
NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 10 APRIL 2019
REPORTS OF COMMITTEES

1. INTERNAL AUDIT COMMITTEE

The report to and minutes of the Internal Audit Committee meeting held at the Narromine Shire Council Chambers on Monday 25 March 2019, are attached (**See Attachment No. 1**).

RECOMMENDATION

That the report of the Internal Audit Committee and the recommendations from the minutes of 25 March 2019 be adopted.

2. LOCAL TRAFFIC COMMITTEE

The report to and minutes of the Local Traffic Committee meeting to be held on Monday 8 April 2019 will be presented to Council prior to the meeting and once concurrence of the minutes has been obtained.

RECOMMENDATION

That the information be noted.

3. TRANGIE MEMORIAL HALL COMMITTEE

The report to and minutes of the Trangie Memorial Hall Committee meeting held at the Trangie Memorial Hall on Tuesday 19 March 2019, are attached (**See Attachment No. 2**).

RECOMMENDATION

That the report of the Trangie Memorial hall Committee and the recommendations from the minutes of 19 March 2019 be adopted.

4. ECONOMIC DEVELOPMENT GROUP COMMITTEE

The report to and minutes of the Economic Development Group Committee meeting held at Council's Chambers on Monday 18 March 2019, are attached (**See Attachment No. 3**).

It is noted that the General Manager was an apology for the meeting.

RECOMMENDATION

That the report of the Economic Development Group Committee and the recommendations from the minutes of 18 March 2019 be adopted.

**MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE
MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 25 MARCH 2019**

PRESENT: Neil Maltby (Chair) – Independent External Member, Cr James Craft NSC, Ron Gillard – Independent External Member, Jane Redden - General Manager NSC, Marion Truscott - Executive Manager Corporate Governance NSC, John Sevil - Director Finance & Corporate Strategy NSC, Luke Malone – Prosperity Audit Services, Marco Monaco – Prosperity Audit Services, Alex Hardy – Prosperity Audit Services and Carolyne Marchant (Minute Taker)

1. WELCOME

The Chair welcomed everyone to the Narromine Shire Council Internal Audit Committee meeting and declared the meeting open at 12.03pm.

2. APOLOGIES

Nil

3. DISCLOSURES OF INTEREST

Nil

4. CONFIRMATION OF PREVIOUS MINUTES 10 DECEMBER 2018

RECOMMENDED Cr Craft/Ron Gillard that the Minutes of the Narromine Shire Council Internal Audit Committee Meeting held 10 December 2018 be adopted as a true and correct record of the meeting.

6. CONSIDERATION OF AUDIT PLAN – NSW Audit Office/Prosperity Audit Services - (External Auditor)

RECOMMENDED Ron Gillard/Cr Craft that the information be noted.

7. CONSIDERATION OF INTERNAL AUDIT COMMITTEE MEETING REPORT

1. Legislative compliance checklist

It was noted that actual material budget variance is 10%. Replace 'not applicable' with 'no variance'.

RECOMMENDED Ron Gillard/Cr Craft that:

- future agendas will include an item for Compliance by exception report
- the information be noted

2. Fraud Control Policy

RECOMMENDED Ron Gillard/Cr Craft that:

- the amended Fraud Control Policy be accepted with the following changes: Page 4 under Leadership should state Internal Audit Committee instead of Audit and Risk Management Committee, Page 6 under Induction 'Code of Conduct' should state 'Ethical Behaviour Policies', page 8 should state During an investigation instead of During the investigation.
- the Fraud Risk Assessment and Fraud Control Action Plan for 2019/2020 be presented to the Internal Audit Committee.

**MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE
MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 25 MARCH 2019**

7. CONSIDERATION OF INTERNAL AUDIT COMMITTEE MEETING REPORT (cont'd)

3. Corporate Credit Card Policy

RECOMMENDED Ron Gillard/Cr Craft that:

- a) the amended Corporate Credit Card Policy be accepted with the following amendments, all references to Council Credit Card be changed to Corporate Credit Card, paragraph three should state someone with appropriate delegation instead of someone else approving, under Responsibilities & Procedures point three remove 'other than the approved' and replace with 'without permission of the card holder', all references to Commonwealth should be removed.
- b) a simplified report be presented to Internal Audit committee.

4. Financial Reporting Issues and Developments

RECOMMENDED Ron Gillard/Cr Craft that the information be noted.

5. CONSIDERATION OF CONTRACT MANAGEMENT REVIEW REPORT – CROWE HORWATH (INTERNAL AUDITOR)

RECOMMENDED Ron Gillard/Cr Craft that:

- a) Crowe Horwath be thanked for their work and the report be accepted.
- b) an action list be provided to future meetings.

8. ANY OTHER BUSINESS

- It was noted that the IT Governance audit review will be conducted on 2 and 3 April 2019
- Timetable for 19/20 projects to be considered
- Discussion regarding the reporting requirements in the Charter, particularly 8.1, 8.3 and 9.7. It was suggested a forward meeting plan be considered by the Committee
- Jane Redden, Marion Truscott and Ron Gillard will be attending Audit, Risk & Improvement Committees - NEW LGNSW/IIA training in Dubbo and will provide a report to the Committee
- NSC to provide a snapshot of the LG Performance Excellence Program

9. DATE FOR NEXT MEETING

The next Internal Audit Committee meeting will be held on Monday 3 June 2019 at 12.00 midday.

**MINUTES OF THE NARROMINE SHIRE COUNCIL INTERNAL AUDIT COMMITTEE
MEETING HELD IN COUNCIL CHAMBERS ON MONDAY 25 MARCH 2019**

10. CONCLUSION OF MEETING

The Chair thanked all members for attending.

There being no further business the meeting concluded at 1.13pm.

The Minutes (pages 1 to 3) were confirmed at a meeting held on the day of 2019, and are a full and accurate record of proceedings of the meeting held on 25 March 2019.

CHAIR



Contract Management

Narromine Shire Council

January 2019

Confidential

Prepared for: Narromine Shire Council

Prepared by: Crowe Horwath Albury

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1 Executive Summary

1.1 Introduction

In accordance with the internal audit program, a review of Narromine Shire Council's (NSC's) a contract management review was undertaken.

1.2 Audit objectives

The objectives of the audit were to review the adequacy of:

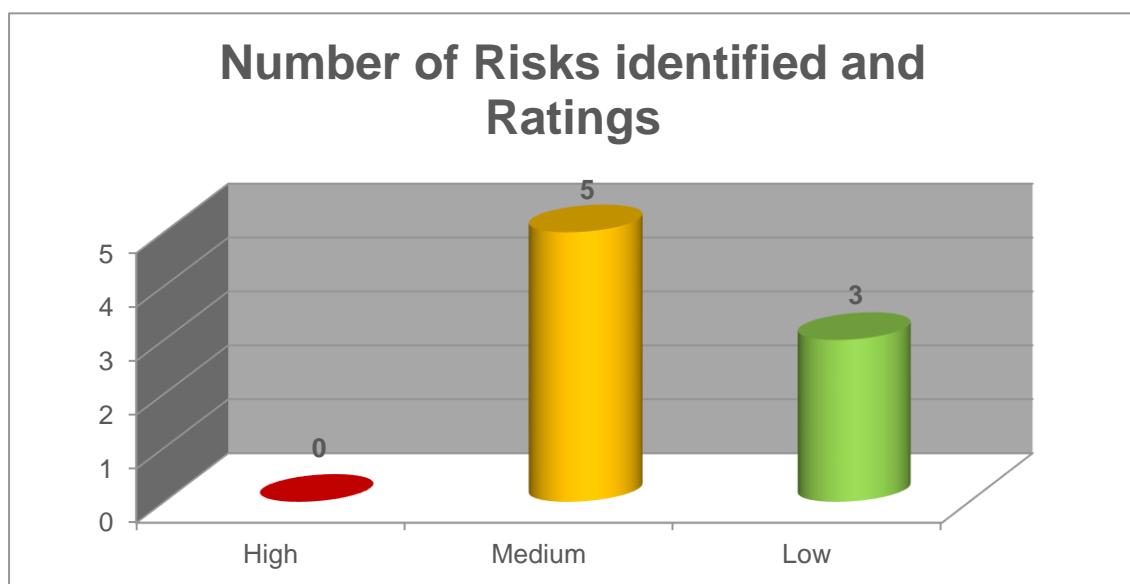
- Contract policies and procedures;
- Processes for compliance and monitoring;
- Monitoring of total individual vendor expenditure in excess of \$100,000 which have not gone to tender;
- Processes for monitoring and assessing progress of contract deliverables;
- Documentation and follow up of contract management meetings and actions; and
- Ensuring currency and management of bank guarantees, insurances, OH&S obligations (and monitoring).

The audit focused on 2 contracts to establish and assess the process.

1.3 Audit Conclusion

Overall, we found that the processes in place surrounding contract management require strengthening. Contract management should begin once the tendering process has been completed to ensure that quality services and supplies contracted are delivered timely to the expected quality in accordance with the agreed contract terms. A number of opportunities have been noted throughout the review to further strengthen these processes.

NSC are keen to streamline their contract management practices and processes through proactive improvement efforts. NSC engaged a consultant to develop a range of templates to be used in relation to contract management.



1 Executive Summary (Cont.)

1.4 Key to significance of risk rating

High	(H)	high risk within the audit area due to some serious control weaknesses.
Moderate	(M)	moderate risk within the audit area due to existing controls that need improvement to ensure soundness.
Low	(L)	low risk within the audit area - some opportunity for control improvement exist.

1.5 Summary of Findings

Ref #	Description of Internal Audit findings and recommendations	Internal Audit Finding Rating		
		High	Medium	Low
Contract policies and procedures				
1	Contract Management Framework		Yellow	
2	Contract Management Plans		Yellow	
3	Contract Management Variations			Green
Processes for compliance and monitoring				
4	Filing of Documents		Yellow	
5	Contractor Meeting Minutes		Yellow	
Monitoring of total individual vendor expenditure in excess of \$100,000 which have not gone to tender				
-	Monitoring of total individual vendor expenditure in excess of \$100,000 which have not gone to tender			
Processes for monitoring and assessing progress of contract deliverables				
6	Contract Monitoring		Yellow	
Documentation and follow up of contract management meetings and actions				
7	Payment Approval			Green
Ensuring currency and management of bank guarantees, insurances, OH&S obligations (and monitoring)				
8	Currency of Insurances			Green
		Total	-	5
				3

1 Executive Summary (Cont.)

1.5 Review approach

The review was conducted primarily by applying discussion, observation and review techniques with sample testing being undertaken. Concentrating on:

- understanding through discussion and observation the management processes in place;
- documenting and evaluating the methods associated with control and management; and
- assessing the degree of risk in the functioning of contract management, including any gaps which cause high risk.

1.6 Basis and use of report

This report has been prepared in accordance with the objectives and approach set out in the Memorandum of Audit Planning (MAP), and subject to the limitations set out in Appendix 1 “Basis and Use of Report”.

Refer to Appendix 2 for staffing details of personnel contacted during the audit.

Refer to Appendix 3 for an example of a contract management plan.

2 Background

NSC aims to ensure that the quality, quantity and cost of services being supplied through contractual arrangements are in accordance with the outputs detailed in the contract specifications. Various staff at NSC are responsible for ensuring that each contract under their responsibility is adequately monitored and managed.

The NSW Audit Office states that effective contract management requires an appropriate contract management framework that addresses governance arrangements, skills, roles and responsibilities, and policies and procedures. It should promote accountability for decision making and expenditure of public funds. A robust contract management framework helps ensure all parties meet their obligations, contractual relationships are well managed, agencies achieve value for money and deliverables meet the required standards and agreed timeframes. An effective framework should also provide guidance for managing contract variations well.

Contract management can be successful when:

- the arrangements for service delivery continue to be satisfactory to both parties, and the expected benefits and value for money are being realised;
- the expected benefits and value for money are being achieved;
- the supplier is co-operative and responsive;
- the parties understand their obligations under the contract;
- there are no disputes;
- there are no surprises;
- a professional and objective debate over changes and issues arising can be had; and
- efficiencies are being realised.

Benefits of Good Contract Management

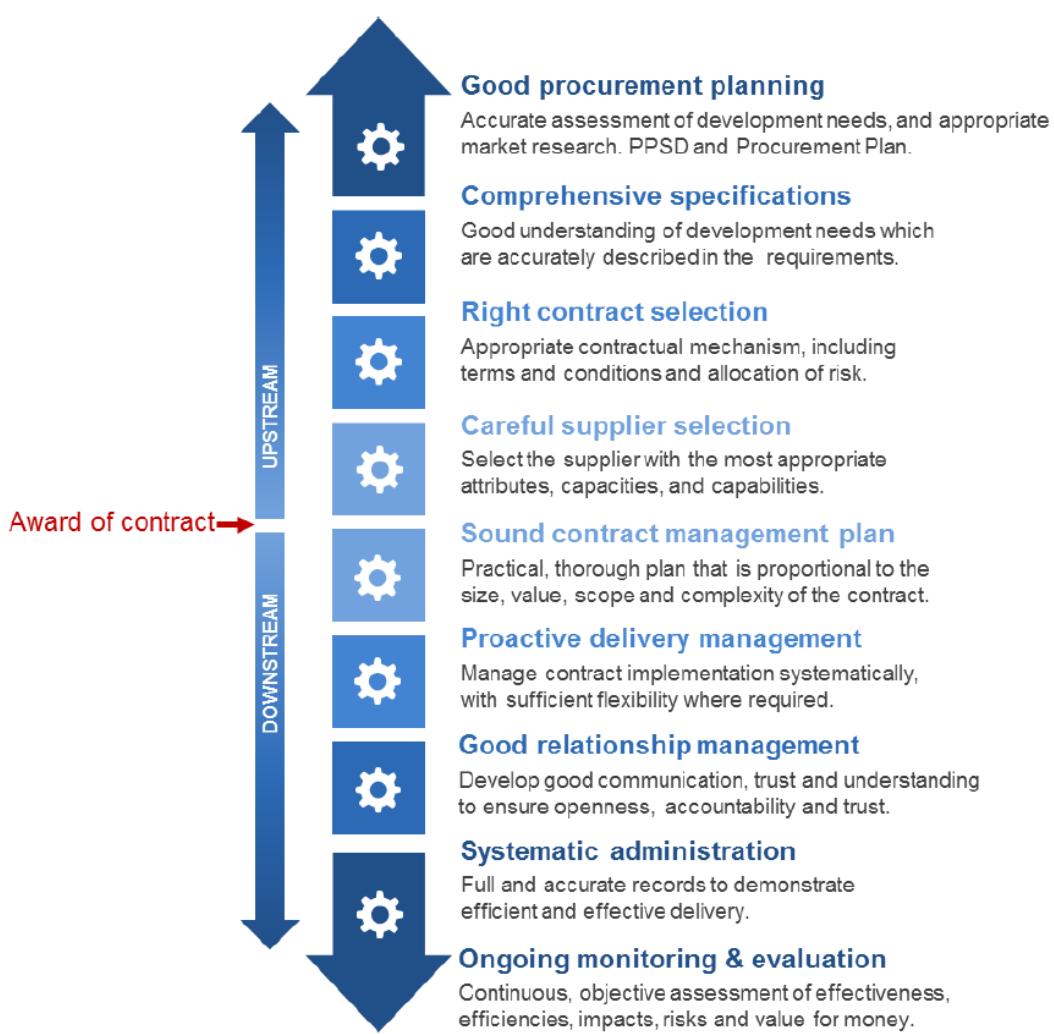


2 Background (Cont.)

Upstream and downstream phases of a contract

Contract management is the process of actively managing contract implementation to ensure the efficient and effective delivery of the contracted outputs and/or outcomes.

The focus of contract management is on the activities that are undertaken during the contract execution/implementation phase, following the award of contract (downstream activities). However, the success of contract management is strongly influenced by upstream activities such as those undertaken during the procurement planning, choice of contract, and contractor selection phase.



