

TOWN OF COTTESLOE



AUDIT COMMITTEE

MINUTES

**MAYOR'S PARLOUR, COTTESLOE CIVIC CENTRE
109 BROOME STREET, COTTESLOE
4.00 PM TUESDAY 13 JUNE 2017**

**MAT HUMFREY
Chief Executive Officer**

9 June 2017

TABLE OF CONTENTS

1	Declaration of Meeting Opening AND Announcement of Visitors	5
2	Record of Attendance / Apologies	5
3	Declaration of Interests	5
4	Confirmation of Minutes of Previous Meeting	5
5	Officer Reports.....	5
	5.1 APPOINTMENT OF AUDITOR – 2017/2018 AUDIT	6
	5.2 2016/2017 INTERIM AUDIT REPORT – MOORE STEPHENS PTY LTD ..	10
	5.3 CORRUPTION AND CRIME COMMISSION REPORT ON MATTERS OF SERIOUS MISCONDUCT AT THE SHIRE OF EXMOUTH – ISSUES ARISING FOR THE TOWN OF COTTESLOE	13
	5.4 ASSESSMENT OF THE TOWN'S RISK MANAGEMENT PRACTICES	17
	5.5 LATE ITEM – PURCHASING REVIEW – MOORE STEPHENS PTY LTD .	20
6	New Business of an Urgent Nature Introduced by Elected Members/Officers by Decision of Meeting	23
7	Meeting Closure	23

1 DECLARATION OF MEETING OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 4.00 PM

2 RECORD OF ATTENDANCE / APOLOGIES

Present

Cr Mark Rodda	Presiding Member
Cr Philip Angers	
Cr Sandra Boulter	

Officers Present

Mr Mat Humfrey	Chief Executive Officer
Mr Garry Bird	Manager Corporate and Community Services
Ms Samantha Hornby	Governance Coordinator

In Attendance

Mr Greg Godwin	Auditor, Moore Stephens Pty Ltd
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Apologies

Mr Wayne Richards	Finance Manager
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3 DECLARATION OF INTERESTS

Nil.

**4 CONFIRMATION OF MINUTES OF PREVIOUS MEETING
Proposed Cr Rodda, seconded Cr Angers**

All present Committee members confirmed that the Minutes of the meeting of the Audit Committee held on 14 February 2017 were a true and accurate record.

CARRIED 3/0

5 OFFICER REPORTS

The Presiding Member determined to consider Items 5.2 and 5.5 first, and then return to the standing order of the Agenda.

5.1 APPOINTMENT OF AUDITOR – 2017/2018 AUDIT

File Ref: SUB/534
Attachments: Audit Contract Proposals
Responsible Officer: Mat Humfrey
Chief Executive Officer
Author: Garry Bird
Manager Corporate & Community Services
Proposed Meeting Date: 13 June 2017
Author Disclosure of Interest: Nil

SUMMARY

The existing Audit Contract with Moore Stephens (formerly UHY Haines Norton Chartered Accountants) expires on 30 June 2017.

As such, Council is required to appoint a new Auditor effective 1 July 2017.

BACKGROUND

The existing contract was awarded by Council for a term of one year, based on anticipated changes to the *Local Government (Audit) Regulations 1996* where the State Government's Auditor General will appoint auditors to local governments. Council has recently received advice from the Department of Local Government and Communities that these legislative amendments are likely to be passed as a matter of priority during the next few months of parliament and that they will come into effect from the 1 July 2018.

For local authorities like the Town of Cottesloe looking to award a new audit contract, it has been recommended that no contract be awarded beyond 30 June 2018.

Based on this advice, it is recommended Council appoint an auditor for the 2017/2018 year with an option of a one year extension depending on whether the amendments have been approved by Parliament and if so the option would not be valid.

As Council has only recently sought quotations for the provisions of audit services, staff have contacted the three firms invited to quote to determine whether they were still able to supply the service for 2017/2018. Of these three firms invited, two have committed to being able to provide the service for the same price contained in Year Two of their original proposal, with the third indicating they are unable to provide the service.

