



AUDIT COMMITTEE MEETING

AGENDA

12 MARCH 2019

TABLE OF CONTENTS

1	DECLARATION OF OPENING.....	2
2	ATTENDANCE.....	2
3	CONFIRMATION OF PREVIOUS MINUTES.....	2
4	ITEMS FOR AUDIT COMMITTEE REVIEW.....	3
	AC075 <i>FINANCIAL MANAGEMENT SYSTEMS REVIEW – PART 2.....</i>	3
	AC076 <i>OFFICE OF THE AUDITOR GENERAL – AUDIT AGREEMENT</i>	5
	AC077 <i>BUSINESS CONTINUITY MANAGEMENT PROGRAM</i>	7
	AC078 <i>MANAGEMENT ACTIONS ON INTERNAL AUDITS</i>	10
	AC079 <i>PROCUREMENT AUDIT – ACTION PLAN</i>	12
5	COMPLIANCE REVIEW – STANDING ITEM.....	16
	AC080 <i>COMPLIANCE AUDIT RETURN 2018.....</i>	16
6	GENERAL BUSINESS.....	19
	<i>BUSINESS CONTINUITY GENERATOR CONNECTIVITY</i>	19
7	MEETING CLOSURE	20

CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
TO BE HELD ON TUESDAY 12 MARCH 2019 AT 3.30PM
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE**

A G E N D A

1 DECLARATION OF OPENING

2 ATTENDANCE

Present:

Officers:

By Invitation:

Apologies:

Leave of Absence:

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 23 October 2018 as attached be accepted as a true and correct record of proceedings.

4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC075	FINANCIAL MANAGEMENT SYSTEMS REVIEW – PART 2
AGENDA REFERENCE:	D-19-009291
AUTHOR:	R Doughty, Financial Accountant
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	7 February 2019
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x1)
	A. Financial Management Systems Review (Part 2)

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the report from the auditor of the Financial Management Systems Review (Part 2).

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ADOPT the Financial Management Systems Review (Part 2);
2. ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the report; and
3. ADD any active action to the existing schedule to be reviewed at the next Audit Committee meeting.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, Local Government CEO's are required to undertake a Financial Management Systems Review (FMSR) not less than once in every three financial years. The scope of the review incorporates an assessment of the appropriateness and effectiveness of Council's financial management systems and procedures.

Council completed FMSR (Part 1) in February 2018. The attached report represents the second of two sessions.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

There are no adverse governance impacts.

RELEVANT PRECEDENTS:

The Audit Committee regularly reviews reports relating to the auditing processes of the City and the Audit function – 15 March 2018 (Part 1) Financial Management Systems Review.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Pursuant to Regulation 16 *Local Government (Audit) Regulations 1996*:

An audit committee has the following functions –

- (a) *To guide and assist the local government in carrying out -*
 - (i) *its functions under part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management*

- (f) *to oversee the implementation of any action that the local government –*
 - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c)*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The attached reports describe, through the auditor notes, the various levels of risk exposure of the organisation, with recommendations and management actions mitigating those risk levels to an acceptable level.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.



City of Greater Geraldton Financial Management System Review (Part 2) December 2018



4 February 2019

Mr Ross McKim
Chief Executive Officer
City of Greater Geraldton
PO Box 101
GERALDTON WA 6531

Dear Ross

2018 FINANCIAL MANAGEMENT SYSTEMS REVIEW (PART 2)

We are pleased to present the findings and recommendations resulting from our City of Greater Geraldton (the "City") Local Government (Financial Management) Regulation 1996, Financial Management System Review. In accordance with the City's Strategic Internal Audit Plan, the Financial Management System Review has been split into two Parts, whereby Part 1 was completed in February 2018 and Part 2 brought forward to December 2018 (previously planned for 2020).

This report relates only to procedures and items specified within the 2016 to 2021 five year Strategic Internal Audit Plan and does not extend to any financial report of the City.

We would like to thank Renee and the City's site representatives for their co-operation and assistance whilst conducting our review.

Should there be matters outlined in our report requiring clarification or any other matters relating to our review, please do not hesitate to contact Melanie Blain or myself.

Yours sincerely
AMD Chartered Accountants



TIM PARTRIDGE FCA
Director

Table of Contents

1. Executive Summary	4
1.1. Background and Objectives	4
1.2. Summary of Findings	5
2. Collection of Money	6
2.1. Scope and approach	6
2.2. Detailed findings and recommendations	6
3. Custody and security of money	7
3.1. Scope and approach	7
3.2. Detailed findings and recommendations	7
3.2.1. Security of Cash Transfers	7
3.2.2. End of Day Receipting Procedures	8
4. Maintenance and security of the financial records.....	10
4.1. Scope and approach	10
4.2. Detailed findings and recommendations	10
4.2.1. IT Strategic Plan	10
4.2.2. IT Security Log.....	10
4.2.3. Privacy and Intellectual Property Security	11
4.2.4. IT Project Reviews.....	11
5. Maintenance of payroll, stock control and costing.....	12
5.1. Scope and approach	12
5.2. Detailed findings and recommendations	12
5.2.1. Fuel Usage Analysis by Vehicle	12
5.2.2. Stock takes.....	13
6. Guidance on Risk Assessment	14

Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to review, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, the City of Greater Geraldton management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted with the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed with City of Greater Geraldton. The review findings expressed in this report have been formed on the above basis.

Third party reliance

This report was prepared solely for the purpose set out in this report and for the internal use of the management of City of Greater Geraldton. This report is solely for the purpose set out in the 'Scope and Approach' of this report and for City of Greater Geraldton information, and is not to be used for any other purpose or distributed to any other party without AMD's prior written consent. This review report has been prepared at the request of the City of Greater Geraldton Chief Executive Officer or its delegate in connection with our engagement to perform the review as detailed in the Strategic Internal Audit Plan 2016 to 2021. Other than our responsibility to the Council and management of City of Greater Geraldton, neither AMD nor any member or employee of AMD undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to the City of Greater Geraldton external auditor, on this review report. Any reliance placed is that party's sole responsibility.

1. Executive Summary

1.1. Background and Objectives

In accordance with the City's Strategic Internal Audit Plan, the Financial Management System Review has been split into two Parts, whereby Part 1 was completed in February 2018 and Part 2 was brought forward to December 2018 (previously planned for 2020).

The primary objective of our Financial Management System Review (FMSR) (Part 2) was to assess the adequacy and effectiveness of systems and controls in place within the City's locations focusing on security measures around the City's assets including cash and inventory; in accordance with the 2016 to 2021 five year Strategic Internal Audit Plan (the "review").

The following City locations were visited and assessed for the purposes of FMSR (Part 2):

- Airport;
- Art Gallery;
- Queens Park Theatre;
- Visitor Centre;
- Aquarena;
- Parking meters;
- Library;
- Animal Management Facility;
- Ellendale Camping Pool;
- Mullewa District Office;
- Mullewa Swimming Pool;
- Mullewa Caravan Park;
- QEII;
- Meru Waste Facility;
- Airport Depot; and
- Mullewa Depot.

Prior to our on-site visit we were advised that no cash (or very limited) and/or inventory was collected or retained at the Geraldton Multi-purpose Centre and Community Nursery. As a result, site visits have not been completed for these locations.

The responsibility of determining the adequacy of the procedures undertaken by us is that of the Chief Executive Officer (CEO). The procedures were performed solely to assist the CEO in satisfying his duty under Section 6.10 of the Local Government Act 1995 and Regulation 5(1) of the Local Government (Financial Management) Regulations 1996.

Our findings included within this report are based on the site work completed by us on the 9th of December to 14th of December 2018. Findings are based on information provided and available to us during this site visit.

1.2. Summary of Findings

The procedures performed and our findings on each of the focus areas within Part 2 are detailed in the following sections of the report:

- Section 2 – Collection of money;
- Section 3 - Custody and security of money;
- Section 4 - Maintenance and security of the financial records; and
- Section 5 - Maintenance of payroll, stock control and costing records.

Following the completion of our review and subject to the recommendations outlined within sections 2 to 5, we are pleased to report that in context of the City’s overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.

Findings reported by us are on an exceptions basis, and do not take into account the many focus areas tested during our review where policies, procedures and processes were deemed to be appropriate and in accordance with best practice.

The following tables provide a summary of the findings raised in this report:

	Extreme Risk	High Risk	Moderate Risk	Low Risk
Number of new issues reported	0	1	5	2

For details on the review rating criteria, please refer to Section 6.

Ref	Issue	Risk Rating
2. Collection of money		
We have no findings to raise in respect to the collection of money by the Local Government.		
3. Custody and security of money		
Security of Cash Transfers		
3.2.1	Sun City Security is no longer assisting with cash transfers resulting in the City’s staff transferring cash to either the Civic Centre or the bank.	High
End of Day Receipting Procedures		
3.2.2	Acknowledging significant improvements since our prior review, however there are still procedures relating to the End of Day Receipting Procedures at various sites that require further attention.	Moderate
4. Maintenance and security of financial records		
IT Strategic Plan		
4.2.1	Currently there is no finalised IT Strategic Plan in place.	Moderate
IT Security Log		
4.2.2	IT security logs are not currently reviewed by the IT department.	Moderate
Privacy and Intellectual Property Security		
4.2.3	Although the City has resolved the issue around personal file sharing accounts, there is no documented policy and limited control over the use of USB and/or hard drives to share information amongst employees and third parties.	Moderate
IT Project Reviews		
4.2.4	Currently no post implementation review for major IT projects completed.	Low
5. Maintenance of payroll, stock control and costing records		
Fuel Usage Analysis by Vehicle		
5.2.1	Currently no analysis of fuel usage by asset is conducted.	Moderate
Stock takes		
5.2.2	Stock is only counted once a year at 30 June with exception of the airport depot where stock is counted monthly.	Low

2. Collection of Money

2.1. Scope and approach

For all locations operated by the City including Airport, Art Gallery, Queens Park Theatre, Visitor Centre, Aquarena, Parking meters, Library, Animal Management Facility, Ellendale Camping Pool, Mullewa District Office, Mullewa Swimming Pool, Mullewa Caravan Park, QEII, Meru Waste Facility and other internal charges as documented with the Schedule of Fees and Charges, we:

- Document financial systems detailing controls, procedures and reconciliations in relation to all sources of income; and
- Test collection, receipting, invoicing and posting procedures over cash receipts on a sample basis.

