



**City of Canning**

**Confirmed Minutes  
Audit and Risk Committee Meeting**

**7 December 2017**

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**CONFIRMED MINUTES OF AUDIT AND RISK COMMITTEE MEETING  
HELD IN THE COMMITTEE ROOM ON THURSDAY, 7 DECEMBER 2017 AT 5.32PM**

The Chief Executive Officer advised that as the Mayor was on Leave of Absence and Deputy Mayor Cunningham was an apology, a call for the nomination of Acting Chairperson was required. Cr P Hall put forward his nomination as Acting Chairperson unopposed.

It was then:

**COMMITTEE DECISION**

***MOVED Cr P Hall, SECONDED Cr Ponnuthurai that in the absence of the Mayor and the Deputy Mayor, Cr P Hall be nominated as Acting Chairperson for the meeting.***

***CARRIED (2/0)***

The Director Community and Commercial requested that Report ARC-017-17 - Late Item: Appointment of External Member – be brought forward in order for the Committee to consider the Officer Recommendation regarding Ms C Horsford's membership on the Committee.

**1. DECLARATION OF OPENING**

The Acting Chairperson declared the meeting had been opened at 5.32pm, welcomed attendees, and then read aloud the acknowledgement to country:

*“We would seek to acknowledge the Wajuk (Wudjyuk) people, the traditional owners of the land. We would also like to pay our respect to elders, both past and present” .*

**2. ATTENDANCE**

Cr P Hall	A/Chairperson, Elected Member - Bannister
Cr Y Ponnuthurai ( <i>departed 6.18pm</i> )	Elected Member – Beeliar
Mrs C Horsford ( <i>arrived 5.34pm</i> )	External Committee Member
Mr P Warr ( <i>departed 6.18pm</i> )	External Auditor, Grant Thornton Audit Pty Ltd

**STAFF**

Mr A Kyron	Chief Executive Officer
Mr G Adams	Director Canning Community and Commercial
Ms K Bateman	Executive Manager Governance Canning
Mr S Leeson	Executive Manager Business Canning
Mr H Attawala	Manager Finance and Asset Management
Ms J Alexander	Leader Assurance
Mr S Dharmaratne	Leader Risk Management
Ms S Johnson	Governance Officer

**2.1 APOLOGIES**

Deputy Mayor Cunningham.

**2.2 APPROVED LEAVE OF ABSENCE**

The Mayor was previously granted Leave of Absence from 27 November 2017 to 8 December 2017 inclusive, at the Ordinary Council Meeting of 17 October 2017.

**3. DISCLOSURE OF INTERESTS**

**3.1 DECLARATIONS OF INTEREST (FINANCIAL/DIRECT/INDIRECT) AND PROXIMITY**

Nil.

**3.2 DECLARATIONS OF IMPARTIALITY**

Nil.

At the request of the Director Community and Commercial to bring forward Report ARC-017-17 - Late Item: Appointment of External Member as the first item of business, it was then:

***MOVED Cr P Hall, SECONDED Cr Ponnuthurai that Report ARC-017-17 – Appointment of External Member be brought forward.***

***CARRIED UNANIMOUSLY (2/0)***

**ARC-017-17 Late Item: Appointment of External Member**

<b>PROGRAM:</b>	Canning Community and Commercial
<b>SUB PROGRAM:</b>	Governance Canning
<b>FILE REF:</b>	Q17/511
<b>REPORT DATE:</b>	7 December 2017
<b>REPORTING OFFICER:</b>	Shaakya Dharmaratne - Leader Risk Management
<b>RESPONSIBLE OFFICER:</b>	Garry Adams - Director Canning Community & Commercial

**Strategic Plan Theme:** LEAD - Accountable, responsible and forward-thinking administration.

**Community Goal:** Effective leadership and good governance.

**Council Strategy:** Open and transparent to the community and stakeholders.

**Authority/Discretion:** **Legislative:** Includes adopting Local Laws, Town Planning Schemes and Policies. Committee and Council to review decisions made by Officers.

**Attachments:** Nil.

**In Brief:**

The City seeks to extend the independent external member's (Ms Chantelle Horsford) term on the Audit and Risk Committee for another 12 months or until the current review of the Audit and Risk Committee terms of reference is finalised; whichever occurs first.

