



AUDIT COMMITTEE MEETING

AGENDA

31 MAY 2021

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
TO BE HELD ON MONDAY 31 MAY 2021 AT 11AM
IN THE EXECUTIVE MEETING ROOM – CIVIC CENTRE**

A G E N D A

1 DECLARATION OF OPENING

2 ATTENDANCE

Present:

Officers:

By Invitation:

Auditors	OAG – M Ambrose	(by video link)
	RSM – AK Neo	(by video link)
	RSM – Alasdair Whyte	(by video link)

Apologies:

Leave of Absence:

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 27 January 2021 as attached be accepted as a true and correct record of proceedings.

4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC102	ENTRANCE MEETING – OAG & RSM
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AGENDA REFERENCE:	D-21-049042
AUTHOR:	N Jane, Acting Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate & Commercial Services
DATE OF REPORT:	14 May 2021
FILE REFERENCE:	GO/11/0025
ATTACHMENTS:	Yes (X1) Audit Planning Memorandum

EXECUTIVE SUMMARY:

The purpose of this report is to provide the Committee with the Audit Planning Memorandum for the year ending 30 June 2021.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Audit Planning Memorandum for the year ending 30 June 2021.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The *Local Government Amendment (Auditing) Act 2017* makes legislative changes giving the Auditor General the mandate to audit Western Australian local governments. The Act allows the Auditor General to contract out some or all of the financial audits, but all audits remain the responsibility of the Auditor General.

Each year the Office of the Auditor General (OAG) undertake an audit of the City's financial report. The OAG recently advised the appointment of RSM as the contract auditor who will undertake the audits for the period 2020-21 to 2022-23.

The interim audit for the 2020-21 year is scheduled for June 2021, and prior to this an Entrance meeting is required to discuss the Audit Planning Memorandum (draft attached). This document provides detail of the proposed approach by RSM Australia in undertaking the financial audit.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

Holding an Entrance Meeting provides the opportunity for the Audit Committee to undertake its functions including to support the auditor to conduct an audit.

RELEVANT PRECEDENTS:

Each year an audit entrance and exit meeting is held with OAG, the audit committee and the contract auditor.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (i) its functions under Part 6 of the Act; and
 - (ii) its functions relating to other audits and other matters related to financial management;
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and

- (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
- (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision in the budget is made to undertake the audit.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The audit entrance meeting assists both the Committee and the OAG to undertake the annual financial audit.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered.

5 GENERAL BUSINESS LATE ITEM

6 MEETING CLOSURE



AUDIT COMMITTEE MEETING
MINUTES

27 JANUARY 2021

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CITY OF GREATER GERALDTON

AUDIT COMMITTEE MEETING
TO BE HELD ON WEDNESDAY 27 JANUARY 2021 AT 2.30PM
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE

MINUTES**1 DECLARATION OF OPENING**

The meeting was declared open at 2.40pm by Chairman Mayor Shane Van Styn.

2 ATTENDANCE**Present:**

Mayor S Van Styn
Cr T Thomas
Cr N Colliver
Cr D Caudwell

Officers:

R McKim, CEO
P Radalj, Director Corporate and Commercial Services
N Jane, Acting Chief Financial Officer
B Pierce, Manager Corporate Compliance and Safety
K Wheeler, Governance Officer (*Minutes*)

By Invitation:

Mark Ambrose – Office of the Auditor General (via telephone)
Melanie Blain – AMD Chartered Accountants (via telephone)

Apologies:

T Machukera, Financial Accountant

Leave of Absence:

N/A

3 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 3 March 2020 as attached be accepted as a true and correct record of proceedings.

COMMITTEE DECISION

MOVED Cr Caudwell, **SECONDED** Cr Colliver

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 3 March 2020 ,as attached, be accepted as a true and correct record of proceedings

CARRIED 4/0

Signed _____ Dated _____

4 EXIT MEETING

Exit meeting with the Audit Committee and the Auditors Mark Ambrose, Office of the Auditor General (via telephone) and Melanie Blain, AMD Chartered Accountants (via telephone)

NOTE Cr Thomas declared an interest - AMD Chartered Accountants being her personal accountant (the Geraldton branch, not the Bunbury branch).

Melanie Blain, AMD Chartered Accountants

1. Audit Approach

- a. Entrance Meeting held on 21 February 2020
- b. Audit conducted in line with Audit Planning Summary – highlighted sections 5 & 6 (Significant Risks and Other Audit Issues, Audit Emphasis and Significant Account Balances)
- c. Interim Audit conducted on site 3 - 6 March 2020
- d. Final Audit conducted on site 7-11 September 2020
- e. Acknowledged significant delay due to retrospective changes to the Local Government (Financial Management) Regulations, however no changes were required to CGG financial statements

2. Variations to Audit Plan

- a. No variations from the audit plan

3. Subsequent Events

- a. No subsequent events

4. Audit Issues

- a. Status of prior year audit issues:
 - i. Recommendations have been implemented where applicable
- b. Status of audit issues reported at 2020 interim:
 - i. Recommendations have been implemented where applicable
- c. Audit issues reported per the 2020 final visit:
 - i. High annual leave accrual at year end – 14 instances where employees have annual leave accrued balances in excess of 304 hours
 1. Management advised this has been reduced to 4 as at the end of July 2020.

5. Audit Report

- a. No qualification to audit opinion
- b. Report on Other Legal and Regulatory Requirement matters – no adverse trends

6. Issues Relevant to Next Audit

- a. None.

MEETING CLOSURE There being no further business to discuss, the Exit Meeting was declared closed at 2.45pm.

Signed _____ Dated _____

5 ITEMS FOR AUDIT COMMITTEE REVIEW

AC093	2019-20 ANNUAL FINANCIAL REPORT
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AGENDA REFERENCE:	D-21-002290
AUTHOR:	N Jane, Acting Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate & Commercial Services
DATE OF REPORT:	16 November 2020
FILE REFERENCE:	FM/3/0003
ATTACHMENTS:	Yes
	A. 2019-20 Annual Financial Report
	B. Auditors Report 2019-20
	C. Confidential - Management Letter - Interim Audit Results
	D. Confidential - Management Letter - Final Audit Results

EXECUTIVE SUMMARY:

The purpose of this report is for the Audit Committee to consider and accept the 2019-20 Annual Financial Report and Auditor's Report.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2020;
2. RECEIVE the Audit Report for the financial year ended 30 June 2020;
3. NOTE that for the Annual Financial Report for the year ended 30 June 2020 the Auditor has provided an unqualified audit opinion;
4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2020;
5. NOTE the findings identified during the Interim Audit and REQUEST they be listed for review until completed.
 - a. Payroll Masterfile accuracy and validity
 - b. Income Statement per Trading Undertaking
 - c. General Journals – supporting documentation
 - d. Daily Banking Reconciliations – Art Gallery
6. NOTE the findings identified during the Final Audit and REQUEST they be listed for review until completed.
 - a. High annual leave accrual at year end

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The audit was conducted by AMD Chartered Accountants on behalf of the Office of the Auditor General (OAG). The interim audit was conducted from 3-

Signed _____ Dated _____

6 March 2020 and the final on-site audit from 7-11 September 2020. At the conclusion of these audits, the following reports are issued:

- Independent Auditor's Report;
- Management Letter - Interim Audit Results (to Mayor);
- Management Letter - Final Audit Results (to Mayor).

The Report and Management Letters are attached along with the Audited Financial Statements for 2019-20 for the information of the Audit Committee.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

An audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting and external audit function.

RELEVANT PRECEDENTS:

The Audit Committee received the 2018-19 Financial Report for the City of Greater Geraldton on 2 December 2019, AC081.

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, then released to the community as a public document. 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. Functions of audit committee

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out -*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*

Signed _____ Dated _____

- (f) to oversee the implementation of any action that the local government -
- (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a)
- (g) to perform any other function conferred on the audit committee by these regulation or another written law.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

Findings outlined in the management letters have been assigned a risk rating by the Officer of Auditor General. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Consideration is given to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Management have provided responses to each of the findings.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered by City Officers.

COMMITTEE DECISION

MOVED Cr Caudwell, SECONDED Cr Thomas

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

- 1. RECEIVE the Annual Financial Report for the financial year ended 30 June 2020;**
- 2. RECEIVE the Audit Report for the financial year ended 30 June 2020;**
- 3. NOTE that for the Annual Financial Report for the year ended 30 June 2020 the Auditor has provided an unqualified audit opinion;**
- 4. RECOMMEND to Council the adoption of the audited Financial Report for the year ended 30 June 2020;**

Signed _____ Dated _____

5. **NOTE the findings identified during the Interim Audit and REQUEST they be listed for review until completed.**
 - a. **Payroll Masterfile accuracy and validity**
 - b. **Income Statement per Trading Undertaking**
 - c. **General Journals – supporting documentation**
 - d. **Daily Banking Reconciliations – Art Gallery**
6. **NOTE the findings identified during the Final Audit and REQUEST they be listed for review until completed.**
 - e. **High annual leave accrual at year end**

Carried 4/0

Signed _____ Dated _____

AC094	FRAUD AND CORRUPTION PLAN AUDIT
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AGENDA REFERENCE:	D-20-140736
AUTHOR:	T Machukera, Financial Accountant
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	19 November 2020
FILE REFERENCE:	GO/19/0020
ATTACHMENTS:	Yes – (X2)
	A. Fraud & Corruption Control Plan Audit
	B. Fraud & Corruption Control Plan

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the Fraud and Corruption Plan Audit.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE The Fraud & Corruption Control Plan Audit

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee at their meeting on 02 December 2019 endorsed the following recommendation:

1. *ENDORSE the Fraud and Corruption Control Plan.*

This Fraud and Corruption Control Plan (the Plan) details the City's intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives.

The Plan calls for regular Fraud & Corruption Control Plan Audits (FCC Audits). The FCC Audit is designed to assist the City to monitor and review its misconduct resistance approach.

The purpose is to identify:

- a) work areas where elements of the City misconduct resistance approach may need refreshing or improving; and
- b) elements of the misconduct resistance approach that may need attention across the entire organisation.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

There are no adverse community impacts.

Signed _____ Dated _____

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

The Fraud and Corruption Control Plan is core to good governance and establishes an effective structure to address fraud and misconduct risks and to detect and respond to fraud and corruption in accordance with the best practice guidelines as defined in *Australian Standard AS8001-2008 Fraud and Corruption Standards*.

RELEVANT PRECEDENTS:

The Audit Committee endorsed the Fraud & Corruption Control Plan on 2nd December 2019.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Council Policy 4.22 Fraud Control, Write-Off Debts & Waive Fees and Charges requires Council to examine its exposure to fraud.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The Fraud and Corruption Control Plan puts in place the framework for prevention and detection to mitigate potential or actual fraudulent or corrupt conduct.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered by City Officers.

