MINUTES

Audit Committee

27 August 2019
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1 INTRODUCTION AND WELCOME

The Presiding Member, Dan Loden, declared the meeting open at 1pm and read the following Acknowledgement of Country statement:

“The City of Vincent would like to acknowledge the Traditional Owners of the land, the Whadjuk people of the Noongar nation and pay our respects to Elders past, present and emerging”.

2 APOLOGIES / MEMBERS ON APPROVED LEAVE OF ABSENCE

APOLOGIES

MR CONLEY MANIFIS EXTERNAL INDEPENDENT MEMBER
MS ELIZABETH HUNT EXTERNAL INDEPENDENT MEMBER

3 DECLARATIONS OF INTEREST

NIL

4 CONFIRMATION OF MINUTES

The Presiding Member, Cr Dan Loden, sought a mover to confirm that the Minutes of the Audit Committee held on 11 June 2019 be confirmed.

MOTION AND COMMITTEE DECISION

Moved: Cr Topelberg, Seconded: Cr Gontaszewski

That the Minutes of the Audit Committee held on 11 June 2019 be confirmed.

CARRIED UNANIMOUSLY (4-0)

For: Cr Loden, Mayor Cole, Cr Gontaszewski and Cr Topelberg

Against: Nil

(Mr Manifis and Ms Hunt were apologies for this meeting)
5 BUSINESS ARISING

5.1 OFFICE OF THE AUDITOR GENERAL’S PERFORMANCE AUDIT 2019 - FRAUD PREVENTION LOCAL GOVERNMENT - FINDINGS AND RECOMMENDATIONS

TRIM Ref: D19/42222
Authors: Sharron Kent, Council Support Officer
        Meluka Bancroft, Manager Governance, Property and Contracts
Authoriser: David MacLennan, Chief Executive Officer
Attachments: 1. Western Australian Auditor General’s report - ‘Fraud prevention in local governments’ - 15 August 2019
2. City’s response to the Western Australian Auditor General’s report - ‘Fraud prevention in local government’

RECOMMENDATION:

That the Audit Committee recommends to Council that it:

1. RECEIVES the Western Australian Auditor General’s Report ‘Fraud prevention in local governments’, which was tabled in Parliament on 15 August 2019, at Attachment 1; and

2. NOTES that the actions arising from the findings and recommendations in the report, as listed in the City’s response to the report, at Attachment 2, will be included in the City’s audit log until completion.

COMMITTEE DECISION ITEM 5.1

Moved: Cr Gontaszewski, Seconded: Cr Topelberg

That the recommendation be adopted.

Note: Cr Gontaszewski requested the following amendments (amendments underlined) to the actions arising from the findings and recommendations in the report (Attachment 2), and that administration include these in the Audit Log:

6. Document clear internal processes and systems to report fraud
   The City will investigate systems and processes to report, review and manage any potential fraud, including anonymous reporting and the escalation of fraud reporting. The proposed implementation date is December 2020.

7. Collect, review and manage fraud information and identify trends and emerging issues
   The fraud reporting system, as referred to in 6. above, should enable this data to be easily compiled. Governance will periodically review the data annually.

CARRIED UNANIMOUSLY (4-0)

For: Cr Loden, Mayor Cole, Cr Gontaszewski and Cr Topelberg
Against: Nil

(Mr Manifis and Ms Hunt were apologies for this meeting)
5.2 REVIEW OF THE CITY OF VINCENT AUDIT LOG

TRIM Ref: D19/112680
Author: Sharron Kent, Council Support Officer
Authoriser: David MacLennan, Chief Executive Officer
Attachments: 1. Audit Log

RECOMMENDATION:

That the Audit Committee recommends to Council that it NOTES the status of the City’s Audit Log at Attachment 1, with minor administrative amendments to timelines shown in red text.

COMMITTEE DECISION ITEM 5.2

Moved: Cr Gontaszewski, Seconded: Cr Topelberg

That the recommendation be adopted.

CARRIED UNANIMOUSLY (4-0)

