



City of Cockburn Audit & Strategic Finance Committee **Minutes**

For Thursday, 15 March 2018

These Minutes are subject to confirmation

Presiding Member's signature

Date: 19 July 2018

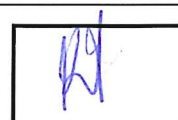
CITY OF COCKBURN

SUMMARY OF MINUTES OF THE AUDIT & STRATEGIC FINANCE COMMITTEE MEETING HELD ON THURSDAY, 15 MARCH 2018 AT 6:00 PM

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CITY OF COCKBURN

MINUTES OF AUDIT & STRATEGIC FINANCE COMMITTEE HELD ON THURSDAY, 15 MARCH 2018 AT 6:00 PM

PRESENT:

ELECTED MEMBERS

Mr K Allen	-	Councillor (Presiding Member)
Mr L Howlett	-	Mayor
Ms L Smith	-	Deputy Mayor
Mrs C Reeve-Fowkes	-	Councillor
Mr M Separovich	-	Councillor (Arr. 6.12 pm)

IN ATTENDANCE

Mr D Arndt	-	Acting Chief Executive Officer
Mr D Green	-	Director Governance & Community Services
Mr S Downing	-	Director Finance & Corporate Services
Mr C Sullivan	-	Director Engineering & Works
Mr N Mauricio	-	Manager, Financial Services
Mrs M Tobin	-	Executive Manager, Strategy & Civic Support
Mr J Ngoroyemoto	-	Governance & Risk Management Co-ordinator
Mrs B Pinto	-	Governance & Risk Support Officer

1. DECLARATION OF MEETING

The Presiding Member declared the meeting open at 6.00 pm.

"Kaya, Wanju Wadjuk Budjar" which means "Hello, Welcome to Wadjuk Land"

I would like to acknowledge the Nyungar People who are the traditional custodians of the land on which the meeting is being held and pay respect to the Elders of the Nyungar Nation, both past and present and extend that respect to Indigenous Australians who are with us tonight.

2. APPOINTMENT OF PRESIDING MEMBER (If required)

Nil



3. DISCLAIMER (Read aloud by Presiding Member)

Members of the public, who attend Council Meetings, should not act immediately on anything they hear at the Meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

4. ACKNOWLEDGEMENT OF RECEIPT OF WRITTEN DECLARATIONS OF FINANCIAL INTERESTS AND CONFLICT OF INTEREST (by Presiding Member)

Nil.

5. APOLOGIES & LEAVE OF ABSENCE

Mr Stephen Cain, CEO - Apology

6. PUBLIC QUESTION TIME

Nil

7. CONFIRMATION OF MINUTES**7.1 (2018/MINUTE NO 0001) MINUTES OF THE AUDIT & STRATEGIC FINANCE COMMITTEE MEETING - 16/11/2017****RECOMMENDATION**

That Committee confirms the Minutes of the Audit & Strategic Finance Committee Meeting held on Thursday, 16 November 2017 as a true and accurate record.

COMMITTEE RECOMMENDATION

MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor L Smith

That the recommendation be adopted.

CARRIED 4/0

8. DEPUTATIONS



9. BUSINESS LEFT OVER FROM PREVIOUS MEETING (IF ADJOURNED)

Nil

10. DECLARATION BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS CONTAINED IN THE BUSINESS PAPER PRESENTED BEFORE THE MEETING

Nil

AT THIS POINT IN THE MEETING, THE TIME BEING 6.04 PM THE FOLLOWING ITEM WAS CARRIED BY AN "EN BLOC" RESOLUTION OF THE COMMITTEE:

11.2



11. COUNCIL MATTERS

11.1 (2018/MINUTE NO 0002) RISK MANAGEMENT INFORMATION UPDATE

Author(s) J Ngoroyemoto

Attachments 1. High/Extreme Risks Quarterly Update

RECOMMENDATION

That Council receive the Risk Management Information update report, as attached to the Agenda.

COMMITTEE RECOMMENDATION

MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor L Smith

That the recommendation be adopted.

CARRIED 5/0

DURING DISCUSSION OF THE ABOVE ITEM CR SEPAROVICH
JOINED THE MEETING AT 6.12 PM

Background

The City's Risk Program, is committed to a culture of risk management, to ensuring that sound risk management practices and procedures are fully integrated into its strategic and operational processes and day to day business practices. The City is progressing in implementing the Risk Program, and this report provides an update on the key milestones achieved over the past 4 months since the last information report was submitted to the Audit Committee.

The purpose of this report is to provide an overview of the current and planned risk management activities by the City of Cockburn, incorporating the Status of the City Business Continuity Management Program.

Submission

N/A



Report

This Risk Report covers the months of December 2017 to March 2018 and outlines the risk and business continuity management activities undertaken during these months.

RISK MANAGEMENT PROGRAM

Update on High and Extreme Risks

As at 26 February 2018, 25 Strategic Risks and 230 Operational risks currently sit on the City's Risk Registers.

