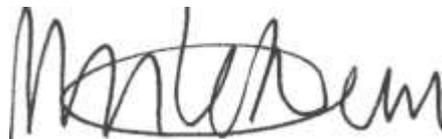


MINUTES

AUDIT AND RISK COMMITTEE

22 FEBRUARY 2016

APPROVED FOR RELEASE



MARTIN MILEHAM
CHIEF EXECUTIVE OFFICER



CITY of PERTH

MINUTES

AUDIT AND RISK COMMITTEE

22 FEBRUARY 2016

**THESE MINUTES ARE HEREBY CERTIFIED AS
CONFIRMED**

PRESIDING MEMBER'S

SIGNATURE

[Handwritten signature]

DATE:

9 May 2016

AUDIT AND RISK COMMITTEE

INDEX

Item	Description	Page
AR1/16	DECLARATION OF OPENING	1
AR2/16	APOLOGIES AND MEMBERS ON LEAVE OF ABSENCE	1
AR3/16	QUESTION TIME FOR THE PUBLIC	1
AR4/16	CONFIRMATION OF MINUTES	1
AR5/16	CORRESPONDENCE	2
AR6/16	DISCLOSURE OF MEMBERS' INTERESTS	2
AR7/16	MATTERS FOR WHICH THE MEETING MAY BE CLOSED	2
AR8/16	2015 COMPLIANCE AUDIT RETURN	2
AR9/16	INTERNAL AUDIT 2015/16 – PROBITY IN TENDERING REVIEW	12
AR10/16	OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – FEBRUARY 2016	13
AR11/16	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	14
AR12/16	GENERAL BUSINESS	14
AR13/16	ITEMS FOR CONSIDERATION AT A FUTURE MEETING	14
AR14/16	CLOSE OF MEETING	15

Minutes of the meeting of the City of Perth **Audit and Risk Committee** held in Committee Room 1, Ninth Floor, Council House, 27 St Georges Terrace, Perth on **Monday, 22 February 2016.**

MEMBERS IN ATTENDANCE

The Lord Mayor - Presiding Member
Cr Davidson
Cr Green
Mr Linden - Independent Member

OFFICERS

Mr Mileham - Chief Executive Officer
Mr Mianich - Director Corporate Services
Mr Ridgwell - Manager Governance
Mr Richards - Manager Finance
Mr Cheldi - Internal Auditor
Ms Mendoza - Assistant Internal Auditor
Mr White - Chief Accountant
Mr Ngara - Risk Management Coordinator
Ms Denton - Governance Coordinator
Ms Best - Governance Officer

GUESTS AND DEPUTATIONS

Nil

AR1/16 DECLARATION OF OPENING

4.32pm The Presiding Member declared the meeting open.

AR2/16 APOLOGIES AND MEMBERS ON LEAVE OF ABSENCE

Nil

AR3/16 QUESTION TIME FOR THE PUBLIC

Nil

AR4/16 CONFIRMATION OF MINUTES

Moved by Cr Davidson, seconded by Cr Green

That the minutes of the meeting of the Audit and Risk Committee held on 16 November 2015 be confirmed as a true and correct record.

The motion was put and carried

The votes were recorded as follows:

For: The Lord Mayor, Cr Davidson, Cr Green and Mr Linden

Against: Nil

AR5/16 CORRESPONDENCE

Nil

AR6/16 DISCLOSURE OF MEMBERS' INTERESTS

Nil

AR7/16 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

The Presiding Member advised that in accordance with Section 5.23(2) of the *Local Government Act 1995*, the meeting will be required to be closed to the public prior to discussion of the following:

Confidential Item No. and Schedule No.	Item No. and Title	Reason
Confidential Schedule 2	Item No. AR9/16 - Internal Audit 2015/16 – Probity in Tendering review	s. 5.23(2)(f)(i)
Confidential Item 3 and Schedule 3	Item No. AR10/16 - Outstanding Internal Audit Recommendations- February 2016	s. 5.23(2)(a)

AR8/16 2015 COMPLIANCE AUDIT RETURN

BACKGROUND:

FILE REFERENCE: P1013788-5
 REPORTING UNIT: Internal Audit
 RESPONSIBLE DIRECTORATE: Corporate Services
 DATE: 9 February 2016
 MAP / SCHEDULE: Schedule 1 – Completed 2015 Compliance Audit Return

Western Australian local governments are required to complete a Compliance Audit Return (CAR) annually to the Department of Local Government and Communities (DLGC) in accordance with the requirements of the *Local Government (Audit) Regulations 1996*.

