



Audit Committee

Minutes

25 February 2022

City of Bunbury
4 Stephen Street
Bunbury WA 6230
Western Australia

Correspondence to:
Post Office Box 21
Bunbury WA 6231



Audit Committee Terms of Reference

The duties and responsibilities of the committee will be:

- a) *Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits and matters related to financial management;*
- b) *Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;*
- c) *Liaise with the CEO to ensure that the local government does everything in its power to:*
 - *assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and*
 - *ensure that audits are conducted successfully and expeditiously;*
- d) *Examine the reports of the auditor after receiving a report from the CEO on the matters to:*
 - *determine if any matters raised require action to be taken by the local government; and*
 - *oversee the implementation of any action so determined in respect of those matters;*
- e) *Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;*
- f) *Review the scope of the internal audit plan and program and its effectiveness;*
- g) *Review the appropriateness of special internal audit assignments undertaken by internal audit at the request of Council or the CEO;*
- h) *Review the level of resources allocated to internal audit and the scope of its authority;*
- i) *Review reports of internal audits, monitor the implementation of recommendations made by the audit and review the extent to which Council and management reacts to matters raised;*
- j) *Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs;*
- k) *Review the local government's draft annual financial report, focusing on:*
 - *accounting policies and practices;*
 - *changes to accounting policies and practices;*
 - *the process used in making significant accounting estimates;*
 - *significant adjustments to the financial report (if any) arising from the audit process;*
 - *compliance with accounting standards and other reporting requirements; and*
 - *significant variances from prior years;*
- l) *Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;*
- m) *Address issues brought to the attention of the committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;*
- n) *Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;*
- o) *Review the annual Compliance Audit Return and report to the council the results of that review,*
- p) *Having regard to the culture and capability of the organisation, consider the CEO's reviews of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the committee, and report to the council the results of those reviews;*
- q) *Monitor and advise the CEO when the CEO is carrying out functions in relation to a review of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance;*
- r) *Oversee the implementation of any action required following receipt of the review of the appropriateness and effectiveness of the local government's systems and procedures in regard to risk management, internal control and legislative compliance;*
- s) *Monitor and advise the CEO when the CEO is carrying out functions in relation to a review of the appropriateness and effectiveness of the financial management systems and procedures;*
- t) *Oversee the implementation of any action required following receipt of a review of the appropriateness and effectiveness of the financial management systems and procedures.*

Table of Contents

1. Declaration of Opening	4
2. Disclaimer	4
3. Announcements from the Presiding Member	4
4. Attendances.....	4
4.1 Apologies.....	5
4.2 Approved Leave of Absence.....	5
5. Declaration of Interest	5
6. Public Question Time.....	5
7. Confirmation of Minutes	5
8. Presentations.....	5
9. Method of Dealing with Agenda Business	5
10. Reports.....	6
10.1 2021 Compliance Audit Return	6
10.2 Employee Leave Balances	9
10.3 Audit Findings Database.....	11
11. Questions from Members.....	13
11.1 Response to Previous Questions from Members taken on Notice.....	13
11.2 Committee Discussion and Questions from Members	13
12. Urgent Business	13
13. Date of Next Meeting	13
14. Close of Meeting.....	13

Acknowledgement of Country

We acknowledge the Traditional Custodians of this land, the Wardandi Noongar people, and pay our respects to Elders past, present and future.

Audit Committee - Minutes 25 February 2022

Members of the public to note that recommendations made by this committee are not final and will be subject to adoption (or otherwise) at a future meeting of the Bunbury City Council.

1. Declaration of Opening

The Presiding Member declared the meeting open at 10.07am, and in doing so acknowledged the Traditional Custodians of this land, the Wardandi Noongar People, and paid his respects to Elders past, present and emerging.

2. Disclaimer

Not applicable to this committee.

3. Announcements from the Presiding Member

Nil

4. Attendances

Committee Members:

Member Name	Representing
Mayor Jaysen Miguel	City of Bunbury
Cr Ben Andrew (Presiding Member)	City of Bunbury
Cr Cheryl Kozisek	City of Bunbury
Mr John Barratt	Independent Member

Support Staff/Visitors:

Name	Title
Mr Greg Golinski	Manager Governance
Mr Mal Osborne	Chief Executive Officer
Mr David Ransom	Manager Finance
Mrs Karin Strachan	Director Strategy and Organisational Performance

4.1 Apologies

Cr Plumb

4.2 Approved Leave of Absence

Nil

5. Declaration of Interest

IMPORTANT: Committee members to complete a “Disclosure of Interest” form for each item on the agenda in which they wish to disclose a financial/proximity/impartiality interest. They should give the form to the Presiding Member <u>before</u> the meeting commences. After the meeting, the form is to be forwarded to the Administration Services Section for inclusion in the Corporate Financial Disclosures Register.
--

Nil

6. Public Question Time

Not applicable to this committee.

