

AUDIT COMMITTEE MEETING

MINUTES

21 FEBRUARY 2017

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Signed \_\_\_\_\_



Dated 21/02/17

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**CITY OF GREATER GERALDTON**  
**AUDIT COMMITTEE MEETING**  
**ON TUESDAY 21 FEBRUARY AT 3.30PM**  
**IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE**

**A G E N D A**

**1. DECLARATION OF OPENING**

The meeting was declared open at 3.36pm by Chairman Mayor Van Styn.

**2. ATTENDANCE**

Present:

Mayor Van Styn

Cr McIlwaine

T Bate

Cr Raymond – voting member as Cr Caudwell on leave

Officers:

K Diehm, CEO

B Davis, Director Corporate & Commercial Services

P Radalj, Manager Treasury & Finance

A Van Der Weij, Financial Accountant

M Adam, Governance Coordinator (*Minutes*)

By Invitation: Nil

Apologies: Nil

Leave of Absence:

Cr Caudwell

**3. CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 3 October 2016, as attached be accepted as a true and correct record of proceedings.

**COMMITTEE DECISION:**

**MOVED** Cr McIlwaine

**SECONDED** Travis Bate

**That the minutes of the City of Greater Geraldton Audit Committee meeting held on 3 October 2016, as attached be accepted as a true and correct record of proceedings.**

**CARRIED 4 / 0**

Signed  Dated 21/02/17

**4. AC047 COMPLIANCE AUDIT RETURN 2016**

AC047	COMPLIANCE AUDIT RETURN 2016
<b>AGENDA REFERENCE:</b>	<b>D-17-03357</b>
<b>AUTHOR:</b>	<b>M Adam, Coordinator Governance</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>6 February 2017</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>APPLICANT / PROPONENT:</b>	<b>City of Greater Geraldton</b>
<b>ATTACHMENTS:</b>	<b>A. Compliance Audit Return 2016</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to submit the 2016 Compliance Audit Return (CAR) to the Audit Committee for review.

**EXECUTIVE RECOMMENDATION;**

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

1. ENDORSE the results of the Compliance Audit Return 2016.
2. REPORT the results of the Compliance Audit Return 2016 to Council at the Ordinary meeting to be held on 28 March 2016.

**PROponent:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

In accordance with section 7.13(1) of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*, the City is required to complete a Compliance Audit Return in relation to the period 1 January 2016 to 31 December 2016 against the requirements set out in the CAR.

The 2016 CAR continues in a reduced format, with the areas of compliance included restricted to those considered high risk.

**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:**

Signed  Dated 21/01/17

There are no cultural or heritage impacts.

**RELEVANT PRECEDENTS:**

The Audit Committee reviewed the 2015 Compliance Audit Return for the City of Greater Geraldton on 1 March 2015 AC041.

**COMMUNITY/COUNCILLOR CONSULTATION:**

No community consultation has been undertaken.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995 s. 7.13(1)*

*Local Government (Audit) Regulations 1996 r.14*

**14. Compliance audits by local governments**

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
  - (a) *presented to the council at a meeting of the council; and*
  - (b) *adopted by the council; and*
  - (c) *recorded in the minutes of the meeting at which it is adopted.*

**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 CAR is a statutory compliance requirement for local governments and requires a review first by the Audit Committee and then 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 prior to 31 March 2016.

Signed  Dated 21/02/17

The Audit Committee does not have the option not to review the CAR as it would therefore be non-compliant with the Local Government Act and associated regulations.

**ALTERNATIVE OPTIONS CONSIDERED**

There were no alternative options considered

**COMMITTEE DECISION:**

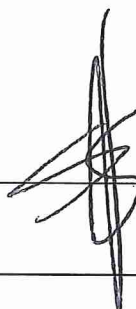
**MOVED Cr McIlwaine, SECONDED Cr Reymond**

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

- 1. ENDORSE the results of the Compliance Audit Return 2016.**
- 2. REPORT the results of the Compliance Audit Return 2016 to Council at the Ordinary meeting to be held on 28 March 2016.**

**CARRIED 4/0**

Signed \_\_\_\_\_



Dated 21/02/17

**5. AC048 PROCUREMENT AGGREGATION**

AC048 PROCUREMENT AGGREGATION	
<b>AGENDA REFERENCE:</b>	<b>D-17-07582</b>
<b>AUTHOR:</b>	<b>B Pearce, Coordinator Procurement &amp; Risk</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Department Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>2 February 2017</b>
<b>FILE REFERENCE:</b>	<b>RM/6/0019</b>
<b>APPLICANT / PROPONENT:</b>	<b>The City of Greater Geraldton</b>
<b>ATTACHMENTS:</b>	<b>Yes X 2</b>
	<b>a. Confidential Briefing Note, Procurement Aggregation.</b>
	<b>b. City of Greater Geraldton Suppliers List.</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide a summary of the City's current procurement contracts.