2.2. Detailed findings and recommendations

Our review indicated key underlying policies and processes in relation to the collection of money by the Local Government are appropriate, in line with best practice and operating effectively.

Accordingly, we have no recommendations to raise in respect to the collection of money by the Local Government.

3. Custody and security of money

3.1. Scope and approach

- Site visits to cash collection points to review the controls and procedures over the collection, receipting, recording and banking of cash collected; and
- Review the security of cash and banking procedures to ensure the appropriate controls and procedures are in place.

3.2. Detailed findings and recommendations

3.2.1. Security of Cash Transfers

Finding Rating: High

Our inquiries made during our site visits identified that Sun City Security is no longer assisting with the security of the cash transfers for the City. City staff either individually or in a pair are transporting cash from one City location to another or from a City location to the bank, either on foot or via a City vehicle, in lieu of the security company. For example:

- Civic Centre, Library, Aquarena and Visitors Centre – a Ranger will collect the banking from these four locations on allocated days of the week to transfer to the bank. Currently the Ranger responsible for this task is on long service leave and a Security Guard from MCS Security has stepped into the role. Similar to the Ranger the Security Guard is completing the cash transfers by himself and travels in a City vehicle.
- Parking Meters – two nominated Rangers will collect the cash tins from the parking metres weekly on Tuesday and Thursday and will transport the cash tins to the bank in a locked Ranger vehicle.
- Queens Park Theatre (QPT) – the Front of House Leader and Box Office and Front of House walks with cash proceeds to the bank.
- Art Gallery – staff currently transports the banking through the City’s internal mail. However, if the Gallery Officer feels uncomfortable about the amount either they or the Art Gallery Coordinator will walk the banking to the Customer Services Office for receipting.
- Airport – the Airport Coordinator drives on a fortnight basis the money vault bag (after collecting the cash tins from the parking meters) to the Finance team at the City.
- Meru Waste Facility – similar to the Airport, the Manager from Toxfree drives the banking three days a week to the Civic Centre.

Implications / Risks

- Risk of theft of the City’s cash.
- Risk of physical harm to one of the City’s employees and/or representatives.

Recommendation

We recommend the City re-assess the current security cash transfer procedures in place and consider whether a Cert III Security Officer accompanies the City employee on those cash transfers that are assessed as high risk of potential harm to the individual involved. In addition, consideration be given on whether cash transfers should be transported via a security vehicle.

For those instances where the City does not deem the cash transfer to be of high risk, at least one other person should be involved i.e. travels in the car or at the very least someone should walk with the individual to their car and someone should meet the individual when they arrive at Civic Centre.

Management Comment

The City is currently reviewing our security cash transfer procedures in relation to all our cash collection facilities and/or points. An interim arrangement has now been put in place while the review is being undertaken where an external Security Company is undertaking cash collections instead of City staff from the Civic Centre, Library, Aquarena, QEII and Visitor Centre. All other facilities and cash collection point procedures have in the interim remained unchanged until the review is completed. The review encompasses other security services the City engages and the possible cost efficient opportunities to bundle these services.

Responsible Officer: Phil Melling

Completion Date: 30 June 2019

3.2.2. End of Day Receipting Procedures

Finding Rating: Moderate

Although there has been significant improvement in the End of Day Receipting Procedures followed by the City's locations subsequent to our previous review, our inquiries made identified the following exceptions pertaining to the End of Day Receipts Reconciliations and Daily Taking Sheets requiring further attention:

- QPT – currently the Bar Takings – Cash Reconciliation is only initialled by Box Office staff and Front of House staff when an amendment is required. In addition, although we were advised that the QPT Finance Officer is independently reviewing the Bar Takings – Cash Reconciliation there is no evidence of this independent review occurring. Similarly with the Box Office Daily Advance form there is no physical sign-off by the preparer, nor is there a formal physical sign-off from the independent reviewer (with exception of some ticks and “ok” written on the form).
- Aquarena – although the Aquarena Finance Officer is signing off the Breakdown Analysis of Tills as the preparer, there appears to be no evidence that an independent review has been completed. In addition, the Daily Takings Breakdown Report is not currently signed off by the preparer nor is there evidence that an independent review has been completed.
- Mullewa District Office – currently the End of Day Reconciliation is not signed off by the preparer nor is the reconciliation subject to independent review.
- QEII – there is currently no formal documented reconciliation rather a cash break-up sheet is completed. This cash break-up sheet is not signed off by the preparer nor is it subject to independent review.
- Art Gallery – a casual staff member will count cash weekly on a Saturday and will populate the Art Gallery Payment Reconciliation form, this form is not signed off by the preparer. We were advised that the Art Gallery Payment Reconciliation is independently reviewed by the Gallery Officer on the following Monday, however there is no physical evidence of this review.
- Library – rather than signing off on the End of Day Receipts Reconciliation the preparer and independent reviewer is currently signing off on a log book. In addition, the Library Banking Summary is not currently signed off by the preparer nor is the Library Banking Summary subject to an independent review.
- Visitor Centre – the End of Day Receipts Reconciliation is currently initialled by the preparer and independent reviewer. In relation to the Daily Banking Sheet this is not currently signed off by the preparer nor is the Library Banking Summary subject to an independent review.
- Meru Waste Facility – currently the End of Day Receipting documentation for example the EFTPOS takings run sheet and Cash takings run sheet is not signed off by the preparer.

Implications / Risks

Risk that error of fraud may not be detected on a timely basis.

Recommendation

We recommend that a consistent approach be followed by the City's locations whereby:

- The End of Day Cash Receipt Reconciliation (or the equivalent) and Daily Taking Sheet (or the equivalent) be signed-off by the individual preparing the reconciliation. This sign-off would include the preparers' name, role/position at the City, signature and date of sign-off on the actual document; and
- The End of Day Cash Receipt Reconciliation (or the equivalent) and Daily Taking Sheet (or the equivalent) be reviewed by someone independent to the receipting function, and signed off as evidence of independent review. This sign-off would include the reviewers' name, role/position at the City, signature and date of sign-off on the actual document.

Management Comment

The City will implement a more standardised approach to end of day reconciliations at all sites as recommended above. The reconciliation document will include for the preparer and reviewer their name, role/position, signature and date.

Responsible Officer: Renee Doughty

Completion Date: June 2019

4. Maintenance and security of the financial records

4.1. Scope and approach

- Review of information technology systems to assess physical security, access security, data back-ups, contingency plans, compliance and systems development.

4.2. Detailed findings and recommendations

4.2.1. IT Strategic Plan

Finding Rating: Moderate

As previously raised in AMD's Information Technology Internal Audit Report, dated 11 April 2017 and the subsequent Regulation 17 Review, dated 2 March 2018, and as confirmed with the ICT Manager, the City does not currently have a finalised IT Strategic Plan in place.

Implications / Risks

Risk of strategic objectives pertaining to the Council's current IT and communication requirements not being met.

Recommendation

We recommend the draft IT Strategic Plan is finalised.

Management Comment

IT Strategic Plan is currently being drafted.

Responsible Officer: Dennis Duff

Completion Date: June 2019

4.2.2. IT Security Log

Finding Rating: Moderate

As previously raised in AMD's Information Technology Internal Audit Report, dated 11 April 2017 and the subsequent Regulation 17 Review, dated 2 March 2018, and as confirmed with the ICT Manager security logs are kept, however logs are not subject to review on a regular basis.

Implications / Risks

Risk of security breaches / errors not being identified and addressed accordingly on a timely basis.

Recommendation

We recommend security logs be retained and reviewed on a regular basis to ensure security breaches / errors are identified on a timely basis and addressed accordingly.

Management Comment

The solution to this forms part of an overarching network monitoring solution currently in the requirements gathering stage.

Responsible Officer: Dennis Duff

Completion Date: October 2019

4.2.3. Privacy and Intellectual Property Security

Finding Rating: Moderate

Our inquiries of the ICT Manager indicate that although the City has implemented controls in relation to the use of personal file sharing accounts such as OneDrive and DropBox, there have been no controls implemented pertaining to the use of removable hard drives / USB devices.

Implications / Risks

Risk of unauthorized access to confidential information.

Recommendation

We recommend formal documented policy is prepared and communicated to employees regarding restrictions on the use of removable hard drives / USB devices. If the City decides that employees are allowed to use hard drives / USB devices, we recommend that such devices be approved by the employees' manager and the device should be encrypted or password protected.

Management Comment

Operational Policy related to use of office equipment to be updated to reference use of removable hard drives / USB devices.

Responsible Officer: Dennis Duff

Completion Date: June 2019

4.2.4. IT Project Reviews

Finding Rating: Low

As previously raised in AMD's Information Technology Internal Audit Report, dated 11 April 2017, the subsequent Regulation 17 Review, dated 2 March 2018, and as confirmed with the ICT Manager there is currently no formal post implementation review of major IT projects completed.

Implications / Risks

Lack of documentation evidencing project review, including recommendations identified for consideration prior to undertaking subsequent IT projects.

Recommendation

We recommend formal performance project reviews be completed following the implementation of major IT projects, and where appropriate for specific IT projects, reviews continue to be performed on a periodic basis.

Management Comment

The City is proposing to conduct a review of the City's procurement functions across its full operations. For the purpose of this review the City's use of procurement is to mean the full process from cradle to grave e.g. includes but is not limited to purchasing, stock control, requests for quotation, requests for tender (or associated variations), evaluation and award, contract development, contract management, asset disposal and post project evaluation etc.

