

# Notice of Meeting



17 Queen Street, Pingelly  
Western Australia 6308  
Telephone: 9887 1066  
Facsimile: 9887 1453  
[admin@pingelly.wa.gov.au](mailto:admin@pingelly.wa.gov.au)

Dear Councillor

A meeting of the Shire of Pingelly Audit Committee will be held on Wednesday 21 February 2018 in the Council Chambers, 17 Queen Street, Pingelly commencing at 11am.

Gavin Pollock  
Chief Executive Officer

16 February 2018

## DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Pingelly for any act, omission or statement or intimation occurring during Council or Committee meetings or during formal/informal conversations with staff. The Shire of Pingelly disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee meetings or discussions. Any person or legal entity that act or fails to act in reliance upon any statement does so at the person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Pingelly during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Pingelly. The Shire of Pingelly warns that anyone who has an application lodged with the Shire of Pingelly must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Pingelly in respect of the application.

## AGENDA

Shire of Pingelly  
Audit Committee Meeting  
21 February 2018

## MISSION STATEMENT

*To enhance the quality of life for the people of Pingelly through the provision of leadership, services and infrastructure.*

## **DISCLAIMER**

### **INFORMATION FOR PUBLIC ATTENDING COUNCIL MEETINGS**

#### **PLEASE NOTE:**

The recommendations contained in this agenda are officer's recommendations only and should not be acted upon until Council has resolved to adopt those recommendations.

The resolutions of Council should be confirmed by perusing the minutes of the Council meeting at which these recommendations were considered.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification of Councils decision.

A handwritten signature in black ink, appearing to be 'G. Pollock', written in a cursive style.

**GAVIN POLLOCK  
CHIEF EXECUTIVE OFFICER**

## COUNCIL MEETING INFORMATION NOTES

Your Council generally handles all business at Ordinary or Special Council Meetings.

From time to time Council may form a Committee to examine subjects and then report to Council.

Generally all meetings are open to the public; however, from time to time Council will be required to deal with personal, legal and other sensitive matters. On those occasions Council will generally close that part of the meeting to the public. Every endeavour will be made to do this as the last item of business of the meeting.

**Public Question Time.** It is a requirement of the Local Government Act 1995 to allow at least fifteen (15) minutes for public question time following the opening and announcements at the beginning of the meeting. Should there be a series of questions the period can be extended at the discretion of the Chairman.

Written notice of each question should be given to the Chief Executive Officer fifteen (15) minutes prior to the commencement of the meeting. A summary of each question and response is included in the Minutes.

When a question is not able to be answered at the Council Meeting a written answer will be provided after the necessary research has been carried out. Council staff will endeavour to provide the answers prior to the next meeting of Council.

Councillors may from time to time have a financial interest in a matter before Council. Councillors must declare an interest and the extent of the interest in the matter on the Agenda. However, the Councillor can request the meeting to declare the matter trivial, insignificant or in common with a significant number of electors or ratepayers. The Councillor must leave the meeting whilst the matter is discussed and cannot vote unless those present agree as above.

Members of staff, who have delegated authority from Council to act on certain matters, may from time to time have a financial interest in a matter on the Agenda. The member of staff must declare that interest and generally the Chairman of the meeting will advise the Officer if he/she is to leave the meeting.

Agendas, including an Information Bulletin, are delivered to Councillors within the requirements of the Local Government Act 1995, i.e. seventy-two (72) hours prior to the advertised commencement of the meeting. Whilst late items are generally not considered there is provision on the Agenda for items of an urgent nature to be considered.

Should an elector wish to have a matter placed on the Agenda the relevant information should be forwarded to the Chief Executive Officer in time to allow the matter to be fully researched by staff. An Agenda item, including a recommendation, will then be submitted to Council for consideration. The Agenda closes the Monday week prior to the Council Meeting (i.e. ten (10) days prior to the meeting).

The Information Bulletin produced as part of the Agenda includes items of interest and information, which does not require a decision of Council.

Agendas for Ordinary Meetings are available in the Shire of Pingelly Office, on the website and the Pingelly Library seventy-two (72) hours prior to the meeting and the public are invited to secure a copy.

Agenda items submitted to Council will include a recommendation for Council consideration. Electors should not interpret and/or act on the recommendations until after they have been considered by Council. Please note the Disclaimer in the Agenda (page 3).

## Public Inspection of Unconfirmed Minutes (Reg 13)

A copy of the unconfirmed Minutes of Ordinary and Special Meetings will be available for public inspection from the Shire of Pingelly Office and the Shire of Pingelly website within ten (10) working days after the Meeting.

### NOTE:

#### Unopposed Business

Upon a motion being moved and seconded, the person presiding may ask the meeting if any member opposes it.

If no member signifies opposition to the motion the person presiding may declare the motion in sub clause (1) carried without debate and without taking a vote on it.

A motion carried under sub clause (2) is to be recorded in the minutes as a unanimous decision of the Council or committee.

If a member signifies opposition to a motion the motion is to be dealt with according to this Part.

This clause does not apply to any motion or decision to revoke or change a decision which has been made at a Council or committee meeting.