The return is a checklist of a local government's compliance with the requirements of the *Local Government Act 1995* (Act) and its Regulations as approved by the Minister. It focuses on areas considered high risk as determined by the Department

of Local Government. The 2015 CAR has an increased the number of questions due to new tendering requirements arising from legislative amendments coming into effect from 1 October 2015. Compliance with legislative requirements as listed under the following sections of the CAR is determined.

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

This Compliance Audit covers the period 1 January to 31 December 2015. The completed 2015 CAR is required to be:

- Presented for review by the Audit and Risk Committee before being presented for consideration and endorsement by Council;
- Subsequently certified by the Lord Mayor and the Chief Executive Officer; and
- Returned to the DLGC with a copy of the relevant Council minutes by 31 March 2016.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	Section 7.13(1)(i) of the <i>Local Government Act 1995</i> Regulations 13, 14, 15 and 16 of the <i>Local Government (Audit) Regulations 1996</i>
Integrated Planning and Reporting Framework Implications	Corporate Business Plan Council Four Year Priorities: Capable and Responsive Organisation S18 Strengthen the capacity of the organisation. A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.

Policy

Policy No and Name: 19.1- Enterprise Risk Management

DETAILS:

The Compliance Audit has been undertaken as an internal audit, sourcing evidence of compliance through the City's record keeping systems and where required, through additional information held by respective Units. Each legislative requirement listed on the CAR has been examined either wholly or by sample, dependent on the volume of activity and known risk factors.

This approach has been employed over the past six Compliance Audits and has been successful in achieving a more rigorous assessment of the City's compliance whilst facilitating identification of opportunities for improvement. It is important to note that where a sample has been examined the audit results are based only on that sample.

Whilst the annual Compliance Audit is compulsory, the City benefits through the carrying out of this audit as follows:

- gaining assurance that operations are compliant;
- staff increasing their knowledge and understanding of legislative frameworks and compliance obligations; and
- providing assurance that the City is working to deliver good governance.

This is the second instance whereby the annual Compliance Audit has been completed by Internal Audit. Previously this audit has been undertaken by the Governance Unit. It was considered that due to the Governance Unit managing a number of activities being assessed on the CAR it would be more appropriate if the Compliance Audit was carried out by Internal Audit in order to provide additional independence and objectivity.

The completed 2015 CAR is provided as Schedule 1.

A summary of areas reviewed as part of the 2015 CAR is provided below:

Commercial Enterprises by Local Governments

There were no non-compliances identified during the audit period for this section of the CAR (five questions).

Delegation of Power / Duty

There were no non-compliances identified during the audit period for this section of the CAR (thirteen questions).

Disclosures of Interest

There was one instance of non-compliance identified during the audit period for this section of the CAR (sixteen questions).

The City was found to be non-compliant in regards to the following question:

Question 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.*

An elected member who disclosed a proximity interest on a matter discussed at a Committee meeting, was allowed by the Committee to participate and preside over the meeting. However, the disclosing elected member did not disclose the extent of

the interest and there is no mention of extent of participation allowed by the Committee.

Corrective Action

This matter has been brought to the attention of and noted by relevant Governance Unit Staff. Internal Audit has been advised by Governance that disclosures of extent of interest are not being made by disclosing Committee members in all instances.

Manager Governance Unit is to provide guidance to Council and Committee members during meetings to ensure that disclosure requirements are being met.

