



AUDIT COMMITTEE MEETING  
MINUTES

12 MARCH 2019

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**CITY OF GREATER GERALDTON****AUDIT COMMITTEE MEETING  
TO BE HELD ON TUESDAY 12 MARCH 2019 AT 3.30PM  
IN THE COMMITTEE MEETING ROOM – CIVIC CENTRE****A G E N D A****1 DECLARATION OF OPENING**

The meeting was declared open at 3:32pm by Chairman Mayor Shane Van Styn.

**2 ATTENDANCE****Present:**

Mayor S Van Styn  
Cr N McIlwaine  
Cr L Freer  
Cr D Caudwell

**Officers:**

R McKim, CEO  
P Radalj, Manager Treasury and Finance  
T Machukera, Financial Accountant (Acting)  
M Adam, Coordinator Governance (*Minutes*)  
L Taylor, Administration Corporate Services (*Minutes*)

**By Invitation:**

Nil

**Apologies:**

Nil

**Leave of Absence:****3 CONFIRMATION OF PREVIOUS MINUTES**

Recommendation: That the minutes of the City of Greater Geraldton Audit Committee meeting held on 23 October 2018 as attached be accepted as a true and correct record of proceedings.

**COMMITTEE DECISION**

**MOVED Cr CAUDWELL, SECONDED Cr FREER**

**That the minutes of the City of Greater Geraldton Audit Committee meeting held on 23 October 2018 ,as attached, be accepted as a true and correct record of proceedings.**

**CARRIED 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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#### 4 ITEMS FOR AUDIT COMMITTEE REVIEW

AC075 FINANCIAL MANAGEMENT SYSTEMS REVIEW – PART 2	
<b>AGENDA REFERENCE:</b>	<b>D-19-009291</b>
<b>AUTHOR:</b>	<b>R Doughty, Financial Accountant</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>7 February 2019</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1)</b>
	<b>A. Financial Management Systems Review (Part 2)</b>

#### **EXECUTIVE SUMMARY:**

The purpose of this report is to present to the Audit Committee the report from the auditor of the Financial Management Systems Review (Part 2).

#### **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 (Part 2);
2. ENDORSE actions taken or proposed to be taken by staff to resolve any items identified in the report; and
3. ADD any active action to the existing schedule to be reviewed at the next Audit Committee meeting.

#### **PROPONENT:**

The proponent is the City of Greater Geraldton.

#### **BACKGROUND:**

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) 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.

Council completed FMSR (Part 1) in February 2018. The attached report represents the second of two sessions.

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

##### **Community:**

There are no adverse community impacts.

##### **Environment:**

There are no adverse environment impacts.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**Economy:**

There are no adverse economic impacts.

**Governance:**

There are no adverse governance impacts.

**RELEVANT PRECEDENTS:**

The Audit Committee regularly reviews reports relating to the auditing processes of the City and the Audit function – 15 March 2018 (Part 1) Financial Management Systems Review.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

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

*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*
  
- (f) *to oversee the implementation of any action that the local government –*
  - (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)*

**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.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

*Mayor Van Styn Declared an interest in item AC075 as his Security Company had a previous contract with the City of a similar nature.*

*Mayor Van Styn left the meeting at 3:35pm.*

*Deputy Mayor Cr Mcilwaine assumed the role of Chair for the discussion of the item.*

## **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 RESOLVES to:**

- 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; and**
- 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.**

**Note: The Audit Committee raised the issue of mitigating risks in relation to staff currently involved in Cash Transfer Processes.**

**Carried 3/0**

*Mayor Van Styn returned to the Meeting at 3:52pm*

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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<b>AC076 OFFICE OF THE AUDITOR GENERAL – AUDIT AGREEMENT</b>	
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<b>AGENDA REFERENCE:</b>	<b>D-19-011309</b>
<b>AUTHOR:</b>	<b>R Doughty, Financial Accountant</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>13 February 2019</b>
<b>FILE REFERENCE:</b>	<b>Go/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1)</b> <b>A. Letter - Arrangements for the Audit of the Annual Financial Report</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to inform the Audit Committee about the correspondence received from Office of the Auditor General with relation to the 2018/19 annual financial statements audit.