## **Question Time**

This Policy provides guidance to the Presiding Member (noting the provisions of the *Local Government (Administration) Regulation 7*).

- Question time is for the asking of questions. General comments, issues for debate etc. are to be progressed through the normal procedure for submitting Agenda items for Council's consideration. Tabled correspondence will not be accepted.
- Unless the person is known to all other persons in the Chamber, the Questioner is to state their name and address prior to asking the question.
- The Questioner is to stand to address the Presiding Member, unless illness or a physical or other disability prevents him/her from doing so. All questions are to be addressed to the Presiding Member.
- The question must be immediately put and may be followed by a brief statement related to the question.
- The Presiding Member may respond to the question or may nominate a Councillor or an Officer to respond.
- Debate between the Questioner or public and a Councillor or Officer is not permitted.
- Questions may not be put by Councillors to the Questioner or other members of the public except for the purpose of clarification.
- If the Presiding Member determines that a full and complete answer is unable to be given at that time, the question may be taken on notice. In that case, an answer will be given in writing to the Questioner within 7 days and the response tabled at the next Ordinary Council meeting.
- A summary of the question and the response only is to be recorded in the minutes of the meeting.

## QUESTION TIME FOR THE PUBLIC

*(Please write clearly)*

DATE:

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NAME:

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TELEPHONE :

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ADDRESS:

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QUESTIONS TO THE PRESIDENT:

GENERAL QUESTION / QUESTION RELATED TO THE AGENDA *(strike out which is not applicable)*

ITEM NO	PAGE NO	QUESTION

PLEASE PASS TO THE CHIEF EXECUTIVE OFFICER FOR REFERRAL TO THE PRESIDENT BY 9.45AM ON THE DAY OF THE MEETING AT THE SHIRE OF PINGELLY OFFICE, 17 QUEEN STREET, PINGELLY.

## **Public Question Time – Statutory Provisions – Local Government Act 1995**

Time is to be allocated for questions to be raised by members of the public and responded to at: every ordinary meeting of a council; and

Such other meetings of councils or committees as may be prescribed.

Procedures and the minimum time to be allocated for the asking of and responding to questions raised by members of the public at council or committee meetings are to be in accordance with regulations.

### **9A. Question Time for the Public at Certain Meetings – s5.24 (1) (b)**

Local Government (Administration) Regulations 1996

Reg 5 For the purpose of section 5.24(1)(b), the meetings at which time is to be allocated for questions to be raised by members of the public and responded to are:

every special meeting of a council; and

every meeting of a committee to which the local government has delegated a power or duty.

Minimum Question Time for the Public – s5.24 (2)

Reg 6 (1) The minimum time to be allocated for the asking of and responding to questions raised by members of the public at ordinary meetings of councils and meetings referred to in regulation 5 is fifteen (15) minutes.

(2) Once all the questions raised by members of the public have been asked and responded to at a meeting referred to in sub regulation (1), nothing in these regulations prevents the unused part of the minimum question time period from being used for other matters.

Procedures for Question Time for the Public – s5.24 (2)

Local Government (Administration) Regulations 1996

Reg 7 (1) Procedures for the asking of and responding to questions raised by members of the public at a meeting referred to in regulation 6 (1) are to be determined:

by the person presiding at the meeting; or

in the case where the majority of members of the council or committee present at the meeting disagree with the person presiding, by the majority of members, having regard to the requirements of sub regulations (2) and (3).

The time allocated to the asking and responding to questions raised by members of the public at a meeting referred to in regulation 6(1) is to precede the discussion of any matter that requires a decision to be made by the council or the committee, as the case may be.

Each member of the public who wishes to ask a question at a meeting referred to in regulation 6(1) is to be given an equal and fair opportunity to ask the question and receive a response.

Nothing in sub regulation (3) requires:

A council to answer a question that does not relate to a matter affecting the local government;

A council at a special meeting to answer a question that does not relate to the purpose of the meeting; or

A committee to answer a question that does not relate to a function of the committee.

SHIRE OF PINGELLY

DISCLOSURE OF INTERESTS

TO THE CHIEF EXECUTIVE OFFICER:

Under the Provisions of Division 6 of Part 5 of the Local Government Act 1995, I hereby disclose a Financial Interest/s in the matter/s listed on this form, which is/are scheduled for consideration at the meeting of Council to be held on:

21 February 2018
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\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

NOTE: Members of Council are asked to deliver this completed form to the Chief Executive Officer on the day of the Council Meeting as required by the Act. Where this is not practicable the Disclosure/s may be telephoned to the Council Office on 9887 1066 and/or the form subsequently passed to the Chief Executive Officer prior to the meeting.

ITEM NO	PAGE NO	TYPE	REASON

## DISCLOSURE OF FINANCIAL INTEREST, PROXIMITY INTEREST AND/OR INTEREST AFFECTING IMPARTIALITY

Chief Executive Officer, Shire of Pingelly

In accordance with Section 5.60-5.65 of the *Local Government Act* and Regulation 34(B) and 34(C) of the *Local Government (Administration) Regulations* and Regulation 11 of the *Local Government (Rules of Conduct) Regulations*, I advise you that I declare a ( appropriate box):

- financial interest (Section 5.60A)

A person has a financial interest in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person.

