



File Code: OR.MTG 6/1/1

**CONFIRMED MINUTES**

**AUDIT & RISK COMMITTEE**  
**MEETING**

**21 FEBRUARY 2017**

I certify that the minutes of the meeting of the Audit & Risk Committee Meeting held 21 February 2017 Folios ARC1 to ARC131 (which includes Attachments 1 to 13) were confirmed on 2 May 2017.

A handwritten signature in blue ink, appearing to be "D. J. X.", written over a horizontal line.

Presiding Person



**CONFIRMED MINUTES**  
**AUDIT & RISK COMMITTEE MEETING**  
**21 FEBRUARY 2017**

**ATTENTION/DISCLAIMER**

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or employee, or the content of any discussion occurring during the course of the Committee Meeting.

## LEGEND

To assist the reader, the following explains the method of referencing used in this document:

Item	Example	Description
Page Numbers	ARC1 FEBRUARY 12 (ARC2, ARC3 etc)	Sequential page numbering of ARC Agenda or Minutes for February 2017
Item Numbers	8.1 (8.2, 8.3 etc)	Sequential numbering of reports under the heading "8.0 Reports of Officers"
Committee Recommendation Reference	ARC11.02.17	Committee Recommendation number 11 from ARC meeting February 2017
Committee Decision Reference	DARC7.02.17	Committee Decision number 7 from ARC meeting February 2017

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## AUDIT & RISK COMMITTEE MEETING COMMITTEE ROOM

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### 1.0 OPENING PROCEDURES

*Presiding Person declared the meeting open at 5.30pm.*

#### 1.1 Announcement of Visitors

*Nil*

#### 1.2 Record of Attendance/Apologies

<b>Members</b>	<i>Cr Patrick Bertola (Presiding Person)</i>	<i>East Ward</i>
	<i>Cr Bob Perks (arrived 5.38pm)</i>	<i>Central Ward</i>
	<i>Cr Tony Brennan</i>	<i>West Ward</i>
	<i>Cr Doug Jeans</i>	<i>Central Ward</i>
	<i>Kim Stewart</i>	<i>External Member</i>
<b>Staff</b>	<i>Jonathan Throssell</i>	<i>Chief Executive Officer</i>
	<i>Paul O'Connor</i>	<i>Director Corporate Services</i>
	<i>Stanislav Kocian</i>	<i>Manager Finance &amp; Governance</i>
	<i>Danielle Courtin</i>	<i>Governance Co-ordinator</i>
	<i>Kaye Abel</i>	<i>Manager Community Engagement</i>
	<i>Andrea Douglas</i>	<i>Minute Secretary</i>
<b>Leave of Absence</b>	<i>Nil</i>	
<b>Apologies</b>	<i>Cr David Lavell</i>	<i>South Ward</i>
<b>Absent</b>	<i>Cr James Martin</i>	<i>South Ward</i>
<b>Guests/Observer</b>	<i>Nil</i>	
<b>Members of the Public</b>	<i>3</i>	
<b>Members of the Press</b>	<i>Nil</i>	

### 2.0 ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

*Nil*

### 3.0 DECLARATION OF INTEREST

#### 3.1 Disclosure of Financial Interest and Proximity Interests

Members must disclose the nature of their interest in matters to be discussed at the meeting (Sections 5.60B and 5.65 of the *Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (Sections 5.70 and 5.71 of the *Local Government Act 1995*).

*Nil*

### **3.2 Disclosure of Interest Affecting Impartiality**

Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee has given or will give advice (Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C).

*Nil*

### **4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

*Nil*

### **5.0 PUBLIC QUESTION TIME**

Procedures for asking and responding to questions are determined by the Person Presiding. Questions must relate to a function of the Committee.

Note: This is not a verbatim record of questions asked and answers given. It is a summary only.

**5.38pm Cr Perks arrived at the meeting.**

<b>Summary of Questions</b>		<b>Summary of Response</b>
<i>Mr Jim Thom</i>		
1.	<i>When is the policy F1-02 Investments going to be reviewed to give preference to financial institutions that do not invest in or finance the fossil fuel industry?</i>	<i>Director Corporate Services acknowledged that the matter had been raised at the 2015 annual electors meeting and reaffirmed that the policy will be reviewed prior to October 2017.</i>
2.	<i>Why is this going to take 18 months?</i>	<i>Director Corporate Services advised that all Council policies are being reviewed and will be completed prior to the council elections in October this year. Policy FI-02 is part of that review.</i>
3.	<i>How can we be assured that this is on the agenda so it can be fully explored?</i>	<i>CEO advised that while it can't be guaranteed that it will be on an agenda (as this is a decision of the Committee), the intention is to review the policy prior to the October 2017 elections.</i>

<b>Summary of Questions</b>		<b>Summary of Response</b>
<i>Mr Jim Thom</i>		
1.	<i>What can we do next?</i>	<p><i>If you have further information, please provide this to the Minute Secretary.</i></p> <p><i>The Audit &amp; Risk Committee's next meetings are in May and August 2017. In one of these meetings, a draft item will be proposed where the public can make a Deputation to that item.</i></p>

<b>Summary of Questions</b>		<b>Summary of Response</b>
<i>Ms Jenny Currell</i>		
1.	<i>It's taken 15 months so far to get a response, why so long?</i>	<i>CEO advised that it is a matter of priorities and allocation of resources.</i>

## 6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

<b>COMMITTEE DECISION</b>		<b>DARC1.02.17</b>	
<i>Moved by:</i>	<i>Cr Jeans</i>	<i>Seconded by:</i>	<i>Cr Perks</i>

That the minutes of the meeting of the Audit and Risk Committee Meeting held Tuesday 15 November 2016 be confirmed.

**CARRIED 5/0**

**For:** *Cr Bertola, Cr Brennan, Cr Jeans, Cr Perks, Ms Stewart*

**Against:** *Nil*

## 7.0 PRESENTATIONS

### 7.1 Deputations

*Nil*

### 7.2 Presentations

*Nil*



## 8.0 REPORTS OF EMPLOYEES

### 8.1 Repeal of Policy LR-02 – Volunteer Support Policy

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<b>File Code</b>	OR.OPP 1
<b>Author</b>	Tracey Peacock, Grants and Volunteers Advisor
<b>Senior Employee</b>	Megan Griffiths, Director Strategic and Community Services
<b>Disclosure of Any Interest</b>	Nil

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#### SUMMARY

Council is requested to consider the proposed repeal of Policy LR-02 (**ATTACHMENT 1**), as it deals with matters that come under the operational responsibility of the Chief Executive Officer.

#### BACKGROUND

Policy LR-02 was first adopted in 2003 and deals with initiatives to promote, support and develop volunteerism in the Shire of Mundaring. A recent review has highlighted that the content of the Policy is operational in nature and therefore, should not be a Council policy.

#### STATUTORY / LEGAL IMPLICATIONS

*Local Government Act 1995:*

Section 2.7 – Role of Council: to govern the local government's affairs and to be responsible for the performance of the local government's functions, including overseeing finances and resources and determining policies.

Section 5.41 – Functions of the CEO: ...to manage the day to day operations of the local government and to ensure that advice and information is available to the council so that informed decisions can be made.

#### POLICY IMPLICATIONS

Policy LR-02 is proposed to be repealed and replaced by an Organisational Practice.

#### FINANCIAL IMPLICATIONS

Nil

#### STRATEGIC IMPLICATIONS

The Mundaring 2026 Strategic Community Plan reflects the Shire's commitment to and support of volunteers, vis:

Priority 2 – Community;

Objective 2 – Residents of all ages, needs and backgrounds are engaged and supported by their community;

Strategy 3 – Encourage and promote volunteer and support services.  
Residents can find appropriate help easily; resources are available and being used.

Repealing this Policy will not impact on Council's strategic focus with regards to volunteers.

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **RISK IMPLICATIONS**

Nil

## **EXTERNAL CONSULTATION**

Nil

## **COMMENT**

Ordinarily policy items such as review and repeal of existing policies and consideration of new policies are considered by the Audit and Risk Committee before being presented to Council for adoption.

Policy LR-02 – Volunteer Support Policy has been reviewed. The Policy is considered operational in nature as it outlines the volunteer policy initiatives that the Shire delivers. These initiatives are also outlined in the Corporate Business Plan as service levels and are reviewed on an annual basis.

As such it is proposed that this policy be repealed and replaced by an Organisational Practice which outlines how volunteer support is actioned. This will not detract from Council's Strategy 2.2.3 "to encourage and promote volunteer and support services". An Organisational Practice will provide a framework for initiatives to promote, support and develop volunteerism in the Shire of Mundaring.

## VOTING REQUIREMENT

Simple majority

### COMMITTEE RECOMMENDATION

That Council repeals Policy LR-02 – Volunteer Support Policy, as it is considered operational in nature and replacing it by an Organisational Practice will not detract from Council's Strategy 2.2.3 "to encourage and promote volunteer and support services".

### MOTION

### COMMITTEE DECISION

**DARC2.02.17**

Moved by: Cr Perks

Seconded by: Cr Brennan

*The Committee requests that:*

- 1. Policy LR-02 – Volunteer Support Policy be reviewed to reflect Council's high level support of volunteerism; and*
- 2. That the amended policy be represented to the Committee.*

### CARRIED 5/0

**For:** Cr Bertola, Cr Brennan, Cr Jeans, Cr Perks, Ms Stewart

**Against:** Nil

**Attachment 1**

**Report 8.1**

**3 pages**

## Shire of Mundaring

# POLICY

### VOLUNTEER SUPPORT POLICY

<b>Policy Ref:</b>	<b>LR-02</b>
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<b>Committee Rec:</b>	OSC758	<b>Date:</b>	7 April 2003
<b>Adopted by:</b>	R25238	<b>Date:</b>	22 April 2003
<b>Amended by:</b>	SGC4.09.09/C3.09.09	<b>Date:</b>	8 Sept/22 Sept 2009
<b>Reviewed:</b>	Once per Electoral Cycle	<b>Date:</b>	23 August 2011
<b>Procedure Ref:</b>		<b>Delegation Ref:</b>	
<b>Statute Ref:</b>			
<b>Local Law Ref:</b>			

#### PURPOSE

Promote, support and develop volunteerism in the Shire of Mundaring.

#### OBJECTIVE

The Shire of Mundaring's Volunteer Support Policy is to:

- Recognise and value the substantial and ongoing contribution made by volunteers and voluntary groups to the quality of life of the community.
- Work in partnership with community groups and relevant stakeholders to develop volunteering opportunities, promote volunteering, improve volunteer skills, raise the profile of volunteerism, and facilitate access to information about volunteering opportunities.
- Identify and implement initiatives to financially support volunteerism in the Shire of Mundaring.

#### RATIONALE

The Shire acknowledges that volunteers contribute to the political, social, economic, environmental, safety and cultural well-being of the community by:

- Strengthening community cohesion, social wellbeing, and trust;
- Providing a wide range of community and emergency services;
- Expanding the ability of the community to respond to the needs of its citizens and provide a range of services and activities;
- Engaging the community in protecting local resources, improving the physical environment and support for environmental issues;

- Encouraging understanding and acceptance of culture, diversity and difference.

The Australian Bureau of Statistics shows that the number of volunteers in Australia has remained relatively constant in recent years. However, there is a trend for fewer younger people volunteering and an overall reduction in the amount of time people are committing to volunteering. These trends present a challenge to all community organisations that rely on volunteers.

The demographics and growth projections for the Shire of Mundaring indicate that the Shire will have an increasing proportion of older people, younger people, and those seeking an employment pathway via volunteering. As these are the groups that have the highest rates of volunteerism it may lead to a further increase in the level of volunteering in the Shire of Mundaring.

Support and development of volunteering within the Shire of Mundaring will enhance Council's vision of a rich mix of sustainable hills lifestyles building a stronger, sustainable and healthy community for future generations.

## **DEFINITION OF VOLUNTEERING**

In accordance with the "National Standards for Involving Volunteers in Not-For-Profit Organisations", the Shire adopts as its definition of volunteering:

Formal volunteering is an activity which takes place in not for profit organisations or projects and is undertaken:

- to be of benefit to the community and the volunteer;
- of the volunteer's own free will and without coercion,
- for no financial payment; and
- in designated volunteer positions only.

## **VOLUNTEER POLICY INITIATIVES**

### **1. Volunteer Support Grants**

The Shire of Mundaring supports volunteers financially with the provision of two types of grants specifically created to support volunteers and volunteer organisations:

- **Volunteer Recognition Grant:** This provides funds to assist in holding an event that recognises the contribution local volunteer, sporting or other not for profit organisations and their members make to the local community. Council will allocate an appropriate amount annually to fund this grant program.
- **Milestone Event Grant:** This provides funds to assist organisation(s) that have reached a major milestone in their history or development. Council will allocate an appropriate amount annually towards events that recognise the efforts of the organisation(s) and their members.

## **2. Volunteer Development Program**

The Shire of Mundaring directly supports the training and development of volunteers through three programs. Council will allocate resources annually to these three programs:

- **Training and Development Workshops:** These workshops provide information and training to assist volunteers in their roles. Topics are to be based on the demonstrated needs of volunteers within the Shire.
- **Volunteer Section of the Shire website:** This component of the Shire website provides volunteer relevant information and will be updated on a regular basis.
- **Volunteer Information Dissemination:** Information to be provided across the Shire of Mundaring through fliers, displays and information sessions.

## **3. Volunteer Matching Service**

The Shire of Mundaring connects volunteers to organisations that need them. Council will allocate resources annually to these two services:

- **Partnership with Swan Volunteers:** This partnership with Swan Volunteers assists volunteers in the Hills area to access volunteer opportunities.
- **Community Development Advisor:** This staff position implements the Volunteer Support Policy Initiatives in addition to collecting information from a variety of organisations, assists with the dissemination of information to local volunteers and volunteer organisations and liaises with community organisations such as the Hills Community Support Group to assist with linking volunteers to current vacancies.

## **4. Volunteer Recognition / Promotion**

The Shire of Mundaring recognises and promotes volunteerism through the following two programs. Council will allocate resources annually to these two programs:

- **Thank a Volunteer Day:** This event invites key volunteer groups from across all sectors of volunteering to nominate members to attend each year. It provides an opportunity to invite volunteers from both internal and external areas of the volunteer sector to recognise and thank them for their efforts.
- **Inspiration Zone:** A collection of inspirational stories relating to volunteers are written and published to the “inspiration zone” section of the volunteer website, an area specifically designed to celebrate the achievements of our volunteers.

## 8.2 Review of Policy CD-03 - Community Gardens

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<b>File Code</b>	OR.OPP 1
<b>Author</b>	Tamara Clarkson, Community Engagement Facilitator
<b>Senior Employee</b>	Kaye Abel, Manager Libraries and Community Engagement
<b>Disclosure of Any Interest</b>	Nil

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### SUMMARY

Council is requested to consider the review of Policy CD-03 – Community Gardens, which establishes the Shire’s promotion and support of the development and sustainability of both new and existing Community Gardens in Shire of Mundaring (**ATTACHMENT 2**).

### BACKGROUND

Policy CD-03 was developed in December 2011.

As part of the staged review of all Shire policies, Organisational Practices and Procedures during 2016/17, Policy CD-03 “Community Gardens” has been reviewed.

Minor changes are recommended based on feedback from the Shire’s Leadership Team and the Shire’s Cultural Advisory Group.

All other changes to the Policy are grammatical or for the purposes of formatting.

Key amendments include:

- Updated consistent and relevant language
- Removal of the operational components. These will form an Operational Practice for staff and Guidelines for the community.

### STATUTORY / LEGAL IMPLICATIONS

In accordance with Section 2.7(2)(b) of the *Local Government Act 1995* it is the role of Council to determine the Local Government’s policies.

### POLICY IMPLICATIONS

Policy CD-03, the subject of this report, has been reviewed and is proposed to be updated.

### FINANCIAL IMPLICATIONS

Nil



## **STRATEGIC IMPLICATIONS**

Mundaring 2026 Strategic Community Plan

Priority 1: Governance

Objective 1.2 – Transparent, responsive and engaged processes for Shire decision making

Strategy 1.2.1 – Increase transparency and responsiveness of Shire administration processes.

Priority 2: Community

Objective 2.3 – A strong and localised community spirit

Strategy 2.3.4 – Encourage local neighbourhood interaction.

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **RISK IMPLICATIONS**

Up to date policies encourage good governance, ensuring transparency, accountability, effectiveness and efficiency. Potential risks to the Shire are considered low as follows:

### **Natural Environment**

Low Consistent approach to the use of public land in various localities and over time. Lease agreements will mitigate this risk.

Risk in not having a lease in place is potential for issues such as the site can be neglected, unsafe or use of harmful pesticides. Lease agreements will mitigate this risk.

### **Reputation**

Low Provides a degree of certainty and consistency regarding Shire's position and approach to community gardens. Lease agreements will mitigate this risk.

## **EXTERNAL CONSULTATION**

Shire's Cultural Advisory Group were consulted and provided their feedback; this feedback has been incorporated into this policy.

## COMMENT

Policy items such as review and repeal of existing policies and consideration of new policies are considered by the Audit and Risk Committee before being presented to Council for adoption.

Policy CD-03 has been reviewed. The following amendments are proposed:

- Updated consistent and relevant language; and
- Removal of the operational components. These will form an Operational Practice for staff and Guidelines for the community.

Copies of the proposed policy (**ATTACHMENT 2**) and the current policy (**ATTACHMENT 3**) are attached.

## VOTING REQUIREMENT

Simple majority

<b>COMMITTEE RECOMMENDATION</b>		<b>ARC1.02.17</b>	
<i>Moved by:</i>	<i>Cr Jeans</i>	<i>Seconded by:</i>	<i>Cr Perks</i>

That Council adopts the reviewed Policy CD-03 – Community Gardens as shown at **ATTACHMENT 2**.