**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 responsibilities under the arrangements by the Office of the Auditor General for the annual audit of the City's annual financial statements.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Local Government Amendment (Auditing) Act 2017 was proclaimed on 28 October 2017. The Auditor General has been given the mandate to:

- audit the financial reports of WA's 148 local governments and regional councils (local government entities);
- conduct performance audits of local government entities;
- perform supplementary audits requested by the Minister for Local Government; and
- report to Parliament on the results of financial and performance audits

The mandate for the Office of the Auditor General (OAG) to conduct performance audits started on 28 October 2017, and a staged transition approach has been taken for financial audits. The Auditor General is gradually taking responsibility for local government financial audits as their existing audit contracts expire.

The City's financial audit contract with AMD expired after the completion of the 2017/18 audit. The Auditor General will be conducting the City's financial audits

Signed \_\_\_\_\_ Dated \_\_\_\_\_

from 2018/19 onwards, AMD has been appointed as the OAG's contractor for the 2018/19 audit of the City's annual financials.

### **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:**

There are no adverse governance impacts.

### **RELEVANT PRECEDENTS:**

There are no relevant precedents.

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

There has been no community/councillor consultation.

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

There are no legislative or policy implications.

### **FINANCIAL AND RESOURCE IMPLICATIONS:**

Audit costs have yet to be confirmed by OAG under this new arrangement but there is an expectation that these annual costs will increase under the new system of auditing.

### **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**

There are no risks to manage.

### **ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternatives have been considered.

Signed \_\_\_\_\_ Dated \_\_\_\_\_



**COMMITTEE DECISION**

**MOVED Cr MCILWAINE, SECONDED Cr FREER**

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

- 1. NOTE the responsibilities under the arrangements by the Office of the Auditor General for the annual audit of the City's annual financial statements.**

**Carried 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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<b>AC077 BUSINESS CONTINUITY MANAGEMENT PROGRAM</b>
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<b>AGENDA REFERENCE:</b>	<b>D-19-011735</b>
<b>AUTHOR:</b>	<b>J Graham, Manager Corporate Services</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>12 March 2019</b>
<b>FILE REFERENCE:</b>	<b>RM/6/0012</b>
<b>ATTACHMENTS:</b>	<b>Yes (X 3)</b>
	<b>A. Briefing Note Desktop Exercise - 2 November 2018</b>
	<b>B. Briefing Note ICT Business Continuity and Disaster Recovery Testing - 8 December 2018</b>

**EXECUTIVE SUMMARY:**

The purpose of this report is to provide an update to the Audit Committee as to the City of Greater Geraldton's Business Continuity Management (BCM) Program.

**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 development of the City of Greater Geraldton's Business Continuity Management Program;
2. NOTE that reports were supplied to council after each BCM exercise was conducted, as previously requested by the Audit committee; and
3. REQUIRE the CEO to report back to the Audit Committee the ongoing status of the Program.

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

As per the report AC069, the City has completed a desktop and a live ICT exercise of its BCM plans. These exercises identified some improvements required to the City's BCM, however in general the exercises demonstrated the effectiveness of the program.

The following briefing notes were provided to Council in connection to these exercises:

- Business Continuity Management Desktop Exercise (2 November 2018).
- Briefing Note ICT Business Continuity and Disaster Recovery Testing - Summary of Activities (10 December 2018).

Following on from these exercises the City has established a BCM program. This program has scheduled monthly desktop exercises for each BCM critical

Signed \_\_\_\_\_ Dated \_\_\_\_\_

function sub plan. The intent of this process is to ensure that all sub plans have had a desktop validation with all stakeholders prior to the annual full live test.

The City's BCM working group will oversee the program and provide progress reports to the Executive Management Team quarterly.

### **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:**

There are no adverse governance impacts.

### **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

### **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 & Communities Integrated Planning
- City of Greater Geraldton Risk Management Framework
- Council Policy 4.7 Risk Management
- Council Policy 4.25 Business Continuity Management

### **FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

### **INTEGRATED PLANNING LINKS:**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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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:**

There are no impacts to regional outcomes.

**RISK MANAGEMENT**

The BCM program is a critical risk mitigation strategy to manage disruption to City operations. Its successful implementation has better equipped the City to deal with a potential disaster and/or disruption to services.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternative options were considered as the BCM program has been previously reviewed and approved.

**COMMITTEE DECISION****MOVED Cr MCILWAINE SECONDED Cr CAUDWELL**

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

1. **NOTE** the development of the City of Greater Geraldton's Business Continuity Management Program;
2. **NOTE** that reports were supplied to council after each BCM exercise was conducted, as previously requested by the Audit committee; and
3. **REQUIRE** the CEO to report back to the Audit Committee the ongoing status of the Program.