The appointment of an Auditor for the 2017/2018 year was considered by Council at the February Meeting of Council, where the following Audit Committee Recommendation and subsequent Motions were considered:

OFFICER AND COMMITTEE RECOMMENDATION

Moved Cr Rodda, seconded Cr Burke

That the Town of Cottesloe Audit Committee recommend to Council that Mr Greg Godwin and Mr David Tomasi of Moore Stephens be appointed as the Auditor for the Town of Cottesloe for the period 01 July 2017 to 30 June 2018, with the option of a further one year term if the proposed amendments to the Audit Regulations are not enacted in time for the 2018/2019 audit.

AMENDMENT

Moved Cr Angers, seconded Cr Rodda

*That the words 'Greg Godwin' be removed and replaced with 'Wen-Shien Chai'.
Carried 7/0*

That the Town of Cottesloe Audit Committee recommend to Council that Wen-Shien Chai' and Mr David Tomasi of Moore Stephens be appointed as the Auditor for the Town of Cottesloe for the period 01 July 2017 to 30 June 2018, with the option of a further one year term if the proposed amendments to the Audit Regulations are not enacted in time for the 2018/2019 audit.

*Lost 4/3 Absolute Majority Required
For: Mayor Dawkins, Crs Angers, Burke and Rodda
Against: Crs Boulter, Thomas and Pyvis*

**AMENDED SUBSTANTIVE MOTION LOST
FORESHADOWED MOTION**

Moved Cr Boulter, seconded Cr Pyvis

- 1. That the Town of Cottesloe re-advertise the position of the Town of Cottesloe auditor in compliance with the Town of Cottesloe Purchasing Policy.*
- 2. That the tender specifically include reference to the requirement to audit the Town of Cottesloe purchases against the Town of Cottesloe Purchasing Policy.*

*Lost 2/5
For: Crs Boulter and Pyvis
Against: Mayor Dawkins, Cr Angers, Thomas, Burke and Rodda*

As a result of the above, effectively no Auditor was appointed for the 2017/2018 year and the matter now requires further consideration.

STRATEGIC IMPLICATIONS

Priority Area 6 Providing open and accountable local governance
Major Strategy 6.2 Continue to deliver high quality governance, administration, resource management and professional development.

A comprehensive audit process, undertaken in accordance with statutory requirements is in keeping with this major strategy.

POLICY IMPLICATIONS

There are no policy implications arising from the officer's recommendation.

STATUTORY ENVIRONMENT

Local Government Act 1995 Division 2

Division 2 — Appointment of auditors

7.3. *Appointment of auditors*

(1) *A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the Audit Committee, to be its auditor.*

** Absolute majority required.*

(2) *The local government may appoint one or more persons as its auditor.*

(3) *The local government's auditor is to be a person who is —*

(a) *a registered company auditor; or*

(b) *an approved auditor.*

FINANCIAL IMPLICATIONS

The costs of audits are met within operational budgets.

STAFFING IMPLICATIONS

There are no perceived staffing implications arising from the officer recommendation.

SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications arising from the officer recommendation.

CONSULTATION

Officers consulted the Western Australian Local Government Association's preferred supplier panel for companies that could be approached to provide a proposal for audit services. Three companies were approached; being Moore Stephens, Grant Thornton and Deloitte. Deloitte did not provide a proposal.

STAFF COMMENT

A copy of the original proposal received from the two firms is attached for the information of Committee Members.

The cost of providing the specified audit services for the 2017/18 year would be as follows:

NAME	YEAR 1(ex GST)
Grant Thornton	\$16,750
Moore Stephens	\$19,500

An assessment of the two submissions received indicates that both firms would have the ability to undertake the audit to the prescribed standard and have demonstrated experience in this specialised field.

The net cost difference between the two proposals is \$2,750. However, even with this cost saving in mind, Moore Stephens were considered to be the Town's preferred option as they are the current auditors and have proven themselves to be efficient, highly competent and thorough in their audit processes over a number of years.

It is a valid argument to suggest that auditors should be changed at regular intervals and if looking to award a contract for a term on longer than one year the proposal from Grant Thornton would be viewed more favourably. Staff are concerned that with the impending change to our auditors when the legislative amendments have been enacted, Council would face the prospect of three different auditors in three financial years which is not considered ideal.