Observations

Question 6: *Was an annual return lodged by all continuing elected members by 31 August 2015.*

One Elected Member is not correctly completing the prescribed Form (Form 3) for completion of the annual return. In this instance the Elected Member is making reference to an “annexure” for the required information. As a result not all information as per Form 3 is being provided or in a clear fashion.

Corrective Action

Manager Governance is to discuss Form 3 completion with the relevant Elected Member.

Question 13: *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.*

The City was found to be compliant with the legislative requirements contained within the above question; however, one observation was noted as follows:

There were six instances where no further information was provided by Elected Members i.e. the nature of the interest details regarding impartiality interest, therefore, unable to assess whether the impartiality of the person having the interest would be adversely affected or not.

Corrective Action

This matter is currently under review between the Manager Governance and Chief Executive Officer.

Question 16: *Has the CEO kept a register of all notifiable gifts received by Council members and employees.*

The City was found to be compliant with the legislative requirements contained within the above question; however, a review of the Gift Register and the gift information disclosed in writing by Elected Members and employees (Gift Declaration Forms) identified the following:

- One instance of no date for gift received being disclosed by an Elected Member and therefore not recorded within the Gift Register;
- Two cases of no gift amount disclosed (one case involving an Elected Member and another case involving an employee) and therefore not recorded within the Gift Register; and
- Six cases of nature of relationship between the gift giver and the Elected Member not being disclosed by an elected member and therefore not recorded in the Gift Register.

Corrective Action

Relevant Governance Unit staff are considering a process to further educate Elected Members and staff on the disclosure of gifts requirements.

Disposal of Property

There were no non-compliances identified during the audit period for this section of the CAR (two questions).

Elections

There were no non-compliances identified during the audit period for this section of the CAR (one question).

Observation

Question 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.*

The City was found to be compliant with the legislative requirements contained within the above one question in this section; however, an observation was noted as follows:

According to the Regulation 30G of the Local Government (Elections) Regulations 1997 disclosure of gifts' forms need to be completed by both candidates and donors, received by the CEO and placed on the electoral gift register. In one instance a disclosure of gift form was not provided from the relevant donor and therefore there are no details of the donor for this gift within the Electoral Gift Register.

This matter was identified by the Governance Unit at the time. However no disclosure form was received by the relevant donor.

Finance

There were no non-compliances identified during the audit period for this section of the CAR (fourteen questions).

Observation

Question 10, 11, 12, 13 and 14: *Did the agreement between the local government and its auditor include the objectives, scope, plan, remuneration and expenses of the audit and the method to be used by the local government to communicate with, and supply information to, the auditor.*

The City was found to be compliant with the legislative requirements contained within the above questions in this section; however, an observation was noted as follows:

In accordance with Regulation 7 of the *Local Government (Audit) Regulations 1996* as well as the Agreement/Contract No. 136 09/10 the City's Auditors is to provide the City with an Audit Planning Memorandum detailing the objectives, scope, plan, remuneration/expenses for the auditor and methodology of its annual external financial audit prior to the commencement of each annual audit. The 2015 External Audit Planning Memorandum was provided by the City's auditors, however, a copy was not supplied to the Audit & Risk Committee.

This matter has been brought to the attention of the Manager Finance.

Local Government Employees

There were no non-compliances identified during the audit period for this section of the CAR (five questions).

Official Conduct

There were no non-compliances identified during the audit period for this section of the CAR (six questions).

Tenders for Providing Goods and Services

There were two instances of non-compliance identified during the audit period for this section of the CAR (twenty five questions).

