



MINUTES

ORDINARY COUNCIL MEETING

TIME: 6.30 PM

12 DECEMBER 2019

CITY OF PERTH

*Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo
Towns of Cambridge and Victoria Park*



**MINDARIE REGIONAL COUNCIL
NOTICE OF MEETING**

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair declared the meeting open 6.33 pm.

2 ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Councillor Attendance

Cr D Boothman, JP (David)	City of Stirling
Cr A Jacob, JP (Albert)	City of Joondalup
Cr K Hollywood, (Kerry)	City of Joondalup
Cr L Kosova (Len)	City of Perth
Cr J Ferrante (Joe)	City of Stirling
Cr K Sargent (Keith)	City of Stirling
Cr S Proud, JP (Stephanie)	City of Stirling
Cr J Topelberg (Josh)	City of Vincent
Cr D Newton, JP (Dot)	City of Wanneroo
Cr F Cvitan, JP (Frank)	City of Wanneroo
Cr K Shannon (Keri)	Town of Cambridge
Cr K Vernon (Karen)	Town of Victoria Park

Apologies

Cr E Cole (Emma)	City of Vincent
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Leave of Absence

Cr R Fishwick JP (Russ)	City of Joondalup
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Absent

Nil

MRC Officers

Mr G Hoppe (Chief Executive Officer)
Mrs A Slater (Director Corporate Services)
Mrs S Cherico (Human Resources Officer)

Member Council Chief Executive Officers

Mr J Giorgi, JP (Town of Cambridge)

Member Council Observers

Mr N Claassen (City of Joondalup)
Mr P Maloney (Town of Cambridge)
Mr N Ahern (City of Perth)
Mr M Copeman (City of Perth)
Mr M Littleton (City of Stirling)
Mr R Bryant (City of Stirling)
Mr S Cairns (City of Wanneroo)
Mr J Wong (Town of Victoria Park)
Mr A Murphy (City of Vincent)
Ms Y Plimbley (City of Vincent)

MRC Observers

Mr B Twine
Mr J Shepherd
Mrs K Goldsmith

Visitors

Nil

Members of the Public

Nil

Press

Nil

3 DECLARATION OF INTERESTS

Nil

4 PUBLIC QUESTION TIME

Nil

5 ANNOUNCEMENTS BY THE PRESIDING PERSON

Nil

6 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7 PETITIONS / DEPUTATIONS / PRESENTATIONS

Nil

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

8.1 ORDINARY COUNCIL MEETING – 21 November 2019

The Minutes of the Ordinary Council Meeting held on 21 November 2019 have been printed and circulated to members of the Council.

RESPONSIBLE OFFICER RECOMMENDATION

That the Minutes of the Ordinary Council Meeting of Council held on 21 November 2019 be confirmed as a true record of the proceedings.

Cr Proud moved, Cr Newton seconded.

RESOLVED

That the recommendation be adopted.
(CARRIED UNANIMOUSLY 11/0)

9.1 CHIEF EXECUTIVE OFFICER REPORTS

9.1	FINANCIAL STATEMENTS FOR THE MONTH ENDED 31 OCTOBER 2019
File No:	FIN/5-09
Appendix(s):	Appendix No. 1
Date:	28 NOVEMBER 2019
Responsible Officer:	DIRECTOR CORPORATE SERVICES

SUMMARY

The purpose of this report is to provide financial reporting in line with statutory requirements which provides useful information to stakeholders of the Council.

BACKGROUND

Reporting requirements are defined by Financial Management Regulations 34 of the Local Government (Financial Management) Regulations 1996.

The financial statements presented for each month consist of:

- Operating Statement by Nature – Combined
- Operating Statement by Nature – RRF Only
- Operating Statement by Function
- Statement of Financial Activity
- Statement of Reserves
- Statement of Financial Position
- Statement of Investing Activities
- Information on Borrowings
- Tonnage Report

DETAIL

The Financial Statements are for the month ended 31 October 2019 and are attached at **Appendix No. 1** to this Item. The Tonnage Report for the 4 months to 31 October 2019 is attached at **Appendix No. 2**. The reports are pre audit approval.

The complete suite of Financial Statements which includes the Operating Statements, Statement of Financial Position, Statement of Financial Activity and other related information are reported on a monthly basis.