VOTING

Simple Majority for Committee purposes. An Absolute Majority of Council will be required to appoint the Auditor.

OFFICER RECOMMENDATION

That the Town of Cottesloe Audit Committee recommend to Council that Mr Greg Godwin and Mr David Tomasi of Moore Stephens be appointed as the Auditor for the Town of Cottesloe for the period 01 July 2017 to 30 June 2018.

AMENDMENT

Moved Cr Rodda, Cr Angers seconded

That the words '*Greg Godwin*' be removed.

That the following sentence be added;

'In the event that Mr Tomasi is unavailable for whatever reason, Mr Chai is appointed to deputise for him'.

COMMITTEE RESOLUTION

Moved Cr Rodda, Cr Angers seconded

That the Town of Cottesloe Audit Committee recommend to Council that Mr David Tomasi of Moore Stephens be appointed as the Auditor for the Town of Cottesloe for the period 01 July 2017 to 30 June 2018. In the event that Mr Tomasi is unavailable for whatever reason, Mr Chai is appointed to deputise for him.

ALL IN FAVOUR

5.2 2016/2017 INTERIM AUDIT REPORT – MOORE STEPHENS PTY LTD

File Ref: SUB/534
Attachments: Interim Audit Report
Responsible Officer: Mat Humfrey
Chief Executive Officer
Author: Garry Bird
Manager Corporate & Community Services
Proposed Meeting Date: 13 June 2017
Author Disclosure of Interest: Nil

SUMMARY

The 2016/2017 Interim Audit was conducted by Moore Stephens Pty Ltd in March 2017. The report received from Moore Stephens Pty Ltd is discussed in this Report and attached for the information of Committee Members.

BACKGROUND

The Interim Audit is a process whereby the appointed Auditors and their assistance undertake a review of various financial management and reporting matters. This essentially assists the Auditors with forming a view of the accuracy etc. of the Annual Financial report, which is further scrutinised after its completion, normally in September each year.

The 2016/2017 Interim Audit has identified several issues which are summarised below:

1. Purchasing Procedures

One purchase Order was issued after the invoice has been received for the supplier (Cardno WA)

Staff Comment

This matter has been noted and addressed in a separate Report by Moore Stephens Pty Ltd where they undertook a separate review of purchasing procedures as instructed by Council.

2. Payments Procedures

An audit trail report showing all changes to the payroll and creditors Masterfile are not being printed and reviewed by an independent person.

There is no follow up like a phone conversation with the supplier if there is any change to the creditor's bank details.

Staff Comment

These two matters are noted and a new procedure has been developed to review masterfile changes. This is considered a sound improvement to systems following several recent examples where local authorities have effectively been scammed by processing fraudulent requests for changes to banking details from well known suppliers.

3. Investment Policy

The investment policy does not include all investment restrictions as per FM Reg 19C like investment in a foreign currency.

Staff Comment

This matter is noted and staff have been waiting for some other recently gazetted amendments to come into effect prior to undertake a comprehensive review of the Policy. It is expected this will be presented to the next meeting of the Audit Committee for consideration prior to being referred to Council.

STRATEGIC IMPLICATIONS

Priority Area 6 Providing open and accountable local governance
Major Strategy 6.2 Continue to deliver high quality governance, administration, resource management and professional development.

A comprehensive audit process, undertaken in accordance with statutory requirements is in keeping with this major strategy.

POLICY IMPLICATIONS

There are no policy implications arising from the officer's recommendation.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

There are various provisions in the Act and accompanying Regulations relevant to the annual audit process.

FINANCIAL IMPLICATIONS

The costs of audits are met within operational budgets.

STAFFING IMPLICATIONS

There are no perceived staffing implications arising from the officer's recommendation.

SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications arising from the officer's recommendation.

CONSULTATION

Moore Stephens Pty Ltd

STAFF COMMENT

The matters raised by Moore Stephens Pty Ltd are accepted by staff as fair and reasonable comment and are seen as an opportunity for ongoing improvement to the Town's financial systems.

VOTING

Simple Majority.

OFFICER RECOMMENDATION

Moved Cr Angers, Cr Rodda seconded

That the Town of Cottesloe Audit Committee note the matters raised in the 2016/2017 Interim Audit Report received from Moore Stephens Pty Ltd and endorse the actions taken by staff to rectify the matters raised.

