

AC066	AUDIT REVIEWS FOR CITY OF GREATER GERALDTON
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<b>AGENDA REFERENCE:</b>	<b>D-18-017125</b>
<b>AUTHOR:</b>	<b>A van der Weij, Financial Accountant</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>1 March 2018</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>ATTACHMENTS:</b>	<b>Yes (x4)</b>
	<b>A. Financial Management Systems Review</b>
	<b>B. Audit Regulation 17 Review</b>
	<b>C. Interim Audit Letter</b>
	<b>D. Fleet Management Internal Audit</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to present to the Audit Committee the reports from the auditor of the Financial Management Systems Review (session 1), Audit Regulation 17 Review, Interim Audit and the Fleet Management Internal Audit.

**EXECUTIVE RECOMMENDATION:**

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

1. ADOPT the Financial Management Systems Review, Audit Regulation 17 Review, Interim Audit Management Letter and Fleet Management Internal Audit Report;
2. ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the reports; and
3. REQUIRE progress 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 Systems Review (FMSR) 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.  
Council completed a FMSR in February 2016. The attached report represents the first of two sessions with the second session scheduled for February 2020.
- B. In accordance with Audit Regulation 17 of the Local Government (Audit) Regulations 1996, Local Governments CEO's are required to undertake a review of the appropriateness and effectiveness of a local  
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government's systems in relation to risk management, internal control and legislative compliance once every 2 calendar years from the first review completion date (31<sup>st</sup> of December 2014). The second review was conducted in February 2016.

- C. The interim site audit was conducted by AMD Chartered Accountants from the 5<sup>th</sup> to the 8<sup>th</sup> of February 2018. It should be noted that the letter attached is not part of the formal audit reporting process. The letter is provided for general information purposes only and meant to highlight matters raised and, where applicable, to be attended to at the year end audit.
- D. The Audit Committee at their meeting on 21 February 2017 endorsed the implementation of the Strategic Internal Audit Plan. The City's Vehicle Fleet Management is the second area being audited as part of this Audit plan. AMD Chartered Accountants was selected as the preferred auditor under the Request for Quotation (RFQ) process.

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

#### **Community:**

There are no community impacts.

#### **Environment:**

There are no environment impact.

#### **Economy:**

There are no economic impacts.

#### **Governance:**

There are no governance impacts.

### **RELEVANT PRECEDENTS:**

The Audit Committee regularly reviews reports relating to the auditing processes of the City and the Audit function, (AC087 Information Technology Internal Audit report, AC058 Audit report 2016/2017 2 October 2017).

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

There has been consultation

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

Pursuant to Regulation 16 *Local Government (Audit) Regulations 1996:*

#### **16. Audit committee, functions of**

*An audit committee —*

*(a) Is to provide guidance and assistance to the local government —*

*(i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*

*(ii) as to the development of a process to be used to select and appoint a person to be an auditor; and*

*(b) may provide guidance and assistance to the local government as to —*

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- (i) matters to be audited; and
- (ii) the scope of audits; and
- (iii) its functions under Part 6 of the Act; and
- (iv) the carrying out of its functions relating to other audits and other matters related to financial management;

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

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternatives have been considered.

**COMMITTEE DECISION**

**MOVED Cr Caudwell, SECONDED Cr Freer**

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

- 1. ADOPT the Financial Management Systems Review, Audit Regulation 17 Review, Interim Audit Management Letter and Fleet Management Internal Audit Report;**
- 2. ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the reports; and**
- 3. REQUIRE progress on implementation of the proposed management actions, at the next Audit Committee Meeting**

**CARRIED 3/0**

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