



AUDIT COMMITTEE MEETING
MINUTES

6 DECEMBER 2013

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CITY OF GREATER GERALDTON

**AUDIT COMMITTEE MEETING
ON FRIDAY 6 DECEMBER 2013 AT 1.00PM
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE**

MINUTES

1 DECLARATION OF OPENING

2 ATTENDANCE

Present:

Mayor I Carpenter
Cr S Van Styn
Cr T Thomas
Cr J Critch

Officers:

Ken Diehm, Chief Executive Officer
Bob Davis, Director Corporate and Commercial Services
Kim Chua, Manager Accounting Services
Margot Adam, Executive Assistant (Minutes)

By Invitation:

Patrick Warr, Grant Thornton Accountants
(Via teleconference)

Apologies:

Nil

Leave of Absence:

Nil

3 ELECTION OF CHAIRPERSON

Cr Van Styn was elected unopposed.

COMMITTEE DECISION:

MOVED Mayor Carpenter, SECONDED Cr Critch


That the Audit Committee recommends to Council that Cr Van Styn be appointed as Chairperson of the Audit Committee, pursuant to clause 3.3.7 of the Committee Charter, and that Cr Van Styn act as chairperson for this meeting.

CARRIED

Cr Van Styn took the chair

4 ELECTION OF DEPUTY CHAIRPERSON

Mayor Carpenter was elected unopposed as deputy chairperson.

Signed  Dated 4-3-14

5 CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 8 March 2013, as attached be accepted as a true and correct record of proceedings.

COMMITTEE DECISION:

MOVED Mayor Carpenter, **SECONDED** Cr Critch

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 8 March 2013, as attached be accepted as a true and correct record of proceedings.

CARRIED

6 RISK ANALYSIS

The Committee requested that this item be deferred to the end of the meeting.

7 DEVELOPMENT OF AUDIT PLAN

The Committee requested that this item be deferred to the end of the meeting.

Signed _____

A handwritten signature in black ink, consisting of a large, stylized 'S' or similar character, written over a horizontal line.

Dated 6-3-14

8 AC021 REVIEW OF AUDIT COMMITTEE CHARTER

AC021	REVIEW OF AUDIT COMMITTEE CHARTER
AGENDA REFERENCE:	D-13-83571
AUTHOR:	K Chua, Manager Accounting Services
EXECUTIVE:	B Davis, Director of Corporate & Commercial Services
DATE OF REPORT:	27 November 2013
FILE REFERENCE:	GO/11/0020
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes

SUMMARY:

The purpose of this report is for the newly elected Audit Committee members to review the Audit Committee Charter with a view to gaining understanding of the charter. It also provides opportunity for the Committee to identify any desired changes to the Charter, for recommendation to Council, should the Committee wish to do so.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The Audit Committee Charter approved by Council is attached for the purpose of deliberation and discussion by the newly elected Audit Committee, to ensure that Audit Committee Members have shared understanding of the role of the Committee.

COMMUNITY CONSULTATION:

No community consultation has been undertaken.

COUNCILLOR CONSULTATION:

There has been no councillor consultation.

STATUTORY IMPLICATIONS:

Part 7 Division 1A -1C of the Local Government Act 1995.

There are no statutory implications.

POLICY IMPLICATIONS:

There are no policy implications.

FINANCIAL AND BUDGET IMPLICATIONS:

There are no financial and budget implications.

Signed



Dated 6-3-14

STRATEGIC & REGIONAL OUTCOMES:

Strategic Community Plan Outcomes:

- Goal 5: Governance

- Outcome 5.2: Planning and Policy

- Strategy 5.2.7: Ensuring efficient and effective delivery of service

Regional Outcomes:

There are no specific regional outcomes.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

There are no economic issues.

Social:

There are no social issues.

Environmental:

There are now environmental issues.

Cultural & Heritage:

There are no cultural or heritage issues.

RELEVANT PRECEDENTS:

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

DELEGATED AUTHORITY:

There is no delegated authority.