Responsible Officer: Paul Radalj

Completion Date: June 2019

5. Maintenance of payroll, stock control and costing

5.1. Scope and approach

For all the City locations visited, review security over stocks held and allocation / costings of stocks used (including fuel and inventory stocks).

5.2. Detailed findings and recommendations

5.2.1. Fuel Usage Analysis by Vehicle

Finding Rating: Moderate

As previously raised in AMD's Fleet Management Internal Audit Report, dated 11 December 2017, and as confirmed with the Fleet Services Manager, fuel usage analysis by individual motor vehicle/plant item on a per vehicle/plant item basis (i.e. consumption per 100kms or plant hour vs book consumption) is not currently prepared on a periodic and/or rotational basis and subject to independent review.

In addition, our visit to the Mullewa Depot identified that the cage door protecting the diesel bowser is not locked during the day.

Implications/Risks

Risk of misallocation or misappropriation of fuel to motor vehicle/plant item may not be identified.

Recommendation

We recommend consideration to be given to analysing fuel consumption per vehicle/plant item on a periodic basis where currently not prepared, and that the analysis be subject to independent review.

In addition, we recommend that the Mullewa Depot locks the cage door in front of the diesel bowser whilst not in use.

Management Comment

The City has developed a new report which will be able to show month on month comparisons by both individual and grouped plant items (detailed and summary). The report will also enable analysis of fuel usage quantity and cost compared to plant hours.

Procedure now in place to lock cage door when unattended.

Responsible Officer: Paul Radalj

Completion Date: February 2019

5.2.2. Stock takes

Finding Rating: Low

Although there has been significant improvement in stock takes practices since our previous review, our inquiries made during our site visits identified the following exceptions pertaining to stock takes practices requiring further attention:

- Airport Depot – stock takes are completed on a monthly basis and a robust process is followed, however the stock sheets used to complete the counts includes the current quantity on hand as reflected in Synergy.
- Mullewa Depot – small inventory items such as oils, lubricants and materials are held at the depot, however these items are only counted once during the annual year-end stock take.
- QPT – with exception of the year end stock count completed by the QPT Finance Officer, no other formal stock takes are performed throughout the year.
- Art Gallery – a stock listing is maintained, however staff were unable to provide a total stock value whilst on site. Stock takes are completed from time to time (last completed October 2018). The stock listing will be printed and checked off by casual staff and the variances provided to Gallery Officer who will investigate. There is no formal sign-off of the stock counts completed.
- Library – the last stock take of the books available for sale was performed approximately six months ago. Stock count sheets are utilised, however one person will count by themselves. There is no independent spot checks of the counts conducted.
- Visitor Centre – although the stock count procedures in place are robust, the Visitor Centre will only complete an annual stock take at year end.

Implications / Risks

Risk of stock being misstated throughout the year.

Recommendation

We recommend stock by location be counted and reconciled on a predetermined basis which is documented.

In addition, we recommend for those locations not following this practice, stock count sheets should be signed by the individual performing the count and should be subject to independent review and sign off.

It may be appropriate for the regularity of stocktakes to vary from location to location depending on the nature of goods held at each location, however we recommend that stocktakes should be conducted at least quarterly.

Management Comment

The City will implement a stock take process and reconciliation template for the Art Gallery. The City considers its frequency of stock takes at all locations to be adequate and risk rating to be low because of:

- The value of the stock being immaterial
- The low stock turnover rate
- The low value of the majority of stock items
- Would require staff time and loss of business due to close of the location during stock take

Responsible Officer: Renee Doughty

Completion Date: June 2019

6. Guidance on Risk Assessment

Risk is uncertainty about an outcome. It is the threat that an event, action or non-action could affect an organisation’s ability to achieve its business objectives and execute its strategies successfully. Risk is an inherent component of all service activities and includes positive as well as negative impacts. As a result not pursuing an opportunity can also be risky. Risk types take many forms – business, economic, regulatory, investment, market, and social, just to name a few.

Risk management involves the identification, assessment, treatment and ongoing monitoring of the risks and controls impacting the organisation. The purpose of risk management is not to avoid or eliminate all risks. It is about making informed decisions regarding risks and having processes in place to effectively manage and respond to risks in pursuit of an organisation’s objectives by maximising opportunities and minimising adverse effects.

The risk guidelines stated within Risk Management – Principles and Guidelines Standard AS / NZS ISO 31000-2009 and are based in the City of Greater Geraldton’s Risk Management Framework.

Our guidance to risk classification in completing our review is as follows:

Measure of Likelihood of Risk

Likelihood is the chance that the event may occur given knowledge of the organisation and its environment. The following table provides broad descriptions to support the likelihood rating:

DESCRIPTOR	DETAILED	OPERATIONAL FREQUENCY	PROJECT FREQUENCY	TRANSITIONAL FREQUENCY
Almost Certain	The event is expected to occur in most circumstances	More than one per year	Greater than 90% chance of occurrence	1 in 25,000
Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence	1 in 75,000
Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence	1 in 250,000
Unlikely	The event should occur at some time	At least once in 10 years	10% - 40% chance of occurrence	1 in 750,000
Rare	The event may only occur in exceptional circumstances	Less than one in 15 years	Less than 10% chance of occurrence	1 in 1,000,000

**Above Extracted from the City’s Risk Management Framework.*

Measure of Consequence of Risk

Consequence is the severity of the impact that would result if the event were to occur. The following table provides broad descriptions to support the consequence rating:

DESCRIPTOR	SAFETY / HEALTH (Physical)	SAFETY / HEALTH (Psychological)	FINANCIAL IMPACT	SERVICE INTERRUPTION	REPUTATION	ENVIRONMENT	LEGAL & COMPLIANCE
Insignificant	Negligible injuries, Full recovery 1 – 3 days	Temporary stress, no leave taken, short term impact with full recovery 1 – 3 days	<i>Organisation</i> Less than \$10,000 <i>Dept. or Project</i> 0-2% remaining budget	No material service interruption backlog cleared 2 – 4 hours	Unsubstantiated, low impact, low profile or ‘no news’ item. <i>Example</i> gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by site response. <i>Example</i> pick up bag of rubbish.	<i>Compliance</i> No noticeable or statutory impact. <i>Legal</i> Threat of litigation requiring small compensation. <i>Contract</i> No effect on contract performance.
Minor	First aid injuries, full recovery 1 – 3 weeks	Possible sick leave, short term impact, full recovery 1 – 3 weeks	<i>Organisation</i> \$10,000 - \$100,000 <i>Dept. or Project</i> 2 – 5% remaining budget	Short term temporary interruption – backlog cleared < 1 – 7 days	Substantiated, low impact, low news item. <i>Example</i> Local Paper, Everything Geraldton, Facebook item seen by local community.	Contained, reversible impact managed by internal response. <i>Example</i> pick up trailer of rubbish.	<i>Compliance</i> Some temporary non compliances. <i>Legal</i> Single Minor litigation. <i>Contract</i> Results in meeting between two parties in which contractor expresses concern.
Moderate	Medically treated injuries, Full recovery 1 – 3 months	Significant, non-permanent, longer term illness, Full recovery 1 – 6 months	<i>Organisation</i> \$100,000 - \$1M <i>Dept. or Project</i> 5 - 14% remaining budget	Medium term temporary interruption backlog cleared by additional resources within < 2 – 4 weeks	Demonstrated public outrage, substantiated public embarrassment, moderate impact, and moderate news profile. <i>Example</i> State wide Paper, TV News story, Moderate Facebook item taken up by people outside City.	Contained, reversible impact managed by external agencies. <i>Example</i> Contractor removal of asbestos sheets.	<i>Compliance</i> Short term non-compliance but with significant regulatory requirements imposed. <i>Legal</i> Single Moderate litigation or Numerous Minor Litigations. <i>Contract</i> Receive verbal advice that, if breaches continue, a default notice may be issued.
Major	Lost time or severe injury Possible Partial / full recovery 4 – 12 months	Longer term illness, severe trauma, extended incapacity Possible Partial / full recovery 6 – 12 months	<i>Organisation</i> \$1M - \$9M <i>Dept. or Project</i> 15 -20% remaining budget	Prolonged interruption of services, additional resources required; performance affected issue resolved within < 4 – 12 weeks	Sustained and high level public outrage, substantiated public embarrassment, high impact, high news profile, third party actions. <i>Example</i> Australia wide Paper, TV News stories, Current Affair etc. Significant Facebook item taken up by large numbers of people outside City.	Uncontained, reversible impact managed by a coordinated response from external agencies. <i>Example</i> truck or train spill of diesel and oil on road reserve/ park.	<i>Compliance</i> Noncompliance results in termination of services or imposed penalties. <i>Legal</i> Single Major litigation or numerous Moderate Litigations. <i>Contract</i> Receive written notice from the contractor threatening termination if not rectified.
Catastrophic	Fatality, permanent disability	Death, permanent Severely disabling illness, e.g. Post-Traumatic Stress Disorder	<i>Organisation</i> Greater than \$10M <i>Dept. or Project</i> Greater than 20% remaining budget	Indeterminate Prolonged interruption of services that impacts on Public safety and core services non-performance or termination of service	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, Likely to lead to the dismissal of Council / Councillors or Executive Staff. <i>Example</i> World Wide News, TV News stories, Current Affair, 60 Minutes, Widespread Facebook item taken up by vast numbers of people outside City.	Uncontained, irreversible impact. <i>Example</i> Ship runs aground and spills oil along City coast line, ground water supply exhausted or rendered unusable.	<i>Compliance</i> Noncompliance results in litigation, criminal charges or significant damages or penalties. <i>Legal</i> Numerous Major Litigations. <i>Contract</i> Termination of Contract for default.

*Above Extracted from the City’s Risk Management Framework.

