



City of Belmont
STANDING COMMITTEE (AUDIT AND RISK)
MINUTES
TABLE OF CONTENTS

26 February 2018

ITEM	SUBJECT	PAGE NO
NOTICE OF MEETING		
1.	OFFICIAL OPENING	2
2.	APOLOGIES AND LEAVE OF ABSENCE	2
3.	DECLARATIONS OF INTEREST THAT MIGHT CAUSE A CONFLICT	2
3.1	FINANCIAL INTERESTS	2
3.2	DISCLOSURE OF INTEREST THAT MAY AFFECT IMPARTIALITY	2
4.	ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION) ..	2
4.1	ANNOUNCEMENTS.....	2
4.2	DECLARATIONS BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTLY BEFORE THE MEETING.....	2
5	CONFIRMATION OF MINUTES.....	3
5.1	STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD 30 OCTOBER 2017	3
6	QUESTIONS BY MEMBERS ON WHICH DUE NOTICE HAS BEEN GIVEN (WITHOUT DISCUSSION)	3
7	NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PERSON PRESIDING OR BY DISCUSSION	3
8	QUESTION BY MEMBERS WITHOUT NOTICE.....	3
9	BUSINESS ADJOURNED FROM A PREVIOUS MEETING	3

ITEM	SUBJECT	PAGE NO
10	INFORMATION ITEMS	4
10.1	PROPOSED AMENDMENTS TO THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996 - ASSETS VALUED UNDER \$5,000.....	4
10.2	EARLY ADOPTION AUSTRALIAN ACCOUNTING STANDARDS.....	9
11	ITEMS REQUIRING RECOMMENDATION TO COUNCIL	15
11.1	STATUTORY COMPLIANCE AUDIT RETURN 2017.....	15
12.	NEXT MEETING	21
13.	CLOSURE	21

ATTACHMENTS INDEX

Attachment 1 – Item 11.1 refers

TABLED ATTACHMENTS INDEX

Tabled Attachment 1 – Item 10.1 and 10.2 refers

Tabled Attachment 2 – Item 11.1 refers

***** COUNCILLORS ARE REMINDED TO RETAIN THEIR ATTACHMENTS FOR DISCUSSION WITH THE MINUTES *****

MINUTES OF THE STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD IN THE RIVERVALE ROOM, CITY OF BELMONT CIVIC CENTRE, 215 WRIGHT STREET, CLOVERDALE ON MONDAY, 26 FEBRUARY 2018 COMMENCING AT 6.39PM.

MINUTES

PRESENT

Cr G Sekulla (Presiding Member)	West Ward
Cr M Bass (Deputy Presiding Member)	East Ward
Cr P Marks, Mayor (Ex-Officio)	East Ward
Cr J Davis	South Ward

IN ATTENDANCE

Mr J Christie	Chief Executive Officer
Mr R Garrett	Director Corporate and Governance
Mr J Olynyk, JP	Manager Governance
Mr S Monks	Manager Finance
Mrs M Lymon	Principal Governance and Compliance Advisor
Ms E Whiteley	Compliance Administrator
Ms S D'Agnone	Governance Officer

OBSERVERS

Cr R Rossi, JP, Deputy Mayor	West Ward
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1. OFFICIAL OPENING

6.39pm The Presiding Member welcomed all those in attendance and declared the meeting open.

The Presiding Member invited Cr Davis to read aloud the Acknowledgement of Country. Cr Davis read aloud the affirmation.

It is important that we acknowledge the traditional owners of the land on which we are meeting today the Noongar Whadjuk people and pay respect to Elders both past and present.

2. APOLOGIES AND LEAVE OF ABSENCE

Mr R Back (Apology)

Independent Member

3. DECLARATIONS OF INTEREST THAT MIGHT CAUSE A CONFLICT

3.1 FINANCIAL INTERESTS

Nil.