7. Confirmation of Minutes

Committee Decision: Moved: Cr Kozisek Seconded: Mr Barratt

The minutes of the Audit Committee Meeting held on 6 December 2021 are confirmed as a true and accurate record.

CARRIED

8. Presentations

Nil

9. Method of Dealing with Agenda Business

All items were dealt with in the order they appeared in the agenda.

10. Reports

10.1 2021 Compliance Audit Return

File Ref:	COB/2569
Applicant/Proponent:	Internal
Responsible Officer:	Leanne French, Senior Governance and Risk Officer
Responsible Manager:	Greg Golinski, Manager Governance
Executive:	Karin Strachan, Director Strategy and Organisational Performance
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Review <input type="checkbox"/> Executive/Strategic <input type="checkbox"/> Quasi-Judicial <input checked="" type="checkbox"/> Legislative <input type="checkbox"/> Information Purposes
Attachments:	Appendix 1: 2021 Compliance Audit Return

Summary

The purpose of this report is for Council to consider the Statutory Compliance Audit Return (the Return) for the calendar year 1 January to 31 December 2021.

Executive Recommendation

That the Audit Committee recommend that Council adopt the Statutory Compliance Audit Return for the City of Bunbury for the period 1 January to 31 December 2021.

Voting Requirement: Simple Majority

Strategic Relevance

Theme 4	Our City
Goal	Civic leadership, partnerships and sound governance in delivering with and for the community
Objective 4.4	A skilled organisation, which exercises responsible asset stewardship, sound financial management, and exemplary customer service

Regional Impact Statement

Not applicable

Background

Each year the Department of Local Government, Sport and Cultural Industries requires local governments to conduct an annual assessment of their compliance with key components of the *Local Government Act 1995* (the Act) and associated Regulations. The 2021 Return is to be provided to the Department by 31 March 2022.

Council Policy Compliance

There is no current Council Policy relevant to this item.

Legislative Compliance

Completion of the statutory Compliance Audit Return is a requirement under the provisions of section 7.13(1)(i) of the *Local Government Act 1995* and regulations 13 and 14 of the *Local Government (Audit) Regulations 1996*.

Officer Comments

In the absence of an Internal Auditor (position currently vacant), the Chief Executive Officer, Directors and relevant Managers are provided with copies of the relevant sections of the Return for assessment and completion. The final Return is then compiled on-line at the end of the review period using information provided. Any comments, where appropriate, are included in the Return to assist in either validating compliance or explaining non-compliance.

Completion of the relevant sections of the Return effectively requires a number of ad-hoc internal audits, which assist the City to ensure that operations meet the statutory requirements of the Act and associated Regulations.

Based on the information provided, nothing came to attention that would suggest an instance of non-compliance.

Analysis of Financial and Budget Implications

Nil

Community Consultation

Community Consultation has not been sought on this matter.

Elected Member/Officer Consultation

Relevant Officers and the Executive Leadership Team have been consulted in relation to the completion of the 2021 Return, which is now presented to the Audit Committee for consideration.

Applicant Consultation

Not applicable.

Timeline: Council Decision Implementation

Submission of the Return to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.

Outcome of Meeting – 25 February 2022

General discussion took place in relation to this item.

The executive recommendation as printed was moved by Mr Barratt and seconded by Cr Kozisek and was carried unanimously as follows:

That the Audit Committee recommend that Council adopt the Statutory Compliance Audit Return for the City of Bunbury for the period 1 January to 31 December 2021.

10.2 Employee Leave Balances

File Ref:	COB/4511	
Applicant/Proponent:	Internal	
Responsible Officer:	Mal Osborne, Chief Executive Officer	
Responsible Manager:	Mal Osborne, Chief Executive Officer	
Executive:	Mal Osborne, Chief Executive Officer	
Authority/Discretion	<input type="checkbox"/> Advocacy <input type="checkbox"/> Executive/Strategic <input checked="" type="checkbox"/> Legislative	<input type="checkbox"/> Review <input type="checkbox"/> Quasi-Judicial <input checked="" type="checkbox"/> Information Purposes
Attachments:	Confidential Appendix 2: Employee Leave Balances as at 31 December 2021	

Summary

The purpose of this report is to provide the Audit Committee with information relating to Annual Leave Accruals for City staff.

