

AUDIT COMMITTEE MEETING
MINUTES

8 MARCH 2013

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
HELD ON FRIDAY 8 MARCH 2013 AT 3.05 PM
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE**

MINUTES**1 DECLARATION OF OPENING****2 ATTENDANCE**Present:

Mayor Carpenter

Cr T Thomas

Cr D Brick

Cr B Ramage (by proxy)

Officers:

Tony Brun, Chief Executive Officer

Cheryl Wood, Director of Organisational Performance

Bob Davis, Director of Treasury and Finance

By Invitation:

Chris Spiker, Manager Governance & Risk

Others:

Nil.

Apologies:

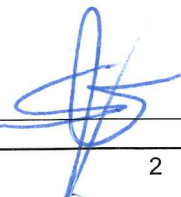
Cr Van Styn (Chairman)

Leave of Absence:

Nil

3 APPOINTMENT OF CHAIRMAN**COMMITTEE DECISION:****Moved Cr Thomas, Seconded Cr Brick****That Mayor Carpenter act as Chairman for this meeting.****CARRIED****Mayor Carpenter took the Chair.****4 CONFIRMATION OF PREVIOUS MINUTES****COMMITTEE DECISION:****Moved Cr Thomas, Seconded Cr Brick**

Signed: _____



Dated: _____

6-12-13

That the minutes of the City of Geraldton Audit Committee meeting held on 18 December 2012, as attached be accepted as a true and correct record of proceedings.

CARRIED

Signed: _____



Dated: 6-12-13

AC019 APPOINTMENT OF AUDITORS	
AGENDA REFERENCE:	D-13-15064
AUTHOR:	C Wood, Director of Organisational Performance
EXECUTIVE:	C Wood, Director of Organisational Performance
DATE OF REPORT:	3 March 2013
FILE REFERENCE:	GO/11/0004
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	No

SUMMARY:

The purpose of this report is to seek the Audit Committee's endorsement of the appointment of Grant Thornton Audit Pty Ltd as the City's auditors to 30 June 2015.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In April 2011 the City of Geraldton-Greenough awarded a three year contract to Grant Thornton Audit Pty Ltd for the audit of the City's financial statements and other audit services. This contract, although awarded prior to the amalgamation, carried over into the City of Greater Geraldton by virtue of Regulation 6(4)(i) of the Local Government (Constitution) Regulations 1998 where a reference in a contract made before 1 July 2011 to the City of Geraldton-Greenough shall be construed as a reference to the "City of Greater Geraldton".

The Department of Local Government has queried the appointment of the auditors as the names of the auditors were not included in the resolution of Council.

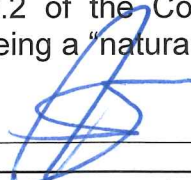
Section 7.3 of the Local Government Act requires a local government to "appoint a person, on the recommendation of the audit committee, to be its auditor"

Generally, in legislation, a "person" is construed to mean a natural person or a company (under Section 5 of the Interpretation Act 1984). However, under Section 7.3(3) a local government's auditor must be a person who is

- (a) A registered company auditor; or
- (b) An approved auditor (i.e. a person who is approved by the Minister under Section 7.5).

However, a registered company auditor is a person who is registered as an auditor or taken to be registered as an auditor under Part 9.2 of the Corporations Act. Part 9.2 of the Corporations Act 2001 deals with the registration as an auditor being a "natural person". Therefore, for the purposes

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Dated: _____

6-12-13

of Section 7.3 of the Local Government Act, a person appointed by the City to be its auditor must be a natural person.

However, this does not mean that the contract entered into with Grant Thornton Audit Pty Ltd is not valid. It could be argued that the City, in its intention with entering into the contract with Grant Thornton, consistent with the provisions of Section 7.3, was to appoint each of the audit partners with the company to be its auditor. All of the Grant Thornton partners are registered company auditors and therefore each qualifies as a "registered company auditor" for the purposes of Section 7.1 of the Local Government Act.

However, to avoid confusion it would be prudent for the City to clarify its position by resolving that the reference in the Council's resolution on 5 April 2011 to Grant Thornton is to be taken to be a reference to each of the audit partners of Grant Thornton Audit Pty Ltd.

The Department of Local Government has been advised of the proposed action and, although they would prefer all of the partners' names and auditor numbers to be listed, the City has been advised that this is not legally required.