The City was found to be non-compliant in regards to the following questions:

Question 1: *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)).*

Audit identified seven occasions where the procurement values exceeded or were about to exceed the tender threshold (\$100,000 up to December 2015 and \$150,000 thereafter following Council adoption of the revised Purchasing Policy 9.7 to accommodate new threshold as per legislative amendment effective on 1 October 2015) during 2015 as highlighted within memorandums accompanying the monthly Contract Expenditure Reports (memorandum). Relevant suppliers are as follows:

<u>A/C No.</u>	<u>Company</u>	<u>Description of Goods/Services</u>
00982	Chubb Fire Services	Contract 002-10/11 expired on 31/10/14 for testing and maintenance of fire protection systems and equipment at various sites. The January 2015 memorandum states "a new tender process is urgently required" for this service. As at January 2015 expenditure is expected to exceed the tender threshold.
051141	Mark One Visual	Written quotes for various Christmas decorations – supply of decorations and 11 metre tree hire, Forrest Place \$90,358.40 and hire of 4 metre tree for Council House foyer \$3,135 (2014/15 expenditure as at 31/01/2015 \$93,493.40). The January 2015 memorandum states "total expenditure indicates that a tender process should be conducted". No contract has been in place for this service. Expenditure for 2013/14 financial year was \$23,914.50 for this service. As at January 2015 expenditure has exceeded the tender threshold.
03991	GWC Total Management	Cleaning and lock up services – various sites, contract expired 28/02/15. The April 2015 memorandum states "a new tender process is urgently required". Based on past financial years expenditure the tender threshold is expected to be exceeded.
04944	AMCOM Pty Ltd	Provision of information technology co-location space and associated services. The May 2015 memorandum states "Contract expired April 2015". Based on past financial years expenditure the tender threshold is expected to be exceeded.
02943	Apple Pty Ltd	Purchase of iPhones, iPads. The May 2015 memorandum states "Formal arrangement must be considered with Apple". As at 31 May 2015 expenditure since 2012/13 financial year is \$170,179.28 thereby exceeding the tender threshold.
05132	Dimension Data Australia Pty Ltd	Written quotes for the renewal of Checkpoint Enterprise Premium & Checkpoint Enterprise Based Protection IT security product. The November 2015 memorandum states "no sole supplier or other

arrangement exists for the current payment". As at 30 November 2015 expenditure since 2012/13 financial year is \$139,007.34 for this service thereby exceeding the tender threshold.

04833	STATS Specialist Testing and Technical Services Pty Ltd	Written quotes for pavement investigations and related services. The November 2015 memorandum states "total expenditure indicates that a formal process should be undertaken". As at 30 November 2015 expenditure since 2013/14 financial year is \$111,457.21 for the same services thereby exceeding the tender threshold.
-------	---	--

Corrective Action

The City has implemented a monthly management expenditure report to assist in monitoring supplier spend which is either approaching or has surpassed the tender threshold. The report is presented to the Executive Leadership Group and Managers on a monthly basis for review and action to reduce compliance breaches.

Seven instances of non-compliance in 2015 is an increase from five identified in the 2014 CAR. The 2015 result suggests that a higher level of scrutiny and proactivity is required in ensuring that tender requirements are being met.

Question 14: *Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.*

It was identified that in regards to Expression of Interest (EOI) No. 010-15/16 that two unsuccessful applicants were not notified of the outcome of the above EOI.

Corrective Action

This matter has been brought to the attention of and noted by the above EOI Project Officer.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

COMMENTS:

The table on the following page provides a comparative summary of the City's levels of compliance as evidenced through the 2014 and 2015 CARs:

Areas of Compliance set out in the annual CAR	Non-compliances Reported		Comparison / Comments
	2014	2015	
Commercial Enterprises by Local Governments	Nil	Nil	Nil
Delegation of Power / Duty	Nil	Nil	Nil
Disclosure of Interest	1	1	One non-compliance in 2014 refers to lodgement of a primary return after due date. The non-compliance matter in 2015 relates to no mention of extent of a disclosing member's participation allowed by a Committee (refer to question 2 in this section above).
Disposal of Property	Nil	Nil	Nil
Elections	Nil	Nil	Nil
Finance	Nil	Nil	Nil
Local Government Employees	1	Nil	Improved compliance in 2015 due to fulfilling advertising requirements for the employment of four designated senior employees. In 2014 this requirement was not met in relation to advertising for one designated senior employee.
Official Conduct	Nil	Nil	Nil
Tenders for Providing Goods and Services	1	2	A same non-compliance as 2014 regarding not meeting tender requirements. For 2015 this was found to have occurred on 7 occasions compared to 5 instances in 2014 (refer to question 1 in this section above). One new non-compliance in 2015 relates to notification of outcome of an EOI to unsuccessful applicants (refer to question 14 in this section above).
Totals	3	3	

CONCLUSION

Results of the 2015 Compliance Audit show that the City has achieved an overall same level of compliance than 2014.