<u>Risk</u>	<u>No of Risks</u>
Extreme	Nil
High	4
Substantial	17
Moderate	132
Low	77

These risks are monitored and reviewed in priority of the risk rating level as per the City of Cockburn risk treatment levels. Updates on all of the identified 'High/Extreme' are attached to the report.

Operational Risks Update

As at 26 February 2018, all of the City's 18 Business Units' operational risk assessments have been completed.

Process: 2.5 hour risk assessment workshops with each Service Unit, with the process aligned with the Risk Management Framework and Risk Assessment and Acceptance Criteria.

Context for the operational risk assessments: Key Services (as contained in the 2017/18 Unit Business Plans)

Objective: Working through each key service, defining the critical success factors and the uncertainty (risks) to the delivery of Units' key services.

Output: Unit Operational Risk Registers with identified risk owners, risk review and monitoring actions. Further risk mitigation identified for any high and extreme risks and risks with inadequate controls in place.

Monitoring: All risk registers are being uploaded into RMSS upon completion of each workshop progressively. Concurrently, all



responsible officers for risk actions are being trained on updating action on RMSS progressively as the City works through the process.

Interim Risk Profile

All of the City's risk information is continuously reviewed by the risk owners in Risk Management & Safety System (RMSS). The distribution of risk ratings for both strategic and operational risks throughout the organisation is shown in the following risk matrix and pie chart. The pie chart demonstrates the overall image of the City's risk categorised into Low, Moderate, Substantial, High and Extreme risks. The City is proactively managing its risks with no Extreme risks identified and only 1.57% rated as High. The distribution of the risk ratings is likely to change as the City transitions through the risk maturity levels and continues to review all operational and strategic risks.

Figure 1: Distribution of risk ratings as at 26 February 2018

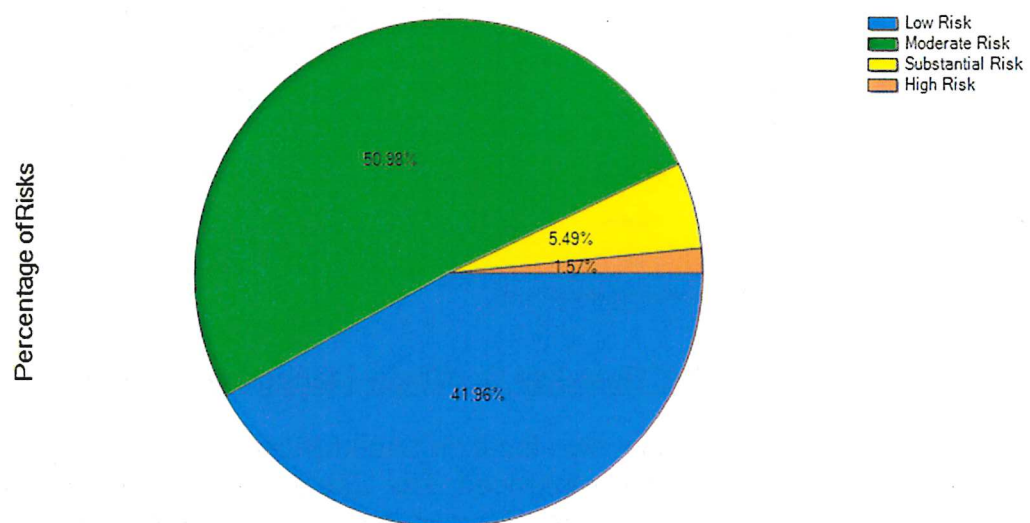


Figure 2: Risk Matrix - This matrix maps out the distribution of risks within the City's Risk Matrix.

		Likelihood				
		1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
Consequence	Insignificant 1 - 1	L	1 Risk(s)	L	L	M
	Minor 2 - 2	11 Risk(s)	61 Risk(s)	58 Risk(s)	26 Risk(s)	5 Risk(s)
	Major 3 - 3	4 Risk(s)	17 Risk(s)	20 Risk(s)	5 Risk(s)	1 Risk(s)
	Critical 4 - 4	L	11 Risk(s)	6 Risk(s)	1 Risk(s)	E
	Catastrophic 5 - 5	M	1 Risk(s)	2 Risk(s)	E	E

E	Extreme	Significant impact making it unlikely for the organisation to achieve its objectives. Capability of the organisation Risk Treatment: Eliminated. Requires treatment to eliminate risk. Formal assessment and action plan prepared.
H	High	Significant impact making it difficult for organisation to achieve objectives. Will diminish capability of organisation. Risk Treatment: mitigate. Risk requires treatment to mitigate impact. Formal assessment and action plan prepared.
S	Substantial	Will Impact on the ability of organisation to achieve objectives or will diminish capability. Risk Treatment: Accepted with detailed review and assessment. Action Plan prepared.
M	Moderate	May Impact on the ability of organisation to achieve objectives or may diminish capability. Risk Treatment: Accepted with review.
L	Low	Little or no impact on the achievement of objectives or capability Risk Treatment: Accepted without detailed review.