3.2 DISCLOSURE OF INTEREST THAT MAY AFFECT IMPARTIALITY

Nil.

4. ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

4.1 ANNOUNCEMENTS

Nil.

4.2 DECLARATIONS BY MEMBERS WHO HAVE NOT GIVEN DUE CONSIDERATION TO ALL MATTERS CONTAINED IN THE BUSINESS PAPERS PRESENTLY BEFORE THE MEETING

Nil.

5 CONFIRMATION OF MINUTES

**5.1 STANDING COMMITTEE (AUDIT AND RISK) MEETING HELD 30 OCTOBER 2017
(Circulated under separate cover)**

OFFICER RECOMMENDATION

MARKS MOVED, BASS SECONDED,

That the Minutes of the Standing Committee (Audit and Risk) Meeting held 30 October 2017 be confirmed as a true and accurate record.

CARRIED 4 VOTES TO 0

**6 QUESTIONS BY MEMBERS ON WHICH DUE NOTICE HAS BEEN GIVEN
(WITHOUT DISCUSSION)**

Nil.

**7 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PERSON
PRESIDING OR BY DISCUSSION**

Nil.

8 QUESTION BY MEMBERS WITHOUT NOTICE

Nil.

9 BUSINESS ADJOURNED FROM A PREVIOUS MEETING

Nil.

10 INFORMATION ITEMS

10.1 PROPOSED AMENDMENTS TO THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996 - ASSETS VALUED UNDER \$5,000

BUSINESS EXCELLENCE BELMONT

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Tabled Attachment 1 – Item 10.1 and 10.2 refers	<u>Changes to Australian Accounting Standards and Proposed Amendments to the Local Government (Financial Management) Regulations 1996 Presentation</u>

Voting Requirement : Information Only
Subject Index : 19/001 – Report of Council Audit
Location/Property Index : N/A
Application Index : N/A
Disclosure of any Interest : Nil.
Previous Items : N/A
Applicant : N/A
Owner : N/A
Responsible Division : Corporate and Governance

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, local planning schemes and policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

PURPOSE OF REPORT

To provide the Standing Committee (Audit and Risk) with details of the impact from excluding the recognition of assets in the annual financial report valued under \$5,000.

Item 10.1 Continued

SUMMARY AND KEY ISSUES

There are a number of proposed amendments to the *Local Government (Financial Management) Regulations 1996*. One of the proposed amendments, being the exclusions of assets in the financial report valued at under \$5,000, has a financial impact. As it is a non-cash transaction it has no impact on available municipal funds or the rate setting budget.

Currently, the City uses a \$5,000 threshold for all infrastructure assets and \$2,000 for Property, Plant and Equipment (PPE). If the \$5,000 threshold were extended to PPE this would result in a write-down of assets with a book value of approximately \$256K.

LOCATION

Not applicable.

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC PLAN IMPLICATIONS

There are no Strategic Plan implications evident at this time.

POLICY IMPLICATIONS

The implications result in a change to the Significant Accounting Policies being note 1 of the 2017-2018 Annual Financial Report. More specifically the capitalisation threshold will change from \$2,000 to \$5,000 for PPE (i.e. fixed assets).

STATUTORY ENVIRONMENT

Regulation 17A of the *Local Government (Financial Management) Regulations 1996* requires that –

(1) *In this regulation —*

fair value, in relation to an asset, means the fair value of the asset measured in accordance with the AAS.