The estimates for Provisions for Amortisation of Cell Development, Capping and Post Closure expenditure are based on the estimated rates per tonne calculated with reference to estimated excavation cost of various stages of the landfill and the life of the landfill. An adjustment is made (if necessary) at the end of the year based on actual tonnages on a survey carried out to assess the "air space" remaining and other relevant information.

Summary of results for the year to date period ended 31 October 2019

	Actual	Budget	Variance
	t	t	t
Tonnes – Members	82,218	91,919	(9,701)
Tonnes – Others	4,218	5,710	(1,492)
TOTAL TONNES	86,436	97,629	(11,193)
	\$	\$	\$
Revenue – Members	16,857,052	18,859,202	(2,002,150)
Revenue – Other	1,528,156	1,827,833	(299,677)
TOTAL REVENUE	18,385,208	20,687,035	(2,301,827)
Expenses	19,192,190	19,572,667	380,477
Profit on sale of assets	186,819	158,710	28,109
Loss on sale of assets	118,380	129,271	10,891
Impairment of assets	-	-	-
NET SURPLUS	(738,543)	1,143,807	(1,882,350)

Commentary

Member tonnes for the year to date are 9,702 tonnes behind phased budget, which is mainly City of Joondalup, City of Stirling and City of Wanneroo delivering less waste than what they individually forecasted.

The net result variance against budget of \$1,882,350 is mainly attributable to budgeted tonnage related expenditure.

RRF

The Resource Recovery Facility residue tonnes are above budget by 3,309 tonnes delivering 21,340 tonnes in total to Tamala Park year to date.

Trade & Casual

The Casual and Trade tonnages are 1,492 tonnes lower than forecast for the financial year as trade customers find alternative options for waste disposal

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That the Financial Statements set out in Appendix No. 1 for the month ended 31 October 2019 are received.

Cr Cvitan moved, Cr Topelberg seconded.

RESOLVED

That the recommendation be adopted.

(CARRIED UNANIMOUSLY 11/0)

9.2	LIST OF PAYMENTS MADE FOR THE MONTH ENDED 31 OCTOBER 2019
File No:	FIN/5-09
Appendix(s):	Appendix No. 3
Date:	25 November 2019
Responsible Officer:	Director Corporate Services

SUMMARY

The purpose of this report is to provide details of payments made during the period identified. This is in line with the requirement under the delegated authority to the Chief Executive Officer (CEO), that a list of payments made from the Municipal Fund since the last Ordinary Council meeting be presented to Council.

COMMENT

The lists of payments for the month ended 31 October 2019 are at **Appendix 3** to this Item and are presented to Council for noting. Payments have been made in accordance with the delegated authority to the CEO which allows payments to be made between meetings. At the Ordinary Council Meeting held on 19 September 2019, the Council delegated to the CEO the exercise of its power to make payments from the Municipal Fund. In order to satisfy the requirements of Clause 13(2) of the Local Government (Financial Management) Regulations, a list of payments made must be submitted to the next Council meeting following such payments.

It should be noted that generally all payments are GST inclusive and the Mindarie Regional Council is able to claim this tax as an input credit when GST remittances are made each month to the Australian Tax Office.

Month Ended	Account	Vouchers	Amount
31 October 2019	General Municipal	Cheques	\$14,467.03
		EFT	\$7,024,964.81
		DP	\$112,899.72
		Inter account transfers	\$6,500,000.00
		Total	\$13,652,331.56

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That the list of payments made under delegated authority to the Chief Executive Officer, for the month ended 31 October 2019, be noted.

Cr Topelberg moved, Cr Vernon seconded.

RESOLVED

That the recommendation be adopted.

(CARRIED UNANIMOUSLY 11/0)

Cr K Sargent entered the chambers at 6.38 pm

9.3	AUDIT COMMITTEE – CHANGE TO THE TERMS OF REFERENCE
File No:	GOV/22-08
Appendix(s):	Nil
Attachment(s):	Attachment 1 – Terms of Reference (current version) Attachment 2 – Terms of Reference (proposed version)
Date:	26 November 2019
Responsible Officer:	Chief Executive Officer

SUMMARY

The report seeks endorsement to amend the Terms of Reference for the Audit Committee to increase the membership from three to a minimum of four elected members.

BACKGROUND

The Audit Committee is established under the Local Government Act 1995 and has prescribed duties and responsibilities. This committee consists of three elected members and an appointed independent member. The Administration provides secretarial support and both the Chief Executive Officer and the Director of Corporate Services attend the meetings to provide advice and guidance to the committee on the issues presented in the agendas.