(Source: World Bank, Contract Management Practice, 2018)

3 Observations and Recommendations

3.1 Contract Policies and Procedures

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
Contract Management Framework						
1	<p>A contract management framework describes the required responsibilities associated with the three major phases involved in the contract management lifecycle.</p> <ul style="list-style-type: none"> ● Phase 1 – Contract set-up: How to initiate and plan the contract management process. ● Phase 2 – Contract management: How to administer and manage contracts. ● Phase 3 – Contract close-out: How to close and transition contracts. <p>During the review it was noted that NSC do not have a contract management framework in place that enables a consistent approach to contract management.</p> <p>The framework should include the following:</p> <ol style="list-style-type: none"> 1) Clear Contract Management Policy 2) Contract Management Procedure 3) Contract Management Plans (refer to finding 2) 4) Contract variations (refer to finding 3) 5) Roles and responsibilities 6) Contract management oversight 7) Key performance evaluation criteria 8) Reporting frequency and reporting lines <p>In the absence of a clear framework there are challenges in ensuring consistency and analysis of learnings that can be</p>	<p>● It is recommended that NSC develop a contract management framework to be developed.</p> <p>Existing Procurement Policy and Contractor Management Policy and Procedure to be reviewed.</p> <p>Responsible Person & Position: Executive Manager Corporate Governance</p> <p>Target Date: 30 June 2019</p>	<p>Management Comment: Framework to be developed.</p>			

3 Observations and Recommendations

3.1 Contract Policies and Procedures

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
	<p>leveraged across Council in order to help NSC increase the effectiveness of managing its contracts.</p> <p>As each contract manager can manage contracts differently there is an increased risk that contracts will be managed in an inconsistent manner.</p>					
Contract Management Plans					<p>It is recommended NSC formally document a Contract Management Plan to capture key contract management objectives from which action plans can then be developed.</p> <p>In addition, NSC could also develop performance indicators for contracts against which progress can be tracked, measured and reported.</p> <p>During the review it was noted that no formal Contract Management Plans are prepared at the commencement of a contract. Contract Management Plans would identify the key components of a contract that need to be monitored and checked for compliance. Refer to Appendix 3 for an example of a Contract Management Plan.</p> <p>The Contract Management Plan should be routed through the governance team to ensure NSC are effectively identifying and mitigating any risks.</p> <p>Internal Audit selected two contracts to test the effectiveness of the contract management process. The sample testing identified that the documentation retained is inconsistent and stored in an ad hoc manner. NSC does not currently monitor performance indicators pertaining to contracts.</p> <p>It is acknowledged that NSC have a Contractor Management Policy in place which contains a Contract Management Procedure.</p> <p>NSC need to establish performance indicators to monitor contract performance. Indicators could include:</p>	<p>Management Comment:</p> <p>Contract Management Checklist exists. Rename to Contract Management Plan and include risk management; functional, performance specifications and KPI's.</p> <p>Responsible Person & Position:</p> <p>Executive Manager Corporate Governance</p> <p>Target Date:</p> <p>30 June 2019</p>



3 Observations and Recommendations

3.1 Contract Policies and Procedures

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
1	<ul style="list-style-type: none"> ▪ Number of variations from initial contract; ▪ Number of accidents; ▪ Number of complaints; ▪ Quality of service; and ▪ Benchmarking against other contractors. <p>This will allow Council to analyse performance in areas including timeliness and cost.</p> <p>If NSC does not implement consistent Contract Management Plans there is a risk that there may be a failure of either party to fulfil the conditions of the contract. If NSC commit to developing a sound, consistent and effective approach to contract management NSC can better manage risks, reduce costs and improve contract outcomes.</p>					
3	<h3>Contract Management Variations</h3> <p>A contract variation is a formal amendment to the terms and conditions within or outside the intent of the contract. A variation is a change to the original scope of work which has been agreed by both parties. The effect of the variation will have implications on time, cost and quality.</p> <p>Variations should not be used to mask poor performance, contract performance or underlying problems. The impact on</p>	●	<p>It is recommended that NSC ensure there is a consistent approach to reviewing, approving and monitoring contract variations.</p>	<p>Management Comment: Variations to be included in Contract Management Procedures.</p>	<p>Responsible Person & Position:</p>	

3 Observations and Recommendations

3.1 Contract Policies and Procedures

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
	<p>the original timeframes, deliverables and value for money should be assessed when making variations.</p> <p>If the effects are significant, Senior Management and other stakeholders may need to be consulted and/or advised.</p> <p>During the review it was noted that there is no formally documented process for contract variations.</p>					<p>Executive Manager Corporate Governance</p> <p>Target Date: 30 June 2019</p>

3 Observations and Recommendations

3.2 Processes for Compliance and Monitoring

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
Filing of Documents						
4	<p>During the review Internal Audit noted that there were inconsistencies in the storage of contract documents. NSC contractor management policy states that the authorised NSC representative will save all contractor engagement and oversight records to NSC's electronic management system.</p> <p>It was noted that staff are saving documents between the H Drive, the S Drive and on TRIM (document management system).</p> <p>It is acknowledged that there is a records management procedure, however there is a lack of a clearly defined guidance on the minimum requirement of documents to be stored on file or a consistent TRIM file structure for contracts.</p> <p>Additionally, Internal Audit noted as part of the sample testing that the Trangie Oval Contract required a bank guarantee. The value of the bank guarantee for the relevant contract was \$45,906 (2 payments of \$22,953).</p> <p>This was requested as part of audit testing, however, a signed version was difficult to locate. The document was stored in the safe in the Finance Building and not stored with the original contract. This reinforces the need for consistent and transparent record keeping.</p>	●			<p>It is recommended that NSC ensure that contract documentation is stored in a central location with a consistent file structure.</p>	<p>Management Comment: Recordkeeping requirements to be included in Contract Management Procedure.</p> <p>Responsible Person & Position: Executive Manager Corporate Governance</p> <p>Target Date: 30 June 2019</p>

3 Observations and Recommendations

3.2 Processes for Compliance and Monitoring

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
Contractor Meeting Minutes						
5	<p>During the review it was noted that there is a lack of structured controls over contracts.</p> <p>Of the two contracts tested, it was noted that no formal milestone meeting minutes were available for contractor meetings held.</p> <p>It was also noted that the annual catchup, which is a discussion around the performance of the contract was not documented.</p> <p>If minutes of contractor meetings are not documented and there is an increased risk that the meetings with contractors are ineffective or not taking place.</p>	●			<p>It is recommended that NSC clearly document its approach to managing contracts and set out minimum standards of documentation that is to be maintained on file including meeting minutes of any meetings held with the contractor.</p>	<p>Management Comment: Recordkeeping requirements to be included in Contract Management Procedure.</p> <p>Responsible Person & Position: Executive Manager Corporate Governance</p> <p>Target Date: 30 June 2019</p>

3 Observations and Recommendations

3.3 Monitoring of Total Individual Vendor Expenditure in Excess of \$100,000 which have not gone to Tender

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
Monitoring of total individual vendor expenditure in excess of \$100,000 which have not gone to tender						
-	<p>NSC have historically monitored expenditure in relation to project amounts. Discussions with the Director of Finance have indicated that the expenditure is able to be monitored by the individual vendor expenditure.</p> <p>The monthly finance reports previously did not report on each individual project, however whilst on site, the monthly reporting has been updated to include individual vendor expenditure between \$100,000 and \$150,000 accumulatively for the current financial year. This will highlight when a vendor's expenditure is approaching the tendering threshold.</p>	-	-	-	No recommendation noted.	N/A

3 Observations and Recommendations

3.4 Processes for Monitoring and Assessing Progress of Contract Deliverables

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
Contract Monitoring						
6	<p>During the review it was noted that currently the evaluation of performance of contracts is conducted in an ad hoc manner. The current evaluations are subject to individual judgments and the consistency of the process could be improved.</p> <p>The consistency of the process could be assured with the introduction of a documented evaluation checklist and the completion of post evaluation forms in accordance with the contractor management policy.</p> <p>The benefits of good contract management are included in the background of the report. Regular supplier reviews and the maintenance of a register of non-compliance/breaches of contractual conditions and reporting requirements is a specific preventative fraud controls that can be applied to one or more identified fraud risks.</p>	●			<p>It is recommended that NSC develop an evaluation checklist or form in accordance with the contractor management policy to be used to assess and review the performance of contractors.</p>	<p>Management Comment: Evaluation form exists as Annexure D in the Contractor Management Policy and Procedure. Review of evaluation form.</p> <p>Responsible Person & Position: Executive Manager Corporate Governance</p> <p>Target Date: 30 June 2019</p>

3 Observations and Recommendations

3.5 Documentation and follow up of contract management meetings and actions

Finding Number	Current Situation	Risk Rating			Recommendation	Management Response
		H	M	L		
7	<p>Internal Audit noted that evaluation payments are paid without formal supporting documents relative to the contract.</p> <p>As part of the sample testing the payment process was reviewed to ensure that the contract management process was consistent and appropriate.</p> <p>It was noted during testing that one of the selected contracts in relation to CCTV had a second installment payment of 40% of the contract value was to be paid upon the CCTV being installed. The request for payment was made without documented clearance that the work had been completed.</p> <p>This indicated that at times payments are made against milestones without appropriate evaluation or supporting documentation.</p>	●			<p>It is recommended that NSC ensure an appropriate evaluation or supporting documentation is attached to a request for payment, with payments not being approved until sufficient evidence is available to meet the contracts milestone.</p>	<p>Management Comment: To be included in the Contract Management Procedure.</p> <p>Responsible Person & Position: Executive Manager Corporate Governance</p> <p>Target Date: 30 June 2019</p>

3 Observations and Recommendations

3.6 Ensuring Currency and Management of Bank Guarantees, Insurances, OH&S Obligations (and Monitoring)

Finding	Current Situation	Risk Rating	Recommendation	Management Response
Currency of Insurances				
8	<p>During the review the following was noted with regards to the Burns Oval Contract:</p> <p>Contractor: David Payne Construction</p> <p>CIMS Registration: Active</p> <p>Insurance 1 - Contracted Works Insurance – Expired 22.12.2018 – Not verified by CIMS – Lack of information supplied by contractor</p> <p>Insurance 2 - Motor Vehicle Insurance – Expiry date: 26.5.2019 – Not verified by CIMS – Lack of information supplied by contractor</p> <p>Insurance 3 - Workers Compensation – Expiry date: 30.6.2019</p> <p>Insurance 4 – No WHS information provided</p> <p>The contracted works insurance had expired at the time of the review. It is acknowledged that the project management were outsourced to Barnson PTY LTD who had the following current insurances:</p> <ul style="list-style-type: none"> ▪ Motor Vehicle Insurance; ▪ Professional Indemnity Insurance; ▪ Public Liability Insurance; and ▪ Workers Compensation. 	●	<p>It is recommended that NSC ensure contractors insurance policies are followed up prior to expiry dates.</p>	<p>Management Comment: Contractor insurance is documented as part of the Contract Management Checklist (Plan). Contract Managers to ensure currency throughout the life of the contract.</p> <p>WHS & Risk Coordinator to forward emails to Contract Managers advising CIMS requirements.</p> <p>Responsible Person & Position: Contract Managers</p> <p>WHS & Risk Coordinator</p> <p>Target Date: 30 June 2019</p>

Appendices

Appendix 1 – Basis and Use of Report

This report is prepared on the basis of the limitations set out below:

We are engaged by Narromine Shire Council to provide internal audit services and the scope of our activities is determined by management and reviewed by the Audit Committee.

This report has been prepared in accordance with the objectives and approach agreed in the engagement document and subject to the following limitations:

- Our procedures were designed to provide limited assurance which recognises that absolute assurance is rarely attainable, due to such factors as the use of judgment in gathering and evaluating evidence and forming conclusions, and the use of selective testing, and because much of the evidence available for review is persuasive rather than conclusive in nature.
- Because of the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur and not be detected. Our procedures were not designed to detect all weaknesses in control procedures as they were not performed continuously throughout a specified period and any tests performed were on a sample basis.
- Any projection of the evaluation of the control procedures to future periods is subject to the risk that the systems may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
- The matters raised in this report are only those which came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to maintain adequate controls over all levels of operations and their responsibility to prevent and detect irregularities, including fraud. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.
- Recommendations for improvement should be assessed by management for their full commercial impact, before they are implemented.
- This Report is not to be used by any other party for any purpose nor should any other party seek to rely on the opinions, advice or any information contained within this Report. In this regard, we recommend that parties seek their own independent advice. Crowe Horwath disclaims all liability to any party other than the client for which it was prepared in respect of or in consequence of anything done, or omitted to be done, by any party in reliance, whether whole or partial, upon any information contained in this Report. Any party, other than the client for which it was prepared, who chooses to rely in any way on the contents of this Report, does so at their own risk.

The information in this Report and in any related oral presentation made by Crowe Horwath is confidential between Crowe Horwath and the client for which it was prepared and should not be disclosed, used or duplicated in whole or in part for any purpose except with the prior written consent of Crowe Horwath. An Electronic copy or print of this Document is an UNCONTROLLED COPY.

Appendix 2 – Personnel contacted during the audit

Audit would like to thank the following personnel for their assistance in the conduct of this audit.

CONTACT	POSITION
Jane Redden	General Manager
John Sevil	Director Finance & Corporate Strategy
Andre Pretorius	Director Infrastructure & Engineering Services
Phil Johnston	Director Community & Economic Development
Marion Truscott	Executive Manager Corporate Governance
Mick Bell	Manager Community Facilities
Ashley Bullock	WHS & Risk Coordinator
Carolyne Marchant	Governance Support Officer

Appendix 3 – Contract Management Plan Example

The suggested structure for the Contract Management Plan is outlined below.

1. Introduction

1.1 Purpose

1.2 Use

1.3 Responsibility

2. General Details

3 Contract governance

3.1 Operational and tactical

3.2 Strategic

4 Stakeholder management

4.1 Key agency stakeholders

4.2 Other stakeholders

4.3 Communication activities

4.4 Relationship matrix

5 Performance management

5.1 Supplier engagement

5.2 Supplier meetings

5.3 Key performance indicators

5.4 Other reporting requirements

5.5 Records and inspections

6. Contract conditions

6.1 Insurance

6.2 Variation procedures

6.3 Dispute resolution

6.4 Contract review

6.5 Contract change log

6.6 Contract expiry

7. Benefits realisation

7.1 Benefits register

8. Risk management

Appendix A – Supplier listing

Appendix B – Supplier copy

Contact Us

Crowe Horwath Dubbo

2 Commercial Avenue
Dubbo NSW 2830 Australia
PO Box 654
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Tel 02 6883 5600
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Ms Jane Redden
General Manager
Narramine Shire Council
PO Box 115
NARROMINE NSW 2821

Contact: Aaron Green
Phone no: 02 9275 7209
Our ref: D1904193/1769

11 March 2019

Dear Ms Redden

**Audit of the Narramine Shire Council
for the year ending 30 June 2019**

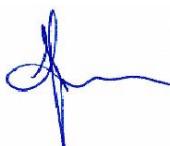
Attached is the Annual Engagement Plan (AEP) for the audit of the Narramine Shire Council's financial statements for the 30 June 2019. The AEP reflects conditions unique to this engagement. You will find the standard Terms of Engagement on the Audit Office website at <https://www.audit.nsw.gov.au/our-stakeholders/state-entities>.

If you would like to discuss the AEP, please call me on 02 9275 7209 or Mr Luke Malone on 02 8262 8705. The AEP will be presented to the next Audit, Risk and Improvement Committee on 25 March 2019.

This AEP is not intended for publication. It may not be distributed to persons other than those who will sign the Statement by Councillors and Management made pursuant to section 413(2)(c) of the *Local Government Act 1993* or others you determine to be charged with governance of the *Council*.

Please detach, sign and return the enclosed 'Acknowledgement of Terms'.