(2) *Subject to subregulation (3), the value of an asset shown in a local government's financial reports must be the fair value of the asset.*

Item 10.1 Continued

(3) *A local government must show in each financial report —*

- (a) *for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and*
- (b) *for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government —*
 - (i) *that are plant and equipment; and*
 - (ii) *that are —*
 - (I) *land and buildings; or*
 - (II) *infrastructure;*

and

- (c) *for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.*

(4) *A local government must revalue all assets of the local government of the classes specified in column 1 of the Table to this subregulation —*

- (a) *by the day specified in column 2 of the Table; and*
- (b) *by the expiry of each 3 yearly interval after that day.*

Table

Class of Asset	Day
Plant and equipment	30 June 2016
Land, buildings and infrastructure for which the fair value was shown in the local government's annual financial report for the financial year ending on 30 June 2014	30 June 2017

BACKGROUND

Amendments proposed to Section 17A of the *Local Government (Financial Management) Regulations 1996* will exclude assets on a local government annual financial report valued under \$5,000.

The City's current capitalisation threshold policy, as stipulated in the Significant Accounting Policies note in the Annual Financial Report is that infrastructure assets and all other fixed assets have a threshold of \$5,000 and \$2,000 respectively.

The proposed amendment is consistent with thresholds used by the State Government and it is recommended that the threshold of \$5,000 is also extended to PPE (ie: all other fixed assets) in the City's Capitalisation Policy effective from 1 July 2017.

Item 10.1 Continued

OFFICER COMMENT

Extending the threshold to \$5,000 will require the write-down of PPE as well as ensuring ongoing effective asset management of low value assets, specifically those susceptible to loss or theft. Those portable and attractive items will be maintained through a separate property register.

From an analysis of the asset types that are deemed to be portable and attractive (i.e. cameras, IT equipment, TV's, gym equipment, artwork, audio equipment, industry specific assets, etc.) as the far majority are classed as artwork, IT equipment and minor plant, such items already have registers in place.

The total original cost and written down value (WDV) of those items deemed to be portable and attractive are reported in the following table:

Asset Type	Asset Cost (\$)	WDV (\$)
Artwork	104,231	69,778
Computer	908,226	4,099
Minor plant	151,842	11,603
Office Equipment	67,394	2,297
Other	94,679	169
Grand Total	1,326,372	87,946

There are also registers maintained by various departments that will need to be further reviewed to ensure all portable and attractive low value assets are accounted for.

FINANCIAL IMPLICATIONS

The write-down of PPE with an original purchase price of under \$5,000 (excluding GST) results in the following asset types to be written down:

Asset Type	Asset Cost (\$)	WDV (\$)
Artwork	104,231	69,778
CCTV	41,642	5,311
Computer	908,226	4,099
Minor Building Plant	215,427	105,948
Minor plant	160,093	11,603
Office Equipment	179,774	6,143
Office Furn	585,066	12,704
Other	287,342	40,205
Grand Total	2,481,801	255,791

The write down value resulting in an expense in the 2017-2018 accounts will be approximately \$256K (at the time of writing this report).

As this is a non-cash item the transaction has no impact on available municipal funds or the rate setting budget.

Item 10.1 Continued

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

SOCIAL IMPLICATIONS

There are no social implications associated with this report.

Committee Notes

The Changes to Australian Accounting Standards and Proposed Amendments to the *Local Government (Financial Management) Regulations 1996* presentation and responses to questions are recorded at Item 10.2.

OFFICER RECOMMENDATION

MARKS MOVED, DAVIS SECONDED,

That the Standing Committee (Audit and Risk) note that the City's current capitalisation threshold for Property, Plant and Equipment is to be adjusted from the 2017-2018 financial year to match the Infrastructure capitalisation threshold of \$5,000 resulting in an expense in the 2017-2018 Annual Financial Report of approximately \$256K.

CARRIED 4 VOTES TO 0

10.2 EARLY ADOPTION AUSTRALIAN ACCOUNTING STANDARDS

BUSINESS EXCELLENCE BELMONT

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Tabled Attachment 1 – Item 10.1 and 10.2 refers	<u>Changes to Australian Accounting Standards and Proposed Amendments to the Local Government (Financial Management) Regulations 1996 Presentation</u>

Voting Requirement : Information Only
Subject Index : 19/001 – Report of Council Audit
Location/Property Index : N/A
Application Index : N/A
Disclosure of any Interest : Nil.
Previous Items : N/A
Applicant : N/A
Owner : N/A
Responsible Division : Corporate and Governance

COUNCIL ROLE

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- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

PURPOSE OF REPORT

To provide the Standing Committee (Audit and Risk) with details of the impact from early adopting Australian Accounting Standard Board's (AASB) AASB 16 (Leases), AASB 15 (Revenue from Contracts with Customers) and AASB 1058 (Income of Not-for-Profit Entities).