Signed _____ Dated _____

COMMITTEE DECISION

MOVED Cr Colliver, SECONDED Cr Caudwell

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

- 1. RECEIVE The Fraud & Corruption Control Plan Audit**

Carried 4/0

Signed _____ Dated _____

AC095	STRATEGIC INTERNAL AUDIT PLAN
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AGENDA REFERENCE:	D-20-140623
AUTHOR:	N Jane, Acting Chief Financial Officer
EXECUTIVE:	P Radalj, Director Corporate & Commercial Services
DATE OF REPORT:	19 October 2020
FILE REFERENCE:	FM/3/0025
ATTACHMENTS:	Yes (x 3)
	A. Strategic Internal Audit Plan 2017 - 2021
	B. RFQ Strategic Internal Audit Plan
	C. Financial Management System Review Part 2 – December 2018

EXECUTIVE SUMMARY:

The purpose of this report is to outline the development and delivery of a new Strategic Internal Audit Plan for 2021 – 2025 and obtain endorsement of the proposed scope. The key purpose of the plan is 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 1995 RESOLVES to:

1. ENDORSE the development and delivery of the Strategic Internal Audit Plan 2021-2025.
2. ENDORSE the scope for the plan to include:
 - a. Financial Management Systems Review (as required by Financial Management Regulation 5).
 - b. Review of systems and procedures (as required by Audit Regulation 17).
 - c. Follow up on previous internal, external and performance audit recommendations.
 - d. Fraud & Corruption Control Plan Audit.
 - e. Procurement and Contract management.
 - f. Lease and agreement management.
 - g. Disposal of assets.
 - h. Information Technology – Cyber Risks and controls.
 - i. Management of Compliance Obligations.
 - j. Asset Management

PROPONENT:

The proponent is the City of Greater Geraldton.

Signed _____ Dated _____

BACKGROUND:

In 2017, a Strategic Internal Audit Plan 2017-2021 was endorsed to meet the statutory requirement to conduct regular reviews:

Local Government (Financial Management) Regulation 5 requires the CEO to undertake a Financial Management Systems Review (FMSR) not less than once in every three financial years. The scope of the review incorporates an assessment of the appropriateness and effectiveness of Council's financial management systems and procedures.

The last review was completed in two parts, part 1 in February 2018 and part 2 in December 2018. Therefore the next review is due to be completed early in 2021.

Local Government (Audit) Regulation 17 requires the CEO to review the appropriateness and effectiveness of systems and procedures in relation to risk management, internal control and legislative compliance, not less than once in every three financial years. This review was last completed in 2018

It is recommended that a RFQ be undertaken using the WALGA Preferred Supplier Arrangement to have a new Strategic Internal Audit Plan developed and delivered.

WALGA has established a Preferred Supplier Arrangement for Audit and Compliance Services. Categories of supply include:

1. Compliance Audit Services – services that relate to business process and governance;
2. Financial Audit Services (Internal) – evaluate the financial reports and financial reporting processes to ensure accuracy and completeness;
3. IT Audit Services – assurance services including review of strategy, risks, controls, processes and disaster recovery
4. Operational Audit Services – business process activity including compliance with standards
5. Risk and Advisory Services – risk management procedures, business process improvements;
6. Forensic Audit Services – may include fraud investigations, fraud prevention, and security risk assessments
7. Fuel Tax Audit Services – review of claims history and preparation of claims.

The proposed scope of the plan is to include:

- Financial Management Systems Review (as required by Financial Management Regulation 5)
- Review of systems and procedures (as required by Audit Regulation 17)
- Follow up on previous internal, external and performance audit recommendations
- Fraud & Corruption Control Plan audit
- Procurement and Contract management

Signed _____ Dated _____

- Lease and agreement management
- Disposal of assets
- Information Technology – Cyber Risks and controls
- Management of Compliance Obligations
- Asset Management

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

The audit committee plays a key role in assisting to fulfil governance and oversight responsibilities in relation to financial reporting and internal audit functions. Implementing a Strategic Internal Audit Plan will assist in the implementation and establishment of adequate control systems, appropriate risk management and governance procedures.

RELEVANT PRECEDENTS:

The Strategic Internal Audit Plan 2017–2021 was endorsed by the Audit Committee:

AC051 – Strategic Internal Audit Plan – 21 February 2017

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 16:

An audit committee has the following functions —

(a) to guide and assist the local government in carrying out —

(i) its functions under Part 6 of the Act; and

(ii) its functions relating to other audits and other matters related to financial management;

(b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;

*(c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —*

(i) report to the council the results of that review; and

(ii) give a copy of the CEO's report to the council;

(d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —

Signed _____ Dated _____

- (i) regulation 17(1); and
- (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

Local Government (Audit) regulations 1996, section 17:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

Local Government (Financial Management) regulations 1996, section 5:

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

Signed _____ Dated _____

- (e) *to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
- (f) *for the maintenance of payroll, stock control and costing records; and*
- (g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) *The CEO is to —*
- (a) *ensure that the resources of the local government are effectively and efficiently managed; and*
- (b) *assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
- (c) *undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

FINANCIAL AND RESOURCE IMPLICATIONS:

Provision in the budget is made to undertake these required reviews.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

Failure to implement a Strategic Internal Audit Plan will heighten the risk of becoming non-compliant with the legislative requirements of Audit Regulation 17 and Financial Management Regulation 5.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered.

COMMITTEE DECISION

MOVED Cr Thomas, **SECONDED** Cr Colliver

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

- 1. ENDORSE the development and delivery of the Strategic Internal Audit Plan 2021-2025.**
- 2. ENDORSE the scope for the plan to include:**
 - a. Financial Management Systems Review (as required by Financial Management Regulation 5).**

Signed _____ Dated _____

- b. Review of systems and procedures (as required by Audit Regulation 17).**
- c. Follow up on previous internal, external and performance audit recommendations.**
- d. Fraud & Corruption Control Plan Audit.**
- e. Procurement and Contract management.**
- f. Lease and agreement management.**
- g. Disposal of assets.**
- h. Information Technology – Cyber Risks and controls.**
- i. Management of Compliance Obligations.**
- j. Asset Management**

Carried 4/0

Signed _____ Dated _____

AC096	APPLICATION OF THE COUNCIL POLICY 4.28 MANAGING UNREASONABLE CUSTOMER CONDUCT
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AGENDA REFERENCE:	D-20-133273
AUTHOR:	N Hope, Manager Organisational Development
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	3 November 2020
FILE REFERENCE:	GO/19/0008
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee on the application of the Council Policy 4.28 Managing Unreasonable Customer Conduct, listing the number of customers to whom the policy has applied.

EXECUTIVE RECOMMENDATION:

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

1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.
2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The City of Greater Geraldton in November 2019, approved a new Council Policy 4.28 Managing Unreasonable Customer Conduct. This policy was designed to have a comprehensive set of strategies to manage the risks to the City's resource management, staff health and productivity posed by a growing prevalence of unreasonable conduct by a small number of high-demand customers.

The policy objectives are to provide the overarching principles and guidance as the basis for a fair, equitable and transparent mechanism for dealing with unreasonable conduct by customers that will achieve an effective balance between:

- Meeting the genuine needs of customers fairly and equitably;
- Providing a safe working environment for staff, volunteers and elected members;
- Providing a safe experience for customers of the City; and
- Ensuring that City resources are used efficiently, effectively and equitably, to manage the City's responsibilities to discharge its statutory functions and represent the interests of all persons in the District.

Signed _____ Dated _____

Council Policy 4.28 Managing Unreasonable Customer Conduct, reporting requirements list that annually, at the first Audit Committee meeting held after the close of the relevant financial year, the Chief Executive Officer (CEO) will report to the committee.

In the 2019/2020 financial year, the City of Greater Geraldton reports the following:

<i>The number of customers to whom this policy has been applied:</i>	<i>0</i>
<i>The nature of the unreasonable conduct:</i>	<i>n/a</i>
<i>The action taken or limits imposed:</i>	<i>n/a</i>
<i>The number of reviews undertaken and their outcomes:</i>	<i>n/a</i>

Although the City occasionally still experiences unreasonable conduct by customers, the City has not had to implement this policy due to police attendance (where serious enough) and the enforcement of orders placed on individuals by the courts, which prohibit their attendance at the Council office.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

This policy is aimed at unreasonable conduct that falls well outside of community norms and is expected to affect only a very few persons, who will receive prior warning of the consequences of the conduct or behaviour.

Environment:

There are no adverse environment impacts.

Economy:

This policy addresses growing issues that left may result in unnecessary costs to the productivity and operational efficiency of the City, as well as costs associated with stress-related impacts on employee's health and productivity as well as the requirement to provide a safe workplace.

Governance:

The Local Government Act requires that Councils establish good governance principles through the introduction of policies and guidelines.

RELEVANT PRECEDENTS:

Council review or amend Council Policies as and when required.

COMMUNITY/COUNCILLOR CONSULTATION:

On development of the Council Policy 4.28 Managing Unreasonable Customer Conduct, Councillors were consulted via briefing note on 23 July 2019.

LEGISLATIVE/POLICY IMPLICATIONS: Pursuant to section 2.7 of the Local Government Act 1995 the role of Council includes determination of Council Policies:

Signed _____ Dated _____

2.7. Role of council

- (1) *The council —*
- (a) *governs the local government's affairs; and*
 - (b) *is responsible for the performance of the local government's functions.*
- (2) *Without limiting subsection (1), the council is to —*
- (a) *oversee the allocation of the local government's finances and resources; and*
 - (b) *determine the local government's policies.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice
Strategy 4.5.4	Ensuring Human Resource planning, policies and procedures support effective and safe Council service delivery.

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

Ensuring that the Council Policy Register is current and comprehensive supports the role of Council in the good government of the City of Greater Geraldton. Council Policy 4.28 and its associated processes is wholly associated with mitigating the risk to City employees and the users or attendees at City facilities.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered by City Officers.

COMMITTEE DECISION**MOVED Cr Caudwell, SECONDED Cr Colliver**

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

- 1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.**
- 2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.**

Carried 4/0

Signed _____ Dated _____

AC097	PROCUREMENT UPDATE
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AGENDA REFERENCE:	D-20-139016
AUTHOR:	B Pearce, Manager Corporate Compliance and Safety
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	17 November 2020
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	Yes(x1) Confidential CAR 2019 Update Procurement Details 2019

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee on the status of the City of Greater Geraldton's procurement activities

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the update regarding the status of the City of Greater Geraldton's procurement activities.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

As detailed in AC092 Compliance Audit Return 2019 (CAR), the City identified a number of procurement supply arrangements which had exceeded the tender threshold during the 2019 period. The following report details the City's actions taken to address procurement compliance issues.

Please note the COVID 19 State of Emergency occurred for the larger part of 2020. The City's procurement arrangements account for this disruption.

Procurement Process Review

In response to the compliance issues identified in the CAR and general procurement processes prior to COVID 19, a Procurement Workshop was conducted with key stakeholders. The purpose of this workshop was to consider the tender development, assessment and award process and what could be done to address process bottlenecks or issues.

The workshop concluded with the development of the City's procurement process review action plan. This action plan in summary detailed

- How procurement templates could be improved.
- How procurement processes could be improved.
- Identified potential improvements to the procurement policies.

Signed _____ Dated _____

- That only specialist trained staff would be enabled to issue requests for quotations. And that general staff were to seek support from the City's procurement support services team for procurement activities.
- How standard corporate supply contracts would be processed through the City's procurement support services team.
- That the City would establish an annual procurement plan for corporate supply contracts.
- Identification of the synergy system gaps requiring active management. This information shall be used to inform the ERP Project Manager the critical control elements necessary for inclusion in the Enterprise Resource Program.

The action plan coupled with the COVID 19 essential services process detailed below has enabled the City to establish controls which shall identify potential non-compliance or procurement issues before they occur. In addition the higher tender level of \$250,000 has reduces the likelihood of in tender non-compliances, particularly with the coordinated procurement support services model that has been implemented.