VOTING REQUIREMENTS:


Simple Majority is required.

OPTIONS:

The Committee may choose to simply discuss the Charter with the view to enhancing understanding by newly elected Committee Members. The Committee may also choose to discuss and recommend changes to the charter, for consideration by Council. Note that the Committee is able to seek a review of its Charter at a future time.

CONCLUSION:

Whether or not the Committee desires amendment to its Charter is a matter for the Audit Committee.

Signed  Dated 6-3-14

Any changes to the Audit Committee Charter proposed by the Committee will be required to be submitted to Council for approval.

COMMITTEE DECISION:

MOVED Mayor Carpenter, **SECONDED** Cr Critch

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

1. **RECOMMEND** to Council the proposed amendments to the Council Audit Committee Charter as follows:
 - a. **Amend from;**
 - 3.1 The Audit Committee will compromise
 - Four Councillors
 - Two external independent persons; to
 - 3.1 The Audit Committee will comprise
 - Four Councillors
 - One external independent person, provided that a suitably qualified person is locally available.
 - b. **Amend from;**
 - 3.3.1 A quorum of any meeting will be at least two Council members and at least one independent member; to
 - 3.3.1 A quorum of any meeting will be at least two Council members.
 - c. **Amend from;**
 - 3.3.3 Each member shall be financially literate and at least one independent member must have accounting or business expertise; to
 - 3.3.3 All members shall be financially literate.
 - d. **Amend from;**
 - 3.3.8 A quorum shall be a simple majority of the members; to
 - 3.3.8 Decisions of the Committee will be made by a simple majority of members.
 - e. **Amend from;**
 - 3.3.9 The Chief Executive Officer should attend all meetings, except when the Committee chooses to meet in camera; to
 - 3.3.9 The Chief Executive Officer should attend all meetings, except when the Committee chooses to meet in a closed session.

Signed  Dated 4-3-14

- f. **Insert new clause 5.8:**
5.8 Members of the Audit Committee may, by prior arrangement with the Chairperson, attend Committee meetings from remote locations via teleconference.
- g. **Amend from;**
6.3 The Audit Committee will understanding the controls...; to
6.3 The Audit Committee will understand the controls...

CARRIED

COMMITTEE DECISION:
MOVED Mayor Carpenter, SECONDED Cr Thomas

That a checklist of Committee responsibilities as set out in the revised Charter (when adopted by Council) be prepared for Committee members.

CARRIED

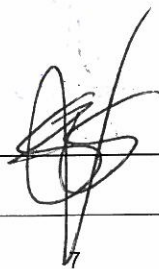
Clause 5.3 of the Committee Charter requires: Meetings shall be held not less than four (4) times per annum and timing should be set to ensure that the Audit Committee can properly discharge its responsibilities pursuant to this charter.

COMMITTEE DECISION:
MOVED Mayor Carpenter, SECONDED Cr Thomas

That the Committee noted that the timing of the 2013 Council Elections and the consequent timing of subsequent appointment by Council of Audit Committee members made compliance with Charter clause 5.3 impracticable in the 2013 calendar year.

CARRIED

Signed _____



Dated _____

6-3-14

9 AC022 2012/2013 INTERIM AND FINAL AUDIT REPORT FOR THE CITY OF GREATER GERALDTON

AC022	2012/2013 INTERIM AND FINAL AUDIT REPORT FOR THE CITY OF GREATER GERALDTON
AGENDA REFERENCE:	D-13-79949
AUTHOR:	K Chua, Manager Accounting Services
EXECUTIVE:	B Davis, Director of Corporate & Commercial Services
DATE OF REPORT:	27 November 2013
FILE REFERENCE:	GO/11/0020
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes

SUMMARY:

The purpose of this report is to present to the Audit Committee the interim and final audit reports for the financial period ending 30 June 2013.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

The interim audit was conducted by Grant Thornton from the 6 to 8 May 2013 and the final audit process from 1 to 4 October 2013. At the conclusion of these audits, the Auditor issued two reports: -

- An Independent Auditor's Report to the Ratepayers dated 4 November 2013 in relation to the annual financial statements which were presented to and accepted by the Council in its meeting on 26 November 2013.
- A Report to the Audit Committee dated 8 November 2013 on the key findings and analysis.