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The City's Business Continuity Management Program

A comprehensive location based Business Continuity Plans (BCP) project has commenced. The City developed a corporate-level BCP several years ago. Reviews and exercises conducted recently have identified the lack of detailed action plans to guide recovery at the operational level and much of the information in the plan is also outdated. This project will address these gaps and further improve business continuity response capabilities. Risk West Consultants has been appointed to facilitate the development and implementation of the location-specific BCPs for this project.

Stage 1 Business Impact Analysis

Conduct a business impact analysis (BIA) with Executive team to determine the recovery priorities and scope of the business continuity management (BCM) programme. The BIA will provide a senior-level and group-wide perspective of what the "value at risk" might be to the City of a disruption to services, determine the maximum tolerable period of disruption (MTPD) and identify the areas that are of the most significant concerns at each priority location. The outcomes of the BIA



will help to set the strategic priorities and direction for the City's BCM programme and form the basis for the development of location-based BCPs for the four priority locations.

Stage 2 Location-specific BCP development.

This stage involves the development of location-specific BCPs for the 4 priority locations, covering:

- Administration Building
- Henderson Waste Recovery Park
- Cockburn Arc, and;
- Operations Centre.

Stage 3 Training and Plan Walkthrough

This phase will constitute the formal roll-out of the BCPs, to familiarise managers and key personnel with the location-based BCPs and to validate the completeness of the plans.

Insights and moving forward:

As the City continues to implement and embed risk management through its Risk Program, it will continue to focus on the following key areas and current initiatives:

- I. The risk team will continue to review the risk information with key stakeholders to ensure the information is reflective of current Processes and will progressively upload completed registers into the City's Risk Management Safety System (RMSS). Interim risk Reports will continue to be provided to Audit and Strategic Finance Committee during the process.
- II. Location Based Business Continuity Plans Project :
 - Stage 1 - Business Impact Analysis
 - Stage 2 - Location-specific BCP Development (4 locations)
 - Stage 3 - Training and Plan WalkthroughEach completed location BCP will be individually presented to the Audit and Strategic Finance Committee for adoption upon completion during 2018-19 committee meetings.
- III. Continue working with all business units to implement robust processes for embedding risk management and provision of risk management training for officers to improve the City's risk culture, commitment and development of a risk management training program.

Strategic Plans/Policy Implications

Leading & Listening



Deliver sustainable governance through transparent and robust policy and processes

Budget/Financial Implications

The development and implementation of location based Business Continuity Plans project will require funding to be resourced and included in the budget 2018-2019 budget of \$45,000.

Legal Implications

N/A

Community Consultation

Regulation 17 of the Local Government (Audit) Regulations 2013 refers.

Risk Management Implications

Failure to adopt the recommendations will result in the inability to support an integrated and effective approach to risk management and lack of guidance on the arrangements for designing, implementing, monitoring and continually improving risk management process.

Advice to Proponent(s)/Submissioners

N/A

Implications of Section 3.18(3) *Local Government Act, 1995*

Nil



HIGH/EXTREME RISKS QUARTERLY REPORT

Risk Owner: Director Governance & Community Services

Key Service: Improving the quality of community life of residents and to ensure good governance.

Risk Name: Community Services Major Projects

Risk ID	Risk Description	Causes	Control Effectiveness	Risk Rating
99	Failure to coordinate Community Services major projects on behalf of the City of Cockburn	Lack of due diligence Lack of detailed project scope Lack of resourcing Poor contractors performance Variations of expenditure Inaccurate project cost estimate	Adequate	High
	Risk Impacts	Existing Controls		
	Delays in projects Financial Loss	Contract independent specialist consultant Project control group & project working group Committees & Council reference group Consulting teams/meetings Financial monitoring, extensive project program, monthly progress reports Risk management Plans.		

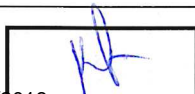
Update:

1. Cockburn ARC – Construction complete with the facility now open to the public. Defects liability period in the process of being closed out. Geothermal system now given Practical Completion.
2. Lakelands Reserve Hockey and Community Facilities - Procurement processes completed for appointment of Project Manager and Quantity surveying services. Tender process underway for appointment of architects. MOU between FHC, DoE and the City finalised.
3. Frankland Reserve - Preliminary concept design, estimated construction cost and lifecycle costing developed. CSRFF funding submission completed and was successful in being allocated \$1.5 million for the Project. Flora and fauna

HIGH/EXTREME RISKS QUARTERLY REPORT

survey and site contamination assessment underway, the outcomes of these assessments will determine the feasibility to proceed with the project.

Currently, a new Project Portfolio Management (PPM) system is being developed to standardise the implementation of major project works across the organisation. While this system will take some time to become fully integrated in all Units across the City, it has been accepted as a major positive step in ensuring a consistent approach to Project Management in the future.