Yours sincerely



Aaron Green
Assistant Auditor-General

cc: Cr Craig Davies, Mayor
Mr Neil Maltby, Chair of the Audit, Risk and Improvement Committee

ACKNOWLEDGEMENT OF TERMS

Audit of the Narromine Shire Council for the year ending 30 June 2019

I confirm the information in the Annual Engagement Plan and Terms of Engagement accords with my understanding of the arrangements for the assurance services in respect of:

- the general purpose financial statements of Narromine Shire Council for the year ending 30 June 2019
- the special purpose financial statements of Narromine Shire Council declared business activities for the year ending 30 June 2019
- Special Schedule 'Permissible income for general rates' for the year ending 30 June 2019
- Application for Payment of Pensioner Concession Subsidy for the year ending 30 June 2019
- Part 1 – Chief Executive Officer's Financial Statement for the Roads to Recovery Program under Part 8 of the *National Land Transport Act 2014* for the year ending 30 June 2019

I acknowledge management's responsibilities as outlined in these documents on behalf of the Narromine Shire Council:

Signed: _____

Name: _____

Title: _____

Date: _____

The purchase order number for the total estimated audit fee is:

Purchase Order Number: _____

Annual Engagement Plan

for the year ending 30 June 2019

Narromine Shire Council

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1 SCOPE

This Annual Engagement Plan (AEP) contains important information about this year's audit.

The scope of our audit comprises:

- Audit of the Council's General Purpose Financial Report, issuing:
 - an Independent Auditor's Report on the general purpose financial statements in accordance with section 417 of the *Local Government Act 1993 (LG Act)*
 - a report on the conduct of the audit in accordance with section 417(3) of the LG Act
- an Independent Auditor's Report on the special purpose financial statements for all business activities declared by the Council in accordance with section 413(2) of the LG Act
- an Independent Auditor's Report on the Special Schedule 'Permissible income for general rates' in accordance with section 413(2) of the LG Act
- Independent Auditor's Report for the engagements listed under section 6 Other engagements.

Special purpose reporting framework

The Council will prepare the SPFS, mentioned in the scope above, using frameworks prescribed by the Local Government Code of Accounting Practice and Financial Reporting (the Code).

Management's disclosures will alert users that the SPFS are not prepared in accordance with all standards within the Australian Accounting Standards framework.

The audit team's objective is to express an opinion on whether these SPFS are prepared in accordance with the requirements of the Code, solely for the purposes of reporting to the Office of Local Government (OLG). As a result, the Independent Auditor's Reports will include a 'Basis of Accounting' paragraph identifying that the SPFS may not be suitable for another purpose.

2 KEY ISSUES

The table below details our audit assessment of issues and risks that may impact this year's audit and how the audit team will respond to them.

Audit issue or risk	Exposure	Audit response
Revaluation of infrastructure property, plant and equipment		
<p>The following infrastructure, property, plant and equipment classes will be subject to a comprehensive revaluation this year:</p> <ul style="list-style-type: none"> • Other structures • Swimming pools • Other open space/recreational assets • Aerodrome. 	<p>The valuation of complex physical assets is inherently complex and susceptible to material misstatement.</p> <p>Misstatements can arise from:</p> <ul style="list-style-type: none"> • providing the valuer with incorrect and/or incomplete instructions • the valuer not correctly applying the fair value principles in Australian Accounting Standards • the valuer applying inappropriate rates to determine current replacement cost • the valuer making incorrect assumptions about the remaining useful lives or not adequately considering the condition of assets • data and spreadsheet errors • management incorrectly applying the revaluation increment/decrement in the asset register. 	<p>Management should put in place proper governance around the revaluation exercise to ensure it is completed in a timely manner and in accordance with accounting standards.</p> <p>This includes:</p> <ul style="list-style-type: none"> • documented terms of agreement/scope • timetable and committed resources, consisting of asset management/finance staff with appropriate terms of reference • regular progress meetings with those conducting the valuations • regular reporting back to the Executive team. • reconciling key asset and management systems before and after the revaluation to ensure all assets are accounted for.

Audit issue or risk	Exposure	Audit response
		<p>Ideally management should complete the revaluation before 30 June 2019 to avoid any delays at year-end.</p> <p>As part of our audit, we will assess the:</p> <ul style="list-style-type: none">• effectiveness and reliability of management's process for determining and agreeing fair value of assets• process used to assess the assets' condition• effectiveness of the reconciliation between the asset management system and the asset register to ensure all assets were accounted for• methodology used to comply with AASB 13 'Fair Value Measurement'• reasonableness of useful lives and depreciation• the componentisation of larger assets• qualifications and experience of experts used• whether there are any indicators of impairment• completeness and accuracy of data used in the valuation and the mathematical accuracy of spreadsheets• the adjustments made to the Council's fixed asset register and general ledger• adequacy of disclosures in the financial statements.

Audit issue or risk	Exposure	Audit response
Assessing the fair value of Council's infrastructure, property, plant and equipment		
For those asset classes not subject to a comprehensive revaluation this year, the Council needs to satisfy itself their carrying value materially reflects fair value at reporting date. For example, this may involve the review of relevant indices as a potential indicator to assess whether assets are not at fair value and therefore an earlier comprehensive revaluation is required.	If the Council does not re-assess the fair value of its assets each year, there is a heightened risk of their carrying amount being materially different from fair value. This could lead to a material misstatement in the financial report.	We will review management's procedures for assessing fair value at reporting date. We will also consider any externally available information (such as indices) to be satisfied the carrying amount materially reflects fair value.
Early close reporting		
While not a mandatory requirement, the Council should consider completing early close procedures to facilitate: <ul style="list-style-type: none"> • a smoother year-end audit process • the effective resolution of issues; and • earlier completion and improvement in the quality of year-end financial statements. 	Early close reporting is a better practice initiative intended to promote better quality and timeliness of financial reporting, as well as earlier completion of the audit process.	<ul style="list-style-type: none"> • We will discuss the possibility of conducting early close procedures with the Council. For example, this may include: • performing revaluations of infrastructure, property plant and equipment at 31 March 2019 • resolving and documenting accounting issues including all one-off, complex or significant transactions • explaining any unresolved prior year audit issues including the proposed action plan to resolve them.
Procurement and contract management risk		
The Council spends a substantial amount each year to procure goods and services and enters into numerous contracts which vary in nature, size and complexity.	Lack of probity, accountability or transparency in procurement operations increases the risk of: <ul style="list-style-type: none"> • unauthorised purchases • corruption and /or fraudulent behaviour • value for money not being achieved • non-compliance with the <i>Local Government Act 1993</i>, Local Government Regulations and the <i>Government Information (Public Access) Act 2009</i>. 	<ul style="list-style-type: none"> • We will: • gain an understanding of Council's procedures around procurement and contract management • review tendering procedures to identify any probity and related party issues.
If contracts are not managed appropriately, this increases the risk of service delivery failure, unapproved scope variations and potential legal disputes.		

Audit issue or risk	Exposure	Audit response
Information Technology General Controls		
<p>Australian Auditing Standards require the auditor to understand the Council's control activities and obtain an understanding of how it has responded to risks arising from Information Technology (IT).</p> <p>The 2017-18 audit identified a number of weaknesses in the IT control environment:</p> <ul style="list-style-type: none"> • inappropriate password parameters • lack of information security policies and procedures • Information Technology entity level controls. <p>We will examine management's response to the above findings during audit procedures for the year ending 30 June 2019.</p>	<p>Weaknesses in the IT control environment may lead to:</p> <ul style="list-style-type: none"> • weakened segregation of duties where staff gain access privileges beyond those required for their role • unauthorised access • inaccurate and/or invalid transactions and data produced by systems • inappropriate/unauthorised changes to programs • inability to recover from incident or disaster impacting IT operation • inability of the audit team to place reliance on system controls and / or data / reports generated from business systems. This may require the audit team to perform additional procedures that may not be within the normal scope of the audit. 	<p>For all systems relevant to financial reporting, we will:</p> <ul style="list-style-type: none"> • update our understanding of the IT general controls and IT dependencies and identify related risks relevant to our audit approach • understand, evaluate and where appropriate validate the IT general controls management has implemented to address these risks. • For example: <ul style="list-style-type: none"> - access security - monitoring of privileged user accounts' activities - system software acquisition, change and maintenance - data processing recovery.
New Accounting Standards		
<p>OLG issued Circular 18-20 'Guidance to councils on transitioning to the new Australian Accounting Standards' to provide guidance on the financial accounting options councils must elect on transition to:</p> <ul style="list-style-type: none"> • AASB 9 'Financial Instruments' • AASB 15 'Revenue from Contracts with Customers' • AASB 16 'Leases' • AASB 1058 'Income of Not-for-Profit Entities'. <p>Appendix two provides additional information on the above standards.</p> <p>It is important the Council assesses the impact of these new standards and is adequately prepared for the first-time adoption. This includes potential changes to systems, processes, policies and training of staff.</p>	<p>Inadequate plan for transitioning to the new accounting standards increases the risk of material misstatements in the financial statements.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review management's plan and progress for transitioning to the new accounting standards • review disclosures of the quantitative and qualitative impact of new accounting standards in the 2018–19 financial statements.

Audit issue or risk	Exposure	Audit response
Management and use of credit cards		
<p>Councils use credit cards as a cost-effective payment method for low value, high volume procurement of goods and services.</p> <p>It is important Council implements appropriate controls to prevent the misuse of credit cards, detect irregularities and account for expenditure appropriately.</p>	<p>Lack of appropriate policies, guidelines and controls to manage credit card use, increases the risk of:</p> <ul style="list-style-type: none"> • inappropriate use, fraud and waste • transactional and/or accounting errors (e.g. duplication of payments) • the application of inappropriate purchasing methods (e.g. purchasing an item or service on a credit card rather than seeking to negotiate terms and conditions). 	<p>We will:</p> <ul style="list-style-type: none"> • assess whether the Council has appropriate policies, guidelines and controls to administer and manage the use of credit cards • perform data analytics over the credit card spending to identify insights and possible invalid transactions for further investigation.

The significance of the issues and risks may change and new developments may emerge during the audit. We will inform you of significant new matters as they arise and the likely impact on the audit.

3 AUDIT APPROACH

Audit approach for key business and accounting processes

The audit approach is developed based on our understanding of the issues, new developments and key risks that may impact the financial statements. We have obtained an understanding of the Council's business and accounting processes and internal controls relevant to the financial statements to help us identify risks that may impact the financial statements.

[Appendix one](#) details our observations on the business and accounting processes relevant to the financial statements and our planned audit approach. We will inform you of significant matters that impact the audit as they are identified.

Your feedback on the planned audit approach is welcomed.

Follow up of issues identified in the previous audit

The audit team will examine, update and report on the status of issues raised in last year's Engagement Closing Report and Management Letter.

4 ENGAGEMENT COMMUNICATIONS

Communications to 'Those Charged with Governance'

Senior members of the audit team will attend relevant Council and Audit, Risk and Improvement Committee meetings and brief those charged with governance on audit progress, identified issues and their resolution.

We have discussed the meeting schedule with management and those charged with governance. The Audit Timetable details the meetings we plan to attend.

We have identified those charged with governance for the Council as:

- the General Manager who will receive our Engagement Closing Report, identifying audit findings, and the type of opinion we anticipate issuing prior to signing the financial statements. The General Manager will also receive the Management Letter containing detailed explanations of significant matters, governance matters, significant weaknesses and recommendations for improvement identified in the current audit
- the Mayor, who will receive the Independent Auditor's Report for the general purpose financial statements and special purpose financial statements and the Report on the Conduct of the Audit. The Mayor will also receive copies of the Engagement Closing Report and Management Letter.

The Audit, Risk and Improvement Committee will receive copies of the Engagement Closing Report and Management Letter.

Please advise the audit team if additional persons charged with governance should be included in these communications. The [Terms of Engagement](#) contains more information on the Audit Office's communication obligations.

5 ENGAGEMENT TIMETABLE

General purpose and special purpose financial statements

The engagement timetable, designed to achieve statutory financial reporting requirements, has been discussed and agreed with Mr John Sevil (Director of Finance and Corporate Strategy).

The Engagement Information Request accompanies this AEP with dates agreed with management to deliver the information required for the audit. Whilst we make every effort to identify all information requirements in the Engagement Information Request, we may need to request further information during the audit.

Event	Date(s)
• Audit team attends Audit and Risk Committee meeting	25 March 2019
• Audit team starts interim audit	20 May 2019
• Audit team reports its observations of interim audit to the General Manager, Mayor and Audit and Risk Committee Chair	7 June 2019
• Audit Office issues management letter detailing matters from the interim audit	7 June 2019
• Council drafts confirmation requests for related party disclosures	11 June 2019
• Council drafts and gives 'Letter of Enquiry to Legal Counsel' to the audit team for posting (sample available on the Audit Office website: http://www.audit.nsw.gov.au/Publications/Client-Service-Resource)	11 June 2019
• Council gives the audit team all bank account details (e.g. current accounts, interest bearing deposits, overdraft accounts, promissory notes, etc.) to confirm via Confirmation.com	11 June 2019
• Audit team submits bank account information to Confirmation.com	11 June 2019
• Council's authorised bank signatory receives and approves a systems generated email from systems.administrator@confirmation.com.au authorising the release of all bank account information to the audit team	11 June 2019
• Council approves financial statements for referral to the Audit Office and the Mayor, a Councillor, the General Manager and the Responsible Accounting Officer sign the Statement.	11 September 2019
• The audit team may request the council to reapprove the financial statements and resign the Statement when the final statements differ to those originally presented for audit, or where substantial time has elapsed.	

Event	Date(s)
<ul style="list-style-type: none"> • Council gives financial statements and supporting working papers listed in Client Assistance Schedule to the audit team for the: <ul style="list-style-type: none"> - General Purpose Financial Statements - Special Purpose Financial Statements - Special Schedule No.2. 	11 September 2019
<ul style="list-style-type: none"> • Audit team starts audit of the financial statements 	16 September 2019
<ul style="list-style-type: none"> • Council's solicitors submit response to 'Letter(s) of Enquiry to Legal Counsel' to audit team 	20 September 2019
<ul style="list-style-type: none"> • Audit clearance meeting 	4 October 2019
<ul style="list-style-type: none"> • Audit Office issues Client Service Report for the: 	11 October 2019
<ul style="list-style-type: none"> - General Purpose Financial Statements - Special Purpose Financial Statements - Special Schedule No.2. 	
<ul style="list-style-type: none"> • Council signs and gives Management Representation Letter to Audit Office 	14 October 2019
<ul style="list-style-type: none"> • (Sample on our website: https://www.audit.nsw.gov.au/our-stakeholders/state-entities) 	
<ul style="list-style-type: none"> • Council presents financial reports to the Audit and Risk Committee 	14 October 2019
<ul style="list-style-type: none"> • Council approves financial reports for lodgement to OLG and for public exhibition, and the Mayor, a Councillor, the General Manager and the Responsible Accounting Officer sign the Statement at the Council Meeting 	14 October 2019
<ul style="list-style-type: none"> • Audit Office issues to Council and to the Chief Executive of OLG, in accordance with section 417 of the LG Act: <ul style="list-style-type: none"> - Independent Auditor's Report on the general purpose financial statements - Report on the Conduct of the Audit 	14 October 2019
<ul style="list-style-type: none"> • Audit Office issues Independent Auditor's Report on the Special Purpose Financial Statements for the Council's declared Business Activities and Special Schedule 8 'Permissible Income' to Council and the Chief Executive of OLG 	14 October 2019
<ul style="list-style-type: none"> • Audit Office reports any identified significant issues to the Minister in accordance with sections 421 and 426 of the LG Act 	14 October 2019
<ul style="list-style-type: none"> • Council submits audited financial statements and the Independent Auditor's Reports to OLG and the Australian Bureau of Statistics 	18 October 2019
<ul style="list-style-type: none"> • Audit Office issues final Management Letter 	31 October 2019
<ul style="list-style-type: none"> • Council gives audit team the draft Annual Report to review for consistency with the financial statements 	31 October 2019
<ul style="list-style-type: none"> • Council presents its audited financial statements and the Independent Auditor's Reports within the 2018/19 Annual Report at the Council meeting 	6 November 2019

Other audits and acquittals

The audit timetable has been discussed and agreed with Mr John Sevil (Director of Finance and Corporate Strategy).