Risk Analysis Matrix – Level of Risk

Finding Rating for each audit issue was based on the following table:

		CONSEQUENCE				
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	Almost Certain	Moderate	High	High	Extreme	Extreme
	Likely	Low	Moderate	High	High	Extreme
	Possible	Low	Moderate	Moderate	High	High
	Unlikely	Low	Low	Moderate	Moderate	High
	Rate	Low	Low	Low	Low	Moderate

*Above Extracted from the City’s Risk Management Framework.

Finding / Risk Acceptance Rating

The table below sets out the definition of the City’s finding / risk acceptance rating:

FINDING / RISK RANK	DEFINITION
Low	<ul style="list-style-type: none"> ▪ Attention required in medium term, preferably within 12 months. ▪ Isolated cases of procedural non-compliance. ▪ Small transactional errors with nil to small financial loss or exposure to the City. ▪ Isolated administrative matters.
Moderate	<ul style="list-style-type: none"> ▪ Attention required in medium term, preferably within 6 months. ▪ Absence or breakdowns in controls or procedures that lead to moderate exposures to the City. ▪ Isolated breaches of legal requirements and/or regulations with no further action likely to be taken by a regulator. ▪ Moderate individual transactional errors or several smaller transactional errors. ▪ Administrative matters, which due to their frequency may indicate procedural or training problems.
High	<ul style="list-style-type: none"> ▪ Attention required in short term, preferably within 3 months. ▪ Absence or breakdowns in controls or procedures that lead to high exposures. ▪ A breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts, however no further action is likely to be taken by a regulator. ▪ Large individual transactional errors or a larger number of smaller transactional errors. ▪ Administrative matters, which due to their frequency may indicate procedural or training problems. ▪ Issues arising from inadequate training.
Extreme	<ul style="list-style-type: none"> ▪ Urgent and immediate action required. ▪ Cases of actual or potential fraud. ▪ Absence or breakdowns in critical controls or procedures that lead to very significant exposures to the City (i.e. financial loss impacting capital or significant disruption to business services, loss of life, severe reputation risk). ▪ Serious breach of legal requirements and/or regulations resulting in material compensation and/or financial payouts and action likely to be undertaken by regulators. ▪ Multiple large transactional errors that could lead to serious legal impact and/or severe adverse effect on the City’s reputation. ▪ Issues arising from no or severely inadequate training.

AC076 OFFICE OF THE AUDITOR GENERAL – AUDIT AGREEMENT	
--	--

AGENDA REFERENCE:	D-19-011309
AUTHOR:	R Doughty, Financial Accountant
EXECUTIVE:	B Davis, Director Corporate & Commercial Services
DATE OF REPORT:	13 February 2019
FILE REFERENCE:	Go/11/0020
ATTACHMENTS:	Yes (x1) A. Letter - Arrangements for the Audit of the Annual Financial Report

EXECUTIVE SUMMARY:

The purpose of this report is to inform the Audit Committee about the correspondence received from Office of the Auditor General with relation to the 2018/19 annual financial statements audit.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the responsibilities under the arrangements by the Office of the Auditor General for the annual audit of the City's annual financial statements.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Local Government Amendment (Auditing) Act 2017 was proclaimed on 28 October 2017. The Auditor General has been given the mandate to:

- audit the financial reports of WA's 148 local governments and regional councils (local government entities);
- conduct performance audits of local government entities;
- perform supplementary audits requested by the Minister for Local Government; and
- report to Parliament on the results of financial and performance audits

The mandate for the Office of the Auditor General (OAG) to conduct performance audits started on 28 October 2017, and a staged transition approach has been taken for financial audits. The Auditor General is gradually taking responsibility for local government financial audits as their existing audit contracts expire.

The City's financial audit contract with AMD expired after the completion of the 2017/18 audit. The Auditor General will be conducting the City's financial audits from 2018/19 onwards, AMD has been appointed as the OAG's contractor for the 2018/19 audit of the City's annual financials.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

There are no adverse governance impacts.

RELEVANT PRECEDENTS:

There are no relevant precedents.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

There are no legislative or policy implications.

FINANCIAL AND RESOURCE IMPLICATIONS:

Audit costs have yet to be confirmed by OAG under this new arrangement but there is an expectation that these annual costs will increase under the new system of auditing.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

There are no risks to manage.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.



Our Ref: 8312

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

Mr Ross McKim
Chief Executive Officer
City of Greater Geraldton
PO Box 101
GERALDTON WA 6531

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

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

Dear Mr McKim

ARRANGEMENTS FOR THE AUDIT OF THE ANNUAL FINANCIAL REPORT OF THE CITY OF GREATER GERALDTON

I am writing to you to confirm arrangements for the annual audit of the City's annual financial report. This is an important part of the audit process because it helps to ensure that you are fully informed regarding our respective responsibilities under the engagement.

The responsibilities apply to audits for the current financial year, as well as to the audits for subsequent financial years, unless circumstances change, and are detailed in the Attachment.

It would be appreciated if you and the Mayor, could confirm your acknowledgement of the responsibilities by signing and returning the Attachment.

Feel free to contact me on 6557 7526 if you would like to discuss this or any other matter in relation to the audit.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Don Cunninghame'.

DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL
FINANCIAL AUDIT

7 February 2019

Attach

RESPONSIBILITIES FOR THE AUDIT

This document sets out the responsibilities for the audit of the annual financial report of the City of Greater Geraldton.

Objective and Scope of the Audit

Under the *Local Government Act 1995*, the Auditor General is to audit the accounts and annual financial report of the City of Greater Geraldton. The annual financial report comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Chief Executive Officer. As a part of the audit, we also report on matters as detailed under Other Legal and Regulatory Requirements in the Reporting section of this document.

The objective of the audit is to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the Auditor General's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Responsibilities of the Auditor General and the Office of the Auditor General (OAG)

The audit will be conducted in the manner determined by the Auditor General in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial report that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed.

In carrying out the audit, the OAG will also adhere to the following principles and reporting obligations:

- the highest standards of ethical and personal behaviour are demonstrated
- the audit is approached in a fair and constructive way
- the audit is conducted and reported in an impartial manner
- matters of significance arising from the audit are collated and reported at a sector level to the Parliament.

Responsibilities of the Council and the Chief Executive Officer

We acknowledge that we are responsible for:

- (a) keeping proper accounts and records
- (b) the preparation and fair presentation of the annual financial report in accordance with the *Local Government Act 1995* (the Act), Local Government (Financial Management) Regulations 1996 and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards
- (c) such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error
- (d) providing you with:
 - (i) access to all information that is relevant to the preparation of the financial report such as records, documentation and other matters;
 - (ii) additional information that you may request from us for the purpose of the audit; and
 - (iii) unrestricted access to persons within the City from whom you determine it necessary to obtain audit evidence.
- (e) the preparation of other information (i.e. financial or non-financial information (other than the financial report and the auditor's report thereon) included in the City's annual report) that is consistent with the financial report, and which does not contain any material misstatements.

As part of the audit process, we will also request, from the Chief Executive Officer and the finance manager, written confirmation concerning representations made to us in connection with the audit.

We look forward to the full cooperation from your staff during our audit.

Reporting

Annual Financial Report

The Auditor General's auditor's report will be prepared in accordance with the *Local Government Act 1995*, Local Government (Audit) Regulations 1996 and Australian Auditing Standards and include the audit opinion on the annual financial report.

Other Legal and Regulatory Requirements

The Local Government (Audit) Regulations 1996 also require the auditor's report to include:

- a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government

- b) any material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law
- c) details of whether information and explanations were obtained by the auditor
- d) a report on the conduct of the audit
- e) the opinion of the auditor as to whether or not the asset consumption and asset renewal funding ratios in the annual financial report are supported by verifiable information and reasonable assumptions.

The form and content of the auditor's report may need to be amended in the light of our audit findings and future amendments (if any) to the Local Government (Audit) Regulations 1996.

The auditor's report will be sent to the CEO, Mayor and the Minister for Local Government in accordance with the *Local Government Act 1995*.

Management Letter

Deficiencies in internal controls and other relevant matters identified during the audit will be included in a management letter sent to the CEO and Mayor.

Audit Fee

The fee for the audit will be determined by the Auditor General in accordance with the *Local Government Act 1995*. We will provide you with an indicative audit fee in the first quarter of the calendar year. This indicative fee is an estimate based on full cost recovery and a number of assumptions. The fee may be increased if there are additional costs due to matters such as a poor quality financial report and supporting working papers, deficiencies in internal controls and delays in receiving information from City staff.

Publication of the Audited Annual Financial Report

The City is required by the *Local Government Act 1995* to publish its annual report, including the audited annual financial report and the Auditor General's auditor's report, on its official website. When information is presented electronically on a web site, the security and controls over information on the web site should be addressed by the City to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the City's web site is beyond the scope of our audit of the financial report. Responsibility for the electronic presentation of the financial report on the City's web site is that of the Council.

ACKNOWLEDGEMENT OF RESPONSIBILITIES FOR THE AUDIT

We acknowledge the responsibilities for the audit for the year ended 30 June 2019 and subsequent years as set out in this letter for the audit of the annual financial report, including our respective responsibilities as the Mayor and the CEO.

(Signed) _____

Name: Shane Van Styn
Mayor

(Signed) _____

Name: Ross McKim
Chief Executive Officer

Date 19/2/19

AC077 BUSINESS CONTINUITY MANAGEMENT PROGRAM

AGENDA REFERENCE:	D-19-011735
AUTHOR:	J Graham, Manager Corporate Services
EXECUTIVE:	B Davis, Director Corporate & Commercial Services
DATE OF REPORT:	12 March 2019
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	Yes (X 3)
	A. Briefing Note Desktop Exercise - 2 November 2018
	B. Briefing Note ICT Business Continuity and Disaster Recovery Testing - 8 December 2018

EXECUTIVE SUMMARY:

The purpose of this report is to provide an update to the Audit Committee as to the City of Greater Geraldton's Business Continuity Management (BCM) Program.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOTE the development of the City of Greater Geraldton's Business Continuity Management Program;
2. NOTE that reports were supplied to council after each BCM exercise was conducted, as previously requested by the Audit committee; and
3. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the Program.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

As per the report AC069, the City has completed a desktop and a live ICT exercise of its BCM plans. These exercises identified some improvements required to the City's BCM, however in general the exercises demonstrated the effectiveness of the program.