**CARRIED 5/0**

**For:** *Cr Bertola, Cr Brennan, Cr Jeans, Cr Perks, Ms Stewart*

**Against:** *Nil*

**Attachment 2**

**Report 8.2**

**2 pages**

## Shire of Mundaring

# POLICY

### COMMUNITY GARDENS

<b>Policy Ref:</b>	<b>CD- 03</b>
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<b>Adopted:</b>	C9.12.11	<b>Date:</b>	13 December 2011
<b>Amended:</b>		<b>Date:</b>	
<b>Reviewed:</b>		<b>Date:</b>	1 February 2017
<b>Procedure Ref:</b>	N/A	<b>Delegation Ref:</b>	N/A
<b>Statute Ref:</b>	N/A		
<b>Local Law Ref:</b>	N/A		

#### PURPOSE

To promote and support the development and sustainability of both new and existing Community Gardens in Shire of Mundaring.

#### BACKGROUND

Shire of Mundaring recognises community gardening as a valuable recreational activity that may contribute to:

- improved health and well-being
- positive social interaction
- greater connection with local community and building community capacity
- environmental education and sustainability awareness and practices
- protection and use of open space
- opportunities for engagement with local residents, key stakeholder groups and businesses within the Shire.

#### POLICY

##### Definition

This policy defines a 'community garden' as a space operated by the community (with assistance and proper approvals sought from the Shire as required), where the site is used for:

- The production of legal produce for the personal use of its members through allotments or shared plots
- Demonstration gardening or other horticultural activities which encourage the involvement of schools, youth groups and residents in gardening activities
- Educational opportunities for sustainable practices.

## **Objectives**

The objectives of this policy are:

- To support the establishment of community gardens throughout the Shire of Mundaring where appropriate, feasible and sustainable, and in consultation with the Shire
- To encourage that all community gardens are self-managed in a manner that will increase community commitment and guardianship
- To be inclusive and not discriminate against anyone due to sex, marital status, pregnancy or breast feeding, family responsibility or family status, race, religious or political conviction, impairment, age or gender
- To assist the community and various educational institutions to acquire, share and increase knowledge and practice of gardening
- To encourage a high standard of community gardens structure and design
- To utilise land owned or managed by the Shire.

**Attachment 3**

**Report 8.2**

**2 pages**

## Shire of Mundaring

# POLICY

### COMMUNITY GARDENS

Policy Ref:	CD- 03		
Adopted:	C9.12.11	Date:	13 December 2011
Amended:		Date:	
Reviewed:		Date:	<a href="#">1 February 2017</a>
Procedure Ref:	N/A	Delegation Ref:	N/A
Statute Ref:	N/A		
Local Law Ref:	N/A		

#### PURPOSE

To promote and support the development and sustainability of both new and existing Community Gardens in Shire of Mundaring.

#### BACKGROUND

Shire of Mundaring recognises community gardening as a valuable recreational activity that contributes to:

- improved health and well-being;
- positive social interaction;
- [greater connection with local community and building community capacity](#);
- environmental education and sustainability [awareness and practices](#);
- protection and use of open space; and
- opportunities for engagement with local residents, key stakeholder groups and businesses within the Shire.

#### POLICY

##### Definition

[This policy defines a 'community garden' as a space operated by the community \(with assistance and proper approvals sought from the Shire as required\), where the site is used for:](#)

- The production of legal produce for the personal use of its members through allotments or shared plots
- Demonstration gardening or other horticultural activities which encourage the involvement of schools, youth groups and [residents](#) in gardening activities

- Educational opportunities for sustainable practices.

## Objectives

The objectives of this policy are:

- To support the establishment of community gardens throughout the Shire of Mundaring where appropriate, feasible and sustainable~~appropriate~~, and in consultation with the Shire
- To encourage that all community gardens are self-managed in a manner that will increase community commitment and guardianship~~ownership~~
- To be inclusive and not discriminate against anyone due to sex, marital status, pregnancy or breast feeding, family responsibility or family status, race, religious or political conviction, impairment, age or gender
- To assist the community and various educational institutions to acquire, share and increase knowledge and practice of gardening
- To encourage a high standard of community gardens structure and design
- To utilise land owned or managed by the Shire ~~vested or freehold land sites~~.

## ~~Shire Support for Community Gardens~~

~~Subject to available resources the Shire supports community gardens by providing the following to community garden groups:~~

### ~~Site~~

- ~~• Assist interested groups in searching for suitable public land for the development of community gardens;~~
- ~~• Where possible provide suitable public land for community gardens.~~

### ~~Services~~

- ~~• Work with community partners in the development of the community garden;~~
- ~~• Provide in-kind support where feasible (i.e. water options, mulch, etc.).~~

### ~~Promotion~~

- ~~• Promote and raise awareness of community gardening through the Shire's website, publications and events;~~
- ~~• Provide information to the public about the operation of community gardens.~~

### ~~Support & Advice~~

- ~~• Facilitate meetings of community gardens working group to assist with community engagement processes and establishment of community gardens;~~
- ~~• Provide advice and ongoing communication with garden coordinators and committees;~~
- ~~• Assist with the development of garden management plans;~~
- ~~• Assist in obtaining grants and resources;~~
- ~~• Support the establishment of recycling, worm farms and composting facilities.~~



### 8.3 Review of Policy CD-02 – Community Funding

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<b>File Code</b>	OR.OPP 1
<b>Author</b>	Tracey Peacock, Grants & Volunteers Advisor
<b>Senior Employee</b>	Megan Griffiths, Director Strategic & Community Services
<b>Disclosure of Any Interest</b>	Nil

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#### **SUMMARY**

Council is requested to consider the review of Policy CD02 – Community Funding, which outlines the support provided to eligible community groups through Shire of Mundaring's Community Funding Program. This includes funding support to the community through multiple year agreements and through the Community Grants Program.

#### **BACKGROUND**

Policy CD-02 was last reviewed in July 2012. Minor changes are recommended based on feedback from the Shire Leadership Team. These changes aim to clarify distinctions between high level and mid-level service agreements, reduce the length of agreements from three to two years to allow for review of agreement levels and service levels, and remove information that is included in the Grant Guidelines and does not belong in the Policy.

The Leadership Team also recommended that in the broad Policy statement an inclusion should be made that the level of funding from the Shire to community groups is to take into account the Shire's budgetary/financial constraints.

All other changes to the Policy are grammatical or for the purposes of formatting.

#### **STATUTORY / LEGAL IMPLICATIONS**

In accordance with Section 2.7(2)(b) of the *Local Government Act 1995* it is the role of Council to determine the Local Government's policies.

#### **POLICY IMPLICATIONS**

Nil

#### **FINANCIAL IMPLICATIONS**

Nil

#### **STRATEGIC IMPLICATIONS**

Mundaring 2026 Strategic Community Plan:

Priority 1 – Governance

Objective 2 – Transparent, responsive and engaged processes for Shire decision making.

1.2.1 Increase transparency and responsiveness of Shire administration processes

## **SUSTAINABILITY IMPLICATIONS**

Economic:

Reducing the length of high, mid and low level service agreements from three to two years allows for more regular review of these levels to ensure compatibility with the level of service required by the community.

## **RISK IMPLICATIONS**

Up to date policies encourage good governance, ensuring transparency, accountability, effectiveness and efficiency.

## **EXTERNAL CONSULTATION**

Nil

## **COMMENT**

Policy CD-02 has been reviewed. The following amendments are proposed:

- To include the following as an additional aim of the Policy – “to provide a level of funding that takes into account the budgetary constraints of Shire of Mundaring”
- To specify that funding through high level service agreements is above the amount of \$100, 000 per annum, providing a distinction between high and mid-level agreements
- Service agreements are implemented as two year, rather than three year agreements
- The section on grant eligibility, promotion, acknowledgement and reporting is removed from the Policy. These conditions are outlined in the Grant Guidelines document.

## VOTING REQUIREMENT

Simple majority

<b>COMMITTEE RECOMMENDATION</b>		<b>ARC2.02.17</b>	
<i>Moved by:</i>	<i>Cr Perks</i>	<i>Seconded by:</i>	<i>Cr Jeans</i>

That Council adopts the reviewed Policy CD-02 – Community Funding as shown at **ATTACHMENT 4**.

**CARRIED 5/0**

**For:** *Cr Bertola, Cr Brennan, Cr Jeans, Cr Perks, Ms Stewart*

**Against:** *Nil*

**6.06pm Manager Community Engagement left the room and did not return.**

**Attachment 4**

**Report 8.3**

**4 pages**

## Shire of Mundaring

# POLICY

### COMMUNITY FUNDING POLICY

**Policy Ref:** CD-02

**Committee Rec:** SGC1.03.09

**Date:** 9 March 2009

**Adopted by:** C4.03.09

**Date:** 23 March 2009

**Amended by:** C7.07.12

**Date:** 10 July 2012

**Reviewed:** Once per Electoral Cycle

**Date:** [3 November 2016](#)

**Procedure Ref:** n/a

**Delegation Ref:** CE-144 & COM-48

**Statute Ref:** n/a

**Local Law Ref:** n/a

### PURPOSE

To outline the support provided to [local](#) eligible community groups through the Shire of Mundaring's Community Funding Program.

### BACKGROUND

Council receives a range of requests for funding from local groups for a variety of sports, arts, recreation, environmental and community projects each year.

Council seeks to support groups to undertake these projects and in doing so, acknowledges the vast contribution made by local volunteers and not for profit groups to the social, cultural and economic fabric of our community.

This policy co-ordinates Council's response to community requests for financial support. It ensures that ~~the s~~Shire funding resources are allocated in a way that is transparent, legal and equitable and that funded projects further the strategic aims and objectives of the Shire and represent responsible use of public monies.

### POLICY

1. The broad aims of the Shire of Mundaring's Community Funding program are:
  - To encourage the development of services, facilities and events that meet identified community needs.
  - To promote active participation of local residents in community initiatives and the development of skills, knowledge and opportunities.
  - To provide assistance to the community to develop initiatives and services that support ~~s~~ the Shire of Mundaring's ~~S~~strategic [Community p](#)Plan.
  - [To](#) enhance the image of the Shire of Mundaring within the community.

- To provide a level of funding that takes into account the budgetary constraints of Shire of Mundaring.

2. Funding support to the community will be delivered in the following ways:

***Funding through High Level Service Agreements (above \$100,000 per annum):***

High Level Service Agreements will be offered to a limited number of groups. These groups will provide resource intensive services to the community. For example, they may provide access to services seven~~7~~ days per week. They will deliver professional services (e.g. marketing and consultancy) to the Shire and collaborate on numerous Shire projects throughout the year. The services they provide will be closely aligned to the Shire's strategic goals. These groups will be required to report regularly against Key Performance Indicators as agreed with the Shire. High Level Service Agreements will be reserved for groups who bring a high level return on investment. It is generally expected that these Service Agreements will be offered recurrently on a two~~three~~ year basis, provided all conditions of funding are met.

***Funding Through Mid-Level Service Agreements:***

Mid-Level Service Agreements will be offered to a limited number of groups. These groups will be required to provide professional services to the community and to the Shire; however not to the same extent as groups in the High Level. The services provided at this level will be closely aligned to the Shire's strategic goals. These groups will be required to report regularly against Key Performance Indicators as agreed with by Shire. It is generally expected that these Service Agreements will be offered recurrently on a two~~three~~ year basis, provided all conditions of funding are met.

***Funding Through Lower/Entry Level Service Agreements:***

Entry/Lower Level Service Agreements will be offered to a limited number of groups. To be considered for this level of funding, groups will be required to present a Business Case to the Shire outlining the services they provide and the benefit of these to the community. If approved by Council, Entry Level groups will enter into an initial two~~3~~ year funding agreement with the Shire. Key Performance Indicators as agreed with the Shire will be set and monitored through regular meetings with responsible Shire officers. Groups can only progress to higher service agreement levels if it can be demonstrated that an increased level of service is required by the community and can be delivered by the service.

All Service Agreements are reviewed annually by the relevant manager to ensure that Key Performance Indicators and financial reporting obligations are being met.

**Community Grants**

Guidelines pertaining to each of these following individual grants, which include eligibility criteria and promotional and acquittal obligations, are made available to all prospective applicants via the website and in paper copy on request.

**Community Events Grant Program:**

Assessment of applications for Community Events Grants will be \_\_\_undertaken by the Grants Selection Occasional Committee as per their \_\_\_\_Terms of Reference.

**Matching Fund Grants:**

Assessment of applications for Matching Fund Grants will be \_\_\_\_undertaken by the Grants Selection Occasional Committee as per their \_\_\_\_Terms of Reference.

**Community Quick Grants:**

Assessment and allocation of funding through Community Quick Grants will \_\_\_\_be undertaken by the Chief Executive Officer who has delegated authority to \_make required decisions.

**Giving Back Volunteer Recognition Grants – Milestone Event and Volunteer Recognition Quick Grants:**

Assessment of the Giving Back Milestone Grant will be undertaken by the \_Grants Selection Occasional Committee as per their Terms of Reference. \_

Assessment of Volunteer Recognition Quick Grants will be undertaken by the \_\_\_\_Chief Executive Officer who has delegated authority to make required \_\_\_\_decisions.

~~Guidelines pertaining to each of these individual grants provide detailed information about the application and limitations of each type of grant.~~

~~3. Groups that are eligible for funding support:~~

- ~~• An incorporated not-for-profit organisation based in the Shire of Mundaring.~~
- ~~• An incorporated not-for-profit organisation undertaking projects for the benefit of the Shire of Mundaring's residents and places, and whose primary aim is the improvement of the quality of life of the community.~~
- ~~• A Parents and Citizens Association which is based in the Shire of Mundaring.~~
- ~~• An unincorporated community group under the auspices of an incorporated organisation.~~

~~4. All shire grant opportunities will be promoted widely, using various mediums including website, newspapers, newsletter and email networks. Groups will be given a minimum of 3 weeks in which to apply for a grant from the time of a round opening.~~

~~5. All grant recipients be required to publicly acknowledge shire support of funding through one or more of the following strategies:~~

- ~~• Signage at events/opening/launches;~~
- ~~• Shire logo on all advertising material related to the event or project;~~
- ~~• Shire mentioned in all speeches relating to the event or project;~~
- ~~• Invitation of Councillors to project related events/activities where appropriate;~~
- ~~• Mention in all press releases related to the event or project;~~

• ~~Other means where appropriate.~~

~~6. All groups in receipt of shire monies will be required to submit a brief acquittal report and attach copies of receipts. It is expected that this report will include photographs of events or equipment purchased and a written account of the project signed by an authorised committee member.~~

~~7. A report must be presented to Council bi-annually in line with the electoral cycle, reviewing the effectiveness of the policy.~~



## 8.4 Compliance Audit Return 2016

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<b>File Code</b>	FI.RPA 5
<b>Author</b>	Stanislav Kocian, Manager Finance & Governance
<b>Senior Employee</b>	Paul O'Connor, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil

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### SUMMARY

The purpose of this report is to present the Audit and Risk Committee with the completed 2016 Compliance Audit Return (CAR) (**ATTACHMENT 5**).

The Audit and Risk Committee is requested to review the CAR and recommend its adoption to Council.

### BACKGROUND

In accordance with the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*, a local government is required to complete an annual CAR for the period 1 January to 31 December of the preceding year.

The CAR, after being adopted by Council, is to be forwarded to the Department of Local Government and Communities by 31 March 2017.

The CAR is traditionally undertaken as an exercise of self-assessment; however after previous feedback from the Audit and Risk Committee a decision was made to engage an external party to conduct an independent assessment of the 2016 CAR. To this end Peyton Consulting were engaged to complete an independent assessment in January 2017.

Peyton Consulting's scope of works involved using the questions in the Department of Local Government and Communities CAR to identify the Shire's degree of compliance or non-compliance. This was achieved through an examination of the relevant Shire's records and discussion and advice from Shire employees. The review concluded with the provision of a report to the Shire on the findings (**ATTACHMENT 6**).

### STATUTORY / LEGAL IMPLICATIONS

- Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out, in the prescribed manner and in a form approved by the Minister an audit of compliance with statutory requirements prescribed in the *Local Government (Audit) Regulations 1996*.
- Regulation 13 of the *Local Government (Audit) Regulations 1996* details the statutory requirements that must be addressed within the compliance audit.
- Regulation 14 of the *Local Government (Audit) Regulations 1996* specifies the requirement to undertake a compliance audit for the annual period 1

January to 31 December and the process by which the audit return is to be considered by Council.

- Regulation 15 of the *Local Government (Audit) Regulations 1996* details the actions to be taken to certify the audit return and to submit the return by 31 March following the period to which the return relates.

## **POLICY IMPLICATIONS**

Nil

## **FINANCIAL IMPLICATIONS**

Nil

## **STRATEGIC IMPLICATIONS**

Mundaring 2026 Strategic Community Plan

Priority 1: Governance

Objective 1.2 Transparent, responsive and engaged processes for Shire decision making

Strategy 1.2.1 Increase transparency and responsiveness of Shire administration processes

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **RISK IMPLICATION**

### Compliance

Low Failure to complete and submit the CAR by 31 March 2017 would result in non-compliance with the legislative requirements of the *Local Government (Audit) Regulations 1996*.

## **EXTERNAL CONSULTATION**

Peyton Consulting were engaged to undertake an independent review of the 2016 CAR.

## **COMMENT**

The purpose of the annual CAR is for individual local governments to assess their level of compliance with the *Local Government Act 1995* and associated regulations. Peyton Consulting were engaged to complete an independent assessment of the 2016 CAR in January 2017.

