



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

PROONENT:

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 _____