The Engagement Information Request will detail workpapers and other supporting documentation needed for timely completion of the audit.

The other audits and acquittals will be conducted at the same time as the audit of the General Purpose and Special Purpose Financial Statements.

6 OTHER ENGAGEMENTS

Application for Payment of Pensioner Concession Subsidy and Roads to Recovery Program

The Audit Office [website](#) provides additional information on the terms and scope of the audits for the Application for Payment of Pensioner Concession Subsidy and the Roads to Recovery Program.

Additional Engagements

The Council may require audits of grant acquittals, compliance with legislation, or to provide assurance on information, reports or returns under the terms of a contract, lease or agreement.

Please advise the audit team if the Council wishes to engage the Audit Office to perform additional audits, reviews or acquittals. Separate engagement letters will be issued to confirm the terms, scope, key issues and fee arrangements for requests received after the issue of this AEP.

7 ENGAGEMENT FEES

	2019	2018	Increase/(decrease)	
	\$	\$	\$	%
Estimated audit fee	58,000	56,600	1,400	2.5
Additional fees	--	7,500		
Total audit fee (excluding GST)	58,000	64,100	(6,100)	(9.5)
Total audit hours	282	272	N/A	N/A
Average hourly rate	206	236	(30)	(12.7)

The 2019 estimated audit fee includes:

- Independent Auditors' Reports in accordance with section 417 of the LG Act:
 - a report on the general purpose financial statements
 - a report on the conduct of the audit
- Independent Auditor's Reports on the special purpose financial statements of Council's declared business activities and Special Schedule 'Permissible income for general rates'
- Independent Auditor's Report on the Application for Payment of Pensioner Concession Subsidy
- Independent Auditor's Report on Part 1 – Chief Executive Officer's Financial Statement for the Roads to Recovery Program under Part 8 of the *National Land Transport Act 2014*.

The audit team will regularly meet with management to track the progress of audit costs against the estimated audit fee.

The estimated audit fee is based on estimated hours, the audit team structure and charge-out rates, known changes in the Council's operations and audit requirements.

The Audit Office has published its 'pricing approach' to provide transparency about its pricing model and hourly charge-out rates for each role. The Audit Office performs multi-layered benchmarking to promote accountability for its use of public resources. For more information, please refer to the publication on the Audit Office's [website](#).

The fee may change if matters, not known at the date of this plan, emerge during the audit and significantly change the estimated audit cost.

The Council will be invoiced monthly as costs are incurred. The Audit Office's payment terms are 14 days.

Please provide the Audit Office with a purchase order for the total estimated audit fee.

8 ENGAGEMENT TEAM

Engagement team

The proposed audit team for this engagement is:

Engagement Controller:	Mr Aaron Green Assistant – Auditor General 02 9275 7209 Email: aaron.green@audit.nsw.gov.au
Engagement Manager:	Mr Marco Monaco Audit Leader 02 9275 7140 Email: marco.monaco@audit.nsw.gov.au

Involvement of other members in public practice

Audit Service Provider Engagement Partner:	Mr Luke Malone Partner, Prosperity Audit Services 02 8262 8700 Email: lmalone@prosperity.com.au
Audit Service Provider Engagement Manager:	Mr Alex Hardy Associate Director, Prosperity Audit Services 02 8262 8700 Email: ahardy@prosperity.com.au

Auditor independence

We confirm, to the best of our knowledge and belief, the proposed audit team meets the independence requirements of the Australian Auditing Standards, and other relevant ethical requirements relating to the audit of the financial statements. In conducting the audit of the financial statements, should any contraventions to independence arise you will be notified of these on a timely basis.

Ethical standards have specific restrictions on employment relationships between an auditee and members of its current or previous audit teams. Please discuss the prospective employment of a current or former audit team member before starting formal employment negotiations with them.

9 FINANCIAL REPORTING MATTERS

Appendix two provides an overview of new accounting standards effective for the first time in the current financial year and beyond that are likely to have a significant impact on the Council's financial statements. The transition to and implementation of these standards will take a significant amount of time and effort. It is important management assess the impact of these standards on the Council's financial statements and adequately plan for their implementation.

10 REPORTING TO PARLIAMENT

The 2019 Auditor-General's Report to Parliament (the Report) will report on trends and provide an independent assessment of the sector focusing on the following areas:

- the results of the council audits
- themes and key observations relating to the councils':
 - financial reporting
 - financial performance and sustainability
 - asset management
 - internal controls and governance
 - information technology.

We will advise of the specific topics the Auditor-General intends to comment on in the Report, the relevant performance data to be collected and the timetable for submitting the information to the audit team.

The information reported may change depending on the matters identified during the audit. We will advise you if this occurs.

The Report may make recommendations for specific councils or the sector more generally.

The draft Report commentary will be given to the Chief Executive of OLG and the Minister for Local Government for consideration. If there are specific comments about your Council, they will be given to Mr John Sevil (Director of Finance and Corporate Strategy) for consideration. The Audit Office would appreciate receiving your Council's specific comments, within five working days of receiving the draft commentary. Responses should only be provided where there is fundamental disagreement with significant issues raised by the Audit Office. This helps ensure the Report is not unduly delayed.

The draft Report must remain confidential during this process.

[Appendix three](#) provides details of recently tabled reports which may be relevant to the Council.

11 OTHER MATTERS

Workplace Health and Safety Legislation

Workplace health and safety (WHS) laws make the Council responsible for meeting legislated standards for the health, safety and welfare for the audit team when they are at your premises.

It is the Council's responsibility to:

- provide the audit team with suitable accommodation and appropriate WHS induction
- ensure the audit team is aware of special personal protective equipment requirements
- appropriately brief the audit team and issue them with the necessary personal protective equipment and training in its proper use.

Further details are provided in the [Terms of Engagement](#).

Matters covered elsewhere

Please read the AEP together with the standard [Terms of Engagement](#), which provides additional information on:

- the Auditor-General's responsibilities
- auditee resources
- engagement approach
- communication and reports
- submitting financial statements for audit
- materiality, risk and the inherent limitations of an audit
- provision of working papers
- representations
- access
- clearance meetings
- accommodation, facilities and staff amenity
- determination of fees for engagements.

Publications

The Audit Office has the following useful publications on our website:

- '[Annual Work Program 2018–19](#)' explains how the Audit Office decides what to focus on and what we intend to cover in the next year. It also gives Parliament, the entities we audit and the broader community some certainty over future topics and the timing of our reports
- '[Professional Update](#)' published quarterly to help auditees and our staff keep abreast of key accounting, auditing and legislative developments in the NSW public sector, including pronouncements by professional standard setters and changes in the regulatory environment. To subscribe or access previous editions please visit our website at:
<https://www.audit.nsw.gov.au/our-work/resources>
- '[Financial Reporting Issues and Developments](#)' for the local government sector detailing:
 - current issues and financial reporting developments that may impact the audit
 - accounting standards and pronouncements issued during the year that may impact the financial statements and/or annual report
- '[Application of Current Treasury Pronouncements](#)' listing key reporting pronouncements issued by OLG.

APPENDIX ONE – AUDIT APPROACH FOR KEY BUSINESS AND ACCOUNTING PROCESSES

The table below details our observations on the business and accounting processes relevant to the financial statements and our planned audit approach.

Business / accounting process	Observation of business / accounting process	Audit approach
	<p>Infrastructure, property, plant and equipment (IPPE), depreciation and asset remediation</p> <p>The Council uses system Authority Enterprise Software Suite for Local Government to initiate, process and record IPPE. It relies on automated and IT-dependent manual controls to ensure that all valid IPPE transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> • completeness of asset registers • valuations • disclosures in the financial report. 	<p>We will evaluate the design and implementation of relevant controls. Section two Key issues details the audit procedures we will perform over:</p> <ul style="list-style-type: none"> • Management's assessment of the fair value of the Council's IPPE at 30 June 2019 • Management's assessment of the rehabilitation provision at 30 June 2019. <p>Our substantive audit procedures will be designed to address other identified risks.</p>
	<p>Purchasing and payables</p> <p>The Council uses Authority Enterprise Software Suite for Local Government) to initiate, process and record purchases. It relies on automated and IT-dependent manual controls to ensure that all valid purchasing transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> • non-compliance with policies and procedures • incorrectly classifying transactions • ineffective procurement controls • fraud and error. 	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness. This will include assessing management controls ensuring the Council's procurement policies are complied with. Our substantive audit procedures will be designed to address other identified risks.</p>

Business / accounting process	Observation of business / accounting process	Audit approach
	<p>Revenue and receivables</p> <p>The Council uses Civica Authority system to initiate, process and record revenue. It relies on automated and IT-dependent manual controls to ensure that all valid revenue transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>The Council revenue comprises rates and annual charges, user charges and fees, interest and investment revenue and grants and contributions. The auditing standards presume a risk of fraud in relation to the revenue recognition.</p> <p>We have identified the following areas with risks:</p> <ul style="list-style-type: none"> • cut-off • accuracy • completeness • occurrence • disclosure. 	<p>Our audit procedures will include:</p> <ul style="list-style-type: none"> • testing of sales of goods, rendering services, interest income, rental income and grants and contributions systems and controls. • assessment of the compliance with accounting standards and legislation • sample testing of invoices and cash receipts • test cut-off of revenue transactions • verify material grants revenue and review of obligations under grant agreements • review the authorisation of bad debts and credit note adjustments • analytical review procedures.
	<p>Payroll and related provisions</p> <p>The Council uses Civica Authority system to initiate, process and record payroll transactions. Management relies on automated and IT-dependent manual controls to ensure that all valid payroll transactions are processed and accurately recorded in accordance with the Council's policies.</p> <p>We have identified the following risks:</p> <ul style="list-style-type: none"> • non-compliance with policies and procedures • incorrectly estimating provisions and on-costs • ineffective payroll controls, including lack of segregation of duties • fraud and error. 	<p>We will evaluate the design and implementation of relevant controls with a plan to test their operating effectiveness. Our substantive audit procedures will be designed to address other identified risks.</p>

APPENDIX TWO – FINANCIAL REPORTING DEVELOPMENTS

New accounting standards

AASB 9 ‘Financial Instruments’

AASB 9 ‘Financial Instruments’ replaces the classification, measurement, recognition and de-recognition requirements in AASB 139 ‘Financial Instruments: Recognition and Measurement’.

The key changes to AASB 9 compared to AASB 139 include:

- the classification of financial assets being based on the entity’s business model and contractual cash flows tests
- a change in the impairment model from an ‘incurred losses’ approach to ‘expected credit losses’
- hedge accounting being more closely aligned to how the entity manages its risks
- new disclosures to reflect the new requirements.

AASB 9 is effective for councils for the 2018–19 financial year.

The Council will need to keep detailed working papers evidencing how it has complied with the new requirements in AASB 9, for example the key decisions and judgments made, its classification of financial assets, impairment calculations and support for additional disclosures.

OLG has released guidance on the [financial reporting options](#) councils must elect on transition to AASB 9.

AASB 15 ‘Revenue from Contracts with Customers’

AASB 15 introduces a new five-step model for recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. AASB 15 may impact the timing and amount of revenue recorded in councils’ financial statements, particularly for grant revenue. AASB 15 also increases the amount of disclosures required.

AASB 15 is effective for councils for the 2019–20 financial year.

To prepare for the changes, the Council will need to:

- review its current contracts with customers
- ensure contracts registers are complete
- prepare for increased disclosures in the financial statements
- assess whether existing systems can capture key information requirements of the new standard
- consider the impact on reporting to stakeholders regarding the Council’s financial position and performance
- ensure proper guidance is provided to the Audit, Risk and Improvement Committee.

The Council will need to keep detailed working papers evidencing it has complied with the requirements of AASB 15, such as working papers to support:

- key decisions and judgements made, for example whether contracts are in the scope of AASB 15, identification of performance obligations, determination and allocation of the transaction price, timing of revenue recognition
- financial statement disclosures.

OLG has released guidance on the financial reporting options councils must elect on transition to AASB 15. The guidance mandates:

- that councils adopt the modified retrospective approach on transition
- the practical expedients councils must/must not apply on transition
- the ongoing options within AASB 15 that councils must/must not apply.

AASB 1058 ‘Income of Not-for-Profit Entities’

AASB 1058 provides guidance to help not-for-profit entities account for transactions conducted on non-commercial terms and the receipt of volunteer services. AASB 1058 may significantly impact the timing and amount of income recorded in councils’ financial statements, particularly for grant income and rates which are paid before the commencement of the rating period.

AASB 1058 is effective for councils for the 2019–20 financial year.

Councils will need to consider AASB 1058 in conjunction with AASB 15 to determine how to record transactions.

To determine the applicable standard, the Council will need to:

- determine the fair value of assets provided to the Council, especially if it is on non-commercial terms (at significantly less than fair value)
- review existing and new grant agreements
- assess whether existing systems can capture key information requirements of the new standard
- consider the impact on reporting to stakeholders regarding the Council’s financial position and performance
- ensure proper guidance is provided to the Audit, Risk and Improvement Committee.

The Council will need to keep detailed working papers evidencing how it has complied with the requirements of AASB 1058, such as working papers to support:

- key decisions and judgements made, for example which standard each revenue stream should be recognised under, whether grant agreements have sufficiently specific performance obligations, the fair value of assets received on non-commercial terms, fair value of volunteer services
- financial statement disclosures.

OLG has released guidance on the financial reporting options councils must elect on transition to AASB 1058. The guidance mandates:

- that councils adopt the modified retrospective approach on transition
- the practical expedients councils must/must not apply on transition
- the ongoing options within AASB 1058 that councils must/must not apply.

AASB 16 ‘Leases’

AASB 16 changes the way lessees treat operating leases for financial reporting. With a few exceptions, operating leases will now be recorded in the Statement of Financial Position as a right of use (ROU) asset, with a corresponding liability. AASB 16 will result in more assets and liabilities being recorded in the Statement of Financial Performance and change the timing and pattern of expenses recorded in the Income Statement.

AASB 16 is effective for councils for the 2019–20 financial year.

To prepare for the changes, the Council will need to:

- review its current lease agreements
- ensure lease registers/databases are complete
- assess whether existing systems can capture key information requirements of the new standard
- consider the impact on reporting to stakeholders regarding the Council’s financial position and performance
- ensure proper guidance is provided to the Audit, Risk and Improvement Committee.

The Council will need to keep detailed working papers evidencing how it has complied with the requirements of AASB 16, such as working papers to support:

- key decisions and judgements made, for example whether contracts contain a lease, its assessment of whether the Council is reasonably certain to exercise lease options, discount rate, fair value of peppercorn leases
- financial statement disclosures.

OLG has released guidance on the financial reporting options councils must elect on transition to AASB 16. The guidance mandates:

- that councils adopt the modified retrospective approach on transition
- the practical expedients councils must/must not apply on transition
- the ongoing options within AASB 16 that councils must apply.

AASB 1059 ‘Service Concession Arrangements: Grantors’

AASB 1059 provides guidance for public sector entities (grantors) who enter into service concession arrangements with private sector operators for the delivery of public services.

An arrangement within the scope of AASB 1059 typically involves a private sector operator designing, constructing or upgrading assets used to provide public services, and operating and maintaining those assets for a specified period of time (e.g. roads, prisons, hospitals and energy suppliers). In return, the private sector operator is compensated by the public sector entity.