COMMUNITY CONSULTATION:

There has been no community consultation undertaken for this item however the City's auditors have been consulted.

COUNCILLOR CONSULTATION:

There has been no councillor consultation undertaken for this item.

STATUTORY IMPLICATIONS:

Section 7.1 and 7.3 of the Local Government Act state the requirements for appointing the City's auditor.

POLICY IMPLICATIONS:

There are no policy implications associated with this item.

FINANCIAL AND BUDGET IMPLICATIONS:

There are no financial implications associated with this item.

STRATEGIC & REGIONAL OUTCOMES:

Strategic Community Plan Outcomes:

Goal 5:	Leading the opportunities
Outcome 5.1:	Leadership and good governance
Strategy 5.1.3:	Implement business, governance, legislative and compliance frameworks

Signed: _____

Dated: 6-12-13

Regional Outcomes:

There are no regional outcomes from this item.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:**Economic:**

There are no economic issues associated with this item.

Social:

There are no social issues associated with this item.

Environmental:

There are no environmental issues associated with this item.

Cultural & Heritage:

There are no cultural and heritage issues associated with this item.

RELEVANT PRECEDENTS:

There are no relevant precedents.

DELEGATED AUTHORITY:

There is no delegated authority.

VOTING REQUIREMENTS:

Simple Majority

OPTIONS:**Option 1:**

As per the Executive Recommendation in this report.

Option 2:

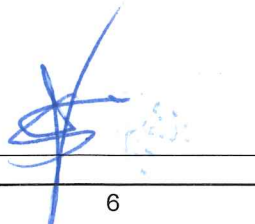
That the Audit Committee by Simple Majority in accordance with Section 7.1C of the Local Government Act 1995 RESOLVES to:

1. NOT RECOMMEND that the Council appoints each of the audit partners of Grant Thornton Audit Pty Ltd to be an auditor for the City of Greater Geraldton for the term of the contract entered into on 11 April 2011 between Grant Thornton Audit Pty Ltd and the City of Greater Geraldton.
2. MAKES the determination based on the following reason:
 - a. To be determined by Council

CONCLUSION:

This item is to provide clarification on the appointment of the partners of Grant Thornton Pty Ltd as the City's auditors for the duration of the contract entered into in April 2011.

Signed: _____



Dated: _____

6-12-13

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority in accordance with Sections 7.1C and 7.3(1) of the Local Government Act 1995 RESOLVES to:

1. RECOMMEND that the Council appoints each of the audit partners of Grant Thornton Audit Pty Ltd to be an auditor for the City of Greater Geraldton for the term of the contract entered into on 11 April 2011 between Grant Thornton Audit Pty Ltd and the City of Greater Geraldton.

COMMITTEE DECISION:

Moved Cr Ramage, Seconded Cr Brick

That the Audit Committee by Simple Majority in accordance with Sections 7.1C and 7.3(1) of the Local Government Act 1995 RESOLVES to:

1. RECOMMEND that the Council appoints each of the audit partners of Grant Thornton Audit Pty Ltd to be an auditor for the City of Greater Geraldton for the term of the contract entered into on 11 April 2011 between Grant Thornton Audit Pty Ltd and the City of Greater Geraldton.

CARRIED

Signed: _____



Dated: _____

6-12-13

AC020 COMPLIANCE AUDIT RETURN 2012

AGENDA REFERENCE:	D-13-15288
AUTHOR:	C Spiker, Manager Governance & Risk
EXECUTIVE:	C Wood, Director of Organisational Performance
DATE OF REPORT:	5 March 2013
FILE REFERENCE:	GO/11/0004
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes

SUMMARY:

The purpose of this report is to adopt the Compliance Audit Return 2012 (CAR) as required under the Local Government Act 1995 (LGA).

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with section 7.13(1)(i) of the LGA and regulation 13 of the Local Government (Audit) Regulations 1996 (Regulations), the Council is required to carry out, in a prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are of a financial nature or not or under the LGA or another written law. The CAR applies to the period 1 January 2012 to 31 December 2012.

The 2012 CAR is now complete (as attached) and is submitted to the Audit Committee for endorsement. The CAR must be submitted to the Department no later than 31 March 2013.

The outcome of the 2012 audit has revealed a number of issues that require explanation to the Department:

1. Item 12: Delegation of Power/Duty

Q. Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2011/2012 financial year?

Response:

No.