The CAR focuses on the following areas of compliance:

1. Commercial Enterprises by Local Governments

2. Delegation of Power/Duty
3. Disclosure of Interest
4. Disposal of Property
5. Elections
6. Finance
7. Local Government Employees
8. Official Conduct
9. Tenders for Providing Goods and Services.

Peyton Consulting's report (**ATTACHMENT 6**) confirms that the Shire has achieved a 100% compliance rating for the period covered by the CAR. This compares with the Shire achieving 100% compliance in 2015 and 97.5% compliance in 2014.

The audit conducted by Peyton Consulting identified a small number of issues during the course of review that fell outside the period covered by the 2016 CAR. These matters, together with management comments, are detailed in the attached table (**ATTACHMENT 7**).

The 2016 CAR, in the format that it is to be submitted to the Department of Local Government and Communities, is attached for adoption (**ATTACHMENT 5**).

#### **VOTING REQUIREMENT**

Simple Majority

<b>COMMITTEE RECOMMENDATION</b>		<b>ARC3.02.17</b>	
<i>Moved by:</i>	<i>Cr Perks</i>	<i>Seconded by:</i>	<i>Cr Brennan</i>

That

1. Council adopts the completed 2016 Compliance Audit Return for the period 1 January 2016 to 31 December 2016 as presented in **ATTACHMENT 5**;
2. Council submits the completed Compliance Audit Return for the Shire of Mundaring to the Department of Local Government and Communities after the Joint Certificate is signed by the Shire President and Chief Executive Officer; and
3. The Audit and Risk Committee notes Peyton Consulting's report on its independent review of the 2016 Compliance Audit Return as presented in **ATTACHMENT 6**.

**CARRIED 5/0**

**For:** *Cr Bertola, Cr Brennan, Cr Jeans, Cr Perks, Ms Stewart*

**Against:** *Nil*

**Attachment 5**

**Report 8.4**

**10 pages**



## Mundaring - Compliance Audit Return 2016

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 2016.	N/A	R.Earnshaw: No major trading undertakings in 2016	Danielle Courtin
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 2016.	N/A	R. Earnshaw: No major land transactions in 2016	Danielle Courtin
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 2016.	N/A	R. Earnshaw	Danielle Courtin
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 2016.	N/A	R. Earnshaw	Danielle Courtin
5	s3.59(5)	Did the Council, during 2016, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A	R. Earnshaw	Danielle Courtin

### 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	B Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Resolved 10/1 Referenced in 2015/16 Delegated Authority Register.	Danielle Courtin
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes	B. Peyton: Referenced in 2015/16 Delegated Authority Register: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1	Danielle Courtin
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes	B. Peyton: Referenced in 2015/16 Delegated Authority Register Ref Resolution SC12.10.13: CS 11.07: COM 46	Danielle Courtin
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes	B. Peyton: Referenced in 2015/16 Delegated Authority Register Ref Resolution SC12.10.13: CS 11.07: COM 46	Danielle Courtin



No	Reference	Question	Response	Comments	Respondent
5	s5.18	Has Council reviewed delegations to its committees in the 2015/2016 financial year.	Yes	B. Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1	Danielle Courtin
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	B. Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Referenced in 2015/16 Delegated Authority Register.	Danielle Courtin
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes	B. Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Resolved 10/1 Referenced in 2015/16 Delegated Authority Register.	Danielle Courtin
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	B. Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Resolved 10/1 Referenced in 2015/16 Delegated Authority Register.	Danielle Courtin
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	B. Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Resolved 10/1 As per 2015/16 Delegated Authority Register.	Danielle Courtin
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	B. Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Resolved 10/1 Referenced in 2015/16 Delegated Authority Register amendment Ref CE153.	Danielle Courtin
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	B. Peyton: Referenced in 2015/16 Delegated Authority Register.	Danielle Courtin
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 2015/2016 financial year.	Yes	B. Peyton: Referenced in annual review OCM Minutes dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 As per 2015/16 Delegated Authority Register.	Danielle Courtin



No	Reference	Question	Response	Comments	Respondent
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	B. Peyton: Based on audit sample testing. However unable to confirm that a written record was kept on all occasions.	Danielle Courtin

### 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	B. Peyton: Random sample checking of minutes. 14 June 2016, 13/12/2016, 11 Oct 2016, 9 Aug 2016.	Danielle Courtin
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	N/A	B. Peyton: No approval to participate recorded in the Financial Interest Register.	Danielle Courtin
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	B. Peyton: Random sample checking of minutes. 14 June 2016, 13/12/2016, 11 Oct 2016, 9 Aug 2016.	Danielle Courtin
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	B. Peyton: As per Primary and Annual Return Register.	Danielle Courtin
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	B. Peyton: As per Primary and Annual Return Register.	Danielle Courtin
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2016.	Yes	B. Peyton: As per Primary and Annual Return Register.	Danielle Courtin
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2016.	Yes	B. Peyton: As per Primary and Annual Return Register.	Danielle Courtin
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes	B. Peyton: Sample receipts viewed.	Danielle Courtin
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	B. Peyton: As per Primary and Annual Return Register.	Danielle Courtin
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	B. Peyton: As per Financial Interest Register.	Danielle Courtin



No	Reference	Question	Response	Comments	Respondent
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	B. Peyton: Sample testing - Employee left 19 Aug 2016. Confirmed Returns removed from Primary and Annual return Register.	Danielle Courtin
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	B. Peyton: As per Primary and Annual Return Register.	Danielle Courtin
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	B. Peyton: Sample checking various Council and Committee meetings. Employee OCM 16 May 2016, 9 Feb 2016, Elected member OCM 14 Jun 2016, 10 May 2016.	Danielle Courtin
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	B. Peyton: Employee declarations viewed in Minutes example 13 Sep 2016, 8 Nov 2016, 16 May 2016. Also employee declarations viewed in financial interest register.	Danielle Courtin
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	B. Peyton: Examples of employee declarations viewed in Minutes. Full disclosures made including nature and extent.	Danielle Courtin
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	B. Peyton: Reference online Gift Register, once the gift has been notified.	Danielle Courtin

### 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)).	N/A	No property disposals under section 3.58(3) during 2016.	Danielle Courtin
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.	N/A	R. Earnshaw: As above	Danielle Courtin





## Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates.	N/A	B. Peyton: No extraordinary elections in 2016.	Danielle Courtin

## 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	R Earnshaw: Appointed by absolute majority at a special council meeting on 21/10/15.	Danielle Courtin
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A	R. Earnshaw: No additional powers delegated to the audit committee in 2016.	Danielle Courtin
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	R Earnshaw: D Tomasi, W Chai and G Goodwin all registered company auditors. Checked on ASIC website.	Danielle Courtin
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	R Earnshaw: Confirmed Council minutes 11 March 2016.	Danielle Courtin
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2016 received by the local government within 30 days of completion of the audit.	Yes	R Earnshaw: Completed 19/10/16 received by the Shire on 26/10/16.	Danielle Courtin
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2016 received by the local government by 31 December 2016.	Yes	R Earnshaw: See above.	Danielle Courtin
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	R Earnshaw: No matters raised.	Danielle Courtin
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	R Earnshaw: No matters raised.	Danielle Courtin



No	Reference	Question	Response	Comments	Respondent
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	R Earnshaw: No matters raised.	Danielle Courtin
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	R Earnshaw: Included in the letter of engagement dated 22 March 2016.	Danielle Courtin
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	R Earnshaw: Included in the letter of engagement dated 22 March 2016.	Danielle Courtin
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	R Earnshaw: Included in the letter of engagement dated 22 March 2016.	Danielle Courtin
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	R Earnshaw: Included in the letter of engagement dated 22 March 2016.	Danielle Courtin
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	R Earnshaw: Included in the letter of engagement dated 22 March 2016.	Danielle Courtin

### 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	R Earnshaw: No change in CEO during 2016.	Danielle Courtin
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A	R Earnshaw: No relevant positions advertised during 2016.	Danielle Courtin
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	R Earnshaw	Danielle Courtin
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	R Earnshaw	Danielle Courtin
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A	No relevant employees were appointed or dismissed in 2016.	Danielle Courtin



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	B. Peyton: CEO is appointed as Complaints Officer	Danielle Courtin
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	B. Peyton: One Minor Breach Complaint received in December 2016. Under consideration by Standards Panel.	Danielle Courtin
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	B. Peyton	Danielle Courtin
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	B. Peyton	Danielle Courtin
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	B. Peyton: Minor Breach Complaint received in December 2016. Presently under consideration by Standards Panel. No findings at this time.	Danielle Courtin
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	B. Peyton: Minor Breach Complaint received in December 2016. Presently under consideration by Standards Panel. No findings at this time.	Danielle Courtin

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	R Earnshaw: A sample of creditors was examined where expenditure exceeded \$150,000 during 2016. In all instances the Shire had invited tenders where appropriate.	Danielle Courtin
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.	N/A	R Earnshaw: No multiple contracts entered into in 2016.	Danielle Courtin



No	Reference	Question	Response	Comments	Respondent
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes	R Earnshaw: Tender register includes copies of State-wide public notices published in 2016.	Danielle Courtin
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	R Earnshaw: Hard copies were downloaded from Tenderlink and checked against the Regulations.	Danielle Courtin
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	R Earnshaw: Hard copy evidence downloaded from Tenderlink confirmed that appropriate notice was given to affected tenderers.	Danielle Courtin
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	R Earnshaw: Checked Tenders Register and compliance with Shire's Purchasing Policy.	Danielle Courtin
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	R Earnshaw: Only one occurrence in 2016, sighted the relevant advice provided to the affected tenderer.	Danielle Courtin
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	R Earnshaw: Checked against hard copy information downloaded from Tenderlink.	Danielle Courtin
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	R Earnshaw	Danielle Courtin
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	R Earnshaw: Checked against hard copy information downloaded from Tenderlink.	Danielle Courtin
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.	N/A	No expressions of interest advertised in 2016.	Danielle Courtin
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.	N/A	R Earnshaw	Danielle Courtin
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.	N/A	R Earnshaw	Danielle Courtin



No	Reference	Question	Response	Comments	Respondent
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.	N/A	R Earnshaw	Danielle Courtin
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A	No panels were established during 2016.	Danielle Courtin
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A	R Earnshaw	Danielle Courtin
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.	N/A	R Earnshaw	Danielle Courtin
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A	R Earnshaw	Danielle Courtin
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A	R Earnshaw	Danielle Courtin
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.	N/A	R Earnshaw	Danielle Courtin
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.	N/A	R. Earnshaw	Danielle Courtin
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.	N/A	R. Earnshaw	Danielle Courtin
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).	N/A	No regional price preference in place.	Danielle Courtin



No	Reference	Question	Response	Comments	Respondent
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.	N/A	R. Earnshaw	Danielle Courtin
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	R. Earnshaw: AS-04 Purchasing Policy	Danielle Courtin

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**Attachment 6**

**Report 8.4**

**17 pages**

SHIRE OF MUNDARING:  
COMPLIANCE AUDIT RETURN (2016)

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*SUMMARY REPORT*





## Summary Report

Western Australian local governments are required to complete an annual compliance audit return (CAR) and submit it to the Department of Local Government and Communities in accordance with the requirements of the *Local Government (Audit) Regulations 1996*.

The CAR is a checklist of a local government's compliance with the requirements of the *Local Government Act 1995* (the Act) and associated Regulations as approved by the Minister. The content and structure of the 2016 CAR has not changed from 2015. It addresses compliance via a series of questions relating to the following areas of activity under the Act:

1. Commercial Enterprises by Local Governments (*5 questions*);
2. Delegation of Power / Duty (*13 questions*);
3. Disclosures of Interest (*16 questions*);
4. Disposal of Property (*2 questions*);
5. Elections (Gift Register) (*1 question*);
6. Finance (*14 questions*);
7. Local Government Employees (*5 questions*);
8. Official Conduct (*6 questions*); and
9. Tenders for providing Goods and Services (*25 questions*).

In all, the CAR contains a total of 87 questions.

The 2016 compliance audit has been conducted by Peyton Consulting a consultancy firm specialising in independent reviews of governance practices and covers the period 1 January 2016 to 31 December 2016.

The audit examined documents and other records to assess the Shire's compliance with the questions posed in the CAR. Each question has been addressed either wholly or by sample, depending on the volume of activity and assessed risk factors. Where a sample has been examined, the audit findings are based only on that sample.

The purpose of this review is to provide the Shire with an independent assessment of its compliance with the questions contained in the CAR and where it is considered appropriate, suggesting opportunities for improvement.

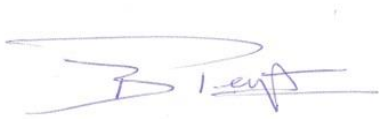
The Shire has achieved a 100% compliance rating for the period covered by the 2016 CAR which is commendable. This compares with the Shire achieving 97.5% compliance in 2014 and 100% in 2015.
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The Shire of Mundaring's completed 2016 CAR is attached.

The audit identified a small number of issues during the course of the review that fell outside the period covered by the 2016 CAR and these are detailed in table 1 for the Shire's information.

**Table 1**

<b>Description</b>	<b>Audit comments</b>	<b>Objective</b>
Large number of Designated Officers compared with similar sized local governments	Suggest review criteria for appointing credit card holders as designated officers	Increase monitoring efficiency by: <ul style="list-style-type: none"> <li>• reducing number of employees with credit cards.</li> <li>• reducing number of returns required from designated officers</li> </ul>
Primary Returns not located in public register	Suggest review Financial Interests Register and induction process for new designated officers.	Reduce risk of non-compliance by increasing training and awareness
Disposal of property	A major land transaction was approved by Council without an absolute majority.	For Shire's attention
Appointment of Auditor	The Auditor engagement letter was not signed by the CEO.	For Shire's attention
Purchasing Policy	The process for appointing the CEO's delegated nominee needs to be clarified to ensure compliant with relevant section of the Purchasing Policy.	For Shire's attention



Brendan Peyton  
17 January 2017



## Mundaring - Compliance Audit Return 2016

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Source of Information
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 2016.	N/A	No major trading undertakings in 2016	R Earnshaw
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 2016.	N/A	No major land transactions in 2016	R Earnshaw
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 2016.	N/A		R Earnshaw
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 2016.	N/A		R Earnshaw
5	s3.59(5)	Did the Council, during 2016, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		R Earnshaw



Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Source of Information
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Resolved 10/1 Referenced in 2015/16 Delegated Authority Register.	B Peyton
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes	Referenced in 2015/16 Delegated Authority Register: Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1	B Peyton
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes	Referenced in 2015/16 Delegated Authority Register Ref Resolution SC12.10.13: CS 11.07: COM 46	B Peyton
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes	Referenced in 2015/16 Delegated Authority Register: Ref Resolution SC12.10.13: CS 11.07: COM 46	B Peyton
5	s5.18	Has Council reviewed delegations to its committees in the 2015/2016 financial year.	Yes	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1	B Peyton
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	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Referenced in 2015/16 Delegated Authority Register.	B Peyton
7	s5.42(1) (2)	Admin Reg 18G Were all delegations to the CEO resolved by an absolute majority.	Yes	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Resolved 10/1 Referenced in 2015/16 Delegated Authority Register.	B Peyton
8	s5.42(1) (2)	Admin Reg 18G Were all delegations to the CEO in writing.	Yes	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 Referenced in 2015/16 Delegated Authority Register.	B Peyton
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 As per 2015/16 Delegated Authority Register.	B Peyton
10	s5.45(1) (b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Resolved 10/1 Referenced in 2015/16 Delegated Authority Register amendment Ref CE153.	B Peyton
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	Referenced in 2015/16 Delegated Authority Register.	B Peyton
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 2015/2016 financial year.	Yes	Referenced in annual review OCM Minutes Dated 9 Feb 2016 Item 10.7 Ref OR.CMA 1 As per 2015/16 Delegated Authority Register.	B Peyton
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	Based on audit sample testing. However, unable to confirm that a written record was kept on all occasions.	B Peyton



Disclosure of Interest					
No	Reference	Question	Response	Comments	Source of Information
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	Random sample checking of minutes. 14 June 2016, 13/12/2016, 11 Oct 2016, 9 Aug 2016.	B Peyton
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	N/A	No approval to participate recorded in the Financial Interest Register.	B Peyton
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	Random sample checking of minutes. 14 June 2016, 13/12/2016, 11 Oct 2016, 9 Aug 2016.	B Peyton
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	As per Primary and Annual Return Register.	B Peyton
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	As per Primary and Annual Return Register	B Peyton
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2016.	Yes	As per Primary and Annual Return Register.	B Peyton
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2016.	Yes	As per Primary and Annual Return Register	B Peyton
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes	Sample receipts viewed.	B Peyton
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	As per Primary and Annual Return Register.	B Peyton
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	As per Financial Interest Register.	B Peyton
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	Sample testing – Employee left 19 Aug 2016. Confirmed Returns removed from Primary and Annual Return Register.	B Peyton
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	As per Primary and Annual Return Register.	B Peyton

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	Sample checking Various Council and Committee meetings. Employee OCM 16 May 2016, 9 Feb 2016, Elected member OCM 14 Jun 2016, 10 May 2016	B Peyton
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	Employee declarations viewed in Minutes example 13 Sept 2016, 8 Nov 2016, 16 May 2016 Also employee declarations viewed in financial interest register	B Peyton
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	Examples of employee declarations viewed in Minutes. Full disclosures made including nature and extent.	B Peyton
16	s5.103 (3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	Reference online Gift Register, once the gift has been notified.	B Peyton



Disposal of Property					
No	Reference	Question	Response	Comments	Source of Information
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)).	N/A	No property disposals under section 3.58(3) during 2016.	D Courtin
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.	N/A	As above	R Earnshaw