HIGH/EXTREME RISKS QUARTERLY REPORT

Risk Owner: Director Finance & Corporate

Key Service: Managing the annual budget & financial reporting and long term financial planning, managing financial risks including treasury, rates and other taxation type measures for the Council

Risk Name: Records Management

Risk ID	Risk Description	Causes	Control Effectiveness	Risk Rating
139	Inconsistently applied record management practices	Lack of audit trail for documents/external Documents and emails not saved in ECM Non - compliance with processes and requirements Lack of awareness and training	Adequate	High
	Risk Impacts	Existing Controls		
	Breach of State Records Act Inefficiencies Incomplete records Loss of records	Record management policy and guidelines Training Dedicated resources ECM		

Update:

The Amended Recordkeeping Plan was approved by the State Records Commission in October 2017 for a period of 5 years. The Knowledge Management Project Plan has also been approved with Stage 1 (ECM Survey) completed and Stage 2 now underway – working with the Executive Directorate to review their data and ensure any corporate records identified are registered in ECM. Stage 3 will then see this work extended to the remaining Directorates.

An internal audit on the City's records management practices has also recently been undertaken and it is anticipated that a number of recommendations will be included in the audit report, which will go to the Audit Committee in July 2018.

HIGH/EXTREME RISKS QUARTERLY REPORT

Risk Owner: Director Finance & Corporate / Executive Manager Strategy & Civic Support

Key Service: Managing the annual budget & financial reporting and long term financial planning, managing financial risks including treasury, rates and other taxation type measures for the Council.

Risk Name: Project Management

Risk ID	Risk Description	Causes	Control Effectiveness	Risk Rating
143	Fail to consistently apply project management methodology and implementation to City projects	Resistance to cultural change Inconsistent and duplication of processes Lack of skills training Inconsistent project management frameworks Selecting the wrong project management software solution for the City Fundamental lack of governance from an IS perspective	Adequate	High
	Risk Impacts	Existing Controls		
	Capital works carry over Silo approach to projects Budget impacts Parachuted project	Project management tools Staff training Cross functional meetings Long term financial plan		

Update:

The internal requirements understanding and alignment of project management framework has been led by three senior officers and overseen by three Executive Team Members, focusing on the Engineering and Works plus the Governance and Community Services. These have been conducted in a consulting, collaborative and involved process with members of the Senior Management Team to achieve clarity, alignment and consistency in approach and methodology. The project team will be performing gap and scoping understanding for the systems build and configuration.

HIGH/EXTREME RISKS QUARTERLY REPORT

Risk Owner: Director Engineering and Works

Key Service: Delivering and maintaining a safe road, cycleway and path system, developing and maintaining parks, and landscaping the natural environment for the enjoyment of everyone; the collecting and disposing of waste from all properties in the district and providing and maintaining all buildings and other facilities on Council property for community use.

Risk Name: Water Availability

Risk ID	Risk Description	Causes	Control Effectiveness	Risk Rating
139	Reducing water availability to irrigate City and maintain service delivery and amenity	Drying climate Lower allocation of groundwater, by Department of water	Adequate	High
	Risk Impacts	Existing Controls		
	Poor appearance of street scapes and parks	Water management plan Adapt landscaping plans Water recharge options Community education		

Update:

The Department of Water and Environmental Regulations is encouraging all LGA's to investigate Managed Aquifer Recharge (MAR) Systems, sourcing water from Waste Water Treatment Plants and reducing where possible the volume of abstracted groundwater. Progressing these initiatives will require additional resources to investigate and develop implementation schedules in accordance with annual funding allocations.

**11.2 (2018/MINUTE NO 0003) LOCAL GOVERNMENT ACT
COMPLIANCE AUDIT RETURN 2017****Author(s)** J Ngoroyemoto**Attachments** 1. City of Cockburn Compliance Audit Return 2017**RECOMMENDATION**

That Council adopt the Local Government Compliance Audit Return for the period 1 January 2017 to 31 December 2017, as attached to the Agenda.

COMMITTEE RECOMMENDATION

MOVED Deputy Mayor L Smith SECONDED Cr C Reeve-Fowkes

That the recommendation be adopted.

CARRIED 4/0

Background

Since 2000, completion of the Local Government Compliance Audit Return has been mandatory for all local governments in this State in accordance with Regulations 14 and 15 of the Local Government (Audit) Regulations 1996.

Submission

N/A

Report

The Annual Compliance Audit Return is to be presented to, and reviewed by, a meeting of the Audit and Strategic Finance Committee in accordance with Regulation 14(3A) of the Local Government (Audit) Regulations 1996 and the result of that review be reported to a meeting of Council for adoption.

Following adoption by Council, a certified copy of the Return, signed by the Mayor and Chief Executive Officer, along with a copy of the relevant section of the Council Minutes, is submitted to the Director General, Department of Local Government, Sports and Cultural Industries in accordance with Regulations 14 and 15 of the Local Government (Audit) Regulations 1996, by 31 March. The Return indicates a conformity rating of 100% for the year.



Strategic Plans/Policy ImplicationsLeading & Listening

Deliver sustainable governance through transparent and robust policy and processes.

Budget/Financial Implications

N/A

Legal Implications

Regulations 14 and 15 of the Local Government (Audit) Regulations 1996 refer.