The City operates with two tiers for conferring delegations: First the annual delegations which are regularly approved for the purpose of ongoing orderly administration of the City; and secondly a more randomised approach applying to one off issues.

In respect of the second tier of delegations, the City has taken the approach over recent years of conferring delegated authority to the CEO within Council resolutions. These occurrences were at the time intended for short term application or single event decisions. These have not been reviewed.

Signed: _____

Dated: 6-12-13

The first tier of delegations are structured in an orderly manner and were reviewed (annually) in accordance with the LGA provisions.

A review of the City's approach to conferring delegated authority will be reviewed prior to June 2013 to ensure delegation is effected only through instruments of delegation included in the City's delegation register.

2. Item 8: Finance-

Q. Where the local government determined that matters raised in the auditor's report (prepared under s.7.9(1) of the Act) required action to be taken by the local government, was that action undertaken?

Response:

Actions will be undertaken on all matters raised by the Auditor.

The recommendations of the auditor arrived late in 2012 and did not provide sufficient time within 2012 to carry-out their recommendations. A commitment is in place to fully address those particular matters raised by the Auditors.

3. Item 2: Tenders for Providing Goods and Services

Q. Did the local government comply with F&G Reg. 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract?

Response:

No.

Eastward Road depot site clearing was undertaken through a number of arrangements. These were based on a misunderstanding of the preferred tender application and the separating of different phases of a project when a single tender would suffice. The actions taken were not intentional and were as a result of a lack of knowledge of the City processes.

The City has received specific advice from its solicitors in respect of regulation 12 regarding dealing with multiple contracts in place of one contract. This advice has provided the basis for developing new guidelines that when followed will ensure that the City will not enter into multiple contracts to avoid advertising for tenders for a single contractor.

Additionally, a range of training initiatives and written guidelines have been provided to improve the standard of tendering procedures.

COMMUNITY CONSULTATION:

There is no requirement for community consultation on this matter.

COUNCILLOR CONSULTATION:

No consultation was required.

STATUTORY IMPLICATIONS:

Section 7.13(1)(i) of the LGA and regulation 13 of the Regulations applies.

Signed: _____



Dated: _____

6-17-13

POLICY IMPLICATIONS:

There are no policy implications.

FINANCIAL AND BUDGET IMPLICATIONS:

There are no financial or budget implications

STRATEGIC & REGIONAL OUTCOMES:**Strategic & Plan for the Future Outcomes:**

- Goal 5: Leading the Opportunities.
- Outcome 5.1: Leadership and good governance.
- Strategy 5.1.3: Implement business, governance, legislative and compliance frameworks.

Regional Outcomes:

There are no regional outcomes from the consideration of this matter.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:**Economic:**

There are no economic impacts associated with this matter.

Social:

There are no social impacts associated with this matter.

Environmental:

There are no environmental impacts associated with this matter.

Cultural & Heritage:

There are no cultural or heritage impacts associated with this matter.

RELEVANT PRECEDENTS:

There are no relevant precedents associated with this matter.

DELEGATED AUTHORITY:

There is no delegated authority.


VOTING REQUIREMENTS:

Simple Majority is required.

OPTIONS:**Option 1:**

As per Executive Recommendation in this report.

Signed: _____



Dated: _____

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CONCLUSION:

The Compliance Audit Return 2012 (CAR) is a statutory compliance requirement for local governments and is subject to a review first by the Audit Committee and then as a report to Council for adoption before being submitted to the Department of Local Government. The City is required to provide this to the Department no later than 31 March 2013. The City does not have the option to not adopt the return as it would therefore be non-compliant with the provisions of the LGA.

EXECUTIVE RECOMMENDATION:

That the Audit Committee by Simple Majority in accordance with Section 7.1C of the Local Government Act RESOLVES to:

1. ENDORSE the Local Government Compliance Audit Return for the period 1 January 2012 to 31 December 2012.

COMMITTEE DECISION:

That the Audit Committee by Simple Majority in accordance with Section 7.1C of the Local Government Act RESOLVES to:

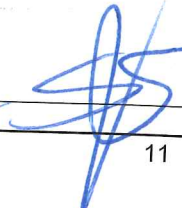
1. ENDORSE the Local Government Compliance Audit Return for the period 1 January 2012 to 31 December 2012.

CARRIED

7. Meeting Closure

There being no further business the meeting was closed at 3.25pm.

Signed: _____



Dated: _____

6-12-13