



AUDIT COMMITTEE MEETING
MINUTES

3 OCTOBER 2016

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2/2/17

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Signed



Dated

21/2/17

CITY OF GREATER GERALDTON
AUDIT COMMITTEE MEETING
ON TUESDAY 3 OCTOBER 2016 AT 3.30PM
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE

MINUTES

1. DECLARATION OF OPENING

The meeting was declared opened at 3.30pm by Chairman Mayor Van Styn.

2. ATTENDANCE

Present:

Mayor Van Styn
Cr McIlwaine
Cr Caudwell
T Bate
Cr Reymond (proxy)

Officers:

K Diehm, CEO
B Davis, Director Corporate & Commercial Services
A Van Der Weij, Financial Accountant
M Adam, Governance Coordinator(*Minutes*)

By Invitation:

M Cavallo – Auditor, by telephone.

Apologies: Nil

Leave of Absence: Nil

3. CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 1 March 2016, as attached, be accepted as a true and correct record of proceedings.

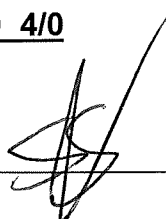
COMMITTEE DECISION:

MOVED Cr McIlwaine, SECONDED Cr Caudwell

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 1 March 2016, as attached be accepted as a true and correct record of proceedings.

CARRIED 4/0

Signed _____



Dated _____

21/2/17

4. AC043 2015/2016 AUDIT REPORT FOR THE CITY OF GREATER GERALDTON

AC043 2015/2016 AUDIT REPORT FOR THE CITY OF GREATER GERALDTON

AGENDA REFERENCE:	D-16-58389
AUTHOR:	A van der Weij, Financial Accountant
EXECUTIVE:	B Davis, Director Corporate & Commercial Services
DATE OF REPORT:	20 September 2016
FILE REFERENCE:	FM/3/0003
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	A. 2015/2016 Financial Report B. 2015/2016 Management Letter

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the audit report for the financial period ending 30 June 2016.

EXECUTIVE RECOMMENDATION;

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

1. ADOPT the Audit Report for the financial period ending 30 June 2016.
2. ENDORSE actions taken by staff to resolve any items identified in the audit reports; and
3. NOTE that for the annual financial report for the year ended 30 June 2016 the Auditor has provided an unqualified audit opinion.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

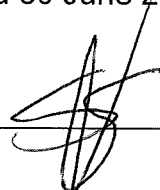
The interim audit was conducted by AMD Chartered Accountants from the 1 to the 4 of February 2016 and the final on-site audit from the 5 to the 8 of September 2016. At the conclusion of these audits, the Auditor issue two reports:

- An Independent Auditor’s Report to the Ratepayers dated 19 September 2016.
- A Report to the Audit Committee dated 19 September 2016 on the key findings and analysis.

Attached is the report addressed to the Audit Committee by the Auditor. In this report, the auditor has noted:

- Four (4) year-end observations in the Appendix 1 – Auditor recommendations for the year ended 30 June 2016;

Signed _____



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Management responses and improvement actions proposed or already implemented are noted in the attached reports.

A copy of the audited financial statements for 2015-16, is attached for the information of the Audit Committee.

The auditor will be in attendance at the Audit Committee meeting via a telephone link up.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

The Audit Committee reviewed the Annual Report 2014/2015 for the City of Greater Geraldton on 6 October 2015, AC038.

COMMUNITY/COUNCILLOR CONSULTATION:

No community consultation has been undertaken. The annual financial report and audit certificate are included in the City's Annual Report, which will be presented to Council for adoption shortly, then released to the community. The annual report is subsequently presented to an annual electors meeting.

LEGISLATIVE/POLICY IMPLICATIONS:

Part 7 Division 3 of the Local Government Act 1995, regulation 16 *Local Government (Audit) Regulations 1996*:

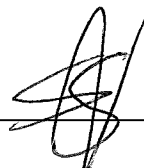
16. *Audit committee, functions of*

An audit committee —

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

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

Signed _____



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and

- (b) may provide guidance and assistance to the local government as to —
 - (i) matters to be audited; and
 - (ii) the scope of audits; and
 - (iii) its functions under Part 6 of the Act; and
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management;

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Planning and Policy
Strategy 5.2.7	Ensuring efficient and effective delivery of service

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered

COMMITTEE DECISION:

MOVED Cr McIlwaine, **SECONDED** Cr Caudwell

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

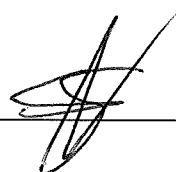
1. **ADOPT** the Audit Report for the financial period ending 30 June 2016.
2. **ENDORSE** actions taken by staff to resolve any items identified in the audit reports; and
3. **NOTE** that for the annual financial report for the year ended 30 June 2016 the Auditor has provided an unqualified audit opinion.