Essential Services Supply Arrangements

In the last week of March in response to the COVID 19 State of Emergency, the City implemented the following processes to ensure continued access to suppliers of essential services.

- All current standing orders were audited and extended until December 2020.
- Any annual supply contracts with a 12-month extension due to be executed between March and December 2020, had the extension confirmed in advance.
- Any supply arrangements not in place would have a short term 12-month contract established.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

Council Policy 4.9 procurement of goods and services now includes how the City supports locally sourced goods and services, with a firm commitment to social corporate responsibility in all procurement activities.

Environment:

Council Policy 4.9 procurement of goods and services now includes expanded requirements for ensuring that social and environmental factors are considered as part of procurement activities.

Economy:

The confirmation of the City's essential supply arrangements has expanded in the annual corporate supply contracts procurement plan, which directs how City specific supply contracts shall be established.

Signed _____ Dated _____

These supply contracts will either directly support local businesses, or for specialist supply arrangements indirectly support the local economy via sub-contracting and service arrangements.

Governance:

The *Local Government Act 1995* requires that Councils establish good governance principles through the introduction of policies and guidelines.

The updated Council Policy 4.9 procurement of goods and services establishes the Council's standards for ensuring the effective and ethical management of City procurement activities.

RELEVANT PRECEDENTS:

Matters referenced in this report where detailed in the following Audit Committee and Council meetings.

- AC092 Compliance Audit Return - 2019
- CEO065 Covid-19 - Procurement Decisions and Proposed Future Actions
- CCS522 Procurement Policy Suite

COMMUNITY/COUNCILLOR CONSULTATION:

No community consultation was undertaken in relation to this item. As noted above the City consulted with Council in relation to COVID 19 procurement and the update to the City's procurement policies.

LEGISLATIVE/POLICY IMPLICATIONS:

As noted above the *Local Government (Functions & General) Regulations 1996* directs the management of local government procurement activities.

FINANCIAL AND RESOURCE IMPLICATIONS:

A by-product of the City confirming essential services contracts was gaining a clear picture of all City procurement. This found that there were duplications across branches with teams undertaking siloed procurement of the same or like goods and services.

For example, multiple standing orders for the same consumables by different branches with the same supplier. This has the effect of;

- substantially increasing the City's administration and labour costs for the same goods and services;
- potential for differing supply rates between branches;
- having inconsistent processes; and
- having differing contract arrangements.

It is for this reason that the City via the procurement action plan has implemented a coordinated procurement support services model. This has all corporate supply contracts, standing orders, formal request for quotes and the City annual supply contracts coordinated through a specialist procurement

Signed _____ Dated _____

team. This has significantly reduced the City's administration costs through efficiency gains and ensures better value for money and procurement compliance is achieved.

INTEGRATED PLANNING LINKS:

Title: Economy	3.1 Growth
Strategy 3.1.1	Promoting Greater Geraldton and its potential business opportunities to facilitate targeted economic development.
Strategy 3.1.2	Fostering a community where local business is supported.
Title: Governance	4.2 Planning and Policy
Strategy 4.2.1	Supporting local procurement.
Strategy 4.4.3	Delivering and ensuring business systems and services support cost effective Council operations and service delivery.
Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

A primary consideration in the establishment of City contracts is engaging with local suppliers. This commitment to support local business has been expanded upon within the recent updating of CP4.9 procurement of goods and services policy.

RISK MANAGEMENT

The actions of the City to ensure continued access to suppliers of essential services during COVID 19 was a risk response strategy. This was vital to support the City's business continuity management plans.

In addition, the procurement process review action plan is a critical risk and compliance response strategy. The plan is designed to address City process and compliance issues and supports both improved procurement practices and probity and compliance risk.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

As part of the procurement action plan development with internal stakeholders a range of options for procurement delivery were considered, as follows:

- Maintain status quo with expanded auditing
- Consideration of the coordinated procurement support services model
- Consideration of upskilling or imbedding specialist procurement staff across the City operations.

Signed _____ Dated _____

Ultimately the coordinated procurement support services model was determined as being the most effective model of ensuring procurement probity and compliance was achieved.

COMMITTEE DECISION

MOVED Cr Caudwell, SECONDED Cr Thomas

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

- 1. RECEIVE the update regarding the status of the City of Greater Geraldton's procurement activities.**

Carried 4/0

Signed _____ Dated _____

AC098	BUSINESS CONTINUITY MANAGEMENT
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AGENDA REFERENCE:	D-20-139017
AUTHOR:	B Pearce, Manager Corporate Compliance and Safety
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	18 November 2020
FILE REFERENCE:	RM/6/0012
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to update the Audit Committee on the status of the City of Greater Geraldton's Business Continuity Management Plan.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the update on the City of Greater Geraldton's Business Continuity Management Plan

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with prior Audit Committee items, this report details the status of the City's business continuity management (BCM) program. With the advent of the COVID 19 state of emergency during 2020 the City was required to implement a BCM response.

This was report to Council in *CEO065 COVID 19 – Procurement decisions and proposed future actions*. The City effectively managed the disruption caused by the state government directions to close City facilities and reduce services. However the COVID 19 disruption highlighted that the City's established BCM plans were not designed to respond to a protracted disruption.

Traditional BCM plans have successful detailed the response to a single catastrophic incident such as a fire or flood. The staggered and protract nature of COVID 19 across months required the City to redefine its response to the BCM disruption. This saw the City successful implement a range of strategies to ensure the continuity of City services via different methods such as.

- online services and tele-meetings
- prioritisation of projects and programs
- confirmation of essential service across operations
- working from home arrangements

Signed _____ Dated _____

Following a reduced return to business as usual in July - August of 2020. A lessons learnt process was undertaken across City operations. This processes highlighted the need to.

- Update the City's approach to BCM
- Develop a specific detailed Pandemic Recovery Plan (PRP). A draft plan has been developed based on both statutory (State of Emergency) and operational requirements, and is currently under review for final endorsement by EMT. The plan includes both whole of organisation actions and individual actions for each facility.

The City during September – October completed a review of BCM. This review considered both the current BCM plan and what industry and government guidance had been issued in light of COVID 19. Of the resources reviewed the City determined that the Community Service Industry Alliance (CSIA) Planning for Business Continuity in Times of Disaster resource pack was best suited to the City's BCM program. The CSIA resources provides a clear and easy to follow BCM resource which has been tested during COVID 19. The City is currently updating its BCM plans for all operations based on the CSIA methodology.

The PRP was in development at the same time as the BCM review process. The PRP directs how the City will respond to a pandemic (such as COVID 19) with specific consideration of how people's welfare can be maintained during a potential pandemic event. The PRP enables the City to implement a comprehensive management response to a disruption caused by a pandemic. This includes

- The initial response and recovery using the BCM plans.
- The staged levels of services that are required to manage people's welfare.
- Consideration of levels of severity and when state government involvement is required.
- What local resources and support is available.

The updated BCM plans in conjunction with the PRP will be completed by February 2020, and will be tested in the first quarter of 2021.

The City has prioritised the review and preparedness of the PRP and BCM plans. Upon completion and testing of these plans the City shall commence a full operational and strategic risk management review process. The results of this review including an organisational risk maturity assessment which will be provided to the Audit Committee at its next scheduled meeting.

Signed _____ Dated _____

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

The City's implementation of the PRP and BCM plans ensures the City is able to continue to provide services to the community in the event of a possible disruption event.

Environment:

There are no adverse environment impacts.

Economy:

COVID 19 has had a major impact on Australia's economy, which has impacted the City's operations. The City's BCM and PRP have been developed to enable the City to effectively mitigate the potential economic impacts of this disruption.

Governance:

Business Continuity Management is a core component of good governance and is integral to the City's Risk Management Framework.

RELEVANT PRECEDENTS:

This item has the following relevant precedents:

- AC039 Status of City Risk Management Activities
- AC044 Status of Risk Management & Compliance Activities
- AC056 Status of Business Continuity Plan
- AC063 Business Continuity Management Implementation Program
- AC069 Business Continuity Management Program
- AC077 Business Continuity Management Program
- AC083 Business Continuity management
- CEO065 COVID-19 Procurement Decisions and Proposed Future Actions

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

This item has compliance and policy implications as follows:

- Local Government (Audit) regulations 1996, Regulation 17
- Department of Local Government, Sports and Cultural Industries Integrated Planning Guideline
- City of Greater Geraldton Risk Management Framework
- Council Policy CP4.7 Risk Management
- Council Policy CP4.25 Business Continuity Management

FINANCIAL AND RESOURCE IMPLICATIONS:

The City's BCM and PRP have been developed to enable the City to effectively mitigate the potential impacts of disruption. These plans have been designed within the current scope of City resources.

Signed _____ Dated _____

INTEGRATED PLANNING LINKS:

Title: Community	1.4 Emergency Management
Strategy 1.4.2	Undertaking a coordinated approach with relevant agencies to minimise the impact of disaster events
Title: Governance	4.5 Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

COVID 19 has had a significant impact on all sectors of the community. The BCM and PRP have been developed to enable the City to support the community and region in responding to disruptions such as COVID 19.

RISK MANAGEMENT

The BCM and PRP programs are critical risk mitigation strategies to manage disruption of City operations. Their successful implementation enabled the City to deal with the impacts of events such as the COVID 19 disruption.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

As detailed above the City reviewed a range of methodologies relating to BCM before confirming the updated approach to BCM.

COMMITTEE DECISION

MOVED Cr Colliver, SECONDED Cr Thomas

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

- 1. RECEIVE the update on the City of Greater Geraldton's Business Continuity Management Plan**

Carried 4/0

Signed _____ Dated _____

AC099	AUDIT COMMITTEE ANNUAL REPORT TO COUNCIL
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AGENDA REFERENCE:	D-20-133270
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	23 November 2020
FILE REFERENCE:	GO/11/0020
ATTACHMENTS:	No

EXECUTIVE SUMMARY:

The purpose of this report is to seek Audit Committee endorsement of the summary of activities, for the period 1 July 2019 to 30 June 2020 for submission as the annual report to Council.

EXECUTIVE RECOMMENDATION:

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

1. ENDORSE the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020.
2. SUBMIT the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020 to Council as the Audit Committee annual report of activities.