AMENDMENT

Moved Cr Rodda, Cr Angers seconded

That the word '*Report*' be removed and the words '*and email*' be inserted into the second line after '*Audit*'; and

That the word '*endorse*' in the second line be replaced with '*note*'.

COMMITTEE RESOLUTION

Moved Cr Rodda, Cr Boulter seconded

That the Town of Cottesloe Audit Committee note the matters raised in the 2016/2017 Interim Audit and email received from Moore Stephens Pty Ltd and note the actions taken by staff to rectify the matters raised.

ALL IN FAVOUR

5.3 CORRUPTION AND CRIME COMMISSION REPORT ON MATTERS OF SERIOUS MISCONDUCT AT THE SHIRE OF EXMOUTH – ISSUES ARISING FOR THE TOWN OF COTTESLOE

File Ref: Sub/534
Attachments: Corruption and Crime Commission Report
Responsible Officer: Mat Humfrey
Chief Executive Officer
Author: Garry Bird
Manager Corporate and Community Services
Proposed Meeting Date: 13 June 2017
Author Disclosure of Interest: Nil

SUMMARY

The Corruption and Crime Commission released a Report in May 2017 in regards to various matters of serious misconduct at the Shire of Exmouth.

This report summarises the main issues identified in the Report and discusses implications for the Town of Cottesloe in terms of statutory compliance and risk management (theft).

BACKGROUND

In summary, the main issues identified in the Corruption and Corruption Report are as follows;

Chapter Three – Serious Misconduct by Mr Price in Using Shire of Exmouth Funds to Own Advantage

This Chapter relates to numerous instances of the Chief Executive Officer, Mr Price, misusing the corporate credit card for personal expenses and failing to properly record or apply for leave taken. These are quite damning findings on Mr Price and indicate an abuse of the privileged position he had as the Chief Executive Officer.

The Town of Cottesloe corporate credit card is not able to be used for these types of purposes without scrutiny by another officer of the Council and as such is not likely to occur without discovery.

The Town of Cottesloe Chief Executive Officer directly applies for leave from Council and recommends the appointment of an Acting Chief Executive Officer in his absence. This process eliminates the risks of no adequate controls raised in the Corruption and Crime Commission Report.

Chapter Four – The Ningaloo Centre and Aquarium

The Shire of Exmouth received significant grant funding to construct a new Visitors Centre for Exmouth, to be known as the Ningaloo Centre.

The Report identifies several matters of contract mismanagement and non compliance with statutory tender requirements. The Report states that both Mr Price and Mr Forte were not motivated by personal gain.

Without being privy to all of the facts, it would appear that the staff of the shire of Exmouth took on a large design and construct project that was beyond their individual and collective capacities and then chose to ignore advice received from the contractors engaged to deliver the project. This was most likely motivated by potential cost savings although these have not yet been realised and added considerable additional risk to the Council.

The subsequent deception of Council, to obtain endorsement of their actions is addressed later in this Report (Chapter Five).

Chapter Five – Creation of a False Document Agenda Item 11.3 27 July 2016.

This Chapter relates to a false and misleading Council Report prepared by Mr Price and Mr Forte to obtain endorsement of their actions in awarding contracts beyond their limits. The Report itself is considered misleading and fraudulent in the presentation of the facts of the matter and actions leading up to the writing of the Report. This is a serious breach of the faith placed in staff by the Council and the community and it is relevant that the Corruption and Crime Commission has recommended prosecution of both individuals.

The most significant lesson for the Town of Cottesloe in this Chapter in the significant risk posed to Council in the management of large capital works projects, especially when beyond the expertise of staff or there is no clearly defined scope or design. It is strongly recommended that if and when the Town of Cottesloe was to undertake significant projects, the appointment of an experienced Project Manager Firm should be considered to manage the contract under the supervision of the Chief Executive Officer.

Chapter Six – Serious Misconduct by Mr Price and Mr Forte Over Housing Subsidy

The housing arrangement entered into by Mr Price on behalf of the Shire and Mr Forte was a breach of Council Policy and is considered tax evasion. The Corruption and Crime commission formed an opinion of serious misconduct against both Officers.