**COMMITTEE RECOMMENDATION**

***MOVED P Hall, SECONDED Cr Ponnuthurai that the Audit and Risk Committee recommends the extension of the term of the independent external member (Ms Chantelle Horsford) for another 12 months or until the current review of the Audit and Risk Committee Terms of Reference is finalised; whichever occurs first.***

***CARRIED BY ABSOLUTE MAJORITY (2/0)***

Relevant Committee Resolutions		
Committee Meeting and Date	Report No	Decision
Ordinary Council Meeting held on the 11 February 2016.	CR-003-16	That the Council approves the appointment of Ms Chantelle Horsford to the Audit and Risk Committee from February 2016, until the next ordinary election day ( <i>Local Government Act 1995, section 5.11</i> ).

## **BACKGROUND**

- 1 The City of Canning ('the City') recognises that independent external members can provide valuable insight, independent advice and industry best practice to the Audit and Risk Committee. In 2015, the City called for Expressions of Interest from community members; with a business or financial management reporting knowledge and experience, who were conversant with financial governance, risk and other reporting requirements.
- 2 The opportunity to apply to become a member of the City's Audit and Risk Committee was published in the Canning Times on 8 December 2015 and on the City's website. Two (2) applications were received by the closing date of Friday, 15 January 2016. Both applicants are Canning community members.
- 3 An Evaluation Panel was established to assess the applicants. The Evaluation Panel comprised of Ms Lyn Russell, Chief Executive Officer; Mr Garry Adams, Director of Corporate Services and Ms Karen Bateman, Manager Governance, Risk and Compliance.
- 4 Each applicant was interviewed and assessed for their experience using predetermined questions, which were based on the call for Expression of Interest. At the completion of the process, the Evaluation Panel unanimously assessed Ms Horsford as suitable for the role. Ms Horsford has a wealth of experience in risk management, governance and financial management. This experience is combined with strong oversight skills. Her experience is honed from involvement across the public and corporate sectors. Ms Horsford is experienced in advising Boards and senior executives on a range of governance and risk issues.
- 5 At the February 2016 Ordinary Council Meeting, Council approved the appointment of Ms Horsford to the Audit and Risk Committee from February 2016, until the next ordinary election day.
- 6 Ms Horsford's term ended in October 2017.

## **DETAILS**

- 7 The City seeks to extend the term of Ms Horsford's appointment to the Audit and Risk Committee for another 12 months or until the current review of the Audit and Risk Committee Terms of Reference is finalised; whichever occurs first.
- 8 At present, the City is undertaking this review to ensure the Terms of Reference align with industry best practice. The review is considering the most effective number of external members and skills mix.
- 9 The proposed Terms of Reference will identify the number of independent external members and provide guidance on the selection criteria and appointment process. The continued use of external members on the Audit and Risk Committee supports the City's view that independent members with a business or financial management reporting knowledge and experience, conversant with financial governance, risk and other reporting requirements, bring value to such committees.

## **CONSIDERATIONS**

### **Legal Compliance**

- 10 *Local Government Act 1995, section 7.1A states the following:*

*A local government is to establish an audit committee of 3 or more person to exercise the powers and discharge the duties conferred on it.*

*The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be Council members.*



*A Chief Executive Officer is not be a member of an audit committee and may not nominate a person to be a, member of an audit committee or have a person to represent him or her as a member of an audit committee.*

*An employee is not a member of an audit committee. \*Absolute majority required.*

**Policy Implications**

11 Not applicable.

**Financial Considerations**

**Business Plan**

12 Governance Canning.

**Internal Budget**

13 Ms Horsford does not seek a sitting fee. Ms Horsford only seeks expense re-imburement for travel and miscellaneous items. The Audit and Risk Committee meets for a minimum of three (3) times a year.