DETAIL

At the Ordinary Council Meeting held on 21 November 2019 the Council resolved to appoint four elected members to the Audit Committee and noted that the terms of reference required an amendment to allow for an increase in the membership of the committee.

CONSULTATION

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

COMMENT

Nil

VOTING REQUIREMENT

Absolute Majority

RESPONSIBLE OFFICER RECOMMENDATION

That the Council:

Approve the amendment to the Audit Committee Terms of Reference to increase the membership of the committee from three elected members to a minimum of four elected members, as per Attachment 2.

(Absolute Majority Required)

Cr Jacobs moved, Cr Kosova seconded.

PROPOSED AMENDMENT TO RECOMMENDATION:

That the Council:

Approve the amendment to the Audit Committee Terms of Reference to increase the membership of the committee from three elected members to a minimum of three elected members, as per Attachment 2.

(Absolute Majority Required)

RESOLVED

That the recommendation be adopted.

(CARRIED UNANIMOUSLY 12/0)

ATTACHMENT 1 – CURRENT AUDIT COMMITTEE - TERMS OF REFERENCE

AUDIT COMMITTEE TERMS OF REFERENCE

1. Objectives of Audit Committee

In accordance with Regulation 16 of the Local Government (Audit) Regulations 1996, the primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the Mindarie Regional Council's (Council) auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Council's affairs, determining the Council's policies and overseeing the allocation of the Council's finances and resources. The Committee will ensure openness in the Council's financial reporting and will liaise with the Chief Executive Officer (CEO) to ensure the effective and efficient management of the Council's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- the enhancement of the credibility and objectivity of external financial reporting;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to auditing;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

2. Powers of the Audit Committee

The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the Council that have not been delegated to the CEO.

3. Membership

The Committee will consist of **three** elected members. The Council may also appoint an external member. All members shall have full voting rights.

External persons appointed to the Committee will be a member of CPA Australia or the Institute of Chartered Accountants (Australia), have the requisite financial, commercial and/or business experience, and will be sufficiently conversant with governance, financial and other reporting requirements so as to allow them to fulfil the role.

Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum of two years.

Reimbursement of approved expenses will be paid to each external person who is a member of the Committee, up to an annual limit set as part of the annual budget process.

The CEO and employees are not members of the committee.

The CEO or his/her nominee is to attend all meetings to provide advice and guidance to the Committee.

The Council shall provide secretarial and administrative support to the Committee.

4. Meetings

The Committee shall meet at least once a year.

Additional meetings shall be convened at the discretion of the presiding person.

A quorum of the Committee will be constituted by three members.

A decision of the Committee is to be made by simple majority.

5. Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

6. Duties and Responsibilities

The duties and responsibilities of the Committee will be –

- (a) Provide guidance and assistance to Council as to the carrying out the function of the Council in relation to audits.
 - (b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the Council's auditor.
 - (c) Develop and recommend to Council –
 - a list of those matters to be audited; and
 - the scope of the audit to be undertaken.
 - (d) Recommend to Council the person or persons to be appointed as auditor.
 - (e) Develop and recommend to Council a written agreement for the appointment of the auditor. The agreement is to include –
 - the objectives of the audit
 - the scope of the audit
 - a plan of the audit
 - details of the remuneration and expenses to be paid to the auditor; and
 - the method to be used by the Council to communicate with, and supply information to, the auditor.
 - (f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions.
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- (g) Liaise with the CEO to ensure that the local government does everything in its power to –
- assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - ensure that audits are conducted successfully and expeditiously.
- (h) Examine the reports of the auditor after receiving a report from the CEO on the matters and –
- determine if any matters raised require action to be taken by the Council; and
 - ensure that appropriate action is taken in respect of those matters.
- (i) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest in time.
- (j) Review the scope of the audit plan and program and its effectiveness.
- (k) Review the appropriateness of special internal audit assignments undertaken at the request of Council or CEO.
- (l) Review the level of resources allocated to internal audit and the scope of its authority.
- (m) Review reports of internal audits and by monitoring the implementation of recommendations made by the audit and reviewing the extent to which Council and management reacts to matters raised.
- (n) Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
- (o) Review Council's draft annual financial report, focusing on:
- accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years.
- (p) Consider recommending adoption of the financial report to Council.
- (q) Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.
- (r) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council.
- (s) Review the annual Compliance Audit Return and report to the Council the results of that review.
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- (t) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the Council's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to the Council the results of those reviews.
 - (v) Monitor the progress of any major lawsuits facing the Council.
 - (w) Perform a biannual review of the material risks identified in the Council's Risk Register.
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ATTACHMENT 2 – PROPOSED AUDIT COMMITTEE – TERMS OF REFERENCE