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 1 July 2019 to 30 June 2020 for the purposes of providing the above mentioned report to Council:

Signed _____ Dated _____

Audit Committee Meeting – 2 December 2019

Report Number	Title	Decision
AC081	Audit Report 2018/2019	<ol style="list-style-type: none"> 1. Adopt the Audit Report for the financial period ending 30 June 2019 2. Note that for the annual financial report for the year ended 30 June 2019 the Auditor has provided an unqualified audit opinion
AC082	Review of Audit Committee Charter	Endorse the Audit Committee Charter
AC083	Business Continuity Management	<ol style="list-style-type: none"> 1. Note the status of the City of Greater Geraldton Business Continuity Management Plan 2. Require the CEO to report back to the Audit Committee the ongoing status of the program
AC084	Risk Management Profile	<ol style="list-style-type: none"> 1. Note the status of the City of Greater Geraldton risk management profile 2. Require the CEO to report back to the Audit Committee the ongoing status of the City's risk profile.
AC085	Audit Committee Annual Report to Council	<ol style="list-style-type: none"> 1. Endorse the summary of Audit Committee activities for the period 1 July 2018 to 30 June 2019 2. Submit the summary of Audit Committee activities for the period 1 July 2018 to 30 June 2019 to Council as the Audit Committee annual report of activities
AC086	Disaster Recovery Exercise ICT	Note the progress of the ICT business continuity and disaster recovery (ICT BCDR)
AC087	Fraud and Corruption Control Plan	Endorse the Fraud and Corruption Control Plan
AC088	Management Actions on Internal Audits	Receive the Progress Report on the current status of management actions related to Internal Audits
AC089	Compliance Management Plan	Note the completion and implementation of the Compliance Management Plan and processes

Signed _____ Dated _____

Audit Committee Meeting – 3 March 2020

Report Number	Title	Decision
AC090	ICT Business Continuity and Disaster Recovery	Note the successful testing of the ICT business continuity and disaster recovery (ICT BCDR) plan
AC091	Work Health and Safety Bill Update	<ol style="list-style-type: none"> 1. Acknowledge receipt of the Work Health & Safety Bill report; 2. Endorse that the updated City of Greater Geraldton Safety Management System be included into CGG “rolling” internal audit program; and 3. Endorse that the Safety Management System audit report findings when completed be provided to the Audit Committee.
AC092	Compliance Audit Return	<ol style="list-style-type: none"> 1. Review the results of the Compliance Audit Return 2019. 2. Report to Council the results of the Audit Committee review of the Compliance Audit Return 2019, at the Ordinary Meeting of Council on 24 March 2020. 3. Report to the Audit Committee at their next meeting on the instances of tendering non-compliance related to changes to recurrent supply arrangements, collective procurement values and actions taken to address this matter

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:**Community:**

The annual report to the council on Audit Committee activities provides transparency to the Community in the undertakings of the committee.

Environment:

There are no adverse environment impact.

Economy:

There are no adverse economic impacts.

Governance:

It is a governance requirement under the provisions of the Audit Committee Charter to report to the Audit Committee and Council

Signed _____ Dated _____

RELEVANT PRECEDENTS:

The Audit Committee Charter requires the Committee to report annually to Council summarising the activities of the previous financial year. The Audit Committee Annual Report was last reviewed by the Committee 2 December 2019, Item Number AC085, and the council on 17 December 2019, CCS459.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

There are no legislative or policy implications.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

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 s.5.2* and reporting recommendations of the Department of Local Government and Communities *Audit in Local Government Operational Guideline number 09- 2013*.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.

COMMITTEE DECISION

MOVED Cr Caudwell, SECONDED Cr Colliver

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

- 1. ENDORSE the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020.**
- 2. SUBMIT the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020 to Council as the Audit Committee annual report of activities.**

Carried 4/0

Signed _____ Dated _____

AC100	MANAGEMENT ACTIONS ON INTERNAL AUDIT
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AGENDA REFERENCE:	D-20-140742
AUTHOR:	T Machukera, Financial Accountant
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	19 November 2020
FILE REFERENCE:	FM/3/0003
ATTACHMENTS:	Yes(X3)
	A. Management Actions on Internal Audit – Updated Schedule
	B. Financial Management System Review Part 1
	C. Financial Management System Review Part 2

EXECUTIVE SUMMARY:

The purpose of this report is to provide an updated report on Internal Audit management actions.

EXECUTIVE RECOMMENDATION:

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

1. RECEIVE the Progress Report on the current status of management actions related to Internal Audits.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee at their meeting on 12 March 2019 endorsed the following recommendation:

1. *ADOPT the Financial Management Systems Review (Part 2)*
2. *ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the report*
3. *ADD any active action to the existing schedule to be reviewed at the next Audit Committee meeting.*
4. *REQUIRE the CEO to provide a report back to Council by 30 June 2019 on Cash Transfer Management Processes.*

At the Audit Committee on 02 December 2019 an updated schedule was provided including new actions from the Financial Management System Review (Part 2).

Council Item (CCS420 – 10 May 2019) provided an updated report on the City's cash management transfer process as per above noted recommendation.

Signed _____ Dated _____

The attached report provides the Committee with a further update on management actions that remained active and/or were still to be completed per previous report 02 December 2019. No new actions have been added to the schedule.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Environment:

There are no adverse environment impacts.

Economy:

There are no adverse economic impacts.

Governance:

Review of the appropriateness and effectiveness of a local government's systems and procedures is a regulatory requirement under the provisions of the Local Government (Audit) Regulations 1996 r17

RELEVANT PRECEDENTS:

AC088 – Management Actions on Internal Audits - 02 December 2019

AC078 – Management Actions on Internal Audits – 12 March 2019

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Local Government (Audit) regulations 1996, section 17:

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

Local Government (Financial Management) regulations 1996, section 5:

- (1) *Efficient systems and procedures are to be established by the CEO of a local government —*
 - (a) *for the proper collection of all money owing to the local government; and*
 - (b) *for the safe custody and security of all money collected or held by the local government; and*

Signed _____ Dated _____

- (c) *for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and*
- (d) *to ensure proper accounting for municipal or trust —*
- (i) *revenue received or receivable; and*
 - (ii) *expenses paid or payable; and*
 - (iii) *assets and liabilities;*
- and*
- (e) *to ensure proper authorisation for the incurring of liabilities and the making of payments; and*
- (f) *for the maintenance of payroll, stock control and costing records; and*
- (g) *to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.*
- (2) *The CEO is to —*
- (a) *ensure that the resources of the local government are effectively and efficiently managed; and*
 - (b) *assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and*
 - (c) *undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.*

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

Title: Governance	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The Internal Audit program is implemented by the City to regularly review and assess the adequacy and effectiveness of systems and controls and legislative compliance. The outputs of the program assists the City by identifying and evaluating the level of risk exposures and the actions to be taken in improving control processes and systems.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.

Signed _____ Dated _____

COMMITTEE DECISION

MOVED Cr Thomas, SECONDED Cr Colliver

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

- 1. RECEIVE the Progress Report on the current status of management actions related to Internal Audits.**

Carried 4/0

Signed _____ Dated _____

6 COMPLIANCE REVIEW – STANDING ITEM

AC101	COMPLIANCE AUDIT RETURN 2020
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AGENDA REFERENCE:	D-20-152573
AUTHOR:	M Adam, Governance Coordinator
EXECUTIVE:	P Radalj, Director Corporate and Commercial Services
DATE OF REPORT:	14 January 2020
FILE REFERENCE:	RM/6/0020
ATTACHMENTS:	Yes (x1) Compliance Audit Return 2020

EXECUTIVE SUMMARY:

The purpose of this report is to submit the 2020 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. REVIEW the results of the Compliance Audit Return 2020.
2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2020, at the Ordinary Meeting of Council on 23 February 2021.

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 2020 to 31 December 2020 against the requirements set out in the CAR.

The 2020 CAR continues in a reduced format, with the areas of compliance included restricted to those considered high risk.

COMMUNITY, ENVIRONMENT, ECONOMY AND GOVERNANCE ISSUES:

Community:

There are no adverse community impacts.

Environment:

There are no adverse environmental impacts.

Economy:

There are no adverse economic impacts.

Signed _____ Dated _____

Governance:

Review of the Compliance Audit Return by the Audit Committee is a regulatory requirement under the provisions of the *Local Government (Audit) Regulations 1996 r. 14*

RELEVANT PRECEDENTS:

The Audit Committee reviewed the 2019 Compliance Audit Return for the City of Greater Geraldton on 3 March 2020, AC092.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

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	Good Governance & Leadership
Strategy 4.5.2	Ensuring finance and governance policies, procedures and activities align with legislative requirements and best practice

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 2021.

Signed _____ Dated _____

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 1995* and associated regulations.

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternatives have been considered.

COMMITTEE DECISION

MOVED Cr Caudwell, **SECONDED** Cr Thomas

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

- 1. REVIEW the results of the Compliance Audit Return 2020.**
- 2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2020, at the Ordinary Meeting of Council on 23 February 2021.**

Carried 4/0

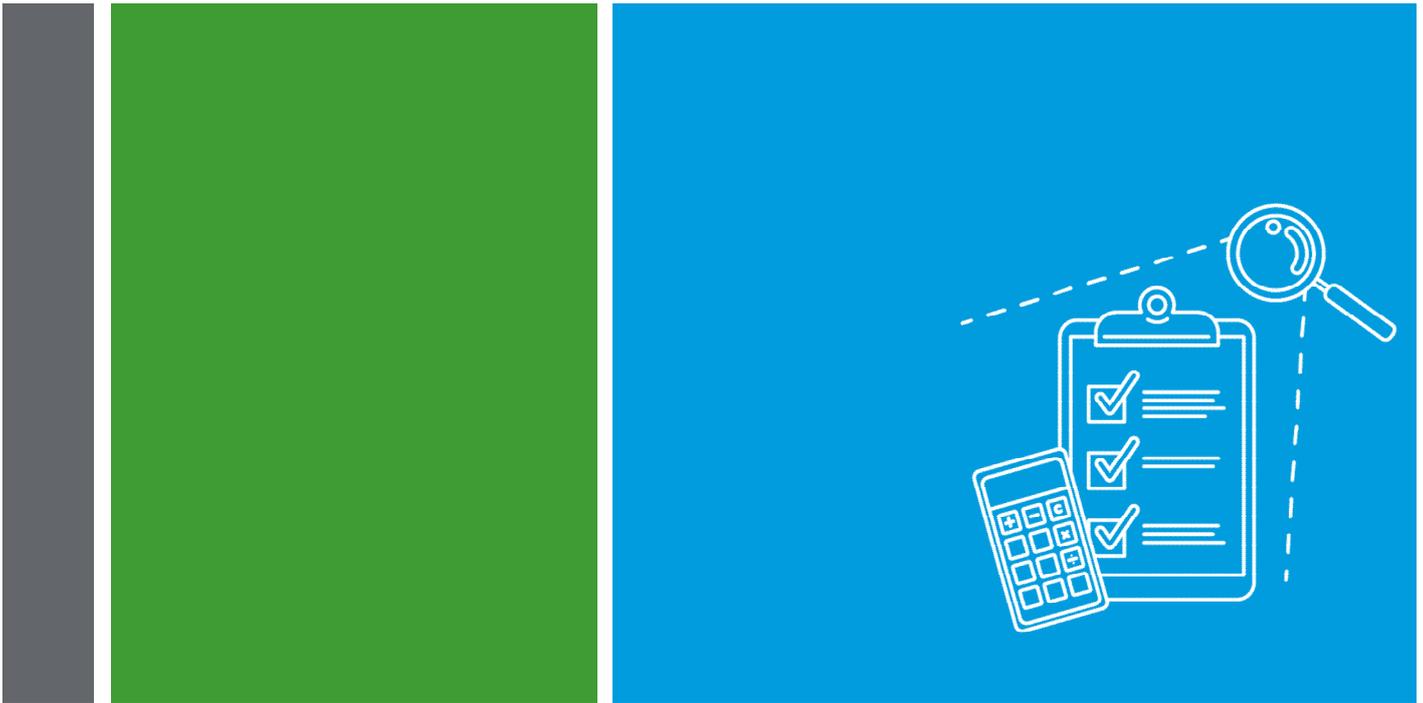
Signed _____ Dated _____

7 GENERAL BUSINESS LATE ITEM - Nil

8 MEETING CLOSURE

There being no further business the meeting was declared closed at 3.30pm.