- proximity interest (Section 5.60B)

A person has a proximity interest in a matter if the matter concerns a proposed —

- (a) change to a planning scheme affecting land that adjoins the person's land;
- (b) change to the zoning or use of land that adjoins the person's land; or
- (c) development (as defined in section 5.63(5)) of land that adjoins the person's land.

- interest affecting impartiality (Regulation 11). I disclose that I have an association with the applicant. As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.

An interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association but does not include a financial or proximity interest as referred to in section 5.60.



## SHIRE OF PINGELLY

*Agenda for the Shire of Pingelly Audit Committee meeting to be held in the Council Chamber, 17 Queen Street, Pingelly on Wednesday, 21 February 2018 – commencing at 11am.*

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**1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**

The Chairman to declare the meeting open.

**1.1 Welcome to Country**

I respectfully acknowledge the past and present traditional owners of this land on which we are meeting, the Noongar people. It is a privilege to be standing on Noongar country. I also acknowledge the contributions of Aboriginal Australians and non-Aboriginal Australians to the security and wellbeing of all the people of this country where we live and that we share together – Australia.

**2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE**

N/A

**3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

**4. PUBLIC QUESTION TIME**

**5. APPLICATIONS FOR LEAVE OF ABSENCE**

**6. DISCLOSURES OF INTEREST**

The *Local Government Act* (Section 5.60 – 5.62) provides that it is the Councillor's obligation to declare an interest if they believe that they have a financial interest, proximity interest, closely associated persons interest or an interest affecting impartiality in a matter being discussed by Council.

The Act provides that the interest may be declared in writing to the Chief Executive Officer prior to the meeting or declared prior to discussion of the agenda item at the meeting. Forms for this purpose are available to Councillors.

The Act further provides that the extent of the interest needs to be declared if the Councillor seeks to remain in the Chamber during the discussion, debate or voting on the item.

A Councillor declaring a financial or proximity interest must leave the meeting prior to the matter being discussed or voted on (including the question as to whether they are permitted to remain in the Chamber). Councillors remaining in the Chamber may resolve to allow the member to return to the meeting to participate in the proceedings.

**7. CONFIRMATION OF MINUTES AND REPORTS**

**7.1 Audit Committee Meeting – 13 December 2017**

**Statutory Environment:**

Section 5.22 of the Local Government Act provides that minutes of all meeting to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

**Voting Requirements:**

Simple Majority

**Recommendation:**

**That the Minutes of the Audit Committee of the Shire of Pingelly held in the Council Chambers on 13 December 2017 be confirmed.**

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

**8. ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**

**9. PETITIONS / DEPUTATIONS / PRESENTATIONS / SUBMISSIONS**

Nil

## **10. BUSINESS**

### **10.1 Compliance Audit Return 2017**

**File Reference:** ADM0074  
**Location:** Shire of Pingelly  
**Applicant:** Stuart Billingham, Director Corporate & Community Services  
**Author:** Stuart Billingham, Director Corporate & Community Services  
**Date:** 1 February 2018  
**Disclosure of Interest:** Nil  
**Attachments:** Compliance Audit Return 30 December 2017 (Attachment 1 following green cover sheet)

#### **Summary:**

Submission of the Compliance Audit Return 2017 to Audit Committee for recommendation to Council for consideration of adoption, signing and submission to the Department of Local Government, Sport and Cultural Industries.

#### **Background:**

Under the Local Government Audit Regulations 1996, Local Government is required to carry out a Compliance Audit for the period 1 January 2017 to 31 December 2017. The certified return must be submitted to the Director General, Department of Local Government, Sport and Cultural Industries by 31 March 2018.

#### **Comment:**

Last year's Final Audit raised the following matter:

#### **1. ANNUAL COMPLIANCE RETURN**

##### ***Finding Rating: Moderate***

We note Council's annual compliance return was not submitted to the Department of Local Government by 31 March 2017 as required by Regulation 15 of the Local Government (Audit) Regulations 1996 (submitted 4 April 2017).

#### **Implication**

Risk of non-compliance with Regulation 15 of the Local Government (Audit) Regulations 1996.

#### **Recommendation**

We recommend Council's annual compliance return was not submitted to the Department of Local Government by 31 March 2017 as required by Regulation 15 of the Local Government (Audit) Regulations 1996.

#### **Management Comment**

Due to a Department of Local Government Portal logon issue being encountered, we were unable to submit the return by the due date.

The Shire administration this year presenting the Compliance Audit Return 2017 a month early and will once approved by Council will submit to the Department of Local Government through the Portal early before the 31 March 2018 to ensure compliance.

#### **Consultation:**

Shire of Pingelly Audit Committee  
Chief Executive Officer

**Statutory Environment:**

Regulation 14 of the *Local Government (Audit) Regulations 1996* provides:

- (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.

Regulation 15 provides that:

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

**certified** in relation to a compliance audit return means signed by —

  - (a) the mayor or president; and
  - (b) the CEO.

**Policy Implications:**

There are no policy implications arising from this report.