Elections					
No	Reference	Question	Response	Comments	Source of Information
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates.	N/A	No extraordinary elections in 2016	B Peyton



Finance					
No	Reference	Question	Response	Comments	Source of Information
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	Appointed by absolute majority at a special council meeting on 21/10/15.	R Earnshaw
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A	No additional powers delegated to the audit committee in 2016.	R Earnshaw
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	D Tomasi, W Chai and G Goodwin all registered company auditors. Checked on ASIC website.	R Earnshaw
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	Confirmed Council minutes 11 March 2016.	R Earnshaw
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2016 received by the local government within 30 days of completion of the audit.	Yes	Completed 19/10/2016, received by the Shire on 26/10/16.	R Earnshaw
6	s7.9(1)	Was the Auditor's report for 2015/2016 received by the local government by 31 December 2016.	Yes	See above.	R Earnshaw
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	No matters raised.	R Earnshaw
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	No matters raised.	R Earnshaw
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	No matters raised.	R Earnshaw
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	Included in the letter of engagement dated 22 March 2016.	R Earnshaw
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	Included in the letter of engagement dated 22 March 2016	R Earnshaw

12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Included in the letter of engagement dated 22 March 2016	R Earnshaw
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	Included in the letter of engagement dated 22 March 2016	R Earnshaw
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	Included in the letter of engagement dated 22 March 2016	R Earnshaw



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	No change in CEO during 2016.	R Earnshaw
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A	No relevant positions advertised during 2016.	D Courtin
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		R Earnshaw
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		R Earnshaw
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A	No relevant employees were appointed or dismissed in 2016.	D Courtin



Official Conduct					
No Reference		Question	Response	Comments	Source of Information
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	CEO is appointed as Complaints officer	B Peyton
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	One minor breach Complaint received in December 2016. Under consideration by Standards Panel	B Peyton
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		B Peyton
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		B Peyton
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	Minor breach Complaint received in December 2016. Presently under consideration by Standards Panel. No findings at this time.	B Peyton
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)(c).	Yes	Minor breach Complaint received in December 2016. Presently under consideration by Standards Panel. No findings at this time.	B Peyton



Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Source of Information
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	A sample of tenders was examined where expenditure exceeded \$150,000 during 2016. In all instances the Shire had invited tenders where appropriate.	R Earnshaw
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.	N/A	No multiple contracts entered into in 2016.	D Courtin
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes	Tenders register includes copies of Statewide public notices published in 2016.	R Earnshaw
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	Hard copies were downloaded from Tenderlink and checked against the Regulations.	R Earnshaw
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	Hard copy evidence downloaded from Tenderlink confirmed that appropriate notice was given to affected tenderers.	R Earnshaw
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	Checked Tenders Register and compliance with the Shire's Purchasing Policy.	R Earnshaw
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	Only one occurrence in 2016, sighted the relevant advice provided to the affected tenderer.	R Earnshaw
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	Checked against hard copy information downloaded from Tenderlink.	R Earnshaw
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		R Earnshaw
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	Checked against hardcopy downloaded from Tenderlink.	R Earnshaw
11	F&G Reg 21 & 22	Did the local government's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	No expressions of interest advertised in 2016.	D Courtin

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.	N/A		R Earnshaw
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.	N/A		R Earnshaw
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.	N/A		R Earnshaw
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A	No panels were established during 2016.	D Courtin
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A		R Earnshaw
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.	N/A		R Earnshaw
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	N/A		R Earnshaw
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A		R Earnshaw
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.	N/A		R Earnshaw
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.	N/A		R Earnshaw
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.	N/A		R Earnshaw



No	Reference	Question	Response	Comments	Source of Information
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).	N/A	No regional price preference in place.	D Courtin
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.	N/A		R Earnshaw
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	AS-04 Purchasing Policy	R Earnshaw



**Attachment 7**

**Report 8.4**

**3 pages**

Description	Audit Comments	Objective	Management Comments
Large number of designated officers compared with similar sized local governments.	Suggest review criteria for appointing credit card holders as designated officers.	Increase monitoring efficiency by: <ul style="list-style-type: none"> <li>Reducing number of employees with credit cards.</li> <li>Reducing number of returns required from designated officers.</li> </ul>	<p>A review of the number of corporate purchasing cards has been considered by ELT and card numbers will be reduced to 44.</p> <p>It is management's view that as corporate purchasing cards holders do incur expenditure on behalf of the Shire that it is appropriate that all card holders continue to be treated as designated employees.</p>
Primary Returns not located in public register.	Suggest review Financial Interests Register and induction process for new designated officers.	Reduce risk of non-compliance by increasing training and awareness	<p>This relates to the Primary Returns of 15 long standing employees that could not be located. Two of these primary returns were located on the employee's personnel file and have been moved to the public Primary Returns Register. It should be noted that the Annual Returns for all 15 employees are available on the register.</p> <p>For at least the past two years all new Shire employees have been required to undertake a governance induction, part of which covers the requirement for Primary and Annual Returns (if applicable to the role).</p>

Disposal of property	A major land transaction was approved by Council without an absolute majority.	For Shire's attention	<p>This relates to the Council approval for the sale of Morrison Road.</p> <p>Council approved the sale by a vote of 6/4 in January 2015. Under the Act an absolute majority for the Shire requires 7 votes.</p> <p>The settlement of the sale was finalised in March 2016.</p>
Appointment of Auditor	The Auditor engagement letter was not signed by the CEO.	For Shire's attention	<p>The copy of the engagement letter in the Shire's records system was only signed by the auditors, Moore Stephens. Moore Stephens, on request, have subsequently forwarded the Shire with a copy of the letter that had been signed by both parties.</p>
Purchasing Policy	The process for appointing the CEO's delegated nominee needs to be clarified to ensure compliance with relevant section of the Purchasing Policy.	For Shire's attention	<p>This relates to the following statement in the Shire's purchasing policy.</p> <p><i>"Tenders are to be opened in the presence of the Chief Executive Officer's delegated nominee and preferably at least one other Shire officer"</i></p> <p>This statement will be removed from the revised Purchasing Policy, as it has been superseded by the Shire's Tender Guidelines (presented to the Audit and Risk Committee in May 2016), which states the following and reflects the current Shire practice:</p>

			<i>At Shire of Mundaring tenders are opened in the presence of the staff member who was the Tenderlink administrator for the specific tender, the project manager, the Governance Coordinator, any other interested staff, any tenderers who wish to attend and any members of the public.</i>
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## 8.5 Internal Audit Plan – Suggested Audits

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<b>File Code</b>	FI.AUD - 1516
<b>Author</b>	Paul O'Connor, Director Corporate Services
<b>Senior Employee</b>	As above
<b>Disclosure of Any Interest</b>	Nil

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### SUMMARY

A proposed list of potential audit areas is presented for discussion and direction of the Committee for development of an internal audit plan over the next four financial years to determine the order of priority.

This item provides opportunity to form a list of suggested projects, across all directorates that will provide the Council and Executive confidence that processes and programs are operating efficiently and effectively.

### BACKGROUND

Regulation 17 *Local Government (Audit) Regulations 1996* requires the CEO to:

1. review the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance; and
2. report the results of that review to the Audit and Risk Committee.

The reviews required to be undertaken under regulation 17 are to occur at least every two calendar years. The Shire's second biennial review under regulation 17 was completed and considered by the Audit and Risk Committee in November 2016.

To assist with these ongoing reviews into the future, an internal audit function has been included in the Corporate Business Plan 2016 – 19. The Shire's first internal audit, a Procurement audit, was undertaken in March 2016 and its report was considered by the Committee in July 2016.

Internal auditors report functionally to Council through the Audit and Risk Committee and are accountable to the CEO for the efficient and effective operation of the internal audit function.

### STATUTORY / LEGAL IMPLICATIONS

*Local Government (Audit) Regulations 1996*

### POLICY IMPLICATIONS

The Internal Audit Charter OR-19 (**ATTACHMENT 8**) provides the framework for the conduct of the internal audit function in the Shire of Mundaring. It defines the

purpose, independence, authority and responsibility of the internal audit activity. Internal audits will be performed by independent external contractors appointed through a transparent Expressions of Interest process.

## **STRATEGIC IMPLICATIONS**

Internal audit provides an independent and objective review and advisory service to:

- provide assurance to Council and the CEO that the Shire's financial and operational controls designed to manage the organisation's risks and achieve its objectives, are operating in an efficient, effective and ethical manner
- assist management in improving and monitoring the Shire's risk management, internal control and legislative compliance functions.

The internal audit function is provided for in the Corporate Business Plan 2016 – 19.

## **SUSTAINABILITY IMPLICATIONS**

There are no sustainability implications related to this report.

## **FINANCE IMPLICATIONS**

An amount of \$60,000 is included in the annual budget each year for internal audit. The amount may cover one major review or at least two smaller reviews in a financial year.

## **RISK IMPLICATIONS**

There are no risk implications related to this report. However to identify in excess of two reviews in one financial year would be resource intensive.

## **CONSULTATION**

Nil

## **COMMENT**

Internal audits may cover any programs and activities of the Shire and encompass the review of all financial and non-financial policies and operations. However areas of high risk should be reviewed as a priority in order to ensure that controls are adequate and are working as intended.

The following table provides an assessment by staff of the risk exposure of suggested areas for internal auditing.

Suggested area for internal auditing	Risk exposure of the suggested area		
	Reputation	Financial impact	Compliance risk
Human resources processes	Moderate	High	Low
Community grants	Low	Low	Low
Planning and building applications process	Moderate	Moderate	Moderate
ICT systems	Low	Moderate	Moderate
Animal control	High	Moderate	Moderate
Health inspections	Moderate	Moderate	Moderate
Asset management	Moderate	High	Moderate
Fleet management	High	High	Low
Waste services	High	Moderate	Low
Bookings of Shire facilities	Moderate	Moderate	Low
Record keeping	Low	Low	Low
Energy management	Low	Moderate	Moderate
Complaints management system	High	Moderate	Moderate
Communications – social media	Moderate	Low	Low

Fleet Management and Animal Control are recommended as priorities as they have the highest risk exposures.

## VOTING REQUIREMENT

Simple majority

<b>COMMITTEE DECISION</b>		<b>DARC3.02.17</b>	
Moved by:	Cr Perks	Seconded by:	Cr Jeans

That the Audit & Risk Committee prioritises the following projects for inclusion in the internal audit plan over the next four financial years:

1. Fleet Management
2. Animal Control
3. Complaints management system
4. Asset management
5. Human resources processes
6. Waste services
7. Planning and building applications process
8. Health inspections
9. ICT systems
10. Energy management
11. Booking of Shire facilities
12. Communications – social media
13. Community grants
14. Record keeping

***CARRIED 5/0***

***For:***        *Cr Bertola, Cr Brennan, Cr Jeans, Cr Perks, Ms Stewart*

***Against:*** *Nil*



**Attachment 8**

**Report 8.5**

**2 pages**

## Shire of Mundaring

# POLICY

### INTERNAL AUDIT CHARTER

<b>Policy Ref:</b>	<b>OR-19</b>
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**Adopted:** C3.03.16

**Date:** 8 March 2016

**Amended:**

**Date:**

**Reviewed:**

**Date:**

**Procedure Ref:**

**Delegation Ref:**

**Statute Ref:** *Local Government (Audit) Regulations 1996 r. 17*

**Local Law Ref:** N/A

### PURPOSE

This Internal Audit Charter provides the framework for the conduct of the internal audit function in the Shire of Mundaring. It defines the purpose, independence, authority and responsibility of the internal audit activity.

### POLICY

#### 1. Purpose of internal audit

The internal audit provides an independent and objective review and advisory service to:

- provide assurance to Council and the CEO that the Shire's financial and operational controls designed to manage the organisation's risks and achieve its objectives, are operating in an efficient, effective and ethical manner; and
- assist management in improving and monitoring the Shire's risk management, internal control and legislative compliance functions.

#### 2. Scope of internal audit

Internal audits may cover any programs and activities of the Shire and encompass the review of all financial and non-financial policies and operations.

#### 3. Independence

Independence is essential to the effectiveness of the internal audit function.

Internal audits will be performed by independent external contractors appointed through a transparent Expressions of Interest process.

Internal auditors report functionally to Council through the Audit and Risk Committee and are accountable to the CEO for the efficient and effective operation of the internal audit function.

#### **4. Authority and confidentiality**

Internal auditors are authorised to:

- have full free and unrestricted access to any and all of the Shire's records and other documentation, premises and Shire employees; and
- obtain assistance as required from Shire employees.

Internal auditors are responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work.

#### **5. Roles and responsibilities**

The internal audit activity encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Shire's governance, risk management and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the Shire's strategic objectives. This may include:

- Evaluating risk exposure relating to achievement of the Shire's strategic objectives;
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify and report such information;
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on the organisation;
- Evaluating the means of safeguarding assets and – as appropriate – verifying the existence of such assets;
- Evaluating the effectiveness and efficiency with which resources are employed;
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are carried out as planned;
- Monitoring and evaluating governance processes;
- Monitoring and evaluating the effectiveness of the Shire's risk management processes;
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit;
- Providing advice related to governance, risk management and internal control as appropriate;
- Reporting significant risk exposures and internal control issues, including fraud risks and governance issues; and
- Evaluating specific operations at the request of Council and the CEO.

#### **6. Relationship with external audit**

Internal and external audit activities will be coordinated to help ensure the adequacy of overall audit coverage and to minimise duplication of effort.

#### **7. Review of the Charter**

This Charter will be reviewed when required but at least bi-annually to coincide with the review of the Terms of Reference of the Audit and Risk Committee.

## 8.6 Internal Procurement Audit – Progress report on implementation of agreed management actions

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<b>File Code</b>	FI.AUD 1516
<b>Author</b>	Stanislav Kocian, Manager Finance and Governance
<b>Senior Officer</b>	Paul O'Connor, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil

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### SUMMARY

This report provides the Audit and Risk Committee with an update as to the progress in the implementation of the agreed management actions based on the recommendations from the Deloitte Procurement Audit report.

### BACKGROUND

In March 2016 the Shire engaged Deloitte to undertake an internal procurement audit to assess whether Shire purchases of goods and services are conducted in accordance with relevant legislation, Shire policies and procedures, and sound purchasing principles and practices.

The procurement audit also evaluated the capacity of systems, policies, procedures and practices of the Shire of Mundaring to effectively prevent, identify and respond to misconduct in procurement practices. Any specific governance weaknesses relating to procurement were identified.

The findings and recommendations of the Deloitte report, together with agreed management actions, were presented to the Audit and Risk Committee 14 July 2016. The Committee was advised that it would be provided with regular updates as to the progress of the agreed management actions at future committee meetings.

### STATUTORY / LEGAL IMPLICATIONS

Procurement in local government is governed by the following legislation:

Section 3.57 of the *Local Government Act 1995* requires local governments to call for tenders before entering into contracts under the circumstances prescribed in the *Local Government (Functions and General) Regulations 1996*.

Regulation 11A of the *Local Government (Functions and General) Regulations 1996* requires all local government to have a purchasing policy in place for the supply goods or services where the consideration under the contract is, or is expected to be \$150,000 or less.

Part 4, Division 2 of the *Local Government (Functions and General) Regulations 1996* prescribes the circumstances in which a tender process is to be conducted, and also prescribes the tender process.

Part 4, Division 3 of the *Local Government (Functions and General) Regulations 1996* prescribes the circumstances that a panel of prequalified suppliers may be established and the process for establishing such panels.

## **POLICY IMPLICATIONS**

The following policies, organisational practices and procedures have been or will be reviewed and updated to align them with the recommendations for improvement identified in the Deloitte report:

- AS-04, Purchasing Policy
- FI-01, Corporate Purchasing Card Policy
- OP-32, Petty Cash Organisational Practice
- Admin-29, Issue and use of Corporate Purchasing Cards Procedure
- Admin-30, Ordering of Goods and Services
- Admin-31, Quotations for Purchase of Goods and Services

## **FINANCIAL IMPLICATIONS**

There is no additional allocation of financial or human resources to implement the recommendations of Deloitte's report in the 2016/17 budget. The implementation of the management actions have been undertaken using existing Shire resources.

## **STRATEGIC IMPLICATIONS**

Supports Strategic Community Plan 2026:

- Strategic Theme 1.1.4 - Practise effective governance and financial risk management

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **RISK IMPLICATIONS**

### Compliance

Moderate      The implementation of the agreed management actions will mitigate the risks associated with each of the findings in the Deloitte report.

## **EXTERNAL CONSULTATION**

Deloitte were engaged, via a request for quotation process, to conduct the independent procurement audit.

## **COMMENT**

The findings of the procurement audit, agreed management actions and progress towards implementing the agreed management actions are detailed below.

**Finding 1 - Limited guidance provided in the tender processes (Risk – Critical)**

**Deloitte observations** - there is currently no policy document in place that outlines the process for conducting a tender, contributing to an inconsistent tender process being applied throughout the Shire.

**Agreed management actions** – a tender process document has been developed and communicated to all relevant employees who are likely to be involved in a tender process. This document was presented to the Audit and Risk Committee in May 2016.

**Progress update** – as above, the agreed management action has been completed and the tender guidelines have been communicated and made available to all relevant staff.

**Finding 2 - Insufficient guidance to ensure consistent use of purchase orders across the organisation (Risk – Critical)**

**Deloitte observations** - a Purchasing Policy (AS-04, “Updated for Change In Regs”) has been created, however this version is silent on the requirement to use POs for spend categories and thresholds. The Admin-30 Ordering of Goods and Services procedure document states that POs are required for all spend except for card transactions, petty cash purchases, water, electricity or telephone usage invoices and cheque requests. Data analysis identified that 5,413 (\$10,419,390.80) invoices were received without raising POs. Owing to the lack of guidance within the Purchasing Policy and procedure documentation; a number of PO process gaps were identified.