AASB 1059 may result in councils recognising more service concession assets (SCAs) and liabilities in their financial statements. SCA and liabilities of service concession arrangements will be recognised earlier (when construction of the asset commences, rather than at its completion).

AASB 1059 is effective for councils for the 2020–21 financial year. The AASB deferred the effective date of AASB 1059 from 1 January 2019 to 1 January 2020 to assist stakeholders with their implementation efforts.

To prepare for the changes, the Council will need to:

- assess the terms and conditions of existing arrangements with private sector operators to assess whether they fall within the scope of AASB 1059 and meet the criteria for recognition as a SCA or whether they are a leasing or outsourcing arrangement
- develop an implementation plan to apply AASB 1059 if an arrangement falls within the scope of AASB 1059
- consider the impact on reporting to stakeholders regarding the Council’s financial position and performance
- ensure proper guidance is provided to the Audit, Risk and Improvement Committee.

The Council will need to keep detailed working papers evidencing how it has complied with the requirements of AASB 1059, such as working papers to support:

- key decisions and judgements made, for example whether the arrangement falls within the scope of AASB 1059, the fair value of the SCA at the inception of the arrangement, determining the asset and service components of the arrangement, pattern of revenue recognition under the grant of a right to the operator model
- financial statement disclosures.

APPENDIX THREE – RECENTLY TABLED AUDITOR-GENERAL’S REPORTS TO PARLIAMENT

Each year the Auditor-General produces Financial Audit, Performance Audit and Special Reports to Parliament. Recently tabled Reports which may be relevant to the Council include:

Name	Issued	Overview
Financial Audit		
Report on Local Government 2018	28 February 2019	This report focuses on the results of the financial statement audits of NSW councils in 2017–18. The report also provides guidance and includes recommendations to councils and the Office of Local Government, aimed at strengthening financial reporting, asset management and governance and internal controls.
Internal Controls and Governance	30 October 2018	This report focuses on the internal controls and governance of the 40 largest NSW state government agencies. However, the matters covered in this report are relevant to all public sector entities. The report provides insights into the effectiveness of controls and governance processes across the NSW public sector and the Auditor-General’s recommendations to help agencies improve internal controls and governance, and in turn deliver their services more effectively. It also reviews how agencies have progressed previous recommendations.
Performance Audit		
Shared services in local government	21 June 2018	<p>This report assesses how efficiently and effectively councils engage in shared service arrangements. We defined ‘shared services’ as two or more councils jointly managing activities to deliver services to communities or perform back-office functions.</p> <p>The audit surveyed all NSW local councils. Sixty-seven councils or 52 per cent of the 128 councils responded to the survey.</p> <p>The report highlights the key findings from the audit, the recommended practices for efficient and effective shared services and the recommendations for the Office of Local Government.</p>
Fraud controls in local councils	22 June 2018	<p>This report provides a sector-wide snapshot of how local councils manage the risk of fraud. The audit surveyed all NSW local councils against a model of better practice in fraud control. Eighty-three or 65 per cent of the 128 councils responded to the survey.</p> <p>The report highlights the key findings from the audit, the observations for the sector and the recommendations for the Office of Local Government.</p>

Special Reports

Performance audit insights 29 June 2018

Key findings from
2014–2018

This report contains our analysis of the key findings and recommendations from 61 performance audits tabled in the NSW Parliament between July 2014 and June 2018, spanning varied areas of government activity.

The report highlights common issues and themes emerging from our performance audit findings to help State and local government entities learn from, and respond to challenges faced by different parts of government. We will also use this report to help determine areas of unaddressed risk across all parts of government and to shape our future audit priorities.

A full list of our tabled Reports is available on the Audit Office [website](#).

Professional people with purpose

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR MISSION

To help parliament hold government accountable for its use of public resources.

OUR VALUES

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

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Monday to Friday.

**NARROMINE SHIRE COUNCIL
INTERNAL AUDIT COMMITTEE MEETING REPORT – 25 MARCH 2019**

1. LEGISLATIVE COMPLIANCE CHECKLIST

At the inaugural Internal Audit Committee Meeting held on 10 December 2018, Independent External Committee Member, Mr Ron Gillard, requested that Council's Compliance Register be presented to a future Committee Meeting for consideration.

Council utilises an annual checklist of legislative and other requirements (a copy of which is provided to the Committee under separate cover). The checklist is derived from the Calendar of Compliance and Reporting Requirements released by the Office of Local Government each year and is updated with additional reporting requirements as Council officers become aware of them.

The legislative compliance checklist is presented monthly to Council's Executive Management Meeting (MANEX) for consideration and action.

It is noted that this is an action within Council's Delivery Program 2017-2018/2020-2021 (item 4.2.7.6).

RECOMMENDATION

That the information be noted.

2. FRAUD CONTROL POLICY

Following the release of the Office of Local Government's circular 18-37 *Audit Office – Local Government Fraud Control Performance Audit*, Council's existing Fraud Control Policy has been reviewed and suggested amendments are marked in red for ease of reference (**See Attachment No. 1**). Council has adopted an Internal Reporting Policy for the management of Public Interest Disclosures, to accord with the NSW Ombudsman's model policy.

It is noted that whilst Fraud was considered as part of the Internal Auditor's Strategic Planning and Risk Assessment Review 2018, it was not determined to be a high risk given Council's existing prevention, detection and response systems.

Council staff will conduct a fraud risk assessment prior to 30 June 2019 and will thereafter present a recommended Fraud Control Action Plan for 2019/2020 to the Committee for consideration.

RECOMMENDATION

That the amended Fraud Control Policy be considered and accepted.

**NARROMINE SHIRE COUNCIL
INTERNAL AUDIT COMMITTEE MEETING REPORT – 25 MARCH 2019**

3. CORPORATE CREDIT CARD POLICY

Following the recent Ministerial Media Release on Credit Card Use, as a result of the recent credit card allegations at another Council, Narromine Shire Council's existing Corporate Credit Card Policy has been reviewed and suggested amendments are marked in red for ease of reference (**See Attachment No. 2**).

It is intended that an annual review is conducted to ensure Council's Corporate Credit Card Policy is being adhered to and a report is presented to the Committee including a summary of each Council Position that has a credit card, the total usage for the year (\$) for each position and the average monthly usage/spend.

RECOMMENDATION

That the amended Corporate Credit Card Policy be considered and accepted.

4. FINANCIAL REPORTING ISSUES AND DEVELOPMENTS

The NSW Audit Office has released its publication "Financial reporting issues and developments" in Local Government (**See Attachment No. 3**). 4 new accounting standards will come into effect over the next 2 years. In this publication, there are specific references to the responsibilities of Internal Audit Committees being:-

Issue 1: AASB 9 'Financial Instruments'

- Understand the new standards
- Ensure management has complied with the requirements of AASB 9, including disclosing its initial application in the current year's financial statements

Issue 2: AASB 15 'Revenue from Contractors with Customers' and AASB 1058 'Income of Non-for-Profit Entities'

- Understand AASB 15 and AASB 1058 and ensure management has adequately planned for their effective application, including disclosing the impact in the current year's financial statements
- Monitor progress against the plan and against the requirements of the standard.

Issue 3: AASB 16 'Leases'

- Understand the new standard
- Ensure management has adequately planned for its effective application, including disclosure of the impact in the current year financial statements
- Monitor progress against the plan and the requirements of the standard

Issue 4: AASB 1059 'Service Concession Arrangements: Grantors'

- Understand the new standard
- Review management's assessment of whether any current arrangements fall within the scope of AASB 1059

**NARROMINE SHIRE COUNCIL
INTERNAL AUDIT COMMITTEE MEETING REPORT – 25 MARCH 2019**

4. FINANCIAL REPORTING ISSUES AND DEVELOPMENTS (Cont'd)

- If an arrangement falls within the scope of AASB 1059:
 - Ensure management has adequately planned for its effective application, including disclosure of the impact in the current year financial statements
 - Monitor progress against the plan and the requirements of the standard

RECOMMENDATION

That the information be noted.

Marion Truscott
Executive Manager Corporate Governance



FRAUD CONTROL POLICY

(Internal Policy)

DOCUMENT VERSION CONTROL

Version No.	Created by	Adopted By Manex	Review Period
No. 1.0	Corporate, Community & Regulatory Services	4 April 2016	3 Years
No. 2.0	General Manager's Department	10 August 2017	4 Years
No 3.0	General Manager's Department	Presented to Internal Audit Committee 25.03.19	4 Years

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INTRODUCTION

Narromine Shire Council is committed to minimizing the incidence of fraud by implementing and regularly reviewing a range of strategies that aim to prevent, detect and respond to fraud.

Council has a zero tolerance to fraud and disciplinary and/or legal action will be taken against those found to have committed fraud.

SCOPE

The policy is part of Council's fraud control framework and applies to all Council staff (permanent, temporary, casual, part time), contractors, consultants and volunteers.

This policy should be read in conjunction with Council's Code of Conduct and Procedures, Internal Reporting Policy, Business Ethics Statement, Gifts and Benefits Policy, Secondary Employment Policy, Grievance Resolution Policy and Procurement Policy.

DEFINITION

Fraud – is defined as dishonestly obtaining a financial or other benefit (either directly or indirectly) by deception. Fraud includes deliberate deception to gain advantage from a position of trust and authority. This includes acts of omission, theft, making false statements, evasion, manipulation of information and other acts of deception.

RELEVANT LEGISLATION

This policy is based on the NSW Audit Office's "Fraud Control Improvement Kit 2015" with reference to:-

- Public Interest Disclosure Act 1994
- Independent Commission Against Corruption Act 1988
- Local Government Act 1993

FRAUD CONTROL

Council's approach to fraud control is based on the ten attributes of fraud control identified by the NSW Audit Office. These attributes fall within the themes of prevention, detection and response.

Attribute	Theme
1. Leadership	Prevention
2. Ethical Framework	Prevention, Detection, Response
3. Responsibility Structures	Prevention, Detection, Response
4. Policy	Prevention
5. Prevention Systems	Prevention
6. Fraud Awareness	Prevention, Response
7. Third Party Management Systems	Prevention, Response
8. Notification Systems	Detection, Response
9. Detection Systems	Detection
10. Investigation Systems	Response

1. Leadership

Council's fraud control framework is led by a committed and accountable executive team. The General Manager has ultimate responsibility for fraud control within Council and is supported by the Executive Team, and the Audit and Risk Management Committee ~~(when established)~~.

2. Ethical Framework

Council has clear policies setting out acceptable standards of ethical behavior and ~~this is these are~~ available to all staff. Staff regularly attend Code of Conduct training and ~~will be~~ are required to ~~sign and~~ formally acknowledge Council's Code of Conduct Policy and Procedures ~~and other ethical behavior policies.~~

3. Responsibility Structures

The **General Manager** has ultimate responsibility for Council's fraud control framework and is authorised to receive reports of fraud, assess reports, authorise investigations as required and determine the outcome of such reports. The General Manager will advise the Executive Manager Human Resource of allegations of fraud.

Under Council's Internal Reporting Policy, the General Manager has the ultimate responsibility for maintaining the internal reporting system and workplace reporting culture, and ensuring Council complies with the Public Interest Disclosures Act 1994.

Directors must ensure that effective fraud and corruption prevention risk management strategies and staff awareness programs are established in their departments.

Directors must also identify and address situations that are likely to raise ethical dilemmas, ensure that staff are not placed in potentially difficult or compromising situations, are available and support staff who require guidance and support, protect staff who report in good faith instances of potential unethical or corrupt conduct, and ensure staff are treated fairly and equitably.

The **Executive Manager of Corporate Governance** is Council's appointed Disclosures Coordinator and is responsible for ensuring the fraud control policy is reviewed regularly, reviews and updates the fraud risk assessment every two years, conducts an internal fraud check every two years, maintains a fraud database and provides an annual status report to the Audit and Risk Management Committee.

The **Executive Manager of Human Resources** is Council's appointed Disclosures Officer and is also responsible for ensuring the welfare of staff involved in an allegation of fraud is properly looked after and that any breaches of conduct and behaviour are properly managed within the HR disciplinary system.

All Staff must report known or suspected fraud to the General Manager and/or Disclosures Coordinator as soon as possible.

The **Internal Auditor** is responsible for assessing the adequacy of internal controls over high risk processes and evaluating the potential for fraud to occur.

The **Internal Audit Committee** is responsible for providing independent assurance to the General Manager and Council by overseeing and monitoring the adequacy of Council's fraud control plan.

4. Policy

This Fraud Control Policy sets out Council's system of fraud control and covers the responsibilities for managing fraud within Council. This policy is available in Council's Electronic Document Management System.

5. Prevention Systems

Council's prevention systems include the following components:-

- Fraud Control Policy
- Fraud Risk Assessment
- Internal Fraud Check **and Fraud Control Action Plan**
- Fraud Database – records all incidents of fraud affecting Council. Analysis of reports of fraud help to identify potential weaknesses in internal controls.
- Ethical Workforce – Council is committed to employing staff that support ethical values. Council will conduct pre-employment screening including reference checks and NSW police checks for high risk positions.

6. Fraud Awareness

A key element of Council's Fraud Control Policy is to create awareness of the various elements of the strategy, what activities are considered fraudulent and how to respond if fraud is suspected.

Ethical Behaviour Policies

Council has a range of ethical behaviour policies including:-

- Fraud Control Policy
- Internal Reporting Policy
- Gifts and Benefits Policy
- Code of Conduct Policy
- Procurement Policy
- Secondary Employment Policy

Induction

Staff induction will cover fraud control, staff responsibilities and Council's Code of Conduct which is documented in the induction booklet given to all new employees. All staff will be required to ~~sign and formally~~ acknowledge Council's Code of Conduct.

Post Induction

Staff will be kept up to date and reminded of their responsibilities regarding fraud with periodic code of conduct training and responsibility reminders in staff newsletters.

Customer and Community Awareness

Council is committed to ensuring that customers and suppliers are aware of our commitment to ethical behavior. Our Statement of Business Ethics is published on our website, together with our ~~Internal Reporting Policy Fraud Control Policy~~, Gifts and Benefits Policy and Code of Conduct.

7. Third Party Management Systems

Council ensures that appropriate controls such as segregation of duties are in place to manage dealings with third parties.

Third party management also covers managing staff conflicts of interest. Council's Code of Conduct sets out how conflicts of interest should be managed, including secondary employment.

8. Notification Systems

Allegations of Fraud

Council encourages staff and members of the public to report known or suspected fraud or unethical behavior.

Council's Internal Reporting Policy, as well as Code of Conduct, provide guidance to public officials on how to report suspected or actual fraud. Council's Complaints Policy outlines how members of the public can make reports. Both staff and members of the public also have the option of reporting fraud directly to ICAC.

Any substantial fraud will be referred to the relevant external body, the NSW Police, the Ombudsman and ICAC.

Where there is a suspicion that corrupt conduct has occurred, the General Manager has a duty under section 11 of the *Independent Commission Against Corruption Act 1998* to report it to ICAC as soon as the suspicion arises. This is irrespective of how insignificant or minor the allegation.

9. Detection Systems

Internal controls are effective at detecting fraud and Council maintains appropriate controls including:-

- Segregation of duties
- Approvals and authorization
- Verification
- Reconciliations
- Management reviews
- Risk Assessments
- Physical security
- Independent reviews like internal and external audits

10. Investigation Systems

Preliminary Assessment

When an allegation of fraud is made under a Public Interest Disclosure, the Disclosures Coordinator will undertake a preliminary assessment and may recommend to the General Manager that the matter be immediately referred to an external body.

Full Investigation

Following a preliminary assessment, the Disclosures Coordinator may recommend to the General Manager that a full investigation be conducted by an external investigator. The complainant will be advised of the decision and any actions taken in accordance with Council's Internal Reporting Policy.

Where an allegation of fraud is made under Council's Complaints Policy, the General Manager will undertake a preliminary assessment and may refer the matter immediately to an external body or have the matter investigated by an external investigator. Likewise, the complainant will be advised of the decision and any actions that will be taken.