**EXECUTIVE RECOMMENDATION;**

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

- NOTE the attached Confidential Briefing Note, Procurement Aggregation, summarising the status of the City's procurement contracts.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The City received a request from the Mayor, via the Councillor Helpdesk on 11 January 2017, for the following information:

*In circumstances where purchases over \$100,000 (\$150,000 used) over the course of a year require tendering can I get clarity as to the below items that do / may exceed this limit and how we are complying with the Act.*

*For example, do we have current tenders (what term left), current WALGA panel suppliers etc*

- Traffic Control
- IT
- Airport Security
- Slashing
- Tree lopping
- Plant Hire

*Also any others I may have missed.*

*Can we also include in my request Concrete, rock and bituminous products?*

Signed \_\_\_\_\_

Dated 21/02/17

The Mayor also requested that the response be submitted to the next meeting of the Audit Committee.

Attached is the Confidential Briefing Note in response to the Mayors request.

**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:**

Councillor Briefing Note (CHD WR# 67263) – Local Procurement 10 October 2016

Councillor Briefing note (CHD WR# 64015) – Policy of Classified Business 26 April 2016

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995 Section 3.57*

*Local Government (Functions and General) Regulations 1996 -Divisions 1 and 2.*

*Council Policy CP4.9 Procurement of Goods and Services.*

*Council Policy CP4.10 Procurement via Panels of Prequalified Suppliers.*

*Council Policy CP4.11 Regional Price Preference*

**FINANCIAL AND RESOURCE IMPLICATIONS:**

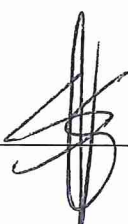
The purpose of the attached confidential briefing note relates to the current expenditure, operations and planned development of City contracts required to maintain effective service levels to the Community.

**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.

Signed  Dated 21/02/17



**RISK MANAGEMENT**

The City has significant risk control processes documented and in operation. These controls are designed to ensure legislative compliance and ethical management of risk exposures in all of procurement and financial functions.

**ALTERNATIVE OPTIONS CONSIDERED**

No alternative options were considered.

**COMMITTEE DECISION:**

**MOVED Cr McIlwaine, SECONDED Cr Reymond**

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

- 1. NOTE the attached Briefing Note, Procurement Aggregation, summarising the status of the City's procurement contracts.**

**CARRIED 4/0**

**Committee Note**

Resolution amended by the removal of the word Confidential from before 'Briefing Note' to make the report visible and transparent.

Signed  Dated 21/02/17

**6. AC049 EXTENSION OF CONTRACT EXTERNAL AUDIT SERVICES**

AC049	EXTENSION OF CONTRACT EXTERNAL AUDIT SERVICES
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<b>AGENDA REFERENCE:</b>	<b>D-17-03356</b>
<b>AUTHOR:</b>	<b>A Van Der Weij, Financial Accountant</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>6 February 2017</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>APPLICANT / PROPONENT:</b>	<b>City of Greater Geraldton</b>
<b>ATTACHMENTS:</b>	<b>A. DLG Circular N° 31-2016 B. External Audit Services Quote 2017/18</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to inform the Audit Committee of Circular N° 31-2016 issued 12<sup>th</sup> December 2016 by the Department of Local Government and the subsequent action undertaken by management.

**EXECUTIVE RECOMMENDATION:**

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

1. ENDORSE the acceptance of the quote for external audit services for the financial year 2017-2018 as submitted by the current external auditors AMD Accountants.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Local Government Amendment (Auditing) Bill 2016 proposing the Auditor General taking responsibility for local government audits from 1 July 2017 did not pass before the dissolution of Parliament. As a result, the Department of Local Government advises local governments to renew or extend audit contracts until the 2017-18 audit. The City's contract with external auditors AMD expires 30 June 2017 and the City has received a quote for extension of the contract to include the 2017-2018 external audit. The quote for the 2017-2018 financial year proposes an acceptable marginal increase from the 2016-2017 audit fee of \$ 450 (exclusive of GST).