**Agreed management actions** - the Shire’s existing Procedure document (Admin-30, Ordering of Goods and Services) will be reviewed and updated to include the recommendations in the report.

Implementing the recommendations will result in significant changes to procedures, including the possible implementation of new programs within the Shire’s existing corporate finance software. As this will affect all purchasing officers and approvers a major communication and training plan will be developed and delivered. The anticipated date for implementation is 31 December 2016.

Procurement at the Shire is decentralised, ie the Shire does not have a dedicated procurement officer or section.

**Progress update** – the Shire’s purchasing policy and purchasing procedures are currently being reviewed by Finance and Governance. The review includes purchasing authority thresholds, quotation requirements and the process of approving purchase orders within the Shire’s financial accounting system.

The outcomes of this review will be presented to the Executive Leadership Team in March 2017 and subsequently to the Audit and Risk Committee in May 2017.

### **Finding 3 - Lack of robust conflict of interest process for employees involved in procurement activities (Risk – Important)**

**Deloitte observations** - while employees are required to declare their financial interests on an annual basis as part of the Credit Card process, there is no process in place to ensure that conflicts of interest are identified and appropriately managed throughout the procurement process.

**Agreed management actions** - in relation to recommendation a) all designated employees do submit primary and annual financial returns as required by the *Local Government Act*.

In relation to recommendation d) a draft “no gifts” policy applying to all Shire employees is currently being developed.

A process has been developed as part of the tender guidelines document to identify conflicts of interest and the management of interests during the procurement process.

The tender guidelines state that the evaluation process for tender must be free of bias and conflict of interest and any perception of bias or interest. Any connections between a panel member and a tenderer must be disclosed to the panel and the Chief Executive Officer (or Director of Infrastructure Services if the relevant delegation applies). Only in exceptional circumstances and following approval from the Chief Executive Officer shall a panel member continue to be included in the panel if there is a perceived association and bias.

**Progress update** – Agreed management actions have been completed. As stated above, the tender guidelines now provide clear direction as to how conflict of interests are to be managed in instances where procurement of goods and services is undertaken via a tender process.

The organisational practice for gifts (**ATTACHMENT 9**) was also revised and implemented in November 2016. The revised organisational practice in essence has introduced a no gift policy for all Shire employees. The organisational practice applies to all gifts that are offered from a person who:

1. Is undertaking or seeking to undertake an activity involving Shire discretion; or
2. It is reasonable to believe is intending to undertake an activity involving Shire discretion.

Gifts offered to Shire of Mundaring employees under these circumstances are now required to be refused. This is above and beyond the legislative requirements, which allow gifts of up to \$300 in these circumstances so as long as the gifts are declared on the Shire’s gift register.

ELT also recently (January 2017) determined that no Shire employee can be engaged in private or contract work with the Shire. This ensures the principles of probity in procurement are observed and that the Shire demonstrates to the community at all times, fairness and impartiality, accountability and transparency of process, confidentiality and security of information and materials; and effective management of conflicts of interest.

**Finding 4 - Expense policy document has not been developed (Risk – Important)**

**Deloitte observations** - there is currently no expense policy in place, which outlines the process for incurring and reimbursing expenses.

**Agreed management actions** - a procedure document will be developed to outline the process for the reimbursement of work related expenses to Shire employees. The anticipated date for completion is 30 September 2016.

**Progress update** – an organisational practice (**ATTACHMENT 10**) has been endorsed by the Executive Leadership Team and will be implemented and communicated to Shire employees in February 2017.

The new document and together with an attached claim form provides clear guidance on:

1. The situations when it is appropriate to use out of pocket expenses;
2. The types of expenses that will be reimbursed;
3. Who approves an expense claim;
4. The minimum documentation required to support expenses; and
5. The process and method for reimbursing the employee for approved expenses.

**Finding 5 - A robust contract management system is not in place (Risk – Important)**

**Deloitte observations** - there is currently no policy in place that details the process for creating, executing and managing contracts to ensure they are consistently and appropriately applied throughout the Shire.

**Agreed management actions** – a contract management procedural document will be developed outlining the process for creating, executing and management of contracts.

As the Shire does not have a central procurement or contract management section, consideration may need to be given to engaging the assistance of specialist external resources. Training for relevant employees will also be provided.

The Shire's finance software (Civica Authority) modules for "Contract and Tenders register" will be investigated with a view of possible implementation to aid with the Shire's contract management processes.

In relation to recommendation e) the Shire does have standard terms and conditions for contracts (available on the intranet) however the application of these standard terms and conditions is inconsistent. The existing terms and conditions template will be reviewed and refresher training will be provided to staff.



The anticipated date for implementation is 30 June 2017.

**Progress update** – Two days of contract management training (to be provided by an external consultant from the existing training budget) has been arranged for twenty Shire employees who are involved or likely to be involved in the management of significant contracts. The training is to take place on 22 and 23 March 2017 at the Shire.

No progress has been made as yet towards investigating the Shire's finance software (Civica Authority) module for "Contract and Tenders register". The project replacing the Shire's chart of accounts has commenced and is considered a priority in terms of importance and change management. It is anticipated that the chart of accounts project will be finalised by December 2017, after which key Shire staff will be better placed to consider the implementation and rollout of a contract and tenders register.

**Finding 6 - Financial Delegations of Authority have not been clearly communicated or applied consistently (Risk – Important)**

**Deloitte observations** - A DoA has been created, which delegates particular statutory powers from the Council to the CEO and sub-delegates. The power to create and award tenders has been delegated to the CEO and Director Infrastructure Services for plant related spend. However, the DoA does not:

1. State who can execute contracts on behalf of the Shire. Of the five tenders selected for testing, one of the contracts was executed by the Manager Operations Services with the remaining being executed by the CEO.; and
2. Outline the financial limits that are in place for the Shire.

**Agreed management actions** - an Organisational Practice Document will be developed and communicated to staff. The document will provide clarity as to who can sign contracts relating to tenders and circumstances other than tenders. The anticipated date for implementation is 30 September 2016.

**Progress update** – this action has been consolidated into the review of the purchasing policy and procedures, which will be presented to the Audit and Risk Committee in May 2017. It is envisaged that the authority to execute contracts will be aligned with the revised purchasing authority limits.

**Finding 7 - System controls with Online Requisitioning System (OLR) are insufficient to support the purchasing system (Risk – Important)**

Deloitte observations - the OLR system has not been designed to effectively manage key aspect of the PO process, as all system warnings can be by-passed, with no independent release or subsequent review required (including spend over budget, duplicate invoices, variance between PO and invoice).

**Agreed management actions** - this is largely constrained by the Shire's finance software (Civica Authority) and will require discussions with the Shire's software

provider. Where possible, the recommendations will be implemented by 31 December 2016.

**Progress update** – Action still outstanding. This will be considered as part of the review of the process for approving purchase orders within the Shire's financial accounting system. The outcomes of this review will be presented to the Executive Leadership team in March 2017 and subsequently to the Audit and Risk Committee in May 2017.

**Finding 8 - Purchasing card spend is not appropriately controlled (Risk – Important)**

**Deloitte observations** - The FI-01 Corporate Purchasing Card policy and the Admin-29 Issue and Use of Corporate Purchasing Cards procedure have been created to outline the process to issue and spend on the corporate cards. However, the credit card process as outlined within the policy and procedure is not robust as:

1. There is no requirement to submit a valid business case to support the approval to issue a Purchasing Card;
2. Purchasing Card spend limits are not aligned to the spend limits outlined in the Admin-30 Ordering of Goods and Services;
3. Purchasing Card spend does not require pre-approval (e.g. travel, training etc.); and
4. There is no requirement to review Purchasing Card spend on a regular basis to identify trends and anomalies.

**Agreed management actions** – the relevant Shire documents, FI-01 'Corporate Purchasing Card policy' and Admin-29 'Issue and Use of Corporate Purchasing Cards' will be updated to incorporate the recommendations.

A review of the number of purchase cards required will be undertaken, with a view to significantly reduce the number of cards. An analysis and review of credit limits for all cards will also be undertaken.

It should be noted that an initial review undertaken by Finance identified nine cards that have not been used in the past 12 months (not 35 cards as highlighted in the Deloitte report).

In relation to recommendation d) Admin-29 Issue and use of Corporate Purchasing Cards procedure does detail the roles and responsibilities of the individuals involved with the purchasing card process (e.g. Card holder, spend approver, Finance).

The Civica Authority purchasing card module will be investigated as this may assist with better management of card spend/approval processes.

The anticipated date for implementation is 30 November 2016.

**Progress update** – A review of the corporate purchasing card policy was undertaken. Upon further review, the Executive Leadership Team has determined that it would be more appropriate to incorporate this policy as part of

the Shire's purchasing policy, whilst also introducing a new organisational practice specifically on Corporate Purchasing cards. The Shire's revised purchasing policy and the new organisational practice will be presented to the Audit and Risk Committee in May 2017.

The procedure on the issue and use of corporate purchasing cards has been reviewed (**ATTACHMENT 11**, including track changes) and approved by the Executive Leadership Team (**ATTACHMENT 12**, proposed version not including track changes).

The revised document now -

1. Provides greater clarity on the circumstances in which purchasing cards are to be used;
2. Includes standard card limits;
3. Requires a business case as part of the approval process for all new cards; and
4. Includes a requirement that the usage and expenditure of all cards be reviewed on a quarterly basis.

A review of the number of credit cards and credit card limits was also undertaken by Finance. The review highlighted an opportunity to significantly reduce the number of cards and credit limits through a greater utilisation of the Online Requisitioning System (OLR) and petty cash reimbursements for minor expenditure.

In May 2016 the Shire had 71 active cards. As of February 2017 this number had been reduced to 62 active cards with a total credit limit of \$315,000. The Executive Leadership Team have now considered and agreed in principle to further reduce the number of cards by 18 (with credit limits totalling \$82,000) to leave a total of 44 cards. A further reduction to the credit limits of those remaining cards will reduce the total credit card limit to \$82,000. A communication plan is currently being developed and the reduction in card numbers and credit limits will be implemented by 31 March 2017.

#### **Finding 9 - Limited review of system changes as audit logs are not reviewed (Risk – Moderate)**

**Deloitte observations** - all changes to OLR are required to be reviewed and approved by two individuals, with evidence maintained on a signed change request form. Within OLR however, it is possible for an individual to process a change without obtaining approval / release from a second individual. In addition, audit logs from OLR identifying changes that have been processed are not currently being reviewed.

**Agreed management actions** - the risks associated with this finding are considered minimal due to segregation of duties that the Shire has in place.

The following functions in the purchasing cycle have a clear separation of duties:

- Approving invoices for payment
- Entering invoices into the system for payment

- Approving the bank file (or signing cheque) for payment of funds (two approvers required).

The Civica Authority Accounts Payable Invoice approval program will be investigated as this may assist with meeting the requirement for approval of variances to purchase orders.

**Progress update** – No progress has been made as yet towards investigating the Shire's finance software (Civica Authority) module for Accounts Payable Invoice approval. The project replacing the Shire's chart of accounts has commenced and is considered a priority in terms of importance and change management. It is anticipated that the chart of accounts project will be finalised by December 2017, after which key Shire staff will be better placed to consider the implementation and rollout of the Accounts Payable Invoice approval module.

#### **Finding 10 - Vendor master data file maintenance (Risk – Moderate)**

**Deloitte observations** - there is currently no process in place to review the vendor master data file on a regular basis.

**Agreed management actions** – the vendor master file within the finance system will be 'cleaned up' over the next 12 months. It should be noted that duplicate vendors cannot be deleted from the finance system (for audit trail purposes), however they are flagged as "do not use" in the system. Some duplicates have arisen due to businesses changing ownership.

The anticipated date of completion is 30 June 2017.

**Progress update** – A Finance Officer has commenced the review of the vendor master file within the finance system. The anticipated completion date of this review is 30 June 2017.

#### **Finding 11 - Petty cash policy not in place (Risk – Minor)**

**Deloitte observations** - petty cash is used across four locations, with a float totalling approximately \$500. Each location is responsible for distributing cash to employees and obtaining the relevant supporting receipts, with replenishments occurring centrally. There is currently no petty cash policy in place to outline the roles and responsibilities in relation to petty cash. The current process gaps have been identified:

1. There is no guidance as to when petty cash should be used.
2. The one individual is responsible for issuing petty cash, replenishing petty cash and completing petty cash reconciliations.
3. There is no requirement to conduct regular cash counts.

**Management comments** - An Organisational Practice does exist, OP-32 "Petty Cash". This document will be reviewed and the recommendations of the report will be incorporated where gaps exist in the current document. It should be noted that whilst one individual is responsible for issuing petty cash, replenishing petty

cash and completing petty cash reconciliations, all petty cash reconciliations are checked and approved by an independent finance staff member.

The anticipated date for completion is 30 September 2016.

**Progress update** – the organisation practice for petty cash has been reviewed and approved by the Executive Leadership team (**ATTACHMENT 13**). The revised document provides greater guidance as to when petty cash should be used and also includes a requirement for regular cash counts of petty cash floats.

## **VOTING REQUIREMENT**

Simple majority

<b>COMMITTEE DECISION</b>		<b>DARC4.02.17</b>	
<i>Moved by:</i>	<i>Cr Jeans</i>	<i>Seconded by:</i>	<i>Cr Brennan</i>

That the Audit and Risk Committee notes the progress in the implementation of the agreed management actions based on the recommendations from the Deloitte Procurement Audit report.

**CARRIED 5/0**

**For:** *Cr Bertola, Cr Brennan, Cr Jeans, Cr Perks, Ms Stewart*

**Against:** *Nil*

**Attachment 9**

**Report 8.6**

**5 pages**

## ORGANISATIONAL PRACTICE

### GIFTS

**Policy Ref:** OP-55

**Adopted:**

**Date:** June 2011

**Amended:**

**Date:**

**Reviewed:**

Director Corporate Services

**Date:** November 2016

**Procedure Ref:**

OP-38 Hospitality Expenditure

**Delegation Ref:** n/a

**Statute Ref:**

*Local Government Act 1995 s.5.103, s.82 & s.5.83*

*Local Government (Administration) Regulations 1996 r.34B*

*Local Government (Rules of Conduct) Regulations 2007 r.12*

*State Records Act 2000*

*Freedom of Information Act 1992*

*Criminal Code*

**Policy Ref:**

Shire of Mundaring Code of Conduct

#### PURPOSE

To assist employees on the management of gifts and benefits offered while carrying out, or connected to, their official duties.

#### Definitions

In essence, a 'gift' is –

- any disposition of property, or the conferral of any other financial benefit
- made by one person in favour of another
- without 'fully adequate' consideration passing from the recipient to the donor.

#### Application

This Organisational Practice applies to all gifts that are offered from a person who:

- (a) is undertaking or seeking to undertake an activity involving Shire discretion; or
- (b) it is reasonable to believe is intending to undertake an activity involving Shire discretion.

Gifts offered to Shire of Mundaring employees under the circumstances described above must be refused.

Gifts and contributions to travel offered to Shire of Mundaring employees in all other circumstances are to be declared where the provisions of sections 5.82 and 5.83 of the *Local Government Act 1995* apply.

The acceptance of any gift or benefit by employees has the potential to secure the influence or favour of an employee in the performance of their duties and thus give rise to an actual, potential or perceived conflict of interest. At the extreme, it could amount to a bribe, which is a criminal offence.

It is therefore unacceptable for an employee:

- under any circumstance, to accept money from any party other than a wage or salary received from their employer for the performance of their work duties
- to solicit or accept any gift or benefit, the receipt or expectation of which does or might in any way influence, or appear to tend to influence, the employee in their official capacity
- to offer a gift or benefit to another employee.

To avoid a conflict of interest, the appearance of a conflict of interest or the need for employees to examine the ethics of acceptance or not of accepting gifts, Shire employees must not accept gifts from vendors, suppliers, customers, potential employees and potential vendors or suppliers.

The Shire's Code of Conduct requires that all employees demonstrate our organisation's commitment to impartially treating all people and organisations with which we come into contact or conduct business and demonstrating the highest standards of ethics and conduct.

Employees must practice and demonstrate equal treatment, unbiased professionalism, and non-discriminatory actions in relation to all vendors, suppliers, customers, employees, potential employees and potential vendors or suppliers.

To demonstrate our commitment to these standards and behaviour, all employees must abide by the following no-gift policy requirements:

- With the exception of those circumstances outlined below, no gifts of any kind that are offered by vendors, suppliers, customers, potential employees and potential vendors or suppliers, no matter the value, will be accepted by any employee, at any time, on or off the work premises.
- No vendor or potential vendor or supplier-provided food, beverages, meals, or entertainment such as sporting events is to be accepted.
- No business courtesy offered such as a product discount or any other benefit if the benefit is not extended to the general public.

This Organisational Practice applies to all employees, including during periods of extended leave. This practice does not apply to genuinely personal gifts and benefits from friends and family which have no connection to an employee's employment. However the disclosure requirements of sections 5.82 and 5.83 of the *Local Government Act 1995* do need to be considered in these circumstances.



No matter how well-meaning or well-intentioned a gift, the potential exists for impropriety or the appearance of impropriety to be present because of the existence and acceptance of the gift. Under no circumstances are employees to solicit gifts or benefits.

All employees have a duty to strictly adhere to this Organisational Practice. If you become aware of a breach of this policy, you have a duty to report it to the CEO. Non-compliance may constitute misconduct and may result in disciplinary action. This applies regardless of your position on the corporate structure.

