

ATTACHMENT TO ITEM 15.2

Audit Committee Minutes

Attachment Minutes of Audit Committee meeting 23 November 2016

SHIRE OF CAPEL

AUDIT COMMITTEE MEETING – 23.11.16

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ATTACHMENT TO ITEM 15.2

SHIRE OF CAPEL

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON WEDNESDAY 23RD NOVEMBER 2016
IN THE COUNCIL CHAMBERS, SHIRE ADMINISTRATION BUILDING, FORREST ROAD, CAPEL
COMMENCING AT 1.04PM.

PRESENT:	Presiding Member and Councillor	BW Hearne
	Councillors	JA Scott
		SH Baxi
		BW Bell
		MT Scott
	Chief Executive Officer	PF Sheedy
	Executive Manager Corporate Services	S Stevenson
	Manager Finance	A Mataboni
	Governance Officer	A Handley
	Auditor, AMD Chartered Accountants	M Cavallo

APOLOGIES: Nil

The Chairperson declared the meeting open at 1.04pm.

DECLARATIONS OF INTEREST Nil

AC1101 CONFIRMATION OF MINUTES

Moved Cr J Scott, Seconded Cr Baxi

That the minutes of the Audit Committee meeting held on 25th May 2016, be confirmed.

Carried 5/0

VOTING REQUIREMENTS

Simple majority

REPORTS

AC1102 (5.1) Annual Meeting with the Auditor

Location:	Capel
Applicant:	Shire of Capel
File Reference:	N/A
Disclosure of Interest:	Nil
Date:	11.11.16
Author:	Manager Finance, A Mattaboni
Senior Officer:	Executive Manager Corporate Services, S Stevenson
Attachments:	Nil

MATTER FOR CONSIDERATION

The Audit Committee to meet with Council's Auditor and discuss matters arising from the 2015/16 Audit and Management Reports.

BACKGROUND / PROPOSAL**Background**

Changes to the Local Government Act 1995 that were enacted in 2005 required that Council establish an Audit Committee. The delegation of powers and duties to the Audit Committee are established by Council when the Committees are formed after each Council election.

At the Council meeting on 16 July 2014, an updated Audit Committee Terms of Reference was adopted. One of the roles of the Audit Committee is to meet with the Auditor every year.

Proposal

Committee is to meet with Council's Auditor to enable Committee members to ask questions that will allow the Council to be satisfied as to the state of the financial position and management of Council.

STATUTORY ENVIRONMENT

Local Government Act 1995, sections 7.1A and 7.12A

7.1A. Audit committee

(1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.

(2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.

* Absolute majority required.

(3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent him or her as a member of an audit committee.

(4) An employee is not to be a member of an audit committee.

7.12A. Duties of local government with respect to audits

(2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.

Local Government (Audit Regulations) 1996, regulation 16

16. Functions of audit committee

An audit committee —

(a) is to provide guidance and assistance to the local government —

- (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
- (ii) as to the development of a process to be used to select and appoint a person to be an auditor; and

(b) may provide guidance and assistance to the local government as to —

- (i) matters to be audited;
- (ii) the scope of audits;
- (iii) its functions under Part 6 of the Act; and
- (iv) the carrying out of its functions relating to other audits and other matters related to financial management.

POLICY IMPLICATIONS

There are no policy implications associated with this item. Council adopted an Audit Committee Terms of Reference on 16 July 2014 which is based on the Department of Local Government Guidelines.

FINANCIAL IMPLICATIONS

Budget

There will be no cost attached to the Council's Auditor attending this Audit Committee meeting. This is taken from AMD Chartered Accountants' Tender response.

Long Term

There are no long term financial implications associated with this matter.

Whole of Life

As there are no assets being created there are no whole of life financial implications associated with this matter.

SUSTAINABILITY IMPLICATIONS

There are no sustainability implications relevant to this matter.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2013 to 2031

1 The Leadership Experience "Ensure open, transparent, effective good governance and communication within the organisation and the community."

Strategic Outcomes:

- 1.4 Provide efficient and effective financial management to ensure the long term financial sustainability of the organisation.
- 1.5 Ensure the effective management of Council's resources.

CONSULTATION

No consultation has been undertaken at this time.

COMMENT

The meeting with the auditor is required to allow the Audit Committee the opportunity to discuss any matters or concerns with the auditor and similarly for the auditor to discuss any matters or concerns with the committee. Council's current auditors are Mr Tim Partridge and Ms Maria Cavallo of AMD Chartered Accountants and the 2015/16 financial year represents the eighth year of the contract for audit services with this company.

Committee members are requested to prepare for this meeting by considering any matters or issues they would like to raise with Ms Cavallo. In addition to responding to any specific questions, Ms Cavallo will provide committee members with an overview of the audit process that was conducted and details of findings and recommendations arising from the audit conducted in 2016.

VOTING REQUIREMENTS

Simple majority

AC1102 OFFICER'S RECOMMENDATIONS – 5.1/COMMITTEE DECISION

Moved Cr J Scott, Seconded Cr M Scott

That the Audit Committee advises Council that it has met with the Auditor and discharged its obligations, in accordance with Section 7.12A (2) of the Local Government Act.

Carried 5/0

AC1103 (5.2) 2015/16 Audit Report

Location:	Capel
Applicant:	Shire of Capel
File Reference:	N/A
Disclosure of Interest:	Nil
Date:	11.11.16
Authors:	Manager Finance, A Mataboni
Senior Officer:	Executive Manager Corporate Services, S Stevenson
Attachments:	1 30 June 2016 Independent Auditor's Report 2 30 June 2016 Management Report

MATTER FOR CONSIDERATION

Committee to consider the Independent Audit Report and Management Report for 2015/16 and recommend they be accepted by Council.

BACKGROUND / PROPOSAL**Background**

Changes to the Local Government Act 1995 that were enacted in 2005 required that Council establish an Audit Committee. The delegation of powers and duties to the Audit Committee are established by Council when the Committees are formed after each Council election.

At the Council meeting on 16 July 2014, an updated Audit Committee Terms of Reference was adopted. One of the major roles of this committee is to review the Auditor's report and ensure action is taken where necessary.

Proposal

The Independent Audit Report and Management Report for 2015/16 be accepted by Council.

STATUTORY ENVIRONMENT

Local Government Act 1995, sections 7.1A and 7.12A

7.1A. Audit committee

(1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.

(2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be councilmembers.

* Absolute majority required.

(3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent him or her as a member of an audit committee.

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(b) may provide guidance and assistance to the local government as to —

- (i) matters to be audited;
- (ii) the scope of audits;
- (iii) its functions under Part 6 of the Act; and
- (iv) the carrying out of its functions relating to other audits and other matters related to financial management.

POLICY IMPLICATIONS

There are no policy implications associated with this item. Council adopted an Audit Committee Terms of Reference on 16 July 2014 which is based on the Department of Local Government Guidelines.

FINANCIAL IMPLICATIONS

The Auditors Report and Management Report verify the accuracy, fairness and reasonableness of the local government's Annual Financial Report.

Budget

The cost of conducting the 2015/16 audit is as provided for in the tender accepted by the Council on 20 November 2013 (Resolution OC1116). The costs for the service are allowed for within Council's annual budget.

Long Term

There are no long term financial implications associated with this matter.

Whole of Life

As there are no assets being created there are no whole of life financial implications associated with this matter.

SUSTAINABILITY IMPLICATIONS

The reports prepared by the Auditors contain details of their opinion of the financial position of the Shire and the Shire's compliance with relevant legislation. A favourable opinion provides some assurance with respect to the financial sustainability of the Shire.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2013 to 2031

1 The Leadership Experience "Ensure open, transparent, effective good governance and communication within the organisation and the community."

Strategic Outcomes:

- 1.4 Provide efficient and effective financial management to ensure the long term financial sustainability of the organisation.
- 1.5 Ensure the effective management of Council's resources.

CONSULTATION

There has been no consultation in the preparation of the Independent Audit Report and Management Report for 2015/16, other than the auditor enquiries with finance staff.

COMMENT

The 30 June 2016 Management Report and Independent Audit Report were both received on 3 November 2016.

By way of background to the this year's financial statements, the Shire has, this year, completed a revaluation of all assets at fair value as required by Regulation 17A of the Local Government (Financial Management) Regulations 1996. Land, buildings and plant and equipment have been valued as at 30 June 2016 in accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, three yearly interval timetable. The previous valuation of Land, buildings and plant and equipment was completed 30 June 2013. Infrastructure assets were re-valued as at 30 June 2016 as recommended in the 2014/15 Independent Auditors Report.

The revaluation of assets at a fair value three yearly timetable is: 2012/13 to 2014/15, 2015/16 to 2017/18 and 3 yearly intervals onwards. The timetable for revaluation has been further clarified in Department of Local Government and Communities Circular 02-2016. To comply with the timetable, the Shire will revalue land and buildings in 2016/17 and infrastructure in 2017/18. 2018/19 will be the start of the next three yearly interval.

In 2014/15, Infrastructure, which includes, roads, bridges, drainage and other infrastructure had been valued by management valuation as at 30 June 2015. The auditors, AMD, were not satisfied with the substantiation and evidence behind the unit costs used to build the valuations across the categories of infrastructure assets.

As a result the 2014/15 Independent Auditors Report contains a qualifying paragraph for the year ending 30 June 2015. It states that:

"In accordance with Regulation 17A of the Local Government (Financial Management) Regulations 1996, infrastructure assets are required to be reported at fair value by 30 June 2015. Shire of Capel have attempted to re-value all classes of infrastructure assets at 30 June 2015 using a combination of external and internal valuations. We have not been provided with evidence supporting the relevant unit costs on which the fair value assessments are based. Accordingly, we do not provide an opinion on the fair value of infrastructure assets recorded within the statement of financial position at \$136,852,268 as at 30 June 2015."

In this regard, AMD have recommended that the Shire re-value infrastructure assets. This recommendation has been complied with as at 30 June 2016.

The Independent Audit Report states that: *"In our opinion, the financial report of the Shire of Capel:*

- i. gives a true and fair view of the Shire of Capel's financial position as at 30 June 2016 and of its performance for the financial year ended 30 June 2016; and*
- ii. complies with Australian Accounting Standards; and*
- iii. is prepared in accordance with the requirements of the Local Government Act 1995 (as amended), and the Local Government (Financial Management) Regulations 1996 (as amended)."*

In respect to Statutory Compliance the Auditors have stated:

"In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- I. There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- II. There are no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- III. The asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.
- IV. All necessary information and explanations were obtained by us.
- V. All audit procedures were satisfactorily completed during our audit."

The objective of the Management Report is to advise Council of any matters arising from the audit that are considered relevant to the Shire's operations. This report outlined a number of points including the audit approach, assessment of fraud and error, audit adjustments and unadjusted audit differences, accounting policies, commitments and contingencies, subsequent events, fair value re-assessment, financial ratio performance measures, Local government act compliance measures, Financial Management Systems Review and Regulation 17 Review recommendations and other matters.