**Financial Implications:**

There are no known financial implications upon either the Council's current budget or long term financial plan.

**Strategic Implications:**

There are no known significant strategic implications relating to the report or the committee recommendation.

**Voting Requirements:**

Simple Majority

**Recommendation:**

**That the Audit Committee recommends to Council that:**

1. It adopt the Compliance Audit Return 2017, as presented;
2. The Chief Executive Officer and the Shire President be authorised to sign the Compliance Audit Return 2017;
3. The Compliance Audit Return be submitted to the Department of Local Government, Sport and Cultural Industries by the 31 March 2018 deadline.

Moved: \_\_\_\_\_ Seconded: \_\_\_\_\_

**11. CLOSURE**

The Chairman to declare the meeting closed.



# **Attachment 1**





## Pingelly - Compliance Audit Return 2017

### 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.

<b>Commercial Enterprises by Local Governments</b>					
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 2017.	N/A		Stuart Billingham
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 2017.	N/A		Stuart Billingham
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 2017.	N/A		Stuart Billingham
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 2017.	N/A		Stuart Billingham
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	N/A		Stuart Billingham

<b>Delegation of Power / Duty</b>					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Stuart Billingham
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Stuart Billingham
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Stuart Billingham
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Stuart Billingham
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	Yes		Stuart Billingham
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		Stuart Billingham
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Stuart Billingham
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Stuart Billingham
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Stuart Billingham
10	s5.45(1)(b)	Were all decisions by the Council to	Yes		Stuart Billingham

		amend or revoke a delegation made by absolute majority.		
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	Stuart Billingham
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 2016/2017 financial year.	Yes	Stuart Billingham
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	Stuart Billingham

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Stuart Billingham
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		Stuart Billingham
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes		Stuart Billingham
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham



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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Stuart Billingham

### 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		Stuart Billingham
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		Stuart Billingham

### Elections

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly	Yes		Stuart Billingham

identifies and distinguishes the candidates.

<b>Finance</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
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		Stuart Billingham
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	Yes		Stuart Billingham
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes		Stuart Billingham
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes		Stuart Billingham
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2017 received by the local government within 30 days of completion of the audit.	Yes		Stuart Billingham
6	s7.9(1)	Was the Auditor's report for the financial year ended 30 June 2017 received by the local government by 31 December 2017.	Yes		Stuart Billingham
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.	Yes		Stuart Billingham
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.	Yes		Stuart Billingham
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.	Yes		Stuart Billingham
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes		Stuart Billingham
11	Audit Reg 7	Did the agreement between the local government and its auditor include the	Yes		Stuart Billingham

		scope of the audit.		
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Stuart Billingham
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	Stuart Billingham
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	Stuart Billingham

### 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.	N/A		Stuart Billingham
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.	N/A		Stuart Billingham
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.	N/A		Stuart Billingham
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.	N/A		Stuart Billingham
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		Stuart Billingham
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	N/A		Stuart Billingham

endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.

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	Stuart Billingham
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### 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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes		Stuart Billingham

### Official Conduct

No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	Yes		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the	Yes		Stuart Billingham

		name of the person who makes the complaint.		
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	Stuart Billingham
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	Stuart Billingham

### 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		Stuart Billingham
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		Stuart Billingham
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Stuart Billingham
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
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		Stuart Billingham
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful	Yes		Stuart Billingham

		tender or advising that no tender was accepted.		
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.	Yes	Stuart Billingham
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	Yes	Stuart Billingham
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.	Yes	Stuart Billingham
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.	Yes	Stuart Billingham
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes	Stuart Billingham
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	Yes	Stuart Billingham
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	Yes	Stuart Billingham
18	F&G Reg 24AD(6)	If the local government to sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	Yes	Stuart Billingham
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.	Yes	Stuart Billingham
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	Yes	Stuart Billingham
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	Yes	Stuart Billingham
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	Yes	Stuart Billingham





		not accepted.		
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	Stuart Billingham
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	Stuart Billingham
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	Stuart Billingham

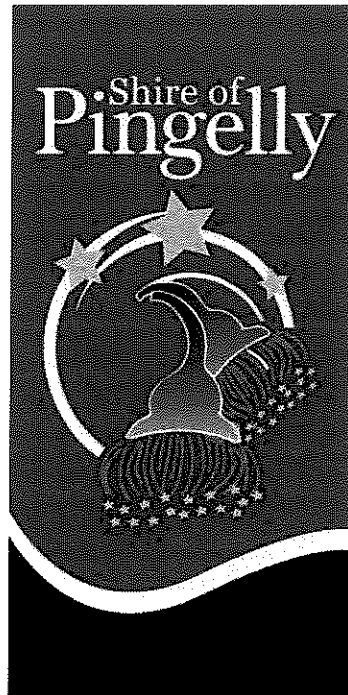
I certify this Compliance Audit return has been adopted by Council at its meeting on \_\_\_\_\_

\_\_\_\_\_  
Signed Mayor / President, Pingelly

\_\_\_\_\_  
Signed CEO, Pingelly



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



# Shire of Pingelly

## Minutes

Audit Committee Meeting  
19 July 2017

**SHIRE OF PINGELLY**

**Minutes of the Audit Committee Meeting of the Shire of Pingelly held in the Council Chambers, 17 Queen Street, Pingelly on 13 December 2017 at 11am.**