If it is not possible or practical to refuse the gift, it may be accepted on behalf of the Shire. Such offers must be declared on the Shire's Gift Declaration Form and transferred to the Shire.

### **Procedure for employees**

Employees are required to professionally inform vendors, potential vendors and others of this no-gift policy, and the reasons the Shire has adopted the policy. Employees will request that vendors respect the Shire policy and not purchase and deliver any gift for our employees, a department, an office or the Shire, at any time, for any reason.

All offers of gifts and benefits must be politely declined and reported on the Gift Declaration Form as declined, unless they are on the exceptions list below.

### **Exceptions**

Exempted from this Organisational Practice are gifts such as t-shirts, pens, trade show bags and all other trinkets that employees obtain as attendees at events such as conferences, training events, seminars, and trade shows that are offered equally to all attending the event.

Ceremonial gifts are official gifts that are offered by an organisation to representatives of the Shire when conducting official business with delegates from another organisation. Although these gifts may sometimes be offered to express gratitude, the gratitude usually extends to the work of several people in the Shire, and therefore the gift is considered to be for the Shire not a particular individual.

- **Prizes**

Prizes won at event competitions are exempt as the benefit is considered a prize from a game of chance, rather than a gift. As the beneficiary is not able to be known until drawn, and the transfer of property is by chance, rather than transferred by a decision of the donor to the recipient, a gift is not bestowed. Prizes from games of chance (ie. raffles, lucky door prizes, business card draw etc.) need not be disclosed as gifts.

## **Guidance for particular types of gifts/benefits**

- **Hospitality, functions and events**

Other than token hospitality given as a matter of course to all function and event attendees (usually during a meeting or training course), offers of hospitality must be declined. Invitations to events such as sports matches and the theatre, as well as restaurant lunches paid for by companies must be declined.

Where it is of value for an employee to attend a particular event, Shire of Mundaring will pay for the employee to attend.

- **Reward points**

Reward points and gifts/benefits earned through purchases, travel etc. paid by Shire of Mundaring must not be used for the personal benefit of employees.

- **Sponsored travel**

Sponsored travel offered by other organisations must not be accepted. Offers of free conference registration (particularly where the employee is a speaker) may be acceptable, but the Shire must generally pay for all travel and accommodation requirements.

- **Gifts/benefits offered to a Shire employee who is an office bearer of an external organisation**

These gifts/benefits must be treated in accordance with the other organisation's policies. However, all such gifts/benefits must be declared on the Shire's Gift Declaration Form, as they have a real potential to influence decisions made by the Shire employee.

- **Gifts/benefits offered to a Shire employee as conference presenters by an external organisation**

These gifts/benefits must be declined and must be declared on the Shire's Gift Declaration Form, as they have the real potential to influence decisions made by the Shire employee.

- **Trade Samples from an external organisation**

Suppliers of equipment will from time to time offer samples of various equipment to enable evaluation of such equipment, which is useful before decisions are made on actual purchase. Trade samples offered to the Shire can be accepted. Trade samples that are offered directly to employees are to be declined.

- **Family members**

Employees must take reasonable steps to ensure that immediate family members do not receive gifts or benefits that may be perceived as attempts to influence your behaviour or decision making. Such offers must be declared on the Shire's Gift Declaration Form.

## Other references

The references hereunder provide explanatory examples to compliment and assist in the interpretation of the no gifts approach.

- Integrity Coordinating group WA  
<https://icg.wa.gov.au/>
- Integrity Commission Tasmania (Gifts and benefits myths)  
[http://www.integrity.tas.gov.au/data/assets/pdf\\_file/0007/325897/factsheet\\_gifts\\_and\\_benefits\\_myths.pdf](http://www.integrity.tas.gov.au/data/assets/pdf_file/0007/325897/factsheet_gifts_and_benefits_myths.pdf)

This practice was approved by:  
**JONATHAN THROSSELL**  
Chief Executive Officer



Date: 4 November 2016

**Attachment 10**

**Report 8.6**

**3 pages**

# ORGANISATIONAL PRACTICE

## Employee Expense Reimbursement

OP Ref:

OP-

**Responsible Service:** Finance

**Reviewed by:** Manager Finance and Governance

**Date:** January 2017

**Amended by:**

**Policy Reference:** N/A

**Date:**

**Delegation Ref:** N/A

**Procedure Ref:**

**Legislation Ref:** *Local Government Act 1995*  
*Local Government (Financial Management) Regulations 1996*

### PURPOSE:

To set guidelines and internal controls for the reimbursement of workplace expenses incurred by employees.

Employee expense reimbursement is confined to individual purchases for Shire business over \$100. Purchases to be reimbursed must be work related and must fall into one of four categories:

1. approved study assistance (see OP-23 and HR-02);
2. other training;
3. travel and attendance at conferences (see OP-10);
4. relocation (see OP-44); or
5. other work related expenses

Where an expense falls into a category that has an applicable OP, any claims for reimbursement must be made within the guidelines contained in that OP.

### 1. Employee Expense Reimbursement Claims

A claim for reimbursement of work related expenses must be made on the Employee Expense Reimbursement Form. The form must be approved by the employee's Manager and submitted to Accounts Payable. The reimbursement claim must include:

- An original tax invoice/receipt which must show supplier's name and ABN as proof of payment;

- The category of reimbursement must be specified. If there is an OP relating to the category, the expense will not be reimbursed unless processes within the OP have been followed;
- All reimbursements are required to be authorised by the employee's Manager;
- An active expense code must be supplied (master account, sub-account, resource); and
- The amount to be reimbursed must be separated to show taxable and non-taxable amounts including GST where applicable.

Permissible payments include:

1. the reimbursement of approved training fees or professional memberships for an employee;
2. fares for approved work related trips by commercial airline or by taxi; and
3. the occasional purchase of minor consumables where the employee does not hold a corporate purchasing card or it is impracticable to raise a purchase order using the OLR system.

<p><b>This practice was approved by:</b>  <b>Paul O'Connor</b>  <b>Director Corporate Services</b></p>
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<p><b>Date:</b>            January 2017</p>
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## EMPLOYEE EXPENSE REIMBURSEMENT FORM

CREDITOR NO: \_\_\_\_\_ NAME: \_\_\_\_\_

1. PLEASE ATTACH ORIGINAL RECEIPTS AND / OR TAX INVOICES  
(ENSURE ABN IS QUOTED).

2. TAXABLE AND NON-TAXABLE EXPENSES ARE TO BE SHOWN SEPARATELY. TAXABLE EXPENSES ARE TO BE RECORDED INCLUSIVE OF GST.

DATE	SUPPLIER	DESCRIPTION	EXPENSE CODE			AMOUNT		GST
			Master A/c	Sub A/c	Resource	Taxable	Non-Taxable	
	SUB TOTAL					0.00	0.00	0.00
	TOTAL CLAIM					0.00		

**Reimbursement is to be credited to the following bank account:**

BSB: \_\_\_\_\_

Bank Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Account Name: \_\_\_\_\_

**Reimbursement Relates to:  
(please select category)**

- ☐ Approved Study Assistance  
(see OP-23 & HR-02)
- ☐ Other Training
- ☐ Travel and Attendance at Conferences  
(see OP-10)
- ☐ Relocation (see OP-44)
- ☐ Other Work Related Expenses

I CERTIFY THAT EXPENSES DETAILED ABOVE WERE INCURRED BY ME WHILST UNDERTAKING DUTIES ON BEHALF OF THE SHIRE OF MUNDARING

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

APPROVED BY SERVICE MANAGER / DIRECTOR

Name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**Attachment 11**

**Report 8.6**

**14 pages**



## Shire of Mundaring

# PROCEDURE

### ISSUE AND USE OF CORPORATE PURCHASING CARDS

Procedure Ref:	Admin-29	File Code: FI.BNK 5
Originating Service/Officer:	Manager Finance and Governance	
Originating Date:	21 October 2009	
<del>Reviewed by:</del>	<del>Coordinator Finance</del>	<del>Date: 24 May 2014</del>
Reviewed by:	Governance Coordinator	Date: November 2013
Reviewed by:	Manager Finance and Governance	Date: January 2017
Approved by:	Paul O'Connor	
Responsible Officer:	Director Corporate Services	
Policy Reference:	FI-01	

#### PURPOSE

To ~~establish protocols set guidelines~~ for the issue, use and management of corporate purchasing cards.

#### Definitions

For the purpose of this procedure:

<del>Card</del>	refers to the <del>C</del> orporate <del>P</del> urchasing <del>C</del> ard.
Cardholder	refers to the employee whose name appears on the Card.
Card Administrator	refers to the employee assigned to perform the Card accounting process, <del>to follow up as required and to file completed</del> statement reconciliations, <u>card issue, as well as Flexi Purchase and NAB Administration.</u>
<del>Service Manager</del>	refers to the employee with budgetary control over the cost centre assigned to a Card <u>expense</u> .
Private Expense	refers to any expense that is not directly related to the Shire's business operations.

#### Overview

The ~~C~~orporate ~~P~~urchasing ~~C~~ard (Card) is generally to be used for minor one off purchases where the supplier has not been set up as creditor in the Authority system. Card limits will be set to allow staff to undertake purchases related to their daily duties and will also take into consideration their role during an emergency situation. was introduced as an alternative purchasing and payment mechanism to streamline purchasing and payment procedures, simplify administrative processes, provide more effective cash management and better service delivery. The Card system is specifically

~~designed for high volume, low value transactions and to assist employees who travel on behalf of the Shire.~~

Cards ~~are will be~~ issued on a needs basis. A "Corporate Purchasing Card Application Form" ~~outlining the business case and signed by both the prospective cardholder and their Manager will need to be submitted to the Manager Finance and Governance for consideration outlining the business case signed by both the prospective cardholder and their Manager.~~ (Attachment 1). ~~The proposed cardholder's Manager and the Manager Finance and Governance will then jointly determine an appropriate monthly card limit based on the needs related to the employee's position in the organisation. Should a temporary limit increase be required at any time a request needs to be sent by the cardholder's Manager to the Manager Finance and Governance for approval. Limit increases can be activated via NAB Connect by either the Manager Finance and Governance or Team Leader Finance.~~

**Table - Guide for setting monthly card limits**

<u>Guide for setting card limits</u>	
<b><u>Position</u></b>	<b><u>Recommended Limit</u></b>
<u>CEO, Directors, Managers and CEO PA</u>	<u>\$5,000</u>
<u>Personal Assistants and Administration Officers</u>	<u>\$2,000</u>
<u>All <del>Other officer</del> employees</u>	<u>\$500 - \$2,000</u>

The issue of a Card places the cardholder in a position of trust. These guidelines are to be read in conjunction with Shire Policy FI-01, the cardholder agreement signed upon receipt of the Card and the Shire's Code of Conduct.

Cardholders are designated employees under the *Local Government Act 1995* s. 5.74 and therefore have a statutory obligation to complete Primary and/or Annual Returns.

Users of the Card must comply with the Shire's procurement policies and procedures.

### **Scope**

~~This Procedure applies to all employees who have been issued with a Card and/or deal with the processing or management of Cards.~~

### **PROCEDURE**

#### **1. Cardholder Duty of Care**

The Card enables employees to do their job efficiently and effectively; however holding a Card carries a great deal of responsibility.

Cardholders are in a position of trust and the Card should only be used for business related expenditure. Cards must not be used for cash advances or the purchase of

personal goods or services. Cards are only to be used by the person whose name appears on the Card, i.e. the authorised **C**ardholder.

Strong and immediate action will be taken against persons abusing the trust vested in them.

A **C**ardholder who misuses their Card fraudulently or otherwise may be reported to the Corruption and Crime Commission (CCC) and will be prosecuted under the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and/or the *Criminal Code*.

Employees can request the Manager Finance and Governance to safe keep their Card during periods of absence from work (e.g. annual leave) when they have no need to use their Card.

## **Purchasing Goods**

### **1.1 General Guidelines**

Purchases will generally be low value, unplanned and from a supplier not set up in the Authority creditor system. Where possible OLR, suppliers accounts or Depot stores should be utilised. All bookings for travel, conferences or training (provided by suppliers not in Authority) isare to be booked by the service area personal assistant or administration officer.

### **1.2 Purchasing goods other than in person**

It is recommended that purchases of goods and services are done in person over the counter however when this is not possible extreme care should be taken. Confirm details by email, ensuring a valid tax invoice is received immediately following the processing of the transaction and reconciled the purchase to the amount on your NAB statement.

### **1.3 Purchases made via the internet**

Risks involved with internet purchasing can be minimised by observing some simple rules, as identified on the Department of Commerce's website:

[www.commerce.wa.gov.au/ConsumerProtection/content/Consumers/Buying\\_goods\\_and\\_services/OnlineShopping](http://www.commerce.wa.gov.au/ConsumerProtection/content/Consumers/Buying_goods_and_services/OnlineShopping).

The most common security symbol is the presence of a padlock usually located next to the address bar of your browser. By double-clicking on the padlock symbol a valid security certificate can be viewed.

In web addresses commencing with https: the "s" suggests that it is a secure site.

Cardholders should consider the following when making purchases over the internet:

- How well do I know the supplier?
- Are other options for procurement available? If so, do the benefits of using the internet outweigh any potential risk?

### **Cardholders responsibility**

- Complying with the Conditions of Issue specified in the Cardholder Agreement.
- ~~The security~~Securing of the Card at all times.
- Returning a de-activated or expired Card to the Card Administrator for appropriate disposal.
- Reporting lost or stolen Cards immediately to the Manager Finance and Governance.
- Providing a valid GL account code within three working days of purchase.
- Checking the Card statement against invoices before signing and submitting the documentation to their Manager for approval.
- Providing sufficient detail to justify a purchase.
- Completing a primary or annual return upon request.

### **42.1 Receipt of a Card**

Upon receipt of a Card from the Card Administrator, ~~C~~cardholders must:

- Verify that details appearing on the Card are correct;
- Read any Facility Terms and Conditions, or other conditions specified by the credit provider;
- Read the Shire's Corporate Purchasing Card Policy FI-01;
- Sign the Card immediately;
- Read and sign the Cardholder conditions of use; and
- ~~• Ensure the safe custody of the Card and PIN at all times.~~
- On receipt of a replacement Card, the ~~C~~cardholder must verify the details on the Card and sign the Card immediately.

### **2.2 Card usage**

When using the Card facility, cardholders must:

- Obtain a valid Tax Invoice displaying the supplier's ABN and the correct GST component of the purchase;
- Ensure suppliers record full and proper descriptions of items or services on their invoices;
- Confirm the supplier's website is secure when placing an order via the internet, in accordance with clause 1.3 above;
- Ensure goods and services are received in good order and condition;
- Ensure a credit is received for any returns or refunds;
- Ensure expenditure does not exceed the monthly credit limit; and
- If a valid tax invoice cannot be obtained or is lost, a Corporate Purchasing Card - Missing Tax Invoice Form (Attachment 3) must be completed and signed by the

cardholder and their Manager. Use of the Missing Tax Invoice Form must be the exception rather than the rule.

It should be noted that an EFTPOS or PayPal receipt is not considered sufficient documentation as it does not itemise purchased items, thus making it impossible to verify the business nature of the purchase.

The Card must not be used for cash advances.

Transactions for entertainment expenses, alcohol purchases or other hospitality transactions require a more detailed explanation and must clearly show the number of employees and the number of non-employees attending any function regarded as entertainment. This enables verification that such purchases were for business purposes only and compliance with Fringe Benefits Tax requirements.

Reminder: Policy FI-01 states that only the CEO is authorised by Council to incur business entertainment expenditure on the Card.

### **2.3 Statement reconciliation**

It is the Cardholder's responsibility to ensure an account code is entered into the card provider's Card website within three working days of purchase. A detailed explanation of the expenditure incurred must also be entered.

The cardholder should keep all invoices/receipts from purchases in a safe place until the monthly statement from the credit provider is available for download.

On receipt of the statement the Cardholder must:

- i. Check each transaction for accuracy;
- ii. Attach all invoices/receipts and other necessary documentation to the statement;
- iii. Advise their Manager and the Card Administrator immediately if an unidentified transaction appears on the statement;
- iv. Sign the statement for authenticity and certify that "the expenditure was incurred on official Shire business and has not been subject to a claim on funds from any other source"; and
- v. Forward the statement to their Manager for expenditure approval.

In the event that the Manager Governance and Finance, Manager or Card Administrator identifies expenditure that is inappropriate, the cardholder will be informed of the breach of conditions by the Manager Finance and Governance and will be required to reimburse the Shire immediately. Further action will depend on the seriousness of the misuse and may consist of counselling, cancellation of the Card, disciplinary action, investigation and/or reporting to the appropriate authorities.

### **2.4 Timeliness of data entry**

The Card statement must be submitted to the Card Administrator within two working days of the close of the monthly statement.

Should the cardholder not be at work for any reason at the end or beginning of the month, it is the cardholder's responsibility to complete the above requirements prior to the month-end cut-off date.

Employees who consistently enter information late may have their access to the Card facility withdrawn.

#### **Manager's responsibility**

- Authorising their cardholders' transactions and ensuring expenditure is within the approved budget and costed to the correct expenditure account, by signing off on employees' card statements at the end of each month.
- Providing their employees' authorised statements and documentation to the Card Administrator within two days of receiving the statement.
- Ensuring cardholders comply with the Shire's Purchasing Policy (AS-04), Ordering of Goods and Services Procedure (FI-03) and Quotations for Purchase of Goods and Services Procedure (FI-04).
- Signing off on the Missing Tax Invoice Form for any transactions where a valid tax invoice could not be obtained.