Community Consultation

N/A

Risk Management Implications

Failure to adopt the recommendation will result in non-compliance with meeting the deadlines for the Compliance Audit Return statutory reporting requirements to the Department of Local Government, Sports and Cultural Industries by 31 March 2018.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act, 1995*

Nil



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



Department of
Local Government, Sport
and Cultural Industries

Cockburn - 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.

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 2017.	Yes		Daniel Arndt
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.	Yes		Daniel Arndt
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.	Yes		Daniel Arndt
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.	Yes		Daniel Arndt
5	s3.59(5)	Did the Council, during 2017, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes		Daniel Arndt

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



Department of
Local Government, Sport
and Cultural Industries

Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Don Green
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Don Green
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Don Green
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Don Green
5	s5.18	Has Council reviewed delegations to its committees in the 2016/2017 financial year.	Yes		Don Green
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		Don Green
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Don Green
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Don Green
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Don Green
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Don Green
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Don Green
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		Don Green
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		Don Green

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		Don Green
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	N/A		Don Green

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



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
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		Don Green
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		Don Green
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		Don Green
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2017.	Yes		Don Green
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2017.	Yes		Don Green
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		Don Green
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		Don Green
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		Don Green
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		Don Green
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		Don Green
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		Don Green
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.	N/A		Don Green

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



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
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.	N/A		Don Green
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Don Green

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		Daniel Arndt
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		Daniel Arndt

Elections

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

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	Ordinary Council Meeting - 10 December 2015	Stuart Downing
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 Downing
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	Audit & Strategic Finance Committee Meeting - 17 November 2016	Stuart Downing
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	Ordinary Council Meeting - 8 December 2016	Stuart Downing

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



Department of
Local Government, Sport
and Cultural Industries

No	Reference	Question	Response	Comments	Respondent
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	The Audit Report was signed on 16 November 2017	Stuart Downing
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	The Audit Report was received by the City on 14 December 2017	Stuart Downing
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A	No matters raised by the Auditor in the Audit Report	Stuart Downing
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A	No matters raised by the Auditor in the Audit Report	Stuart Downing
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A	No matters raised by the Auditor in the Audit Report	Stuart Downing
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	Refer to Audit & Strategic Finance Committee Meeting - 17 November 2016	Stuart Downing
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	Refer to Audit & Strategic Finance Committee Meeting - 17 November 2016	Stuart Downing
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Refer to Audit & Strategic Finance Committee Meeting - 17 November 2016	Stuart Downing
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	Refer to Audit & Strategic Finance Committee Meeting - 17 November 2016	Stuart Downing
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	Refer to Audit & Strategic Finance Committee Meeting - 17 November 2016	Stuart Downing

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



Department of
Local Government, Sport
and Cultural Industries

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	9 June 2016	Margot Tobin
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	11 May 2017	Margot Tobin
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	9 June 2016	Margot Tobin
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		Margot Tobin
5	S5.56	Has the local government adopted an Asset Management Plan. If Yes, in Comments please provide date of the most recent Plan, plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	The first 5 Asset Management Plans were adopted by Council in 2013. They have had subsequent reviews which are approved by the Executive. An Asset Management Strategy is adopted by Council and the new one was scheduled for the Ordinary Council Meeting of 8 February 2018.	Margot Tobin
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	9 June 2016	Margot Tobin
7	S5.56	Has the local government adopted a Workforce Plan. If Yes, in Comments please provide date of the most recent Plan plus if adopted or endorsed by Council the date of adoption or endorsement. This question is optional, answer N/A if you choose not to respond.	Yes	9 June 2016	Margot Tobin

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



Department of
Local Government, Sport
and Cultural Industries

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	CEO appointed prior to 2017	Cliff McKinley
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	N/A	No Designated Officer roles advertised in 2017	Cliff McKinley
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).	Yes		Cliff McKinley
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).	Yes		Cliff McKinley
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	N/A		Cliff McKinley

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



Department of
Local Government, Sport
and Cultural Industries

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		Don Green
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		Don Green
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		Don Green
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		Don Green
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		Don Green
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		Don Green

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		Antonio Natale
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		Antonio Natale
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Antonio Natale
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Antonio Natale

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



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		Antonio Natale
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		Antonio Natale
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		Antonio Natale
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		Antonio Natale
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		Antonio Natale
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		Antonio Natale
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 were invited by the City	Antonio Natale
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.	No	No expressions of interest were invited by the City	Antonio Natale
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 were invited by the City	Antonio Natale
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 were invited by the City	Antonio Natale
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	Yes		Antonio Natale
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		Antonio Natale

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



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.	Yes		Antonio Natale
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	Yes		Antonio Natale
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		Antonio Natale
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		Antonio Natale
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		Antonio Natale
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	Yes		Antonio Natale
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A	No regional price preference available or accepted within the City Policy	Antonio Natale
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	N/A	No regional price preference available or accepted within the City Policy	Antonio Natale
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		Antonio Natale