**Asset Management**

14 Not applicable.

**Sustainability Considerations**

15 Not applicable.

**Consultation**

16 Not applicable.

**Other Considerations or Risks**

Risk/ Opportunity	Consequences	Mitigation/ Actions	Consequence Likelihood	x	Consequence Rating	=	Overall Risk/ Opportunity
<i>Officer Recommendation approved by the Council (positive outcomes)</i> <b>Opportunity A</b>	Independent external member can continue to be a member of the Audit and Risk Committee providing valuable insights, independent advice and industry best practice.	Extend the term of the independent external member.  Submit a report to the Council requesting an extension to the independent external member's term.	Almost Certain		Moderate		High (Opportunity)
<i>Officer Recommendation approved by the Council (negative outcomes)</i> <b>Risk B</b>	Not applicable	Not applicable	Not applicable		Not applicable		Not applicable
<i>Officer Recommendation</i>	Audit and Risk Committee will	Independent external	Almost Certain		Minor		High (Risk)

Risk/ Opportunity	Consequences	Mitigation/ Actions	Consequence Likelihood	Consequence Rating	Overall Risk/ Opportunity
<i>deferred by the Council</i>  <b>Risk C</b>	not have an independent external member representation until the extension is approved.  The City may not receive valuable insights an independent external member can bring to the Audit and Risk Committee.	member has expressed her willingness to continue in the Audit and Risk Committee.  Independent external member has experience being a member for the last one year.			
<i>Officer Recommendation declined by the Council</i>  <b>Risk D</b>	Audit and Risk Committee will not have an independent external member representation until new members are recruited.  The City may not receive valuable insights an independent external member can bring to the Audit and Risk Committee.	Independent external member has expressed her willingness to continue in the Audit and Risk Committee.  Independent external member has experience being a member for the last one year.	Almost Certain	Moderate	High (Risk)

**COMMENT**

- 17 The proposed Terms of Reference will be presented to the Audit and Risk Committee for consideration, endorsement and onwards submission to the Council.

**VOTING REQUIREMENT**

- 18 Absolute majority. (*Local Government Act 1995, section 7.1A*)

**COMMITTEE COMMENT**

- 19 Nil.

5.34pm Ms C Horsford entered the meeting.

**4. CONFIRMATION OF MINUTES**

**COMMITTEE RECOMMENDATION**

*Moved Cr P Hall, SECONDED Cr Y Ponnuthurai that the Minutes of the Audit and Risk Committee Meeting held on Thursday, 2 November 2017, be taken as read and confirmed.*

**CARRIED UNANIMOUSLY (3/0)**

**5. REPORTS**

**5.1 Director Canning Community and Commercial**

**ARC-013-17 Internal Audit Activity Report**

<b>PROGRAM:</b>	Canning Community and Commercial
<b>SUB PROGRAM:</b>	Governance Canning
<b>FILE REF:</b>	Q17/473
<b>REPORT DATE:</b>	29 November 2017
<b>REPORTING OFFICER:</b>	June Alexander - Coordinator Assurance
<b>RESPONSIBLE OFFICER:</b>	Garry Adams - Director Canning Community & Commercial

**Strategic Plan Theme:** LEAD - Accountable, responsible and forward-thinking administration.

**Community Goal:** Effective leadership and good governance.

**Council Strategy:** Comply with legal requirements.

**Authority/Discretion:** **Noting:** Includes items provided to the Committee for information purposes only that do not require a decision of Committee.

**Attachments:** 1. Internal Audit Activity Report - 7 December 2017 (D17/171629). (*Confidential*)

**In Brief:**

The purpose of this report is to present the activities undertaken by the City of Canning's ('the City') Internal Audit Function for the period October to November 2017.

**COMMITTEE RECOMMENDATION**

***MOVED Cr P Hall, SECONDED Ms C Horsford that the Audit and Risk Committee receives the confidential Internal Audit Activity Report.***

***CARRIED UNANIMOUSLY (3/0)***

Relevant Committee Resolutions		
Committee Meeting and Date	Report No	Decision
Audit and Risk Committee 5 October 2017	ARC-012-17	The Audit and Risk Committee received the confidential Internal Audit Activity Report.

**BACKGROUND**

1 This activity report covers the period October 2017 to November 2017 and outlines:

- a) Audit activities undertaken during the period October 2017 to November 2017.
- b) Internal audit follow up.
- c) Other audit activities.
- d) Audit activities planned for December 2017.

