

## 6.2: ESTABLISHMENT OF, AND APPOINTMENT TO, THE AUDIT AND FINANCE COMMITTEE

<b>File Number (Name of Ward)</b>	FM.MEE.1 (All Wards)
<b>Proponent</b>	City of Albany
<b>Attachment</b>	: Draft Terms of Reference for Audit and Finance Committee
<b>Responsible Officer</b>	: Chief Executive Officer (Faileen James)

### IN BRIEF

- Dissolve the present Audit and Finance and Strategy Committees
- Establishment of the Committee, Audit and Finance
- Appoint Councillors to the Committee

### ITEM 6.2: RESPONSIBLE OFFICER RECOMMENDATION

#### THAT Council:

1. **DISSOLVES** the present Audit Committee and Finance and Strategy Committee
2. **ESTABLISHES** a new Committee, the Audit and Finance Committee
3. **ENDORSES** the Terms of Reference (Attachment A to this Report) for the Finance and Audit Committee
4. **APPOINTS** the following Elected Members to the Audit and Finance Committee\*:
  - a. \_\_\_\_\_
  - b. \_\_\_\_\_

(Names to be inserted at Special Council Meeting)

\*NB paragraph 10 below.

### BACKGROUND

1. Council presently has 16 Council Committees.
2. At the September 2011 Ordinary Council Meeting, a Report was put to Council to consider consolidation of those Committees.
3. Consolidation of Committees would align with the functional areas of City of Albany structure and business, so Committees are better addressing the strategic and policy issues that the City's Chief Executive Officer and her staff require guidance and support on, in respect of City of Albany strategic intent.
4. It is proposed that a new Committee be formed, called the Audit and Finance Committee to encapsulate legislative audit functions, while at the same time better addressing strategic and policy issues linked to and impacted by the audit function, such as risk management, insurance coverage, finance strategy and integrated asset management / whole-of-life cycle asset issues. This broadened scope is also in line with good-practice corporate governance.

**CEO:**

**DISCUSSION**

5. The current Audit Committee is scheduled to meet monthly, although there have been occasions when there was insufficient quantity of work or no issues raised through Reports (prepared by the City of Albany Executive Officers) to justify a monthly meeting.
6. The Committee has also met out of session when urgent or ongoing business necessitates, such as the preparation of the Annual budget. That provision for urgent or out-of-session meetings would continue.
7. The current function of the Audit Committee is to:
  - To review annual results of the external auditor prior to Council adoption of annual accounts.  
(The Act and Regulations prescribe the scope of the external audit of the annual financial statements of a local government.)
  - Provide independent assurance and assistance to the City of Albany on risk management, control and governance.
8. The current Terms of Reference of the Finance and Strategy Committee state its function is to:
  - To oversee the preparation of the 5 Year Business Plan and Long Term Financial Sustainability Plan.
9. To effectively coincide with Ordinary Council Meeting papers preparation and distribution, it is proposed that the Audit and Finance Committee meet on the first Tuesday of the Month at 5.30pm.
10. Given the important monitoring function this Committee has, it is further proposed that membership is extended to all Councillors.

**GOVERNMENT CONSULTATION**

Nil

**PUBLIC CONSULTATION / ENGAGEMENT**

Nil

**STATUTORY IMPLICATIONS**

11. There is a Statutory requirement for Council to have an Audit Committee
12. In accordance with section 5.11(1)(d) of the *Local Government Act 1995*, a person's membership of a Committee continues until the next ordinary election. Therefore, all Committee members must be reappointed after the 15 October 2011 ordinary election.

## STRATEGIC IMPLICATIONS

13. The introduction a new committee structure directly links to the City's Vision and Values (2011-2021), being: Results: Strive for business excellence and continuous improvement.

### Key Focus Areas

- **Community Priorities:** Policy and procedures
- **Proposed Strategies:** Regularly review all policies in consultation with community and key stakeholders.

## POLICY IMPLICATIONS

14. The introduction of the new committee structure will amend associated policies and terms of reference.

## RISK IDENTIFICATION & MITIGATION

15. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Council does not support the proposed Audit and Finance Committee</i>	<i>Unlikely</i>	<i>High</i>	<i>Extreme</i>	<i>The proposed committee will be further reviewed and resubmitted to a future Council meeting, however the Council will be non-compliant with the Local Government Act during that time.</i>

## FINANCIAL IMPLICATIONS

16. The type and times of Committee meetings will need to be advertised and the cost of preparing local public notices will be undertaken by the Office of the CEO using staff resources within existing budget lines.

## LEGAL IMPLICATIONS

17. There are no legal implications related to this item except for compliance with specific provisions of the *Local Government Act 1995*, including Subdivision 2 and Division 1A, and the Regulations.

## ALTERNATE OPTIONS

18. Council can continue:
- a. with existing Committee structures and terms of reference
  - b. amend the proposed terms of reference.

\*\*REFER DISCLAIMER\*\*

<b>Consulted References</b>	<a href="#">Local Government Act 1995</a>
<b>File Number (Name of Ward)</b>	<a href="#">All Wards</a>
<b>Previous Reference</b>	<a href="#">OCM 11/10/11 Item 1.8</a>