Attached is the report addressed to the Audit Committee by the Auditor. In this report, the auditor noted three year end observations in 5.1 – Current year issues and four interim audit findings listed in 5.2 – Findings from our interim audit procedures for your consideration and attention.

Attached also is a copy of the audited financial statements for the Audit Committee's information.

COMMUNITY CONSULTATION:

No community consultation has been undertaken.

COUNCILLOR CONSULTATION:

The Annual Financial Statements together with an unqualified audit report was presented to Council in its sitting on 26th November 2013.

Signed _____

Dated 4-3-14

STATUTORY IMPLICATIONS:

Part 7 Division 3 of the Local Government Act 1995.

POLICY IMPLICATIONS:

There are no policy implications.

FINANCIAL AND BUDGET IMPLICATIONS:

There are no financial and budget implications.

STRATEGIC & REGIONAL OUTCOMES:**Strategic Community Plan Outcomes:**

Goal 5:	Governance
Outcome 5.2:	Planning and Policy
Strategy 5.2.7:	Ensuring efficient and effective delivery of service

Regional Outcomes:

There are no specific regional outcomes.

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

There are no economic issues.

Social:

There are no social issues.

Environmental:

There are now environmental issues.

Cultural & Heritage:

There are no cultural or heritage issues.

RELEVANT PRECEDENTS:

There are no relevant precedents.

DELEGATED AUTHORITY:

There is no delegated authority.

VOTING REQUIREMENTS:

Simple Majority is required.

OPTIONS:**Option 1:**

As per the Executive Recommendation in this report.

Signed  Dated 2-3-14

Option 2:

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

1. NOT ENDORSE the adoption of the Interim and Final Audit Report as presented; and
2. MAKES the determination based on the following reasons:
 - a. To be determined.

Option 3:

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

1. DEFERS the adoption of the Interim and Final Audit Reports as presented; and
2. MAKES the determination based on the following reasons:
 - a. To be determined.

CONCLUSION:

Matters identified in the interim and final audit reports for management attention in relation to improvement of internal controls and accounting processes have been examined and appropriate actions have been identified and undertaken or are in progress to achieve desired improvements.

The auditors provided an unqualified report on the audit of the City's Annual Financial Report for the 2012-13 financial year.

EXECUTIVE RECOMMENDATION:

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

- ADOPT the Interim and Final Audit Reports for the financial period ending 30 June 2013; and
- ENDORSE actions taken by staff to resolve corrective action items identified in the audit reports.

Signed _____



Dated _____

4-3-14

COMMITTEE DECISION**MOVED Mayor Carpenter, SECONDED Cr Critch****That the Audit Committee by Simple Majority in accordance with Sections 7.1C of the Local Government Act 1995 RESOLVES to:**

1. **ADOPT** the Interim and Final Audit Reports for the financial period ending 30 June 2013;
2. **ENDORSE** actions taken by staff to resolve corrective action items identified in the audit reports; and
3. **DIRECT** The Chief Executive Officer to provide the Committee with a Briefing Note explaining the budgeting and accounting treatment for Employee leave payments.

CARRIED

10 DEFERRED MATTERS**10.1 RISK ANALYSIS****10.2 DEVELOPMENT OF AUDIT PLAN****COMMITTEE DECISION****MOVED Cr Van Styn, SECONDED Cr Thomas****That the Audit Committee by Simple Majority in accordance with Sections****7.1C of the Local Government Act 1995 RESOLVES to:**

1. **DIRECT** the Chief Executive Officer to undertake a Business and Financial Risk Analysis and develop a draft audit plan

CARRIED

11 MEETING CLOSURE

Signed _____



Dated _____

4-3-14