Attached to this report are the audit recommendations that have been identified to be of minor or moderate concern. There are three recommendations listed along with the Shire of Capel management comment, which is an improvement on the previous financial year, demonstrating strong ongoing financial management.

VOTING REQUIREMENTS

Simple majority

AC1103 OFFICER'S RECOMMENDATIONS – 5.2/COMMITTEE DECISION
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Moved Cr J Scott, Seconded Cr Baxi

It be recommended to Council that the Independent Audit Report and Management Report for the year ended 30 June 2016 be accepted and the Independent Audit Report be included in the Annual Report.

Carried 5/0

AC1104 (5.3) 2015/16 Financial Report

Location:	Capel
Applicant:	Shire of Capel
File Reference:	N/A
Disclosure of Interest:	Nil
Date:	11.11.16
Authors:	Manager Finance, A Mattaboni
Senior Officer:	Executive Manager Corporate Services, S Stevenson
Attachment:	Annual Financial Report for 2015/16

MATTER FOR CONSIDERATION

Committee to consider the Annual Financial Report for 2015/16 and recommend its adoption by Council.

BACKGROUND / PROPOSAL**Background**

Changes to the Local Government Act 1995 that were enacted in 2005 required that Council establish an Audit Committee. The delegation of powers and duties to the Audit Committee are established by Council when the Committees are formed after each Council election.

At the Council meeting on 16 July 2014, an updated Audit Committee Terms of Reference was adopted. One of the roles of this committee is to consider and recommend adoption of the annual financial report to Council.

Proposal

The Annual Financial Report for the year ended 30 June 2016 be accepted and included in the Annual Report.

STATUTORY ENVIRONMENT

Local Government Act 1995, section 7.1A and 7.12A

7.1A. Audit committee

(1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.

(2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.

* Absolute majority required.

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Local Government (Audit Regulations) 1996, section 16

16. Functions of audit committee

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(b) may provide guidance and assistance to the local government as to —

- (i) matters to be audited;
- (ii) the scope of audits;
- (iii) its functions under Part 6 of the Act; and
- (iv) the carrying out of its functions relating to other audits and other matters related to financial management.

POLICY IMPLICATIONS

There are no policy implications associated with this item. Council adopted an Audit Committee Terms of Reference on 16 July 2014 which is based on the Department of Local Government Guidelines.

FINANCIAL IMPLICATIONS

The annual financial report summarises the Shire's financial position and financial result for the full financial year.

Budget

The 2016/17 Budget used an estimated surplus brought forward of \$151,668. The actual 2015/16 surplus carried forward at the end of the financial year is an amount of \$527,141. This is an increase of \$375,473 which will need to be considered during the 2016/17 financial year when the forecast is reviewed each month and when the mid-year budget review is undertaken.

The 2016/17 adopted budget has an estimated end of year surplus of \$4,442 which has not yet been revised for forecasting purposes.

Long Term

There are no long term financial implications associated with this matter.

Whole of Life

As there are no assets being created there are no whole of life financial implications associated with this matter.

SUSTAINABILITY IMPLICATIONS

A positive financial performance as detailed in the financial statements provides some assurance of the financial sustainability of the Shire and as such has implications for economic sustainability.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2013 to 2031

1 The Leadership Experience “Ensure open, transparent, effective good governance and communication within the organisation and the community.”

Strategic Outcomes:

- 1.4 Provide efficient and effective financial management to ensure the long term financial sustainability of the organisation.
- 1.5 Ensure the effective management of Council's resources.

CONSULTATION

There has been no public consultation in the preparation of the Annual Financial Report for 2015/16.

COMMENT

The Shire's Net Operating Result for the year based on the Statement of Comprehensive Income was a deficit of \$1,498,194 compared to the budgeted surplus of \$426,098.

Our Net Operating Result takes into account all the funds we receive from rates, capital and operating grants, fees and charges, interest and other revenue, but only includes operating expenditure. It excludes expenditure on capital items or those items that are expected to last longer than one year such as roads, footpaths, playgrounds and buildings.

This figure should not be confused with our budget result based on the Rate Setting Statement which was a surplus of \$527,141 (\$441,947 surplus last year).

Our budget result is the amount we have available at the end of the financial year after having taken into account all the funds we have received and spent during the year, including capital expenditure and reserve fund transfers. This amount becomes our opening position for 2016/17.

2015/16 saw another year on year increase in depreciation expense. This is the result of major asset revaluation that occurred in the previous years. The introduction of Fair Value Accounting and Reporting resulted in a \$13,266,412 net increase in asset valuations for the Plant and Equipment and Land and Building classes in 2012/13. This has been followed by a net increase in asset valuations for Infrastructure asset classes in 2014/15 of \$13,072,177. This has been further compounded by a net increase of \$8,825,373 in asset valuations for the Plant and Equipment, Land and Building and Infrastructure classes in 2015/16.

This is the net effect of a gain on asset revaluation of \$8,996,936 and a loss on revaluation of \$171,563. The total depreciation expense for the year was \$5,676,816 compared to a budget of \$4,140,025.

Further asset revaluations will occur over the next 12 months and will continue to impact significantly on asset values, depreciation expense and the Total Comprehensive Income.

The recognition of non-cash contributions from developers for the provision of infrastructure assets in subdivisions resulted in \$936,136 of operating revenue being included. This amount was below the budget of \$2,350,000. This compares to \$8,098,971 being recognised last year as non-cash contributions from developers. When these non-cash contributions are excluded, comparison of the net result becomes more meaningful as represented in the following table.

	2015/16	2015/16 Budget	2014/15	2013/14
Net Result	(1,498,194)	426,098	6,034,207	2,784,526
Less: Non Cash Contributions	(936,136)	(2,350,000)	(8,098,971)	(3,987,023)
Add: Loss on revaluation	171,563		2,514,373	
Adjusted Net Result	(2,262,767)	(1,923,902)	449,609	(1,020,497)

The adjusted net result for the year is \$338,865 lower than the budgeted result and significantly lower than last year's result. This is due to an increase on budget of \$1,536,791 in depreciation. This increase has been partially offset by a reduction of \$831,333 in materials and contracts costs in addition to a reduction on budget of \$242,232 in employee costs and a marginal increase in revenue.

The Grants Commission Financial Assistance Grant income totalled \$761,495 in the year. The Commission paid, in advance, \$807,863 of the funding for 2015/16 in June 2015 which was recognised as income in the 2014/15 year.

Interest earnings for the 2015/16 year were \$55,398 above budget. This reflects a more effective investment strategy by the Shire and improved cash flow management and also the drawdown of a \$2,000,000 loan to fund the Capel Civic Precinct. The year ended with the cash held only marginally down \$76,441 on the 2015 balance. The cash balance was \$12,593,309 at the 2015/16 close compared to \$12,669,750 at 2014/15. Other Revenue was \$81,313 above budget because of insurance claims that were offset by insurance expenditure.

There were savings in relation to employee costs due to delays in filling vacant positions. There has been a focus on employees taking leave; as leave is funded from the leave liability provision it has the effect of reducing the employee costs.

Materials and contracts actual expenditure was \$831,333 below the 2015/16 budgeted amount. Depreciation on Non-Current Assets was \$1,536,791 higher than budget for the year as a result of the asset revaluation for the 2014/15 year being taken into account. Interest expenses were \$50,105 higher than budget at \$405,330. A loan of \$2.0 million was drawn down in January 2016 to fund Stage 1 and 2 of the Capel Civic Precinct.

Non-Operating Grants, Subsidies and Contributions are shown as \$1,392,010 below budget. This was a result of actual non-cash contributions being \$1,413,864 below budget. This was partly offset with a minor increase in grant income.

The net Profit on asset disposal was \$7,464 compared to a budgeted Profit on asset disposal of \$13,086.

During the year \$2,107,740 was generated from operating activities and was used to partly fund the capital works program. \$1,665,945 was spent on the purchase of property, plant and equipment, including the final stages of the new Shire Administration Building. \$252,618 was generated from the sale of plant and equipment. \$4,886,339 is shown as the construction of infrastructure of which \$936,136 is non-cash contribution from developers. \$527,015 had to be paid in loan principal repayments with \$12,950 received from self-supporting loan repayments. At the end of the year there was a reduction of \$76,441 in cash on hand compared to the previous year.

From a cash flow perspective, the statement shows that cash and cash equivalents at the start of the year have decreased marginally from \$12,669,750 at the start of the year to \$12,593,830 at the end of the year. The budgeted year end cash amount was \$9,421,016 with the difference being attributable to an increase in unspent grants and loans received, the sale of Boyanup seniors housing and a general reduction in operating expenditure.

Net assets depicted by the Statement of Financial Position are \$7,498,742 higher than last financial year. Non-Current assets were \$9,626,129 higher than the 2014/15 closing position. The Asset Revaluation Surplus has increased \$8,996,936 year on year as part of the Shire's on-going revaluation program. Excluding asset revaluation, \$4,886,339 relates to additions to the value of the Shire's road and infrastructure asset network including the capitalisation of assets constructed by developers for new subdivisions. The net acquisition of other non-current assets such as buildings, plant and equipment saw an increase in value of \$1,665,945.

The overall financial position of the Shire remains strong and well positioned for future growth.

The operating surplus ratio is a key indicator of Council's financial performance. A positive ratio in the current year and into the future indicates financial sustainability. This ratio is calculated by dividing the operating surplus by own source operating revenue. Council's ratio has decreased to -0.30 compared to last year at -0.07, and is influenced greatly by depreciation levels. The target ratio level is +0.01 or greater, with a benchmark of +0.15 or greater.

The own source revenue coverage ratio is a measure of the Council's ability to cover its costs through its own taxing and revenue efforts. This ratio is calculated by dividing own source operating revenue by operating expense. Council's ratio has improved marginally on 2014/15. The ratio is 0.72 compared to 0.69 in the prior year. The Department of Local Government guidelines regard 0.40-0.60 as the basic standard, 0.60–0.90 as intermediate, and 0.90 or greater as advanced.

The asset consumption ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost. This ratio is calculated by dividing depreciated replacement cost of assets by current replacement cost of depreciable assets. Council's ratio of 0.78 has improved compared to last year's ratio of 0.70. The Department of Local Government guidelines regard 0.50 or greater as meeting the standard, and 0.60 or greater as improving.

The asset renewal funding ratio indicates whether the Council has the financial capacity to fund asset renewal as required, and can continue to provide existing levels of service in the future. This ratio is calculated by dividing the Nett Present Value (NPV) of planned capital renewals over 10 by the NPV of required capital expenditure over 10. Council's ratio of 1.00 compares to last year's ratio of 1.21. This indicates the Shire is adequately planning for the renewal of its assets. The Department of Local Government guidelines regard 0.75-0.95 as meeting the standard, and 0.95 or greater as improving.