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

There are no economic impacts.

**Social:**

There are no social impacts.

**Environmental:**

There are no environmental impacts.

Signed



Dated

21/02/17

**Cultural & Heritage:**

There are no cultural or heritage impacts.

**RELEVANT PRECEDENTS:**

There are no relevant precedents.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no consultation

**LEGISLATIVE/POLICY IMPLICATIONS:**

Pursuant to 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;*

*and*

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

**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.

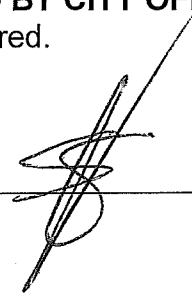
**RISK MANAGEMENT**

There are no risks to be considered.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

There were no alternative options considered.

Signed



Dated

21/02/17

**COMMITTEE DECISION:**

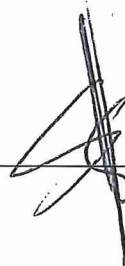
**MOVED** Cr Reymond, **SECONDED** Travis Bate

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

- 1. ENDORSE the acceptance of the quote for external audit services for the financial year 2017-2018 as submitted by the current external auditors AMD Accountants.**

**CARRIED 4/0**

Signed \_\_\_\_\_

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Dated \_\_\_\_\_

21/02/17

**7. AC050 – REVIEW OF COMPLIANCE–LOCAL GOVERNMENT  
OPERATIONAL GUIDELINE 09 - AUDIT IN LOCAL GOVERNMENT**

AC050 REVIEW OF COMPLIANCE- LOCAL GOVERNMENT OPERATIONAL  
GUIDELINE 09 - AUDIT IN LOCAL GOVERNMENT

<b>AGENDA REFERENCE:</b>	<b>D-17- 03478</b>
<b>AUTHOR:</b>	<b>M Adam, Coordinator Governance</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>6 February 2017</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>APPLICANT / PROPONENT:</b>	<b>City of Greater Geraldton</b>
<b>ATTACHMENTS:</b>	<b>A. Local Government Operational Guideline 09 – Audit in Local Government.</b>
	<b>B. Schedule of Compliance with Guideline 09- Audit in Local Government</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present to the Audit Committee a review of the City's compliance with the Local Government Operational Guideline 09, Audit in Local Government.

**EXECUTIVE RECOMMENDATION;**

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

1. NOTE the results of the review of Local Government Operational Guideline 09, Audit in Local Government, detailed in attachment AC050.

**PROPONENT:**

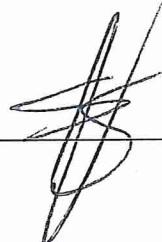
The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Department of Local Government and Communities issued Governance Bulletin 13 in December 2016 with details of the lessons learned from the Corruption and Crime Commission report on a matter of governance at the Shire of Dowerin. Included in the bulletin were a number of key governance questions for consideration by Local Government Councils:

1. *Do we have policies in place to govern the use of credit cards? The importance of this was noted in the September 2016 edition of this bulletin, and is also covered in the department's 'Local Government Operational Guidelines Number 11 – Use of Corporate Credit Cards'.*
2. *Do we have adequate policies in place to provide internal financial controls and mitigate the risk of fraud, including monthly reconciliation of all bank accounts?*
3. *Are these policies supported by procedures that ensure adequate security for financial transactions, such as authorisation of payments by more than one person?*

Signed



Dated

21/02/17

4. *Are we giving consideration to the CEO's periodic reviews of financial management systems and procedures as required by regulation 5 of the Financial Management Regulations?*
5. *Do we have an audit committee established in accordance with Part 7 of the Act? Does it have appropriate terms of reference? Refer to the model 'terms of reference' in the department's 'Local Government Operational Guidelines Number 09 – Audit in local government'.*
6. *Are the audit committee and council satisfied with the scope of the local government's annual audit? Refer to the model 'minimum standard audit specification' in the department's 'Local Government Operational Guideline Number 09 – Audit in local government'.*
7. *Most vitally, do we have an appropriate awareness of our responsibilities as council members under the Act and its regulations? Have we sought opportunities for education and training to improve our understanding of our role in ensuring good governance?*

Members of the Audit Committee subsequently requested a review of compliance with the Local Government Operational Guideline 09 –Audit in Local Government.