**DETAILS**

2 Audit activities undertaken October to November 2017

<b>Internal Audit Review</b>	<b>Status</b>
Data Analytics Review (Completed)	This audit was conducted by internal resources, completed in October 2017, and the report was endorsed by the Executive Team on 22 November 2017.  (Refer to Confidential Attachment 1 for full report).
Project Management Review – Sevenoaks Street Dual Carriageway Construction Project (Complete)	This audit was conducted by external resources – Quantum Assurance, completed in October 2017. A number of high and medium risks were identified. The report has been finalised and is scheduled for presentation at by the Executive Team meeting of 29 November 2017.
Waste Management Review (In Progress)	This audit was conducted by internal resources, completed in November 2017, and audit findings are being discussed with line management.
Records Management Review (In Progress)	This audit scoping document has been developed and fieldwork is underway. This audit is being conducted by internal resources.
Insurance Coverage (In Progress)	Scoping document has been developed and fieldwork is underway. This audit is being conducted by internal resources.
Performance Review – Library Information Services (Riverton, Bentley and Cannington) (Planning)	Scoping document has been developed and fieldwork will commence in January 2018. This audit is being conducted by internal resources.
IT Security and Vulnerability Review (Planning)	Scoping document and audit brief are being developed, with the aim to commencing this review in February 2018.  This audit is to be conducted by external resources, due to the technical nature of this review.

Internal Audit Review	Status
Human Resources (Deferred)	This audit has been deferred until Jan-Mar 2018, due to the current high work load in People and Performance with the implementation of OneCouncil. It has been replaced with the Insurance Coverage review (in progress) which was originally scheduled for Jan-Mar 2018.

3 Internal Audit Follow Up

The current status of outstanding audit log recommendations was last followed up as at 31 August 2017, and reported to the 5 October 2017 ARC. Next follow up is scheduled to be carried out in December 2017, with status as at 31 November 2017.

4 Other Audit Activities

Audit Activity	Status
Project Assurance	<p>The City’s Governance Team continues to provide project assurance of the OneCouncil Project, by reviewing the Change Management Strategy.</p> <p>The Project Board was provided with an outcomes report which included recommendations made by the Governance Team. The OneCouncil Project Team is in the process of finalising comments and action plans for implementing these recommendations. The Governance Team is monitoring the status of the implementation of these recommendations.</p>
Fraud and Corruption Risk Workshops	The City’s Risk Management and Assurance function facilitated two fraud and corruption risk workshops for procurement and credit cards. These workshops identified controls currently in place, assessed effectiveness of the controls and captured actions items to further reduce risks (where applicable).

5 Audit Activities Planned for the Period December 2017

In accordance with the approved Internal Audit Plan, the following internal audit activities are planned for the period December 2017.

Audit Activities December 2017	Responsible Program
Records Management Review (In Progress)	Connect Canning
Insurance Coverage (In Progress)	Business Canning
Performance Review – Library Information Services (Riverton, Bentley and Cannington) (In Progress)	Enriching Canning
Follow up on Status of Outstanding Audit Log Recommendations	Various Programs

**CONSIDERATIONS**

**Legal Compliance**

6 Section 5(2) (c) of the *Local Government (Financial Management) Regulations 1996* - for the Financial Management Systems and Procedures Review.

**Policy Implications**

7 Not applicable.

**Financial Considerations**

**Business Plan**

8 36 – Governance Canning.

**Internal Budget**

9 Budget allocations have been made for external resourcing and the two main positions involved in the internal audit function (i.e. internal resourcing):

- a) Manager Governance.
- b) Leader Assurance.