Outstanding rates as a percentage of total rates collectable is only 2.4% and is on a par with the ratio for last year.

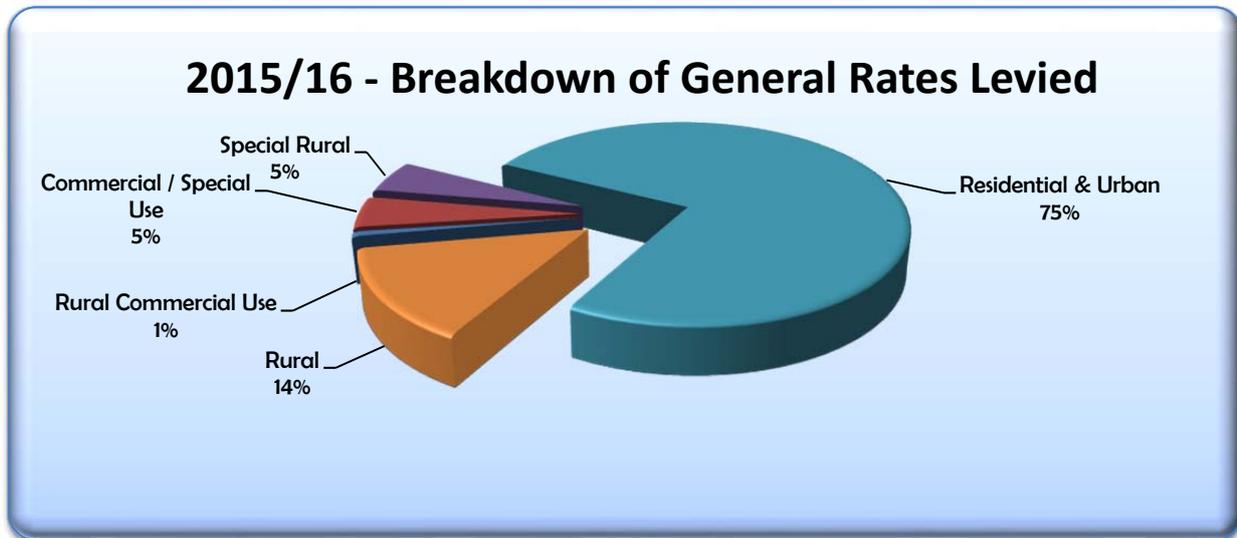
Rating and Valuations

The Valuer General re-values all rural properties in the Shire each year, whilst those properties on Gross Rental Values (residential, commercial/light industrial) are revalued every three years. Updated valuations took effect from 1 July 2013. The average increase over the three year period for properties on Gross Rental Values was 15.95%. The Valuer General issued revised valuations in the April 2016 which will be effective from 1 July 2016.

UV property values are assessed annually and represented a further reduction compared to the previous values. The overall average change in valuations as advised by Landgate's Property

and Valuations area for Rural properties (UV) was a 2.8% decrease, compared to a 3.5% decrease in 2014/15.

To compensate for the impact of these changes to property values, Council agreed to amend the rate in the dollar used to calculate property rates and still achieve an overall 6% increase in the rate yield for all property rates.



Variations in property values mean the extent of the rate change varied amongst ratepayers if the property was subject to a revaluation. In fact some ratepayers received a lower property rate charge than last year while others saw their rates increase by 6%. While every effort was made to minimise the impact of property revaluations, some ratepayers received increases in excess of the percentage increase intended by Council.

As in previous years, Council continued to offer instalment options of one and four payments and an informal programme where ratepayers entered into a scheme of payments that suited their own individual circumstances. 53.2% of rates billed being paid by this date and was a lower percentage compared to the previous year of 49.9%. Interest of 5.5% per annum was charged on rate instalments and the interest charge on overdue rates was retained at 11% per annum.

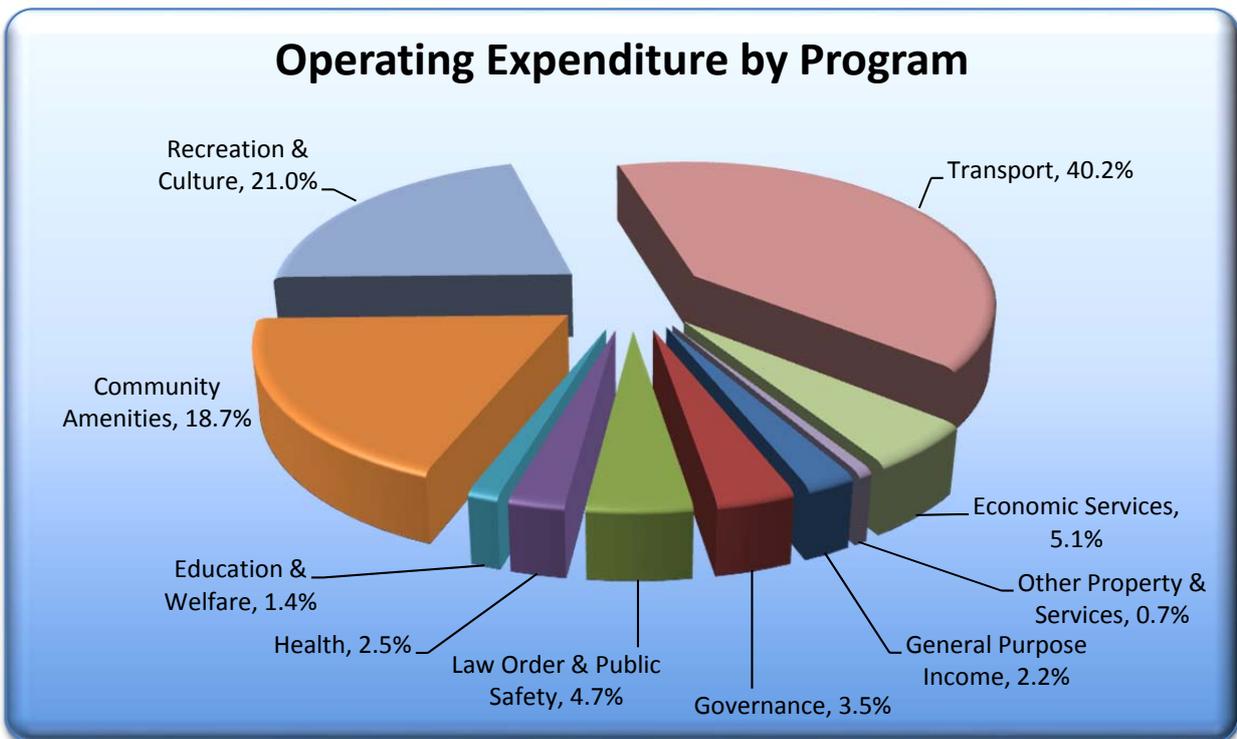
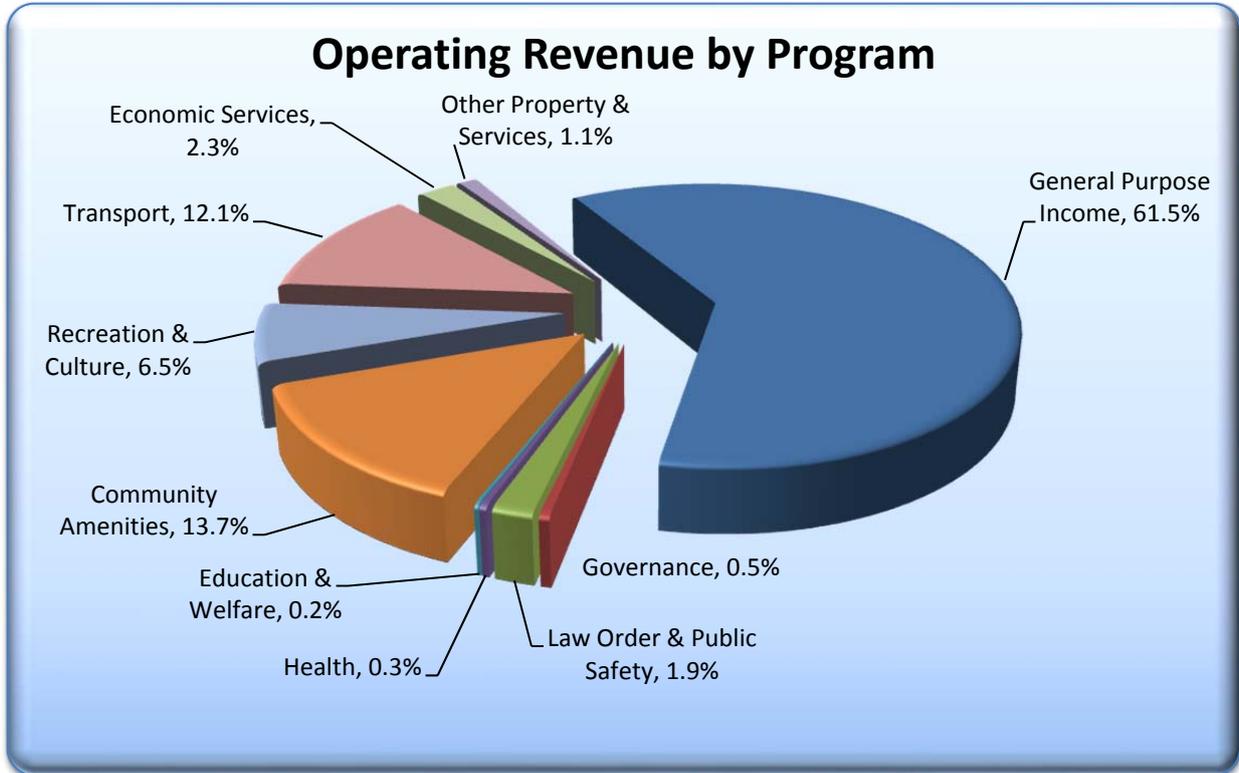
The residential sector continues to provide the greatest contribution to rates with the proportion of rates raised from this sector increasing from 74% to 75% in 2015/16. The proportion of rates contributed by the rural sector has reduced from 15.0% in 2014/15 to 14.0% in 2015/16. The proportion of rates contributed from the Special Rural sector has remained unchanged at 5%. The proportion of rates for the other sectors has not changed significantly.