1. Objectives of Audit Committee

In accordance with Regulation 16 of the Local Government (Audit) Regulations 1996, the primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the Mindarie Regional Council's (Council) auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Council's affairs, determining the Council's policies and overseeing the allocation of the Council's finances and resources. The Committee will ensure openness in the Council's financial reporting and will liaise with the Chief Executive Officer (CEO) to ensure the effective and efficient management of the Council's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- the enhancement of the credibility and objectivity of external financial reporting;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to auditing;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

2. Powers of the Audit Committee

The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the Council that have not been delegated to the CEO.

3. Membership

The Committee will consist of a minimum of three elected members. The Council may also appoint an external member. All members shall have full voting rights.

External persons appointed to the Committee will be a member of CPA Australia or the Institute of Chartered Accountants (Australia), have the requisite financial, commercial and/or business experience, and will be sufficiently conversant with governance, financial and other reporting requirements so as to allow them to fulfil the role.

Appointment of external persons shall be made by Council by way of a public advertisement and be for a maximum of two years.

Reimbursement of approved expenses will be paid to each external person who is a member of the Committee, up to an annual limit set as part of the annual budget process.

The CEO and employees are not members of the committee.

The CEO or his/her nominee is to attend all meetings to provide advice and guidance to the Committee.

The Council shall provide secretarial and administrative support to the Committee.

4. Meetings

The Committee shall meet at least once a year.

Additional meetings shall be convened at the discretion of the presiding person.

A quorum of the Committee will be constituted by three members.

A decision of the Committee is to be made by simple majority.

5. Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

6. Duties and Responsibilities

The duties and responsibilities of the Committee will be –

- (d) Provide guidance and assistance to Council as to the carrying out the function of the Council in relation to audits.
 - (e) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the Council's auditor.
 - (f) Develop and recommend to Council –
 - a list of those matters to be audited; and
 - the scope of the audit to be undertaken.
 - (f) Recommend to Council the person or persons to be appointed as auditor.
 - (g) Develop and recommend to Council a written agreement for the appointment of the auditor. The agreement is to include –
 - the objectives of the audit
 - the scope of the audit
 - a plan of the audit
 - details of the remuneration and expenses to be paid to the auditor; and
 - the method to be used by the Council to communicate with, and supply information to, the auditor.
 - (h) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions.
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- (i) Liaise with the CEO to ensure that the local government does everything in its power to –
 - assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - ensure that audits are conducted successfully and expeditiously.
 - (h) Examine the reports of the auditor after receiving a report from the CEO on the matters and –
 - determine if any matters raised require action to be taken by the Council; and
 - ensure that appropriate action is taken in respect of those matters.
 - (i) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest in time.
 - (j) Review the scope of the audit plan and program and its effectiveness.
 - (k) Review the appropriateness of special internal audit assignments undertaken at the request of Council or CEO.
 - (l) Review the level of resources allocated to internal audit and the scope of its authority.
 - (m) Review reports of internal audits and by monitoring the implementation of recommendations made by the audit and reviewing the extent to which Council and management reacts to matters raised.
 - (n) Facilitate liaison between the internal and external auditor to promote compatibility, to the extent appropriate, between their audit programs.
 - (o) Review Council's draft annual financial report, focusing on:
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years.
 - (p) Consider recommending adoption of the financial report to Council.
 - (q) Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.
 - (r) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council.
 - (s) Review the annual Compliance Audit Return and report to the Council the results of that review.
-

- (t) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the Council's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to the Council the results of those reviews.
 - (v) Monitor the progress of any major lawsuits facing the Council.
 - (w) Perform a biannual review of the material risks identified in the Council's Risk Register.
-

10 MEMBERS INFORMATION BULLETIN – ISSUE NO. 51

RESPONSIBLE OFFICER RECOMMENDATION

That the Members Information Bulletin Issue No. 51 be received.

Moved Cr Cvitan, Cr Ferrante seconded.

RESOLVED

That the recommendation be adopted.