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**MEMBERS PRESENT**

Cr WV Mulroney	President
Cr DI Freebairn	Deputy President
Cr LN Steel	
Cr EJ Hodges	
Cr JM Walton-Hassell	
Cr BW Hotham	
Cr J McBurney	

**STAFF IN ATTENDANCE**

Mr G Pollock	Chief Executive Officer
Mr S Billingham	Director Corporate & Community Services
Mr B Gibbs	Director Technical Services
Mrs L Boddy	Executive Assistant

**APOLOGIES**

Cr P Wood

**OBSERVERS & VISITORS**

Mr Tim Partridge via telephone.

**1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**

The Chairman declared the meeting open at 11am.

**1.1 Welcome to Country**

I respectfully acknowledge the past and present traditional owners of this land on which we are meeting, the Noongar people. It is a privilege to be standing on Noongar country. I also acknowledge the contributions of Aboriginal Australians and non-Aboriginal Australians to the security and wellbeing of all the people of this country where we live and that we share together – Australia.

**2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE**

At the Special Meeting of Council held on 1 November 2017 the following was approved:

**12296 Moved: Cr Walton-Hassell Seconded: Cr McBurney**

**That Council approve Cr Wood taking leave from 12<sup>th</sup> to 13<sup>th</sup> December 2017 inclusive.**

**Carried 7:0**

**3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

**4. PUBLIC QUESTION TIME**

No public present.

**5. APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

## **6. DISCLOSURES OF INTEREST**

The *Local Government Act* (Section 5.60 – 5.62) provides that it is the Councillor's obligation to declare an interest if they believe that they have a financial interest, proximity interest, closely associated persons interest or an interest affecting impartiality in a matter being discussed by Council.

The Act provides that the interest may be declared in writing to the Chief Executive Officer prior to the meeting or declared prior to discussion of the agenda item at the meeting. Forms for this purpose are available to Councillors.

The Act further provides that the extent of the interest needs to be declared if the Councillor seeks to remain in the Chamber during the discussion, debate or voting on the item.

A Councillor declaring a financial or proximity interest must leave the meeting prior to the matter being discussed or voted on (including the question as to whether they are permitted to remain in the Chamber). Councillors remaining in the Chamber may resolve to allow the member to return to the meeting to participate in the proceedings.

## **7. CONFIRMATION OF MINUTES AND REPORTS**

### **7.1 Audit Committee Meeting – 19 July 2017**

#### **Statutory Environment:**

Section 5.22 of the *Local Government Act* provides that minutes of all meeting to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

#### **Voting Requirements:**

Simple Majority

**12323 Moved: Cr Hodges**

**Seconded: Cr McBurney**

#### **Recommendation and Council Decision:**

**That the Minutes of the Audit Committee of the Shire of Pingelly held in the Council Chambers on 19 July 2017 be confirmed.**

Carried 7:0

## **8. ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**

Nil

## **9. PETITIONS / DEPUTATIONS / PRESENTATIONS / SUBMISSIONS**

Nil

Telephone call with Tim Partridge ended at 11.23am.

## **10. BUSINESS**

### **10.1 Audited Annual Financial Report 2017**

**File Reference:** ADM0074  
**Location:** Shire of Pingelly  
**Applicant:** Stuart Billingham, Director Corporate & Community Services  
**Author:** Stuart Billingham, Director Corporate & Community Services  
**Date:** 8 December 2017  
**Disclosure of Interest:** Nil  
**Attachments:** Annual Financial Report 2017 (Attachment 1 following green cover sheet)

#### **Summary:**

Council is required to receive the Annual Financial Report for the Financial Year ending 30<sup>th</sup> June 2017.

#### **Background:**

Section 7.9 of the *Local Government Act 1995* requires an audit to be undertaken and, on its completion, submitted to the Shire President and Chief Executive Officer of the Local Government, and to the Minister for Local Government.

It is a requirement that the Annual Audit be completed by 31 December following the close of the financial year. The audit was commenced on-site by AMD Chartered Accountants on 9<sup>th</sup> October to 11<sup>th</sup> October 2017. The Statutory Report and Management letter has been completed by AMD Chartered Accountants and received by the Shire President, Chief Executive Officer and Director Corporate & Community Services. The Auditor's Management Report is submitted to the Shire of Pingelly Audit Committee for further consideration. (See separate attachment submitted under a separate cover)

#### **Comment:**

The Statutory Annual Financial Report for 2016/2017 has now been completed and is included as an attachment to this document. (See separate attachment submitted under a separate cover)  
This Report will be available to the Public and Electors prior to the Annual Electors Meeting, subject to its acceptance by Council.

Two (2) statutory or non-compliance matters were raised in the Auditor's Report to the Shire President of the Shire of Pingelly.