The following briefing notes were provided to Council in connection to these exercises:

- Business Continuity Management Desktop Exercise (2 November 2018).
- Briefing Note ICT Business Continuity and Disaster Recovery Testing - Summary of Activities (10 December 2018).

Following on from these exercises the City has established a BCM program. This program has scheduled monthly desktop exercises for each BCM critical function sub plan. The intent of this process is to ensure that all sub plans have had a desktop validation with all stakeholders prior to the annual full live test.

The City's BCM working group will oversee the program and provide progress reports to the Executive Management Team quarterly.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

There are no adverse governance impacts.

RELEVANT PRECEDENTS:

This item has the following relevant precedents:

- AC039 – Status of City Risk Management Activities
- AC044 – Status of Risk Management & Compliance Activities
- AC056 – Status of Business Continuity Plan
- AC063 - Business Continuity Management Implementation Program
- AC069 - Business Continuity Management Program

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

This item has compliance and policy implications as follows:

- *Local Government (Audit) Regulations 1996* Regulation 17
- Department of Local Government & Communities Integrated Planning
- City of Greater Geraldton Risk Management Framework
- Council Policy 4.7 Risk Management
- Council Policy 4.25 Business Continuity Management

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	4.5 Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The BCM program is a critical risk mitigation strategy to manage disruption to City operations. Its successful implementation has better equipped the City to deal with a potential disaster and/or disruption to services.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered as the BCM program has been previously reviewed and approved.



Briefing Note

To: Mayor & Councillors

From: R McKim, Chief Executive Officer

Date: 3 December 2018

Subject: **Business Continuity Management Desktop Exercise - 2 November 2018**

Agenda Reference: N/A

File reference: **RM/6/0012 / D-18-099229**

Background

On 2 November 2018 the City conducted a desktop exercise to test the Business Continuity Management (BCM) plan, as per previous advice to the Audit Committee at the 23 October 2018 Meeting - AC069 *Business Continuity Management Program*.

The exercise was designed to test the Executive Management Team (EMT) Event Response Plan and a selection of critical BCM Sub-plans.

The purpose of the exercise was to provide training for the Executive Management Team and the Business Continuity Management Crisis Support team in responding to a business disruption.

The learning from the exercise will be incorporated into the BCM Plan.

Exercise

The exercise was attended by members of the EMT and the BCM Crisis Support team and the scenario was as follows:

- The payment of payroll is affected due to an outbreak of Bird flu amongst Finance staff, which has caused the closure of the Civic Centre.

The notes from the exercise are attached for your information.

Findings

Potential points of failure, identified through the exercise, were:

- A failure to regularly review the main BCM plans;
- The omission of the details of Managers who have a critical plan, and failure to alert these managers should an emergency arise– (Details of these Managers are to be added to the *Assess of Event 1. Emergency Response & Plan Activation Procedures*).

The lessons learnt from the exercise were as follows:

1. The SMS service message could be improved with the addition of details on critical functions and contact details of core staff.
2. A solution is required for communicating with part time and casual staff who do not work core hours.
3. Plans, contact details and a USB containing key information should be stored in a secure container and regularly updated.
4. Managers need to address scenarios as a review against existing plans and details.
5. The BCM Emergency response plan is to be tested annually with EMT and Managers.
6. The Library is to be assessed as a potential venue for relocation of core staff, including a review of information technology and the space available for operations.
7. Alternative locations for operations are also to be reviewed, for example the depot.
8. The installation of a generator plug at the Library is to be investigated.

Attachment – Desk Top Exercise File Note – 2 November 2018

END

FILE NOTE

DATE: 2 November 2018 at 9am	TRIM REF: RM/6/0012 - D-18-097231	
TITLE: Business Continuity Plan - Desk Top Exercise		
VENUE: City of Greater Geraldton - Committee meeting room		
<p>ATTENDEES:</p> <p>Ross McKim, Chief Executive Officer Bob Davis, Director Of Corporate & Commercial Services Chris Lee, Director Of Infrastructure Services Jeff Graham, Manager Corporate Services Dennis Duff, Manager ICT Services Natalie Hope, Coordinator Human Recourses Luke Heinsen-Egan, Coordinator ICT Janell Kopplhuber, Communications Officer - Engagement Sheri Moulds, PA to the Chief Executive Officer</p> <p>Facilitated by Brodie Pearce, Coordinator Procurement and Risk</p> <p>Acronyms BCMERP – Business Continuity Management Event Response Plan EBA – Enterprise Bargaining Agreement EMT – Executive Management Team QPT – Queens Park Theatre CBD – Central Business District ICT – Information, Communication and Technology</p>		
MEETING: <input checked="" type="checkbox"/>	FILE NOTE: <input type="checkbox"/>	PHONE CONVERSATION: <input type="checkbox"/>

Desk top exercise

Bird Flu has affected the City of Greater Geraldton therefore it is required that the Civic Centre be closed.

Payment of Payroll will be affected.

Scenario

- A staff member has returned from an overseas trip on the 13 September. It was discovered he had contracted Bird Flu after he had returned to work.
- The finance team became ill between 14-17 September.
- Natalie Hope, Coordinator of Human Services was on leave.





Day 1

- There is a location issue
- Media are contacting the City due to this outbreak.

Actions taken

BCMERP is activated by CEO.

CEO to brief the Mayor on the situation, with the Communications team [by phone if required].

The Civic Centre would be closed off to staff, and those staff entering would be asked to leave the building via the evacuation procedure currently in place.

Key passes would be deactivated and entrances locked. To ensure no further entry is gained tape would be put across the doors with notice for all staff.

Staff that are evacuated or who arrive at the Civic centre would be required to go to the Muster points and await further instructions.

EMT would meet with Managers at the QPT (where available) and instruct them to activate their sub-plans and brief them on the emergency.

EMT/Managers would meet with staff at muster points and brief them on the emergency.

Staff with critical functions as listed in the BCMERP plan would be sent to the preferred location to commence critical functions – in this scenario it is the Library, but could be the Depot if the CBD was not accessible.

Non-critical functions / staff would be advised to go home, advising them to monitor themselves/family members and if they show any symptoms of Bird Flu to seek medical advice/assistance from their GP/hospital.

Advise staff that they would be paid, but any overtime accrued during the fortnight would be paid at a later date. Adjustments would be made in the next pay run.

Advise that their Manager's would provide updates and advise of a return to work date, in due course.

[Action: check the EBA if staff would be expected to take leave, or still be paid]

EMT / Staff with critical functions to move to Library.

Ensure that staff are available to be at the perimeter of the building to ensure no staff gain access once the BCM is activated.

At the Library

Library would be closed to public and non-core functions staff would be advised to go home.

Advise that their Manager would provide updates and advise of a return to work date, in due course.

Corporate Communications – Set up a Media meeting for 2 hours after the commencement of the BCMERP.

[Action: set up Media statement templates – i.e. Civic Centre is closed for ## days/week etc. due to DETAILS]

Noted that the phone system would continue on the After Hours set up for the main no.

After Hours service would be advised to continue with their matrix.

Continuity plan arrangements / alert them that all calls will be coming to them – they may need to bring in extra staff.

Customer Service team - activated their sub-plan. They would be set up at an external site – on this occasion Library [Need clarity on where they would go]

Noted Main number can be covered by customer service team – can be activated on computer within 5 minutes by ICT.

Spare earpieces would need to be made available to staff.

IMPORTANT: EMT need to be specific on which people go where.

Day 2

- Media are continuing to contact the city for updates
- Large number of calls are coming in.

Normal day to day business would cease.

CEO can arrange a skype meeting with Mayor/Councillors to brief them on the emergency.

The Agenda Forum (if required) could commence via skype.

Information updates would be sourced/received from the City's Health Department etc.

Payroll is due today.

Issue: Staff are getting angry they are not getting paid.

IT vision can manage the payroll. Staff would be paid the standard hours of pay. Any adjustments would be made after the plan has concluded.

Noted that Dongles are required to authorise payment.

Issue: Director of Corporate Commercial Services has been struck down by the Bird Flu. [The Director can still be contacted by phone if required]

Sub plan – authorise who can action payroll.

CEO go to the bank/call the bank and discuss the options of releasing payroll payments to staff.

[Action: discuss scenarios with the City's bank in the event of an emergency]

[Action: Refresh Director of Corporate & Commercial Services of the process on approving payroll payment]

Day 5

Issue: Media agencies are still contacting the City

Arrange regular media updates at set times i.e. 10am / 2pm at a set location.

Issue: Creditor payments are now being affected.

Major payments can be authorised

[Action: looks at options to release payments – i.e. cheque book / increase credit card limits of EMT]

[Action: Speak to the Bank to discuss processes in the event of a major emergency / agree scenarios with the Bank / access to a temporary Dongle]

Log of ALL payments made during this emergency are to be kept and handed over the finance team once the plan has been completed.

Activated sub-plans:

- I.e. rangers – would deal with only critical functions.
- Depot – would deal with only critical functions
- All Non-core operations would be closed.

EMT have a duty of care for staff who have non-critical functions i.e. Geraldton Visitor Centre – they would be sent home.

POTENTIAL FAIL POINT

Activation – EMT need to ensure they are reviewing the main plans regularly.

All Managers that have a critical plan need to be alerted and added to the red box under *Assess of Event 1. Emergency Response & Plan Activation Procedures.*

Media team would be part of the core team.