(CARRIED UNANIMOUSLY 12/0)

11 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11.1 NOTICE OF MOTION – AUDIT COMMITTEE MINUTES – CR SHANNON

This notice of motion was deferred from the Ordinary Council meeting of 21 November 2019 for further debate.

In accordance with clause 3.13 of the Mindarie Regional Council Standing Orders Local Law 2010, Cr Shannon gave notice of her intention to move the following Motion:

That Council: -

- (a) REQUESTS the practice of incorporating the Audit Committee meeting minutes in the Members Information Bulletin cease immediately.**
- (b) REQUESTS the Audit Committee meeting minutes be listed as a separate agenda item for approval by the Council in accordance with the Audit Committee Terms of Reference.**
- (c) REQUESTS all previous Audit Committee meeting minutes which were contained in previous Member Information Bulletins be brought to the next Ordinary meeting of Council for endorsement.**

REASON:

The Audit Committee Terms of Reference state that the reports from the Audit Committee assist the Council to discharge its legislative responsibility of controlling the Council's affairs, determining the Council's policies and overseeing the allocation of the Council's finances and resources.

Under clause 2 the Committee is a formally appointed committee however it does not have executive powers or authority to implement actions. The Committee is to report to Council and provide appropriate advice and recommendations to the Council.

Under clause 5 of the Terms of Reference the reports and recommendations of the committee meeting are to be presented to the next ordinary meeting of the Council.

The reports and recommendations of the Audit committee have not been presented to the next ordinary meeting of Council for endorsement, instead they have been contained in the Members Information Bulletin for receipt. In September 2019 the Audit Committee meeting minutes were contained in Members Information Bulletin No 49.

This practice has occurred over a number of years and is contrary to the Terms of Reference for the Audit Committee.

**Moved Cr Shannon, seconded Cr Vernon
AMENDED MOTION:**

That Council: -

- (a) **DIRECTS** the practice of incorporating the Audit Committee meeting minutes in the Members Information Bulletin cease immediately.
- (b) **DIRECTS** the Audit Committee meeting minutes be listed as a separate agenda item for approval by the Council in accordance with the Audit Committee Terms of Reference.
- (c) **REQUESTS** the CEO to write to the Office of the Auditor General to obtain guidance as to the status of all previous Audit Committee meeting minutes, which were contained in previous Member Information Bulletins for noting, and seeks guidance as to whether they should be brought to the next Ordinary meeting of Council for endorsement.

REASON:

The Audit Committee Terms of Reference state that the reports from the Audit Committee assist the Council to discharge its legislative responsibility of controlling the Council's affairs, determining the Council's policies and overseeing the allocation of the Council's finances and resources.

Under clause 2 the Committee is a formally appointed committee however it does not have executive powers or authority to implement actions. The Committee is to report to Council and provide appropriate advice and recommendations to the Council.

Under clause 5 of the Terms of Reference the reports and recommendations of the committee meeting are to be presented to the next ordinary meeting of the Council.

The reports and recommendations of the Audit committee have not been presented to the next ordinary meeting of Council for endorsement, instead they have been contained in the Members Information Bulletin for receipt. In September 2019 the Audit Committee meeting minutes were contained in Members Information Bulletin No 49.

This practice has occurred over a number of years and is contrary to the Terms of Reference for the Audit Committee.

PROCEDURAL MOTION

Cr Jacob moved, seconded Cr Proud

That this motion be deferred to the 12 December 2019 Ordinary Council meeting to allow the CEO to bring a report back to Council on what the practice of the member councils is in this regard, and what changes, if any, may be required to the MRC's Audit Committee Terms of Reference to align the MRC practices with the practices of its member councils.

MOTION CARRIED 8/3

*For: Boothman Jacob, Jones, Ferrante, Proud, Sargent, Cvitan, Newton
Against: Shannon, Vernon, Cole*

In line with the procedural motion the Chief Executive Officer has provided a report listed under - item 11.1(A).

11.1(A) – CEO REPORT - AUDIT COMMITTEE MINUTES

11.1(A)	AUDIT COMMITTEE MINUTES
File No:	COR/22-08
Attachment(s):	Attachment 1 - Summary of member council practice
Appendix(s)	Appendix 4 - Local Government Operational Guidelines – Number 09, Audit in Local Government
Date:	28 NOVEMBER 2019
Responsible Officer:	CHIEF EXECUTIVE OFFICER

SUMMARY

The purpose of this report is to provide information on the practices of the Mindarie Regional Council's (MRC's) member councils, with respect to how they present their audit committee minutes to council, to allow the Councillors of the MRC to make a decision on whether the MRC's existing practices should be amended.

