MINUTES
Audit Committee Meeting
Held on Tuesday 31 October 2017 at 4:30pm
City of Rockingham Committee Room
City of Rockingham
Audit Committee Meeting Minutes
4:30pm Tuesday 31 October 2017

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### Declaration of Opening

The A/Chief Executive Officer declared the Audit Committee Meeting open at 4.32pm, welcomed all present, and referred to the Acknowledgement of Country.

### Election of Presiding Member/Chairperson

The A/Chief Executive Officer, Mr John Pearson, invited nominations for the position of Chairperson of the Audit Committee for the ensuing 2 years.

The following nomination was received:

- Cr Barry Sammels

As there was no more than one nomination for the position, Cr Sammels was declared elected to the position of Chair of the Audit Committee for the ensuing 2 years.

Cr Sammels assumed the Chair and thanked the Committee for their confidence in him as Chair and was looking forward to working with Councillors and Officers over the next two years.

Cr Sammels welcomed Mr Hillgrove to the meeting.

### Record of Attendance/Apologies/Approved Leave of Absence

#### 3.1 Councillors

- Cr Barry Sammels (Mayor) Chairperson
- Cr Deb Hamblin (Deputy Mayor)
- Cr Chris Elliott
- Cr Leigh Liley

#### 3.2 Executive

- Mr John Pearson A/Chief Executive Officer
- Mr Peter Doherty Director Legal Services and General Counsel
- Ms Vanisha Govender Manager Financial Services
- Mr Peter Varris Manager Governance and Councillor Support
- Mr Rafal Kolodynski Manager Internal Audit

#### 3.3 In Attendance:

- Mr Michael Hillgrove Partner – Audit and Assurance, Grant Thornton

#### 3.4 Apologies:

- Nil

#### 3.5 Approved Leave of Absence:

- Nil

### Terms of Reference

To oversee the risk management, internal control, legislative compliance and external audit processes of the City, including receipt of the Auditor’s Statements and Management Reports.
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<tr>
<th>5. <strong>Confirmation of Minutes of the Previous Meeting</strong></th>
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<tbody>
<tr>
<td><strong>Moved Cr Hamblin, seconded Cr Elliott:</strong></td>
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<tr>
<td>That Committee <em>CONFIRMS</em> the Minutes of the Audit Committee Meeting held on 20 March 2017, as a true and accurate record.</td>
</tr>
<tr>
<td>Committee Voting – 4/0</td>
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<th>6. <strong>Matters Arising from the Previous Minutes</strong></th>
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<td>Nil</td>
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<th>7. <strong>Declarations of Members and Officers Interests</strong></th>
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<td>The Chairperson asked if there were any interests to declare.</td>
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<tr>
<td>There were none.</td>
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<th>8. <strong>Petitions/Deputations/Presentations/Submissions</strong></th>
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<tr>
<td>Nil</td>
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9. Agenda Items

Audit Committee

Audit Committee

Audit Committee

File No: FLM/16-02
Proponent/s: Mrs Vanisha Govender, Manager Financial Services
Author: Mrs Antonietta Federico, Coordinator Financial Services
Other Contributors:
Date of Committee Meeting: 31 October 2017
Previously before Council:
Disclosure of Interest:
Nature of Council’s Role in this Matter:

Site: 
Lot Area: 
Attachments:
2. Management Report
Maps/Diagrams:

Purpose of Report
To present to council the Audited Financial Report and Management Report for the year ended 30 June 2017.

Background
Council is required to accept the Audited Financial Report which will be included as part of the Annual Report.
Council’s Auditors have now completed the audit and have provided their Independent Auditor’s Report and Management Report.

Details
The Annual Financial Report indicated the City has net assets to a value of $1.45 billion. Some of the other key indicators for the 2016/2017 financial year are:
- Total rate revenue for the year was $79.1 million
- Total operating revenue for the year was $150.9 million
The closing surplus for the year was $39.4 million
Outstanding borrowings as at 30 June 2017 was $14.5 million.