Lessons Learnt / what worked / did not work / improvements required

Improvement: SMS service – critical functions could be added to the message together with relevant contact details of core staff.

Part-Time/casuals: need to address how they are contacted in the event of an emergency, as they don't work core hours.

Emergency Plan Box of details held by Core staff: Plans/contacts/USB to held in a box and regularly updated.

Sub-plans: Scenarios need to be addressed with Managers to ensure their plans/details are up to date.

BCMERP: to be tested once a year with EMT/Managers

Investigation: Review of library area and see if suitable for core staff to go, review technology available and space.

Locations: Various location options need to be reviewed i.e. depot.

Backup generator: plug has been installed at the QPT, could be installed at the Library should a generator be required.

[**Action:** Details of this event will be submitted to the Audit Committee for their information]

Exercise concluded at 10.45am



Briefing Note

To: His Worship The Mayor and Councillors

From: D Duff, Manager ICT Services

Date: 10 December 2018

Subject: **ICT Business Continuity and Disaster Recovery Testing - Summary of Activities.**

Agenda Reference:

File reference: **GO/11/0020**

Saturday 8 December saw the City conduct a test of the ICT Business Continuity and Disaster Recovery plan. Testing took place at the designated alternate site, the Geraldton Works Depot, using a backup internet connection to connect to the Perth recovery site.

The following is a high level summary of this testing.

7am: ICT disconnected services running out of the Geraldton data centre and proceeded to stand up services at the Perth recovery site.

7.30am: Orchestration and automation at the Perth site failed with servers taking too long to boot and timing out. Manual intervention was required.

8:56am: Perth recovery site up and running with testing staff logged in and processing daily functions

- Recovery Time Objective (RTO) of 2 hours – **Objective met at < 2 hours**
- Recovery Point Objective (RPO) of 2 hours – **Objective met with zero data loss.**

9:20am: Testing of functions completed, staff logged out and site vacated.

9.30am: ICT began reverting services from the Perth recovery site back to Geraldton data centre.

8.30pm: All services restored, backups resumed and replication services placed back into protected mode.

- Recovery Time Objective (RTO) of 2 hours – **Objective partially met at >2 hours** (other systems not part of the formal testing were online and available immediately after testing, such as the phone system)
- Recovery Point Objective (RPO) of 2 hours – **Objective met with zero data loss**

Monday AM: Data checked and confirmed that all changes made in the Perth recovery site had successfully replicated back to Geraldton.

Lessons learned:

Two factors resulted in the manual intervention of the Perth recovery site; slow storage and a domain name system (DNS) issue, both were at the Perth recovery site.

The slow storage resulted in servers not being able to boot up in a timely manner and subsequently timing out the orchestration of activities. This required manual IP addressing of each of the timed out servers.

The DNS issue (used to allow computers to find each other and the internet) was the result of the environment being configured and ready for an 'unplanned' outage, whereas this was a 'planned' outage it required access to a functional DNS server.

A root-cause analysis determined that the processes undertaken for the manual interventions had a flow on effect and caused issues not easily resolvable when reverting services back to Geraldton.

Remediation actions:

Migrating the data located at the Perth recovery site to faster storage, in addition to a third production Domain Controller to be located within the Perth recovery site, would resolve the need for manual intervention and reduce the duration of the exercise considerably.

These remediation actions are underway with a second, less disruptive test, planned for the New Year.

Conclusion

The purpose of the ICT business continuity and disaster recovery plan is to ensure that the City can continue core business in the event of a disaster or disruption. This includes processing payments, payroll, recording its activities of business and communicating.

The business continuity and disaster recovery processes and procedures, along with the plan itself, proved effective in enabling this, with all the required systems and services being functional within the maximum acceptable outage window of 2 hours. Only minor tweaks are expected of the plan and processes. It is the infrastructure that this planning relies upon which requires a larger change.

I would conclude that given the majority of objectives were met, the disruption contained and the resultant zero data loss, that this testing is deemed a success, with changes required only to increase its effectiveness.

AC078 MANAGEMENT ACTIONS ON INTERNAL AUDITS
--

AGENDA REFERENCE:	D-19-012530
AUTHOR:	P Radalj, Manager Treasury/Finance
EXECUTIVE:	B Davis, Director Corporate & Commercial Services
DATE OF REPORT:	18 February 2019
FILE REFERENCE:	FM/3/0003
ATTACHMENTS:	Yes (X1) A. Update Schedule – Management Actions on Internal Audit

EXECUTIVE SUMMARY:

The purpose of this report is to provide an updated report on Internal Audit management actions.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. RECEIVE the Progress Report on the current status of management actions related to Internal Audits.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee at their meeting on 23 October 2018 endorsed the following recommendation:

1. *NOTE the Report on the management actions on the AMD Financial Systems Review, Regulation 17 Review, and Fleet Management Review 2018 as recorded in the attached worksheets - Attachment AC073(A-C).*
2. *Require the CEO to implement a review process for ongoing actions resulting from the auditor's findings, and record the details of the review process on the schedule of management actions.*

The attached report – Attachment AC078 provides the Committee with an updated schedule. The report includes management actions that remained active and/or were still to be completed per previous report 23 October 2018 and includes new actions from the Financial Management System Review conducted December 2018.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

There are no adverse governance impacts.

RELEVANT PRECEDENTS:

Report previously provided to Committee 23 October 2018.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) Amendment Regulations 2013 Regulation 17.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

Internal Audit program implemented by the City to regular review and assess the adequacy and effectiveness of systems and controls and legislative compliance assists the City by identifying and evaluating exposures to risk and actions to be taken in the improvement to risk management and control systems.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
2.2.1	In addition, we recommend the adopted Business Continuity Plan (including the IT Disaster Recovery Plan) is tested on a regular basis to ensure that in the event of a disaster, appropriate action(s) can be taken.	The City acknowledges the Business Continuity Management Plan (BCM) is currently in draft, the City has commenced the BCM implementation project which has scheduled the development, review and testing of the City's BCM by September 2018.	<p>A full test of the ICT business continuity and disaster recovery plan was successfully undertaken on 8 December 2018. The outcome of which is to apply minor changes to the plan, only to increase its effectiveness. These changes have been applied and the first biannual test for 2019 is scheduled for 22 February 2019.</p> <p>Going forward the schedule for testing is as follows;</p> <ul style="list-style-type: none"> • Bi-monthly preliminary checks of the underlying infrastructure required for business continuity. • Bi-annual testing of the plan in a segregated environment. • Annual full operational testing of the plan in the live environment. 	Dennis Duff	Ongoing	March 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
2.2.2	The Code of Business Ethics is implemented and communicated to all current contractors / sub-contractors and is provided to all tenderers at commencement of the tender process	The City has commenced implementation of the recommendation.	Code of Business Ethics is linked to Procurement Policies which were Council endorsed on 23 October 2018. All relevant templates updated to include Code.	Brodie Pearce	Completed	2020 Audit Regulation 17 Review
3.2.1	<p>Security of Cash Transfers: We recommend the City re-assess the current security cash transfer procedures in place and consider whether a Cert III Security Officer accompanies the City employee on those cash transfers that are assessed as high risk of potential harm to the individual involved. In addition, consideration be given on whether cash transfers should be transported via a security vehicle.</p> <p>For those instances where the City does not deem the cash transfer to be of high risk, at least one other person should be involved i.e. travels in the car or at the very least someone</p>	The City is currently reviewing our security cash transfer procedures in relation to all our cash collection facilities and/or points. An interim arrangement has now been put in place while the review is being undertaken where an external Security Company is undertaking cash collections instead of City staff from the Civic Centre, Library, Aquarena, QEII and Visitor Centre. All other facilities and cash collection point procedures have in the interim remained unchanged until the review is completed. The review encompasses other security services the City engages and the possible cost efficient opportunities to bundle these services.	Review underway – stakeholders engaged.	Phil Melling	In Progress	June 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
	should walk with the individual to their car and someone should meet the individual when they arrive at Civic Centre.					
3.2.2	<p>End of Day Receipting Procedures: We recommend that a consistent approach be followed by the City's locations whereby:</p> <ul style="list-style-type: none"> • The End of Day Cash Receipt Reconciliation (or the equivalent) and Daily Taking Sheet (or the equivalent) be signed-off by the individual preparing the reconciliation. This sign-off would include the preparers' name, role/position at the City, signature and date of sign-off on the actual document; and • The End of Day Cash Receipt Reconciliation (or the equivalent) and Daily Taking Sheet (or the equivalent) be reviewed by someone independent to the receipting function, and 	The City will implement a more standardised approach to end of day reconciliations at all sites as recommended above. The reconciliation document will include for the preparer and reviewer their name, role/position, signature and date.	New draft template developed – to be rolled out to all sites along with updated procedural requirements.	Renee Doughty	In Progress	June 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
	signed off as evidence of independent review. This sign-off would include the reviewers' name, role/position at the City, signature and date of sign-off on the actual document.					
3.2.3	We recommend security logs be retained and reviewed on a regular basis to ensure security breaches / errors are identified on a timely basis and addressed accordingly.	Agreed. This forms part of the network monitoring and event management project currently in development.	Currently in the requirements gathering stage.	Dennis Duff	In Progress	October 2019
	IT Strategic Plan (as raised in the Information Technology Internal Audit Report, dated 11 April 2017, the City does not currently have a finalised IT Strategic Plan in place).	Response provided Internal Audit ICT (11 April 2017) - 'The City has in place a PAM framework presenting a 5-year view of strategic planning in relation to hardware and software assets. Most particularly, the decision to move city applications and data to the cloud, under a contracted Infrastructure-as-a-Service (IaaS) arrangement, is relevant as the primary ICT strategy change since 2010. The city has	IT Strategic Plan is currently being drafted.	Dennis Duff	In Progress	June 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
		effectively outsourced the provision of ICT infrastructure and associated support services, acquiring DR/BC capability under the IaaS contract. ICT capacity planning is now a monitoring/management process, with capacity changes provided for under the IaaS contract. Having completed the cloud migration in 2016 the City is now working with IT Vision and a group of Councils to create a common core applications platform. Note that the city acquires packaged software, and does not undertake any in-house software development. As and when that work progresses, enabling framing of a new applications/data strategy, requiring resource commitment from Council, it will be put to Council for deliberation'.				
3.2.4	We recommend formal performance project reviews be completed following implementation of major IT projects, and where appropriate for specific IT projects, reviews continue	The City outsources all hardware and software projects. As and when future contracts are awarded for such projects, they will require formal conduct of a post implementation review.	The City is proposing to conduct a review of the City's procurement functions across its full operations. For the purpose of this review the City's use of procurement is to mean the full process from cradle to grave e.g. includes	Paul Radalj	In Progress	June 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
	to be performed on a periodic basis.		but is not limited to purchasing, stock control, requests for quotation, requests for tender (or associated variations), evaluation and award, contract development, contract management, asset disposal and post project evaluation etc. Draft brief developed, currently under review.			
4.2.1	We recommend the City finalise and adopt the Compliance Framework.	The City has a Compliance Calendar which incorporates all compliance requirements under the <i>Local Government Act 1995 and Regulations</i> and which is applied to ensure all legislative requirements are met. The City has drafted a Compliance Management Plan and Policy and is in the process of its implementation.	Policy (CP4.26) completed and approved by Council November 2018.	Brodie Pearce	Completed	2020 Audit Regulation 17 Review