BACKGROUND

At the MRC's Ordinary Council Meeting of 21 November 2019, a Notice of Motion (as detailed in item 11.1 to this Agenda) was moved and seconded. The Notice of Motion, as amended, read:

That the Council:

- a) *DIRECTS the practice of incorporating the Audit Committee meeting minutes in the Members Information Bulletin cease immediately.*
- b) *DIRECTS the Audit Committee meeting minutes be listed as a separate agenda item for approval by the Council in accordance with the Audit Committee Terms of Reference.*
- c) *REQUESTS the CEO to write to the Office of the Auditor General to obtain guidance as to the status of all previous Audit Committee meeting minutes, which were contained in previous Member's Information Bulletins for noting and seeks guidance as to whether they should be brought to the next Ordinary meeting of Council for endorsement.*

In considering the above Notice of Motion, a Procedural Motion was carried that:

That this motion be deferred to the 12 December 2019 ordinary council meeting to allow the CEO to bring a report back to Council on what the practice of the member councils is in this regard, and what changes, if any, may be required to the MRC's Audit Committee Terms of Reference to align the MRC's practices with the practices of its member councils.

DETAIL

In response to the Procedural Motion, the MRC has contacted all of its member councils to determine whether:

- a) their Audit Committee has any delegation from their council
- b) whether reports and recommendations requiring council endorsement are presented to council
- c) whether their Audit Committee meeting minutes are presented as a separate item to council.

Member council responses

A summary of the responses is tabled at Attachment 1.

Responses were received from 6 of the MRC's 7 member councils. Where no response was received, reference was made to that member council's website to obtain such information as was available.

Delegated authority – only the City of Perth makes any delegation to its Audit Committee, which is to allow the committee to meet with the auditor annually on behalf of council.

Reports and recommendations requiring council endorsement are presented to council – this was the case for all member councils, except the City of Perth whose Terms of Reference are silent on the matter. However, given the limited delegation to the Audit Committee, it is reasonable to presume that any reports or recommendations would need to be presented to council for actioning.

Minutes reported separately to council – only the City of Vincent confirmed that this occurs at their council. We were not able to verify what the Town of Cambridge's practice is in this regard with their administration.

Guidance documents

Local Government Operational Guidelines – Number 09, Audit in Local Government, (revised September 2013), included at Appendix 4, provides guidance on the operation of audit committees in Local Government, and was used as a reference guide in developing the MRC's Audit Committee Terms of Reference.

In particular, page 10 of the guide as relates to reporting recommends that:

"Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council."

This is the exact wording that has been used in the MRC's Audit Committee Terms of Reference.

MRC practice

In order to comply with its existing Terms of Reference for the Audit Committee, the MRC is required to present any reports and recommendations of the Audit Committee to the next Ordinary Council meeting.

The Terms of Reference make no reference to the minutes of the Audit Committee and how those should be presented to Council, or if they are to be presented at all.

In practice, the MRC's Audit Committee has not historically prepared any reports. It has made recommendations in respect to the following areas:

- a) Appointment of an external auditor
- b) Appointment of an external audit committee member
- c) Adoption of the annual financial report
- d) Adoption of the annual compliance return

Each recommendation of the Audit Committee is presented to Council for noting, endorsing or adoption as appropriate, as shown in the table below covering the last 2 complete financial years to 30 June 2019, and including the current financial year.

Date of Audit Committee meeting	Audit Committee Recommendation	OCM where tabled as a separate agenda item
2020		
16 October 2019	6.1 That the Audit Committee recommends that Council adopt the Financial Report for year ended 30 June 2019.	21 November 2019 11.4 That the Council: 1. notes the recommendation of the Audit Committee meeting held on 16 October 2019 to adopt the Financial Report for the year ended 30 June 2019;
2019		
14 March 2019	6.1 That the Audit Committee recommends that Council endorse the Compliance Audit return for the 2018 calendar year, as presented.	11 April 2019 9.3 That Council: 1. adopt the Local Government Compliance Audit Return in the form approved by the Minister for the period 1 January to 31 December 2018 as contained within the Appendices in accordance with the provisions of <i>Regulation 14(3) of the Local Government (Audit) Regulations</i> ;
Date of Audit Committee meeting	Audit Committee Recommendation	OCM where tabled as a separate agenda item
7 November 2018	7.1 That the Audit Committee recommends that Council adopt the Financial Report for year ended 30 June 2018.	6 December 2018 9.3 That the Council: 1. notes the recommendation of the Audit Committee meeting held on 7 November 2018 to adopt the Financial Report for the year ended 30 June 2018;

