

**AR029: ANNUAL COMPLIANCE AUDIT RETURN (CAR) 2016**

**Business Entity Name** : City of Albany  
**Attachments** : Annual Compliance Return (CAR) 2016  
**Report Prepared By** : Manager Governance & Risk (S Jamieson)  
**Responsible Officers:** : Executive Director Corporate Services (M Cole)

**Responsible Officer's Signature:**



**STRATEGIC IMPLICATIONS**

1. This item relates to the following elements of the City of Albany Strategic Community Plan 2023 and Corporate Business Plan 2014 - 2018:
  - a. **Key Theme:** 5. Civic Leadership.
  - b. **Strategic Objectives:** 5.1 To establish and maintain sound business and governance structures
  - c. **Strategy:** 5.1.1 Implement systems and controls that ensure the prudent use of rates.

**In Brief:**

- Receive and critique the Internal Audit Report – June 2016

**RECOMMENDATION**

**AR029: COMMITTEE RECOMMENDATION  
VOTING REQUIREMENT: SIMPLE MAJORITY**

**THAT a Certified Copy of the Compliance Audit Return (CAR) for the period 1 January 2016 to 31 December 2016 be ENDORSED by Council and any additional information explaining or quantifying the compliance audit is to be submitted to the Director General of the Department of Local Government and Communities before 31 March 2017.**

AR029: COMMITTEE RECOMMENDATION  
MOVED: COUNCILLOR HAMMOND  
SECONDED: COUNCILLOR STOCKS

THAT the Responsible Officer Recommendation be ADOPTED.

CARRIED 5-0

**AR029: RESPONSIBLE OFFICER RECOMMENDATION**

**THAT a Certified Copy of the Compliance Audit Return (CAR) for the period 1 January 2016 to 31 December 2016 be ENDORSED by Council and any additional information explaining or quantifying the compliance audit is to be submitted to the Director General of the Department of Local Government and Communities before 31 March 2017.**

## BACKGROUND

2. Local governments are required by legislation to complete a statutory compliance return (Compliance Audit Return or CAR) annually and have the return adopted by Council.
3. The return is a checklist of a local government's compliance with the requirements of the Act and its Regulations, concentrating on areas of compliance considered "high risk."
4. The Audit Committee is required to review the results of the annual CAR prior to presentation to Council for endorsement.
5. To complete the process the CAR is signed by the Mayor and the CEO and forwarded to the Department.

## DISCUSSION

6. Additional information explaining and quantifying the compliance review follows:

Report Serial	Comment/Action Taken
<b>Commercial Enterprises by Local Governments</b>	
<b>Commercial Enterprises by Local Governments</b> <b>Response:</b> N/A	<b>Respondents:</b> Manager Finance, Senior Land Officer. <b>Comment:</b> No major land transactions undertaken in 2016.
<b>Delegation of Power / Duty</b>	
<b>Delegation of Power / Duty. No. 1 to 4</b> <b>Response:</b> N/A	<b>Respondent:</b> Manager Governance & Risk. <b>Comment:</b> No committees delegated power.
<b>Delegation of Power / Duty. No. 5</b> <b>Reference:</b> s5.18 <b>Question:</b> Has Council reviewed delegations to its committees in the 2016/2017 financial year. <b>Response:</b> N/A	<b>Respondent:</b> Manager Governance & Risk. <b>Comment:</b> No committees delegated power.  Council Reference: OCM 26/05/2015 Resolution CSF169.
<b>Delegation of Power / Duty. No. 12</b> <b>Reference:</b> s5.46(2) <b>Question:</b> Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2015/2016 financial year. <b>Response:</b> Yes	<b>Respondent:</b> Manager Governance & Risk. <b>Comment:</b> In addition to Council adopting a fully reviewed set of new delegations, additional amendments and reviews were conducted, as follows: <ul style="list-style-type: none"> <li>• OCM 28/06/2016 Resolution CSF248</li> <li>• OCM 23/08/2016 Resolution CSF262</li> </ul>
<b>Disclosure of Interest</b>	
<b>Disclosure of Interest. No.2</b> <b>Reference:</b> s5.68(2) <b>Response:</b> N/A	<b>Respondent:</b> Manager Governance & Risk <b>Comment:</b> No decisions made under section 5.68(1).
<b>Disposal of Property</b>	
<b>Disposal of Property. No. 1</b> <b>Reference:</b> s3.58(3) <b>Question:</b> 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)). <b>Response:</b> Yes	<b>Respondents:</b> Executive Director Corporate Services, Manager Finance, Senior Land Officer <b>Comment:</b> It was reported in the last return:  <i>"RE: Property Reference: A176516 Lots 201, 202 &amp; 203 Chester Pass Road, Lange.</i>

