



AUDIT COMMITTEE MEETING
MINUTES

1 MARCH 2016

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Signed _____ Dated _____

CITY OF GREATER GERALDTON
AUDIT COMMITTEE MEETING
ON TUESDAY 1 MARCH 2016 AT 3.00PM
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE

M I N U T E S

DECLARATION OF OPENING.

The meeting was declared open by K Diehm , CEO, pending election of the Chairperson, at 3.04pm.

ATTENDANCE

Present:

Mayor Van Styn
Cr Mcilwaine
Cr Caudwell
T Bate (by telephone)
Cr Reymond (joined the meeting at 3.10pm)

Officers:

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

By Invitation: Nil

Apologies: Nil

Leave of Absence: Nil

ELECTION OF CHAIRPERSON

Cr Mcilwaine nominated Mayor Van Styn for the position of Chairperson of the Committee. *No other nominations were received.*

COMMITTEE DECISION:

Mayor Van Styn is appointed as Chairperson of the Audit Committee.

ENDORSED UNOPPOSED

Mayor Van Styn took over as the Chair of the Meeting.

Signed _____ Dated _____

ELECTION OF DEPUTY CHAIRPERSON:

Mayor Van Styn nominated Cr Mcilwaine to be appointed as Deputy Chairperson of the Audit Committee. *No other nominations were received.*

COMMITTEE DECISION:

Cr Mcilwaine is appointed as Deputy Chairperson of the Audit Committee.

ENDORSED UNOPPOSED

CONFIRMATION OF PREVIOUS MINUTES

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 6 October 2015, as attached be accepted as a true and correct record of proceedings.

COMMITTEE DECISION:

That the minutes of the City of Greater Geraldton Audit Committee meeting held on 6 October 2015, as attached be accepted as a true and correct record of proceedings.

ENDORSED UNOPPOSED

Signed _____ Dated _____

AC040 REVIEW OF AUDIT COMMITTEE CHARTER**AC040 REVIEW OF AUDIT COMMITTEE CHARTER**

AGENDA REFERENCE:	D-16- 00880
AUTHOR:	M Adam, Governance Advisor
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	6 January 2016
FILE REFERENCE:	GO/11/0020
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes X 3

EXECUTIVE 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.

EXECUTIVE RECOMMENDATION:

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

1. ENDORSE the Audit Committee Charter.
2. RECOMMEND to Council proposed amendments to the Audit Committee Charter as determined by the Audit Committee.

PROponent:

The proponent is the City of Greater Geraldton.

BACKGROUND:

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.

At the Ordinary Meeting of Council on 24 November 2015 Item CEO037 Council resolved as follows;

Part D

That the Council by Absolute Majority under Section 5.8 of the Local Government Act 1995 RESOLVES to:

1. *Require each internal Council Committee at the first meeting held following this resolution to :*
 - a. *APPOINT by Committee resolution a Chairperson and a proxy Chairperson for the Committee:*

Signed _____ Dated _____

- b. REVIEW the terms of reference of the internal committee and report to Council any required changes in relation to membership of the Committee.*

Part E:

1. **APPOINT** the following elected members to the following Committees:
- b. City of Greater Geraldton Audit Committee;*
 - i. Mayor S Van Styn*
 - ii. Cr N McIlwaine*
 - iii. Cr D Caudwell*
 - iv. Cr M Reymond (Proxy)*

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

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

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no Community or Councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

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

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

Signed _____ Dated _____

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT:

The Audit Committee is required by Council Resolution of 24 November 2015 (CEO037) to review its terms of reference. Any changes to the Audit Committee Charter proposed by the Committee will be required to be submitted to Council for approval.

ALTERNATIVE OPTIONS CONSIDERED:

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.

COMMITTEE DECISION: That the Audit Committee pursuant to Section 7.1C of the Local Government Act **RESOLVES** to:

1. **ENDORSE** the Audit Committee Charter.

ENDORSED UNOPPOSED

There were no amendments proposed.

Signed _____ Dated _____

AC041 COMPLIANCE AUDIT RETURN 2015**AC041 COMPLIANCE AUDIT RETURN 2015**

AGENDA REFERENCE:	D-16- 00881
AUTHOR:	M Adam, Governance Advisor
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	6 January 2016
FILE REFERENCE:	RM/6/0020
APPLICANT / PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes X 1

EXECUTIVE SUMMARY:

The purpose of this report is to review the Compliance Audit Return 2015 (CAR).

Amendments to Regulation 14 of the *Local Government (Audit) Regulations 1996* requires that the Audit Committee now reviews the Compliance Audit Return and reports the results of that review to Council prior to adoption by Council and submission to the Department of Local Government by 31 March 2016.