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



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, Cockburn

Signed CEO, Cockburn

12. PLANNING & DEVELOPMENT DIVISION ISSUES

Nil



13. FINANCE & CORPORATE SERVICES DIVISION ISSUES**13.1 (2018/MINUTE NO 0004) LOCAL GOVERNMENT FOCUS AUDIT:
TIMELY PAYMENT OF SUPPLIERS - OFFICE OF AUDITOR
GENERAL**

Author(s)	N Mauricio
Attachments	<ol style="list-style-type: none">1. Management Letter - Office of the Auditor General LG Focus Audit2. Advice from Office of the Auditor General - Selection of City for LG Focus Audit

RECOMMENDATION

That Council receive the Internal Audit Report from the Office of the Auditor General on the Timely Payment of Suppliers, as attached to the Agenda.

COMMITTEE RECOMMENDATION

MOVED Cr C Reeve-Fowkes SECONDED Deputy Mayor L Smith

That the recommendation be adopted.

CARRIED 5/0

Background

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

The Office of the Auditor General (OAG) wrote to the City in November 2017 informing that it had selected the City of Cockburn to take part in a focus area audit looking at controls over timely payment of suppliers (attached). The results of the audit, which includes about 10 local governments, will be summarised and tabled in Parliament (scheduled for April 2018).

Focus audits aim to assess how well controls and business practices are performed. The findings serve to provide an insight into good practice and make recommendations for improvement, so that all local governments, including those not audited, can consider their own performance.

Submission

N/A



Report

The objective of the audit was to assess whether local governments are making payments to suppliers on a timely basis in accordance with better practice. The two main focus areas for the audit were:

1. Have local governments developed procedures and controls for ensuring that payments are being made on a timely basis?
2. Are suppliers being paid on a timely basis?

The OAG completed their audit activities for the City of Cockburn onsite during the week commencing 5th February and have since issued a management letter that includes their audit findings and management responses (attached). An exit meeting was held as part of the process to discuss the audit findings and finalise the management letter.

The management letters for all the local governments audited will be used to prepare a draft report, which will be circulated to all parties to ensure factual accuracy and contextual appropriateness, before the OAG finalise the report for tabling in Parliament.

Audit Findings

The audit only identified one finding and this had a minor rating (not of primary concern). This related to untimely payment of invoices and was based on a sample of 60 payments where only 5 payments were found to not have been paid within 30 days from the end of month of the date of invoice.

The City's standard terms and conditions for trade supplier payments state that invoices will be paid within 30 days from the end of month of the date of invoice. However, only 1 of the 5 payments identified related to supplier payments made based on purchase orders (PO) and the following summary explains the reasons for each of the apparent untimely payments:

Payee	Amount	No days to be paid (from inv. date)	Reason
State Library of WA	\$71.82	133	Non-PO supplier - pay for lost library book. Paid on copy invoice requested from payee (original not emailed to Accounts Payable)
City of Stirling	\$2,811.19	92	Non-PO supplier - paid on copy invoice requested - reimbursement for LSL sent directly to payroll (original not



Payee	Amount	No days to be paid (from inv. date)	Reason
			emailed to Accounts Payable)
Synergy	\$52.70	55	Non-PO supplier - utility bill for a new supply address that needed to be verified and approved (including new budget code).
Fire & Emergency Services (DFES)	\$1,794.14	79	Non-PO supplier – these DFES invoices were required to be paid to a different bank a/c due to outsourcing by DFES to a 3rd party. This complication delayed payment.
Cockburn Wetlands Education	\$1,100	237	PO supplier - sponsorship payment for conference. Handwritten original invoice was not received by AP as still in supplier's invoice book when they queried outstanding payment.

These results reflect that the City has quite an effective AP processing system where the majority of payments are paid within trading terms, unless there is a genuine reason not to.

However, this audit has provided the City with an opportunity to review its procedures and systems, particularly in regard to outstanding invoices that remain unpaid beyond the City's standard trading terms. As a result, new monitoring and reporting procedures are being established to ensure any overdue invoices get paid as soon as practical (rather than waiting until the next end of month payment run).

The only audit recommendation was:

- the local government should pay all invoices within 30 days from the end of the month of the date of invoice as per the City's Terms and Conditions.

Whilst it is not possible to pay all invoices as per the City's terms and conditions for a variety of reasons (supply or services not satisfactorily delivered, invoice details not sufficient or incorrect, invoice not sent to correct department etc.), the new monitoring and reporting procedures being established will serve to further improve the City's performance in making timely payments to its suppliers.



Once the final report has been tabled by the Auditor General in parliament, this will be brought to the next available meeting of the Audit and Strategic Finance Committee.

Strategic Plans/Policy Implications

Economic, Social & Environmental Responsibility

Create opportunities for community, business and industry to establish and thrive.

Leading & Listening

Deliver sustainable governance through transparent and robust policy and processes.

Budget/Financial Implications

There is no cost to the City for the conduct of the focus audit by the OAG.