- a. The Shire was due to have a review completed by 31 December 2016 as required by Local Government (Audit) Regulations 1996, however this timeframe was not met. We have since been engaged to complete a Regulation 17 review for the Shire and our onsite review procedures commenced 20 November 2017; and
- b. In accordance with the requirements of Regulation 33 of the Local Government (Financial Management) Regulations, Council's annual budget is to be submitted to the Department of Local Government within 30 days after Council acceptance. The Shire's budget for 30 June 2017 was adopted by Council on 12 August 2016 however was not submitted to the Department until 28 September 2016;

AMD's auditors indicated that procedures and controls in respect to the Shire of Pingelly internal controls, processes, procedures and financial reporting framework are adequately designed and have been maintained to adequate standards throughout the audit period subject to the comments and recommendations within the Management Review Report.

**Consultation:**

AMD Chartered Accountants  
Chief Executive Officer  
Bob Waddell – Local Government Consultant

**Statutory Environment:**

*Local Government Act 1995 and Regulations*

**7.12A. Duties of local government with respect to audits**

- (1) A local government is to do everything in its power to —
- (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
  - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to -
- (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
  - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to -
- (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
  - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.
- [Section 7.12A inserted by No. 49 of 2004 s. 8.]*

**7.13. Regulations as to audits**

- (1) Regulations may make provision —
- (aa) as to the functions of the CEO and the audit committee in relation to audits carried out under this Part and reports made on those audits;
  - (ab) as to the functions of audit committees, including the selection and recommendation of an auditor;
  - (ac) as to the procedure to be followed in selecting an auditor;
  - (ad) as to the contents of the annual report to be prepared by an audit committee;
  - (ae) as to monitoring action taken in respect of any matters raised in a report by an auditor;
  - (a) with respect to matters to be included in agreements between local governments and auditors;
  - (b) for notifications and reports to be given in relation to agreements between local governments and auditors, including any variations to, or termination of such agreements;
  - (ba) as to the copies of agreements between local governments and auditors being provided to the Department;
  - (c) as to the manner in which an application may be made to the Minister for approval as an auditor;



- (d) in relation to approved auditors, for —
  - (i) reviews of, and reports on, the quality of audits conducted;
  - (ii) the withdrawal by the Minister of approval as an auditor;
  - (iii) applications to the State Administrative Tribunal for the review of decisions to withdraw approval;
- (e) for the exercise or performance by auditors of their powers and duties under this Part;
- (f) as to the matters to be addressed by auditors in their reports;
- (g) requiring auditors to provide the Minister with such information as to audits carried out by them under this Part as is prescribed;
- (h) prescribing the circumstances in which an auditor is to be considered to have a conflict of interest and requiring auditors to disclose in their reports such information as to a possible conflict of interest as is prescribed;
- (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
  - (i) of a financial nature or not; or
  - (ii) under this Act or another written law.

(2) Regulations may also make any provision about audit committees that may be made under section 5.25 in relation to committees.

*[Section 7.13 amended by No. 64 of 1998 s. 40; No. 49 of 2004 s. 9; No. 55 of 2004 s. 700.]*

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

**51. Annual financial report to be signed etc. by CEO and given to Department**

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

*[Regulation 51 amended in Gazette 18 Jun 1999 p. 2639; 20 Jun 2008 p. 2726.]*

**Local Government (Administration) Regulations 1996**

Part 3 — Electors' meetings

*[Heading inserted in Gazette 26 Aug 2011 p. 3482.]*

**15. Matters to be discussed at general meeting (Act s. 5.27(3))**

For the purposes of section 5.27(3), the matters to be discussed at a general electors' meeting are, firstly, the contents of the annual report for the previous financial year and then any other general business.

**16. Request for special meeting, form of (Act s. 5.28(2))**

A request for a special meeting of the electors of a district is to be in the form of Form 1.

**17. Voting at meeting (Act s. 5.31)**

- (1) Each elector who is present at a general or special meeting of electors is entitled to one vote on each matter to be decided at the meeting but does not have to vote.
- (2) All decisions at a general or special meeting of electors are to be made by a simple majority of votes.
- (3) Voting at a general or special meeting of electors is to be conducted so that no voter's vote is secret.

**18. Procedure at meeting (Act s. 5.31)**

Subject to regulations 15 and 17, the procedure to be followed at a general or special meeting of electors is to be determined by the person presiding at the meeting.

**5.27. Electors' general meetings**

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

If Council adopts the Annual Report at its Council Meeting 13 December 2017, then in accordance with statutory requirements, Council must give a minimum of 14 days' local public notice in calling the Annual Electors Meeting following acceptance of the Annual Report. It must also hold the AEM not more than 56 days from Council accepting the Annual Report. It is recommended that the Electors General Meeting be held on the evening of Tuesday 6 February 2017 in the Council Chambers, 17 Queen Street, Pingelly, commencing at 7:00 pm.

**Policy Implications:**

Nil

**Financial Implications:**

Nil

**Strategic Implications:**

While there are no direct strategic implications in receiving the Shire of Pingelly Statutory Annual Financial Report, the Auditors Management Report raises commentary regarding the Shire's financial ratios.