Item 10.2 Continued

SUMMARY AND KEY ISSUES

There are a number of Australian Accounting Standards that come into effect during the 2018-2019 financial year. The Standards that may have an impact resulting in accounting transactions and / or additional disclosure that are covered by this report include:

- AASB 16 – Leases
- AASB 15 – Revenue from Contracts with Customers
- AASB 1058 - Income of Not-for-Profit Entities.

The new standards can be adopted during the 2017-2018 financial year which will bring forward the potential accounting transactions and disclosure requirements.

LOCATION

Not applicable.

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC PLAN IMPLICATIONS

There are no Strategic Plan implications evident at this time.

POLICY IMPLICATIONS

The implications result in a change to the Significant Accounting Policies being Note 1 of the 2017-2018 Annual Financial Report.

STATUTORY ENVIRONMENT

Section 6.4 of the *Local Government Act 1995* requires that –

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to -*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*

Section 5A of the *Local Government (Financial Management) Regulations 1996* requires that–

Subject to regulation 4, the annual budget, annual financial report and other financial reports of a local government must comply with the AAS (Australian Accounting Standards).

Item 10.2 Continued

BACKGROUND

As stipulated in the *Local Government (Financial Management) Regulations 1996* the annual financial report is prepared in accordance with the requirements of the *Local Government Act 1995* and Australian Accounting Standards Board (AASB).

OFFICER COMMENT

Early adopting the abovementioned AASB's results in various transactions being treated in a manner that is consistent with other income sources and provides an Annual Financial Report that is more useful. It also enables a smoother introduction of the new standards without the need to update comparative information.

1. AASB 16 – Leases

Under AASB 16 there is no longer a distinction between finance and operating leases. This effectively means lessees will now bring to account a right-to-use-asset and lease liability onto their Statement of Financial Position for all leases.

The City leases (in) certain gym equipment and the impact in 2017-2018 based on current lease agreements is the recognition of both a liability and an offsetting asset with a written down value of approximately \$172k. This estimate may change as lease agreements are currently being renegotiated.

The lease expense is also replaced primarily by a depreciation expense and to a lesser extent interest expense.

2. AASB 15 – Revenue from Contracts with Customers

AASB 15 relates to contracts with customers that enable performance obligations to be identified and income to be recognised once those performance obligations are met. The standard also requires the transfer of goods or services to the customer or to a third party which means that various income sources such as grants and rates may not meet the recognition requirements of AASB 15.

AASB 15 has the potential to impact on the timing of the recognition of income but it is not expected to have a material impact in 2017-2018.

3. AASB 1058 – Income of Not-For-Profit (NFP) Entities

AASB 1058 addresses some of the inadequacies of AASB 1004 (Contributions) that requires contributions to be recognised as income once the Not-For-Profit (NFP) entity has control of the funds.

This Standard applies when a NFP entity either:

- receives volunteer services, or
- enters into other transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. This includes the receipt of (prepaid) grant income and rates.

Item 10.2 Continued

Volunteer Services

Local governments, government departments, general government sectors (GGS) and whole of governments shall recognise an inflow of resources in the form of volunteer services as an asset (or an expense, when the definition of an asset is not met) if:

- a) the fair value of those services can be measured reliably; and
- b) the services would have been purchased if they had not been donated.

As we have a dedicated employee to support the City's volunteers programs, we have sound records and can reliably measure those services.

