC/CORPORATE IMPLICATIONS**

Corporate Business Plan 2013 – 2017

Outcomes:

- G1 – Being Well Governed

Actions:

- G1.4.1 – Implement organisation wide risk management.

**RISK MANAGEMENT IMPLICATIONS**

Increased compliance with the *Local Government Act 1995* decreases risks of associated with non-compliance such as fines, damage to image, etc.

**ASSET MANAGEMENT IMPLICATIONS**

Nil

**VOTING REQUIREMENTS**

Simple Majority

**OFFICER RECOMMENDATION**

**3/17** That it be recommended to the Council that the following be added to Council Policy 3.20 (Motor Vehicle Use – Shire President):

*“The position of Shire President shall, for the purposes of carrying out the functions of the office, be entitled to receive the provision of a fully maintained local government owned vehicle.*

*The vehicle provided to the President:*

- *Is to be in lieu of travel/mileage claims otherwise claimable by the President for use of his/her personal vehicle;*
- *Can be used for personal private purposes, not for any commercial purpose, but only on the basis that the cost of that private use is fully reimbursed by the President to the local government;*
- *Will not occur at the reduction of the fees, allowances and reimbursements (other than the travel/mileage claims) otherwise ordinarily payable to the Shire President's position as approved by Council in accordance with the relevant provisions of the Local Government Act 1995; and*
- *Will be administered in accordance with any related Management Practice to this Policy that the local government has in place.*

*The calculation of the private use component of the vehicle costs to be reimbursed to the local government by the President is to be determined as follows:*

- *A logbook is to be kept of both official and private use of the vehicle, which shall be agreed with the President as being the basis upon which the costs of private use will be calculated and subsequently required to be paid by the President to the Shire;*
- *On the basis that the predominant use of the vehicle will be for official purposes, only those vehicle costs of a "variable" nature directly affected by the additional private use will be used for determining the payment for private use to be made by the Mayor/President. This includes fuel, vehicle servicing costs (and then only the additional servicing costs occasioned by the private use) and depreciation where it can be shown that the additional private use has negatively impacted on the trade value of the vehicle; and*
- *Fuel purchased for business (Shire) use of the vehicle be made by way of Shire issued fuel card.”*

**AMENDMENT**

**4/17** Moved Cr Radford, seconded Cr Warland that the following be added to the motion:

- *The Shire President's log book as presented to the Shire's Finance department be presented to the Audit Committee at the May meeting each year for verification of official and private usage.*

**CARRIED 5/0**

The amendment was carried and now becomes the motion...

**COMMITTEE DECISION**

**That it be recommended to the Council that the following be added to Council Policy 3.20 (Motor Vehicle Use – Shire President):**

*“The position of Shire President shall, for the purposes of carrying out the functions of the office, be entitled to receive the provision of a fully maintained local government owned vehicle.*

*The vehicle provided to the President:*

- *Is to be in lieu of travel/mileage claims otherwise claimable by the President for use of his/her personal vehicle;*
- *Can be used for personal private purposes, not for any commercial purpose, but only on the basis that the cost of that private use is fully reimbursed by the President to the local government;*
- *Will not occur at the reduction of the fees, allowances and reimbursements (other than the travel/mileage claims) otherwise ordinarily payable to the Shire President's position as approved by Council in accordance with the relevant provisions of the Local Government Act 1995; and*
- *Will be administered in accordance with any related Management Practice to this Policy that the local government has in place.*

*The calculation of the private use component of the vehicle costs to be reimbursed to the local government by the President is to be determined as follows:*

- *A logbook is to be kept of both official and private use of the vehicle, which shall be agreed with the President as being the basis upon which the costs of private use will be calculated and subsequently required to be paid by the President to the Shire;*
- *On the basis that the predominant use of the vehicle will be for official purposes, only those vehicle costs of a "variable" nature directly affected by the additional private use will be used for determining the payment for private use to be made by the Mayor/President. This includes fuel, vehicle servicing costs (and then only the additional servicing costs occasioned by the private use) and depreciation where it can be shown that the additional private use has negatively impacted on the trade value of the vehicle; and*
- *Fuel purchased for business (Shire) use of the vehicle be made by way of Shire issued fuel card.*
- *The Shire President's log book as presented to the Shire's Finance department be presented to the Audit Committee at the May meeting each year for verification of official and private usage.”*

**CARRIED 5/0**

## 10.4 COMPLIANCE AUDIT RETURN 2016

AUTHOR: Anthony Middleton – Manager Corporate Services  
DATE: Thursday, 16 February 2017  
FILE NO: CM.REP.1  
ATTACHMENT: 10.4 Compliance Audit Return

### DECLARATION OF INTEREST

Nil

### SUMMARY

The purpose of this report is to recommend to the Council the adoption of the Compliance Audit Return for 2016.