EXECUTIVE RECOMMENDATION;

That the Audit Committee pursuant to Section 7.13(1) of the Local Government Act RESOLVES to:

1. ENDORSE the results of the Compliance Audit Return 2015.
2. REPORT the results of the Compliance Audit Return 2015 to Council at the Ordinary meeting to be held on 22 March 2016.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

In accordance with section 7.13(1) of the Local Government Act 1995 and the Local Government (Audit) Regulations, the City is required to complete a Compliance Audit Return in relation to the period 1 January 2015 to 31 December 2015 against the requirements set out in the CAR.

The 2015 CAR continues in a reduced format, with the areas of compliance included restricted to those considered high risk.

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

There are no economic impacts.

Social:

There are no social impacts.

Signed _____ Dated _____

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

There are no relevant precedents.

COMMUNITY/COUNCILLOR CONSULTATION:

There is no requirement for councillor / community consultation on this matter.

LEGISLATIVE/POLICY IMPLICATIONS:

As per section 7.13(1) of the Local Government Act 1995 and the Local Government (Audit) Regulations 1996.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

RISK MANAGEMENT

The CAR is a statutory compliance requirement for local governments and requires a review first by the Audit Committee and then a report to Council for adoption before being submitted to the Department of Local Government. The City is required to provide this to the Department prior to 31 March 2016.

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

ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS

No alternative options were considered by City Officers.

Signed _____ Dated _____

COMMITTEE DECISION:

That the Audit Committee pursuant to Sections 7.1C of the Local Government Act 1995 RESOLVES to:

- 1. ENDORSE the results of the Compliance Audit Return 2015 subject to a review of the section 'Delegation of Power/ Duty' , regarding whether Delegation of Authority has been made, by Council , to the Community Grants Committee, and consequent review of related questions, if applicable.**
- 2. REPORT the results of the review of the Compliance Audit Return 2015 to Council at the Ordinary meeting to be held on 22 March 2016.**

ENDORSED UNOPPOSED

Actions for noting

Mayor Van Styn requested a Briefing Note to Councillors addressing the questions raised in the section "Delegation of Power/ Duty" in the Compliance Audit Return 2015, question one.

The questions raised were whether Council had delegated authority, by absolute majority, to a Committee of Council pursuant to s 5.16 of the *Local Government Act 1995*, with particular reference to the Community Grants Advisory Committee, and if so details whether changes were required to subsequent responses in this section.

Signed _____ Dated _____

AC042 AUDIT REVIEWS CITY OF GREATER GERALDTON**AC042 AUDIT REVIEWS THE CITY OF GREATER GERALDTON**

AGENDA REFERENCE:	D-16-11023
AUTHOR:	A Van der Weij, Financial Accountant
EXECUTIVE:	B Davis, Director Corporate and Commercial Services
DATE OF REPORT:	18 February 2016
FILE REFERENCE:	RM/6/0020
APPLICANT/ PROPONENT:	City of Greater Geraldton
ATTACHMENTS:	Yes X 1

EXECUTIVE SUMMARY:

The purpose of this report is to present to the Audit Committee the report from the auditor of the Financial Management System Review, Risk Review and Interim Audit.

EXECUTIVE RECOMMENDATION:

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

1. ADOPT the Financial Management System Review, Risk Review and Interim Audit report;
2. ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the reports;
3. REQUIRE progress reports on implementation of the proposed management actions, at the next Audit Committee Meeting.

PROPONENT:

The proponent is the City of Greater Geraldton.

BACKGROUND:

- a) In accordance with Regulation 5(2)(C) of the Local Government (Financial Management) Regulations 1996, Local Government CEO's are required to undertake a Financial Management System Review once every 4 years. The scope of the review incorporates an assessment of the appropriateness and effectiveness of Council's financial management systems and procedures.
- b) In accordance with Regulation 17 of the Local Government (Audit) Regulations 1996, Local Government CEO's are required to undertake a review of the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance once every 2 calendar years from the first review completion date (31st of December 2014).

Signed _____ Dated _____

From a point of efficiency Council invited our current auditors (AMD Chartered Accountants) to undertake the reviews at the same time of the 2015/2016 interim onsite audit visit.

AMD visited the City's premises from the 1st till the 4th of February 2016. The auditor reports of the reviews and interim audit with management comments are attached to this document.

ECONOMIC, SOCIAL, ENVIRONMENTAL & CULTURAL ISSUES:

Economic:

There are no economic impacts.

