

1.1: AUDIT AND FINANCE COMMITTEE

Proponent : City of Albany
Attachment : Confirmed Minutes of the Audit and Finance Committee Meeting held on 17 December 2012.
Responsible Officer : Acting Chief Executive Officer (G Foster)

ITEM 1.1: COMMITTEE RECOMMENDATION 1 VOTING REQUIREMENT: SIMPLE MAJORITY

MOVED: COUNCILLOR GREGSON
SECONDED: COUNCILLOR BOWLES

THE CONFIRMED minutes of the Audit Committee meeting held on 17 December 2012, as previously distributed, be RECEIVED.

CARRIED 12-0

ITEM 1.1: COMMITTEE RECOMMENDATION 2 VOTING REQUIREMENT: ABSOLUTE MAJORITY

MOVED: COUNCILLOR BOWLES
SECONDED: COUNCILLOR CALLEJA

THAT Council

- **APPROVE** the offer of funding totalling \$52,200 from Lotterywest for the upgrade of Mills Park; and
- **AUTHORISE** the transfer of \$61,155 from job 3157 Unscheduled Works to:-
 - The Peace Park Electrical Box Upgrade – (budget \$8,150);
 - Cape Riche Camp Grounds BBQ Upgrade – (budget \$13,000);
 - Middleton Beach upgrade (City of Albany contribution \$4,785);
 - Upgrade of Mills Park (City of Albany contribution \$35,220).

CARRIED 12-0
ABSOLUTE MAJORITY

ITEM 1.1: COMMITTEE RECOMMENDATION 3 VOTING REQUIREMENT: SIMPLE MAJORITY

MOVED: COUNCILLOR STOCKS
SECONDED: COUNCILLOR DOWLING

THAT Council **ADOPT** the Budget Review for the period ending 31/01/2013.

CARRIED 12-0

ITEM 1.1: COMMITTEE RECOMMENDATION 4 VOTING REQUIREMENT: SIMPLE MAJORITY

MOVED: COUNCILLOR DUFTY
SECONDED: COUNCILLOR HAMMOND

THAT Council **ENDORSE** the investment of funds recovered from CDO investments in accordance with the Investment of Surplus Funds Policy until such time as a decision has been made as to what they should be applied to.

CARRIED 12-0

AUDIT & FINANCE COMMITTEE

MINUTES

for the meeting commencing at 5.30pm on Monday 17 December 2012,
in the Margaret Coates Boardroom, City Office, North Road, Albany

(File Ref: AM1329177 / FM.MEE.1)

Terms of Reference: *The Committee is established under section 7.1A of the Local Government Act 1995 (the Act) and its Regulations. The Committee does not have any delegated authority from Council.*

1.0 ATTENDANCE

D Wellington Mayor (Deputy Chair)

Councillors:

R Hammond	Member
S Bowles	Member
G Gregson	Member
C Holden	Member
A Hortin	Member
G Stocks	Chair
V Calleja	Member

Staff:

Executive Director Corporate Services	G Adams
Manager, Finance	D Olde
Minute Taker	A Dwyer

Apologies/Leave of Absence:

D Bostock	Member
C Dowling	Member
R Sutton	Member
D Dufty	Member

2.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

ITEM 2.0: RESOLUTION

**MOVED: COUNCILLOR BOWLES
SECONDED: COUNCILLOR GREGSON**

That the minutes of the Audit Committee held on 26 November 2012, be confirmed as a true and accurate record of proceedings.

CARRIED 8-0

4.0 ITEMS FOR DISCUSSION

4.1 Review Audit Management Letter (via Teleconference)

Reporting Officer: Executive Director Corporate Services

- Conference call with Patrick Warr (PW) and Sam Fisher from Grant Thornton Chartered Accountants to:
 - a) go through the management letter to discuss any issues that the Auditors believe are worthy of discussion
 - b) for the Auditors to answer any queries the Councillors may have in relation to the Report to the Audit Committee for year ended 30 June 2012 (copy distributed with Agenda).
- PW summarised the Management Letter and said they will be issuing an unqualified Audit Report as happy with the Financial Report.
Ran through Item 2.2 of the Report, Unadjusted audit differences, and explained this section to the Committee.
Section 3.1, PW asked the Councillors if they were aware, or have they been made aware of any fraudulent activity within the City – response was unanimous, ‘no’.
Auditors did not find any non-compliance matters during the audit.
- Section 3.8 Fair Value Measurements: PW asked if the Committee believed they could recover the cost of development for The Ridge through the sale of land process. Councillor Stocks believed that no-one on the Committee had the real estate knowledge to answer that question. The general feeling was ‘no’. G Adams said that without going through the revaluation process (figures being used now are based on the last valuation performed in 2011), we would not know the current value of these blocks. Looking to have blocks re-valued this coming financial year. Much depends on the one undeveloped block, as the basic market value of the individual blocks can be worked out through prior sales.
- Section 4.1 Current year issues – D Olde said that Management were addressing Auditors recommendations by reviewing internal procedures and by putting in place better control mechanisms.
- Section 4.2 Update on prior and current year issues – Auditors noted that their previous recommendations have been addresses.
- A General comment not noted in the management letter was that the Auditors have not, as yet, received a representation letter from Clayton Utz on the contingent liability on the matter relating to the former CEO. From what PW has read so far, it is not possible at the moment to determine the amount to be paid. G Adams explained that the claim made is not for termination of employment, it is for unspecified damages, so it is not possible to quantify what that is, as the former CEO has yet to advise. Councillors confirmed that the claim will be contested vigorously and that Council will be guided by advice from LGIS.
- PW asked Committee is there was any significant subsequent event that should be noted in the Audit Report, response was no.