Signed _____ Dated _____



CITY OF GREATER GERALDTON

Audit Planning Memorandum - 30 June 2021

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1 PURPOSE OF THE AUDIT PLANNING MEMORANDUM

The primary purpose of this Audit Planning Memorandum (**APM**) is to brief the City of Greater Geraldton (**City**) on the proposed approach by RSM Australia (**RSM**), on behalf of the Office of the Auditor General (**OAG**), to audit the financial report of the City for the year ending 30 June 2021. The APM is a key tool for discharging the auditor's responsibilities in relation to communicating with those charged with governance.

2 KEY ENGAGEMENT INFORMATION

2.1 Key City stakeholders and personnel

Ratepayers	City of Greater Geraldton
Minister for Local Government	The Hon. John Carey MLA
Mayor	Shane Van Styn
Chief Executive Officer (CEO)	Ross McKim
Acting Chief Financial Officer	Nita Jane
Financial Accountant	Temba Machukera

2.2 Key OAG personnel

Auditor General	Caroline Spencer
Director, Financial Audit ⁽¹⁾	Mark Ambrose

2.3 Key RSM personnel

Audit Director ⁽¹⁾	Alasdair Whyte
Audit Manager	AJ Neo
National Technical Director	Ralph Martin

⁽¹⁾ Refer to Appendix A for contact details

3 BACKGROUND AND GENERAL INFORMATION

3.1 Background

The City of Greater Geraldton is a local government area in the Mid West region of Western Australia, 417 kilometres north of the state capital, Perth on the Indian Ocean. The Southern Yamatji people are acknowledged as the Traditional Custodians of these lands.

3.2 Council and Executives

The City's Executive team at the date of this APM are:

- Ross McKim, CEO
- Paul Radalj, Director Corporate & Commercial Services
- Phil Melling, Director Development & Community Services
- Chris Lee, Director Infrastructure Services

3.3 Governance

The City is governed by Council, which appoints the CEO to advise and provide information to Council in relation to the City's functions and ensures the resources of the City are effectively and efficiently managed.

3.4 Regulation

In terms of financial reporting, the City is subject to the *Local Government Act 1995 (Act)* and the *Local Government (Financial Management) Regulations 1996 (Financial Management Regulations)*.

4 KEY DELIVERABLES

4.1 Financial report audit and opinions

The annual financial report will be general purpose financial statements for the financial year ended 30 June 2021. The Auditor General is required by the Act to provide an opinion on the financial report and other legal and regulatory requirements in accordance with the *Local Government (Audit) Regulations 1996 (Audit Regulations)*. The objective of the Auditor General's audit is to obtain reasonable assurance about whether the City's financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report.

The Auditor General's report will be sent to the Mayor, CEO and the Minister for Local Government in accordance with the Act. The City is required to publish the auditor's report with the annual financial report on its website. If the Auditor General has reported other significant matters, then the City is required to report the action it has taken about the matters to the Minister and to publish a copy of that report on its website.

The Auditor General will also communicate with the Mayor and the CEO regarding, among other matters, any significant findings regarding deficiencies in internal control that may be identified during the audit.

4.2 Management letters

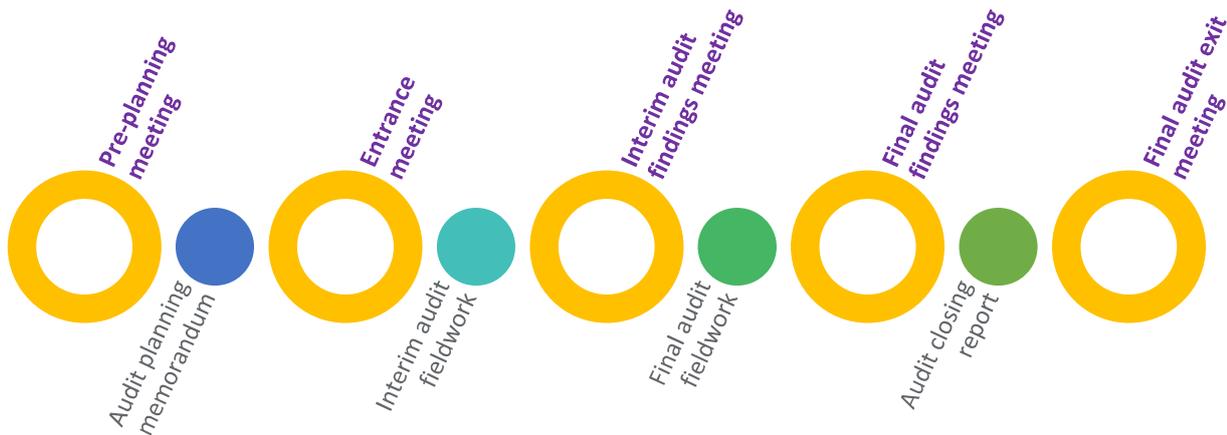
Significant findings, emerging issues and their recommended resolutions that arise during the audit will be progressively discussed and communicated by RSM and the OAG to the City to factually validate the findings, then the Mayor and the CEO. Any weaknesses in controls, which may be identified during the current year audit, will be highlighted in the management letter to the Mayor and the CEO following the conclusion of the interim and final audits. The draft management letters will be reviewed by the OAG before being provided to the City for comment.

Prior year management letter points will be followed up as part of the current year audit procedures to determine if any control weaknesses highlighted during prior year audits have been properly resolved.

4.3 Matters of significance

In accordance with section 24(1) of the *Auditor General Act 2006*, the Auditor General is required to report on matters arising out of the performance of the Auditor General's functions that are, in the opinion of the Auditor General, of such significance as to require reporting.

5 MILESTONE MEETINGS



5.1 Pre-planning meeting

The pre-planning meeting will be with the City's CEO, OAG (if required) and RSM. The meeting will discuss current developments at the City and any changes in governance or systems. The meeting will form the basis for the preparation of the APM.

5.2 Entrance meeting

The entrance meeting will be held with the Council, the City's CEO, OAG and RSM. The meeting will mainly cover the presentation and discussion of the APM. If it is not practicable for the Council to meet for an audit entrance meeting, we suggest at least one Elected Member (the Chairperson of the Council) attends the entrance meeting.

5.3 Interim audit findings meeting

The interim audit findings meeting with the City's CEO, OAG and RSM will mainly cover the presentation and discussion of the significant control matters as reported in the interim audit management letter, if any.

5.4 Final audit findings meeting

Significant accounting issues and audit findings, if any, noted during the final audit will be discussed with the City's CEO, OAG and RSM. If there are significant, unresolved matters, then a meeting will also held with the Council.

5.5 Final audit exit meeting

The exit meeting with the City's CEO, Council, OAG and RSM will mainly cover the presentation and discussion of the audit closing report, which will outline any significant audit related matters concerning the financial report, management letters and improvement suggestions for future audits.

5.6 Council and Council meetings

Meetings with the Council and Council meetings are by invitation and provides insight into matters that may impact on our audit approach. Generally, OAG and RSM will attend meetings as required.

6 TERMS OF ENGAGEMENT

6.1 Arrangements

Audits are not an absolute guarantee of the accuracy or reliability of the City's information and may not identify all matters of significance. This is because the work undertaken to form an opinion is permeated by judgement and most audit evidence is persuasive rather than conclusive. In addition, there are inherent limitations in any audit, including the use of testing, the effectiveness of internal control structures and the possibility of collusion.

Primary responsibility for the detection, investigation and prevention of irregularities rests with the City's CEO. Consequently, it is the City's CEO who remain responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial report, complying with the Act and the Financial Management Regulations.

Under the *Auditor General Act 2006*, audit staff have unrestricted access to information held by the City, irrespective of any restrictions on disclosures imposed, such as secrecy provisions.

Confidentiality of audit files and working papers is required under the *Auditor General Act 2006*. The OAG is an 'exempt agency' under the *Freedom of Information Act 1992*.

The signed contract between the Auditor General and RSM contains strict confidentiality clauses.

6.2 Management representation letter

The audit plan assumes that the Mayor and the CEO will be able to sign a management representation letter. The OAG will make available to the City a draft management representation letter during the course of the audit. The letter would be signed at the same time as the annual financial report is signed.

RSM and the OAG will rely on the Mayor and CEO signing the management representation letter as evidence to confirm they have:

- Fulfilled their responsibilities for the preparation and fair presentation of the financial statements in accordance with the Act and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards;
- Established and maintained an adequate internal control structure and adequate financial records;
- Provided the auditors with access to all information of which they are aware that is relevant to the preparation of the financial statements and the operation of controls, such as records, documentation and other matters;
- Recorded all transactions in the accounting and other records and are reflected in the financial statements;
- Advised the auditors of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- Provided the auditors with the results of their assessment of the risk of fraud, any instances of fraud (not just material fraud) and any known data and security breaches.

7 AUDITOR GENERAL

7.1 Audit of local government

The *Local Government Amendment (Auditing) Act 2017* makes legislative changes to the Act to provide for the auditing of local governments by the Auditor General. The Act allows the Auditor General to contract out some or all of the financial audits, but all audits will be the responsibility of the Auditor General. It also allows for performance audits, which will examine the economy, efficiency and effectiveness of any aspect of local government operations. The Act also places an obligation on local governments to publish their annual report, including their annual financial report and auditor's report, on their website.

The Auditor General has been given the mandate to:

- Audit the annual financial report of WA local governments, related entities and subsidiaries;
- Conduct performance audits of local governments;
- Perform supplementary audits requested by the Minister; and
- Report to Parliament on the results of financial and performance audits.

7.2 Auditor General audits and reports

During the current financial year, the OAG has issued a number of reports that may be relevant for the City to consider:

- Waste Management – Service Delivery (issued 20 August 2020). The report noted the waste planning at a sample of six local governments is inadequate and inconsistent and there is a need to do more to manage waste in line with current community and State expectations.
- Annual Report 2019-2020 (issued 24 September 2020). The report acknowledged the challenges faced by local government due to COVID-19. The report also noted that local government financial audits continue to take more time than comparably sized State government audits.
- Grant Administration (issued 28 January 2021). The audit found that a sample of eight State entities need to improve their grant administration practices.
- Application Controls Audits 2021 (issued 9 March 2021). The audit found that a sample of four State entities could improve their controls around user access, vulnerability management and situational awareness to address cyber risks.
- Regulation and Support of the Local Government Sector (issued 30 April 2021). The audit found the Department of Local Government, Sport and Cultural Industries use of its limited resources is not underpinned by a good understanding of risk and clear objectives for the local government sector. Moreover, its performance in regulating and supporting the sector does not currently reflect the expectations of local government entities and their communities.
- Local Government General Computer Controls (issued 12 May 2021). The audit found local government entities need to improve their general computer controls with 328 control weaknesses identified with over 80% rated as significant or moderate.

Further details of the current and forward audit program can be found on the OAG website:

<https://audit.wa.gov.au/>

Also, on the OAG website is a library of better practice guidance that the OAG has developed to help the Western Australian public sector perform efficiently and effectively.

8 STAKEHOLDER RELATIONSHIP

8.1 RSM's relationship with the Auditor General and the City

RSM has been contracted by the Auditor General to perform the audit of the financial report of the City and report on whether the annual financial report of the City:

- Is based on proper accounts and records; and
- Fairly represents, in all material respects, the results of the operations of the City for the financial year and its financial position at the end of that period in accordance with the Act and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

RSM is also required by the Auditor General to report:

- Any material matters indicating non-compliance with Part 6 of the Act, the Financial Management Regulations or applicable financial controls of any other written law;
- Any significant adverse trends in the financial position of the City;
- Whether all required information and explanations were obtained;
- Whether all audit procedures were satisfactorily completed; and
- Whether the asset consumption ratio and asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.