Notwithstanding the fact the Town of Cottesloe does not supply staff housing, the close personal relationship between any two Officers, does create the opportunity for collusion. This is especially the case when one of the officers is a Senior Officer or the Chief Executive Officer.

Such behaviour indicates a blatant disregard for acceptable conduct and that fact it went unreported by either Staff or Elected Members for so long is quite damning on the workplace culture at the Shire of Exmouth. Senior Staff are of the view that the Town of Cottesloe has a strong workplace culture with high expectations of staff to remain vigilant for matters that may not meet expected standards. This can be

demonstrated by several incidents in recent times being promptly reported by staff to the appropriate authorities.

Chapter Seven – Serious Misconduct by Mr Price and Mr Forte in Attempting to Mislead the Commission

The Corruption and Crime Commission formed an opinion that the evidence given by Mr Price and Mr Forte was both misleading and fabricated and that consideration is given to the prosecution of both individuals.

Chapter Eight – Council Acquiescence and Inaction

The Corruption and Crime Commission found the Council failed in their duty to oversee the operations of Council and hold Mr Price accountable for his actions. It was not until so directed by the Minister for Local Government and Communities took action that Exmouth appeared to treat the matter with the seriousness it so deserved.

The Council was subsequently suspended by the Minister for six months and an administrator appointed.

Mr Price appeared to have a strong personal relationship with several of the Elected Members and this no doubt influenced the unwillingness to follow up the matters raised in the Report. For the Town of Cottesloe it highlights the need for a robust Chief Executive Officer Performance Review and why any matters of suspected misconduct should be swiftly reported to the appropriate authorities.

STRATEGIC IMPLICATIONS

Priority Area 6	Providing open and accountable local governance
Major Strategy 6.2	Continue to deliver high quality governance, administration, resource management and professional development.

A review of the findings by the Corruption and Crime Commission into the matters identified at the Shire of Exmouth and consideration of any issues arising that may be of relevance to the Town of Cottesloe is in keeping with this stated strategic objective.

POLICY IMPLICATIONS

Credit Card Policy
Purchasing Policy

STATUTORY ENVIRONMENT

Local Government Act 1995
Local Government (Financial Management) Regulations 1996
Local Government (Audit) Regulations 1996
Local Government (Rules of Conduct) Regulations 1996

FINANCIAL IMPLICATIONS

There are no perceived financial implications arising from the officer recommendation.

STAFFING IMPLICATIONS

There are no perceived staffing implications arising from the officer recommendation.

SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications arising from the officer recommendation

CONSULTATION

Nil

STAFF COMMENT

The Report concludes with several telling comments that have relevance to all local authorities. In summary these points include:

1. The matters identified highlight ongoing issues with a Council having the necessary powers and or expertise to properly hold a Chief Executive Officer to account.
2. It is unrealistic to expect those who owe their continued employment to a Chief executive Officer to always raise their concerns.
3. There continues to be confusion as to the extent to which a Councillor can make enquiries of administration staff, including the Chief executive Officer. This is especially so when the Council is dominated by individuals or the Chief executive Officer.

VOTING

Simple Majority

OFFICER RECOMMENDATION AND COMMITTEE RESOLUTION

Moved Cr Rodda, seconded Cr Boulter

That the Town of Cottesloe Audit Committee note the findings of the Corruption and Crime Commission's *'Report on Matters of Serious Misconduct at the Shire of Exmouth'*.

ALL IN FAVOUR

5.4 ASSESSMENT OF THE TOWN'S RISK MANAGEMENT PRACTICES

File Ref: SUB/2123
Attachments: [Town of Cottesloe Risk Management Profile](#)
Responsible Officer: Mat Humfrey
Chief Executive Officer
Author: Garry Bird
Manager Corporate & Community Services
Proposed Meeting Date: 13 June 2017
Author Disclosure of Interest: Nil

SUMMARY

The Audit Committee is being presented with the assessment of the Town's Risk Management Practices as prepared by administration, for review.

BACKGROUND

In February 2013, Audit Regulation 17 was inserted into the *Local Government (Audit) Regulations 1996*. The new regulation required the Chief Executive Officer to review certain practices undertaken by the local government and provide a report to the Audit Committee for its consideration.