Legal Implications

N/A

Community Consultation

N/A

Risk Management Implications

Audit activities are an important mitigation measure in addressing risk. It is important that any audit findings and recommendations are considered and addressed. In response to this audit, the City proposes to establish new procedures to address the risk of making untimely payments to suppliers.

Advice to Proponent(s)/Submitters

N/A

Implications of Section 3.18(3) *Local Government Act, 1995*

Nil





Our Ref: 7821

Mr Stephen Cain
Chief Executive Officer
City of Cockburn
PO Box 1215
BIBRA LAKE DC WA 6965

CITY OF COCKBURN	
DOC Set	
23 FEB 2018	
SUBJECT	067/002
	087/005
RETENTION	94.1 A5
PROPERTY	
APP	
ACTION	011/010



Office of the Auditor General
Serving the Public Interest

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

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PO Box 8489
PERTH WA 6849

Tel: (08) 6557 7500
Fax: (08) 6557 7600

Email: info@audit.wa.gov.au

Dear Mr Cain

LOCAL GOVERNMENT – TIMELY PAYMENT OF SUPPLIERS

As advised in November, the Auditor General has been undertaking this audit in your Council and a sample of other local government entities. Audit findings for your Council are included in the attached management letter for your attention. These matters have been discussed with your relevant staff and their comments have been included on the attachment for your information.

This management letter will be used to prepare the draft report which will be sent to your Council in the next few months as part of our process for ensuring factual accuracy and contextual appropriateness before we finalise the report. The final report is scheduled for tabling in Parliament in April 2018.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

I would like to take this opportunity to thank you, the management and the staff of your Council for their cooperation with the audit team during our audit.

A copy of this letter has also been sent to the Mayor. Please contact me on 6557 7640 if you have any queries.

Yours sincerely

CARLY MEAGHER
DIRECTOR
FINANCIAL AUDIT
20 February 2018

Attach

ATTACHMENT

CITY OF COCKBURN

PERIOD OF AUDIT: 1 JANUARY 2017 TO 30 NOVEMBER 2017

FINDINGS IDENTIFIED DURING THE AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Findings identified during this audit			
1. Untimely Payment of Invoice			✓

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

ATTACHMENT

CITY OF COCKBURN

PERIOD OF AUDIT: 1 JANUARY 2017 TO 30 NOVEMBER 2017

FINDINGS IDENTIFIED DURING THE AUDIT

1. Untimely Payment of Invoice

Finding

We noted that there were 5 invoices from a sample of 60 payments, representing 8% of our samples tested, which were not paid within 30 days from the end of the month of the date of invoice.

Rating: Minor**Implication**

When invoices are paid late, there is an increased risk that the local government may incur additional costs such as late payment fees. In addition, the cashflow of suppliers is impacted.

Recommendations

The local government should pay all invoices within 30 days from the end of the month of the date of invoice as per the City's Terms and Conditions.

Management Comment

4 of the 5 invoices referred to were for non PO related payments. These are ad-hoc in nature and not subject to the City's usual "Procure to Pay" process (like suppliers of goods and services are). There were genuine reasons for these being paid late with none attributable to process or system issues.

The one invoice relating to a PO payment was not really paid late as the invoice was only remitted to the City 6 months after invoice date (supplier had failed to send the original at time of raising).

Responsible Person:

Nelson Mauricio

Completion Date:

Completed



Our Ref: 7821

Mr Stephen Cain
Chief Executive Officer
City of Cockburn
PO Box 1215
BIBRA LAKE DC WA 6965



Office of the Auditor General
Serving the Public Interest

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

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 Sir

LOCAL GOVERNMENT FOCUS AUDIT – TIMELY PAYMENT OF SUPPLIERS

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

Your local government has been selected as part of our focus area audit looking at controls over timely payment of suppliers. The results of our audit, which will include about 10 local governments, will be summarised and tabled in Parliament.

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

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

We will make contact with your office's Chief Executive Officer shortly to arrange a meeting. In the meantime, if you have any questions about the audit, please contact myself on 6557 7526 or Carly Meagher, Director Financial Audit on 6557 7640.

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

Yours sincerely

DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL
FINANCIAL AUDIT
29 November 2017

Attach

CITY OF COCKBURN
DOC Set
01 DEC 2017
SUBJECT 069/005
RETENTION 34-3-06
PROPERTY
APP
ACTION 01/010

ATTACHMENT A

CONTROLS OVER TIMELY PAYMENT OF SUPPLIERS**Proposed Objective and Scope**

The objective of this audit is to assess whether local governments are making payments to suppliers on a timely basis in accordance with better practice.

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

1. Have local governments developed procedures and controls for ensuring that payments are being made on a timely basis?
2. Are suppliers being paid on a timely basis?

Proposed Approach

The audit approach will involve:

- Liaison with local government staff to gain an understanding of policies, procedures and practices for the payment of invoices.
- A review of policies, procedures and practices for the payment of invoices, including any relevant regulations.
- Informal progress briefings with nominated liaison(s) including discussion on emerging findings.
- Issuing a management letter containing our draft key findings, and obtaining management's comments on the findings and recommendations.
- Issuing a draft report and seeking local government comment prior to tabling the report in Parliament.