#### **Manager Finance and Governance responsibility**

- Authorising the issue of Cards to employees other than the CEO as required.
- Determining a monthly purchasing limit for each cardholder.
- Reporting lost or stolen Cards to the card provider.
- Activating and monitoring any temporary increase to Card limits.
- Evaluating and following up any concerns raised by the Card Administrator.
- Keeping a register of unauthorised Card use, including the employee's name and the date and details of the unauthorised purchase.

#### **Card Administrator responsibility**

- Issuing new cards.
- Undertaking all administrative tasks in NAB Connect and Flexipurchase.
- Providing an induction into appropriate Card use to any new cardholder and familiarising the cardholder with these procedures.
- Provide ongoing Flexipurchase training and support to cardholders.
- Verifying that the automatic direct debit by the bank matches the total monthly Cards spend.
- Quarterly reviewing the use of Cards, focusing on low usage and dormant Cards.
- Monitoring monthly Card transaction reports and high value transactions and reporting any concerns to the Manager Finance and Governance.

- Appropriate disposal of returned de-activated and expired Cards.

#### **Reference documents and forms**

##### **Relevant legislation:**

- Local Government Act 1995;
- Local Government (Financial Management) Regulations 1996;
- Corruption and Crime Commission Act 2003; and
- Criminal Code.

#### **Attachments**

1. Corporate Purchasing Card Application Form
2. Corporate Purchasing Card Cardholder's Agreement Form.
3. Corporate Purchasing Card Missing Tax invoice Form to be completed when a tax invoice is not available.

#### **Procedure review, revision and reissue**

This Procedure will be reviewed, revised and reissued at least once every two years or following any process changes, whichever happens first.

<b><u>This procedure was approved by:</u></b> <b><u>Paul O'Connor</u></b> <b><u>Director Corporate Services</u></b>	<b><u>Date:</u></b> <u>January 2017</u>
---	---

## ~~2. Purchasing Goods~~

### ~~2.1 Purchasing goods other than in person~~

~~When an over the counter transaction is not possible, it is preferable to purchase goods and services by email, facsimile or mail order rather than by telephone. Email, facsimile or mail orders provide a written record of the order and reduce the incidence of mistakes that may occur with telephone orders.~~

~~Where a telephone purchase is the only option available, the Cardholder must keep appropriate records for acquittal purposes and request the supplier to email a valid tax invoice immediately.~~

### ~~2.2 Purchases made via the internet~~

~~Risks involved with internet purchasing can be minimised by observing some simple rules, as identified on the Department of Commerce's website:~~

~~[www.commerce.wa.gov.au/ConsumerProtection/content/Consumers/Buying\\_goods\\_and\\_services/OnlineShopping](http://www.commerce.wa.gov.au/ConsumerProtection/content/Consumers/Buying_goods_and_services/OnlineShopping).~~

~~The most common security symbol is the presence of a padlock usually located next to the address bar of your browser. By double-clicking on the padlock symbol a valid security certificate can be viewed.~~

~~In web addresses commencing with https: the "s" suggests that it is a secure site.~~

~~Cardholders should consider the following when making purchases over the internet:~~

~~— How well do I know the supplier?~~

~~— Are other options for procurement available? If so, do the benefits of using the internet outweigh any potential risk?~~

### ~~2.3 Purchasing limits~~

~~Purchasing limits are based on need, not the employee's position in the organisation. The proposed Cardholder's Service Manager and the Manager Finance and Governance will jointly determine an appropriate monthly Card limit based on the anticipated monthly expenditure by the Cardholder.~~

### ~~2.4 Authorisation of Card transactions~~

~~The Cardholder's Service Manager must authorise all transactions by signing off on the Card statement at the end of each month (Refer to clause 9 of this procedure).~~

## ~~3. Actual usage~~

~~When using the Card facility, Cardholders must:~~

- ~~• Obtain a valid Tax Invoice displaying the supplier's ABN and the correct GST component of the purchase;~~
- ~~• Ensure suppliers record full and proper descriptions of items or services on their invoices;~~
- ~~• Confirm the supplier's website is secure when placing an order via the internet, in accordance with clause 2.2 above;~~



- ~~Ensure goods and services are received in good order and condition;~~
- ~~Ensure a credit is received for any returns or refunds;~~
- ~~Ensure expenditure does not exceed the monthly credit limit; and~~
- ~~Reports lost, stolen or damaged Cards immediately to the Card provider and notify the Manager Finance and Governance immediately.~~

~~If a valid tax invoice cannot be obtained or is lost, a Corporate Purchasing Card– Missing Tax Invoice Form (Attachment 2) must be completed and signed by the Cardholder and their Service Manager. Use of the Missing Tax Invoice Form must be the exception rather than the rule.~~

~~It should be noted that an EFTPOS or PayPal receipt is not considered sufficient documentation as it does not itemise purchased items, thus making it impossible to verify the business nature of the purchase.~~

~~Transactions for entertainment expenses, alcohol purchases or other hospitality transactions require a more detailed explanation and must clearly show the number of employees and the number of non-employees attending any function regarded as entertainment. This enables verification that such purchases were for business purposes only and compliance with Fringe Benefits Tax requirements.~~

~~Reminder: Policy FI-01 states that only the CEO is authorised by Council to incur business entertainment expenditure on the Card.~~

#### **~~4. Statement reconciliation~~**

~~It is the Cardholder's responsibility to ensure an account code is entered into the card provider's Card website within three working days of purchase. A detailed explanation of the expenditure incurred must also be entered.~~

~~The Cardholder should keep all invoices/receipts from purchases in a safe place until the monthly statement from the credit provider is available for download.~~

~~On receipt of the statement the Cardholder must:~~

- ~~Check each transaction for accuracy;~~
- ~~Attach all invoices/receipts and other necessary documentation to the statement;~~
- ~~Advise their Service Manager and the Card Administrator immediately if an unidentified transaction appears on the statement;~~
- ~~Sign the statement for authenticity and certify that "the expenditure was incurred on official Shire business and has not been subject to a claim on funds from any other source"; and~~
- ~~Forward the statement to their Service Manager for expenditure approval.~~

~~In the event that the Manager Governance and Finance, Service Manager or Card Administrator identifies expenditure that is inappropriate, the Cardholder will be informed of the breach of conditions by the Manager Finance and Governance and will be required to reimburse the Shire immediately. Further action will depend on the~~

~~seriousness of the misuse and may consist of counselling, cancellation of the Card, disciplinary action, investigation and/or reporting to the appropriate authorities.~~

#### **~~5. Timeliness of data entry~~**

~~The Card statement must be submitted to the Card Administrator within two working days of the close of the monthly statement.~~

~~Should the Cardholder not be at work for any reason at the end or beginning of the month, it is the Cardholder's responsibility to complete the above requirements prior to the month-end cut-off date.~~

~~Employees who consistently enter information late may have their access to the Card facility withdrawn.~~

#### **~~6. No cash withdrawals~~**

~~The Card must not be used for cash advances.~~

#### **~~7. Monitoring of Card usage~~**

~~Card usage is to be reviewed quarterly by the Card Administrator to ensure all cards are still required, focusing on low usage and dormant cards. The Card Administrator will also monitor monthly card transaction reports as well as all high value transactions, and will report any concerns to the Manager Finance and Governance.~~

#### **~~8. Compliance with this Procedure~~**

~~Where Cardholder does not follow the processes in this procedure, use of the Card may be withdrawn.~~

#### **~~9. Summary of responsibilities~~**

~~All applications for the issue of a new Card must be approved by the employee's Service Manager and submitted to the Manager Finance and Governance for final authorisation and referral to the Card Administrator, who will issue the Card.~~

##### **~~9.1 Cardholders are responsible for:~~**

- ~~● Complying with the Conditions of Issue specified in the Cardholder Agreement.~~
- ~~● The security of the Card at all times.~~
- ~~● Returning a de-activated or expired Card to the Card Administrator for appropriate disposal.~~
- ~~● Reporting lost or stolen Cards immediately to the Manager Finance and Governance.~~
- ~~● Providing a valid GL account code within three working days of purchase.~~
- ~~● Checking the Card statement against invoices before signing and submitting the documentation to their Service Manager for approval.~~

- ~~Providing sufficient detail to justify a purchase.~~
- ~~Completing a primary or annual return upon request.~~

#### **9.2 The Manager Finance and Governance is responsible for:**

- ~~Authorising the issue of Cards to employees other than the CEO as required.~~
- ~~Determining a monthly purchasing limit for each Cardholder.~~
- ~~Reporting lost or stolen Cards to the card provider.~~
- ~~Evaluating and following up any concerns raised by the Card Administrator.~~
- ~~Keeping a register of unauthorised Card use, including the employee's name and the date and details of the unauthorised purchase.~~

#### **9.3 The Service Manager is responsible for:**

- ~~Authorising their Cardholders' transactions and ensuring expenditure is within the approved budget and costed to the correct expenditure account, by signing off on employees' card statements at the end of each month.~~
- ~~Providing their employees' authorised statements and documentation to the Card Administrator within two days of receiving the statement.~~
- ~~Ensuring cardholders comply with the Shire's Purchasing Policy (AS-04), Ordering of Goods and Services Procedure (FI-03) and Quotations for Purchase of Goods and Services Procedure (FI-04).~~
- ~~Signing off on the Missing Tax Invoice Form for any transactions where a valid tax invoice could not be obtained.~~

#### **9.4 The Card Administrator is responsible for:**

- ~~Providing an induction into appropriate Card use to any new Cardholder and familiarising the Cardholder with these procedures.~~
- ~~Verifying that the automatic direct debit by the bank matches the total monthly Cards spend.~~
- ~~Quarterly reviewing the use of Cards, focusing on low usage and dormant Cards.~~
- ~~Monitoring monthly Card transaction reports and high value transactions and reporting any concerns to the Manager Finance and Governance.~~
- ~~Appropriate disposal of returned de-activated and expired Cards.~~

#### **~~10. Reference documents and forms~~**

##### **Relevant legislation:**

**~~Local Government Act 1995;~~**

**~~Local Government (Financial Management) Regulations 1996;~~**

**~~Corruption and Crime Commission Act 2003; and~~**

**~~Criminal Code.~~**

##### **Attachments:**

**~~1. Corporate Purchasing Card Cardholder's Agreement Form.~~**

**~~2. Corporate Purchasing Card Missing Tax invoice Form to be completed when a tax invoice is not available.~~**

#### **~~11. Procedure review, revision and reissue~~**

**~~This Procedure will be reviewed, revised and reissued at least once every two years or following any process changes, whichever happens first.~~**

**~~This procedure was approved by:~~**

**~~Paul O'Connor~~**

**~~Director Corporate Services~~**



**~~Date: November 2013~~**

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**Attachment 1**

**Shire of Mundaring**

**CORPORATE PURCHASING CARD - CARDHOLDER'S AGREEMENT FORM**

I \_\_\_\_\_  
(Name) \_\_\_\_\_ (Title) \_\_\_\_\_  
\_\_\_\_\_  
(Service) \_\_\_\_\_ (Division) \_\_\_\_\_

I understand and agree that a Corporate Purchasing Card (Card) is issued to me on the express condition that I will at all times use the Card only in accordance with the Shire of Mundaring Policies and Procedures.

1. I will only use the Card to purchase goods in any one transaction to a limit of \$ \_\_\_\_\_.
2. I will only use the Card to purchase services in any one transaction to a limit of \$ \_\_\_\_\_.
3. I acknowledge that my monthly Card statement limit is \$ \_\_\_\_\_.  
(To change this limit a written request must be made to the Manager Finance and Governance)
4. I will only use the Card for work purposes and will not incur personal expenditure on the Card.
5. I will not use the Card for my personal benefit, including participation in incentive schemes such as Frequent Flyers.
6. If I misuse the Card, the Card may be withdrawn and disciplinary action may be instigated.
7. I will not use the Card to purchase assets.
8. If the Card is lost or stolen, I will immediately advise the Manager Finance and Governance.
9. I will not use the Card to acquire CASH.
10. I will not use the Card to purchase FUEL without the prior approval of my Director.
11. I will maintain safe custody and ensure the Card is within my care and control at all times and I will not loan the Card to any other person.
12. If I leave the employment of the Shire of Mundaring I will return the Card to the Manager Finance and Governance prior to leaving.
13. Unless expressly authorised by the CEO I will not use the Card for entertainment expenses.
14. I will provide valid tax invoices attached to the monthly statement and return these to the Card Administrator for processing.
15. I will forward all Card transactions to the Card Administrator within two working days of the close of the monthly statement.
16. If I will not be at work for any purpose at the beginning of the month (leave, training etc.) it is my responsibility to complete the above requirements prior to the month-end cutoff date.
17. If I need to dispute a transaction I will advise the Card Administrator.

**I acknowledge that I have read and fully understand the conditions set out above, which govern the issue and use of the Card, I am aware of National Australia Bank's Purchasing Card Conditions of Use and the Shire of Mundaring's Corporate Purchasing Card policy and procedures.**

\_\_\_\_\_  
**Cardholders Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Witness/Approved Officer**

\_\_\_\_\_  
**Print name of Witness and Date**

Please retain a copy of this form for your reference

Attachment 2

**CORPORATE PURCHASING CARD –  
MISSING TAX INVOICE FORM**

***Shire of Mundaring  
Corporate Purchasing Card***

This form must be completed in full when a valid Tax Invoice is not available.

<b>Date of Purchase:</b>	
<b>Employee Name:</b>	
<b>Supplier Name:</b>	
<b>Amount:</b>	
<b>GL Account:</b>	
<b>Reason for purchase without complying documentation:</b>	
<b>Detailed description of purchase:</b>	
<b>Employee name &amp; signature:</b>	<b>Date:</b> ____/____/____
<b>Authorised by Manager – (Name and Signature)</b>	<b>Date:</b> ____/____/____

**Attachment 12**

**Report 8.6**

**9 pages**

# Shire of Mundaring

# PROCEDURE

## ISSUE AND USE OF CORPORATE PURCHASING CARDS

**Procedure Ref:**

**Admin-29**

**File Code: FI.BNK 5**

**Originating  
Service/Officer:**

Manager Finance and Governance

**Originating Date:**

21 October 2009

**Reviewed by:**

Governance Coordinator

**Date:**

November 2013

**Reviewed by:**

Manager Finance and  
Governance

**Date:**

January 2017

**Approved by:**

Paul O'Connor

**Responsible Officer:**

Director Corporate Services

**Policy Reference:**

FI-01

### PURPOSE

To set guidelines for the issue, use and management of corporate purchasing cards.

### Definitions

For the purpose of this procedure:

**Card**

refers to the corporate purchasing card.

**Cardholder**

refers to the employee whose name appears on the Card.

**Card Administrator**

refers to the employee assigned to perform the Card accounting process, statement reconciliations, card issue, as well as Flexi Purchase and NAB Administration.

**Manager**

refers to the employee with budgetary control over the cost centre assigned to a Card expense.

**Private Expense**

refers to any expense that is not directly related to the Shire's business operations.

The corporate purchasing card (Card) is generally to be used for minor one off purchases where the supplier has not been set up as creditor in the Authority system. Card limits will be set to allow staff to undertake purchases related to their daily duties and will also take into consideration their role during an emergency situation.

Cards will be issued on a needs basis. A "Corporate Purchasing Card Application Form" outlining the business case and signed by both the prospective cardholder and their Manager will need to be submitted to the Manager Finance and Governance for consideration (Attachment 1). The proposed cardholder's Manager and the Manager Finance and Governance will then jointly determine an appropriate monthly card limit based on the needs related to the employee's position in the organisation. Should a



temporary limit increase be required at any time a request needs to be sent by the cardholder's Manager to the Manager Finance and Governance for approval. Limit increases can be activated via NAB Connect by either the Manager Finance and Governance or Team Leader Finance.

**Table - Guide for setting monthly card limits**

<b>Position</b>	<b>Recommended Limit</b>
CEO, Directors, Managers and CEO PA	\$5,000
Personal Assistants and Administration Officers	\$2,000
Other employees	\$500 - \$2,000

The issue of a Card places the cardholder in a position of trust. These guidelines are to be read in conjunction with Shire Policy FI-01, the cardholder agreement signed upon receipt of the Card and the Shire's Code of Conduct.

Cardholders are designated employees under the *Local Government Act 1995* s. 5.74 and therefore have a statutory obligation to complete Primary and/or Annual Returns.

Users of the Card must comply with the Shire's procurement policies and procedures.

### **Cardholder Duty of Care**

The Card enables employees to do their job efficiently and effectively; however holding a Card carries a great deal of responsibility.

Cardholders are in a position of trust and the Card should only be used for business related expenditure. Cards must not be used for cash advances or the purchase of personal goods or services. Cards are only to be used by the person whose name appears on the Card, i.e. the authorised cardholder.

Strong and immediate action will be taken against persons abusing the trust vested in them.

A cardholder who misuses their Card fraudulently or otherwise may be reported to the Corruption and Crime Commission (CCC) and will be prosecuted under the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and/or the *Criminal Code*.

Employees can request the Manager Finance and Governance to safe keep their Card during periods of absence from work (e.g. annual leave) when they have no need to use their Card.

### **Purchasing Goods**

#### **1.1 General Guidelines**

Purchases will generally be low value, unplanned and from a supplier not set up in the Authority creditor system. Where possible OLR, suppliers accounts or Depot

stores should be utilised. All bookings for travel, conferences or training (provided by suppliers not in Authority) are to be booked by the service area personal assistant or administration officer.

## **1.2 Purchasing goods other than in person**

It is recommended that purchases of goods and services are done in person over the counter however when this is not possible extreme care should be taken. Confirm details by email, ensuring a valid tax invoice is received immediately following the processing of the transaction and reconcile the purchase to the amount on your NAB statement.