Proper and full records will be kept during the investigation and any evidence gathered will be secured and maintained.

Support

During the investigation the Executive Manager Human Resources will be advised to ensure that any personnel issues affecting staff members involved are properly addressed.

Maintaining Confidentiality

Every endeavour will be made to ensure that any allegations of fraud and subsequent investigations are handled confidentially. There may, however, be situations where confidentiality may not be possible or appropriate. This will be discussed with the staff member making the report.

Council will accept anonymous reports, however anonymity may limit Council's ability to seek further information to assess the report adequately.

Vexations, Frivolous or Misleading Allegations

Any report that turns out to be vexatious, frivolous or misleading will result in disciplinary action against the staff member for making the allegation.

Disciplinary Standards

Where an allegation is proved because of an admission by the staff or as a result of an investigation, the General Manager will determine the nature of any disciplinary action in accordance with relevant policies and procedures.

Documenting Reported Fraud

The Executive Manager Corporate Governance will maintain a database of all reports of suspected fraud. The database will assist Council to determine where it should focus its efforts and where changes to controls, policies or procedures are required.

REVIEW

This policy will be reviewed every four years.



CORPORATE CREDIT CARD POLICY

(Internal Policy)

Version	Created/updated by	Adopted by Manex	Review Period
1	Chief Financial Officer	9 December 2013	2 Years
2	Chief Financial Officer	18 November 2015	2 Years
3	Director Finance & Corporate Strategy	19 March 2018	4 years
4	Director Finance & Corporate Strategy	Presented to Internal Audit Committee 25 March 2019	4 years

Narromine Shire Council – Corporate Credit Card Policy

The objective of the Corporate Credit Card Policy is to identify employees who are entitled to a Corporate Card and to outline the responsibilities of Corporate Card users.

The use of corporate credit cards create savings in staff administration time in matters such as arranging transport, accommodation and conference registration.

Council may permit the use of a Council Credit Card by another member of staff so long as the Credit Card Owner sights each month's credit card statement and certifies each month's charges are for business purposes prior to someone else approving the credit card statement.

The use of credit cards is not intended to avoid or bypass established governance procurement procedures, but is to be used in accordance with the policy guidelines established to complement existing procurement and payment procedures.

Responsibilities & Procedures

Corporate Credit Cardholders are responsible for:

- Signing the Corporate Credit Card Acknowledgement and Conditions of Use form (**Attachment 1**) on receiving the Corporate Credit Card.
- Ensuring the safe keeping of the Corporate Credit Card and immediately reporting to the issuing bank and Director Finance and Corporate Strategy if the Corporate Credit Card is lost, stolen, damaged or has suspected fraudulent transactions.
- Taking the appropriate measures to ensure the Corporate Credit Card is not used by another person other than the approved cardholder.
- Exercising professional judgement with regards to Internet purchases in regards to the security of the site.
- Not using the Corporate Credit Card without having read and understood the Corporate Credit Card Policy.
- Ensuring that the Corporate Credit Card is used in accordance with Council's other policies, as appropriate.
- Ensuring that expenditure is contained within available budget limits.
- Reimbursing Council for the cost of purchases deemed not to be for the use of Council, or Council related business within a reasonable period of time.
- Ensuring that a tax invoice, receipt, docket or similar source document is obtained for each transaction and given to the Finance Officer with the completed Commonwealth Bank Cardholder Statement form.

Narromine Shire Council – Corporate Credit Card Policy

- Completing and submitting the Corporate Credit Card Transaction Declaration form when the original source document for a transaction is lost, stolen, mislaid, damaged or not received. (**Attachment No. 2**)
- Completing the Corporate Credit Card Termination of Use Advice form when forfeiting the Corporate Credit Card due to transferring to another position that does not require a Corporate Credit Card, terminating employment with Council, or any other reason that may warrant the forfeiture of the Corporate Credit Card. (**Attachment No. 3**)
- Council credit card holders will not be entitled to any rewards program or access rewards that may be offered as a part of Council incurring expenditure.
- The use of a Corporate Credit Card for business purchases over the internet should be restricted to trusted sites.

Restrictions on Use

The Corporate Credit Card cannot be used to obtain cash.

Purchases must only be for the use of Council, or Council related business, and not for private or personal use, unless those expenses are accrued during the course of Council business.

Credit limits for card use will be determined by the General Manager on a case by case basis.

Entitlement to be Issued with a Council Corporate Credit Card

Entitlement to a Council Corporate Credit Card shall be determined **in writing** by the General Manager, but will normally be limited to:

- Department Directors;
- Managers of operational areas of Council business requiring a level of delegated purchasing capability.

Controls on Purchases

The use of Corporate Credit Cards is subject to Council and the Commonwealth Bank controls, policies and procedures.

The Director Finance and Corporate Strategy will perform **random audits** reviews on individual Corporate Credit Cardholder's Statements to ensure that the Corporate Credit Card Policy is being adhered to **and will table the review at Council's Internal Audit Committee.** The review report will be accompanied by a summary of each Council position that has a credit card, the annual usage and average monthly spend for each card.

Narromine Shire Council – Corporate Credit Card Policy

Failure to comply with the conditions as detailed within this Policy may result in the cardholder's entitlement to a Corporate Credit Card being revoked and disciplinary action being taken.

Termination of Use

In the event that a cardholder's entitlement to a Corporate Credit Card has been terminated for reasons such as:

- (i) termination of employment;
- (ii) re-assignment to another position within Council;
- (iii) failure to comply with the conditions of this Policy; or
- (iv) any other reasons as determined by the General Manager,

The Corporate Credit Card, together with all supporting documentation and other relevant documentation, with a completed Termination of Use Advice form, must be forwarded to the Director Finance and Corporate Strategy.

Review

The Corporate Credit Card Policy will be reviewed every four years. The General Manager reserves the right to vary this Policy at twenty four (24) hours' notice.

Relevant Legislation and Council Policies

Council's Fraud Control Policy
Council's Procurement Policy
Council's Code of Conduct

Narromine Shire Council – Corporate Credit Card Policy

ATTACHMENT 1

CORPORATE CREDIT CARD ACKNOWLEDGEMENT & CONDITIONS OF USE

To the General Manager

I(card holder's name) acknowledge receipt of a Narromine Shire Council Corporate Credit Card and acknowledge that I:

- (i) am aware of my responsibilities and duties as a Corporate Credit Cardholder under Procurement Policy and Corporate Credit Card Policy.
- (ii) will only use the Corporate Credit Card within the approved financial limits and for approved business purposes.
- (iii) am aware that transactions made with the card are subject to authorisation and audit procedures.
- (iv) will reimburse Council for the cost of purchases that are deemed not for the use of Council, or Council related business.
- (v) will keep the card safe from unauthorised use at all times.
- (vi) will return the card to the Director Finance and Corporate Strategy:
 - (a) on request of the General Manager;
 - (b) prior to my assuming duties in another position within Council; or
 - (c) on termination of employment with Council;
 - (d) within a reasonable period of time once it has been deemed by the General Manager that I no longer require a Corporate Credit Card.
- (vii) will advise the Director Finance and Corporate Strategy and the Commonwealth Bank customer service department immediately I am aware that the Corporate Credit Card has been lost, mislaid, stolen or misused.
- (viii) will use other means available for purchases when efficient and appropriate to do so rather than use the Corporate Credit Card.
- (ix) will provide tax invoices for all transactions listed on each monthly statement.
- (x) any breach of the Corporate Credit Card policy may result in disciplinary action in accordance with the LG State Award and relevant Council Policies as well as credit card cancellation.
- (xi) will not use the card for cash advances or cash withdrawals.

.....
Corporate Credit Card Holder's
signature

.....
General Manager's
signature

Date

Date

ATTACHMENT 2

Statutory Declaration
OATHS ACT 1900, NSW, NINTH SCHEDULE

I, of
[name of declarant] [residence]

do hereby solemnly declare and affirm that the following transactions were incurred in the course of official Council business:

Purchase Date	Name of Supplier	Description of Item	Price (excl GST) \$	GST \$	Price (incl GST) \$	Nature and Purpose of Transaction	Reason for No Supporting Documentation
Example 12.02.2017	Regional Express	Return airfare from Dubbo to Sydney	81.82	8.18	90.00	LGNSW Conference	Receipt was misplaced at conference

(the facts to be stated according to the declarant's knowledge, belief, or information, severally)

And I make this solemn declaration, as to the matter, according to the law in this behalf made – and subject to the punishment by law provided for any wilfully false statement in any such declaration.

Declared at: on

[place]

[date]

.....
[signature of declarant]

in the presence of an authorised witness, who states:

I, , a
[name of authorised witness] [qualification of authorised witness]

certify the following matters concerning the making of this statutory declaration by the person who made it:

.....
[signature of authorised witness]

.....
[date]

ATTACHMENT 3

CORPORATE CREDIT CARD TERMINATION OF USE ADVICE

This form is to be completed and forwarded to the Director Finance and Corporate Strategy.

The Corporate Credit Card with all supporting documentation for any outstanding transactions must be returned with this form when the use of the Corporate Credit Card is terminated by the General Manager.

Cardholder Details

Cardholder's name:

Position:

Account number:

Cardholder's signature:

Acknowledgement of Receipt by Director Finance and Corporate Strategy

I declare that the Corporate Credit Card and relevant items have been forfeited.

Signature Date

Financial reporting issues and developments

NSW State sector agencies and universities

October 2018



INSIGHTS FOR BETTER GOVERNMENT

FINANCIAL AUDIT

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Financial reporting issues and developments

The table below details current issues and financial reporting developments that may impact your entity's financial statements. Management should review these issues and developments, determine those applicable to the entity and assess the impact on the financial statements and annual report. Where this relates to an accounting standard issued but not yet effective, management should disclose the anticipated impact of the standard on their financial statements. Management may consult with their audit team for further information and explanation on the issues and developments detailed below.

NSW state sector agencies should refer to Treasury's latest [circular](#) on mandates of accounting policy options and major policy decisions under Australian Accounting Standards when determining whether an accounting standard can be early adopted.

Future reporting developments

Issue 1: AASB 9 'Financial Instruments'

Overview	Applies to
<p>The AASB has released the complete version of AASB 9.</p> <p>This standard replaces the classification, measurement, recognition and de-recognition requirements in AASB 139 'Financial Instruments: Recognition and Measurement'.</p> <p>Key changes include:</p> <ul style="list-style-type: none"> • reducing financial asset categories from four to three – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) • measuring financial assets at fair value unless they are simple debt instruments held for collection of contractual cash flows comprised solely of payments of principal and interest • measuring financial assets at FVOCI if they are held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and the contractual cash flows comprise solely of payments of principal and interest • recognising financial assets at FVTPL unless they are measured at amortised cost or FVOCI • no longer separating embedded derivatives from their financial asset hosts. Instead, the entire instrument is assessed for classification • recognising financial asset fair value movements in profit or loss unless they are equity instruments not held for trading, which may be recorded in other comprehensive income • requirements to impair financial assets based on a three-stage 'expected' loss approach, which introduces a more forward looking provisioning model for recognising expected credit losses • requiring financial liabilities designated at fair value to recognise the effect of changes in the entity's own credit risk in other comprehensive income rather than profit or loss • a new chapter on hedge accounting, which includes a new model that is more closely aligned with risk management activities. The hedge effectiveness testing requirements are less complex and onerous. Key changes include: <ul style="list-style-type: none"> – allowing hedge accounting of risk components of non-financial items that are identifiable and measurable – changes to accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments 	All entities for annual reporting periods beginning on or after 1 January 2018.

Overview	Applies to
<ul style="list-style-type: none"> - changes to the requirements for effectiveness testing (including removal of the 'bright-line' effectiveness test that offset for hedging must be in the range 80–125 per cent) • revised disclosures about an entity's hedge accounting and expanded credit risk disclosures added to AASB 7 'Financial Instruments: Disclosures'. 	

Entities' responsibilities

Entities should:

- consider whether the standard will change their accounting policies for financial instruments
- determine the system and information requirements they need to report under the new standard, or ensure existing systems and processes meet the requirements
- prepare for the increased disclosures
- consider the impact on reporting to stakeholders regarding the entity's financial position and performance
- comply with Treasury's Policy and Guidelines Paper that will replace TPP 08-1 'Accounting for Financial Instruments'¹
- discuss proposed financial instruments policies and financial statement disclosures with the Audit and Risk Committees (ARC) and auditors
- draft the disclosures required by AASB 108 for the initial application of AASB 9
- keep detailed working papers evidencing how they have complied with the new requirements, for example, the key decisions and judgements made, their classification of financial assets, impairment calculations and support for additional disclosures.

Responsibilities of Audit and Risk Committees and those charged with governance

ARCs and those charged with governance should:

- understand the new standard
- ensure management has complied with the requirements of AASB 9, including disclosing its initial application in the current year's financial statements.

Issue 2: AASB 15 'Revenue from Contracts with Customers' and AASB 1058 'Income of Not for Profit Entities'

Overview	Applies to
AASB 15 'Revenue from Contracts with Customers' <p>In December 2014, the AASB issued a new standard AASB 15 'Revenue from Contracts with Customers'. AASB 15 introduces a new five step-model for recognising revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer. It will impact all entities providing goods or services under contract arrangements, especially those offering bundled products and services, providing warranties or rebates, or contracts with variable consideration.</p> <p>In May 2016, AASB 2016-3 'Amendments to Australian Accounting Standards – Clarifications to AASB 15' amended AASB 15 to:</p> <ul style="list-style-type: none"> • clarify the requirements for identifying performance obligations, principal versus agent considerations and the timing of revenue recognition from granting a licence • provide further practical expedients on transition to AASB 15. 	For-profit entities for annual reporting periods beginning on or after 1 January 2018. Not-for-profit entities for reporting periods beginning on or after 1 January 2019.

¹ Does not apply to universities or their subsidiaries.

Overview

Applies to

The impact of AASB 15 on NFP entities should be considered in conjunction with the requirements in AASB 1058 (refer below).

AASB 1058 'Income of Not-for-Profit Entities'

AASB 1058 applies to:

- transactions where consideration to acquire an asset is significantly less than fair value, principally to enable a NFP entity to further its objectives
- receipt of volunteer services.

NFP entities for annual reporting periods beginning on or after 1 January 2019.

On initial recognition of an asset an entity must recognise any related contributions by owners, increases in liabilities, decreases in assets and revenue ('related amounts') in accordance with other Australian Accounting Standards.

Entities must immediately recognise the difference between the fair value of the asset and any related amounts as income in the profit and loss. However, if the transaction enables the entity to acquire or construct a recognisable non-financial asset controlled by the entity (i.e. an in-substance acquisition of a non-financial asset), the entity may recognise income as it satisfies its obligations under the transfer (similar to income recognition for performance obligations under AASB 15).

A transfer of a financial asset to acquire or construct a recognisable non-financial asset controlled by the entity is one that:

- requires the entity to use that financial asset to acquire or construct a recognisable non-financial asset to identified specifications
- does not require the entity to transfer the non-financial asset to the transferor or other parties; and
- occurs under an enforceable agreement.

Local governments, government departments, general government sectors (GGSs) and whole of government must recognise volunteer services if:

- they would have been purchased if not provided voluntarily
- the fair value of those services can be measured reliably.

For-profit entities will continue to account for grants and contributions under AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance'.

Full or modified retrospective application will be required on initial adoption of AASB 1058. The transitional provisions include practical expedients for completed contracts and assets acquired for consideration significantly less than fair value principally to enable the entity to further its objectives.

Practical examples accompany AASB 1058 demonstrating how a NFP entity applies the requirements in practice.