**Asset Management**

10 Not applicable.

**Sustainability Considerations**

11 Not applicable.

**Consultation**

12 Not applicable.

**Other Considerations or Risks**

13 Report is for noting only.

**COMMENT**

14 Nil.

**VOTING REQUIREMENT**

15 Simple majority.

**COMMITTEE COMMENT**

16 Nil.

**ARC-014-17 Risk Management and Business Continuity Management Activity Report**

<b>PROGRAM:</b>	Canning Community and Commercial
<b>SUB PROGRAM:</b>	Governance Canning
<b>FILE REF:</b>	Q17/479
<b>REPORT DATE:</b>	29 November 2017
<b>REPORTING OFFICER:</b>	Shaakya Dharmaratne - Leader Risk Management
<b>RESPONSIBLE OFFICER:</b>	Garry Adams - Director Canning Community & Commercial

**Strategic Plan Theme:** LEAD - Accountable, responsible and forward-thinking administration.

**Community Goal:** Effective leadership and good governance.

**Council Strategy:** Comply with legal requirements.

**Authority/Discretion:** **Noting:** Includes items provided to the Committee for information purposes only that do not require a decision of Committee.

**Attachments:** Nil.

**In Brief:**

The purpose of this report is to outline the activities undertaken by the City of Canning’s (‘the City’) Risk Management Function for the months October 2017 and November 2017 and to provide an overview of the activities planned for the next quarter.

**COMMITTEE RECOMMENDATION**

**MOVED Ms C Horsford, SECONDED Cr Ponnuthurai that the Audit and Risk Committee receives the Risk and Business Continuity Management Activity Report.**

**CARRIED UNANIMOUSLY (3/0)**

Relevant Committee Resolutions		
Committee Meeting and Date	Report No	Decision
Audit and Risk Committee 27 September 2017.	ARC-010-17	The Audit and Risk Committee received the Risk and Business Continuity Management Activity Report.

**BACKGROUND**

- 1 This activity report covers the months October 2017 and November 2017 and outlines the risk and business continuity management activities undertaken during these months.



**DETAILS**

Risk Management and business continuity management activities undertaken during October 2017 and November 2017.

**Mandatory Risk Management Training**

- 2 Monthly classroom risk management training sessions have commenced and two (2) sessions were completed in October 2017 and November 2017. These sessions were conducted for the new starters and received positive feedback. The training sessions included both the theory and principles of risk management and also contained exercises on the practical application of risk management. Training sessions are mandatory for all new people leaders.

**Operational Risk Registers**

- 3 The review of existing operational risk registers continued. A number of sub program risk registers were updated by adding new risks, deleting out-dated risks and modifying existing risks. Each sub program's operational risk register now contains a fraud risk, which identifies existing controls and any action items to further reduce the risk.

**Risk Champions**

- 4 The Risk Champion concept was presented to the Executive Team. Once established, the purpose of the Risk Champions will include the following:
- a) Risk Champions are the conduit between the Risk Management Function and the Programs.
  - b) "Eyes and ears" for the Risk Management Function to identify new major initiatives.
  - c) Risk Champions will be the first point of call for staff for any risk related matters (each sub program will have at least one Risk Champion).
  - d) Risk Champions help the Risk Management Function find out which blockers are operating in different parts of the City and assist in defeating poor perceptions among staff.
  - e) Assists the Risk Management Function with risk reporting (High and Extreme risks to the Executive Team).

- 5 Currently the Risk Management Function is in the process of finalising staff to appoint as risk champions.

**Fraud Risk Workshops**

- 6 The Risk Management and Assurance Function facilitated two (2) Fraud and Corruption Risk workshops for procurement and credit cards. These workshops identified controls currently in place, assessed effectiveness of the controls and captured actions items to further reduce risks (where applicable).

**Risk Management Software**

- 7 The Risk Management Team is working with the OneCouncil Project Team in the following areas:
- a) Design Verification Sessions – The purpose of this session was to verify the functionality of the risk module is in line with the expectations of the Risk Management Function.

- b) Data Migration – The Risk Management Team is in the process of preparing data to migrate into OneCouncil. This involves mapping the existing 17 Risk Registers (both strategic and operational) to the new organisational structure and populating OneCouncil templates in preparation for the migration. Initial mapping was completed and submitted to the project team for review. No issues were noted. Further changes to be made on an ongoing basis.

**Business Continuity Action Plans**

8 Commenced the review of existing location based Business Continuity Action Plans (BCAP) for:

- a) Accuracy and validity of critical business activities and recovery time objectives.
- b) Alignment with the new Program/Sub-Program structure.