Action: Auditor to speak with D Olde and number crunch figures regarding the value of unsold land at The Ridge Estate, taking into account the deterioration in the value of land in the Albany area, since the last valuation was performed. G Adams to provide guidance back to the Committee on why it's valued how it is, and if Auditors are satisfied with value.

Action: Section 1.5 of the Auditors Report, ‘Background’, needs to be corrected as it states: *“towards the end of the financial year the former CEO was terminated and has subsequently lodged a legal claim against the City of Albany”*. The Mayor advised that the former CEO left her employment with the City, but was not terminated. An adjustment to Section 1.5 will be made.

ITEM 4.1: Auditors Management Letter be NOTED by the Committee, subject to the two changes as discussed.

4.2 Review of Buy Local Policy - Draft

Reporting Officers: Executive Director Corporate Services

- G Adams discussed the summary of changes (distributed with Agenda) to the Buy Local Policy; major changes were currently the Policy only applies to tenders over \$100,000. Much of the City's quotations are between \$30,000 and \$100,000, therefore, the current policy does not get used that often. What would seem more appropriate, would be to apply the Buy Local Policy to the \$30-\$100,000 as well, with the rate for that being 5% (from 10%).
Councillor Stocks asked if it would open up more business opportunities if the threshold is dropped. G Adams said that in the first instance, the City tries to source things locally for major quotations anyway.
G Adams explained to the Mayor, the Legislation requirements regarding the capping at \$50,000. He also went on and explained the concept of the Buy Local Policy, in detail to those that did not understand.
Councillor Calleja said the ACCI is pushing very strongly with the State Government over their Buy Local Policy, and feels that this is an ideal opportunity for Local Governments, probably through WALGA, to have this policy revisited as due to the economic climate, Metro building companies are performing work in the Great Southern, just to keep their workforce employed. Flow-on of local companies needs to be taken into consideration, so that the Albany region is protected.

Item 4.2: Recommendation:

**MOVED: COUNCILLOR BOWLES
SECONDED: COUNCILLOR GREGSON**

THAT the Council adopts the revised Buy Local Policy to include the application of the regional price preference of 10% to quotations of \$30,000 value or greater and to allow an exemption for procurement from WALGA and State/Commonwealth Government common use contracts.

CARRIED: 7-0

4.3 Review of Purchasing Policy (Tenders & Quotes) – Draft

Reporting Officer: Executive Director Corporate Services

- G Adams discussed the summary of changes (distributed with Agenda) to the Purchasing Policy. Main proposed changes:
 - 1) Major Quotations are increased from \$20,000 to \$30,000
 - 2) Exemption from Purchasing Protocol and that CEO delegated authority be increased from \$250,000 to \$500,000, when procurement is being made through WALGA and State/Commonwealth Governments.

ITEM 4.3: Recommendation:

**MOVED: COUNCILLOR HORTIN
SECONDED: COUNCILLOR GREGSON**

THAT the Council adopts the revised Purchasing Policy (Tenders & Quotes).

CARRIED 7-0

4.4 Mt Clarence Design Variation

Reporting Officer: Linda Hill and Anthony McEwan

(Linda Hill and Anthony McEwan attended meeting for this item only). 1.1 REFERS

- Councillor Dufty raised the question at the last Audit and Finance meeting of redesigning the steps at Mt Clarence. His query has been investigated and cost to redesign would be approximately \$10,000 plus any variations needed to the existing construction plans.

As this would be a variation to the existing contract, there is not funding for this purpose, nor has the City been given funding from the State. Recommendation from the Council is required to utilize some of the Anzac budget.

A McEwan said the redesign suggested by Councillor Dufty centred mainly on safety concerns. R Hammond said it would be better to sort this problem, if it is one, sooner rather than later.

No recommendation was taken from the Audit and Finance meeting. L Hill to present an Item to the Ordinary Council Meeting requesting approval of variation.

5.0 GENERAL DISCUSSION

- 5.1 Councillor Calleja has been questioned by local car dealers regarding the City's policy on purchasing vehicles. G Adams responded that a Fleet Management Officer has now been appointed, and that the City is buying off all local dealers and he is comfortable with what is happening. The City's Motor Vehicle Policy is currently being reviewed.

6.0 DATE OF NEXT MEETING: 25TH FEBRUARY 2013

7.0 CLOSURE OF MEETING AT 6.40PM

**Mayor Wellington left the meeting at 6.20pm