Entities' responsibilities

Entities should:

- consider whether AASB 15 and AASB 1058 will change their income recognition policies. If it does, the impact must be disclosed before the application date, as either 'full' or 'modified' retrospective application will be required on adoption
- assess and ensure registers/databases of contracts with customers are complete and identify performance obligations within those contracts
- assess and ensure grants registers/databases are complete and identify whether the transaction enabled the entity to acquire or construct a recognisable non-financial asset controlled by the entity
- prepare for the significantly increased disclosures

Overview	Applies to
<ul style="list-style-type: none"> review standard contract templates to ensure new contracts clearly support revenue recognition with the goods and services sold ensure existing systems support income recognition and are capable of capturing the key information requirements of the new standards ensure the control environment supports robust estimates and judgements on income recognition consider the impact on reporting to stakeholders regarding the entity's financial position and performance plan training for accounting staff, legal and sales teams advise customers and other stakeholders if changes will be made to contracts, systems and processes ensure proper guidance is provided to ARCs discuss proposed income recognition policies and financial statement disclosures with their ARCs and auditors consider and draft disclosures required by AASB 108 for the effects of AASB 15 and AASB 1058. 	

Responsibilities of Audit and Risk Committees and those charged with governance

ARCs and those charged with governance should:

- understand AASB 15 and AASB 1058 and ensure management has adequately planned for their effective application, including disclosing the impact in the current year's financial statements
- consider and confirm management's determination of whether to apply the new standards using a 'full' or a 'modified' retrospective approach
- monitor progress against the plan and against the requirements of the standards.

Issue 3: AASB 16 'Leases'

Overview	Applies to
In February 2016, the AASB issued a new standard AASB 16 'Leases'. AASB 16 eliminates the need for lessees to classify leases as either operating leases or finance leases. Leases will be 'capitalised' by recognising the present value of the future lease payments. Preparers can present leased assets in their financial statements in a separate category as leased (right-of-use) assets, or together with the property, plant and equipment category. Lessees will recognise a financial liability for their obligation to make future lease payments. The principal and interest portions of the cash payments will be separately disclosed in the Statement of Cash Flows. Lessees are not required to recognise assets and liabilities for:	All entities for annual reporting periods beginning on or after 1 January 2019
<ul style="list-style-type: none"> short-term leases of 12 months or less leases of low-value assets acquired for USD 5,000 or less. 	
The new requirements will significantly increase right-of-use assets and related financial liabilities on lessees' balance sheets. Lessor accounting requirements are substantially carried forward from AASB 117 'Leases'. Accordingly, lessors will continue classifying leases as operating leases or finance leases, and accounting for them differently. Reporting entities will not have to restate comparative information when first applying AASB 16. On initial recognition, entities can choose how to measure leased assets that were previously	

Overview

Applies to

off-balance sheet. Leased assets can be measured as if AASB 16 had always applied, or at an amount based on the lease liability.

Entities' responsibilities

Entities should:

- consider whether the standard will change their accounting policies for leases. The impact must be disclosed before the application date, as either 'full' or 'modified' as retrospective application will be required on adoption
- assess and ensure registers/databases of leases are complete
- determine the system and information requirements they need to report under the new standard, or ensure existing systems and processes meet the requirements
- prepare for the increased disclosures
- consider the impact on reporting to stakeholders regarding the entity's financial position and performance
- plan training for accounting and legal staff
- ensure proper guidance is provided to ARCs
- refer to [TC18-05 'AASB Leases Transition elections'](#) which prescribes the options NSW public sector entities are to elect when applying AASB 162
- discuss proposed lease policies and financial statement disclosures with their ARCs and auditors
- consider and draft disclosures required by AASB 108 for the effects of AASB 16.

Responsibilities of Audit and Risk Committees and those charged with governance

ARCs and those charged with governance should:

understand the new standard

- ensure management has adequately planned for its effective application, including disclosure of the impact in the current year financial statements
- monitor progress against the plan and against the requirements of the standard.

Issue 4: AASB 1059 'Service Concession Arrangement: Grantors'

Overview

Applies to

In July 2017, the AASB issued a new accounting standard AASB 1059 'Service Concession Arrangements: Grantors' to address the gap in accounting for service concession arrangements (SCAs) from the grantor's perspective.

AASB 1059 applies to arrangements involving an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. Common examples include roads, prisons, hospitals, water distribution facilities and energy supply.

AASB 1059 will affect all public sector entity grantors (both for-profit and not-for-profit) involved in SCAs (including grantors of existing, but unrecognised SCAs).

AASB 1059 requires a grantor to:

- recognise an asset provided by the operator (including an upgrade to an existing asset of the grantor) as a service concession asset if the grantor controls the asset. The grantor controls the asset if they:
 - control or regulate the services the operator must provide with the asset, to whom it must provide them and at what price, and

All public sector entity grantors for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The AASB has proposed amending the effective date of AASB 1059 from 1 January 2019 to 1 January 2020.

² Does not apply to universities or their subsidiaries.

Overview

Applies to

- control either a significant residual interest in the asset at the end of the arrangement, or control the asset for the whole of the life arrangement
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the conditions specified above
- initially measure the service concession asset at current replacement cost (CRC) in accordance with AASB 13 'Fair Value Measurement'. After initial recognition or reclassification, account for the service concession asset in accordance with AASB 116 'Property, Plant and Equipment' or AASB 138 'Intangible Assets', as appropriate, except as specified in this Standard
- recognise a corresponding liability measured initially at the fair value (CRC) of the service concession asset, adjusted for any other consideration between the grantor and the operator; using either or both models (financial liability, or grant of a right to the operator) specified in the standard
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from SCAs.

Grantors must apply AASB 1059 retrospectively:

- to each prior period presented under AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', or
- by recognising and measuring service concession assets and related liabilities at the date of initial application (being the beginning of the earliest comparative reporting period presented).

Entities' responsibilities

Entities should:

- understand the requirements of the new standard
- assess the terms and conditions of existing arrangements with private sector operators to assess whether they fall within the scope of AASB 1059 and meet the criteria for recognition as a SCA or whether they are a leasing or outsourcing arrangements
- discuss their assessment with the ARC and auditors
- consider the impact of this issued, but not yet effective standard and make appropriate disclosures under AASB 108
- if an arrangement falls within the scope of AASB 1059, develop an implementation plan to apply AASB 1059.

Responsibilities of Audit and Risk Committees and those charged with governance

ARCs and those charged with governance should:

- understand the new standard
- review management's assessment of whether any current arrangements fall within the scope of AASB 1059
- If an arrangement falls within the scope of AASB 1059:
 - ensure management has adequately planned for its effective application, including disclosure of the impact in the current year financial statements
 - monitor progress against the plan and the requirements of the standard.

Other new financial reporting pronouncements

The following pronouncements, which may affect entity financial statements and/or annual reports, were issued³ between 1 January 2018 and 16 October 2018.

The table below does not include accounting standards issued during the period if an overview has already been provided in the table above.

Australian Accounting Standards

Reference>Title	Effective date	Standards amended/replaced
2018-1 'Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle'		
This Standard amends:	Annual reporting periods beginning or after 1 January 2019 with early application permitted.	AASB 3, AASB 11, AASB 112 and AASB 123
<ul style="list-style-type: none"> • AASB 3 'Business Combinations' to clarify that an entity remeasures its previously held interest in a joint operation when it obtains control of the business; • AASB 11 'Joint Arrangements' to clarify that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business; • AASB 112 'Income Taxes' to clarify that an entity accounts for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits; and • AASB 123 'Borrowing Costs' to clarify what and when borrowing costs can be capitalised for the purpose of obtaining a qualifying asset. 		
2018-2 'Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement'		
This Standard amends AASB 119 'Employee Benefits' to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments require an entity to use the assumptions used for the remeasurement of the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs.	Annual reporting periods beginning or after 1 January 2019 with early application permitted.	AASB 119
The Standard also clarifies that, when a plan event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.		
2018-3 'Amendments to Australian Accounting Standards – Reduced Disclosure Requirements [AASB 16 & AASB 1058]'		
This Standard amends AASB 16 'Leases' and AASB 1058 'Income of Not-for-Profit Entities' to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2).	Annual reporting periods beginning or after 1 January 2019 with early application permitted.	AASB 16 and AASB 1058
2018-4 'Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors [AASB 16 & AASB 1058]'		
This Standard amends AASB 15 'Revenue from Contracts with Customers' to add requirements and authoritative implementation	Annual reporting periods beginning or after 1 January 2019	AASB 15 and AASB 16

³ Note this table only includes new standards issued and does not include compiled standards issued.

Reference/Title	Effective date	Standards amended/replaced
guidance for application by not-for-profit public sector licensors to transactions involving the issue of licences.	with early application permitted provided that AASB 15 and AASB 16	
The Standard also clarifies that licences that are in substance leases or contain leases, except licences of intellectual property, are within the scope of AASB 16 Leases.	are also applied to the same period.	

Australian Accounting Standards Board Practice Statements

Practice Statement 2 – Making Materiality Judgements

In December 2017, the AASB released Practice Statement 2 'Making Materiality Judgements' which provides reporting entities with guidance on making materiality judgements when preparing General Purpose Financial Statements (GPFS) in accordance with Australian Accounting Standards.

The Practice Statement:

- provides an overview of the general characteristics of materiality
- presents a four-step materiality process an entity may follow in making materiality judgements when preparing its financial statements
- provides guidance on how to make materiality judgements in specific circumstances (prior period information, errors, debt covenants and when preparing interim reports).

Treasury Publications

Treasury Circulars – refer to [Treasury Website](#)

TC 18-01 'Mandates of options and major policy decisions under Australian Accounting Standards'

TC 18-02 'NSW Fraud and Corruption Control Policy'

TC 18-05 'Leases Transition Elections'

TC 18-06 'Agency guidelines for the 2017-18 Mandatory Annual Returns to Treasury'

TC 18-07 'Machinery of government changes: Goods and Services Tax and Fringe Benefits Tax'

TC 18-08 'Goods and Services Tax (GST) treatment of certain government taxes, fees and charges'

TC 18-09 'Industrial Relations – Crown Employees (Public Sector – Salaries 2018) Award 2018'

TC 18-10 'Accounting for Superannuation'

TC 18-11 'Industrial Relations – Notional Salary 2018-19'

TC 18-12 'Industrial Relations – Crown Employees Wages Staff (Rates of Pay) Award 2018'

TC 18-13 'Accounting for Long Service Leave and Annual Leave'

TC 18-15 'Industrial Relations – Meal, Travelling and other Allowances for 2018-19'

Treasury Policy Papers – refer to [Treasury Website](#)

TPP 18-01 'Accounting Policy: Financial Reporting Code for NSW General Government Sector Entities'

TPP 18-02 'Commercial Policy Framework – Performance Reporting and Monitoring Policy for Government Businesses'

TPP 18-03 'NSW Government Foreign Exchange Risk Policy'

TPP 18-04 'Directors and Officers Indemnity Policy for State Owned Corporations'

TPP 18-05 'Major Projects Policy for Government Businesses'

Guidance – refer to [Treasury Website](#)

TCorp Foreign Exchange Execution Framework

Guidance for AASB 15 Revenue from contracts with customers

Guidance for AASB 1058 Income of not-for-profit entities

Overview on AASB 9 Financial Instruments

Other pronouncements by oversight bodies

Public Service Commission Circulars and Guides – refer to [Public Service Commission Website](#)

PSCC 2018-04 ‘Increase in Executive Remuneration of the Statutory and Other Offices Remuneration Tribunal’

Department of Finance, Services and Innovation – refer to [Finance, Services and Innovation Website](#)

PBD 2017-02 Procurement Board Direction ‘Use of Procure IT for procurement of ICT goods and services’

PBD 2017-07 Procurement Board Direction ‘Conduct by suppliers’

Other reporting issues

The table below details ongoing reporting issues that may impact your entity’s financial statements. Management should review these issues, determine those applicable to the entity and assess the impact on the financial statements and annual report. Management may consult with their audit team for further information and explanation on the issues and developments detailed below.

Issue 1: Entities registered with the Australian Charities and Not-for-profit Commission (ACNC)

Overview	Applies to
Entities registered as a charity with the ACNC must meet ongoing obligations to:	Entities registered with the ACNC.
<ul style="list-style-type: none"> • keep records • report annually to the ACNC • notify the ACNC about certain changes • comply with governance standards. 	
Registered charities’ annual reporting obligations are based on the charity’s size (classified according to annual revenue).	
All registered charities must submit an Annual Information Statement (AIS) containing both financial and non-financial information. Medium and large charities must also submit an audited annual financial report (review option available for medium charities audited outside of the <i>Public Finance and Audit Act 1983</i>). All registered charities must submit their AIS (and financial report if required) within six months of the end of the charity’s reporting period.	
The ACNC may revoke an entity’s registration for non-compliance with the above reporting requirements, resulting in the entity:	
<ul style="list-style-type: none"> • losing their ability to claim charity tax concessions • no longer being endorsed as a deductible gift recipient. 	
All registered charities (except basic religious charities) must meet a set of governance standards to help promote public trust and confidence in charities.	
The ACNC website provides useful information and resources to help registered charities meet their obligations.	

Issue 2: Tax exemptions and concessions

Overview	Applies to
<p>Government or semi government parent entities (such as universities) and their controlled entities should review the nature and purpose of each controlled entity to determine the validity of existing tax exemptions and concessions. Reviews should continue to:</p> <ul style="list-style-type: none"> • examine the range of activities and services these entities deliver to determine whether they include ‘unrelated commercial activities’ where profits are not directed back to a charitable purpose • determine if entities should apply for, or confirm existing Australian Taxation Office (ATO) endorsement as income tax exempt funds or tax concession charities. 	NFP entities.

The [ATO NFP](#) page provides useful information and guidance/tools to help NFP entities manage tax affairs.

Issue 3: Donations and fundraising activities

Overview	Applies to
<p>Recognition and recording of revenue from donations and other fundraising activities can be a significant risk. Often it is not possible to design and implement controls to ensure revenue is recognised and recorded in its entirety in the appropriate period. For example:</p> <ul style="list-style-type: none"> • cash, cheques sent or other assets from donors resulting from an appeal for donations • activities that do not allow for complete record keeping, such as catered functions where attendees do not pre book. 	Entities that receive revenue from donations and other fundraising activities.

The audit opinion may be affected unless entities can demonstrate they have appropriate controls in place to ensure the completeness of revenue and that these controls are effectively designed and implemented, and have operated effectively throughout the reporting period.

Auditing Guidance Statement [GS 019](#) ‘Auditing Fundraising Revenue of Not for Profit Entities’ provides useful guidance on controls an entity may establish over fundraising activities.

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**MINUTES OF THE TRANGIE MEMORIAL HALL COMMITTEE MEETING HELD AT THE TRANGIE
MEMORIAL HALL ON TUESDAY 19 MARCH 2019**

PRESENT: Cr Craig Davies (Chair), Phil Johnston (Director Community & Economic Development), Jessie Quigley, Jillian Quinn, Alan Palmer (Narromine Men's Shed), Debbie Irving and Lesley-Ann Roberts (Minute Taker)

1. WELCOME

Chair welcomed those present and declared the meeting open at 4.05 pm.

2. APOLOGIES

RECOMMENDED Alan Palmer/Debbie Irving that the apologies of Cr. McCutcheon, Minnie James and Jack James be accepted.

3. DECLARATION/CONFLICT OF INTEREST – Nil

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RECOMMENDED Jessie Quigley/Debbie Irving that the minutes of the previous meeting held on 20 November 2018 be accepted as a true and accurate record of the meeting.

5. BUSINESS ARISING FROM THE MINUTES

The following items were raised as still needing attention:

• Item 6. Business Arising from the Minutes, A: Works report as per below

- Leak in the roof / nail in the kitchen

ACTION Council to investigate

6. REPORT TO TRANGIE MEMORIAL HALL

1) Follow up Items

- It was advised that Debbie Irving had undertaken the clean out of costumes and donated items to Dubbo Arts and Crafts Society.
- It was noted, there are a few wire coat hangers leftover and some ANZAC uniforms that could still be utilised.