**Business Continuity Response Team (BCRT) Exercise**

9 Risk Management Function conducted an exercise for the Business Continuity Response Team (BCRT) of the Administration Building. Key objectives were:

- a) To provide ‘hands on’ training and an opportunity for the BCRT to become familiar with the Business Continuity Action Plans and to practice working together if a major disruption happens.
- b) Make sure the BCAP, is relevant and accurate and to identify opportunities for improvement.

The exercise facilitator is in the process of developing the final report.

Risk Management and Business Continuity Management activities planned for the period January 2018 – March 2018.

10 The following activities are planned for the period January 2018 to March 2018, subject to availability of organisational staff.

<b>Risk Management Activities January 2018 – March 2018</b>	<b>Expected Outcome</b>
Continue the operational risk reviews for sub programs.	Update the risks registers in-line with operational imperatives.
Appoint suitable staff as Risk Champions, depending on staff commitments and availability.	Support the relevant business units with Risk Management activities. Risk Champions will be the first point of contact for risk management matters for each business unit.
Continue mandatory training for all new starters (this will be an ongoing exercise which will extend to existing staff).	Familiarise new starters and existing staff members with the risk management practices in place at the City.
Continue Fraud and Corruption Risk workshops and present outcomes to the Audit and Risk Committee.	Identify existing controls in place to reduce the risk of fraud in various parts of the City and identify action items to further reduce existing risks.
<b>Business Continuity Management Activities</b>	<b>Expected Outcome</b>
Continue to review existing Business Continuity Plans and align with the new structure	Existing Business Continuity Plans are up to date and aligned with the new organisational structure.

**CONSIDERATIONS**

**Legal Compliance**

11 Section 17 of the *Local Government (Audit) Regulations 1996*.

**Policy Implications**

12 Risk Management Strategy and the Business Continuity Framework are based on the City's Risk Management Policy AF312.

**Financial Considerations**

**Business Plan**

13 Governance Canning.

**Internal Budget**

14 Activities outlined are performed in line with the approved Annual Budget.

**Asset Management**

15 Not applicable.

**Sustainability Considerations**

16 Not applicable.

**Consultation**

17 The Risk Champion concept was presented to the Executive Team for approval and feedback.

Business Continuity Plan reviews, operational risk reviews and Fraud Risk workshops are conducted in consultation with relevant sub program staff.

**Other Considerations or Risks**

18 This report is for noting only.

**COMMENT**

19 Nil.

**VOTING REQUIREMENT**

20 Simple majority.

**COMMITTEE COMMENT**

21 Nil.

**ARC-015-17 Annual Report and Financial Statements 2016 - 2017**

<b>PROGRAM:</b>	Canning Community and Commercial
<b>SUB PROGRAM:</b>	Business Canning
<b>FILE REF:</b>	Q17/484
<b>REPORT DATE:</b>	28 November 2017
<b>REPORTING OFFICER:</b>	Hitesh Attawala - Manager Finance & Asset Management
<b>RESPONSIBLE OFFICER:</b>	Garry Adams - Director Canning Community & Commercial

**Strategic Plan Theme:** LEAD - Accountable, responsible and forward-thinking administration.

**Community Goal:** Effective leadership and good governance.

**Council Strategy:** Prudent financial management and long term financial sustainability.

**Authority/Discretion:** **Legislative:** Includes adopting Local Laws, Town Planning Schemes and Policies. Committee and Council to review decisions made by Officers.

**Attachments:** 1. Annual Report 2016-2017 (D17/173214). (Large Attachments)

**In Brief:**

The Audit for the 2016-2017 financial year is complete. The Annual Report, Annual Financial Statements and Auditor’s Report on those statements are presented for formal acceptance in accordance with the *Local Government Act 1995*.