Executive Recommendation

That the Audit Committee receive the update.

Voting Requirements: Simple Majority

Strategic Relevance

Theme 4: Our City
 Goal: Civic leadership, partnerships and sound governance in delivering with and for the community
 Objective 4.4 A skilled organisation, which exercises responsible asset stewardship, sound financial management, and exemplary customer service

Regional Impact Statement

N/A

Background

The CEO has previously been requested by the Committee to provide a recurring report concerning accrued staff leave. This was requested on the basis of the risk presented to the City in carrying excessive leave liabilities.

This report fulfils this requirement and is provided bi-annually as at 30 June and 31 December each year.

Council Policy Compliance

There are no Council policies relating to this report.

Legislative Compliance

N/A

Officer Comments

The attached report (Appendix 2) detail the City's leave liabilities as at 31 December 2021. Note that the figures represent liabilities in excess of annual entitlements (4 or 5 weeks depending on the Officer) and also liabilities in excess of 8 weeks, which is defined by Fair Work Australia as being "excessive".

Analysis of Financial and Budget Implications

Nil

Community Consultation

N/A

Elected Member/Officer Consultation

This matter is presented to the Committee for consideration.

Timeline: Council Decision Implementation

Effective immediately once adopted by Council.

Outcome of Meeting – 25 February 2022

General discussion took place in relation to this item, and in particular the effect that Covid has had on the increase in leave liabilities.

The executive recommendation as printed was moved by Cr Kozisek and seconded by Mr Barratt and was carried unanimously as follows:

That the Audit Committee receive the update.

10.3 Audit Findings Database

File Ref:	COB/603		
Applicant/Proponent:	Internal		
Responsible Officer:	Greg Golinski, Manager Governance		
Responsible Manager:	Greg Golinski, Manager Governance		
Executive:	Karin Strachan, Director Strategy and Organisational Performance		
Authority/Discretion	<input type="checkbox"/> Advocacy	<input type="checkbox"/> Review	
	<input type="checkbox"/> Executive/Strategic	<input type="checkbox"/> Quasi-Judicial	
	<input type="checkbox"/> Legislative	<input checked="" type="checkbox"/> Information Purposes	
Attachments:	Confidential Appendix 3: Audit Findings Database		

Summary

The City of Bunbury has established a database and follow-up process to monitor and ensure that management's actions to audit findings (both internal and external) have been effectively implemented.

The database (as presented at Appendix 3) is presented to the Audit Committee for information and discussion as necessary.

Executive Recommendation

That the Committee note the information provided in this report.

Voting Requirement: Simple Majority

Strategic Relevance

Theme 4	Our City
Goal	Civic leadership, partnerships and sound governance in delivering with and for the community
Objective 4.4	A skilled organisation, which exercises responsible asset stewardship, sound financial management, and exemplary customer service

Regional Impact Statement

N/A

Background

The International Standards for the Professional Practice of Internal Auditing requires the Internal Audit Coordinator to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not acting.

Appendix 3 has been developed to capture audit findings from all engagements, both internal and external.

Council Policy Compliance

N/A

Legislative Compliance

The International Standards for the Professional Practice of Internal Auditing 2500.A1

Officer Comments

The Appendix is self-explanatory. The City is in the process of attempting to recruit for the current Internal Auditor vacancy, which in the current market is proving challenging. Whilst the register continues to be updated as recommendations arise from various audit engagements, follow-up and testing has not been undertaken since the vacancy arose some 12 months ago. The annual internal audit plan has also been paused during this period.

Analysis of Financial and Budget Implications

N/A

Community Consultation

N/A

Councillor/Officer Consultation

This matter is presented to the Committee for information.

Applicant Consultation

N/A

Timeline: Council Decision Implementation

N/A

Outcome of Meeting – 25 February 2022

General discussion took place in relation to this item.

The executive recommendation as printed was moved by Mr Barratt and seconded by Cr Kozisek and was carried unanimously as follows:

That the Committee note the information provided in this report.

11. Questions from Members

11.1 *Response to Previous Questions from Members taken on Notice*

Nil

11.2 *Committee Discussion and Questions from Members*

Nil

12. Urgent Business

Nil

13. Date of Next Meeting

TBC pending timing of the interim audit, which will commence in March 2022.

14. Close of Meeting

The Presiding Member closed the meeting at 10.25am.