2018		
14 June 2018	<p>6.4 That the Audit Committee recommend to Council that Phillip Draber be appointed as an external audit committee member, subject to their acceptance of the appointment, for the period from 5 July 2018 to 19 October 2019.</p> <p>That the Audit Committee recommend to Council that Phillip Draber be considered as an external audit committee member, subject to their acceptance of the appointment, from 20 October 2019 to 30 June 2020.</p>	<p>5 July 2018</p> <p>11.4 1) That Council appoint Phillip Draber as the MRC external audit committee member, subject to his acceptance of the appointment, for the period from 5 July 2018 to 19 October 2019, the date of the next Local Government Elections.</p> <p>2) That Council endorse that Phillip Draber be considered as a candidate for the role of MRC external audit committee member for the period from 20 October 2019 to 30 June 2020.</p>
1 March 2018	<p>6.1 That the Audit Committee recommends that Council endorse the Compliance Audit return for the 2017 calendar year, as presented.</p>	<p>22 March 2018</p> <p>9.4 That Council:</p> <p>1. adopt the Local Government Compliance Audit Return in the form approved by the Minister for the period 1 January to 31 December 2017 as contained within the Appendices in accordance with the provisions of <i>Regulation 14(3) of the Local Government (Audit) Regulations 1996</i> and in line with the recommendation from the Audit Committee;</p>
Date of Audit Committee meeting	Audit Committee Recommendation	OCM where tabled as a separate agenda item
14 November 2017	<p>6.1 That the Audit Committee recommends that Council adopt the Financial Report for year ended 30 June 2017.</p>	<p>14 December 2017</p> <p>9.6 That the Council:</p> <p>1. notes the recommendation of the Audit Committee meeting held on 14 November 2017 to adopt the Financial Report for the year ended 30 June 2017;</p>

In addition, the minutes of each Audit Committee meeting are included in the Members' Information Bulletin which is presented as part of the agenda at the next Ordinary Council Meeting to be received by Council.

Minutes of each Audit Committee meeting are also published on the MRC's website.

CONSULTATION

The MRC has approached all its member councils to confirm whether:

- a) their Audit Committee has any delegation from their council
- b) whether reports and recommendations requiring council endorsement are presented to council
- c) whether their Audit Committee meeting minutes are presented as a separate item to council.

POLICY IMPLICATIONS

Based on the officer's recommendation, no changes to the MRC's existing Terms of Reference of the Audit Committee would be required.

Where Council wishes to have the minutes of Audit Committee meetings included as a separate item on the agenda for Ordinary Council Meetings, it is suggested that the following addition – marked in red - be made to the Terms of Reference, under Section 5:

"5. Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

Minutes of each committee meeting shall be presented to the next ordinary meeting of the Council."

STATUTORY

Under the *Local Government Act 1995* the Audit Committee is required to submit its meeting minutes to the next ordinary meeting of the Audit Committee for confirmation (section 5.22), as follows.

5.22. Minutes of council and committee meetings

- (1) The person presiding at a meeting of a council or a committee is to cause minutes to be kept of the meeting's proceedings.*
- (2) The minutes of a meeting of a council or a committee are to be submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.*
- (3) The person presiding at the meeting at which the minutes are confirmed is to sign the minutes and certify the confirmation.*

Section 5.22 would be interpreted as requiring the minutes of a council meeting to be presented to the next council meeting, and the minutes of a committee meeting to be presented to the next committee meeting for confirmation.

STRATGIC IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

COMMENT

Under the existing Audit Committee Terms of Reference, there is no requirement to include the Audit Committee meeting minutes in the agenda for an Ordinary Council Meeting in any form.

Equally though, there is nothing preventing Council from directing that the minutes of the Audit Committee meetings be presented to Council as a separate agenda item. This would however, be inconsistent with the practice of the majority of the MRC's member councils.