The maximum cost saving to the City for volunteer services is \$445k (based on lower pay levels). Based on feedback from respective staff if we had to fund those services currently provided by volunteers, it is anticipated a number of services would be reduced and the cost saving would be closer to \$200k. The HACC (Homecare) services would certainly be continued with services in other areas, particularly the museum and library, likely to be significantly reduced.

Prepaid Rates

In order for prepaid rates to be recognised as a financial liability during the (prepaid) refundable period, they need to be refundable.

Council policy states 'Rates received through the direct debit process in advance or in excess of the amount due will be credited to the assessment and only refunded when requested in writing subject to extenuating circumstances.'

A request for prepaid rates to be refunded is rare but there have been cases where requests have been received and refunds given on a case by case basis.

As at 30 June 2017 the City has prepaid rates of \$575k which has been treated as a financial liability as opposed to income. The treatment conflicts with previous and current accounting standards but was seen to be a pragmatic approach as it was consistent with other prepaid income sources (i.e. match income with expenditure) and enables Council to more easily manage the rate setting budget process.

Although subject to audit, given the City has always recognised prepaid rates as a financial liability, this position would be further supported by AASB 1058 and therefore no change would be required resulting in no financial impact.

Prepaid Grants

AASB 1058 enables income to be recognised as performance obligations are met. The Surrey Road Bike Boulevard is a good example as it is funded by grant income from the Department of Transport. The project is separated into multiple stages with grant income tied into each stage. As at 30 June 2017 the City had received a grant of \$560k but only expended \$90k (i.e. approx. 16% of the total stage including the design). Under AASB 1058 the prepaid portion (\$470k) would be treated as a financial liability as opposed to the current practice of recognising it as income which is then carried forward through the closing/opening balance.

Item 10.2 Continued

It is likely the City will be holding prepaid grants as at 30 June 2018 however the amount can't be estimated.

It is not anticipated this will impact on prepaid financial assistance grants due to the lack of any attached conditions.

FINANCIAL IMPLICATIONS

As a summary of the financial information provided above:

- AASB 16 Leases – No material financial impact with the recognition of an asset and offsetting liability estimated at \$172k.
- AASB 15 Revenue from Contracts with Customers – No material impact.
- AASB 1058 Income of Not-For-Profit Entities – The recognition of volunteer services would have a nil net impact with the expense offset by income. The treatment of prepaid rates as a liability also has a nil net impact as this is consistent with current practice. Prepaid grants initially recognised as a liability will impact on the timing of the recognition of income only. This will also have a minor impact on the annual budget process with prepaid grant income to be budgeted as it is expected to be earned as opposed to being brought forward in the opening balance.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

SOCIAL IMPLICATIONS

There are no social implications associated with this report.

Committee Notes

The Changes to Australian Accounting Standards and Proposed Amendments to the *Local Government (Financial Management) Regulations 1996* presentation included the following:

- Changes to Accounting Standards
- Proposed Amendments to the *Local Government (Financial Management) Regulations 1996*

(Refer [Tabled Attachment 1](#) for further information).

A series of questions were asked and responded to as follows:

- The deadline for introducing the Accounting Standards changes is the 2019-2020 reporting period, regardless of whether or not the City introduces them earlier.

Item 10.2 Continued

- The City retains a register of the value of its art pieces which is updated regularly, however a depreciated value is required for record keeping purposes. The depreciated value is not reflective of the true value of the art pieces due to the timing of revaluation processes. Individual artwork will not appear in the Annual Financial Report as an asset unless its value is greater than \$5,000.
- As with the majority of City assets, art pieces are insured on their replacement value rather than their depreciated value.

OFFICER RECOMMENDATION

BASS MOVED, DAVIS SECONDED,

Standing Committee (Audit and Risk) note the early adoption of Australian Accounting Standards Board (AASB's) Standards AASB 16 (Leases), AASB 15 (Revenue from Contracts with Customers) and AASB 1058 (Income of Not-for-Profit entities) during the 2017-2018 financial year.