For: Cr Loden, Mayor Cole, Cr Gontaszewski and Cr Topelberg
Against: Nil

(Mr Manifis and Ms Hunt were apologies for this meeting)
Item 5.2 - Attachment 1
<table>
<thead>
<tr>
<th>AUDIT COMMITTEE MINUTES</th>
<th>27 AUGUST 2019</th>
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<tbody>
<tr>
<td><strong>Item 5.2 - Attachment 1</strong></td>
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<td>FY 2018/19</td>
<td>External Audit 2018 - Asset Sustainability Ratio</td>
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<tr>
<td>Findings:</td>
<td>The asset sustainability ratio is below target and is reflecting that the City is not investing sufficient resources in acquisition new assets.</td>
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<tr>
<td>Recommendation:</td>
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<td>Risk Rating:</td>
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<td>Findings:</td>
<td>Interest earnings on trust funds were not retained in trust or provided back to the entitled recipient on return of trust monies. Rather, the City keeps these earnings as their own.</td>
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<td>The Local Government Act 1995 requires &quot;interest on any other property is held in trust for the local government body...in the case of interest, pay this interest into the General Revenue Fund...&quot;</td>
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<td>It is noted that Management have identified this issue and, as of February 2019, have instituted all investments of trust funds and transferred these trust monies to non-interest bearing accounts.</td>
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<td>Recommendation:</td>
<td>The City needs to account and manage trust funds and associated interest in accordance with the Act. The City should consider the necessary steps to identify any obligations to retain monies that have incurred interest from current and previous years. The City must also quantify the cumulative effect of the interest earned and may be required to practice a prior year adjustment to reduce income and cash balances accordingly.</td>
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<td>5.2.15.1</td>
<td>Uncollected Government Orders</td>
<td>Coordinator Financial Services</td>
<td>June 2019: The Finance team records the payroll suspense account however there is no formal sign off process. Therefore, a formal sign off process will be introduced herein.</td>
</tr>
<tr>
<td>5.2.15.3</td>
<td>Journal not independently reviewed</td>
<td>Manager Finance</td>
<td>June 2019: All journals are being reviewed when prepared and posted. Moreover, the system generated journals register reports will be reviewed and signed off as part of the month end process by an independent senior officer.</td>
</tr>
<tr>
<td>5.2.15.4</td>
<td>Internal Audit Findings Audit 2019 - Purchase order dated after invoice date</td>
<td>Procurement and Contracts Officer</td>
<td>June 2019: Reimbursement online procurement training was provided to all staff at the start of April 2019 to reinforce the importance of following the correct procurement procedures including signing of purchase orders prior to the ordering of goods and services. The Procurement and Contracts team will contact monthly with purchase orders raised after invoices being received commencing from May 2019 with the intent to ensure regulations and policies are being followed.</td>
</tr>
<tr>
<td>5.2.15.5</td>
<td>Fixed Assets below $5,000</td>
<td>Manager Finance</td>
<td>June 2019: Management is in the process of identifying and removing all assets below $5,000 from the fixed assets register.</td>
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5.3 PAYROLL INTERNAL AUDIT FINDINGS

TRIM Ref: D19/112682

Authors: Vanisha Govender, Manager Financial Services
         Meluka Bancroft, Manager Governance, Property and Contracts

Authoriser: David MacLennan, Chief Executive Officer

Attachments: 1. Payroll internal audit review report

**RECOMMENDATION:**

That the Audit Committee recommends to Council that it:

1. RECEIVES the Payroll internal audit review report at Attachment 1;

2. ENDORSES the management comments provided by Administration which are included in the Payroll internal audit review report; and

3. NOTES that the findings and actions required as identified in the report will be included in the City’s audit log until such time as they are completed.

**COMMITTEE DECISION ITEM 5.3**

Moved: Cr Topelberg, Seconded: Cr Gontaszewski

That the recommendation be adopted.

**CARRIED UNANIMOUSLY (4-0)**

For: Cr Loden, Mayor Cole, Cr Gontaszewski and Cr Topelberg

Against: Nil

(Mr Manifis and Ms Hunt were apologies for this meeting)
6 GENERAL BUSINESS

6.1 EXPRESSIONS OF INTEREST ADVERTISEMENT FOR EXTERNAL MEMBERS OF THE AUDIT COMMITTEE

MAYOR COLE QUERIED WHETHER THE CITY WILL BE ADVERTISING FOR EXPRESSIONS OF INTEREST TO FILL THE TWO EXTERNAL MEMBER VACANCIES ON THE AUDIT COMMITTEE, WHEN THE CURRENT TERMS EXPIRE ON 18 OCTOBER 2019.

THE CITY WILL INVITE EXPRESSIONS OF INTEREST FOR THE TWO EXTERNAL MEMBER POSITIONS IN THE VOICE AND EASTERN REPORTER LOCAL NEWSPAPERS, ON SOCIAL MEDIA, IN THE CITY’S E-NEWSLETTER AND ON THE CITY’S WEBSITE, FROM EARLY SEPTEMBER.

6.2 REVIEW OF DELEGATION TO THE AUDIT COMMITTEE

MS BANCROFT ADVISED THE COMMITTEE THAT A REPORT WILL BE PRESENTED TO THE 17 SEPTEMBER 2019 ORDINARY MEETING OF COUNCIL RECOMMENDING THE REVOCAION OF THE DELEGATION OF A DUTY TO THE AUDIT COMMITTEE AS ADOPTED BY COUNCIL AT THE 25 JUNE 2019 ORDINARY MEETING OF COUNCIL. THE DELEGATION RELATES TO THE STATUTORY REQUIREMENT FOR THE CITY’S AUDITOR TO MEET WITH COUNCIL ANNUALLY.

7 NEXT MEETING

The next Audit Committee meeting is scheduled for 19 November 2019.

8 CLOSURE

The Presiding Member, Dan Loden, declared the meeting closed at 1.57pm.

These Minutes were confirmed by the Audit Committee as a true record and accurate of the Audit Committee meeting held on 27 August 2019.

Signed: ................................................................. Cr Dan Loden

Dated this ......................... day of ..............................................2019