### BACKGROUND

*Local Government (Audit) Regulation 14* requires a local government to carry out a compliance audit for each calendar year.

### COMMENT

The completion of the Compliance Audit Return is mandatory for each local government. The return has been completed following a review of processes and documentation for each activity/area in which compliance is being assessed against the *Local Government Act 1995* and its associated regulations. The return is to be adopted by the Council and submitted to the Department of Local Government and Communities by 31 March each year.

A recent change to Regulation 14 requires that the local government's Audit Committee now review the return and report the results of that review to the Council prior to adoption and submission to the Department.

### CONSULTATION

Nil.

### STATUTORY REQUIREMENTS

*The Local Government Audit Regulations 1996, Regulation 14* states:

- “(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 government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be —
  - (a) presented to the council at a meeting of the council; and
  - (b) adopted by the council; and
  - (c) recorded in the minutes of the meeting at which it is adopted.”

### POLICY IMPLICATIONS

There are no policy implications for this report.

### FINANCIAL IMPLICATIONS

There are no financial implications for this report.

**STRATEGIC/CORPORATE IMPLICATIONS**Community Strategic Plan 2013 – 2023

## Outcomes:

- G1 – Being Well Governed

Corporate Business Plan 2013 – 2017

## Objectives:

- G1.4 Maintain robust systems and controls

**RISK MANAGEMENT IMPLICATIONS**

Maximising compliance with legislation minimizes the risks to the organization of non-compliance and any associated penalties, damage to image or reputation that may occur.

**ASSET MANAGEMENT IMPLICATIONS**

There are no asset management implications for this report.

**VOTING REQUIREMENTS**

Simple Majority

**COMMITTEE DECISION**

**5/17      Moved Cr Warland, Seconded Cr Radford that it be recommended to the Council that the Compliance Audit Return for 2016, as attached, be adopted.**

**CARRIED      5/0**

## **11 OTHER ITEMS FOR DISCUSSION AS RAISED BY MEMBERS**

### **11.1 VOLUNTEER MANAGEMENT / THE ROLE OF VOLUNTEERS**

Raised by Cr Mathwin:

*After discussion regarding volunteers it was suggested that volunteers undergo a Police check and those working in the Library and Kodja place obtain a Working with Children card. Also a register of volunteers with skill sets shall be maintained. The Manager of Corporate Services be requested to provide a report to the Audit Committee.*

### **11.2 VEHICLE LICENSING FEES – REMOVAL OF EXEMPTION**

Raised by the Manager Corporate Services:

*The Manager of Corporate Services briefed the Audit Committee on the effect of the State Government removing the exemption of license fees and stamp duty. It has been raised at the WALGA Zone meeting, and is suggested that an article be placed in the Kojonup News.*

### **11.3 STREET SWEEPER**

Raised by Cr Pedler:

*Cr Pedler queried the timing of the street sweeper. He felt it needs to happen during the week so there is supervision.*

### **11.4 EMPLOYEE BENEFITS**

Raised by Cr Radford:

*It was suggested that Councillors are advised of what is in employee's packages so they can address any queries the public may have, e.g. who has personal use of vehicles, etc. The Manager Corporate Services advised of policy covering motor vehicle usage.*



**12 NEW BUSINESS**

(of an urgent nature, introduced by a decision of the meeting).

**12.1 BLACK COCKATOO CAFÉ – FINANCIAL LOSSES****COMMITTEE DECISION**

**6/17 Moved Mr House, seconded Cr Pedler that the Audit Committee notes its concern at the financial losses experienced at the Black Cockatoo Café and encourage the Council to monitor closely and take action if required.**

**CARRIED 5/0**

**13 NEXT MEETING**

The next ordinary meeting is scheduled for Tuesday, 2 May 2017 at 9:00am.

**14 CLOSURE**

There being no further business to discuss, the Presiding Member, Cr Mathwin, thanked members for their attendance and declared the meeting closed at 11:04 am.

**15 ATTACHMENTS (SEPARATE)**

10.1.3 Risk Register (Current)

10.3 Circular 9 – 2011 Provision of Motor Vehicles to Elected Members

10.4 Compliance Audit Return 2016

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*Presiding Member*

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*Date*