### Implications to Consider

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<thead>
<tr>
<th>a.</th>
<th>Consultation with the Community</th>
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<td></td>
<td>Nil</td>
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<th>b.</th>
<th>Consultation with Government Agencies</th>
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<td>Nil</td>
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<th>c.</th>
<th>Strategic</th>
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<td></td>
<td>Community Plan</td>
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<td>This item addresses the Community's Vision for the future and specifically the following Aspiration and Strategic Objective(s) contained in the Community Plan 2015-2025:</td>
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<td></td>
<td><strong>Aspiration C:</strong> Quality Leadership</td>
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<td></td>
<td><strong>Strategic Objective:</strong> Governance – Governance systems that enable Council to make informed and considered decisions, effectively supported by an executive informing and implementing those decisions; all within an accountable, legally compliant, transparent and ethical environment.</td>
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<th>d.</th>
<th>Policy</th>
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<tr>
<td></td>
<td>The Annual Financial Statements is prepared in accordance with the Australian Accounting Standards and complies with Council’s Significant Accounting Policy which provides requirements on how transactions are performed or treated in an accounting context.</td>
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<th>e.</th>
<th>Financial</th>
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<td></td>
<td>The closing position reported in the Rate Setting Statement for the year ended 30 June 2017 is a surplus of $39.42 million. Included in the closing position is $21.7 million for carried forward funds from the previous financial year due to works in progress. Included in the opening surplus are also $5.3 million for restricted grants and $3.2 million for restricted funds for Bert England Lodge.</td>
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<td></td>
<td>Related Party Disclosure was a major change in the Annual Financial Report for the 2016/2017 financial year. This disclosure was a requirement as per the Australian Accounting Standard AASB124. The aim of Related Party Disclosure is to ensure that certain related party transactions concerning key management personnel, their close family members and entities controlled or jointly controlled by any of them are identified and recorded and disclosed in the City’s financial statements.</td>
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<td></td>
<td>There has been no other significant change to the Australian Accounting Standards that has impacted the City’s financial statements.</td>
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<th>f.</th>
<th>Legal and Statutory</th>
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<td>Section 6.4(1) and 6.4(2) of the Local Government Act 1995 (LGA) requires a Local Government to prepare an annual financial report for the preceding financial year which is to be presented in the manner and form prescribed.</td>
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<td></td>
<td>Section 6.4(3) of the LGA requires the Local Government to submit to its auditor the accounts balanced up to the last day of the preceding financial year and to submit the annual financial report by 30 September.</td>
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<td>Section 5.53(2)(f) and 5.53(2)(h) of the LGA requires the Local Government to prepare an annual report that includes the financial report and auditor’s report for the financial year.</td>
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<td></td>
<td>Section 5.54 of the LGA requires the local government to accept the annual report for a financial year by no later than 31 December after that financial year, unless the auditor’s report is not available in time, then it is to be accepted no later than two months after the auditor’s report becomes available.</td>
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Section 7.9(1) of the LGA requires an audit to be conducted to examine the accounts and annual financial report submitted for audit and to prepare a report thereon which is required to be forwarded to the Mayor, Chief Executive Officer and the Minister for Local Government.

Section 7.9(2) of the LGA requires the auditor to report on any error or deficiency in any accounts, misapplication of funds or any matters that needs to be addressed by the local government.

Regulation 51(2) of the Local Government Financial Management Regulation 1996 requires Local government to submit a copy of the annual financial report to the Department within 30 days of Local Government receiving the auditor’s opinion on the financial position and the results of the operations of the local government.

Regulation 10(1) of the Local Government (Audit) Regulations 1996 requires the auditors to submit an audit report to the persons specified in section 7.9(1) of the LGA within 30 days of completing the audit.

Regulation 10(2) and 10(3) of the Local Government (Audit) Regulations 1996 provides full details about what the auditor’s report is required to report on. The report is to include any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices. It must also report on any matters indicating non-compliance with Part 6 of the LGA and Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law.

Regulation 10(4) of the Local Government (Audit) Regulations 1996 considers where appropriate the auditor is to prepare a management report to accompany the auditor’s report and to forward a copy of the management report to the persons specified in section 7.9(1) of the LGA with the auditor’s report.

All statutory requirements related to the Annual Financial Report 2016/2017 have been met.

g. **Risk**

All Council decisions are subject to risk assessment according to the City’s Risk Framework.

Implications and comment will only be provided for the following assessed risks.

- Customer Service / Project management / Environment : High and Extreme Risks
- Finance / Personal Health and Safety : Medium, High and Extreme Risks

**Nil**

**Comments**

The Auditor’s Management Report as provided indicates that no deficiencies were identified for the 2016/2017 financial year.

The Audited Financial Report includes financial information relating to Bert England Lodge, which is operated by Southern Cross Care (WA) on behalf of the City of Rockingham under a Management Agreement. These figures have been incorporated into the Financial Report and are disclosed in Note 36.

Staff are satisfied with the financial year outcome and believe the report demonstrates the City is in a sound financial position.

**Voting Requirements**

Simple Majority

**Officer Recommendation**

That Council:

### Committee Recommendation

Moved Cr Elliott, seconded Cr Hamblin:

That Council:


Committee Voting – 4/0

### The Committee’s Reason for Varying the Officer’s Recommendation

Not Applicable

### Implications of the Changes to the Officer’s Recommendation

Not Applicable
10. **Other Business**

The A/CEO advised that the Manager Financial Services, Ms Vanisha Govender is leaving the City to take up a position in another local government. He thanked her for her efforts in carrying out the accounting and finance responsibilities for the City.

*Moved Cr Elliott, seconded Cr Liley:*

That a vote of thanks be extended to the Manager Financial Services, Ms Govender for her contribution to the City.

Carried – 4/0

Mr Hillgrove thanked the City for their assistance during the audit.

11. **Date and Time of Next Meeting**

The next Audit Committee Meeting will be held on a **date to be advised.**

12. **Closure**

There being no further business, the Chairperson thanked those persons present for attending the Audit Committee meeting, and declared the meeting closed at **4:44pm.**