*"A review of Council's financial ratios as included within Note 19 of the financial report indicates that four of the seven ratios were within the recommended guidelines provided by the Department of Local Government and Communities, with the exceptions noted below:*

- *The operating surplus ratio as at 30 June 2017 is calculated at -0.60 (recommended to be between 0.01 and 0.15).*
- *The debt service ratio as at 30 June 2017 is calculated at 0.25 (a basic standard is achieved if the ratio is greater than or equal to 2, an advance standard is achieved if the ratio is greater than 5).*
- *The asset renewal funding ratio as at 30 June 2017 is calculated at 0.73 (recommended to be between 0.75 and 0.95).*

*We recommend Council continue to consider the impact on ratios and long term sustainability when making decisions regarding asset renewal, additional borrowings and setting rates for future years."*

These concerns need to be taken into account when reviewing the Shire's Annual Budget, Integrated Planning Documents including Asset Management Plans, Corporate Business Plan and Long Term Financial Plan.

**Voting Requirements:**

Simple Majority

**12324 Moved: Cr Steel Seconded: Cr Walton-Hassell**

**Recommendation and Council Decision:**

**That the Audit Committee recommends to Council that it:**

- 1. receives the minutes of the Audit Committee dated 19 July 2017.**
- 2. accepts the Shire of Pingelly Annual Report for the Financial Year ended 30<sup>th</sup> June 2017;**
- 3. receives the Audit Report for 2016/17 from AMD Chartered Accountants;**
- 4. advertises and holds its Annual Electors Meeting in the Council Chambers, 17 Queen Street, Pingelly to be held on Tuesday 6 February 2018 at 7:00pm;**
- 5. submits a copy of the Shire of Pingelly Statutory Annual Financial Report to the Director General of the Department of Local Government, Sport and Cultural Industries as required by Local Government (Financial Management) Regulations clause 51(2).**

Carried 7:0

**10.2 Audit Management Letter**

**File Reference:** ADM0074  
**Location:** Shire of Pingelly  
**Applicant:** Stuart Billingham, Director Corporate & Community Services  
**Author:** Stuart Billingham, Director Corporate & Community Services  
**Date:** 8 December 2017  
**Disclosure of Interest:** Nil  
**Attachments:** Audit Management Letter 2017 (Attachment 2 following blue cover sheet)

**Summary:**

Audit Committee is required to consider the contents of the Annual Management Report for the Financial Year ending 30<sup>th</sup> June 2017.

**Background:**

As part of the Annual Final Audit the Auditor's Management Report is submitted to the Shire of Pingelly Audit Committee for further consideration.

Matters raised by the auditor are as follows;

**7.0 Financial Ratio Performance Measures**

*"A review of Council's financial ratios as included within Note 19 of the financial report indicates that four of the seven ratios were within the recommended guidelines provided by the Department of Local Government and Communities, with the exceptions noted below:*

- *The operating surplus ratio as at 30 June 2017 is calculated at -0.60 (recommended to be between 0.01 and 0.15).*
- *The debt service ratio as at 30 June 2017 is calculated at 0.25 (a basic standard is achieved if the ratio is greater than or equal to 2, an advance standard is achieved if the ratio is greater than 5).*
- *The asset renewal funding ratio as at 30 June 2017 is calculated at 0.73 (recommended to be between 0.75 and 0.95).*

*We recommend Council continue to consider the impact on ratios and long term sustainability when making decisions regarding asset renewal, additional borrowings and setting rates for future years."*

Basic	Intermediate	Advanced
Not Achieved/Met		Achieved/Met

	2017	2016	2015	2014	2013
<b>Current Ratio</b>	2.03	1.05	3.89	5.35	4.43
<b>Debt Service Ratio</b>	0.25	(9.07)	1.12	0.53	13.07
<b>Operating Surplus Ratio</b>	(0.60)	(0.72)	(0.43)	(0.31)	0.28
<b>Own Source Revenue Coverage Ratio</b>	0.42	0.48	0.48	0.42	0.47
<b>Asset Consumption Ratio</b>	0.71	0.62	0.99	0.80	0.62
<b>Asset Sustainability Ratio</b>	2.23	1.60	0.51	1.03	2.25
<b>Asset Renewal Funding Ratio</b>	0.75	0.77	0.89	1.00	1.00

**Current Ratio** 
$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

- Standard met is achieved if the ratio is greater than 1;

**Asset Sustainability Ratio** 
$$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$$

- Basic standard is achieved if greater than 0.9; improving between 0.9-1.10.

**Debt service Cover Ratio** 
$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

- Basic standard is achieved if the ratio is greater than or equal to 2. *An advance standard is achieved if the ratio is greater than 5).*

**Operating Surplus Ratio** 
$$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

- Basis standard is achieved if the ratio is between 0.01-0.15; advanced greater than 0.15.

**Own Source Revenue Coverage Ratio** 
$$\frac{\text{own source operating revenue}}{\text{operating expenses}}$$

- Basic standard is achieved if between 0.4-0.6; Intermediate 0.6-0.9, advanced greater than 0.9.

**Asset Consumption Ratio** 
$$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$$

- Basic standard is achieved if greater than 0.50 or greater and improving between 0.60 and 0.75.