Operating Revenue and Expenditure

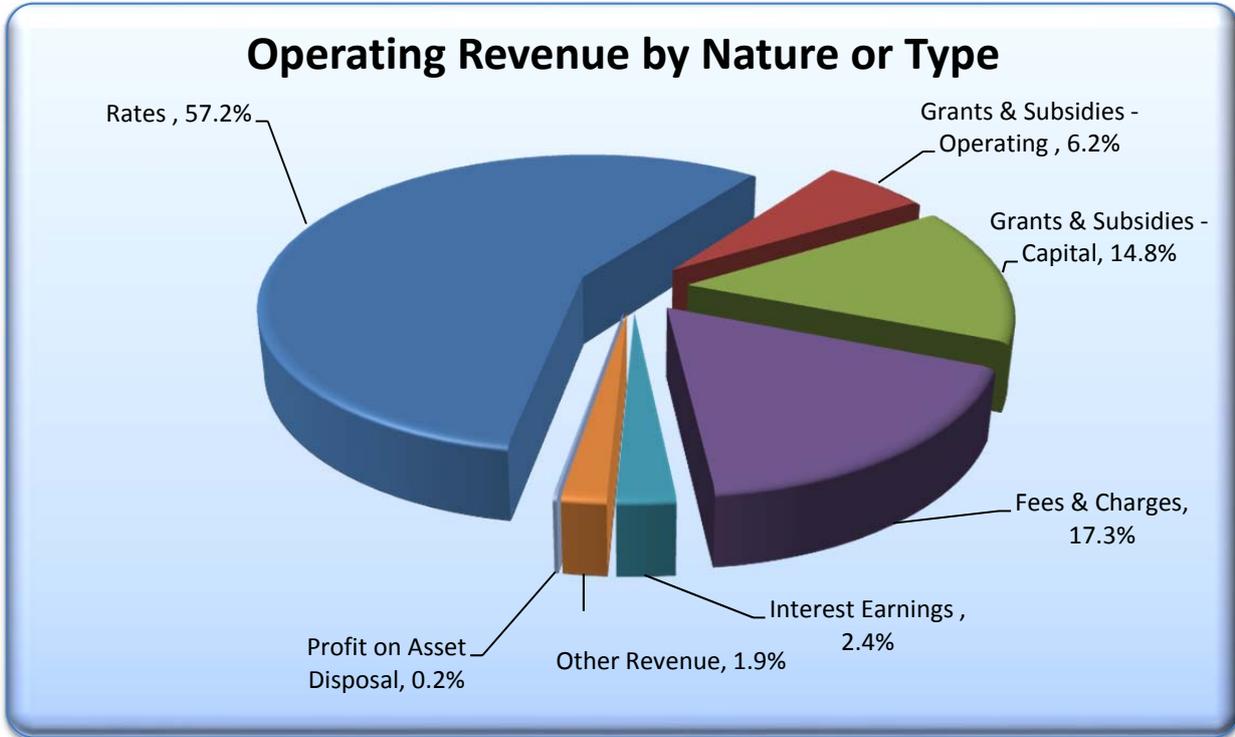
The various departments within the Shire managed their operations and financial resources as directed by Council with all financial activity being reported in accordance with the Local Government (Financial Management) Regulations 1996 and Local Government Act 1995.

The area of General Purpose Funding (rate income, untied government general purpose grants and interest on investments) provides the greatest contribution to annual revenue followed by Transport (road works, bridge works grants and non-cash contributions for infrastructure), Community Amenities (household refuse collection and refuse site fees), Recreation and Culture (grants for the development of community and recreation assets, fees and charges for use of recreation facilities), Economic Services (building permits) then Law Order and Public Safety .

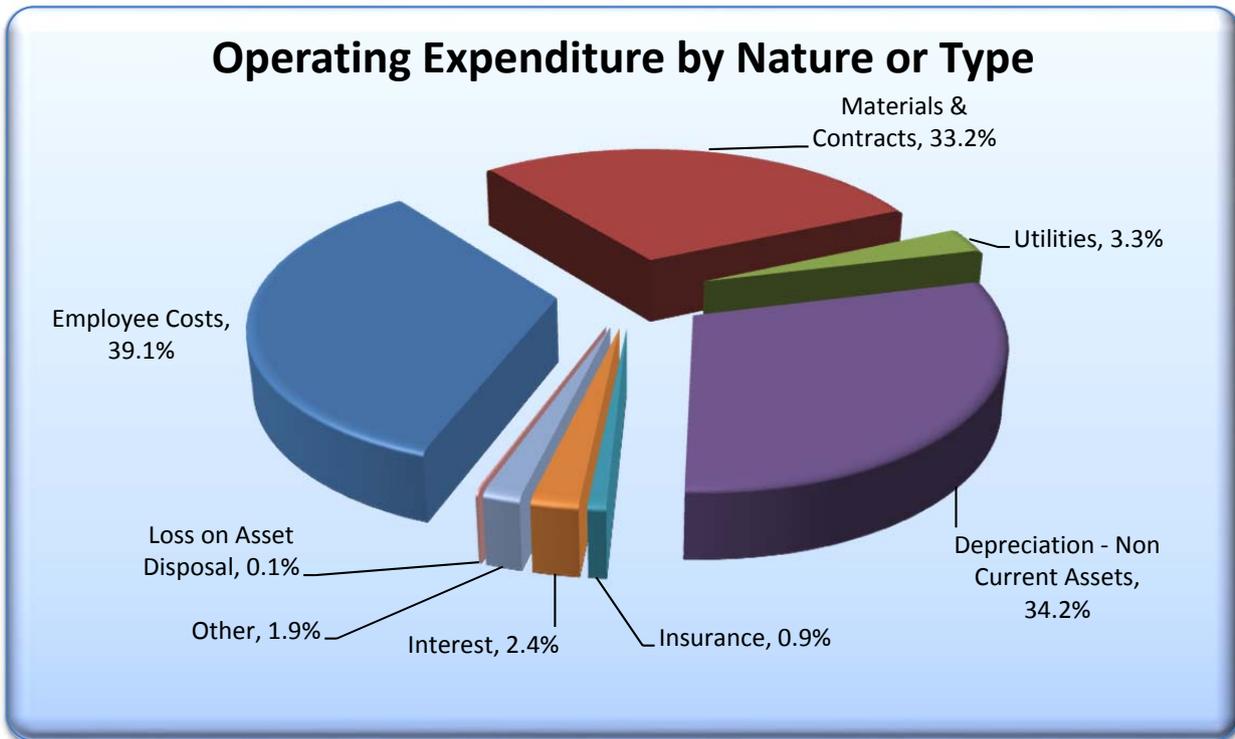
In 2015/16, there has been a shift in the proportion of operating revenue which each operating program is contributing in comparison to 2014/15. Transport has contributed 12.1% of operating revenue in 2015/16, down from 33.5% in 2014/15. This is the result of lower non cash contributions to the Shire. Rates has therefore increased as a proportion of operating revenue year on year, up to 61.5% in 2015/16 compared to 43.1% in the previous year. Community Amenities has increased from 8.5% in 2014/15 to 13.7% in 2015/16. The percentage increase applied to rates income was 6%.



Transport (roads, footpaths, drainage, depots) comprises the largest proportion of operating expenditure at 40.2%. The next significant amount of expenditure was in Recreation and Culture at 21.0%. The increasing area of public open space, recreation grounds, parks, roads, infrastructure, etc. that are maintained and the increasing cost of maintaining these facilities has resulted in expenditure for the Recreation & Culture (parks, reserves, halls and libraries) and Transport areas remaining high. Community Amenities (waste management, town planning) makes up the next largest area.



Rates are the single largest source of revenue for the Shire, accounting for 57.2% of income. This year the area of Grants, Subsidies & Contributions – Non Operating is the second largest single source of income and their contribution of 14.8% is substantially lower than last year’s proportion of 35.1%. This is because of the reduction in non-cash contributions for infrastructure from \$8,098,971 in 2014/15 to \$936,136 in 2015/16. This figure can vary from year to year and indicates the annual value of additional developer infrastructure that becomes the responsibility of the Shire. Fees & Charges represent 17.3% of income for the 2015/16 financial year. This is a higher proportion than the 11.4% in 2014/15 due to the reduction in Grants & Subsidies funding which has distorted the year on year comparison.



Employee Costs which include; salaries, wages, superannuation, workers compensation insurance, fringe benefit tax, training and employment allowances continue to be a major item of expenditure, providing 39.1% of total operating expenditure, which is an decrease on last year’s 45.6%. Materials & Contracts are another major item of expenditure, providing 33.2% of total operating expenditure but is higher in comparison to last year which was 30.1%. Depreciation represents 34.2% of expenditure in 2014/15 and has increased from 24.4% in 2014/15 and 20.7% in 2013/14. There has been a steady increase in depreciation incurred partly as a result of increased capital expenditure and partly due to the effect of the Fair Valuation process on asset values.

The other expenditure categories such as insurance and utilities are similar to last year and seem to indicate a consistent pattern of expenditure for the Shire. Interest expenses for loans continue to increase in 2015/16. This is the result of loans being drawn down to fund capital expenditure projects to meet community needs.

VOTING REQUIREMENTS

Simple majority

AC1104 OFFICER’S RECOMMENDATIONS – 5.3/COMMITTEE DECISION

Moved Cr J Scott, Seconded Cr Bell

It be recommended to Council that the Annual Financial Report for the year ended 30 June 2016 be accepted and included in the Annual Report.

Carried 5/0

AC1105 (5.4) Regulation 17 Progress Report 6

Location:	Whole of Shire
Applicant:	Shire of Capel
File Reference:	N/A
Disclosure of Interest:	Nil
Date:	07.11.16
Author:	Governance Officer, A Handley
Senior Officer:	Executive Manager Corporate Services, S Stevenson
Attachments:	1. Regulation 17 Audit 2 – Auditor’s Report - May 2016 (Appendix A) 2. Regulation 17 Progress Report 6

MATTER FOR CONSIDERATION

The Audit Committee to consider Regulation 17 Progress Report 6 concerning the effectiveness of Council’s risk management, internal controls and legislative compliance.

BACKGROUND / PROPOSAL**Background**

An amendment to the *Local Government (Audit) Regulations 1996* was gazetted on 8 February 2013 which extended the role of the Audit Committee to include a regular review of the effectiveness of local government systems concerning:

- Risk management;
- Internal controls; and
- Legislative compliance.

Regulation 17 requires local government Chief Executive Officers (CEOs) to report information every two years allowing the Audit Committee to undertake this review.

Council adopted the Audit Committee recommendation (OC0715) at the 16 July 2014 Council meeting “that an external audit firm be engaged to undertake an independent review of the appropriateness and effectiveness of Council’s risk management, internal controls and legislative compliance by 30 November 2014”.

AMD was appointed to conduct the review and their report on Regulation 17 was provided on 12 November 2014. The report was reviewed and an action plan developed to ensure that the various issues raised are addressed in a timely manner.

The second regulation 17 Audit was conducted in April 2016, and the Auditor’s Report may be found in Attachment 1. Officer progress in responding to items identified in the Auditor’s Report has been summarised in Attachment 2.

Proposal

That the Audit Committee considers Progress Report 6 detailing responses to the AMD Regulation 17 audit report on the effectiveness of local government systems concerning risk management, internal controls and legislative compliance, and recommends to Council that the report be endorsed.