CARRIED 4 /0

Notes:

1. The Audit Committee recommended an amendment to the City of Greater Geraldton General Purpose Financial Statements, page 3, Statement of Comprehensive Income. Note (1) at the bottom of the page is to be

Signed _____



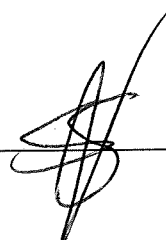
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removed from page 3 and added to the *Notes to the Financial Statements* as Note 2(e). The amendment was endorsed by the M Cavallo, Auditor.

2. A Contingent liability for a claim made against the City by a contractor after the 2015-2016 financial year, concerning events relating to past financial years, is to be added to Note 15, *Contingent liabilities* page 44, with the information that the City disputes the claim and has retained legal services. The amendment was endorsed by the M Cavallo, Auditor.
3. The Auditor M Cavallo noted that City Management had done an excellent job, were very efficient, and had achieved a high quality Audit Report.

Signed



Dated

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5. AC044 STATUS OF RISK MANAGEMENT AND COMPLIANCE ACTIVITIES**AC044 STATUS OF RISK MANAGEMENT AND COMPLIANCE ACTIVITIES**

AGENDA REFERENCE:	D-16-58206
AUTHOR:	B Pearce, Coordinator Procurement & Risk
EXECUTIVE:	B Davis, Director Department Corporate & Commercial Services
DATE OF REPORT:	24 September 2016
FILE REFERENCE:	RM/1/0003
APPLICANT / PROPONENT:	The City of Greater Geraldton
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to provide a summary of the current Operational Risk Management review and the status of the City Business Continuity Management (BCM) planning.

EXECUTIVE RECOMMENDATION;

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

1. NOTE the City of Greater Geraldton's status with regards to;
 - a. The progress of the Operational Risk Management review.
 - b. The progress of the City Business Continuity Management planning.
2. REQUIRE the City to provide a full risk management report to Council by 20 December 2016.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:**PROMAPP RISK MODULE ROLLOUT**

Previous reports to the Audit Committee have referred to the proposed use of the City's newly acquired "Promapp" (process mapping and information capture) software as a tool for the capture and reporting of risk management activities and information, across the organisation.

The Promapp process module was successfully implemented across the City in June 2016.

Signed  Dated 21/2/17

Promapp risk module training and Risk Register development sessions have now commenced for all Departments.

The following Departments Risk Registers have been completed:

1	Fleet Services	15	Geraldton Airport
2	Ranger Services Team	16	Library and Heritage Services
3	Economic Development	17	Health Services Team
4	Mullewa District Office	18	Sport and Leisure
5	Executive Office	23	Treasury and Finance
6	Safety Services Team	24	Geraldton Visitors Centre Team
7	Urban and Regional Development	25	ICT Services
8	Community and Cultural Development	26	Procurement and Risk
9	Maintenance Operations	27	Major Project- Abraham St (roundabout)
10	Waste Services	28	Major Project- Beresford Foreshore
11	Events Team	29	Major Project – Olive Street
12	Communications Team	30	Major Project – Festival
13	Governance Team	31	Organisational Risk
14	Project Design and Delivery		

RISK TREATMENT IDENTIFIED AND SIGN OFF

At the completion of Promapp Risk module training Departmental staff are required to document draft treatment plans and actions into the Promapp risk module for all risks identified. Treatment owners assess, review and finalise draft Promapp processes and treatment plans, and create links to established procedures where relevant.

The timeframe for completion of the risk treatment sign off is between 31 October 2016 to 23 December 2016, depending on the significance of the risk and the resources of the Department concerned.

PROMAPP RISK MODULE STRUCTURE

The Promapp Risk module has been developed to reflect the current City organisation structure and risk methodology as defined in the City's Risk Management Framework.

This structure has been further refined to enable the categorisation of Risks into 3 Risk Register Categories as follows.

1. **Department Risk Registers**
 - a. Department specific risks
2. **Major Project Risk Registers**
 - a. Project specific risks
3. **Organisational Risk Registers**
 - a. City wide risks effect whole of City Operations
 - Asset & Infrastructure Management

Signed  Dated 21/2/17

- Compliance Management
- Environment & Public Health Management
- Financial Management
- Human Resource Management
- Information Communication Technology Management
- Public Relations Management
- Safety Management

This refinement of risks across these 3 categories has streamlined processes and removed the previous high level of duplication of effort and resources in developing and managing Department risk registers. The 3 categories ensure that City wide risks are managed by the correct area.

The use of Promapp to capture Major Project Risk Registers and treatment plans has also significantly improved the effectiveness and efficiencies of Major Projects risk management planning.

EMT RISK REPORTING

The documentation of Departmental, Organisational and Major Project risks in the Promapp system has enabled monthly reporting on the effectiveness of risk management to the Executive Management Team (EMT).