**COMMITTEE RECOMMENDATION**

**MOVED Ms C Horsford, SECONDED Cr Ponnuthurai that the Audit and Risk Committee:**

- 1. Accepts the 2016-2017 Annual Report of the City of Canning incorporating the Annual Financial Statements and Auditor’s Report.**
- 2. Authorises the Chief Executive Officer to oversee the design and final presentation and publication of the 2016-2017 Annual Report.**

**CARRIED UNANIMOUSLY (3/0)**

Relevant Committee Resolutions		
Committee Meeting and Date	Report No	Decision
Audit and Risk Committee 8 November 2016	ARC-017-16	<ol style="list-style-type: none"> <li>Accepts the 2015/2016 Annual Report of the City of Canning incorporating the Annual Financial Statements and Auditor’s Report.</li> <li>Authorises the Chief Executive Officer to oversee the design and final presentation and publication of the 2015/2016 Annual Report.</li> </ol>

**BACKGROUND**

1 The *Local Government Act 1995* and *Local Government (Financial Management) Regulations* require the City to prepare, and Council to accept, the Annual Financial Statements and Audit Report of the accounts. Following this, the Annual Report will be made available on the City's website and in turn be presented at the Annual General Meeting of Electors.

**DETAILS**

2 The City has finalised its 2016-2017 Annual Financial Statements with the external auditors, Grant Thornton, and has been advised an unqualified Audit Report for the year ended 30 June 2017 will be issued. This will be presented at the Audit and Risk Committee meeting of 7 December 2017, and to be circulated under separate cover beforehand will be the audit findings. The areas of audit focus for the year 2016-2017 included:

- a) Revenue recognition
- b) Capital Assets
- c) Aged Care Residential Deposits
- d) Operating Expenses and
- e) Employee Benefits

3 There were no matters which indicate significant adverse trends in financial position or management practices, or non-compliance with *Local Government (Financial Management) Regulations 1996*.

4 After presentation of the Audit Report, this will be included within the 2016-2017 Annual Report to be presented to the 19 December 2017 Ordinary Council Meeting.

5 The 2016-2017 end of year surplus has been confirmed at \$2.07M (being \$5.72M less \$3.65M in carry over projects). The 2016-2017 budgeted opening position was based on a nil brought forward surplus. This represents 1.73% variance on the City's overall operational expenditure. The 2016-2017 surplus achieved will be transferred to reserves in accordance with City Policy FM.05 Budget Preparation. The amount will be included within an upcoming Budget Review. The City's Annual Financial Statements 2016-2017 are included in Attachment 1.

6 The City's Annual Report has been produced in a consistent format with previous years. It satisfies the requirements of the *Local Government Act 1995*, additional compliance requirements, and provides an overview of the City's activities throughout the 2016-2017 financial year. This is included as Attachment 1.

**CONSIDERATIONS****Legal Compliance**

7 Section 5.53(1) of the *Local Government Act 1995* requires a Local Government to prepare an annual report for each financial year. *Section 5.53(2)(f) of the Local Government Act 1995* specifies that the Annual Report is to contain the financial report of the financial year and *Section 5.53(2)(h)* specifies that it must contain the auditor's report for the financial year.

8 In accordance with *Section 5.54* of the *Local Government Act 1995* an Annual Report for the financial year is to be accepted by the Local Government no later than 31 December after that financial year.

**Policy Implications**

9 Not applicable.

**Financial Considerations**

**Business Plan**

10 The Annual Report summarises the performance across the strategic community plan and business plans during 2016-2017.

**Internal Budget**

11 Not applicable.

**Asset Management**

12 Not applicable.

**Sustainability Considerations**

13 The 2016-2017 Annual Report includes initiatives and projects aimed towards developing the City's sustainability.

**Consultation**

14 The Annual Report is a collaborative response across the City.

**Other Considerations or Risks**

15 Following acceptance of the Annual Report, under section 5.27 of the Local Government Act 1995 the City has 56 days to hold an Annual General Meeting of Electors. This meeting is planned to be held on 24 January 2018 at 6.00pm, if approved by Council, at the upcoming Ordinary Council Meeting on 19 December 2017.