The three areas required to be reported on are, risk management, internal control and legislative compliance. The issues of internal control and legislative compliance are covered by the annual financial audit and compliance audit return process respectively. In essence this left the third field, risk management, to be developed by each local government separately.

STRATEGIC IMPLICATIONS

There are no strategic implications arising from the officer recommendation.

POLICY IMPLICATIONS

There are no policy implications arising from the officer recommendation

STATUTORY ENVIRONMENT

The Local Government (Audit) Regulations, specifically regulations 16 and 17, require the Chief Executive Officer to assess the appropriateness and effectiveness of a local government's procedures in relation to risk management amongst other things.

The Chief Executive Officer should provide the results of the assessment to the Audit Committee via a report, which is then reviewed by the Audit Committee and forwarded to the full Council for consideration.

FINANCIAL IMPLICATIONS

There are no perceived financial implications arising from the officer recommendation. The review of the Town's Risk Assessment was undertaken within existing staff resources and accessing funds 'credited' to the Town by our insurers.

STAFFING IMPLICATIONS

There are no perceived staffing implications arising from the officer recommendation.

SUSTAINABILITY IMPLICATIONS

There are no perceived sustainability implications arising from the officer recommendation.

CONSULTATION

Town of Cottesloe senior staff.

Representatives from Local Government Insurance Services

STAFF COMMENT

There are three main components to risk management, which are;

1. Understanding that there is always a level of risk associated with any operation
2. Setting a level of risk that is acceptable to the organisation; and
3. Assessing activities for the risks associated and ensuring management practices and policies are in place so that the desired level of risk can be maintained.

It's long been acknowledged that there is a level of risk associated with local government operations. This acknowledgement can be demonstrated by the need for local governments to have insurance policies to mitigate the risk they may be exposed to.

There have been two shifts in risk management since the late 1990's. The first shift was towards removing any and all risk where ever possible. This shift started in the late 1990's and has progressed into the early part of this century. In more recent times, there have been several developments, both socially and legally that have allowed a higher level of risk to be accepted.

The recent changes have largely come about for two main reasons. The first is that people defending claims against them have been able to show that all reasonable care had been taken and liability had been avoided. The second is that people have realised there is a cost to removing all risk – both a financial risk and a social risk.

The Town has considered the level of risk it is willing to accept and adopted a risk management policy. The assessment attached looks at our current operations and the level of risk associated with them. The level of risk the Town currently has is within the desired range, however, there are several activities and projects that can be undertaken to further reduce our risk level.

Overall, the risk assessment has not revealed any areas of particular concern and no immediate corrective action is deemed necessary. The projects and plans within the assessment can take place within existing budgets and financial plans without overly impacting our operations.

VOTING

Simple Majority

OFFICER RECOMMENDATION

That the Audit Committee endorse the Risk Assessment report attached and forward it to Council for its consideration.

COUNCILLOR MOTION

Moved Cr Rodda, seconded Cr Boulter

That this Item be deferred until the next Audit Committee meeting.

ALL IN FAVOUR

5.5 **LATE ITEM** – PURCHASING REVIEW – MOORE STEPHENS PTY LTD

File Ref: SUB/306
Attachments: Moore Stephens Report
Responsible Officer: Mat Humfrey
Chief Executive Officer
Author: Garry Bird
Manager Corporate and Community Services
Proposed Meeting Date: 13 June 2017
Author Disclosure of Interest: Nil

SUMMARY

At the February 2017 ordinary Meeting of Council, a recommendation from the Audit Committee was considered and the following Resolution adopted:

THAT Council:

- 1. The Purchasing Policy be reviewed by staff with a view to an amended Policy being prepared for consideration which reflects more flexible purchasing arrangements, particularly in the purchase range of \$0 to \$10,000.***
- 2. That Council's Auditors Mr Greg Godwin and Mr David Tomasi of Moore Stephens Pty Ltd be instructed to review the transactions as attached in conjunction with the 2016/17 interim audit, and report their finding back to the Audit Committee.***

Carried 7/0

THE SUBSTANTIVE MOTION WAS PUT

BACKGROUND

The Town's Purchasing Policy was adopted in 2011, as a result of a fraud matter by a member of staff. The Policy is considered very restrictive in its application to minimise future acts of fraud.