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
4.2.2	We noted that the following Integrated Strategy Planning documents are due for review or have not been finalised:	The Corporate Business Plan includes a requirement for an Asset Management Working Group (AMWG) to be established by the end of 2017/18. The City is currently working on a draft Terms of Reference and putting together a list of people (positions) who will be on the AMWG in order that the group can commence the process of reviewing existing documents and developing them for the future as per the above. An operating (Non Capital) Project nomination Form is included in the draft program for next FY requesting \$150k for external consultant support to update the Council AM Policy and develop a more detailed and robust Strategic Asset Management Plan in order to guide the subsequent AM plans.	Review on hold until existing and vacant Senior Assets Management position is filled.	Kerry Smith	Delayed	December 2019
	Infrastructure Asset Management Strategy, dated June 2013 (due for review every two years per section 3.15).	AMWG currently developing Road Map for review, update and implementation of plans	Review and update of strategy on hold until existing and vacant Senior Assets Management position is filled	Kerry Smith	Delayed	December 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
	Building Asset Management Plan, dated January 2012 (the plan had a life of 4 years and was due for revision and updating every 2 years per section 8.3).	AMWG currently developing Road Map for review, update and implementation of plans	EQuotes to be sourced to undertake review and analysis of building assets.	Kerry Smith	Delayed	December 2019
	Drainage Asset Management Plan, dated February 2012 (a full review of the plan should take place every three to five years and should be reviewed during the annual budget preparation per section 8.3).	AMWG currently developing Road Map for review, update and implementation of plans	Review and development of new plan on hold until existing and vacant Senior Assets Management position is filled	Kerry Smith	Delayed	December 2019
	Parks Asset Management Plan, dated February 2012 (a full review of the plan should take place every three to five years and should be reviewed during the annual budget preparation per section 8.3).	AMWG currently developing Road Map for review, update and implementation of plans	Review and development of new plan on hold until existing and vacant Senior Assets Management position is filled	Kerry Smith	Delayed	December 2019
	Transport Asset Management Plan, dated February 2012 (a full review of the plan should take place every three to five years and should be reviewed during the annual budget preparation per section 8.3).	AMWG currently developing Road Map for review, update and implementation of plans	Review and development of new plan on hold until existing and vacant Senior Assets Management position is filled	Kerry Smith	Delayed	December 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
4.2.3	We recommend formal documented policy is prepared and communicated to employees regarding restrictions on the use of removable hard drives / USB devices. If the City decides that employees are allowed to use hard drives / USB devices, we recommend that such devices be approved by the employees' manager and the device should be encrypted or password protected.	Operational Policy related to use of office equipment to be updated to reference use of removable hard drives / USB devices.	Policy being reviewed	Dennis Duff	In Progress	June 2019
5.2.1	We recommend consideration to be given to analysing fuel consumption per vehicle/plant item on a periodic basis where currently not prepared, and that the analysis be subject to independent review. In addition, we recommend that the Mullewa Depot locks the cage door in front	The City has developed a new report which will be able to show month on month comparisons by both individual and grouped plant items (detailed and summary). The report will also enable analysis of fuel usage quantity and cost compared to plant hours. Procedure now in place to lock cage door when unattended.	New report completed – to be rolled-out to Fleet Services.	Paul Radalj	Completed	April 2019

Audit Actions

Reference	Findings & Recommendation	Initial Management Comment & Action	Further Actions to Date	Responsible Officer	Status	Next Review
Existing Actions						
	of the diesel bowser whilst not in use.					
5.2.2	<p>We recommend stock by location be counted and reconciled on a predetermined basis which is documented.</p> <p>In addition, we recommend for those locations not following this practice, stock count sheets should be signed by the individual performing the count and should be subject to independent review and sign off.</p> <p>It may be appropriate for the regularity of stocktakes to vary from location to location depending on the nature of goods held at each location, however we recommend that stocktakes should be conducted at least quarterly.</p>	<p>The City will implement a stock take process and reconciliation template for the Art Gallery. The City considers its frequency of stock takes at all locations to be adequate and risk rating to be low because of:</p> <ul style="list-style-type: none"> - The value of the stock being immaterial - The low stock turnover rate - The low value of the majority of stock items - Would require staff time and loss of business due to close of the location during stock take 	<p>Finance reviewing current process and spreadsheet with Art Gallery's staff to put together a formal process and appropriate and revised template.</p> <p>No change proposed in frequency of stocktakes.</p>	Renee Doughty	In Progress	April 2019

AC079	PROCUREMENT AUDIT – ACTION PLAN
-------	---------------------------------

AGENDA REFERENCE:	D-19-01259
AUTHOR:	P Radalj, Manager Treasury & Finance
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	20 February 2019
FILE REFERENCE:	FM/3/0003
ATTACHMENTS:	Yes(x 1) A. Procurement Action Plan

EXECUTIVE SUMMARY:

The purpose of this item is to provide Council with an update of the process and actions taken in relation to the Procurement Audit undertaken by the Office of Auditor General and Report that was presented to the previous Audit Committee meeting.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. ACKNOWLEDGE the City has met the requirements under Section 7.12A (4) & (5) in addressing matters raised in the Office of Auditors General Procurement Audit Report (September 2018).

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Office of the Auditor General (OAG) commenced a Procurement Audit of the City of Greater Geraldton late 2017. The Audit was concluded in mid-2018 after two site visits and numerous pieces of correspondence between the OAG and the City, with a final report being provided in September 2018.

The Local Government Act under section 7.12A (4) & (5) sets out what a Local Government must do in relation to the Audit Report received:

- 4) *A local government must —*
 - (a) *prepare a report addressing any **matters identified as significant** by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- 5) *Within 14 days after a local government gives a report to the Minister under subsection (4) (b), the CEO must publish a copy of the report on the local government's official website.*

Under this section of the Act ambiguity arose in relation to whether Councils were required to address the matters identified as significant in the OAG Audit Report (the report tabled in Parliament) or the matters raised as significant in the individual Management Letters provided to each Council. Subsequently,

the City approached the Department of Local Government in seeking legislative clarification on our obligations and correct process to follow.

The following is the advice received from the Department:

'DLG are seeking legislative clarification on the obligations and responsibilities of both the Department and individual LG's under the Act and Regulations relating to Performance Audits undertaken by OAG. Once a determination is made on what the obligations and responsibilities are and depending on the outcome of that determination, then the industry as a whole will be advised.'

'Until this determination is made, the following interim approach is recommended to use the Performance Audit report (Management Letter) issued to CGG individually and prepare an Action Plan for any items marked as "Significant", present this to the Audit Committee, publish it on our website and provide a copy to DLG (rather than the Minister).'

The City (attachment AC079) undertook the actions as recommended and has published the Action Plan on our website and provided a copy of this to DLG. The latest communication from DLG advised that they intend to send out a notification or circular to the Local Government sector advising LGs of their obligations in regard to compliance with section 7.12A(4) & (5) of the LG Act. They also intend to provide a non-prescribed "template" for suggested use by LGs when providing the report to the Minister. However, they would prefer that LGs provide the Department instead of the Minister with the report on significant matters including significant adverse trends and any matters concerning a qualified audit.

It has been determined that the reporting obligations and placing the report on a local government's official website applies to both Financial Audits as well as Performance Audits that are conducted by the Office of the Auditor General.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

Performance Audits are undertaken to achieve the following:

- **Risk Management**

"The activity should assist the organisation by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems."

- **Controls**

“The activity should assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.”

- **Governance**

“The activity should assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- ❖ *Promoting appropriate ethics and values within the organization.*
- ❖ *Ensuring effective organisational performance management and accountability.*
- ❖ *Effectively communicating risk and control information to appropriate areas of the organisation.*
- ❖ *Effectively coordinating the activities of and communicating information among the Council, external and internal auditors and management.*

RELEVANT PRECEDENTS:

The City has held regular audits of its financial and management systems which (results) have been relayed back to the Committee. This is the first external audit by the Office of the Auditor General.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

The Auditor General has now (as of July 2017) the authority to review Local Government Authorities. Any action arising from this report would link back to the *Local Government Act 1995* and Regulations.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

Performance Audits review and assess the adequacy and effectiveness of specific systems and controls and legislative compliance that assist the City in identifying and evaluating exposures to risk and actions to be taken in the improvement to risk management and control systems.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative course of action was considered.