Moved by Cr Davidson, seconded by Cr Green

That Council:

- 1. notes the audit outcomes and corrective actions detailed in the report titled 2015 Compliance Audit Return for implementation by the Chief Executive Officer;***
- 2. approves the completed 2015 Compliance Audit Return as detailed in Schedule 1 for certification by the Lord Mayor and the Chief Executive Officer in accordance with Regulation 15(2) of the Local Government (Audit) Regulations 1996.***

The motion was put and carried

The votes were recorded as follows:

For: The Lord Mayor, Cr Davidson, Cr Green and Mr Linden

Against: Nil

Meeting Note: Mr Linden queried whether the City has a process by which upcoming contract expiry dates are flagged and contract expenditure amounts are monitored to ensure contracts expiring have sufficient time for tender to go out to the market (if required) and ensure tender thresholds are not breached.

The Director Corporate Services advised whilst the City does not have an automated system in place, Officers in charge of contracts have the information to track expenditure and ensure expiry dates are dealt with appropriately.

The Chief Executive Officer advised that the City would look into a more automated process for managing contracts to ensure compliance requirements are being addressed.

**AR9/16 INTERNAL AUDIT 2015/16 – PROBITY IN TENDERING
REVIEW**

BACKGROUND:

FILE REFERENCE: P102969-8
REPORTING UNIT: Internal Unit
RESPONSIBLE DIRECTORATE: Corporate Services
DATE: 2 February 2016
MAP / SCHEDULE: Confidential Schedule 2 – Probity in Tendering Review
December 2015

Confidential Schedule 2 is bound in Consolidated Committee Confidential Minute Book Volume 1 2016.

The City of Perth Internal Audit Plan 2015/16 was approved by Council at its meeting held on **9 June 2015**.

As part of the City's 2015/16 Internal Audit Plan, a Probity in Tendering Review was carried out in November and December 2015. Confidential Schedule 2 details the findings of this review.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation *Local Government (Audit) Amendment Regulations 2013*

Integrated Planning and Reporting Framework Implications **Corporate Business Plan**
Council Four Year Priorities:
Capable and Responsive Organisation
S18 Strengthen the capacity of the organisation.
A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.

Policy

Policy No and Name: 19.1 – Enterprise Risk Management

DETAILS:

The findings of the review are detailed in the attached Confidential Schedule 2.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

Meeting note: The Audit and Risk Committee queried the small percentage of tenancies that the City does not have records on current insurance policies in relation to the City's liability and the certificate values on insurance.

The Internal Auditor advised that this would be investigated and risks identified.

**AR11/16 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN
GIVEN**

Nil

AR12/16 GENERAL BUSINESS

Responses to General Business from a Previous Meeting

Nil

New General Business

1. Risk management Update

Cr Green requested that a risk management update be provided to the Audit and Risk Committee.

The Manager Governance advised that an update on the current risk matrix including a status on the mitigations in place for high and above risks will be provided to the Audit and Risk Committee within the next two weeks. The Manager Governance also introduced the new Risk Management Coordinator who will be undertaking a review of the City's risks and their mitigation plans in the near future.

2. My Council Website

The Manager Governance provided an update to the Audit and Risk Committee on the new initiative to be implemented by the Department of Local Government and Communities (DLGC) called the My Council Website. This website will include information about the Compliance Audit Returns, Annual and Primary Returns, as well as, the Financial Sustainability Score and Rate increases of each Council. The DLGC have proposed to implement this initiative in June/July 2016.