CARRIED 4 VOTES TO 0

11 ITEMS REQUIRING RECOMMENDATION TO COUNCIL

11.1 STATUTORY COMPLIANCE AUDIT RETURN 2017

BUSINESS EXCELLENCE BELMONT

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment 1 – Item 11.1 refers	2017 Compliance Audit Return
Tabled Attachment 2 – Item 11.1 refers	Compliance Audit Return 2017 Presentation

Voting Requirement	:	Simple Majority
Subject Index	:	39/005 Statutory Compliance Return
Location/Property Index	:	N/A
Application Index	:	N/A
Disclosure of any Interest	:	Nil.
Previous Items	:	28 March 2017 OCM – Item 12.11
Applicant	:	N/A
Owner	:	N/A
Responsible Division	:	Corporate and Governance

COUNCIL ROLE

- Advocacy** *When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.*
- Executive** *The substantial direction setting and oversight role of the Council eg adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.*
- Legislative** *Includes adopting local laws, local planning schemes and policies.*
- Review** *When Council reviews decisions made by Officers.*
- Quasi-Judicial** *When Council determines an application/matter that directly affect a person's right and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of quasi-judicial authority include local planning applications, building licences, applications for other permits/licences (eg under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.*

PURPOSE OF REPORT

To provide Council with the outcomes of the Statutory Compliance Audit Return for the period 1 January 2017 to 31 December 2017 as provided in [Attachment 1](#).

Item 11.1 Continued

SUMMARY AND KEY ISSUES

It is a requirement of the *Local Government Act 1995* that all local governments carry out an audit of compliance in the prescribed manner and form approved by the Minister.

The Department of Local Government, Sport and Cultural Industries provided a set of questions via the Departmental Portal in late December 2017. This year additional questions relating to Integrated Planning and Reporting were included whilst the majority of the audit questions focussed on key areas of potential non-compliance as in previous years

The City of Belmont's 2017 compliance score is 100%, continuing the ongoing 100% compliance from the previous years.

LOCATION

Not applicable.

CONSULTATION

In completing the 2017 Statutory Compliance Audit Return, internal consultation has occurred with relevant officers of each department.

STRATEGIC COMMUNITY PLAN IMPLICATIONS

In accordance with the Strategic Community Plan Key Result Area: Business Excellence Belmont.

Objective: Maximise organisation effectiveness and reputation as an organisation employer and a community.

Strategy: Ensure that the organisation's capacity and capability meets strategic, customer and operational needs.

Corporate Key Action: The City must remain capable of fulfilling its strategic objectives which are supported by customer needs and operational activities. Capacity for growth to meet future needs is an imperative.

POLICY IMPLICATIONS

There are no policy implications associated with this report.

Item 11.1 Continued

STATUTORY ENVIRONMENT

Regulation 14 of the *Local Government (Audit) Regulations 1996* requires that a compliance audit for the period 1 January to 31 December is completed each year in a form approved by the Minister. Regulation 14 also requires the Audit and Risk Committee to review the Compliance Audit Return and present those results to Council. The Compliance Audit Return is then to be adopted by Council and recorded in the minutes.

Regulation 15 of the *Local Government (Audit) Regulations 1996* requires that after the adoption by Council of the Compliance Audit Return, a certified copy (signed by both the Mayor and Chief Executive Officer) of the return, together with a copy of the minutes of the meeting (in which the return was adopted) and any additional information is required to be submitted to the Executive Director of the Department of Local Government, Sport and Cultural Industries by 31 March 2018.

BACKGROUND

The compliance audit period is 1 January to 31 December 2017 and once the audit is completed the City is required to:

1. Present the Compliance Audit Return to the Standing Committee (Audit and Risk)
2. Present the Compliance Audit Return to Council
3. Seek Council's endorsement of the completed Compliance Audit Return
4. Return the endorsed and certified Compliance Audit Return, along with a copy of the Council Minutes, to the Department of Local Government, Sport and Cultural Industries by no later than 31 March 2018.