What to expect from a focus area audit



Our role is to serve the public interest by providing Parliament with independent and impartial information about state and local government accountability and performance. Our audits are an important part of open and accountable government.



About the OAG

The Office of the Auditor General (OAG) supports the Auditor General in auditing the finances and activities of Western Australian state and local government.

The Parliament (as the representative of the people of Western Australia) is our principal client.

The Auditor General reports directly to Parliament not a government minister. This independence and freedom from influence or interference is the cornerstone of public sector audit.

What is a focus area audit?

We conduct these audits at a sample of agencies or local governments as an extension of our annual financial audits, using more detailed testing than is required for forming our financial audit opinions.

Our aim is to assess how well agencies and local governments perform common business practices and related controls.

The findings of these audits provide an insight to good practice, so all agencies and local governments, including those not audited, can consider their own performance.

More information can be found in our Audit Practice Statement at www.audit.wa.gov.au/how-we-audit/.

What our audits don't do

The role and authority of the Auditor General is considerable. However, our audits do not:

- comment on or criticise policy decisions. However, the Auditor General can assess whether state and local government policy has been effectively implemented
- investigate fraud or other criminal matters. These matters are handled by the police or the Corruption and Crime Commission
- investigate administrative malpractice by state and local government that affect an individual. Such matters are the mandate of the Ombudsman.

How does the Auditor General decide what to audit?

Deciding what to audit is a key part of the Auditor General's independence and is not subject to direction from Parliament or government.

We use a topic selection framework to make sure our selection of topics is objective, robust and transparent.

We seek to select a program that is balanced in its coverage, contains topics that matter to Parliament and the community, and that reflects how and where government entities are spending public money.

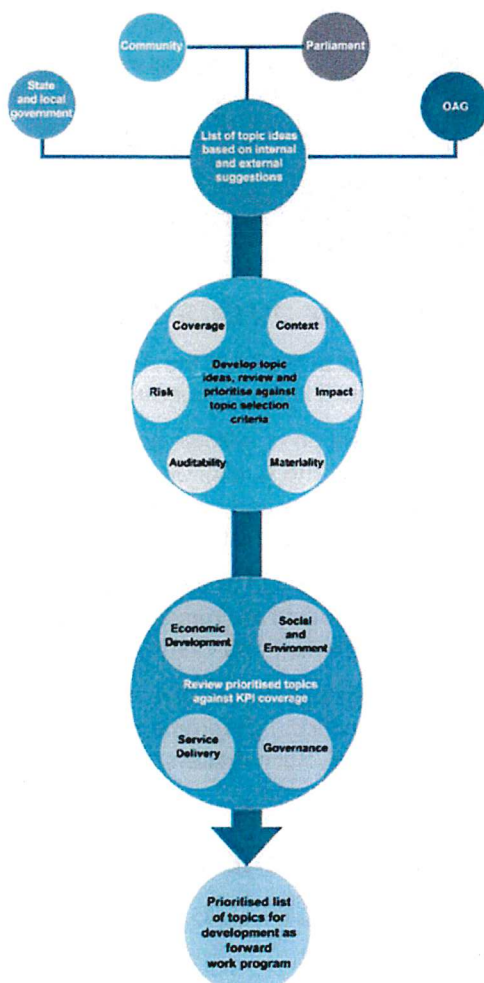
We make our forward work program available on our website at www.audit.wa.gov.au/work-in-progress/audit-program/.



Office of the Auditor General WA



Our topic selection framework



Our approach to auditing

The OAG uses a 'no surprises' approach in carrying out its focus area audits.

These 5 key principles guide our work:

- All audits are conducted in accordance with Australian Auditing and Assurance Standards.
- The highest standards of ethical and personal behaviour are demonstrated.
- All audits are approached in a fair and constructive way.
- Audits are conducted, and reported in an impartial manner.
- Matters of significance arising from audits are reported to Parliament.

More information about our values, how we set our strategy and manage our business to deliver consistently high quality audits can be found in our Transparency Report at www.audit.wa.gov.au/reports-and-publications/other-publications/.

Our approach to reporting

We expect state and local government heads to update their Minister/Mayor (or counterpart) on focus area audits at their organisation. However, confidentiality provisions in section 46 of the *Auditor General Act 2006* mean that copies of a report cannot be shared prior to tabling. Our standard practice is to offer relevant parts of the report to the Mayor before tabling in Parliament.



14. ENGINEERING & WORKS DIVISION ISSUES

Nil

15. COMMUNITY SERVICES DIVISION ISSUES

Nil

16. EXECUTIVE DIVISION ISSUES

Nil

17. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY MEMBERS OR OFFICERS

Nil

18. MATTERS TO BE NOTED FOR INVESTIGATION, WITHOUT DEBATE

19. CONFIDENTIAL BUSINESS

Nil

20. CLOSURE OF MEETING

The meeting closed at 6.17 pm.