<p><b>Disposal of Property. No. 2</b></p> <p><b>Reference: s3.58(4)</b></p> <p><b>Question:</b> 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.</p> <p><b>Response:</b> Yes</p>	<p><i>Contract of Sale will not be signed until 2016.</i></p> <p>Contract was not signed in 2016 as forecast.</p> <p>Note:</p> <p>(a) The only settlements in 2016 for land sales were for Cull Road properties (previous Major Land Transaction).</p> <p>(b) Current property sales pending:</p> <ul style="list-style-type: none"> <li>• 55 Balston Rd, Gledhow</li> <li>• 4 Parker Street, Lockyer</li> <li>• Lots 201-203 Chester Pass Road, Lange</li> </ul> <p>(c) Balston and Chester Pass Road properties were advertised for public comment disclosing all information required by the LG Act.</p> <p>(d) Parker Street property was subject to a public tender process in the first instance.</p> <p>(e) It is forecast the above listed property sales will finalise in the first half of 2017.</p> <p>(f) Property 5 Stanley Street, Mount Melville was sold for unpaid rates under s6.68 of the Act.</p>
<p><b>Elections</b></p>	
<p><b>Elections. No. 1</b></p> <p><b>Reference: Elect Reg 30G(1)</b></p> <p><b>Question:</b> 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.</p> <p><b>Response:</b> N/A</p>	<p><b>Respondent:</b> Team Leader Records &amp; Council Liaison.</p> <p><b>Comment:</b> No elections were conducted in 2016.</p>
<p><b>Finance</b></p>	
<p><b>Finance. No. 6</b></p> <p><b>Reference: s7.9(1)</b></p> <p><b>Question:</b> Was the Auditor's report for 2015/2016 received by the local government by 31 December 2016.</p> <p><b>Response:</b> Yes</p>	<p><b>Respondent:</b> Manager Governance &amp; Risk, Manager Finance</p> <p><b>Comment:</b></p> <p>The audit was received by the City of Albany on 21/11/2016.</p> <p>The report was presented to the Audit &amp; Risk Committee on 6/12/2016.</p> <p>Council received report at its ordinary meeting on: 13/12/2016.</p> <p>The Auditor has confirmed that the audit report was sent to the Minister on: 21/11/2016.</p>



<b>Local Government Employees</b>	
<p><b>Local Government Employees. No.1</b> <b>Reference: Admin Reg 18C</b></p> <p><b>Question:</b> 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.</p> <p><b>Response:</b> N/A</p>	<p><b>Respondent:</b> Manager Human Resources, Manager Governance &amp; Risk</p> <p><b>Comment:</b> CEO not recruited during this reported period. Council Reference: OCM 28/10/2014 Resolution CSF127.</p>
<p><b>Local Government Employees. No.2</b> <b>Reference: s5.36(4) s5.37(3), Admin Reg 18A</b></p> <p><b>Question:</b> 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.</p> <p><b>Response:</b> Yes</p>	<p><b>Respondent:</b> Manager Human Resources, Manager Governance &amp; Risk</p> <p><b>Comment:</b> CEO: Not applicable. Council has designated the following positions as “senior employees”:</p> <ul style="list-style-type: none"> <li>• Executive Director Development Services</li> <li>• Executive Director Commercial Services</li> <li>• Executive Director Works &amp; Services</li> <li>• Executive Director Corporate Services</li> </ul>
<p><b>Local Government Employees. No.5</b> <b>Reference: s5.37(2)</b></p> <p><b>Question:</b> Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.</p> <p><b>Response:</b> Yes</p>	<p><b>Respondent:</b> Manager Human Resources, Manager Governance &amp; Risk</p> <p><b>Comment:</b></p> <ul style="list-style-type: none"> <li>• Appointment of Executive Director Development Services: OCM 13/12/2016 Resolution CSF293</li> <li>• Appointment of Executive Director Commercial Services: OCM 26/04/2016 Resolution CSF238</li> </ul>
<b>Official Conduct</b>	
<p><b>Official Conduct. No. 1</b> <b>Reference: s5.120</b></p> <p><b>Question:</b> 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.</p> <p><b>Response:</b> Yes</p>	<p><b>Respondent:</b> Manager Governance &amp; Risk</p> <p><b>Comment:</b> The CEO was the designated Complaints Officer during the reporting period.  Council may wish to consider the appointment of an additional complaints officer.</p>
<b>Tenders for Providing Goods and Services</b>	
<p><b>Tenders for Providing Goods and Services. No. 23</b> <b>Reference: F&amp;G Reg 24E</b></p> <p><b>Question:</b> 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&amp;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).</p> <p><b>Response:</b> N/A</p>	<p><b>Respondent:</b> Senior Procurement Officer</p> <p><b>Comment:</b>  Council adoption reference: OCM 28/06/2016 Resolution CSF247.</p>