**Carried 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

<b>AC078 MANAGEMENT ACTIONS ON INTERNAL AUDITS</b>
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<b>AGENDA REFERENCE:</b>	<b>D-19-012530</b>
<b>AUTHOR:</b>	<b>P Radalj, Manager Treasury/Finance</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate &amp; Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>18 February 2019</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>ATTACHMENTS:</b>	<b>Yes (X1)</b> <b>A. Update Schedule – Management Actions on Internal Audit</b>

**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 23 October 2018 endorsed the following recommendation:

1. *NOTE the Report on the management actions on the AMD Financial Systems Review, Regulation 17 Review, and Fleet Management Review 2018 as recorded in the attached worksheets - Attachment AC073(A-C).*
2. *Require the CEO to implement a review process for ongoing actions resulting from the auditor's findings, and record the details of the review process on the schedule of management actions.*

The attached report – Attachment AC078 provides the Committee with an updated schedule. The report includes management actions that remained active and/or were still to be completed per previous report 23 October 2018 and includes new actions from the Financial Management System Review conducted December 2018.

**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:**

There are no adverse governance impacts.

**RELEVANT PRECEDENTS:**

Report previously provided to Committee 23 October 2018.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

Local Government (Audit) Amendment Regulations 2013 Regulation 17.

**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**

Internal Audit program implemented by the City to regular review and assess the adequacy and effectiveness of systems and controls and legislative compliance assists the City by identifying and evaluating exposures to risk and actions to be taken in the improvement to risk management and control systems.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternatives have been considered.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**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 RESOLVES to:**

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

**Carried 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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AC079	PROCUREMENT AUDIT – ACTION PLAN
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<b>AGENDA REFERENCE:</b>	<b>D-19-01259</b>
<b>AUTHOR:</b>	<b>P Radalj, Manager Treasury &amp; Finance</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>20 February 2019</b>
<b>FILE REFERENCE:</b>	<b>FM/3/0003</b>
<b>ATTACHMENTS:</b>	<b>Yes( x 1)</b>
	<b>A. Procurement Action Plan</b>

**EXECUTIVE SUMMARY:**

The purpose of this item is to provide Council with an update of the process and actions taken in relation to the Procurement Audit undertaken by the Office of Auditor General and Report that was presented to the previous Audit Committee meeting.

**EXECUTIVE RECOMMENDATION:**

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

1. ACKNOWLEDGE the City has met the requirements under Section 7.12A (4) & (5) in addressing matters raised in the Office of Auditors General Procurement Audit Report (September 2018).

**PROPONENT:**

The proponent is the City of Greater Geraldton.

**BACKGROUND:**

The Office of the Auditor General (OAG) commenced a Procurement Audit of the City of Greater Geraldton late 2017. The Audit was concluded in mid-2018 after two site visits and numerous pieces of correspondence between the OAG and the City, with a final report being provided in September 2018.

The Local Government Act under section 7.12A (4) & (5) sets out what a Local Government must do in relation to the Audit Report received:

- 4) *A local government must —*
  - (a) *prepare a report addressing any **matters identified as significant** by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
  - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- 5) *Within 14 days after a local government gives a report to the Minister under subsection (4) (b), the CEO must publish a copy of the report on the local government's official website.*

Under this section of the Act ambiguity arose in relation to whether Councils were required to address the matters identified as significant in the OAG Audit

Signed \_\_\_\_\_ Dated \_\_\_\_\_



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Report (the report tabled in Parliament) or the matters raised as significant in the individual Management Letters provided to each Council. Subsequently, the City approached the Department of Local Government in seeking legislative clarification on our obligations and correct process to follow.

The following is the advice received from the Department:

*'DLG are seeking legislative clarification on the obligations and responsibilities of both the Department and individual LG's under the Act and Regulations relating to Performance Audits undertaken by OAG. Once a determination is made on what the obligations and responsibilities are and depending on the outcome of that determination, then the industry as a whole will be advised.'*

*'Until this determination is made, the following interim approach is recommended to use the Performance Audit report (Management Letter) issued to CGG individually and prepare an Action Plan for any items marked as "Significant", present this to the Audit Committee, publish it on our website and provide a copy to DLG (rather than the Minister).'*

The City (attachment AC079) undertook the actions as recommended and has published the Action Plan on our website and provided a copy of this to DLG. The latest communication from DLG advised that they intend to send out a notification or circular to the Local Government sector advising LGs of their obligations in regard to compliance with section 7.12A(4) & (5) of the LG Act. They also intend to provide a non-prescribed "template" for suggested use by LGs when providing the report to the Minister. However, they would prefer that LGs provide the Department instead of the Minister with the report on significant matters including significant adverse trends and any matters concerning a qualified audit.