The first such risk report was submitted to EMT at the end of August 2016

AUDIT & COUNCIL RISK REPORTING

The completion of the Operational Risk review will enable the City to provide a full risk report to the Audit Committee and demonstrate that the City has adequate risk management processes in place with controls (treatments) effectively managed.

The Operational Risk review indicative timeframes are as follows:

01 September 2016 – Completion of Risk Identification & Assessment

21 October 2016 – First Draft of the Risk Report

31 October 2016 –LGIS Governance & Risk Service review of Risk Report

31 October 2016 – deadline for majority of significant Risk Treatments.

02 November 2016 – Draft Risk Report to EMT for approval.

20 December 2016 – Risk Report submission to Council.

31 December 2016 – final deadline for minor risk treatments

Signed _____



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RISK MANAGEMENT REFRESHER

To support the implementation of the Promapp risk module a Risk Management refresher course has been delivered to all managers, senior staff and officers to ensure that risk matters are identified in a consistent and effective manner within the Risk Management framework.

At the conclusion of the development of the Risk Registers all Departments will have identified on average 4-6 significant risks per team, with the reduction in identified risks resulting from the correct assessment and assignment of risks.

CITY BUSINESS CONTINUITY MANAGEMENT (BCM)

The City has entered into a contract with Geraldton Data Centre, through the WALGA panel, for Disaster Recovery and Business Continuity services via a cloud-based solution for all City ICT Services. This arrangement is to ensure that the initial crisis management and system recovery will be fast and effective in the event of a ICT service disruption.

The City will commence the full BCM review and development upon completion of the full Operational Risk review and the subsequent report to Council. The anticipated commencement of this review shall be December 2016.

Prior to commencement of the BCM development the City time will document all priority functions for managing risk into Promapp, inclusive of processes and treatments. This full documentation of City critical processes will provide reference to all required critical functions in the final Crisis Management & Business Continuity Response Plan and thereby streamline the BCM review and development, which is expected to be substantially completed by the end March 2017, with a possible BCM exercise in April – May 2017.

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

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

AC039 Status of City Risk Management Activities, Oct 2015 Report on Operational risk management.

Signed



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COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) Amendment Regulations 2013 Regulation 17 compliance requirement

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Planning and Policy
Strategy 5.2.7	Ensuring efficient and effective delivery of service

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The purpose of this item is to report on the development and implementation of effective risk management systems throughout the City. Should the City fail to successfully undertake the above mentioned activities the City will be unable to adequately meet its obligations with regards to risk management.

ALTERNATIVE OPTIONS CONSIDERED

No alternatives have been considered, as risk management systems are a regulatory requirement, and this process will deliver the necessary plans and action frameworks for compliance.

COMMITTEE DECISION:

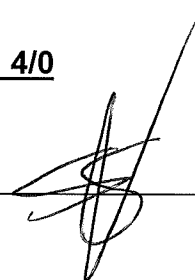
MOVED Cr Caudwell, **SECONDED** Cr McIlwaine

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

1. **NOTE** the City of Greater Geraldton's status with regards to;
 - a. The progress of the Operational Risk Management review.
 - b. The progress of the City Business Continuity Management planning.
2. **REQUIRE** the City to provide a full risk management report to Council by 20 December 2016.

CARRIED 4/0

Signed



Dated

21/2/17

6. AC045 REVIEW OF COMPLIANCE –FINANCIAL MANAGEMENT SYSTEMS AUDIT REPORT- ACTIONS

AC045 FINANCIAL MANAGEMENT SYSTEMS AUDIT- ACTIONS

AGENDA REFERENCE:	D-16-57866
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	B Davis, Director Department of Corporate and Commercial Services
DATE OF REPORT:	12 September 2016
FILE REFERENCE:	FM/3/0003
APPLICANT / PROPONENT:	The City of Greater Geraldton
ATTACHMENTS:	A. Regulation 17 Review worksheet B. Financial Management Systems Review worksheet

EXECUTIVE SUMMARY:

This report provides the Audit Committee with a report on the management actions from the AMD Financial Systems review 2016.

EXECUTIVE RECOMMENDATION;

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

- NOTE the Report on the management actions on the AMD Financial Systems Review 2016 as recorded in the attached worksheets Attachment A and B, AC045.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee at their meeting on 1 March 2016 endorsed the following recommendation:

- REQUIRE a report on the Management Actions from the AMD 2016 Financial Management Systems Review to be presented to the Audit Committee at the next scheduled Committee Meeting.*

And noted:

Management Actions on the AMD 2016 Financial Management System Review are to be itemised on a working report with details of the responsible officer, expected date of completion and a risk rating. The report is to be submitted to the Audit Committee at the next meeting.

The attached working reports Attachment A and B AC045 provide the Committee with the information as required.