The Policy was amended in 2015 to reflect changes to the *Local Government Act 1995* which increased the threshold for which a tender process needed to be undertaken (with exemptions).

The ability of staff to implement the Policy in practice is proving to be problematic, given the available staff resources and those required to comply with the Policy.

Staff considers it appropriate to have a discussion with the Audit Committee to address this issue in an honest and frank manner and seek direction from Council as to an agreed solution.

Effectively this discussion will revolve around;

1. Endorsing the existing Policy and allocating additional resources to ensure compliance, or
2. Review the Policy and relax its strict requirements to better reflect practices appropriate to the size of the Town of Cottesloe whilst still ensuring the objectives of the Policy are met.

STRATEGIC IMPLICATIONS

Priority Area 6 Providing open and accountable local governance
Major Strategy 6.2 Continue to deliver high quality governance, administration, resource management and professional development.

Purchasing practices that are considered efficient and accountable are considered important to ensure value for money and that public confidence in the Town of Cottesloe is maintained.

POLICY IMPLICATIONS

Purchasing Policy
Purchasing Orders Policy

STATUTORY ENVIRONMENT

Local Government Act 1995
Local Government (Functions and General) Regulations 1996

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this Item, although significant staff resources are required to administer the Policy. These costs are met from existing budget allocations.

STAFFING IMPLICATIONS

Staff resources to administer and implement the Policy are considered significant. The time taken to write a brief, seek quotations and then assess is time consuming and can be quite complex.

SUSTAINABILITY IMPLICATIONS

The Policy contains sustainability purchasing requirements.

CONSULTATION

Moore Stephens Pty Ltd
Staff

STAFF COMMENT

The existing Purchasing Policy is considered by staff to be an example of best practice and the requirement to obtain quotes for all purchases over \$250 and two quotes for purchases between \$250 and \$3,000 is difficult to question from a theoretical perspective.

Where staff finds difficulties in implementing these objectives relate to those purchases of a frequent nature and include;

-) Engaging trades to fix relatively minor problems.
-) Difficulties in getting companies to provide quotes.
-) Time taken to prepare briefs for relatively minor matters.
-) Engaging specialist services such as legal services where the exact brief can be difficult to define in the first instance.
-) Having preference for companies who are regular suppliers and provide a quality service.

VOTING

Simple Majority

OFFICER RECOMMENDATION

That the Report received from Moore Stephens Pty Ltd in regards to a review of specified purchases be noted and used to inform the review of the Purchasing Policy.

AMENDMENT

Moved Cr Rodda, seconded Cr Boulter

That the words '*that includes;*' be inserted after '*Purchasing Policy*' followed by the points below:

1. That staff undertake an immediate refresher course on the Town's updated Purchasing Policy
2. That the staff be reminded of the specific requirements of the policy, particularly in regards to verbal quotes received.
3. That the Administration in undertaking its review specifically address;
 - a) thresholds and record keeping (verbal quotes)
 - b) exemptions
 - c) improved reporting back to Council and the Audit Committee about non-compliance/departures.

ALL IN FAVOUR

COMMITTEE RESOLUTION

Moved Cr Rodda, seconded Cr Angers

That the Report received from Moore Stephens Pty Ltd in regards to a review of specified purchases be noted and used to inform the review of the Purchasing Policy that include;

1. That staff undertake an immediate refresher course on the Town's updated Purchasing Policy
2. That the staff be reminded of the specific requirements of the policy, particularly in regards to verbal quotes received.
3. That the Administration in undertaking its review specifically address;
 - a) thresholds and record keeping (verbal quotes)
 - b) exemptions
 - c) improved reporting back to Council and the Audit Committee about non-compliant/departures.
4. Where the outcome of purchases or engagements are presented to Council, that compliance with the Purchasing Policy be noted in that Report

ALL IN FAVOUR

6 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY ELECTED MEMBERS/OFFICERS BY DECISION OF MEETING

7 MEETING CLOSURE

The Presiding Member closed the meeting at 5:47 PM