While there is unlikely to be any issue with bringing the minutes of Audit Committee Meetings from meetings prior to December 2019 to a future Ordinary Council Meeting for noting by the Council, there is presently no requirement or need to do so under legislation or under the Audit Committee's Terms of Reference.

VOTING REQUIREMENT

Absolute majority

RESPONSIBLE OFFICER RECOMMENDATION

That Council:

- 1) **Not amend the Audit Committee Terms of Reference in respect of reporting minutes of the Audit Committee to Council as a separate agenda item; and**
- 2) **Endorse the current compliant practice under the existing Terms of Reference, of presenting reports and recommendations of each Audit Committee meeting to the next ordinary meeting of the Council, and of presenting the minutes of the Audit Committee to Council as part of the Members' Information Bulletin for receiving.**

Cr Shannon moved, Cr Vernon seconded.

AMENDED RECOMMENDATION:

That Council: -

- (a) **DIRECTS the practice of incorporating the Audit Committee meeting minutes in the Members Information Bulletin cease immediately.**
- (b) **DIRECTS the Audit Committee meeting minutes be listed as a separate agenda item for approval by the Council in accordance with the Audit Committee Terms of Reference.**
- (c) **REQUESTS the CEO to write to the Office of the Auditor General to obtain guidance as to the status of all previous Audit Committee meeting minutes, which were contained in previous Member Information Bulletins for noting, and seeks guidance as to whether they should be brought to the next Ordinary meeting of Council for endorsement.**

The Chair indicated the 3 recommendations would be dealt with separately as follows:

That the Council:

- (a) DIRECTS the practice of incorporating the Audit Committee meeting minutes in the Members Information Bulletin cease immediately.**

MOTION LOST 5/7

For: Cr Shannon, Cr Newton, Cr Cvitan, Cr Vernon, Cr Kosova

Against: Cr Topelberg, Cr Jacobs, Cr Hollywood, Cr Sargent, Cr Proud, Cr Ferrante, Cr Boothman

That the Council:

- (b) DIRECTS the Audit Committee meeting minutes be listed as a separate agenda item for approval by the Council in accordance with the Audit Committee Terms of Reference.**

PROPOSED AMENDMENT

Amendment to clarify the term 'minutes'.

- (b) DIRECTS the confirmed Audit Committee meeting minutes be listed as a separate agenda item to be presented to the Council in accordance with the Audit Committee Terms of Reference.**

Cr Shannon moved, Cr Vernon seconded.

MOTION LOST 6/6+1

For: Cr Shannon, Cr Newton, Cr Cvitan, Cr Vernon, Cr Kosova, Cr Topelberg

Against: Cr Jacobs, Cr Hollywood, Cr Sargent, Cr Proud, Cr Ferrante, Cr Boothman (Cr Boothman)

The Chairman executed his presiding members' second vote to break the deadlock and achieve a result.

That the Council:

- (c) REQUESTS the CEO to write to the Office of the Auditor General to obtain guidance as to the status of all previous Audit Committee meeting minutes, which were contained in previous Member Information Bulletins for noting, and seeks guidance as to whether they should be brought to the next Ordinary meeting of Council for endorsement.**

RESOLVED

(CARRIED UNANIMOUSLY 12/0)

ATTACHMENT 1 – Member Council practices

Member Council	Delegated Authority	Reports and Recommendation requiring Council endorsements presented to Council	Minutes Reported to Council as a separate item
City of Joondalup	NO	YES	NO
City of Perth	YES	<i>Terms of Reference silent on matter</i>	NO
City of Stirling	NO	YES	NO
City of Vincent	NO	YES	YES
City of Wanneroo	NO	YES	NO
Town of Cambridge (no response received)	NO	<i>Terms of Reference states: Reports and recommendations of each committee meeting shall be presented to the next OCM</i>	What appears to be minutes of the Audit Committee Meetings are tabled in the form of a report
Town of Victoria Park	NO	YES	NO

12 URGENT BUSINESS

Nil

13 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

14 NEXT MEETING

Next meeting to be held on Thursday 27 February 2020 in the Council Chambers at the City of Joondalup commencing at 6.30 pm.

15 CLOSURE

The Chairman closed the meeting at 7.16 pm and thanked the City of Perth for their hospitality and use of their meeting rooms.

These minutes were confirmed by the Council as a true and accurate record of the Ordinary Meeting of Council held on 12 December 2019.

Signed  Chairman

Dated this 27th day of FEBRUARY 2019