In completing the Compliance Audit Return, the Chief Executive Officer and other designated officers have undertaken an audit of the City's activities, practices and procedures applicable to each section and requirement of the return to ensure that an independent, thorough and rigorous process is undertaken.

This year additional questions relating to Integrated Planning and Reporting were included. The remaining audit questions focussed on key areas of potential non-compliance and were the same as in previous years.

The Compliance Audit Return is required to be completed online through the Department of Local Government, Sport and Cultural Industries website. A copy of the completed return is provided as [Attachment 1](#) to this report and is a printout of the City's registered responses.

Once Council has resolved its satisfaction with the contents of the return, it can be jointly certified by the Mayor and Chief Executive Officer and then submitted to the Department of Local Government, Sport and Cultural Industries.

Council may also refer the completed Compliance Audit Return to the Auditor or other external inspection service for an independent check.

Item 11.1 Continued

OFFICER COMMENT

The City of Belmont has achieved the following:

Compliance Area	Full Compliance	Non-Compliance
Commercial Enterprises by Local Government	5	0
Delegation of Power/Duty	13	0
Disclosure of Interest	16	0
Disposal of Property	2	0
Elections	1	0
Finance	14	0
Integrated Planning and Reporting	7	0
Local Government Employees	5	0
Official Conduct	6	0
Tenders for Providing Goods and Services	25	0

The 2017 Compliance Score is 100%.

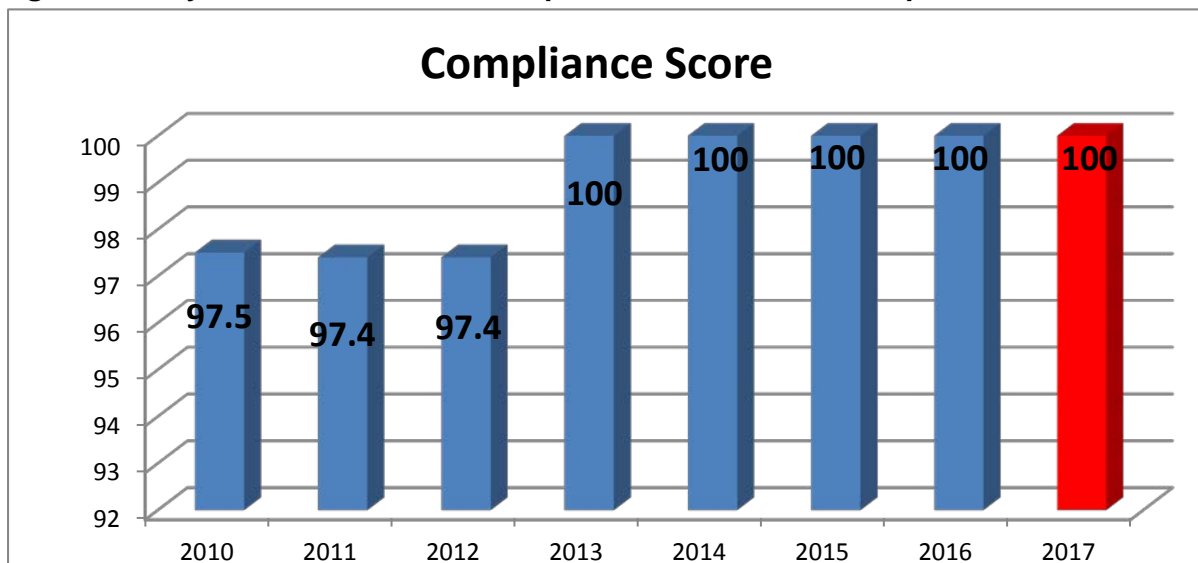
The City of Belmont conducted an internal audit to determine responses to questions in the Compliance Audit Return. To further substantiate its responses, the City has opted to provide evidence through citation of items from the City's Council meetings and documents registered on ECM. Reference is also made to information contained in hard copy, which includes original copies of Elected Member and designated officer Primary and Annual Returns.