#### **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 previously reviewed Local Government Operational Guideline 09 'Audit in Local Government' when reviewing the Audit Committee charter (AC040 – 1 March 2016). The Committee also reviewed a report on an internal audit of the effectiveness and appropriateness of the City's systems and procedures in relation to risk management, internal control and legislative compliance and financial management systems and procedures. (AC042 - 1 March 2016).

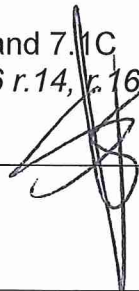
#### **COMMUNITY/COUNCILLOR CONSULTATION:**

No community consultation has been undertaken.

#### **LEGISLATIVE/POLICY IMPLICATIONS:**

*Local Government Act 1995 s. 7.1A, 7.1B and 7.1C  
Local Government (Audit) Regulations 1996 r.14, r.16*

Signed \_\_\_\_\_



Dated 21/02/17

**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**

*Local Government Act 1995 (Part 7), the Local Government (Audit) Regulations 1996* make provisions for Local Government Audit and the establishment, responsibilities and powers of Audit Committees. The *Local Government (Financial Management) Regulations 1996* provide for financial reporting requirements and the CEO's duties as to financial management. The City is therefore legislatively required to ensure compliance with these provisions.

**ALTERNATIVE OPTIONS CONSIDERED**

There were no alternative options considered

**COMMITTEE DECISION:**

**MOVED** Cr McIlwaine, **SECONDED** Cr Reymond

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

- NOTE** the results of the review of Local Government Operational Guideline 09, Audit in Local Government, detailed in attachment AC050.

**CARRIED 4/0**

**Note**

The CEO will submit an item to the next Audit Committee Meeting on the progress of the City's development of a Process knowledge base, within the Promapp software system. The Process documentation will improve efficiency, ensure adequate controls and link to the City's risk register.

Signed



Dated

21/02/17

**8. AC051 STRATEGIC INTERNAL AUDIT PLAN**

AC051 STRATEGIC INTERNAL AUDIT PLAN

<b>AGENDA REFERENCE:</b>	<b>D-17- 03710</b>
<b>AUTHOR:</b>	<b>A. Van der Weij, Financial Accountant</b>
<b>EXECUTIVE:</b>	<b>B. Davis, Director Corporate &amp; Commercial</b>
<b>DATE OF REPORT:</b>	<b>18/01/2017</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>ATTACHMENTS:</b>	<b>A. Strategic Internal Audit Plan 2017-2021</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present the Audit Committee with a comprehensive 5-year Strategic Internal Audit Plan to ensure the implementation and establishment of adequate control systems, appropriate risk management and governance procedures to meet the City's objectives and statutory requirements.

**EXECUTIVE RECOMMENDATION:**

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

1. ENDORSE the implementation of the Strategic Internal Audit Plan 2017-2021.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

To ensure the appropriateness of internal control systems in place the City in the past initiated ad-hoc internal audits of certain operating segments of the organisation (e.g. Accounts Payable, Payroll, Purchasing and Procurement). Following the statutory requirement to conduct regular reviews (Audit Regulation 17 Review and Financial Management Systems Review), the City identified a need for a longer-term plan that would incorporate the City's internal audit objectives and meet the statutory requirements.

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

There are no economic impacts.

**Social:**

There are no social impacts.

**Environmental:**

There are no environmental impacts.

Signed  Dated 21/02/17



**Cultural & Heritage:**

There are no cultural or heritage impacts.

**RELEVANT PRECEDENTS:**

The Audit Committee regularly reviews reports relating to the auditing processes of the City and the Audit function; (AC045 Audit report Actions 3 October 2016).

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no consultation

**LEGISLATIVE/POLICY IMPLICATIONS:**

Pursuant to 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;*

*and*

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

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

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

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

- 1) The City would be non-compliant with legislation if it fails to undertake the Audit Regulation 17 Review and Financial Management Systems Review.
- 2) The City risks discrepancies or failure of their internal controls to remain undetected and unresolved in a timely manner.

Signed



Dated

21/02/17

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**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternative options were considered.

