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CITY OF BUSSELTON

MINUTES FOR THE AUDIT COMMITTEE MEETING HELD ON 14 MARCH 2018

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MINUTES

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD IN THE COMMITTEE ROOM, ADMINISTRATION BUILDING, SOUTHERN DRIVE, BUSSELTON, ON 14 MARCH 2018 AT 11.00AM.

1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Presiding Member opened the meeting at 11.00am.

2. ATTENDANCE

Presiding Member:

Cr Paul Carter

Members:

Cr Grant Henley Mayor
Cr Kelly Hick

Officers:

Mr Tony Nottle, Director, Finance and Corporate Services
Mr Cliff Frewing, A/ Director, Community and Commercial Services

Apologies

Nil

3. PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Audit Committee Meeting held 2 November 2017

COMMITTEE DECISION

AU1803/026 Moved Councillor G Henley, seconded Councillor K Hick

That the Minutes of the Audit Committee Meeting held 2 November 2017 be confirmed as a true and correct record.

CARRIED 3/0

6. REPORTS

6.1 COMPLIANCE AUDIT RETURN 2017

SUBJECT INDEX:	Reporting and Compliance
STRATEGIC OBJECTIVE:	Governance systems, process and practices are responsible, ethical and transparent.
BUSINESS UNIT:	Finance and Corporate Services
ACTIVITY UNIT:	Governance Services
REPORTING OFFICER:	Manager Financial Services - Kim Dolzadelli
AUTHORISING OFFICER:	Director Finance and Corporate Services - Tony Nottle
VOTING REQUIREMENT:	Absolute Majority
ATTACHMENTS:	Attachment A Compliance Audit Return 2017 ⇒

PRÉCIS

The Compliance Audit Return (CAR) relating to the activities of the City of Busselton during 2017 has been completed. The return is a statutory obligation and covers a range of requirements under the *Local Government Act 1995* and various Regulations.

The completed Compliance Audit Return is attached to this report (*refer Attachment A*) for the consideration of the Council. The return is recommended for adoption, after which it will be forwarded to the Department of Local Government, Sport and Cultural Industries as required by 31 March 2018.

BACKGROUND

The Department of Local Government, Sport and Cultural Industries has made available the 2017 Compliance Audit Return (CAR) for completion.

The Local Government Act 1995 Section 7.13 requires a Local Government to complete the Compliance Audit Return in the form specified by the Department of Local Government, Sport and Cultural Industries. The Local Government Audit Regulations require the Return to be considered by the Audit Committee and submitted to the Department by 31 March.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Audit) Regulations 1996 Regulations 13, 14 and 15.

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 sub regulation (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.*

15. *Compliance audit return, certified copy of etc. to be given to Executive Director*

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
- (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
 - (b) *any additional information explaining or qualifying the compliance audit, is to be submitted to the Executive Director by 31 March next following the period to which the return relates.*
- (2) *In this regulation — **certified** in relation to a compliance audit return means signed by —*
- (a) *the mayor or president; and*
 - (b) *the CEO.*

RELEVANT PLANS AND POLICIES

Not applicable

FINANCIAL IMPLICATIONS

Nil

Long-term Financial Plan Implications

Nil

STRATEGIC COMMUNITY OBJECTIVES

The completed Compliance Audit Return 2017 aligns with and supports the **Council's Key Goal Area 6** – 'Leadership' and more specifically **Community Objective 6.1** – 'Governance systems, process and practices are responsible, ethical and transparent'.

The compliance assessment is one of the mechanisms that enable the organisation to ensure that it has governance systems that deliver responsible, ethical and accountable decision-making.

RISK ASSESSMENT

The whole process of the compliance assessment is about identifying risks to the organisation where non-compliant activities have potentially occurred.

CONSULTATION

The questions listed in the compliance return provided by the Department of Local Government, Sport and Cultural Industries have been responded to by designated council staff responsible for the actions required to comply with the appropriate legislation.

OFFICER COMMENT

The attached Compliance Audit Return demonstrates that the organisation has a good understanding of statutory requirements and has applied the correct interpretation to these requirements. The return covered the organisation's processes and records relating to:

Area of Compliance	# Questions
Commercial Enterprises by Local Governments	5
Delegation of Power / Duty	13
Disclosure of Interest	16
Disposal of Property	2
Elections	1
Finance	14
Integrated Planning & Reporting	7
Local Government Employees	5
Official Conduct	6
Tenders for Providing Goods and Services	25
Total	94

The Authorising Officer notes 100% compliance with respect to the Compliance Audit Return 2017 which is similar to previous years where compliance returns have had a high degree of compliance.

However, it is noted that having analysed the City's supplier payments for the relevant period it appears that, in respect of two suppliers (both expert consultants), tenders had not been invited where the combined consideration under their contract(s) exceeded the consideration stated in Regulation 11(1) of the Local Government (Functions and General) Regulations. However, at the time of entering into the separate contracts with these consultants, the consideration under their contract was not expected to be worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions and General) Regulations.

For various unexpected (mainly operational) reasons the City had to extend the scope of the projects for which these two consultants had been engaged for. The City had good reason to believe that, due to the nature and extent of these projects, the complexities which eventuated since engaging these consultants and these consultant's intimate involvement with these projects to date, it was in the City's best interest to extend these consultants contracts pursuant to Regulation 11(2) (f) of the Local Government (Functions and General) Regulations.

CONCLUSION

It is recommended that the Council adopt the return for submission to the Department of Local Government, Sport and Cultural Industries.

OPTIONS

Other than to provide a different response to those provided in the Return, there are no options available as it is a statutory requirement to complete and lodge the Return with the Department.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The certified return must be lodged with the Department of Local Government, Sport and Cultural Industries by 31 March 2018.

OFFICER RECOMMENDATION**ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED**

That the Audit Committee, having reviewed the 2017 Compliance Audit Return, noting 100% compliance, recommends to Council that it adopts the Compliance Audit Return 2017 and authorises the Mayor and Chief Executive Officer to sign the joint certificate.

COMMITTEE RECOMMENDATION

AU1803/027 Moved Councillor G Henley, seconded Councillor K Hick

ABSOLUTE MAJORITY DECISION OF COUNCIL REQUIRED

That the Audit Committee:

1. Having reviewed the 2017 Compliance Audit Return, noting a high degree of compliance, recommends to Council that it adopts the Compliance Audit Return 2017 and authorises the Mayor and Chief Executive Officer to sign the joint certificate; and
2. That a report be prepared for Council consideration in relation to response 1 – 'Tenders for Providing Goods and Services' contained in the Compliance Audit Return 2017.

CARRIED 3/0

Reason: The Committee discussed the response contained within tenders for providing goods and services and felt it was necessary for a separate report to be prepared for Council consideration.

7. GENERAL DISCUSSION ITEMS

Nil

8. NEXT MEETING DATE

To be advised

9. CLOSURE

The meeting closed at 11.44am.

THESE MINUTES CONSISTING OF PAGES 1 TO 7 WERE CONFIRMED AS A TRUE AND CORRECT RECORD ON .

DATE: _____

PRESIDING MEMBER: _____