



Audit Committee

Minutes

4 March 2021

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.*

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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.

Minutes 4 March 2021

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 10.00am.

2. Disclaimer

Not applicable to this committee.

3. Announcements from the Presiding Member

Nil

4. Attendances

Committee Members:

Member Name	Representing
Mayor Gary Brennan	City of Bunbury
Cr Jaysen Miguel (Presiding Member)	City of Bunbury
Cr Cheryl Kozisek	City of Bunbury
Mr Stephen Foster	Community Member
Mr John Barratt	Community Member

Support Staff/Visitors:

Name	Title
Mr Greg Golinski	Manager Governance
Mr David Ransom	Manager Finance
Mrs Leanne French	Senior Governance Officer
Mr Dave Chandler	Director Strategy and Organisational Performance

4.1 Apologies

Mal Osborne, CEO

4.2 Approved Leave of Absence

Nil

5. Declaration of Interest

Nil

6. Public Question Time

Not applicable to this committee.

7. Confirmation of Minutes

Committee Decision: Moved: Mayor Brennan Seconded: Mr Foster

The minutes of the Audit Committee Meeting held on 2 December 2020 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 2020 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:	David Chandler, 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: 2020 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 2020.

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 2020.

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 2020 Return is to be provided to the Department by 31 March 2021.

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

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 2020 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 2021.

Outcome of Meeting – 4 March 2021

The Executive Recommendation as printed was moved by Mayor Brennan 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 2020.

10.2 Employee Leave Balances

File Ref:	COB/3797
Applicant/Proponent:	Internal
Responsible Officer:	David Ransom, Manager Finance
Responsible Manager:	David Ransom, Manager Finance
Executive:	Dave Chandler, 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:	Confidential Appendix 2: Employee Leave Balances as at 31 December 2020

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 2020. 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 – 4 March 2021

The Mayor queried the adverse trend for the number of staff with excessive leave in the Sustainable Communities and Infrastructure Directorates during the last 6 month period. The Manager Finance indicated that although a biannual report in this regard can be useful, it's best to wait for the end of each full 12month period in assessing trends, as staff may utilise their leave entitlements during the next reporting period.

The Executive Recommendation with amendment was moved by Mayor Brennan and seconded by Mt Foster and was CARRIED unanimously as follows:

That the Audit Committee receive the update and note the adverse excessive leave trend in the Sustainable Communities and Infrastructure directorates for the current reporting period, to be reviewed again as at 30 June 2021.

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:	Dave Chandler, 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 Director Strategy and Performance will discuss with the Committee the current status of the City's Internal Audit program in the context of the City's transformation project.

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 – 4 March 2021

Mr Foster asked about some detail regarding the transformation project, as it has been referenced within the Audit Findings Database as a catalyst for driving improvement in some of the recommendations relating to risk management in particular.

The Director Strategy and Organisational Performance provided a high level overview of the transformation project, and how it will create the framework, resources, and action plan on how to build a better organisation. It will enable the City to make fundamental changes to people, processes, and technology, in addition to implementing new and improved business capabilities. Ultimately the project will enhance the City's ability to impact the community, build reputation and operate more effectively. The Director agreed to provide the committee (in confidence) with the current draft of the Transformation Project Plan, which provides further detail as to project outcomes.

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 following the timing of the Interim Audit by OAG/AMD.

14. Close of Meeting

The Presiding Member closed the meeting at 10.26am.

These minutes were confirmed as a true and accurate record by the Audit Committee at its meeting held on 28 July 2021 2021.

Signed: _____

Cr Jaysen Miguel - Chair