AR13/16 ITEMS FOR CONSIDERATION AT A FUTURE MEETING

Outstanding Items:

Nil

AR14/16 CLOSE OF MEETING

5.13pm There being no further business the Presiding Member declared the meeting closed.

**SCHEDULES
FOR THE MINUTES OF THE
AUDIT AND RISK
COMMITTEE MEETING
HELD ON
22 FEBRUARY 2016**

SCHEDULE 1

Department of Local Government and Communities - Compliance Audit Return



Government of **Western Australia**
Department of **Local Government and Communities**

Perth - Compliance Audit Return 2015

Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government and Communities 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 2015.	N/A	No major trading undertakings in 2015	Martin Mileham
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 2015.	N/A	No major land transaction that was not exempt in 2015	Martin Mileham
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 2015.	N/A	No preparatory land transaction to entry into a major land transaction in 2015.	Martin Mileham
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 2015.	N/A	No major trading undertaking or major land transaction in 2015	Martin Mileham
5	s3.59(5)	Did the Council, during 2015, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes	Ordinary Council Meeting (OCM) 09/06/2015, Item 227/15 (TRIM 99056/15). ISPT Pty Ltd, regarding Forrest Chase walkaways improvements and ongoing management arrangements TRIM 316317/14.	Martin Mileham

Delegation of Power / Duty					
No	Reference	Question	Response	Comments	Respondent



No	Reference	Question	Response	Comments	Respondent
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes	Referenced in annual review: OCM 09/06/2015 Item 228/15 Schedule 25 (TRIM 99056/15).	Martin Mileham
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes	Referenced in 2015/16 Delegated Authority Register (TRIM 96408/15), Committee Terms of Reference TRIM 215602/15, 212738/15 and included in each agenda.	Martin Mileham
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes	Referenced in 2015/16 Delegated Authority Register (TRIM 96408/15).	Martin Mileham
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes	2015/16 Delegated Authority Register (TRIM 96408/15).	Martin Mileham
5	s5.18	Has Council reviewed delegations to its committees in the 2014/2015 financial year.	Yes	Referenced in annual review: OCM 09/06/2015, Item 228/15, Schedule 25 (TRIM 99056/15).	Martin Mileham
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	OCM 09/06/2015 Item 228/15 Schedule 25 (TRIM 99056/15).	Martin Mileham
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes	OCM 09/06/2015 Item 228/15 Schedule 25 (TRIM 99056/15).	Martin Mileham
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes	As per 2015/16 Delegated Authority Register (TRIM 96408/15).	Martin Mileham
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes	As per File No. P1023849.	Martin Mileham
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes	As per annual review OCM 09/06/2015, Item 228/15, Schedule 25 (TRIM 99056/15).	Martin Mileham
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes	Referenced in 2015/16 Delegated Authority Register (TRIM 96408/15).	Martin Mileham
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 2014/2015 financial year.	Yes	Referenced in annual review OCM 09/06/2015, Item 228/15, Schedule 25 (TRIM 99056/15 and also 114329/15).	Martin Mileham
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes	Based on audit sample. However, unable to confirm that a written record was kept on all occasions.	Martin Mileham



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	Referenced in Financial and Non-financial Interest Disclosures Register (TRIM 4585/11).	Martin Mileham
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.	No	Disclosing member did not disclose the extent of the interest and there is no mention of extent of participation allowed by the Committee.	Martin Mileham
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	Referenced in the Financial and Non-financial Interest Disclosures Register (TRIM 4585/11) and various Council and Committee meetings.	Martin Mileham
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	A newly elected member appointed in 2015.	Martin Mileham
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes	As per Primary and Annual Return Register (TRIM 8700/13 and file No. P1026318).	Martin Mileham
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2015.	Yes	As per Primary and Annual Return Register (TRIM 8700/13 and file No. P1026318).	Martin Mileham
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2015.	Yes	As per Primary and Annual Return Register (TRIM 8700/13 and file No. P1026318).	Martin Mileham
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	As per Primary and Annual Return Register 8700/13 (File No. P1026318, P1023968-4, P1023968-5 and P1023968-6).	Martin Mileham
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes	As per Primary and Annual Return Register (TRIM 8700/13, file No. P1023968).	Martin Mileham
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes	As per 2015 Financial Interest Disclosures Register TRIM 4585/11 (P1023968 and P1026318).	Martin Mileham
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	As per Primary and Annual Return Register TRIM 8700/13 (P1023968).	Martin Mileham