STATUTORY ENVIRONMENT

Local Government Act 1995

7.13 Regulations as to Audits

- (1) Regulations may make provision –
- (aa) as to the functions of the CEO and the audit committee in relation to audits carried out under this part and reports made on those audits;
 - (ab) as to the functions of audit committees, including the selection and recommendation of an auditor;

Local Government (Audit) Regulations 1996

16. Audit Committee, functions of an audit committee –

- (a) is to provide guidance and assistance to the local government –
 - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
 - (ii) as to the development of a process to be used to select and appoint a person to be an auditor; and
- (b) may provide guidance and assistance to the local government as to –
 - (i) matters to be audited; and
 - (ii) the scope of audits; and
 - (iii) its functions under Part 6 of the Act; and
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management; and
- (c) is to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to –
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council.

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –
 - (a) risk management;
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub- regulation (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

There are no policy implications associated with this item. Council adopted the Audit Committee Terms of Reference on 16 July 2014 which are based on the Department of Local Government Guidelines.

FINANCIAL IMPLICATIONS**Budget**

Work to date has been completed using existing staff resources. Funds are allocated in the budget under audit expenditure for the biennial AMD audit.

Long Term

There are no long term financial implications for this matter.

Whole of Life

As no assets or infrastructure are being created, there are no whole of life financial implications associated with this item.

SUSTAINABILITY IMPLICATIONS

A reduction in exposure to risk will have a positive impact on the long term business and operational sustainability of the Shire of Capel.

STRATEGIC IMPLICATIONS

Shire of Capel Strategic Community Plan 2013 to 2031

The Leadership Experience 'Ensure open, transparent, effective good governance and communication within the organisation and the community.'

Strategic Outcomes:

- 1.4 Provide efficient and effective financial management to ensure the long term financial sustainability of the organisation.
- 1.5 Ensure the effective management of Council's resources.

CONSULTATION

There has been regular discussion between officers, with LGIS, AMD, and also with the Department of Local Government and Communities on this matter. LGIS has requested that the Shire of Capel make the Legislative Compliance Register developed as a response to the first Regulation 17 audit available as a template example to other local governments.

COMMENT

Changes to the *Local Government (Audit) Regulations 1996* in 2013 expanded the role of local government Audit Committees to encompass a regular review of risk management, internal controls and legislative compliance at least once every two years (Regulation 17).

The CEO is required to produce a report for the Audit Committee every two years on the appropriateness and effectiveness of systems and procedures relating to risk management, internal control and legislative compliance. This report is not limited to financial risks, financial controls or just legislative compliance under the Local Government Act but is across all management areas.

The first report(s) were due by 31 December 2014, and all three areas were required to be covered at least once by December 2015. Regulation 17 is now a standing item on the Audit Committee agenda, and the Committee receives a report addressing all three components at every meeting

An independent external firm (AMD) conducted the initial review and their report was received on 12 November 2014. AMD conducted a second audit in April 2016, examining progress made since 2014, and identifying new issues that had developed since the original audit. The Report from the second audit is included as Attachment 1.

Attachment 2 provides a progress report and describes staff responses to the April 2016 audit. Items in boxes shaded orange have been carried over from the first audit. Items in boxes shaded green have not previously been identified, and are new to this review. The text in the item status column has also been colour coded. Green items have been addressed and completed. Items in orange text are currently in progress. Red text indicates that the work has not yet begun.

VOTING REQUIREMENTS

Simple majority

AC1105 OFFICER'S RECOMMENDATIONS – 5.4/COMMITTEE DECISION

Moved Cr Baxi, Seconded Cr M Scott

That the Audit Committee receives and recommends that Council accepts Progress Report 6 generated in response to the second (April 2016) AMD Regulation 17 Report on the appropriateness and effectiveness of Council's risk management, internal controls and legislative compliance.

Carried 5/0

AC1106 (5.5) Risk Register – Progress Report 1

Location:	Whole of Shire
Applicant:	Shire of Capel
File Reference:	N/A
Disclosure of Interest:	Nil
Date:	06.11.16
Author:	Governance Officer, A Handley
Senior Officer:	Executive Manager Corporate Services, S Stevenson
Attachments:	1. Risk Themes 2. Risk Register extract

MATTER FOR CONSIDERATION

The Audit Committee to consider the Shire of Capel Risk Register.

BACKGROUND / PROPOSAL**Background**

There has been an increased focus on risk management in local government over recent years with the aim of managing business systems and processes to achieve an appropriate balance between realising opportunities for gain and minimising adverse impacts.

This change has been driven in part by an increased focus on risk mitigation and liability management in all areas of government, along with legislative updates. In 2013, the *Local Government (Audit) Regulations 1996* were amended by the introduction of Regulation 17, which requires the Chief Executive Officer of a local government to report every two years to the Audit Committee on the effectiveness of the organisation's risk management processes, internal controls and legislative compliance.

An external audit of these three areas at the Shire of Capel identified a number of items requiring improvement, and one of the Auditor's recommendations was that the Shire develops a Risk Management Governance Framework that encompasses a Policy, Procedures and a Risk Register. The Auditors suggested that 'Risk Management' be introduced as a standing item in the Audit Committee Agenda to allow the Committee to monitor risk on a regular and consistent basis.

LGIS (Local Government Insurance Services) was commissioned in 2015 to conduct a workshop during which a Risk Management Framework was developed. The Framework incorporates a policy and set of procedures, sixteen identified risk 'themes' and provides the tools to identify, assess, manage and record risk in the 16 theme areas (listed and summarised in Attachment 1). LGIS also provided a spreadsheet structure preformatted to be used for construction of the Shire of Capel Risk Register. Ultimately, each of the sixteen themes will be examined, controls identified and an overall risk rating for that theme assessed and recorded in the Register.

Attachment 2 provides an example of the assessment and control rating of one of the 16 risk areas (Project & Change Management) and how that assessment is reflected in the summary Dashboard Report. It is the Dashboard Report that will be presented to the Audit Committee at each meeting.

Proposal

The Audit Committee to consider the Shire of Capel Risk Register, and recommend that Council receive Progress Report 1.

STATUTORY ENVIRONMENT

Local Government Act 1995

2.7 Role of council

- (1) The council –
 - (a) governs the local government's affairs; and
 - (b) is responsible for the performance of the local government's functions.

- (2) Without limiting subsection (1), the council is to –
 - (a) oversee the allocation of the local government's finances and resources; and
 - (b) determine the local government's policies.

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

- (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.

POLICY IMPLICATIONS

There are no policy implications at this stage, although management of risks identified in the Register may lead to changes in the future.

FINANCIAL IMPLICATIONS**Budget**

There are no direct costs associated with this item.

Long Term

There are no long term financial implications resulting from this item.

Whole of Life

As no assets or infrastructure are being created, there are no whole of life costs relevant to this item.

SUSTAINABILITY IMPLICATIONS

The Risk Register will facilitate the continued development of Council's risk management framework and provide the context for balancing risk and reward. This will assist Council in creating positive social and environmental impacts in the community.

STRATEGIC IMPLICATIONS

Shire of Capel Strategic Community Plan 2013-31.

1 The Leadership Experience 'Ensure open, transparent, effective good governance and communication within the organisation and the community.'

Strategic outcomes:

- 1.1 Ensure continuous improvement of the organisation
- 1.2 Maintain a safe and rewarding working environment
- 1.5 Ensure the effective management of Council's resources.

CONSULTATION

There has been extensive consultation with LGIS during development of the Risk Register. LGIS consultants were integral in the development of the Risk Management Governance Framework, and provided training and guidance for officers during the construction of the Risk Register. Shire officers have taken part in a number of workshops during which control processes for risk have been discussed in order to commence building the Register.

COMMENT

The Risk Management Governance Framework introduced by the Shire of Capel is a holistic approach that incorporates three lines of defence. The first line is operational, and requires all staff to have a degree of accountability and responsibility for risk management processes and controls in their operational areas. The second tier is the responsibility of the Governance Officer and the Executive Management Team (EMT), and involves maintaining an overview of risk matters, monitoring and reporting on emerging risks, and coordination of risk reporting by way of the Risk Register. The third tier of defence is formed by regular internal and external audits of the Risk Management Governance Framework.

The Risk Register is an aggregated reporting tool that provides the Executive Management Team, Audit Committee and ultimately Council with a 'snapshot' of the Shire's current level of exposure to risk, and the controls in place to manage that exposure. It is a fluid document designed to be updated regularly as new risks are identified and controls implemented. Consideration of the effectiveness of controls in the sixteen individual risk themes has begun and officers are progressing through the areas in a series of workshops. Five themes have been examined to date, and three workshops to discuss the remaining eleven are planned. The themes examined to date are Inadequate Asset Sustainability Practices, Failure to Fulfil Compliance Requirements, Inadequate Project & Change Management, Inadequate Safety and Security Practices and Inadequate Supplier & Contract Management.

Attachment 2 provides an extract from the Risk Register and shows work to date on the theme 'Project & Change Management'. Potential causes of an exposure to risk are identified, and various controls listed. Each of those controls has been assessed as to whether it currently offers Inadequate, Adequate or Effective management of the risk theme, and an overall *control rating* then determined.

A *risk rating* is also determined (for example low, moderate, high) by using a risk matrix assessment of the *consequences* of potential risk vs the *likelihood* of risk occurrence. The risk ratings and control ratings for each of the sixteen risk themes are summarised in the two page Dashboard Report which provides an overview of the current effectiveness of risk management controls at the Shire of Capel.

VOTING REQUIREMENTS

Simple majority

AC1106 OFFICER'S RECOMMENDATIONS – 5.5/COMMITTEE DECISION
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Moved Cr J Scott, Seconded Cr Baxi

That the Audit Committee receives and recommends that Council accepts Progress Report 1 on the development of the Shire of Capel Risk Register.

Carried 5/0

AC1107 (5.6) Financial Management System Review

Location:	Capel
Applicant:	Shire of Capel
File Reference:	IFM3189
Disclosure of Interest:	Nil
Date:	10.11.16
Author:	Manager Finance, A Mattaboni
Senior Officer:	Executive Manager Corporate Services, S Stevenson
Attachments:	2016 Financial Management System Review

MATTER FOR CONSIDERATION

Committee to consider the 2016 Financial Management System Review recommendations status update.

BACKGROUND / PROPOSAL**Background**

Changes to the Local Government Act 1995 that were enacted in 2005 required that Council establish an audit committee. The delegation of powers and duties to the audit committee were agreed to by Council at their meeting on 28 September 2005.

Proposal

That the audit committee consider the 2016 Financial Management System Review recommendations status update which presents the findings, recommendations and management comments along with the current status of the recommendations; and recommends to Council that the reports be endorsed.

STATUTORY ENVIRONMENT

Local Government Act 1995 - Section 6.10. - Financial Management Regulations

Regulations may provide for —

- (a) the security and banking of money received by a local government;
- (b) the keeping of financial records by a local government;
- (c) the management by a local government of its assets, liabilities and revenue; and
- (d) the general management of, and the authorisation of payments out of —
 - (i) the municipal fund; and
 - (ii) the trust fund,

of a local government.