When reading the questions shown in the Compliance Audit Return ([Attachment 1](#)) it should be noted that they should be read in conjunction with the relevant extract of the *Local Government Act 1995* and / or associated Regulations.

The 2017 Statutory Compliance Audit Return contains a total of 94 questions. This is an increase from the 2016 return due to the inclusion of a new section relating to Integrated Planning and Reporting. These additional questions were optional however the City of Belmont was able to respond positively to these questions relating to Corporate Business Plans, Asset Management, Workforce and Long Term Financial Planning.

Item 11.1 Continued

Figure 1 – City of Belmont Annual Compliance Audit Return Compliance Rates.



FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

SOCIAL IMPLICATIONS

There are no social implications associated with this report.

Committee Notes

The Compliance Audit Return 2017 presentation included the following:

- Area of Questioning
- Levels of Compliance
- Where to From Here?

(Refer [Tabled Attachment 2](#) for further information).

A series of questions were asked and responded to as follows:

- The City has achieved full compliance in all areas. Each area has a different number of questions around its statutory requirements, with a total of 94 questions. Many questions related to key local government areas that are currently seen as higher risk.

Item 11.1 Continued

- The City of Belmont's process is considered to be more comprehensive than many other local governments. Each relevant area responds to questions and provides supporting evidence which is validated by the Governance unit.
- The Chief Executive Officer (CEO) advised there is an expectation that the City obtains full compliance every year. This ensures the City's governance structures are in place and it would be disappointing if this were not the case.
- Research of publicly available information of comparative councils indicates that the City is one of only a small number of local governments to achieve 100% compliance on an ongoing basis.
- Depending on the degree of non-compliance, the Department of Local Government, Sporting and Cultural Industries (DLGSCI) may simply offer advice, however systemic non-compliance will peak their interest and further investigation will likely follow.
- The City's lower compliance results in 2010 to 2012 reflect a period where the number of questions was greater. There were approximately 130 questions covering a broader range of City activities. This was reflective of issues faced in the industry at that time.
- The City of Belmont will always aim to be fully compliant, however this type of audit allows an opportunity to focus on areas of risk. It has been the City's practice to self-impose strict conditions on their compliance matters and will continue to do so.
- If any non-compliance is identified, the City will implement changes for improvements in the relevant area, these changes will be documented and monitored regularly.

OFFICER RECOMMENDATION

MARKS MOVED, DAVIS SECONDED,

That:

- 1. The 2017 Compliance Audit Return, as provided in [Attachment 1](#) be received and adopted as a true and accurate representation of the outcomes of the audit of statutory activities.***
- 2. That the Mayor and Chief Executive Officer be authorised to complete the 'Joint Certification'.***
- 3. In accordance with the Local Government (Audit) Regulations 1996, the certified 2017 Compliance Audit Return and a copy of the minutes relative to this report, be forwarded to the Department of Local Government, Sport and Cultural Industries by 31 March 2018.***

CARRIED 4 VOTES TO 0

12. NEXT MEETING

The next meeting of the Standing Committee (Audit and Risk) will be 23 July 2018.

13. CLOSURE

There being no further business the Presiding Member thanked everyone for their attendance and closed the meeting at 7.07pm.

MINUTES CONFIRMATION CERTIFICATION

The undersigned certifies that these minutes of the Standing Committee (Audit and Risk) Meeting held on 26 February 2018 were confirmed as a true and accurate record at the Standing Committee (Audit and Risk) Meeting held 28 July 2018:

Signed by the Person Presiding:  _____

PRINT name of the Person Presiding: **GEORGE SEKULLA**

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