RECOMMENDED Debbie Irving/Alan Palmer that the information be noted

2) Work Health and Safety Issues

- Side door of Trangie Men's Shed has nails sticking out of the roof.
- It was suggested that the Men's Shed could fix the door.

ACTION Council to investigate

- It was raised that the door off the hinges is very heavy and a bi fold door could be a suitable idea not impeding the disability ramp

ACTION Council to investigate

RECOMMENDED Debbie Irving/Alan Palmer that the information be noted

**MINUTES OF THE TRANGIE MEMORIAL HALL COMMITTEE MEETING HELD AT THE TRANGIE
MEMORIAL HALL ON TUESDAY 19 MARCH 2019**

6. REPORT TO TRANGIE MEMORIAL HALL Cont'd.

3) Bookings

The possibility of a permanent booking was raised however, the Committee advised that the rooms in the front of the Hall are not suitable and suggested an alternative building in Trangie.

RECOMMENDED Debbie Irving/Alan Palmer that the information be noted

4) Cenotaph

Discussion was had regarding a proposed Cenotaph at Trangie Memorial Hall and whether the Committee was interested in procuring one.

RECOMMENDED Jessie Quigley/Alan Palmer that Council seeks further funding options for a Cenotaph at Trangie Memorial Hall, before proceeding to look for funding alternatives.

5) Financial Report

RECOMMENDED Debbie Irving/Alan Palmer that the Financial Report as presented be adopted.

6) Next Meeting

Trangie Memorial Hall Committee Meetings planned for the remainder of 2019 is as follows, commencing at 4.00 pm at Trangie Memorial Hall:

- Tuesday, 18 June 2019
- Tuesday, 17 September 2019

RECOMMENDED Debbie Irving/Alan Palmer that the information be noted.

7. GENERAL BUSINESS

a) ANZAC Day 2019

Lesley-Ann Roberts advised that Trangie Memorial Hall Committee need to complete Council's Application for Road Closures for Special Events for the ANZAC Day 2019 Event in Trangie. Once completed, the paperwork is endorsed by the Trangie Memorial Hall Committee through the Chair.

There being no further business, the meeting closed at 4.33pm.

The Minutes (pages 1 – 2) were confirmed at a meeting held on the day of 2019 and are a full and accurate record of proceedings of the Trangie Memorial Hall Committee meeting held on 19 March 2019.

CHAIR

**REPORT TO TRANGIE MEMORIAL HALL COMMITTEE MEETING TO BE HELD AT TRANGIE
MEMORIAL HALL ON TUESDAY 19 MARCH 2019**

1. FOLLOW UP ITEMS

- a) Costings for electricals Security lights
- b) Trangie Local History Group would like to set up additional shelving
- c) Automatic Irrigation
- d) Electrical rewire

ACTION: Ongoing, to be included in potential grant applications

- e) Community clean out of costumes November / December 2018
- f) Committee to arrange for costumes to be cleaned and donated to DATS.

ACTION: Debbie Irving

- g) Spray and de-cobweb

ACTION: Manager Community Facilities is arranging for facilities to undergo annual spray

RECOMMENDATION

That the information be noted.

2. WORK HEALTH AND SAFETY ISSUES

Have any Work Health and Safety Issues arisen for further consideration?

RECOMMENDATION

For consideration.

3. BOOKINGS

Since the last meeting in November 2018, there have been two (2) functions at the Hall. There are zero (0) forward bookings at this stage. The information in regards to bookings can be seen below.

NAME	EVENT DATE
2018	
Booking	23 June 2018
Booking	4,5 & 6 Sept 2018
Booking	29 Sept - 1 Oct 2018
Booking	4-10 Nov 2018
2019	
Booking	16 February 2019
Booking	9 March 2019

RECOMMENDATION

That the information be noted.

**REPORT TO TRANGIE MEMORIAL HALL COMMITTEE MEETING TO BE HELD AT TRANGIE
MEMORIAL HALL ON TUESDAY 19 MARCH 2019**

4. CENOTAPH

At the November 2018 meeting the idea of adding a soldier statue to the Memorial Hall as a cenotaph was discussed. This concept had been promoted within the community and put forward as an additional memorial to the Community Hall which is included in the register of War Memorials in NSW as the Soldiers Memorial.

The idea was developed by Peter Harvey who has sadly now passed on.

Mr Harvey approached potential suppliers to gauge the cost and ability to undertake the works. Peter had previously sent Narramine Shire Council the various quotes should the decision be made to proceed. The suggested memorial is of a soldier standing.

Quotes received are in the order of \$16,000 for Australian made statues to approximately 1.8m high. Mounting and transport would be an additional cost.

At present there is no budget in order to undertake these activities and while there may be grants available for the work there still may need to be some fundraising.

I would invite the Memorial Hall committee to discuss this further.

RECOMMENDATION

For the consideration of the Committee.

5. FINANCIAL REPORT

The Trangie Memorial Committee Financial Report is reflected in **Attachment No. 1.**

RECOMMENDATION

That the Financial Report as presented be adopted.

6. NEXT MEETING

Trangie Memorial Hall Committee Meetings planned for the remainder of 2019 is as follows, commencing at 4pm at Trangie Memorial Hall:

- Tuesday, 18 June 2019
- Tuesday, 17 September 2019

RECOMMENDATION

That the information be noted.

Phil Johnston

Director Community and Economic Development

Attachment No. 1

Attachment No 2

Attachment No 2

**TRANGIE MEMORIAL HALL
COMMITTEE
Bank Reconciliation**

12/03/2019

Balance of Bank Account as at 01.07.18	\$ 4,222.92
Add Receipts	\$ 492.37
Less Payments	\$ 81.26

Balance of Working Funds 12/03/2019 **\$ 4,634.03**

Bonds Held	\$ 210.00
Sub Total	\$ 4,844.03

Balance as Per Bank Statement 12/03/2019 \$ 4,844.03

Reconciled Balance **\$ 4,844.03**
Check: **\$ -**

Balance Sheet Check:

Reconciled Bank Balance 1 July 2018	\$ 4,222.92
Profit/Loss Year to Date	\$ 411.11
Security Bonds Held	\$ 210.00

Reconciled Bank Balance 12/03/2019 **\$ 4,844.03**

Reconciled Balance **\$ 4,844.03**

Check: **\$ -**

**TRANGIE MEMORIAL HALL
COMMITTEE**

Statement of Income & Expenditure
Period Ending 12/03/2019

INCOME

User Charges	-
Other Revenues	492.37
Contributions	-
Narromine Shire	-
Grant Income	-
Sundry Income	-
	<hr/>
TOTAL INCOME	<u>492.37</u>

EXPENDITURE

Electricity	-
Insurance	-
Rates & water	-
Wages & Security	-
Repairs & Maintenance	-
Other Expenditure	81.26
	<hr/>
TOTAL EXPENDITURE	<u>81.26</u>

PROFIT/(LOSS) YEAR TO DATE	<u>411.11</u>
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MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE MEETING HELD IN COUNCIL'S CHAMBERS ON MONDAY 18 MARCH 2019

PRESENT: Cr Mark Munro (Chair), Phil Johnston (Director Community and Economic Development), Cr Lyn Jablonski, Tracy McIntyre, Jodi Browning, Peter Kierath, David Cliffe, Phil Macinnes, Peter Kierath and Lesley-Ann Roberts (Minute Secretary).

1. WELCOME

The Chair welcomed those present and declared the meeting open at 5.00pm.

2. APOLOGIES:

RECOMMENDED Cr Davies/Peter Kierath that the apologies of Susie Rae and Robert Handsaker be accepted.

3. DECLARATION / CONFLICT OF INTEREST:

Nil

4. PREVIOUS MINUTES

RECOMMENDED Tracy McIntyre/David Cliffe that the minutes of the previous meeting of the Economic Development Group held on the 19th of November 2018 be noted as a true and accurate record of that meeting.

5. BUSINESS ARISING FROM PREVIOUS MEETING

Nil

6. REPORT TO ECONOMIC DEVELOPMENT COMMITTEE

1) Economic Development Strategy Sub Group Updates

Director, Community and Economic Development spoke to his Report and the following points were addressed:

- It was noted, the World Gliding Championships scheduled for Narromine Aerodrome in January 2023 will require upgrades at Narromine Aerodrome.
- Director, Community and Economic Development advised that Beryl Hartley (Curator at Narromine Aerodrome) has been asked to provide a list of upgrades to Council.
- It was noted, it may be useful to liaise with hospitality groups in light of facility upgrades.

Business Sub Committee:

- Identify gaps in health hub and note trends such as the ageing population etc.
- Concerns were outlined regarding the challenges to this area and to continue pursuing this area.

RECOMMENDED Phil Macinnes/Peter Kierath that the information in regards to the subgroup updates be noted.

MINUTES OF THE ECONOMIC DEVELOPMENT COMMITTEE MEETING HELD IN COUNCIL'S CHAMBERS ON MONDAY 18 MARCH 2019

6. REPORT TO ECONOMIC DEVELOPMENT COMMITTEE Cont'd.

2) Drought Communities Program

RECOMMENDED Peter Kierath/Phil Macinnes that the information be noted.

3) Water Security

Discussion ensued regarding water security within Narromine town and options for future security. This included the need to gain back previous over recoveries in the Valley and increase the capacity of dam storage.

RECOMMENDED Peter Kierath/Phil Macinnes that further information be sought regarding support for water reforms previously proposed by Macquarie River Food and Fibre.

4) Next Meeting

RECOMMENDED Peter Kierath/Phil Macinnes that the information be noted.

7. GENERAL BUSINESS

- A query was raised regarding LED Board signage and requirements for putting events on the board.
- The Director, Community and Economic Development outlined the requirements for placing an event on the board.

Accommodation and Restaurants in Narromine Shire

- It was noted that it would be prudent for relevant Community Groups and Businesses in Narromine Shire to be open for large scale events on the weekend.
- It was advised that Council finalise a business database to highlight these event opportunities to businesses.

ACTION: Director, Community and Economic Development

8. NEXT MEETING:

The next meeting of the Economic Development Committee will be held on 17 June 2019, commencing at 5.00 pm at the Narromine Aviation Museum. EDG Subcommittee's will be contacted to arrange for next meeting dates.

There being no further business, the meeting closed at 6.20pm.

The minutes (pages 1-2) were confirmed on 18 March 2019 and are a true and accurate record of proceedings of the meeting held on 18 March 2019.

CHAIR

**REPORT TO ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING TO BE HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON
MONDAY 18 MARCH 2019**

1 ECONOMIC DEVELOPMENT STRATEGY SUB GROUP UPDATES

An update of the subgroup priorities are below:

Subgroup	Goal (suggestions)	Update	Members
Tourism, Arts and promotions Plan	<p>2.3.3 – Develop a Narromine Shire Town Entrance plan which links and supports the Main Street Beautification Plan</p> <p>2.3.4 – Explore the option of a boutique shopping and food day trip market</p>	<p>Draft plans have been drawn and comments received. Budget request made in the 19/20 financial year.</p> <p>Main Street Plans provided. Scope not finalised.</p> <p>Participation in Regional Platters is ongoing and will be renewed. Local Boutique guide launched and will be updated in 19/20.</p>	Peter Kierath, Susie Rae, Lyn Jablonski & Andrew Cayzer
	<p>2.3.5 – Work with the Arts Community to develop a visiting artist program including the development of arts events</p>	Further work to be done in this regard. Support for community events e.g. Dolly Parton Festival will be ongoing.	
Agriculture and Infrastructure development	<p>2.3.10 – Explore an Education Tourism Model based in the Shire</p> <p>2.4.4 – Explore the potential for a feedlot development within the Shire</p> <p>2.4.5 – Further the links between industry, universities and the Trangie Research Station</p>	<p>Work underway to develop additional local self-drive tours.</p> <p>Industry briefing document completed for some time. Briefing document to be undertaken in regards to potential for abattoir.</p> <p>Potential for improved linkages is actively being pursued.</p>	Jodie Browning, Dave Cliff, Craig Davies, Phil McInnes

**REPORT TO ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING TO BE HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON
MONDAY 18 MARCH 2019**

<p>2.5.3 – Establish a working party to guide the Shire's role in the Inland rail to ensure Narromine maximises opportunities from this Project</p>	<p>A progress update has been provided to the working group.</p> <p>An ongoing role of the Director of Community and Economic Development is to seek out this potential. Areas of development include employment and contract work during construction, ongoing maintenance works and also potential industry development.</p>	<p>Work with Dubbo Regional Council and Gilgandra Council's on skills development including with Regional Rail project in Dubbo.</p> <p>Minimal progress towards this priority. Has been previously identified as potential for economic development.</p> <p>2.2 – Health Hub 2.2.1 Conduct a demand and needs analysis within the regional health sector to identify gaps that could be serviced through a Health Hub</p> <p>2.2.2 – Explore models of Health Provision in other regional locations that could be implemented in Narromine</p> <p>2.2.3 – Ensure adequate provision of appropriate zoned land for the development of a range of aged care facilities providing independent, supported and full care residential facilities and support services to meet longer term demand</p> <p>2.2.4 – Support the development of the Trangie Respite Centre</p>	<p>Tracey McIntyre, Mark Munro, Robert Handsaker</p> <p>Complete</p>
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**REPORT TO ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING TO BE HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON
MONDAY 18 MARCH 2019**

<p>2.2.5 – Continue support for diverse aged care housing development across residential areas of the Shire</p> <p>1 – Plan for a Shire that supports industry growth, productivity and long term sustainability</p> <p>Resolve issues relating to the levy and insurance premiums to foster affordable land development within Narramine.</p> <p>1.3 - Review planning for appropriately zoned Industrial land within the Shire.</p> <p>1.7 - Investigate hosting grant writing training sessions for business and community organisations</p>	<p>Ongoing</p> <p>Continued works in this area by Council's Engineering Department, Councillors and Flood Plain Management Committee</p> <p>Employment lands document complete. Civil planning works almost complete with aerodrome industrial land.</p> <p>Additional workshops planned for October Growing Narramine Series.</p>
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RECOMMENDATION:

That the information in regards to the subgroups updates be noted.

**REPORT TO ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING TO BE HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON
MONDAY 18 MARCH 2019**

2 DROUGHT COMMUNITIES PROGRAM

In August 2018, the Australian Government announced an additional \$1 million in support for eligible councils as part of the Drought Communities Programme. The objective of the Drought Communities Programme is to deliver benefits in declared Council areas, by supporting investment in local infrastructure initiatives. Funding is targeted at infrastructure projects that provide employment for people whose work opportunities have been impacted by drought; stimulate local community spending; use local resources, businesses and suppliers; and/or provide a long-lasting benefit to communities and the agricultural industries on which they depend.

Narromine Shire Council has allocated \$110 000 of the \$1 million funding to its Community and Economic Stimulus grants program, which was announced in December 2018. This program is for capital works programs put forward by community groups and organisations. Applicants were invited to apply for up to \$20 000 to undertake each project and applications closed on Friday 15 February 2019.

A list of successful projects will be available soon.

RECOMMENDATION:

That the information be noted.

3. WATER SECURITY

The issue of water security was raised during the Business subcommittee meeting and the need to encourage the Government to be looking at all potential solutions to ensure existing commitments can be met along with future growth in this sector.

It would be useful to have a discussion around the table to offer suggestions as to how best this might be influenced.

RECOMMENDATION:

That the information be noted.

**REPORT TO ECONOMIC DEVELOPMENT GROUP COMMITTEE MEETING TO BE HELD AT THE NARROMINE SHIRE COUNCIL CHAMBERS ON
MONDAY 18 MARCH 2019**

4. NEXT MEETING

The next EDG Committee Meetings planned for the remainder of 2019 is as follows, commencing at 5pm at Narromine Shire Council Chambers:

- Monday, 17th June 2019
- Monday, 16th September 2019
- Monday, 2nd December 2019

RECOMMENDATION:

That the information be noted.

Phil Johnston
Director Community and Economic Development