Local Government (Financial Management) Regulations 1996

Regulation 5 - Financial management duties of the CEO

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
 - (a) for the proper collection of all money owing to the local government;
 - (b) for the safe custody and security of all money collected or held by the local government;
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);
 - (d) to ensure proper accounting for municipal or trust —
 - (i) revenue received or receivable;
 - (ii) expenses paid or payable; and
 - (iii) assets and liabilities;

- (e) to ensure proper authorisation for the incurring of liabilities and the making of payments;
- (f) for the maintenance of payroll, stock control and costing records; and
- (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations

POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

The cost of annual Financial Management System Review is included as part of AMD Chartered Accountants' response to Tender 08/08.

SUSTAINABILITY IMPLICATIONS

There are no sustainability implications relevant to this item.

STRATEGIC IMPLICATIONS

Strategic Community Plan 2013 to 2031

1 The Leadership Experience "Ensure open, transparent, effective good governance and communication within the organisation and the community."

Strategic Outcomes:

- 1.4 Provide efficient and effective financial management to ensure the long term financial sustainability of the organisation.
- 1.5 Ensure the effective management of Council's resources.

CONSULTATION

Consultation has been undertaken with staff required to implement recommendations.

COMMENT

The recommendations for implementation are from the 2016 Financial Management Systems Review (copy at Appendix A). The overall findings of the review are based on the 19 April 2016 site work and information provided and made available to AMD following their requests during the site visit. The 2016 Financial Management System Review reports that in the context of the Council's overall operations and size, the auditors consider operating procedures and systems in place are adequate, and have operated effectively from July 2015 to the date of their visit, with the exception of the recommendations outlined within their report.

The auditors recommendations raised do not take into account materiality and are raised in accordance with Local Government best practice guidelines. The auditors findings reported are on an exceptions basis, and do not take into account the various internal controls tested during the Financial Management Systems Review which were determined to operate effectively.

The report findings and their current implementation status are as follows:

Collection of Money

A1. Independent Review (Finding Rating – Medium)

The 'Cash Receipting Bank Deposit Listing' report produced by Shire of Capel customer service officers is signed by the officer completing the end of day reconciliation; however this reconciliation is not subject to independent review.

The auditor recommendation is for the 'Cash Receiving Bank Deposit Listing' be signed by the preparer (cashier) and a second customer service officer or senior employee as evidence of review prior to banking being completed.

Management Comment: Agree with the recommendation. It is proposed that the Customer Services Co-ordinator independently review and sign the Cash Receiving Bank Deposit Listing.

Status: Customer Services Co-ordinator will have a second customer service officer sign as evidence of review. Finance Officer who banks the cash will ensure procedure is completed.

A2. Library Receipts (Finding Rating - Low)

Library officers at Capel and Dalyellup advised that a listing of all monies received is not maintained and receipts are only prepared when requested by the customer.

It is recommended that a receipt be prepared for all monies received and a listing is maintained which specifies date of receipt, receipt number, description, amount and date banked. The listing is required to reconcile with the cash on hand prior to the monies being forwarded to the Shire of Capel office for banking.

Management Comment: Agree with the recommendation. Investigate having Libraries receipt all monies received as recommended.

Status: An attempt at developing a system where small amounts would be receipted separately to a requested receipt by the customer has shown that having two systems is impractical. Standard receipts to be issued for all monies.

Custody and Security of Money

B1. Waste Site Collections (Finding Rating – Medium)

The Waste site collections and float are taken home daily by Waste facility employees and change is provided by employees if there is no change in the till. A count of the float held and sales did not reconcile.

It is recommended the security of Waste Facility receipts be reviewed and action taken to enhance controls over Council monies.

Management Comment: Agree with the recommendation with an investigation into improving the security of Council monies at the Waste Facility. There are management issues with the days and opening times at the Waste Facility being different to the Capel Shire office. The lack of security at the Waste Facility has meant there has been a reluctance to leave any cash overnight at the facility. Procedures for reconciling cash need improvement and implementation.

Status: Developing a locker at administration office for after hours deposit of funds from Waste facility and change-over of float. Safe at site still not recommended due to site security. Receipt listing is being received but a more complete procedure to be implemented.

Accounting for Municipal or Trust Transactions

C1. Review of Trust Balances (Finding Rating – Medium)

A review of the detailed trust ledger balances listing at 31 March 2016 indicate there are a number of old trust balances. As advised, a detailed review of old trust balances is required to be completed.

It is recommended a detailed review of the trust ledger balances listing be completed to determine if monies are required to be returned or recognised as income where related obligations have not been met.

Management Comment: Agree with the recommendation. The trust ledger is made up of multiple trust types and a review has started on several of these trust types. This review will continue until all trust balances have been examined. A procedure will be developed to input future trust review dates.

Status: The review of trust balances is continuing.

C2. Fixed Asset Reconciliations (Finding Rating – Medium)

It was noted that the fixed asset reconciliations between the asset register and the general ledger were not completed for months of July, August and September 2015. The fixed asset reconciliations for October, November, December and January had not been signed as evidence of an independent review occurring.

It is recommended that fixed asset reconciliations are completed monthly and retained on file with evidence of an independent review occurring.

Management Comment: Agree with the recommendation. The monthly reconciliation procedure to be updated to ensure an independent review is completed and recorded.

Status: Part of monthly procedures to be completed.

C3. Land held for Re-sale (Finding Rating – Low)

Land held for resale in the Shire of Capel statement of financial position at 30 June 2015 is shown at \$340,884. There have been no sales to date and no interest has been expressed in the purchase of land.

The recommendation to management is to consider whether land held for re-sale should be reclassified to 'land' and management determine whether an impairment write down of the land held for re-sale is required.

Management Comment: Agree with the recommendation. The two remaining blocks have been revalued by external valuation. Management will need to consider; options for sale of the blocks and use of funds from the sale of land.

Status: Both light industrial area blocks are recorded as non-current assets. Management is to discuss marketing options. Funds from sale of land held in reserve for depot redevelopment.

C4. Unpresented Items (Finding Rating – Low)

The review of the unpresented items listing forming part of the 31 March 2016 municipal and trust bank reconciliations identified a number of cheques/deposits unpresented for greater than 12 months.

It is recommended that a review of the unpresented cheques be completed to identify cheques that are required to be re-issued or monies sent to the Department of Treasury.

Management Comment: Agree with the recommendation. Investigations were carried out in October 2015 and January 2016 but further follow up is required to deal with cheques still outstanding. There has been a focus on moving payments to electronic funds transfer to avoid the administration costs of outstanding unpresented cheques.

Status: Regular investigation of unpresented cheques carried out. Attempting to have as many payments as possible made by electronic funds transfer.

C5. FBT Lodgement (Finding Rating – Low)

It was noted that the FBT return for 31 March 2015 was not lodged by the due date. It is recommended the FBT return for 31 March 2016 is lodged by the required due date.

Management Comment: Agree with the recommendation to lodge FBT return by due date.

Status: Lodged 15 June 2016.

Authorisation for Incurring Liabilities and Making Payments

D1. Credit Card Transactions (Finding Rating – Medium)

The review of credit card transactions has noted:

- i) Monthly credit card statements are not always certified by the Executive Manager of Corporate Services as required by Shire of Capel corporate credit card policy; and
- ii) Individual credit card transactions made during the month are not always presented to Council as part of the monthly payments listing; rather, only the total value of the credit card direct debit is noted.

It has been recommended that monthly credit card statements be certified by the Executive Manager of Corporate Services. It is also recommended that management list the individual purchases made on the corporate credit cards by supplier within the payment schedule presented to Council, to ensure compliance with Regulation 13(1) of the Local Government (Financial Management) Regulations 1996.

Management Comments: The recommendations are agreed to, with monthly credit card statements to be certified by Executive Manager of Corporate Services as set out by the Shire of Capel corporate credit card policy. The Council agenda item listing of accounts paid will have the payment of credit card description expanded to show each individual transaction that equals the total credit card payment. Each individual transaction will list; payees name, amount of payment, date of payment and information to identify the transaction, to ensure compliance with Regulation 13(1) of the Local Government (Financial Management) Regulations 1996. The Corporate Credit Card policy will be updated to reflect the recommendation.

Status: All recommendations implemented.

D2. Purchase Orders (Finding Rating – Medium)

It has been noted that on various occasions purchase orders were not used to authorise the purchase of goods and services prior to placing orders with suppliers.

It has been recommended; purchase orders be used for all purchases with the exception of utilities and regular payments; and purchase orders should be authorised as approval that the goods or services are to be ordered, prior to ordering.

Management Comment: Agree with the recommendation that purchase orders be used for all purchases with the exception of utilities and regular payments. The recommendation has highlighted the need for continued training for authorised staff with the checking of completed purchase orders to ensure compliance with purchasing policy.

Status: Ongoing training and review required to ensure compliance with purchasing policy.

Maintenance of Payroll, Stock Control and Costing

E1. Drainage Conditions (Finding Rating – Medium)

It has been noted that the Shire of Capel is re-valuing all asset classes prior to 30 June 2016. As part of this process it has been advised that all unit costs and conditions of infrastructure

assets are being revalued with the exception of drainage conditions. The drainage condition ratings are based on the age of the asset and a re-assessment of drainage conditions will not be completed prior to 30 June 2016.

It has been recommended a review of drainage conditions be formally completed, in conjunction with current revaluation procedures.

Management Comment: The recommendation has been noted and the Manager Technical Services is discussing with the external valuer how this issue can be addressed.

Status: The National Asset Management Assessment Framework Stage 2 provided by the Department of Local Government and Communities will focus on the drainage asset class.

E2. Review of Key Performance Indicators (Finding Rating – Medium)

The review has noted that executive managers and the Chief Executive Officer employment contracts include Key Performance Indicators (KPI's) but it is understood no formal review of actual performance against contract KPI's is completed throughout the year.

It is recommended a formal regular review of actual performance versus contract KPI's be completed.

Management Comment: Shire performance reviews are conducted annually for all staff including senior staff. Due to the new Organisational Structure for Executive Management, the decision was made to develop KPI's following the first 12 months of the new structure. The CEO is currently developing KPI's.

Status: KPI's have been developed for all executive management and implemented.

E3. Vehicles Keys Register (Finding Rating – Low)

It is noted that a key register relating to Shire owned vehicles (including vehicles provided to employees as part of employment contract) is not maintained.

It has been recommended a register of vehicles be prepared, specifying number plate, vehicle description, key holder name and date keys taken.

Management Comment: Management is to develop a vehicle key register.

Status: Still to be developed. Vehicle used by multiple staff booked and recorded in Outlook.

E4. Approval to Advertise (Finding Rating – Low)

It was noted that formal written approval or sign-off in relation to advertising employment vacancies is not obtained from the CEO prior to advertisements being placed.