It has been determined that the reporting obligations and placing the report on a local government's official website applies to both Financial Audits as well as Performance Audits that are conducted by the Office of the Auditor General.

## **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:**

Performance Audits are undertaken to achieve the following:

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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- **Risk Management**

*“The activity should assist the organisation by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.”*

- **Controls**

*“The activity should assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.”*

- **Governance**

*“The activity should assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:*

- ❖ *Promoting appropriate ethics and values within the organization.*
- ❖ *Ensuring effective organisational performance management and accountability.*
- ❖ *Effectively communicating risk and control information to appropriate areas of the organisation.*
- ❖ *Effectively coordinating the activities of and communicating information among the Council, external and internal auditors and management.*

**RELEVANT PRECEDENTS:**

The City has held regular audits of its financial and management systems which (results) have been relayed back to the Committee. This is the first external audit by the Office of the Auditor General.

**COMMUNITY/COUNCILLOR CONSULTATION:**

There has been no community/councillor consultation.

**LEGISLATIVE/POLICY IMPLICATIONS:**

The Auditor General has now (as of July 2017) the authority to review Local Government Authorities. Any action arising from this report would link back to the *Local Government Act 1995* and Regulations.

**FINANCIAL AND RESOURCE IMPLICATIONS:**

There are no financial or resource implications.

**INTEGRATED PLANNING LINKS:**

<b>Title: Governance</b>	<b>Good Governance &amp; Leadership</b>
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.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

**RISK MANAGEMENT**

Performance Audits review and assess the adequacy and effectiveness of specific systems and controls and legislative compliance that assist the City in identifying and evaluating exposures to risk and actions to be taken in the improvement to risk management and control systems.

**ALTERNATIVE OPTIONS CONSIDERED BY CITY OFFICERS**

No alternative course of action was considered.

**COMMITTEE DECISION**

**MOVED Cr MCILWAINE, SECONDED Cr FREER**

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

- 1. ACKNOWLEDGE the City has met the requirements under Section 7.12A (4) & (5) in addressing matters raised in the Office of Auditors General Procurement Audit Report (September 2018).**

**Carried 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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## 5 COMPLIANCE REVIEW – STANDING ITEM

### AC080 COMPLIANCE AUDIT RETURN 2018

<b>AGENDA REFERENCE:</b>	<b>D-19-001958</b>
<b>AUTHOR:</b>	<b>M Adam, Governance Coordinator</b>
<b>EXECUTIVE:</b>	<b>B Davis, Director Corporate and Commercial Services</b>
<b>DATE OF REPORT:</b>	<b>11 January 2019</b>
<b>FILE REFERENCE:</b>	<b>GO/11/0020</b>
<b>ATTACHMENTS:</b>	<b>Yes (x1) A. Compliance Audit Return 2018</b>

#### **EXECUTIVE SUMMARY:**

The purpose of this report is to submit the 2018 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 2018; and
2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2018, at the Ordinary Meeting of Council on 26 March 2019.

#### **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 2018 to 31 December 2018 against the requirements set out in the CAR.

The 2018 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 community impacts.

##### **Environment:**

There are no environment impact.

##### **Economy:**

There are no 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 2017 Compliance Audit Return for the City of Greater Geraldton on 15 March 2018, AC061.

**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

Signed \_\_\_\_\_ Dated \_\_\_\_\_

adoption before being submitted to the Department of Local Government. The City is required to provide this to the Department prior to 31 March 2019. 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 MCILWAINE, SECONDED Cr FREER**

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

- 1. ENDORSE the results of the Compliance Audit Return 2018; and**
- 2. REPORT to Council the results of the Audit Committee review of the Compliance Audit Return 2018, at the Ordinary Meeting of Council on 26 March 2019.**

**Carried 4/0**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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**6 GENERAL BUSINESS*****Business Continuity Generator Connectivity***

A provision has been made in next year's draft capital works program for the installation of the changeover switch at the civic centre (\$27,000).

**R McKim**

AMD has a contract with the Office Auditor General. RFQ to go out for Tender for Internal Audit Programs.

**Paul Radalj**

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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**7 MEETING CLOSURE**

There being no further business the meeting was declared closed at 4.18 pm.

Signed \_\_\_\_\_ Dated \_\_\_\_\_

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