No	Reference	Question	Response	Comments	Respondent
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes	As per Primary and Annual Return Register TRIM 8700/13 (P1023968).	Martin Mileham
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	As per various Council and Committee meeting minutes.	Martin Mileham
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	As per 2015 Financial Interest Disclosures Register TRIM 4585/11 (File No. P1023968)	Martin Mileham
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	As per 2015 Financial Interest Disclosures Register TRIM 4585/11 (File No. P1023968)	Martin Mileham
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes	Gift Register (TRIM 292011/14). Only once the gift has been notified.	Martin Mileham

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	The City of Perth has consistently placed public notices in The West Australian newspaper, as well as the Council House and City of Perth Library public notice boards.	Martin Mileham
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	Some examples are TRIM 181854/15, 99989/15, 83410/15	Martin Mileham



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	As per Electoral Gift Register 292011/14.	Martin Mileham

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	It was established at Special Council meeting on 11/05/2010. The Council appointed new members to the Audit & Risk Committee at Special Council meeting on 22/10/2015 and the appointment of the Presiding Member was endorsed by Council on 24/11/15 Item 546/15 (TRIM 215602/15).	Martin Mileham
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	N/A	No change to the Audit and Risk Committee delegation 1.1.3 in 2015. OCM 09/06/15 Item No. 228/15, Schedule 25. (TRIM 99056/15)	Martin Mileham
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	Grant Thornton Audit Pty Ltd ACN 130 913 594, ABN 41 127 556 389.	Martin Mileham
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	Referenced in OCM 03/08/10 Item N` 403/10 (TRIM 72297/10)	Martin Mileham
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2015 received by the local government within 30 days of completion of the audit.	Yes	The Audit Report was completed on 30/10/15. The City of Perth received the Auditor's report through its Audit & Risk Committee on 16/11/15, Item AR46/15 schedule 5 and 6 (TRIM 207541/15) and by the Council on 24/11/15, Item 550/15 schedule 34 and 35 (TRIM 215602/15).	Martin Mileham



No	Reference	Question	Response	Comments	Respondent
6	s7.9(1)	Was the Auditor's report for 2014/2015 received by the local government by 31 December 2015.	Yes	Audit & Risk Committee on 16/11/15 (TRIM 207541/15). OCM 24/11/15, Item 550/15 schedule 34 and 35 (TRIM 215602/15).	Martin Mileham
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 issues were raised in the auditor's report for the 2014/15 financial year. OCM 24/11/15, Item 550/15 (TRIM 215602/15).	Martin Mileham
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 issues were raised in the auditor's report for the 2014/15 financial year.	Martin Mileham
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 issues were raised in the auditor's report for the 2014/15 financial year.	Martin Mileham
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	As per Contract - Tender No. 136 09/10, Tender Specification 5.6, objectives of the audit has to be provided prior to the commencement of the audit for each subsequent audit by the auditors. Audit objective was sighted in the Audit Planning Memorandum dated 20/05/2015 (TRIM 220084/15) as well as within the Auditor's Engagement Letter dated 29/06/2015 (TRIM 220094/15). However, the Audit & Risk Committee did not receive either the Audit Planning Memorandum or Engagement Letter during 2015.	Martin Mileham
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	Scope of the audit was included in the above mentioned Audit Planning Memorandum and Engagement Letter.	Martin Mileham
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Plan for the audit was included in the above mentioned Audit Planning Memorandum and Engagement Letter.	Martin Mileham



No	Reference	Question	Response	Comments	Respondent
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	As per the above mentioned Contract Tender No. 136 09/10 and Audit Planning Memorandum.	Martin Mileham
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	As per the above mentioned Engagement Letter dated 29/06/2015.	Martin Mileham