It is recommended the CEO complete formal sign-off as evidence of approval prior to employment advertisements being placed.

Management Comment: The recommendation is noted. The current process for replacement positions (e.g. when someone resigns) requires approval from Executive Manager and Human Resource Manager before advertising. All offers of employment are signed by the CEO before an offer is made.

Status: Implemented.

E5. Excessive Annual Leave Balances (Finding Rating – Low)

The review of the 31 March 2016 annual leave listing noted employees who have accrued in excess of eight weeks.

Implications of this are:

- The cost to Council is greater if annual leave is not paid out on a regular basis due to the cumulative effect of salary increases over a period of time,
- Recreational leave enhances employee performance.
- It is a fundamental principle in good internal control that all employees take regular holidays.

The auditors recommend that leave balances be managed to reduce the number of employees with excess leave due.

Management Comment: There is a regular assessment of all leave balances by senior management with staff required to plan and take leave. The CEO, Executive Managers and leaders receive a report fortnightly highlighting those employees with high leave balances. There is fortnightly advice to staff of their leave balances.

Status: Ongoing monitoring.

E6. Depot Security (Finding Rating – Low)

During the onsite visit to the Shire of Capel depot it was identified that only one security code is used by all depot staff to disarm the security system.

It has been recommended that all staff have their own unique depot alarm security code, to identify who is entering the depot at any one time.

Management Comment: Shire management is to investigate the security and the security system at the depot to address this issue.

Status: Depot security is an ongoing issue with solutions still being discussed.

Preparation of Budgets, Budget Reviews, Accounts and Reports Required by the Act or the Regulations

F1. Financial Management Procedures (Finding Rating – Low)

It was noted a number of Shire financial management procedures do not specify a scheduled review date. This has the implication of financial management procedures becoming out-dated and not reflecting current practices.

It is recommended that financial management procedures specify the next scheduled review date.

Management Comment: In accordance with the recommendation, the financial management procedures are to be updated and specify a scheduled review date.

Status: Updating of the financial management procedures is currently being carried out.

VOTING REQUIREMENTS

Simple majority

AC1107 OFFICER'S RECOMMENDATIONS – 5.6/COMMITTEE DECISION

Moved Cr Bell, Seconded Cr J Scott

That the 2016 Financial Management System Review status update is received and Council is advised that the Committee is satisfied with the staff explanations and ongoing actions taken in response to the findings of the Review.

Carried 5/0

URGENT BUSINESS

Nil

MEETING CLOSURE

The meeting closed at 1.25pm.

These minutes were confirmed at an Audit Committee meeting on
2017.

Signed

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

Date

ATTACHMENTS TO ITEM 15.7

Financial Statements for 30 November 2016

Attachment: Financial Statements for November 2016



SHIRE OF CAPEL
MONTHLY FINANCIAL REPORT
FOR THE YEAR TO DATE 30 November 2016

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ATTACHMENT TO ITEM 15.7

**SHIRE OF CAPEL
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR TO DATE 30 November 2016**

	NOTE	Year to Date Actual \$	Year to Date Budget \$	2017 Original Total Budget \$	2017 Year End Forecast \$	2016 Year End Actual \$
REVENUES FROM ORDINARY ACTIVITIES						
Rates	18	11,298,869	11,325,390	11,325,844	11,325,844	10,188,636
Operating Grants, Subsidies and Contributions	23	915,720	954,795	2,011,674	2,011,674	1,107,424
Fees and Charges	22	2,628,534	2,628,344	3,057,023	3,057,023	3,078,025
Interest Earnings	2(a)	126,827	177,490	370,530	370,530	434,917
Other Revenue		78,468	69,124	166,057	166,057	330,566
		<u>15,048,419</u>	<u>15,155,143</u>	<u>16,931,128</u>	<u>16,931,128</u>	<u>15,139,568</u>
EXPENSES FROM ORDINARY ACTIVITIES						
Employee Costs		(2,670,409)	(2,714,922)	(6,740,422)	(6,740,422)	(6,486,034)
Materials and Contracts		(1,938,159)	(2,699,777)	(6,477,881)	(6,477,881)	(5,512,244)
Utilities		(168,674)	(207,346)	(497,876)	(497,876)	(544,942)
Depreciation	2(a)	(1,662,070)	(2,432,745)	(5,838,642)	(5,838,642)	(5,676,816)
Interest Expenses	2(a)	(91,081)	(48,116)	(418,238)	(418,238)	(405,330)
Insurance		(131,565)	(118,214)	(182,305)	(182,305)	(155,995)
Other Expenditure		(132,729)	(90,675)	(317,236)	(317,236)	(322,000)
		<u>(6,794,687)</u>	<u>(8,311,795)</u>	<u>(20,472,600)</u>	<u>(20,472,600)</u>	<u>(19,103,361)</u>
		8,253,732	6,843,348	(3,541,472)	(3,541,472)	(3,963,793)
Non-Operating Grants, Subsidies and Contributions	23	576,680	2,133,370	7,456,123	7,456,123	2,629,698
Loss on revaluation of fixed assets						(171,563)
Profit on Asset Disposals	16	4,630	34,545	82,908	82,908	29,297
Loss on Asset Disposals	16	0	0			(21,833)
NET RESULT		8,835,042	9,011,263	3,997,559	3,997,559	(1,498,194)
Changes on revaluation of non-current assets		0	0	0	0	8,996,936
TOTAL COMPREHENSIVE INCOME		8,835,042	9,011,263	3,997,559	3,997,559	7,498,742

ATTACHMENT TO ITEM 15.7

**SHIRE OF CAPEL
RATE SETTING STATEMENT
FOR THE YEAR TO DATE 30 November 2016**

	NOTE	YTD Actual \$	YTD Budget \$	2017 Budget \$	2017 Forecast \$	2016 Year End Actual \$
OPERATING REVENUES						
Governance		17,519	15,235	36,587	36,587	85,438
General Purpose Funding		11,701,404	11,781,056	12,789,159	12,789,159	10,939,794
Law, Order, Public Safety		85,142	97,095	336,841	336,841	331,062
Health		118,026	62,555	150,147	150,147	58,769
Education and Welfare		13,504	10,540	25,343	25,343	31,114
Community Amenities		2,283,526	2,340,267	2,465,671	2,465,671	2,429,790
Recreation and Culture		678,222	1,849,756	3,582,839	3,582,839	1,163,656
Transport		576,744	961,380	4,513,350	4,513,350	2,148,539
Economic Services		97,538	188,112	411,277	411,277	408,651
Other Property and Services		58,105	66,220	158,944	158,944	201,750
		<u>15,629,729</u>	<u>17,372,216</u>	<u>24,470,158</u>	<u>24,470,158</u>	<u>17,798,563</u>
OPERATING EXPENSES						
Governance		(267,672)	(246,383)	(763,332)	(763,332)	(669,565)
General Purpose Funding		(93,053)	(101,180)	(242,858)	(242,858)	(427,996)
Law, Order, Public Safety		(343,828)	(430,331)	(994,817)	(994,817)	(889,546)
Health		(243,998)	(229,583)	(558,559)	(558,559)	(479,315)
Education and Welfare		(92,735)	(116,954)	(292,079)	(292,079)	(263,517)
Community Amenities		(1,266,310)	(1,430,093)	(3,484,505)	(3,484,505)	(3,584,160)
Recreation & Culture		(1,580,786)	(1,867,848)	(4,610,358)	(4,610,358)	(4,022,943)
Transport		(2,531,660)	(3,415,471)	(8,202,670)	(8,202,670)	(7,684,809)
Economic Services		(453,648)	(481,463)	(1,277,551)	(1,277,551)	(977,616)
Other Property and Services		79,003	7,511	(45,871)	(45,871)	(125,727)
		<u>(6,794,687)</u>	<u>(8,311,795)</u>	<u>(20,472,600)</u>	<u>(20,472,600)</u>	<u>(19,125,194)</u>
NET OPERATING RESULT		8,835,042	9,060,421	3,997,556	3,997,556	(1,326,631)
ADJUSTMENTS FOR CASH BUDGET REQUIREMENTS:						
Non-cash Expenditure and Revenue						
(Profit)/Loss on Asset Disposals	16	(4,630)	(34,545)	(82,908)	(82,908)	(7,464)
Movement in Deferred Pensioner Rates (Non-C)		0	0	0	0	0
Movement in Employee Benefit Provisions (Non		(0)	0	0	0	(24,019)
Adjustment to Current asset provision		0	0	0	0	(190,394)
Depreciation on Assets	2(a)	1,662,070	2,432,745	5,838,642	5,838,642	5,676,816
Capital Expenditure and Income						
Purchase Land Held for Resale		0	0	0	0	0
Purchase Land and Buildings		0	(7,500)	(18,000)	(18,000)	0
Purchase Furniture and Equipment		(52,521)	(51,125)	(122,711)	(122,711)	0
Purchase Plant and Equipment		(91,920)	(227,010)	(817,839)	(817,839)	(1,665,945)
Purchase Infrastructure Assets (Roads)		(108,825)	(3,164,300)	(5,244,539)	(5,244,539)	(1,640,408)
Purchase Infrastructure Assets (Paths)		(6,570)	0	0	0	(344,988)
Purchase Infrastructure Assets (Drainage)		(5,700)	0	0	0	(297,520)
Purchase Infrastructure Assets (Parks & Ovals)		(298,542)	0	0	0	(2,603,423)
Non Cash Infrastructure Assets		0	0	(2,350,000)	(2,350,000)	0
Disposal of Assets	16	17,045	76,935	184,652	184,652	252,618
Repayment of Loans	17	(273,008)	(273,008)	(610,779)	(610,779)	(527,015)
Proceeds from New Borrowings	17	0	0	0	0	2,000,000
Self Supporting Loan Advances	17	0	0	0	0	0
Unspent Loans Bought Forward		0	0	0	0	0
Self Supporting Loan Principal Income		0	0	0	0	12,802
Transfers to Reserves	12	(98,218)	(98,218)	(3,023,689)	(3,023,689)	(3,006,847)
Transfers from Reserves	12	0	0	2,102,386	2,102,386	3,777,612
Add: Surplus/(Deficit) 1 July B/Fwd		527,141	151,668	151,668	527,141	441,947
Less: Estimated Surplus/(Deficit) 30 June C/Fwr		0	0	0	0	(527,141)
NET CURRENT ASSET POSITION		<u>10,101,363</u>	<u>7,866,063</u>	<u>4,442</u>	<u>379,915</u>	<u>0</u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF CAPEL

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR TO DATE 30 November 2016

	NOTE	2017 \$	2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	17,669,660	12,593,309
Investments	4	25,000	25,000
Trade and Other Receivables	5	4,134,989	691,861
Inventories	6	99,655	98,092
Subsidies and Contributions		<u>21,929,304</u>	<u>13,408,262</u>
NON-CURRENT ASSETS			
Other Receivables	5	2,583	2,583
Inventories	6	340,884	340,884
Property, Plant and Equipment	7	29,120,564	29,422,322
Infrastructure	8	143,866,486	144,679,765
TOTAL NON-CURRENT ASSETS		<u>173,330,517</u>	<u>174,445,554</u>
TOTAL ASSETS		<u>195,259,821</u>	<u>187,853,816</u>
CURRENT LIABILITIES			
Trade and Other Payables	9	690,958	1,662,336
Long Term Borrowings	10	337,771	610,779
Provisions	11	801,664	981,685
TOTAL CURRENT LIABILITIES		<u>1,830,393</u>	<u>3,254,800</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	7,352,844	7,352,844
Provisions	11	127,539	127,539
TOTAL NON-CURRENT LIABILITIES		<u>7,480,383</u>	<u>7,480,383</u>
TOTAL LIABILITIES		<u>9,310,776</u>	<u>10,735,183</u>
NET ASSETS		<u>185,949,045</u>	<u>177,118,633</u>
EQUITY			
Retained Surplus		89,729,445	80,997,250
Reserves - Cash Backed	12	10,335,318	10,237,100
Reserves - Asset Revaluation		85,884,283	85,884,283
TOTAL EQUITY		<u>185,949,045</u>	<u>177,118,633</u>

This statement is to be read in conjunction with the accompanying notes.