**COMMITTEE DECISION:**

**MOVED Cr McIlwaine SECONDED Cr Reymond**

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

1. **ENDORSE** the Strategic Internal Audit Plan 2017-2021, subject to an annual review of the Audit plan points 1-7 inclusive, and obtaining quotes from competent auditors to undertake the agreed work in each year.
2. **NOTE** the AMD fee quotation on page 20. (10-17 - 13548)

**CARRIED 4/0**

Signed \_\_\_\_\_



Dated 21/02/17

**9. AC052 AMENDMENT TO AUDIT COMMITTEE CHARTER**

AC052 AMENDMENT TO AUDIT COMMITTEE CHARTER

<b>AGENDA REFERENCE:</b>	<b>D-17-03773</b>
<b>AUTHOR:</b>	<b>M Adam, Coordinator Governance</b>
<b>EXECUTIVE:</b>	<b>B. Davis, Director Corporate &amp; Commercial</b>
<b>DATE OF REPORT:</b>	<b>18/01/2017</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>A. Draft Audit Committee Charter v.4-2017</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is propose an amendment to section 6.1.f of the Audit Committee Charter, for consideration to the Audit Committee. The amendment is to enable the Audit Committee to meet with the City's external auditor, on an annual basis, on Councils behalf.

**EXECUTIVE RECOMMENDATION:**

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

1. ENDORSE amendment at section 6.1 f. to the Audit Committee Charter to enable the Audit Committee to meet with the City's external Auditor, on an annual basis, on Councils behalf.
2. RECOMMEND to Council proposed amendments to the Audit Committee Charter as determined by the Audit Committee.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

Local Government Operational Guideline 09 Audit in Local Government provides information on the appointment, function and responsibilities of Audit Committees.

*'The Local Government Act 1995 (the Act) requires that all local governments establish an audit committee. An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, legislative compliance, ethical accountability and the internal and external audit functions.'*

In relation to the annual audit, the guideline notes that Audit Committees may find it necessary to liaise with the external auditor, to discuss the audit and audit plan. The Audit Committee currently meets with the auditor on an annual basis via telephone and the Audit Committee Charter includes clause 1.1:

- 1.1. The primary objective of the/audit committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be

Signed



Dated

21/01/17

satisfied with the performance of the local government in managing its financial affairs.

The guideline also highlights that it is a legislative requirement for Council to meet with the auditor on an annual basis, a provision that may be satisfied by a meeting between the auditor and the Audit Committee, if Council has delegated this task to the Audit Committee.

The Audit Committee charter currently includes section 6.1:

6.1 *The duties and responsibilities of the committee will be –*

*f. Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions.*

The City has requested clarification on the above legislative requirements from the Department of Local Government and Communities. In accordance with advice received the City provide the below draft amendment to the Audit Committee Charter, for the Audit Committees consideration:

6.2 *The duties and responsibilities of the committee will be –*

*f. Meet with the auditor once in each year on behalf of Council in accordance with s.7.12A(2) of the Local Government Act 1995 and provide a report to Council on the matters discussed and outcome of those discussions.*

If the Audit Committee endorses this amendment, the matter will be referred to Council for consideration.

**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 has previously reviewed its charter and is able to recommend changes, for consideration by Council.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no Community or Councillor consultation.

Signed  Dated 21/02/17

**LEGISLATIVE/POLICY IMPLICATIONS:**

Part 7 Division s.7.1A, 7.12A of the *Local Government Act 1995*.  
r.16. *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

**REGIONAL OUTCOMES:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT:**

It is a requirement of the Local Government Act 1995 that the external auditor meet with Council, or the Audit Committee on behalf of Council, if so delegated, by Council on an annual basis, s.7.12A.

**ALTERNATIVE OPTIONS CONSIDERED:**

The Committee may choose to discuss the suggested amendment and recommend changes to the charter, for consideration by Council. Note that the Committee is able to seek a review of its Charter at a future time.

**COMMITTEE DECISION:**

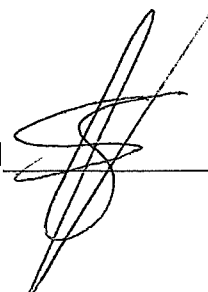
**MOVED** Cr Reymond, **SECONDED** Travis Bate

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

1. **ENDORSE** amendment at section 6.1 f. to the Audit Committee Charter to enable the Audit Committee to meet with the City's external Auditor, on an annual basis, on Councils behalf.
2. **RECOMMEND** to Council proposed amendments to the Audit Committee Charter as determined by the Audit Committee.

**CARRIED 4/0**

Signed

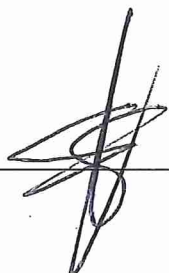


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**10. MEETING CLOSURE**

There being no further business the meeting closed at 4.29 pm

Signed  Dated \_\_\_\_\_

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