Social:

There are no social impacts.

Environmental:

There are no environmental impacts.

Cultural & Heritage:

There are no cultural or heritage impacts.

RELEVANT PRECEDENTS:

There are no relevant precedents.

COMMUNITY/COUNCILLOR CONSULTATION:

There has been no community/councillor consultation.

LEGISLATIVE/POLICY IMPLICATIONS:

Regulation 5(2)(C) of the Local Government (Financial Management) Regulations 1996 and Regulation 17 of the Local Government (Audit) Regulations 1996.

FINANCIAL AND RESOURCE IMPLICATIONS:

There are no financial or resource implications.

INTEGRATED PLANNING LINKS:

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

REGIONAL OUTCOMES:

There are no impacts to regional outcomes.

Signed _____ Dated _____

RISK MANAGEMENT

The attached reports through the auditor notes describe the various levels of risk exposure of the organisation with recommendations and management action mitigating those risk levels to an acceptable level.

ALTERNATIVE OPTIONS CONSIDERED

There were no alternative options considered.

COMMITTEE DECISION:

That the Audit Committee pursuant to Sections 7.1C of the Local Government Act 1995 RESOLVES to:

1. **ADOPT** the Interim audit report
2. **ENDORSE** actions taken by staff to resolve any items identified in the audit report.
3. **INCLUDE** a standing item on the Audit Committee Agenda for Review of Compliance
4. **RECOMMEND** to Council that the Audit Committee Meetings will be held on a quarterly basis in alignment with key Audit dates.
5. **REQUIRE** a report on the Management Actions from the AMD 2016 Financial Management Systems Review to be presented to the Audit Committee at the next scheduled Committee Meeting.

ENDORSED UNOPPOSED

Actions for Noting

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

Signed_____ Dated_____

MEETING CLOSURE

There being no further business the meeting closed at 4.07pm.

Signed _____ Dated _____



Briefing Note

To: Audit Committee

From: Margot Adam, Governance Advisor.

Date: 3 March 2016

Subject: **Compliance Audit Return**

Agenda Reference: **AC 042 – Audit Committee**

File reference: **RM/6/0020**

Pursuant to the *Local Government Act 1995* (The Act) s 7.13 and regulation 14 of the *Local Government (Audit) Regulations 1996*, the City of Greater Geraldton Audit Committee reviewed the Compliance Audit Return (CAR) 2015, at the Committee meeting on 1 March 2016.

The Audit Committee is required to report the results of this review to Council prior to *adoption*, and submission to the Department no later than 31 March 2016.

Question one (1) of '*Delegation of Power/ Duty*' of the CAR (page 2) is in regard to delegations to committees by absolute majority of Council:

1. S5.16, s5.17, 5.18 '*Were all delegations to committees resolved by absolute majority*'

The response provided :

'N/A There were no delegations to committees.'

A Committee member raised questions regarding the above, and enquired whether Council had approved Delegations to any Committees, with particular reference to the Community Grants Advisory Committee .

Clarification was sought on whether Council had endorsed the delegation of powers or duties to the Community Grants Advisory Committee pursuant to s 5.16 of the Act.

Consequently the Audit Committee endorsed the following:

1. **ENDORSE the results of the Compliance Audit Return 2015 subject to a review of the section 'Delegation of Power/ Duty', regarding whether**





Delegation of Authority has been made, by Council, to the Community Grants Committee, and consequent review of related questions, if applicable.

2. REPORT the results of the Compliance Audit Return 2015 to Council at the Ordinary meeting to be held on 22 March 2016.

The Audit Committee requested that a response be provided, prior to the Agenda Forum on 15 March 2016, confirming that there is no delegation to the Committee and that the Compliance Audit Return is correct.

The following information is provided in response to this request:

Council Policy CP033 Community Funding

Council Policy CP033 was endorsed by Council on 28 February 2012 (CS049) with the following approvals process for Community Grants:

- 1.11 Applications for this program will be assessed by the Community Grants Advisory Committee which will make recommendations to the CEO.*
- 1.12 The CEO has delegated authority to endorse the projects and their funding allocations as recommended by the Community Grants Advisory Committee, or to make changes, if necessary. Any changes to Committee recommendations are to be referred to Council for consideration.*

Council has made no delegation under s 5.16 of the Act to the Community Grants Advisory Committee.

The Council policy authorises the Chief Executive Officer to authorise payment (within the limit of purchasing authority delegated by Council to the CEO) of grants as recommended by the Committee.

The Compliance Audit Return 2015 is therefore correct.

Attached for your reference is Council Policy CP 033 Community Grants.