ATTACHMENTS TO ITEM 16.1

Local Emergency Management Committee Minutes

Attachment: Local Emergency Management Committee Minutes
9 November 2016

SHIRE OF CAPEL

LOCAL EMERGENCY MANAGEMENT COMMITTEE MEETING – 09.11.16

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LEMC1101 CONFIRMATION OF PREVIOUS MINUTES

PETITIONS/DEPUTATIONS/PRESENTATIONS

MATTERS ARISING

- (4.1) Correspondence Received

GENERAL MEETING REQUIREMENTS

- (5.1) Confirmation of LEMC contact list currency
- (5.2) Review of any incidents and analysis since last meeting
- (5.3) Progress on any risk management processes, (Shire ERM plus member agency)
- (5.4) Progress on any treatment strategies from the risk management process
- (5.5) Progress on development or review of any LEMA

THIRD QUARTER MEETING REQUIREMENTS

INFORMATION SHARING

- (7.1) Delegate Reports

GENERAL BUSINESS

- (8.1) New LEMC Members
- (8.2) DEMC Representation

MEETING CLOSE

SHIRE OF CAPEL

MINUTES OF THE SHIRE OF CAPEL LOCAL EMERGENCY MANAGEMENT COMMITTEE MEETING HELD IN THE COUNCIL CHAMBERS ON WEDNESDAY, 9 NOVEMBER 2016, COMMENCING AT 10.10AM.

PRESENT:	Shire of Capel Council Delegate & LEMC Chairman	Cr M Scott
	Shire of Capel Council Delegate	Cr B Bell
	Shire of Capel Council Delegate	Cr J Scott
	Shire of Capel Chief Bush Fire Control Officer	Mr C Scott
	Main Roads WA	Mr A Roberts
	Bunbury Regional Hospital	Dr S Heble
	Department of Fire & Emergency Services	Mr N Elrick
	Department of Fire & Emergency Services	Mr P Hay
	SEMC Secretariat	Mr V Cheema
	Water Corporation	Mr G Yates
	Iluka Resources Limited	Ms L Hutchinson
	Department of Child Protection & Family Support	Ms R Boucher
	Bunbury Police OIC & LEMC Deputy Chairman	Snr Sgt M Jones
	Executive Manager Community Services	Mrs M Plume
	Manager Emergency & Ranger Services	Mr D Freeman
VISITORS:	Western Australian Local Government Association	Mr J Lane
APOLOGIES:	Department of Child Protection & Family Support	Ms H Neill
	St John Ambulance	Mr K Hart
	Community Services Administration Officer	Mrs M Blandford
	Western Power	Mr P Kerr

LEMC1101 CONFIRMATION OF PREVIOUS MINUTES
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Moved: Cr B Bell, Seconded: Cr J Scott

That the Minutes of the Local Emergency Management Committee meeting held on the 17 August 2016 be confirmed.

Carried

VOTING REQUIREMENT

Simple majority

PETITIONS/DEPUTATIONS/PRESENTATIONS

Nil

MATTERS ARISING**(4.1) Correspondence Received**

At the June 2016 meeting of the LEMC, it was noted that correspondence was received from the State Emergency Management Committee regarding the new suite of Emergency Management documents being released.

Vikram Cheema advised the committee that this has now been released, and all new policies and new documents are available on the SEMC's website. The new suite of documents replaces all previous State Emergency Management Plans (SEMPs). There have been no changes made to positions or roles, just a rationalisation of documentation to reduce duplication and repetition.

All local governments should now reference these new documents.

No other correspondence has been received.

GENERAL MEETING REQUIREMENTS**(5.1) Confirmation of LEMC contact list currency**

LEMC contact list to be circulated for any relevant changes or additions. The LEMC contact list has official agency delegate/proxy details ONLY. One off proxy contact details may not be included in the minutes unless advised.

(5.2) Review of any incidents and analysis since last meeting

Nil – no reports were submitted to the Executive Assistant of the Committee for inclusion in the minutes.

(5.3) Progress on any risk management processes, (Shire ERM plus member agency)**Shire of Capel:**

As advised at the August LEMC meeting, the Shire of Capel has been successful in securing funding through the 2016/17 All West Australians Reducing Emergencies (AWARE) Program for the purpose of conducting an Inter-agency Emergency Management Field Exercise. The exercise is currently being developed and will involve all Shire of Capel Staff along with some external agencies also. The date for this exercise has been set for 2 December 2016. A real life emergency scenario will be presented and the response from the groups involved will be tested. A full report regarding the outcomes of the exercise will be provided to the Committee following the event.

Shire of Capel Executive Managers, Managers and other key staff members (18 staff in total) have recently undertaken training provided by the Western Australian Local Government Association (WALGA) in 'Managing Recovery Activities in Local Government'. It is anticipated that this training will assist in the development of staff leading up to training them as Local Recovery Coordinators.

(5.4) Progress on any treatment strategies from the risk management process

Chris Scott, Chief Bush Fire Control Officer:

The Hazard Reduction Burns planned for Lovell Park, Stratham, and for the Shire owned reserve along Bussell Highway, between Lakes Road, Stratham and Harewoods Road, Dalyellup and at Diggers Place, Boyanup (Preston River Reserve) have not been able to be carried out due to the late unseasonal rainfall. It is still planned to conduct these burns during November 2016 subject to suitable weather conditions.

No further burns on Shire reserves are currently scheduled pre-season by the Shire.

(5.5) Progress on development or review of any LEMA

The Shire of Capel's Local Emergency Management Arrangements (LEMA) have now been published on the Shire's website (public version), and have been distributed to the LEMC Committee for their records. The committee is reminded that the LEMA document is intended to be viewed as an electronic copy only, it is not recommended that you print a hardcopy.

The LEMA is due for full review again in 2020.

THIRD QUARTER MEETING REQUIREMENTS

Chairperson, Cr Murray Scott, addressed the committee to pass on his congratulations and acknowledgement to Michelle Plume and Marisa Blandford for all their hard work in the past 14 months whilst waiting to appoint a replacement for the Emergency Services Role.

(6.1) Seasonal Review – Fire Season 2016/17

This meeting sees us heading into Fire Season for the 2016/17 period. The Shire of Capel issued their Bush Fire Prevention Orders at the start of October. A new format for these was used this year, with property type specific orders being issued to property owners within the Shire, e.g. Rural, Special Rural, Townsite. It is anticipated that this new delivery format will make requirements clearer for residents/ratepayers, thus increasing compliance and reducing fuel loads throughout the Shire.

Property inspections will commence 1 December 2016, and an additional Casual Ranger will be appointed to assist.

INFORMATION SHARING

(7.1) Delegate Reports

Roma Boucher, Department of Child Protection and Family Services:

- (Report attached to these minutes)

Vikram Cheema, State Emergency Management Committee:

- Comprehensive Impact Assessments – documentation to be developed to encapsulate the impact of an incident which is to be completed by the Incident Controller/Hazard Management Agency. To be used to confirm and understanding of the incident impact by the local government, so that it is comfortable that recovery is now transitioning to them directly and to ensure they have the capacity to deal with the scale of recovery that is required. The local government is only to take on the task of recovery when it is comfortable to do so.

Mal Jones, Bunbury Police

- Bush Fire Training has been undertaken
- Attended Horse Evacuation Workshop recently

Peter Hay, Department of Fire & Emergency Services (DFES)

- Restricted Access Permits being issued to facilitate limited “purpose specific” access through Vehicle Control Points – hope to have this in place by 1 December 2016.
- ID Cards for volunteers – Local Governments to take photos and send to DFES.
- Two Helitacs in Perth currently.
- From 15 December 2016 the Helitacs will be based in Busselton for the fire season, fixed wing water bombers are also now available.
- New website now available for information regarding emergency incidents, www.emergencywa.wa.gov.au
- Department of Parks & Wildlife’s Hazard Reduction Burn program is going well, still lots of work to be done.
- New Community Engagement Officer – Lauren McDonnell, replaces Selina Young.

GENERAL BUSINESS

(8.1) New LEMC Members

Welcome back to Dean Freeman. Dean has accepted the position of Manager Emergency & Ranger Services with the Shire of Capel, and as such has taken over from Michelle Plume as Executive Officer on this committee.

It is also to be noted that as of 1 December 2016, the State Emergency Management Committee will be known as the Office of Emergency Management (OEM). The OEM will include the roles of the Office of Bushfire Risk Management, management of the WANDRAA program and Recovery matters.

(8.2) DEMC Representation

The Shire of Capel comes within the jurisdiction of the South West District Emergency Management Committee. Within this area are the 12 local governments of the SW Zone of the WA Local Government Association. This geographical area comprises the 12 local governments from Harvey in the north, east to Collie and Boyup Brook, and south to the Shire of Manjimup.

To enable the various local governments to be represented, but also keeping the membership of the DEMC at operable levels, representation of these local governments has been based on zones with one representative for each group of Councils.

The Shire of Capel is coupled with the Shires of Harvey, Dardanup, Collie and the City of Bunbury as group A. A recent meeting of the SW Zone of WALGA has reaffirmed that the Group A local governments will continue to be represented by Mr Mark Chester, CEO of the Shire of Dardanup, and Councillor Murray Scott, Shire President of the Shire of Capel.

MEETING CLOSE

Meeting closed at 11.35am

These minutes were confirmed at a Local Emergency Management Committee meeting on _____
_____ 2016.

Signed _____

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

Date _____

Next Meeting: Tuesday, 7 February 2017 at 10am – Council Chambers.