<b>Risk/ Opportunity</b>	<b>Consequences</b>	<b>Mitigation/ Actions</b>	<b>Consequence Likelihood</b>	<b>Consequence Rating</b>	<b>Overall Risk/ Opportunity</b>
<i>Officer Recommendation approved by the Council (positive outcomes)</i> <b>Opportunity A</b>	Compliance with the Local Government Act section 5.54	Annual Report published for the community and lodged with DLGSC.	Almost Certain	Moderate	High (Opportunity)
<i>Officer Recommendation approved by the Council (negative outcomes)</i> <b>Risk B</b>	Certain community expectation may not be met	Changes are communicated to the public through the public report	Possible	Minor	Medium (Risk)
<i>Officer Recommendation deferred by the Council</i> <b>Risk C</b>	Non-compliance with the Local Government Act as the Annual Report must be adopted before 31 December 2017	Obtain unqualified audit report to confirm compliance in reporting	Possible	Moderate	Medium (Risk)
<i>Officer Recommendation declined by the Council</i> <b>Risk D</b>	Non-compliance with the Local Government Act as the Annual Report must be adopted before 31 December 2017	Obtain unqualified audit report to confirm compliance in reporting	Possible	Moderate	Medium (Risk)

**COMMENT**

- 16 The 2016-2017 Financial Report is complete and audited. This will be included within the City's Annual Report, informing the community of achievement and progress of major projects and initiatives in line with the City's Strategic Community Plan.

**VOTING REQUIREMENT**

- 17 Absolute majority (Sections 5.53(1), 5.53(2)(f), 5.53(2)(h) and Section 5.54 of the *Local Government Act 1995*).

**COMMITTEE COMMENT**

- 18 A presentation was given and questions responded to by the Executive Manager Business Canning and the Manager Finance and Asset Management. It was noted that amendments would be made to the Salary Levels Table in the Annual Report and the date corrected for the Annual Electors' meeting in 2018.

Mr P Warr expressed his appreciation to Officers for their assistance in completing the Audit Report.

**ARC-017-17**

**Late Item: Appointment of External Member**

On request of the Director Community and Commercial, this report was brought forward. Please see Page 3.

**6.18pm Cr Ponnuthurai and Mr Warr departed the meeting and did not return.  
The Manager Finance and Asset Management departed the meeting.**



**6. CONFIDENTIAL MATTERS**

**6.1 Director Canning Community and Commercial**

**ARC-016-17**

**City Debt**

<b>PROGRAM:</b>	Canning Community and Commercial
<b>SUB PROGRAM:</b>	Business Canning
<b>FILE REF:</b>	Q17/483
<b>REPORT DATE:</b>	29 November 2017
<b>REPORTING OFFICER:</b>	Ngahua Matehaere - Senior Rates Officer
<b>RESPONSIBLE OFFICER:</b>	Garry Adams - Director Canning Community & Commercial

**Strategic Plan Theme:** LEAD - Accountable, responsible and forward-thinking administration.

**Community Goal:** Effective leadership and good governance.

**Council Strategy:** Prudent financial management and long term financial sustainability.

**Authority/Discretion:** **Executive:** The substantial direction setting and oversight role of the Committee eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

- Attachments:**
1. Sundry Debt 90 day and over 10k - City Debt (D17/172665). *(Confidential)*
  2. Rates Aged Debt Report GT10k - City Debt (D17/172663). *(Confidential)*

**\*\*\* CONFIDENTIAL TO MEMBERS ONLY \*\*\***

*The Chief Executive Officer is of the opinion that this report contains information of a confidential nature in accordance with Section 5.23(2)(b) of the Local Government Act 1995, as it contains information relating to the personal affairs of any person. In accordance with section 4.16 of the Standing Orders this report will be kept confidential until Council has the opportunity to resolve that this document should remain confidential and be dealt with behind Closed Doors.*

**6.23pm The Manager Finance and Asset Management returned to the meeting.**

**COMMITTEE RECOMMENDATION**

***MOVED Cr P Hall, SECONDED Ms C Horsford that the Audit and Risk Committee:***

- 1. Receives the report on City Debt.***
- 2. Recommends the amount of \$5,000 be written off for debtor 10715.***

***CARRIED UNANIMOUSLY (2/0)***

Cr Ponnuthurai was absent for the vote.

**7. CLOSURE**

There being no further business, the Acting Chairman declared the Meeting closed at 6.25pm.

I certify that these minutes were confirmed at the  
Audit and Risk Committee Meeting held on 26 February 2018.

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Presiding Member

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Date