## **1.3 Purchases made via the internet**

Risks involved with internet purchasing can be minimised by observing some simple rules, as identified on the Department of Commerce's website:

[www.commerce.wa.gov.au/ConsumerProtection/content/Consumers/Buying\\_goods\\_and\\_services/OnlineShopping](http://www.commerce.wa.gov.au/ConsumerProtection/content/Consumers/Buying_goods_and_services/OnlineShopping).

The most common security symbol is the presence of a padlock usually located next to the address bar of your browser. By double-clicking on the padlock symbol a valid security certificate can be viewed.

In web addresses commencing with https: the "s" suggests that it is a secure site.

Cardholders should consider the following when making purchases over the internet:

- How well do I know the supplier?
- Are other options for procurement available? If so, do the benefits of using the internet outweigh any potential risk?

## **Cardholders responsibility**

- Complying with the Conditions of Issue specified in the Cardholder Agreement.
- Securing the Card at all times.
- Returning a de-activated or expired Card to the Card Administrator for appropriate disposal.
- Reporting lost or stolen Cards immediately to the Manager Finance and Governance.
- Providing a valid GL account code within three working days of purchase.
- Checking the Card statement against invoices before signing and submitting the documentation to their Manager for approval.
- Providing sufficient detail to justify a purchase.
- Completing a primary or annual return upon request.

## **2.1 Receipt of a Card**

Upon receipt of a Card from the Card Administrator, cardholders must:

- i. Verify that details appearing on the Card are correct;
- ii. Read any Facility Terms and Conditions, or other conditions specified by the credit provider;
- iii. Read the Shire's Corporate Purchasing Card Policy FI-01;
- iv. Sign the Card immediately;
- v. Read and sign the Cardholder conditions of use; and
- vi. Ensure the safe custody of the Card and PIN at all times. On receipt of a replacement Card, the cardholder must verify the details on the Card and sign the Card immediately.

## **2.2 Card usage**

When using the Card facility, cardholders must:

- i. Obtain a valid Tax Invoice displaying the supplier's ABN and the correct GST component of the purchase;
- ii. Ensure suppliers record full and proper descriptions of items or services on their invoices;
- iii. Confirm the supplier's website is secure when placing an order via the internet, in accordance with clause 1.3 above;
- iv. Ensure goods and services are received in good order and condition;
- v. Ensure a credit is received for any returns or refunds;
- vi. Ensure expenditure does not exceed the monthly credit limit; and
- vii. If a valid tax invoice cannot be obtained or is lost, a Corporate Purchasing Card - Missing Tax Invoice Form (Attachment 3) must be completed and signed by the cardholder and their Manager. Use of the Missing Tax Invoice Form must be the exception rather than the rule.

It should be noted that an EFTPOS or PayPal receipt is not considered sufficient documentation as it does not itemise purchased items, thus making it impossible to verify the business nature of the purchase.

The Card must not be used for cash advances.

Transactions for entertainment expenses, alcohol purchases or other hospitality transactions require a more detailed explanation and must clearly show the number of employees and the number of non-employees attending any function regarded as entertainment. This enables verification that such purchases were for business purposes only and compliance with Fringe Benefits Tax requirements.

Reminder: Policy FI-01 states that only the CEO is authorised by Council to incur business entertainment expenditure on the Card.

## 2.3 Statement reconciliation

It is the Cardholder's responsibility to ensure an account code is entered into the card provider's Card website within three working days of purchase. A detailed explanation of the expenditure incurred must also be entered.

The cardholder should keep all invoices/receipts from purchases in a safe place until the monthly statement from the credit provider is available for download.

On receipt of the statement the Cardholder must:

- i. Check each transaction for accuracy;
- ii. Attach all invoices/receipts and other necessary documentation to the statement;
- iii. Advise their Manager and the Card Administrator immediately if an unidentified transaction appears on the statement;
- iv. Sign the statement for authenticity and certify that "the expenditure was incurred on official Shire business and has not been subject to a claim on funds from any other source"; and
- v. Forward the statement to their Manager for expenditure approval.

In the event that the Manager Governance and Finance, Manager or Card Administrator identifies expenditure that is inappropriate, the cardholder will be informed of the breach of conditions by the Manager Finance and Governance and will be required to reimburse the Shire immediately. Further action will depend on the seriousness of the misuse and may consist of counselling, cancellation of the Card, disciplinary action, investigation and/or reporting to the appropriate authorities.

## 2.4 Timeliness of data entry

The Card statement must be submitted to the Card Administrator within two working days of the close of the monthly statement.

Should the cardholder not be at work for any reason at the end or beginning of the month, it is the cardholder's responsibility to complete the above requirements prior to the month-end cut-off date.

Employees who consistently enter information late may have their access to the Card facility withdrawn.

### Manager's responsibility

- Authorising their cardholders' transactions and ensuring expenditure is within the approved budget and costed to the correct expenditure account, by signing off on employees' card statements at the end of each month.
- Providing their employees' authorised statements and documentation to the Card Administrator within two days of receiving the statement.
- Ensuring cardholders comply with the Shire's Purchasing Policy (AS-04), Ordering of Goods and Services Procedure (FI-03) and Quotations for Purchase of Goods and Services Procedure (FI-04).

- Signing off on the Missing Tax Invoice Form for any transactions where a valid tax invoice could not be obtained.

### **Manager Finance and Governance responsibility**

- Authorising the issue of Cards to employees other than the CEO as required.
- Determining a monthly purchasing limit for each cardholder.
- Reporting lost or stolen Cards to the card provider.
- Activating and monitoring any temporary increase to Card limits.
- Evaluating and following up any concerns raised by the Card Administrator.
- Keeping a register of unauthorised Card use, including the employee's name and the date and details of the unauthorised purchase.

### **Card Administrator responsibility**

- Issuing new cards.
- Undertaking all administrative tasks in NAB Connect and Flexipurchase.
- Providing an induction into appropriate Card use to any new cardholder and familiarising the cardholder with these procedures.
- Provide ongoing Flexipurchase training and support to cardholders.
- Verifying that the automatic direct debit by the bank matches the total monthly Cards spend.
- Quarterly reviewing the use of Cards, focusing on low usage and dormant Cards.
- Monitoring monthly Card transaction reports and high value transactions and reporting any concerns to the Manager Finance and Governance.
- Appropriate disposal of returned de-activated and expired Cards.

### **Reference documents and forms**

#### **Relevant legislation:**

- *Local Government Act 1995;*
- *Local Government (Financial Management) Regulations 1996;*
- *Corruption and Crime Commission Act 2003; and*
- *Criminal Code.*

### **Attachments**

1. Corporate Purchasing Card Application Form
2. Corporate Purchasing Card Cardholder's Agreement Form.
3. Corporate Purchasing Card Missing Tax invoice Form to be completed when a tax invoice is not available.

### **Procedure review, revision and reissue**

This Procedure will be reviewed, revised and reissued at least once every two years or following any process changes, whichever happens first.

<b>This procedure was approved by:</b> <b>Paul O'Connor</b> <b>Director Corporate Services</b>	<b>Date:</b> January 2017
--	---------------------------

## Attachment 1

### Shire of Mundaring

#### CORPORATE PURCHASING CARD - CARDHOLDER'S AGREEMENT FORM

I \_\_\_\_\_  
(Name) (Title)  
\_\_\_\_\_  
(Service) (Division)

I understand and agree that a Corporate Purchasing Card (Card) is issued to me on the express condition that I will at all times use the Card only in accordance with the Shire of Mundaring Policies and Procedures.

1. I will only use the Card to purchase goods in any one transaction to a limit of \$\_\_\_\_\_.
2. I will only use the Card to purchase services in any one transaction to a limit of \$\_\_\_\_\_.
3. I acknowledge that my monthly Card statement limit is \$\_\_\_\_\_.  
(To change this limit a written request must be made to the Manager Finance and Governance)
4. I will only use the Card for work purposes and will not incur personal expenditure on the Card.
5. I will not use the Card for my personal benefit, including participation in incentive schemes such as Frequent Flyers.
6. If I misuse the Card, the Card may be withdrawn and disciplinary action may be instigated.
7. I will not use the Card to purchase assets.
8. If the Card is lost or stolen, I will immediately advise the Manager Finance and Governance.
9. I will not use the Card to acquire CASH.
10. I will not use the Card to purchase FUEL without the prior approval of my Director.
11. I will maintain safe custody and ensure the Card is within my care and control at all times and I will not loan the Card to any other person.
12. If I leave the employment of the Shire of Mundaring I will return the Card to the Manager Finance and Governance prior to leaving.
13. Unless expressly authorised by the CEO I will not use the Card for entertainment expenses.
14. I will provide valid tax invoices attached to the monthly statement and return these to the Card Administrator for processing.
15. I will forward all Card transactions to the Card Administrator within two working days of the close of the monthly statement.
16. If I will not be at work for any purpose at the beginning of the month (leave, training etc.) it is my responsibility to complete the above requirements prior to the month-end cutoff date.
17. If I need to dispute a transaction I will advise the Card Administrator.

**I acknowledge that I have read and fully understand the conditions set out above, which govern the issue and use of the Card, I am aware of National Australia Bank's Purchasing Card Conditions of Use and the Shire of Mundaring's Corporate Purchasing Card policy and procedures.**

\_\_\_\_\_  
Cardholders Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Witness/Approved Officer

\_\_\_\_\_  
Print name of Witness and Date

Please retain a copy of this form for your reference

**CORPORATE PURCHASING CARD –  
MISSING TAX INVOICE FORM**

***Shire of Mundaring  
Corporate Purchasing Card***

This form must be completed in full when a valid Tax Invoice is not available.

Date of Purchase:

Employee Name:

Supplier Name:

Amount:

GL Account:

Reason for purchase without  
complying documentation:

Detailed description of purchase:

Employee name & signature: \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Authorised by Manager – (Name and Signature) \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_



**Attachment 13**

**Report 8.6**

**10 pages**

## Shire of Mundaring

# ORGANISATIONAL PRACTICE ORGANISATIONAL PRACTICE

### Petty Cash

OP Ref: OP--32

Responsible Service: ~~Manager~~ Finance ~~Service~~  
Reviewed by: Manager Finance Service Date: ~~01/05/12~~ 1 May 2012  
Amended by: ~~Manager Finance and Governance~~ Date: ~~/12/16~~ January 2017  
Policy Reference: N/A Delegation Ref: N/A  
Procedure Ref: N/A  
~~Local Law~~ Legislation *Local Government Act 1995*  
Ref: *Local Government (Financial Management) Regulations 1996*

#### PURPOSE:

To set guidelines and internal controls for the issue of petty cash.

#### Definition:

The use of petty cash floats is confined to individual cash purchases for Shire business of up to a maximum of ~~\$50-00~~ 100 where a ~~Ccorporate NAB purchase~~ corporate NAB purchase card is not accepted or the employee does not have a ~~Ccorporate NAB purchase~~ corporate NAB purchase card. Use of such floats is restricted to the purpose for which they were established. Reimbursements greater than \$100 will need to be claimed by completing an "Employee Expense Reimbursement Form" which will be processed via Accounts Payable with a direct EFT payment to the employee's nominated bank account.

#### 1. Establishing a ~~P~~petty ~~c~~Cash float

To establish a new petty cash float or to increase an existing ~~advance-float~~ advance float a written application is to be made to the Manager ~~Financial Service~~ Finance and Governance ~~from by the relevant Service Manager who is accepting responsibility~~ responsible for these funds the float. The request must detail the business case for the float to be established.

The ~~total~~ value of the ~~advance-float~~ advance float requested or any replenishment requests will be ~~amust not exceed amount which would normally necessitate reimbursement~~

~~approximately once the estimated average monthly total of reimbursements or twice a week a month. This level of advance keeps to a minimum the overall cash in the Shire buildings and ensures regular inclusion of information regarding expenditure in financial reports.~~

## 2. Petty Cash Claims

A claim for ~~reimbursement of~~ petty cash ~~is to~~ must be submitted ~~to the~~ the employee responsible for petty cash ~~responsible employee for reimbursements~~ and must include:

- An original tax invoice/receipt which must show supplier's name and ABN as proof of payment;
- ~~All reimbursements are required to be authorised~~ Authorisation by the employee's Service Supervisor or Service Supervisor or Manager who will sign the reverse of the invoice/receipt provided; ~~and;~~
- An active relevant cost code ~~must be supplied.~~

If compliance with the above points is unachievable, a "Petty ~~C~~ash ~~R~~eimbursement to employees - missing tax invoice" form (refer Attachment A) must be completed and signed by the employee and their Service Supervisor or Manager.

Note: The use of ~~such a Petty Cash Reimbursement this~~ form ~~is~~ must be an exception rather than the rule.

It is not acceptable ~~for one receipt or a number of~~ receipts, in respect of the same event ~~and, which have been~~ obtained by the same person, to be split over two petty cash purchase reimbursement claims.

Permissible ~~cash payments~~ petty cash claims include the reimbursement of fares for official short local trips by public transport or by taxi, reimbursement of parking fees, purchase of postage stamps ~~and consumables~~, etc.

## 3. Cash Advances

Requests for petty cash advance ~~ments~~ will be subject to available funds. The employee receiving the funds will sign for receipt of such and provide proof of expenditure within 2-two business days of receipt of the funds or return those funds either partially or fully to Finance Service. No more than one advance will be made to any ~~one~~ the same person at any one time.

## 4. Security of Petty Cash

Cash on hand and invoices/receipts are to be kept secure when not in use. Only the responsible employee is to administer any aspect of the petty cash handling and is responsible for the safe keeping of the cash box. ~~(Service Managers have discretion to authorise more than one employee to manage petty cash).~~

~~Discrepancies in petty cash holdings~~ Petty cash discrepancies ~~are to~~ must be reported promptly to the Manager Finance ~~and Governance Service~~.

## 5. Reimbursement to Petty Cash Floats

Petty cash floats can be ~~reimbursed~~ replenished by the responsible employee by submitting a cheque request to Accounts Payable authorised by their ~~Service~~ Manager.

~~This reimbursement will return cash levels of the float to its issue value and charge the expenditure to the nominated cost code in the general ledger.~~

A Petty Cash ~~Recoup~~ Replenishment form (~~refer~~ Attachment B) must be completed and attached to the ~~cheque non OLR expenditure~~ requisition together with all invoices/receipts claimed. Replenishment request will be checked for compliance by an independent Finance Officer & form noted prior to being processed by Accounts Payable.

## 6. Audit

~~Supervisor or Service~~ Supervisors or Managers are required to initiate independent cash counts twice annually. The ~~employee~~ responsible for petty cash ~~officer~~ will be requested by Finance to complete a "Petty Cash Audit Report" in June each year which will be held with Finance end of year documentation. ~~Arbitrary~~ Random counts will ~~also~~ be undertaken by senior Finance staff throughout the year.

~~6.~~

~~7.~~

## 8.7. Shortages

Shortages arising from carelessness or mishandling are the personal responsibility of the ~~officer~~ employee in charge of handling the petty cash float ~~responsible for petty cash~~. Shortages ~~are to~~ must be reported to the Manager Finance ~~and Governance Service~~ as soon as they are discovered.

Where a petty cash float is stolen the incident must be reported promptly to the Manager Finance ~~and Governance Service~~.

## 9. Business Continuity Plan (BCP) Implementation

~~In the event of BCP implementation, requests for petty cash will not be accepted until after the conclusion of the BCP.~~

This practice was approved by:

~~Jonathan Throssell~~ Paul

~~O'Connor~~

~~Chief Executive Officer~~ Director

Corporate Services



Date:

~~May 2012~~

December 2016 January 2017

Attachment A

**Shire of Mundaring -**  
**-Petty ~~C~~ash reimbursement to employees**  
**missing tax invoice**

**PETTY CASH REIMBURSEMENTS TO EMPLOYEES**

- This form is required to be completed in full when valid Receipt/Tax invoice is not available.  
This will be expected to be an exception rather than normal practice

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Date of Purchase:

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Employee Name:

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Amount:

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GL Account:

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Date of Purchase:

Supplier Name:

Employee Name:

Amount:

GL Account:

Reason for purchase without **complying documentation**:

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Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Authorised by:  
Manager's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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Employee's Signature: \_\_\_\_\_

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Authorised by Service Manager – Signature: \_\_\_\_\_

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**SHIRE OF MUNDARING**  
**Petty Cash Audit Report – 2017**

Date: \_\_\_\_\_

**Department:** \_\_\_\_\_

Responsible Officer: \_\_\_\_\_

**Petty Cash Float as per GL account:** \_\_\_\_\_

<u>Cash on Hand</u>	<u>Invoices</u>	<u>Total Cash Float (must match with Cash Float)</u>

**Variance:**

**Explanation:**



**Solution:**

---

---

**Responsible Officer**

Attachment B

Shire of Mundaring

PETTY CASH ~~RECOUP~~  
REPLENISHMENT

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Date	Name	Signature	Particulars	Account No.	GST Amount \$	Amount \$	
Total GST							
Total amount to be recouped							
Add							
Total of Cash on Hand							
Total							

<b>Signatures:</b>
<u>Responsible Officer</u>
<u>Finance Compliance Check</u>

Current Float


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**9.0 ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

*Nil*

**10.0 URGENT BUSINESS (LATE REPORTS)**

*Nil*

**11.0 CONFIDENTIAL REPORTS**

*Nil*

**12.0 CLOSING PROCEDURES**

**12.1 Date, Time and Place of the Next Meeting**

The next meeting will be held on Tuesday, 16 May 2017 at 5.30pm in the Committee Room.

**12.2 Closure of the Meeting**

*The Presiding Person declared the meeting closed at 6.42pm.*