RSM is also required to report any matter which may affect the Auditor General's responsibilities under sections 24 and 28 of the *Auditor General Act 2006*, section 7.12 AD of the Act and the Audit Regulations.

8.2 Term of the audit contract

RSM has been appointed by the OAG for a term of three years commencing with the financial year ending 30 June 2021.

RSM's services will be conducted under the overall direction of the Auditor General, who will retain responsibility for forming an audit opinion and issuing an audit report to the City. The contract requires RSM to use its audit approach and methodology. which is the first year of the contract.

8.3 Grant acquittals

Grants received by the City may need to be acquitted in accordance with the terms and conditions of the relevant Funding Agreement. Acquitting a grant means accurately reporting on the funded activities and the expenditure of the funding. Grant acquittal reports, providing activity and financial information, are generally required at certain stages during the funded project and / or on completion of the funded project. If satisfactory grant acquittal reports are not provided at the times and in the manner detailed in the Funding Agreement, there is a risk that any further payments due to the City will be withheld and the City may be ineligible to apply for further grants.

In most circumstances the grant acquittal reports are required to be audited. Generally, the Funding Agreement will require the City to engage an auditor to form an opinion that the receipts and payments are true and fair and that the City has complied with the terms and conditions of the Funding Agreement.

If RSM is invited by the City to complete the audit of grant acquittal reports, then RSM must first obtain approval from the OAG before the audit begins.

8.4 Independence

The Auditor General is an independent officer of the Western Australia Parliament, appointed under legislation to examine, on behalf of Parliament and Western Australia taxpayers, the management of resources within the public sector. The Auditor General is not subject to control or direction by either Parliament or the government. In conducting the audit, the Auditor General, staff and delegates will comply with all applicable independence requirements of the Australian accounting profession.

RSM Orb, our optimal risk-based audit methodology requires that we conduct an annual re-evaluation of our independence prior to the commencement of each assignment. We have fully satisfied ourselves that we do not have any actual or perceived conflict of interest.

We are fully compliant with our Ethics and Independence Policies, which are verified and tested each year by our Partner Responsible for Ethics and Independence. Each year we are required to submit certain information to our Partner Responsible for Ethics and Independence, which is analysed and subjected to a series of stringent tests. This system has been extensively reviewed by the Australian Securities and Investments Commission and found to be in accordance with Australian Auditing Standards, the *Corporations Act 2001* and better practice.

9 CURRENT YEAR DEVELOPMENTS

We had discussions with the City and reviewed the 30 June 2020 financial statements and the 30 June 2020 audit file to identify any significant matters that may affect the audit planning and process. As at the date of this audit plan, we have not identified developments which are expected to impact the financial statement audit for the year ended 30 June 2021.

9.1 Auditing Accounting Estimates - ASA 540

The ASA 540 (Revised) Auditing Accounting Estimates and Related Disclosures standard has implications for the City and those responsible for financial statement preparation and the determination of accounting estimates. The key implications of the new standard means that the City will require more time to prepare sufficient appropriate documentation of the City's estimates and recognise that increased efforts may be required by auditors to audit the estimates. There is an expectation that the City will assist and review the level of detail and provide audit evidence available to support estimates within the financial statements along with an increase in audit effort. This will be achieved through two-way dialogue between auditors, management, and audit committees about the critical aspects of accounting estimates.

RSM audit response:

RSM will obtain further understanding over the control environment, risk assessment procedures, information systems, control activities and monitoring procedures during our audit procedures. Testing over how management made the accounting estimates will be performed by performing a retrospective review of past estimates and judgements, obtaining audit evidence up to the date of the auditor's report and by developing an auditor's point estimate or range (Three Testing Approach). Based on the information gathered, we will determine if there are indicators of possible management bias and if there are, the implications for the audit.

9.2 Income recognition

Implementation of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* are effective from prior year. The impact of AASB 15 & 1058 was correctly adopted by the Shire during prior year. The Shire will review all new grants and revenue stream in accordance with AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*.

RSM audit response:

RSM will obtain and review the City's assessment of the impact of AASB 15 and AASB 1058 and ensure adequate disclosure in the notes to the financial statements.

9.3 AASB 1059 Service Concession Arrangement: Grantors

AASB 1059 (effective from 1 July 2020) sets out how public sector entities that grant concessions to private sector operators for the delivery of specified public services should treat those grants. The grantor must recognise a service concession asset, measured at current replacement cost, when it controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price, and when the grantor retains an interest in the asset at the end of the arrangement. It must also recognise a related service concession liability, which will usually be treated as unearned revenue, and recognised as income over the life of the concession.

RSM audit response:

RSM will obtain and review the City's assessment of the impact of AASB 1059 and ensure adequate disclosure in made in the notes to the financial statements.

9.4 Long service leave for casual employees

Public Sector Labour Relations (PSLR) has identified that, in the past, legal and operational advice has been given to public sector employers indicating casual employees are not entitled to long service leave or to be paid for it on termination of their employment.

In consultation with the State Solicitor's Office, PSLR has determined this historical advice was incorrect. Casual employees may be entitled to long service leave under the provisions of the Long Service Leave Act 1958 (the LSL Act), even if they are paid a casual loading that is stated to be in lieu of long service leave or all types of leave.

The entitlement to leave under the LSL Act only applies to casual employees who have been employed for more than ten years and meet continuous service requirements.

RSM audit response:

RSM will review the City's assessment in relation to casual employee LSL entitlement under the Long Service Act 1958 and determine, where applicable, the adequacy of the long service leave liability for casual employees

9.5 Money in lieu of open space

Following revisions of the Planning and Development Act 2005, with the change was effective from 12 September 2020, all money received by a local government under section 153 is to be paid into a separate reserve account established and maintained under the Local Government Act 1995 section 6.11 for the purposes set out in subsection (2)(a) to (d)

RSM audit response:

RSM will review the City's assessment in relation to money in lieu of open space under the Planning and Development Act 2005 and determine, where applicable, the appropriateness of the accounting treatment.

10 AUDIT APPROACH TO THE KEY AUDIT AREAS

10.1 Risk assessment

Key audit areas are those areas that, in RSM's professional judgment, present the most significant risk in our audit of the financial report.

As part of our audit approach we have conducted an initial financial report risk assessment to determine whether any of the risks identified are, in our judgment, significant. A significant risk is an identified and assessed risk of material misstatement in the financial report that, in our judgment is a key audit area and requires special audit consideration.

Our assessment of key audit areas is based upon:

- Discussion with the City's Administration and the OAG;
- The complexity of transactions within each area;
- The degree of subjectivity in the measurement of financial information related to the risk, especially those measurements involving a wide range of uncertainty;
- The degree of susceptibility to fraud risk; and
- Consideration of any relevant matters that may be discussed during the audit planning stage.

10.2 Materiality

For the purpose of this APM, we referred to the audited 30 June 2020 financial report of the City and used our professional judgment to determine a planning materiality amount. In line with OAG policy, we have not disclosed the amount of planning materiality.

The scope of our audit is influenced by the application of materiality. Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial report line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial report and on our opinion.

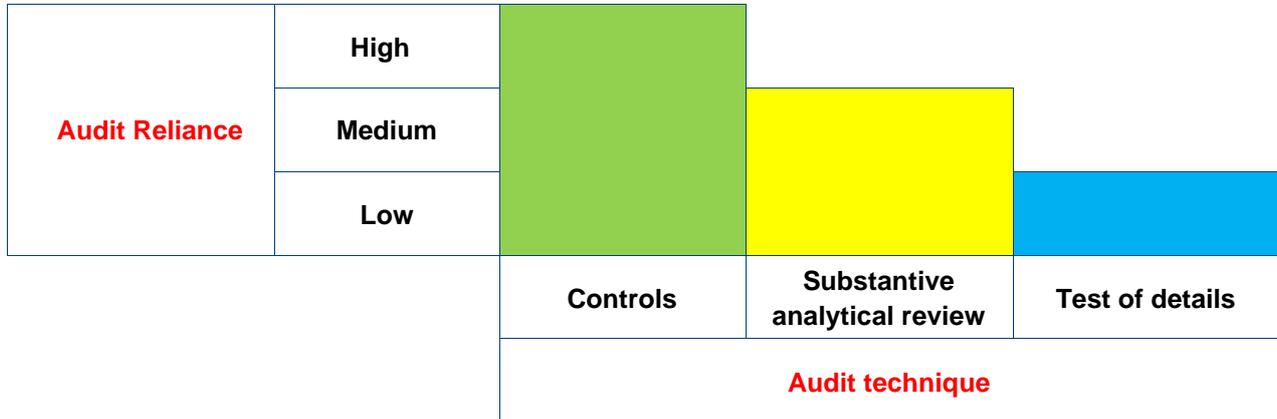
In assessing the risk profile of the City, and in consideration of the users of the financial report, we have adopted materiality guidelines in accordance with Australian Auditing Standards.



10.3 RSM approach to auditing significant risk

RSM's approach to auditing a class of transactions, account balance or disclosure is to initially assess whether there is a reasonable possibility that it could contain a material misstatement. Our risk assessment is based on both quantitative and qualitative criteria to determine whether they are significant.

Our audit strategy follows a hierarchy, which starts with testing of controls, then moves to substantive analytical review procedures and then finally testing of details. The following diagram shows an example where a high level of reliance on controls, along with a moderate level of reliance on substantive analytics is likely to result in testing of details that can safely rely on smaller sample sizes.



Based on our review of the City's available financial information, the 30 June 2020 audit file and prior period assessment of the design and implementation of controls, we have concluded that we can rely on internal controls, which effectively means we can apply a moderate level of substantive analytics and limited testing of details. This controls based approach is both efficient and effective.

10.4 Professional scepticism

We approach all our audits with a degree of professional scepticism as required by Australian Auditing Standards. In addition, professional scepticism is a key component of delivering an effective public sector audit. ASA 200 *Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards* defines professional scepticism as 'an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence'.

Professional scepticism is particularly relevant in areas that involve assumptions by Administration and/or estimates. It is also critical when evaluating audit evidence to reduce the risk of the auditor:

- Overlooking unusual circumstances; and
- Over generalising when drawing conclusions from observations using inappropriate assumptions in determining the nature, timing and extent of evidence gathering procedures and evaluating the results thereof.

11 SIGNIFICANT RISK AREAS

Using the 30 June 2020 financial report as a guide and referring to the RSM calculated materiality amount and risk assessment, RSM has identified the following potential significant risk areas for the current year:

Significant risk area	30 June 2020 \$'000	30 June 2019 \$'000
Revenue and receivables cycle		
Rates	46,590	45,873
Fees and charges	21,086	22,474
Trade receivables (current and non-current)	8,267	9,394
Purchases and payment cycle		
Material and contracts	18,848	19,808
Property, Plant and Equipment (additions)	7,767	9,520
Infrastructure (additions)	18,348	49,506
Fixed assets cycle		
Property, Plant and Equipment	205,049	203,606
Infrastructure	687,363	715,105

11.1 Revenue and receivables cycle

Reasons why RSM considers this area a significant risk

Revenue is measured by considering multiple elements, for example rates transactions are calculated by the application of a rate in the dollar to the Gross Rental Value (**GRV**) or Unimproved Value (**UV**), which is in turn determined by dividing the required rate collection amount by the total valuations on the roll. GRV's and UV's vary between the various property types, such as mining and pastoral. The GRV / UV is supplied by Landgate. Furthermore, rates revenue represents a significant portion of the City's annual operating income and is an important revenue stream in terms of the City's cash flows.