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 recruitment did not occur during the Audit period – 1 January to 31 December 2015. The CEO was appointed on 06/09/2012 and took position in late October 2012.	Martin Mileham
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.	Yes	Three Director positions and the position of Manager Coordination and Design were advertised in The Australian newspaper.	Martin Mileham
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	CEO was not recruited in 2014.	Martin Mileham
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	CEO was not recruited in 2014.	Martin Mileham
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes	OCM 03/02/2015 item 36/15. OCM 11/08/2015 item 343/15, 344/15, 345/15. OCM 03/11/2015 item 489/15.	Martin Mileham



Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A	The CEO is the Complaints Officer. TRIM 7064/13.	Martin Mileham
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).	N/A	No complaints of minor breaches during 2015.	Martin Mileham
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.	N/A	No complaints of minor breaches during 2015.	Martin Mileham
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.	N/A	No complaints of minor breaches during 2015.	Martin Mileham
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.	N/A	No complaints of minor breaches during 2015.	Martin Mileham
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).	N/A	No complaints of minor breaches during 2015.	Martin Mileham

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)).	No	Audit identified seven occasions where the procurement values exceeded or about to exceed the tender threshold. Evidence sighted in the Contracts Expenditure Report.	Martin Mileham
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	As per monthly Contract Expenditure Reports.	Martin Mileham



No	Reference	Question	Response	Comments	Respondent
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes	As per Tenders Register Book, the City has advertised tenders in the West Australian newspaper. Likewise, the tenders have been displayed on the Council House and Perth City Library public notice boards.	Martin Mileham
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes	As per Tenders Register Book and tender file samples.	Martin Mileham
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	Based on audit sample testing.	Martin Mileham
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	Confirmed by sample testing including review of tender register.	Martin Mileham
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	As per recording in tender register.	Martin Mileham
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	Evidence sighted in sample tenders files No.: 102-14/15, 73-14/15, 9-15/16.	Martin Mileham
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	As per review of Tender Register Book.	Martin Mileham
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	Evidence sighted in sample tenders files No.: 102-14/15, 73-14/15, 9-15/16.	Martin Mileham
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	Only one EOI sighted in 2015 EOI 010-15/16 as per Tenders Register Book. No advertisement in this instance due to inviting contractors listed on the Department of Finance Common Use Arrangement - CUA14008 Information and Communication Technology (ICT) services.	Martin Mileham
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	N/A	Five submissions received by closing date and time for the expression of interest EOI 010-15/16. As per Tenders Register Book.	Martin Mileham



No	Reference	Question	Response	Comments	Respondent
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	Evidence sighted in Memorandum TRIM file No. P1031806	Martin Mileham
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.	No	EOI 010-15/16. Letter to unsuccessful applicants not provided in two occasions.	Martin Mileham
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	N/A	The panel of pre-qualified suppliers is included in a draft updated purchasing policy which has not yet been approved by Council.	Martin Mileham
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	N/A	As above.	Martin Mileham
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	N/A	As above.	Martin Mileham
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.	N/A	As above.	Martin Mileham
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	N/A	As above.	Martin Mileham
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	N/A	As above.	Martin Mileham
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	N/A	As above.	Martin Mileham
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	N/A	As above.	Martin Mileham



No	Reference	Question	Response	Comments	Respondent
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 given in 2015.	Martin Mileham
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		Martin Mileham
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	Corporate Policy No. 9.7 (Purchasing Policy)	Martin Mileham

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

 Signed Mayor / President, Perth

 Signed CEO, Perth

Audit and Risk Committee
Confidential Schedule 2
(Minute AR9/16 refers)

Distributed to Elected Members under separate cover

Bound in Consolidated Committee
Confidential Minute Book
Volume 1 2016

Audit and Risk Committee
Confidential Schedule 3
(Minute AR10/16 refers)

Distributed to Elected Members under separate cover

Bound in Consolidated Committee
Confidential Minute Book
Volume 1 2016