Office of the Auditor General – Performance Audit – Local Government Procurement

Significant Finding

Failure to tender in line with regulatory requirements (Tendering)

Implication

This is a breach of the *Local Government (Functions and General) Regulations 1996* and Council policy. While the purchase did go through a competitive quote process, it did not qualify for tender exemption. Consequently, the Council may not have achieved the best value for money for this purchase.

Finding

We found that purchasing sample 16, which had a total value of \$322,993, did not go to tender in accordance with LG regulations or the Council's procurement policy.

We note that the purchase was the result of grant funding awarded by a State Government agency. We consulted the Funding Guidelines, which stipulates that *'Where the project purchasing threshold is that the 'Model Purchasing Policy' provides an LGA with the option to elect to procure through either an open tender or through a WALGA preferred panel option, the LGA Applicant is free to exercise whichever option they deem appropriate'*.

While we note that the opportunity to quote was provided to 3 panels via eQuotes. Only 2 of the panels were WALGA preferred suppliers, the third was a CGG Vendor Panel supplier (not WALGA). Ultimately, the accepted quote was from the CGG Vendor Panel supplier, rather than a WALGA exempt supplier.

Recommendation

CGG should ensure staff understand and follow its policy around tendering requirements.

CGG should consider introducing a dollar threshold for quotes sought through its Vendor Panel.

Agency comment/action

The instance cited related to WA Police grant funding for expansion of CCTV systems in the City. A condition of the State funding grant was that, in accordance with State Government procurement requirements, a minimum of three quotes had to be sought, evaluated and a recommendation provided to the WA Police grant funding unit for approval of a recommended provider. Sixteen WALGA-preferred providers had opportunity to quote but only three quotes were received. The standard evaluation process was applied and a recommendation was submitted to the WA Police grants unit. The City officer responsible for the process genuinely believed that the State procurement rules applied, as regards tender thresholds, as he understood that the funding deed required the State agency to approve the determination of preferred provider, prior to execution of the deed, as distinct from the City making the award determination as a City procurement. This was a misunderstanding. There was no element of misfeasance or malfeasance involved. The City officer is now aware of requirements.

Under standard City processes, in cases where there are no tender-exempt providers via WALGA or State panels, and where initial competitive procurement is undertaken via the eQuotes RFQ system and quotes received exceed the City's tender threshold of \$150,000 then a full RFT process will be initiated.

The City has recently delivered extensive officer information and training sessions on procurement across the organisation, and will emphasise the requirements in periodic refresher training for officers.

5 COMPLIANCE REVIEW – STANDING ITEM

AC080 COMPLIANCE AUDIT RETURN 2018

AGENDA REFERENCE:	D-19-001958
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	11 January 2019
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	Yes (x1)
	A. Compliance Audit Return 2018

EXECUTIVE SUMMARY:

The purpose of this report is to submit the 2018 Compliance Audit Return (CAR) to the Audit Committee for review.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act RESOLVES to:

1. REVIEW the results of the Compliance Audit Return 2018; and
2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2018, at the Ordinary Meeting of Council on 26 March 2019.

PROPONENT:

The proponent is the City of Greater Geraldton

BACKGROUND:

In accordance with section 7.13(1) of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, the City is required to complete a Compliance Audit Return in relation to the period 1 January 2018 to 31 December 2018 against the requirements set out in the CAR.

The 2018 CAR continues in a reduced format, with the areas of compliance included restricted to those considered high risk.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

There are no community impacts.

Environment:

There are no environment impact.

Economy:

There are no economic impacts.

Governance:

Review of the Compliance Audit return by the Audit Committee is a regulatory requirement under the provisions of the *Local Government (Audit) Regulations 1996 r. 14*.

RELEVANT PRECEDENTS:

The Audit Committee reviewed the 2017 Compliance Audit Return for the City of Greater Geraldton on 15 March 2018, AC061.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government Act 1995 s. 7.13(1)

Local Government (Audit) Regulations 1996 r. 14

14. Compliance audits by local governments

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
 - (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The CAR is a statutory compliance requirement for local governments and requires a review first by the Audit Committee and then a report to Council for adoption before being submitted to the Department of Local Government. The City is required to provide this to the Department prior to 31 March 2019.

The Audit Committee does not have the option not to review the CAR as it would therefore be non-compliant with the *Local Government Act 1995* and associated regulations.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.



Greater Geraldton - Compliance Audit Return 2018

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of section of relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2018.	No	The City of Greater Geraldton has no major trading undertakings	Brian Robartson
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2018.	N/A	The City of Greater Geraldton has no major land undertakings	Brian Robartson
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2018.	N/A		Brian Robartson
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2018.	N/A		Brian Robartson
5	s3.59(5)	Did the Council, during 2018, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Brian Robartson



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.	N/A	The City of Greater Geraldton had no delegations to Committees in the period 1 January 2018 to 31 December 2018.	Margot Adam
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	N/A		Margot Adam
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	N/A		Margot Adam
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	N/A		Margot Adam
5	s5.18	Has Council reviewed delegations to its committees in the 2017/2018 financial year.	N/A		Margot Adam
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		Margot Adam
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Margot Adam
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Margot Adam
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Margot Adam
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Margot Adam
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Margot Adam
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2017/2018 financial year.	Yes		Margot Adam
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		Margot Adam

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		Sheri Moulds



No	Reference	Question	Response	Comments	Respondent
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	Yes		Sheri Moulds
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		Sheri Moulds
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.	N/A	No newly elected members in the period 1 January 2018 to 31 December 2018	margot adam
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		Margot Adam
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2018.	Yes		Margot Adam
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2018.	Yes		Margot Adam
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		Margot Adam
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		Margot Adam
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		Sheri Moulds
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		Margot Adam
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		Margot Adam
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		Sheri Moulds



No	Reference	Question	Response	Comments	Respondent
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		Sheri Moulds
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		Sheri Moulds
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Margot Adam

Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes		Brian Robartson
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Brian Robartson

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		Paul Radalj
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	The Audit Committee has no delegated powers under Part 7 of the act.	Paul Radalj
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Paul Radalj
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.	N/A	Existing contract extended by 1 year per advice Circular No 31 issued 12/12/2016 by Department of Local Government.	Paul Radalj
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government within 30 days of completion of the audit.	Yes		Paul Radalj



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

No	Reference	Question	Response	Comments	Respondent
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2018 received by the local government by 31 December 2018.	Yes		Paul Radalj
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	Unqualified Audit	Paul Radalj
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		Paul Radalj
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		Paul Radalj
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Paul Radalj
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes		Paul Radalj
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes		Paul Radalj
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		Paul Radalj
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		Paul Radalj
15	Audit Reg 17	Has the CEO reviewed the appropriateness and effectiveness of the local government's systems and procedures in accordance with regulation 17 of the Local Government (Audit) Regulations 1996.	Yes	February 2018	Paul Radalj
16	Audit Reg 17	If the CEO has not undertaken a review in accordance with regulation 17 of the Local Government (Audit) Regulations 1996, is a review proposed and when.	N/A		Paul Radalj



Integrated Planning and Reporting					
No	Reference	Question	Response	Comments	Respondent
1	s5.56 Admin Reg 19DA (6)	Has the local government adopted a Corporate Business Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	27th June 2017	Paul Radalj
2	s5.56 Admin Reg 19DA (6)	Has the local government adopted a modification to the most recent Corporate Business Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	26th June 2018	Paul Radalj
3	s5.56 Admin Reg 19C (7)	Has the local government adopted a Strategic Community Plan. If Yes, please provide adoption date of the most recent Plan in Comments. This question is optional, answer N/A if you choose not to respond.	Yes	27th June 2017	Paul Radalj
4	s5.56 Admin Reg 19C (7)	Has the local government adopted a modification to the most recent Strategic Community Plan. If Yes, please provide adoption date in Comments. This question is optional, answer N/A if you choose not to respond.	No		Paul Radalj
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	N/A		Paul Radalj
6	S5.56	Has the local government adopted a Long Term Financial Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	26th June 2018	Paul Radalj
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	N/A		Paul Radalj



Local Government Employees						
No	Reference	Question	Response	Comments	Respondent	
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A	There was no CEO recruitment and selection in the year 1 January 2018 - 31 December 2018	Jeff Graham	
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		Jeff Graham	
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		Jeff Graham	
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		Jeff Graham	
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Jeff Graham	



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	The CEO is the complaints officer	Margot Adam
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		Margot Adam
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		Margot Adam
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		Margot Adam
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		Margot Adam
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		Margot Adam

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		Brodie Pearce
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Brodie Pearce
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Brodie Pearce
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Brodie Pearce



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

No	Reference	Question	Response	Comments	Respondent
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		Brodie Pearce
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		Brodie Pearce
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		Brodie Pearce
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		Brodie Pearce
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		Brodie Pearce
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		Brodie Pearce
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	N/A	No Expressions of Interest issued	Brodie Pearce
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	No Expressions of Interest issued	Brodie Pearce
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	No Expressions of Interest issued	Brodie Pearce
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	No Expressions of Interest issued	Brodie Pearce
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 established	Brodie Pearce
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	No Panels established	Brodie Pearce



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

No	Reference	Question	Response	Comments	Respondent
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	No Panels established	Brodie Pearce
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	No Panels established	Brodie Pearce
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	No Panels established	Brodie Pearce
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	No Panels established	Brodie Pearce
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	No Panels established	Brodie Pearce
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	No Panels established	Brodie Pearce
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	Yes		Brodie Pearce
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	Yes		Brodie Pearce
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		Brodie Pearce



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

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

Signed Mayor / President, Greater Geraldton

Signed CEO, Greater Geraldton

6 GENERAL BUSINESS***Business Continuity Generator Connectivity***

A provision has been made in next year's draft capital works program for the installation of the changeover switch at the civic centre (\$27,000).

R McKim

7 MEETING CLOSURE