Fees and charges is a material amount and is measured by the application of an annual charge to rateable land supplied with specified services. For example, classic domestic bin services and swimming pool inspection fees. There are also further complexities with the application of the eligible pensioners rebate scheme. In addition, further complexity and risk is associated with the requirement for the City to comply with Part 6, Division 6 'Rates and service charges' of the Act.

Based on the above complexities and the high risk of management override by Administration, revenue recognition for rates is considered significant risk.

RSM audit response

RSM audit procedures will include, among other things, assessment of the City's effectiveness of key internal controls operating within the revenue cycle, including application controls. RSM will perform a walkthrough of the key management controls over the revenue cycle and test key management controls. RSM will review, on a sample basis, the reconciliations and calculation of rates and compare these against historical results. In order to assess the completeness of recording revenue in the correct accounting period, RSM will perform revenue cut-off testing and review credit notes.

To determine the existence of the receivable balance and the recoverability thereof as at 30 June 2021, RSM will review receivables balances on a sample basis and perform subsequent receipt testing. Furthermore, we will perform analytical procedures on rates through detailed comparison with prior year balances and budget forecasts. RSM will also determine if the disclosures in the notes to the financial report related to the City's revenue recognition policy are appropriate.

11.2 Purchases and payment cycle

Reasons why RSM considers this area a significant risk

All procurement made by the City is subject to the requirements of the Act and Part 4 of the *Local Government (Functions and General) Regulations 1996 (Functions and General Regulations)*, which is the basis for the City's purchasing policy (**Policy**). The Act and the Functions and General Regulations are there to guide the City in delivering best practice in the purchasing of goods, services and works that align with the principles of transparency, probity and good governance. Errors, uncertainty and unrealistic timelines can undermine market confidence, discredit a purchasing process and devalue the outcome of the procurement. Due to the strict and complex requirements of the Policy, including value for money, regulatory compliance, record management, transparency and professionalism, there is potential for insufficient knowledge of the Policy's requirements or failure to comply with the Policy.

RSM audit response

RSM will review the City's purchasing policies and assess the effectiveness of internal controls operating within the payment cycle. In addition, we will perform a walkthrough of the key controls over the purchase and payment cycle, including tendering, and perform tests of control on key controls over the purchase and payment cycle. Furthermore, we will perform analytical procedures on procurement through detailed comparison with prior year balances and budget forecasts. Our testing will include an evaluation of whether the City's purchasing activities have complied with the Act and the Functions and General Regulations.

11.3 Fixed assets cycle

Reasons why RSM considers this area a significant risk

Property, Plant and Equipment and Infrastructure respectively constituted 22% and 73% of the City's total assets as at 30 June 2020. Under regulation 17A of the Financial Management Regulations, the City's Plant and Equipment type assets are to be measured under the cost model whereas Property and Infrastructure is to be carried at fair value less accumulated depreciation and accumulated impairment losses. Under regulation 17(4) of the Financial Management Regulations, the City is required to revalue an asset:

- Whenever the local government believes the fair value of the asset is likely to be materially different from its carrying amount; and
- In any event, within a period of at least 3 years but not more than 5 years after the day on which the asset was last valued or revalued. We understand that they City will be revaluing land and buildings for the year ended 30 June 2021.

Furthermore, in accordance with paragraph 9 of AASB 136 *Impairment of Assets*, the City is required to assess at reporting date whether there is any indication that an asset may be impaired.

RSM audit response

We will carry out internal control testing over the City's processes for determining inputs into fair value measurements and perform detailed substantive testing on a sample basis of the related fair value measurements.

We will review the City's assessment that the fair value of Property and Infrastructure assets is not likely to be materially different from their carrying amounts and the City's consideration of any potential impairment indicators.

12 OTHER CRITICAL DISCLOSURES IN THE FINANCIAL REPORT

RSM will also audit the following critical disclosures in the financial report:

12.1 Related party disclosures

The City continues to be subject to the requirements of AASB 124 *Related Party Disclosures*. The Standard requires disclosures for senior officers' compensation and certain transactions with related parties. A review will be conducted to ensure proper accounting and disclosure of related party transactions and executive remuneration.

Further, section 7.12AL of the Act applies section 17 of the *Auditor General Act 2006* to a local government, which requires the City to advise the Auditor General in writing of details of all related entities that are in existence.

RSM audit response:

We will review the disclosures and supporting material to ensure compliance with AASB 124. We will also assess the City's internal controls around the identification and proper disclosure of related party transactions and executive remuneration.

12.2 Financial ratios

Under regulation 50 of the Financial Management Regulations, the annual report is to include financial ratios. Financial ratios are designed to enable users of annual financial reports to interpret more clearly the City's performance and financial results as well as provide a comparison of trends over several years.

These indicators provide a measure of the financial sustainability of local governments and complement the national criteria endorsed by the Local Government and Planning Ministers' Council. They provide for a comprehensive tool for monitoring the financial sustainability of local governments.

RSM audit response:

We will obtain and audit the ratios to assess compliance with regulation 50 of the Financial Management Regulations.

12.3 Capital and other commitments for expenditure

The City must disclose in the financial statements its capital and other commitments relating to future asset construction and replacements.

RSM audit response:

We will check the underlying calculations and review the evidence to support the amounts disclosed.

12.4 Reserve accounts

The City has established several reserve accounts under section 6.11 of the Act for the purpose of setting aside money for a specific purpose to be used in a future period. Cash reserves are required to be held in separate bank accounts. However, reserve accounts are not separate funds and are consolidated with the municipal fund in the City's financial statements.

RSM audit response:

RSM will review the reserve account reconciliations and test that the transfers to and from these accounts are in accordance with the specific purpose of the reserve.

12.5 Major land transactions

Regulation 46 of the Financial Management Regulations prescribes the disclosure requirement for major land transactions. The information to be disclosed by the City is set out in regulation 47 and includes:

- Details of the total income and expenditure for the transaction; and
- Details of the amount or value of any surplus of money or assets.

RSM audit response:

RSM will review the financial records of the City to assess whether all major land transactions have been identified and disclosed in accordance with regulation 47.

13 CONTROLS

13.1 Internal control

Internal controls are systems, policies and procedures that help an entity reliably and cost effectively meet its objectives. Sound internal controls enable the delivery of reliable, accurate and timely external and internal reporting. The City is responsible for developing and maintaining its internal control framework to enable:

- Preparation of accurate financial records and other information;
- Timely and reliable external and internal reporting;
- Appropriate safeguarding of assets; and
- Prevention or detection and correction of errors and other irregularities.

The annual financial audit enables RSM to form an opinion on the City's financial report. An integral part of this, and a requirement of Australian Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment*, is to assess the adequacy of an organisation's internal control framework and governance processes related to its financial reporting. While this understanding has a significant impact on our audit strategy, our audit of the City's financial report is not designed to assess, nor do we provide an opinion on, the effectiveness of internal controls.

We focus on the internal controls relating to financial reporting and assess whether the City has managed the risk that the financial report will not be complete and accurate. Poor controls diminish Administration's ability to achieve the organisation's objectives and comply with relevant legislation. They also increase the risk of fraud.

During our planning procedures we will gain an understanding of the following components of internal control:

- Control environment
- Risk assessment procedures
- Information systems
- Control activities
- Monitoring procedures

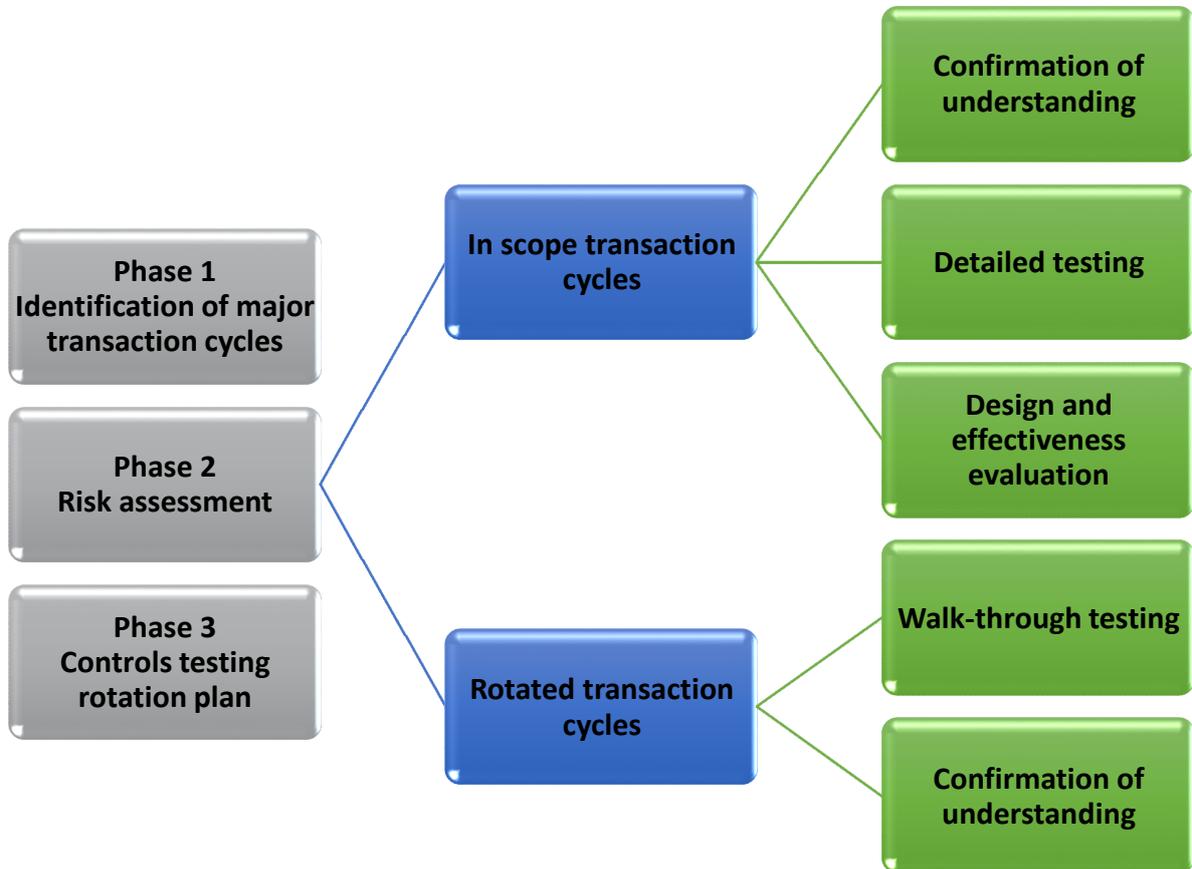
Our preliminary assessment of the internal control framework may indicate that the internal controls are likely to be effective in preventing or detecting and correcting material misstatements in the financial report. In these circumstances we would plan to place reliance on the key internal controls relating to the material components in the financial report to support our audit opinion.

13.2 Significant changes to internal controls

The City has represented that there are no significant changes to internal controls for the 2021 financial year to date.

13.3 Rotation approach

In accordance with our rotational controls testing approach, we will conduct a risk assessment for each major transaction cycle during our initial engagement year. The risk assessment is benchmarked against our knowledge of each transaction cycle within the local government sector. Using the risk assessment, we design a control testing rotation plan that will bring certain transaction cycles into audit scope each year. Those cycles not in scope will be subject to our normal walkthrough procedures and confirmation of our understanding of the key controls.