Signed



Dated

21/2/17

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

Internal audits are conducted from time to time, form part of the internal control systems of the organisation and are aimed at improving internal controls and accounting, compliance processes to minimise risks.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) Amendment Regulations 2013 Regulation 17

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Planning and Policy
Strategy 5.2.7	Ensuring efficient and effective delivery of service

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The management actions on the AMD Financial Systems Review note the various levels of risk exposure of the organisation with recommendations and management action mitigating those risk levels to an acceptable level. The attached worksheets A & B (AC045) provide the City's response to these actions.

ALTERNATIVE OPTIONS CONSIDERED

No alternatives have been considered.

Signed



Dated

21/2/17

COMMITTEE DECISION:

**MOVED Cr McIlwaine, SECONDED Cr Caudwell
That the Audit Committee by Simple Majority pursuant to Section 7.1C of
the Local Government Act RESOLVES to:**

- 1. NOTE the Report on the management actions on the AMD Financial Systems Review 2016 as recorded in the attached worksheets Attachment A and B, AC045**

CARRIED 4/0

Signed _____

Dated _____

21/2/17

7. AC046 AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL

AC046 AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL	
AGENDA REFERENCE:	D-16-57873
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	B Davis, Director Department of Corporate and Commercial Services
DATE OF REPORT:	12 September 2016
FILE REFERENCE:	GO/11/0020
APPLICANT / PROPONENT:	The City of Greater Geraldton
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is for the Audit Committee to review a summary of Audit Committees activities for the period July 2015 to June 2016 prior to submission of the summary to Council.

EXECUTIVE RECOMMENDATION;

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

1. RECEIVE the summary of Audit Committee activities for the period July 2015 to June 2016.
2. RECOMMEND that Council accepts the summary of Audit Committee activities for the period July 2015 to June 2016.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

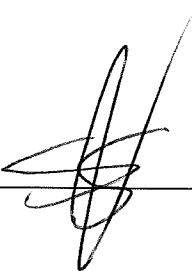
In accordance with the *Local Government Act 1995* section 7.1A (1):

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

The City of Greater Geraldton Audit Committee Charter incorporates the following reporting requirements:

5.2 The Committee shall report annually to the Council summarising its activities during the previous financial year.

Below is a summary of the activities of the Audit Committee for the period July 2015 to June 2016 for the purposes of providing the abovementioned report to Council.

Signed  Dated 21/2/17

Audit Committee Meeting – 6 October 2015

- i. Review of the Interim and Final Audit report for the financial period ending 30 June 2015.
- ii. Review of the progress of the City’s Risk Management Activities, including the progress of the City’s Risk Management Project and Business Continuity Management.

Audit Committee Meeting – 1 March 2016

- i. Review of the Audit Committee Charter.
- ii. Endorse the Compliance Audit Return 2015 and report to Council.
- iii. Review of the Interim Audit report and the Financial System and Risk Review.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

The Audit Committee Charter requires the committee to report annually to Council summarising the activities of the previous financial year.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

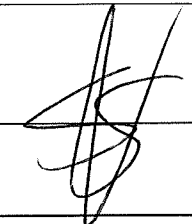
Local Government Act 1995 s 7.1A, Local Government (Audit) Regulations 1996.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Planning and Policy
Strategy 5.2.7	Ensuring efficient and effective delivery of service

Signed  Dated 21/2/17

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The provision of an annual report to Council on the activities of the Audit Committee ensures that the committee meets compliance requirements of the *Audit Committee Charter* s5.2 and reporting recommendations of the Department of Local Government and Communities *Audit in Local Government Operational Guideline number 09- 2013*.

ALTERNATIVE OPTIONS CONSIDERED

No alternatives have been considered.

COMMITTEE DECISION:

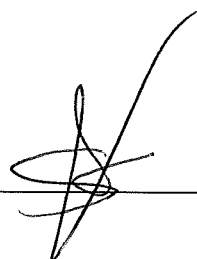
MOVED Cr Caudwell, **SECONDED** Cr McIlwaine

That the Audit Committee by Simple Majority pursuant to Section 7.1C of the Local Government Act **RESOLVES** to:

1. **RECEIVE** the summary of Audit Committee activities for the period July 2015 to June 2016.
2. **RECOMMEND** that Council accepts the summary of Audit Committee activities for the period July 2015 to June 2016.

CARRIED 4/0

Signed



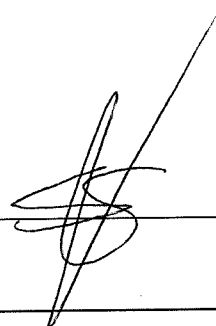
Dated

21/2/17

8. MEETING CLOSURE

There being no further business the meeting closed at 4.10pm

Signed

A handwritten signature in black ink, consisting of several overlapping loops and a long diagonal stroke extending upwards and to the right.

Dated

21/2/17