<p><b>Tenders for Providing Goods and Services. No. 25</b></p> <p><b>Reference: F&amp;G Reg 11A</b></p> <p><b>Question:</b> 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.</p> <p><b>Response:</b> Yes</p>	<p><b>Respondent:</b> Senior Procurement Officer</p> <p><b>Comment:</b></p> <p>Policy updated. Council adoption reference: OCM 28/06/2016 Resolution CSF246.</p>
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7. In addition to the CAR, it is now a legislative requirement for the CEO to conduct a review of certain systems and procedures. This review looks at the appropriateness and effectiveness of the City's systems and procedures in regard to risk management, internal control and legislative compliance.
8. This review was conducted and reviewed by the Audit & Risk Committee on 6 December 2016.

#### GOVERNMENT & PUBLIC CONSULTATION

9. Guidance has been communicated by the Department of Local Government & Communities (DLGC) via government circulars, guidelines and direct contact.

#### STATUTORY IMPLICATIONS

10. **Compliance audits by local governments:** Prescribed actions are detailed at Regulation 14 of the *Local Government (Audit) Regulations 1996*.
11. An adopted return is required to be submitted to the Department by 31 March 2015.
12. **CEO to review certain systems and procedures:** Prescribe actions detailed at Regulation 17 of the *Local Government (Audit) Regulations 1996*:
  - "(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to -
    - (a) risk management; and
    - (b) internal control; and
    - (c) legislative compliance.
  - (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
  - (3) The CEO is to report to the audit committee the results of that review."

#### POLICY IMPLICATIONS

13. Nil.

**RISK IDENTIFICATION & MITIGATION**

14. The risk identification and categorisation relies on the City’s Enterprise Risk and Opportunity Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Legal &amp; Compliance: The CAR not endorsed by Council.</i>	<i>Unlikely</i>	<i>Minor</i>	<i>Low</i>	<i>An extension of time would be requested from the Department.  CAR re-presented once concerns are adequately addressed.</i>
<b>Opportunity: Facilitates Audit &amp; Risk Committee critique.</b>				

**FINANCIAL IMPLICATIONS**

15. Nil.

**LEGAL IMPLICATIONS**

16. Nil.

**ENVIRONMENTAL CONSIDERATIONS**

17. Nil.

**ALTERNATE OPTIONS**

18. Nil.

**CONCLUSION**

19. Nil.

<b>Consulted References</b>	:	<ul style="list-style-type: none"> <li>• Local Government Act 1995</li> <li>• Local Government (Audit) Regulations 1996</li> <li>• Department Circulars:                             <ul style="list-style-type: none"> <li>• Circular No 03-2017 – Local Government 2016 Compliance Audit Return Now On Smart Hub</li> </ul> </li> </ul>
<b>File Number (Name of Ward)</b>	:	(All Wards)
<b>Previous References</b>	:	<ul style="list-style-type: none"> <li>• Audit &amp; Risk Committee 9/02/2016 Report AR019.</li> <li>• OCM 23/02/2016 Resolution AR019.</li> </ul>