**Asset Renewal Funding Ratio** 
$$\frac{\text{NPV of Planned Capital Renewals over 10 years}}{\text{NPV of Required Capital Expenditure over 10 years}}$$

- Standard is met if between 0.75-0.95, improving between 0.95-1.05.

Copy of the Department of Local Government and Communities Operational Guidelines No18 for Financial Ratios is submitted as a separate attachment for further information.

## **1. ANNUAL COMPLIANCE RETURN**

### ***Finding Rating: Moderate***

We note Council's annual compliance return was not submitted to the Department of Local Government by 31 March 2017 as required by Regulation 15 of the Local Government (Audit) Regulations 1996 (submitted 4 April 2017).

#### **Implication**

Risk of non compliance with Regulation 15 of the Local Government (Audit) Regulations 1996.

#### **Recommendation**

We recommend Council's annual compliance return was not submitted to the Department of Local Government by 31 March 2017 as required by Regulation 15 of the Local Government (Audit) Regulations 1996.

#### **Management Comment**

Due to a Department of Local Government Portal logon issue being encountered, we were unable to submit the return by the due date.

## **2. ASSET MANAGEMENT PLAN**

### ***Finding Rating: Moderate***

We noted the Shire's Asset Management Plan currently only includes projections for eight years to 2024/25 and therefore does not include data for the ten year projection of required renewal/replacement expenditure used to calculate the asset renewal funding ratio. The asset renewal funding ratio has been calculated using an average of the available data.

#### **Implication**

Risk of material misstatement or omission within accounting records.

#### **Recommendation**

We recommend the Asset Management Plan is updated annually.

#### **Management Comment**

The Shire of Pingelly Asset Management Plan (AMP) is currently under review along with all other Integrated Planning & Reporting (IPR) documents that will be updated, adopted by Council and be in place by April 2018 as per the IPR cycle.

## **3. LOSS ON PRIVATE WORKS**

### ***Finding Rating: Minor***

We noted a loss was made on private works of \$6,157 for the 2016/17 financial year, representing 20% of total private works expenditure. We understand the loss was due to the write-off of prior year private works debtors.

#### **Implication**

Risk of under allocation of private works.

#### **Recommendation**

We recommend private works charge out rates and allocations be regularly reviewed and adjusted accordingly throughout the year to ensure private works expenditure is recovered.

#### **Management Comment**

Several debtors were written off by Council on 21 June 2017, resolution 12216 totalling \$10,035. NB: SynergySoft raises 'write off' sundry debtor journal (debit) back to Income account (credit) it was originally raised in, causing balances raised in the year to be reduced by \$10,035 in this case private works Income reduced \$8,180.

Deliver WA	\$7,665
Mark Ramon Edwards	\$ 375
Mark Ramon Edwards	\$ 140
Total	\$8,180

If this write off figure was excluded from Private works Income account, it is in fact in profit by \$2,023.

**Consultation:**

AMD Chartered Accountants  
Chief Executive Officer  
Bob Waddell – Local Government Consultant

**Statutory Environment:**

*Local Government Act 1995 and Associated Regulations*

**12325      Moved: Cr Hodges                      Seconded: Cr Freebairn**

**Recommendation and Council Decision:**

**That the Audit Committee recommends to Council that it notes the comments on the Audit Management Letter by management with no further actions required to be undertaken by the Chief Executive Officer.**

Carried 7:0

**10.3 Audit Committee – Terms of Reference**

**File Reference:** ADM0074  
**Location:** Shire of Pingelly  
**Applicant:** Stuart Billingham, Director Corporate & Community Services  
**Author:** Stuart Billingham, Director Corporate & Community Services  
**Date:** 8 December 2017  
**Disclosure of Interest:** Nil  
**Attachments:** Draft Audit Committee – Terms of Reference (Attachment 3 following yellow cover sheet)

**Summary:**

To provide the Shire of Pingelly Audit Committee with a draft Terms of Reference for consideration of endorsement.

**Background:**

Council staff have been unable to locate the Shire of Pingelly Audit Committee Charter or Terms of Reference. The recent Reg 17 Risk review conducted by AMD Chartered Accountants identified that the Shire of Pingelly Audit Committee should develop and endorse and regularly review an Audit Committee Charter/Terms of Reference based on Local Government Operational Guideline Number 9 ( see copy attached for information).

**Officer Comment:**

A draft Audit Committee – Terms of Reference has been prepared based on the Department of Local Governments Guideline with minor optional clauses deleted – (See attached Draft Shire of Pingelly Audit Committee Terms of Reference)

**Consultation:**

AMD Chartered Accountants  
Chief Executive Officer

**Statutory Environment:**

*Local Government Act 1995 and Associated Regulations*  
Department of Local Government Operational Guideline Number 9

**12326 Moved: Cr McBurney Seconded: Cr Hodges**

**Recommendation and Council Decision:**

**That the Audit Committee endorses the Shire of Pingelly Audit Committee Terms of Reference as submitted.**

Carried 7:0

**11. CLOSURE OF MEETING**

The Chairman declared the meeting closed at 11.56am.

These minutes were confirmed by Council at the Audit Committee Meeting held on

Signed.....  
Presiding Person at the meeting at which the minutes were confirmed.