During the current audit, we will use a rotation approach to test the design and effectiveness of key controls used in a sample of major transactions cycles linked to significant risk areas. Some transactions cycles will be rotated out and not subject to design and effectiveness testing. Instead, we will update our understanding of the controls and confirm our understanding using walk-through procedures.

14 FRAUD RISK

Under Australian Auditing Standard ASA 240 *The Auditor's Responsibility Relating to Fraud in an Audit of a Financial Report*, when planning and performing audit procedures and evaluating the results, the auditor must consider the risk of material misstatement in the financial report because of fraud and error.

Although ASA240 sets out the principles and procedures we must follow, the primary responsibility for the prevention and detection of fraud and error rests with the City. The City is responsible for maintaining accounting records and controls designed to prevent and detect fraud and error, and for the accounting policies and estimates inherent in the financial report.

Our audit procedures on fraud risk include the following:

- Forward a copy of the fraud control checklist for self-assessment to the City's CEO prior to our final audit visit. The checklist allows us to make inquiries of Administration, to obtain its understanding of the risk of fraud within the City and to determine whether Administration have any knowledge of fraud that has been perpetrated on or within the entity. We will review the fraud control self-assessment by the City;
- Making enquiries to those charged with governance;
- Review the City's fraud control procedures in place to reduce the risk of fraud occurring within the entity, including the City's code of conduct;
- Understand the City's journal entry process and testing journal entries posted including the authorisation of journals.
- Understand the City's fraud control environment;
- Understand the business rationale for significant or unusual transactions;
- Review current accounting estimates for biases;
- Review the appropriateness of year end accounting adjustments;
- Make enquiries of Administration and others within the City; and
- Incorporate an element of unpredictability in the selection of the nature, timing and extent of audit procedures to be performed as individuals within the entity who are familiar with the audit procedures normally performed on engagements may be more able to conceal fraudulent financial reporting.

15 OTHER AUDIT MATTERS

15.1 Internal audit

An effective internal audit function is important for ongoing maintenance and improvement of risk management, internal control overseen by an effective Council, and governance processes. The internal audit function acts as the independent eyes and ears for Council on Administration and controls in key areas of risk.

Internal audit is a key component of the defence against fraud, including misrepresentation. Although the City's financial management governance and risk framework, and Administration oversight and monitoring are the initial lines of defence against fraud or error, internal audit is also a crucial component.

Subject to the requirements of Auditing Standard ASA 610 *Using the Work of Internal Auditors*, if we have satisfied ourselves regarding the competence and objectivity of City's internal audit function, we plan to rely on their work where possible. The use of the City's internal audit function may be used in the following ways:

- To obtain information that is relevant to RSM's assessments of the risks of material misstatement due to error or fraud; and
- As partial substitution for audit evidence to be obtained directly by RSM.

The responsibility for internal audit rests with the City. The City has engaged AMD to perform internal audits. The City has informed that they are in the process of selecting a new internal audit provider. We plan to rely on the internal auditor's work where relevant and appropriate.

15.2 Audit preparation checklists

To assist the City to gather and collate the necessary audit information and documentation, we will issue in advance of each audit visit an electronic Interim Audit Preparation Checklist and a Final Audit Preparation Checklist utilising CaseWare Xtend.

The benefits of CaseWare Xtend include:

- Securely request, file and store sensitive data within the audit engagement.
- Collaborate and communicate with in real time, allowing for a more adaptable and transparent workflow.
- Manage requests in one centralised location that is readily accessible.
- Track the status of audit requests.



CaseWare Xtend will facilitate the delivery of an efficient audit and help to minimise interruptions to the City's staff.

We have found this facility to be very useful and clients have appreciated the savings in time and reduced disturbance by auditors during the audit fieldwork.

15.3 Important changes in governance, Administration or internal control environments

The City has advised that, other than those matters mentioned in the APM, there are no other major changes to its governance, Administration or internal control environment that may significantly impact the 30 June 2021 financial report.

15.4 Cumulative knowledge of accounting and computer systems and any expected changes

The City has represented that they are not aware of any significant changes to the accounting or computer systems.

16 INVOLVEMENT OF INFORMATION SYSTEMS AUDIT SPECIALIST

The financial management systems being used by the local government entities is varied, but there is a general reliance on "Synergy Soft". In some circumstances the information systems are integrated, whereas in others they are separate and rely on manual transfer of data between systems.

Due to the varying degree of financial system integration at each local government, RSM has assessed the information system environment as being sophisticated and we will engage an Information System Auditor (ISA) specialist to assess the risk of material misstatement imposed by the Information Technology (IT) environment at each local government.

The audit procedures conducted by the ISA will be:

- Testing general IT controls around system access and testing controls over computer operations within specific applications which are required to be operating correctly to mitigate the risk of misstatement in the financial statements;
- Reviewing the key controls around change management related to significant IT systems.

RSM complies with Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*. Our approach to information systems audit is to obtain an understanding of the information system, including the related business processes, relevant to financial reporting, including (amongst others) how the information system captures events and conditions, other than transactions, that are significant to the financial statements.

17 TIMETABLE

Phase	Task	Indicative timeframe ⁽¹⁾	Action
Planning	Pre-planning meeting to review and update the overall audit approach and plan	25 May 2021	RSM City
	Issue draft APM to the City for commentary	28 May 2021	RSM
	Entrance meeting with the City's Administration, Council, OAG and RSM for the presentation and discussion of final APM	31 May 2021	RSM OAG City
Interim audit fieldwork	Issuing of Interim Audit Preparation Checklist to the City	25 May 2021	RSM
	Based on risk assessment, performance of cyclical controls testing, walkthrough of major business cycles and review of key reconciliation procedures for the 10 months ended 30 April 2021	8 to 18 June 2021	RSM
	Performance of substantive tests for revenue and expenditure cycles for the 10 months ended 30 April 2021		
	Assessment of status of Management Letter points raised for the prior year		
Interim audit reporting	Interim audit findings meeting (if required) with the City's Administration, OAG and RSM to discuss any significant control matters surrounding the major transaction cycles and content of the management letter, if any	28 June 2021	RSM OAG City
	Issue of the draft Interim Audit Management Letter to the City for consideration and comment (if required).	28 June 2021	RSM City
	Return of draft Interim Audit Management Letter to RSM with commentary	30 June 2021	City
	Issue the Interim Audit Management Letter to the OAG	2 July 2021	RSM
Draft financial report	The City submits shell financial report to RSM for review and comment	16 July 2021	City
	City to submit draft financial report as per the Act deadline.	No later than 30 September 2021	City
Final audit fieldwork	Issuing of Final Audit Preparation Checklist	31 August 2021	RSM
	Provision of trial balance as at 30 June 2021 to RSM	No later than 30 September 2021	City

Phase	Task	Indicative timeframe ⁽¹⁾	Action
	Performance of substantive tests for revenue and expenditure cycles for the 2 months ended 30 June 2021	4 – 15 October 2021	RSM
	Performance of substantive tests for balance sheet accounts as at year end		
Final audit reporting	Final audit findings meeting (if required) with the City's Administration, OAG and RSM to discuss any significant control matters surrounding the major transaction cycles and content of the management letter, if any.	November 2021	RSM OAG City
	Issue the draft Final Audit Management Letter for the year ended 30 June 2021 to the OAG for consideration and comment	November 2021	RSM OAG
	Issue the draft Final Audit Management Letter for the year ended 30 June 2021 to the City for consideration and comment	November 2021	RSM City
	Return draft Final Audit Management Letter for the year ended 30 June 2021 to RSM with commentary	November 2021	City
	Issue the Final Audit Management Letter to the OAG	November 2021	RSM
	Preparation of OAG Signing Review Memorandum	November 2021	RSM
	Review of audit file by OAG	November 2021	OAG
	Issue draft Management Representation Letter and draft Financial Report to the City for consideration and comment	November 2021	RSM
	Issue final Management Representation Letter approve Financial Report and Audit Closing Report issued at least 1 week before exist meeting.	November 2021	RSM
	Final audit exit meeting with the City's Administration, Council, OAG and RSM.	December 2021	RSM OAG City
	Independent Contract Auditor's Report issued	December 2021	RSM
	OAG to sign and issue the Audit Report	Within 5 working days of receiving the signed financial statements and reporting from RSM.	OAG

(1) The above dates are tentative at this stage and are subject to amendment as a result of staff availability from the City and OAG due to any COVID-19 restrictions.

18 APPENDIX A: ADDITIONAL INFORMATION CONTACTS

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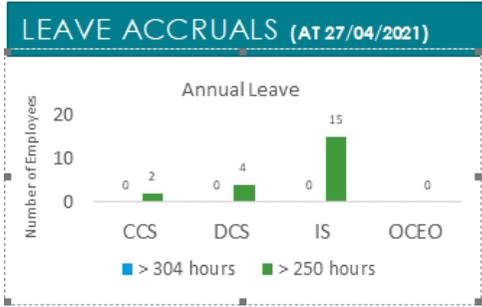
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Audit Committee Action Items –May 2021

Title	Item/ References	Action	Item# Date completed	Outcome
2019-2020 Annual Financial Report	AC093	1. NOTE the findings identified during the Interim Audit and REQUEST they be listed for review until completed.		
		a. Payroll Masterfile accuracy and validity	30/06/2020	Completed
		b. Income Statement per Trading Undertaking	30/06/2020	This finding was addressed in the 2020/2021 budget (Note 14)
		c. General Journals – supporting documentation	Ongoing	We will continue to endeavour to attach supporting documentation were possible. We will also continue to give adequate explanations where there is no supporting documentation.
		d. Daily Banking Reconciliations – Art Gallery	30/06/2020	Completed

		<p>2. NOTE the findings identified during the Final Audit and REQUEST they be listed for review until completed.</p> <p>e. High annual leave accrual at year end</p>	<p>Note the annual leave accruals as provided in a monthly report to the Executive Team</p>  <table border="1"> <caption>LEAVE ACCRUALS (AT 27/04/2021)</caption> <thead> <tr> <th>Department</th> <th>> 304 hours</th> <th>> 250 hours</th> </tr> </thead> <tbody> <tr> <td>CCS</td> <td>0</td> <td>2</td> </tr> <tr> <td>DCS</td> <td>0</td> <td>4</td> </tr> <tr> <td>IS</td> <td>0</td> <td>15</td> </tr> <tr> <td>OCEO</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Department	> 304 hours	> 250 hours	CCS	0	2	DCS	0	4	IS	0	15	OCEO	0	0	
Department	> 304 hours	> 250 hours																	
CCS	0	2																	
DCS	0	4																	
IS	0	15																	
OCEO	0	0																	
Application of the Council Policy 4.28 Managing Unreasonable Customer Conduct	AC096	<p>1. NOTE the information provided below in relation to Council Policy 4.28 Managing Unreasonable Customer Conduct.</p> <p>2. REQUIRE the CEO to report back annually to the Audit Committee at the first meeting held after the close of the relevant financial year.</p>	Information to be provided after close of 2020-21 FY																
Audit Committee Annual Report to Council	AC099	SUBMIT the summary of Audit Committee activities for the period 1 July 2019 to 30 June 2020 to Council as the Audit Committee annual report of activities.	CCS565 23 February 2021	Completed															
Compliance Audit Return	AC101	REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2020, at the Ordinary Meeting of Council on 23 February 2021.	CCS567 23 February 2021	Completed															