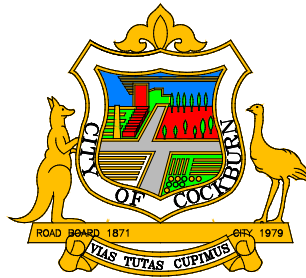


# **CITY OF COCKBURN**



## **AUDIT & STRATEGIC FINANCE COMMITTEE**

### **AGENDA PAPER**

**FOR**

**THURSDAY, 17 MARCH 2016**

# CITY OF COCKBURN

## SUMMARY OF AGENDA TO BE PRESENTED TO THE AUDIT & STRATEGIC FINANCE COMMITTEE MEETING TO BE HELD ON THURSDAY, 17 MARCH 2016 AT 6:00 PM

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## CITY OF COCKBURN

# AGENDA TO BE PRESENTED TO THE AUDIT & STRATEGIC FINANCE COMMITTEE MEETING TO BE HELD ON THURSDAY, 17 MARCH 2016 AT 6:00 PM

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1. **DECLARATION OF MEETING**
2. **APPOINTMENT OF PRESIDING MEMBER (If required)**
3. **ACKNOWLEDGEMENT OF RECEIPT OF WRITTEN DECLARATION**
4. **(ASFC 17/3/2016) - APOLOGIES & LEAVE OF ABSENCE**  
    Clr Chamonix Terblanche                      -              Leave of Absence
5. **PUBLIC QUESTION TIME**
6. **DEPUTATIONS & PETITIONS**
7. **CONFIRMATION OF MINUTES**
  - 7.1 **(ASFC 17/3/2016) - MINUTES OF THE AUDIT & STRATEGIC FINANCE COMMITTEE MEETING - 19 NOVEMBER 2015**

**RECOMMENDATION**

That Council receive the Minutes of the Audit and Strategic Finance Committee Meeting held on Thursday, 19 November 2015 as a true and accurate record.

**COMMITTEE RECOMMENDATION**

**8. BUSINESS LEFT OVER FROM THE PREVIOUS MEETING (IF ADJOURNED)**

Nil

**9. DECLARATION OF COUNCILLORS WHO HAVE NOT GIVEN DUE CONSIDERATION TO MATTERS IN THE BUSINESS PAPER**

**10. COUNCIL MATTERS**

**10.1 (ASFC 17/3/2016) - RISK MANAGEMENT INFORMATION REPORT (021/012) (J NGOROYEMOTO)**

**RECOMMENDATION**

That Council receive the report on the Risk Management Program.

**COMMITTEE RECOMMENDATION**

**COUNCIL DECISION**

**Background**

At the Ordinary Council Meeting on 13 June 2013, Council endorsed the City's Risk Management Policy and associated roll-out program. Subsequently at the Ordinary Council Meeting (OCM) of 11 December 2014, via the Audit Committee, Council endorsed the Risk management Strategy. The City is progressing in implementing the Risk Program, and this report provides an update on the key milestones achieved over the past 4 months since the last information report was submitted to the Audit Committee.

The City's Risk Program, through adopting the guidelines and principles of the Australian risk standard, AS/NZ ISO 31000:2009 is committed to a culture of risk management. City policy SC51 Enterprise Risk Management (the policy) is a commitment by the City to ensuring that sound risk management practices and procedures are fully integrated into its strategic and operational processes and day to day business practices. The City continues to roll out the Risk Program in line with the Risk Management Strategy.

## Submission

N/A

## Report

Risk Management Program;

1. The City's Risk Monitoring and Reporting System; All of the City's operational risks are currently housed on excel spreadsheet. Investigations to identify an appropriate Risk Management Software have now been completed. Requests for quotations were sent out to three selected providers in accordance with the procurement policies. An analysis was conducted, and Risk Management and Safety Systems Pty Ltd (RMSS) were selected as the successful service provider.
2. Risk Review Group (RRG); Risk review group has been leading the review of the position statement PSES7 'Reports to Council', in order to incorporate risk management as a standing item on the agendas. The DAPPS Committee reviewed the Position Statement at its meeting of 25 February 2016 and subsequently adopted by Council on 10 March 2016. It is anticipated that this practice will commence in April 2016, after proper training for staff. The RRG continues its work on reviewing the Internal Audit Plan as its current project, in conjunction with spearheading implementation of RMSS software.
3. Strategic Risks; LGIS Risk Management is facilitating the development of a City of Cockburn Strategic Risk Register. This process has seen four workshops conducted with the Executive during the month of February. The workshops were focused on establishing the Strategic context, identifying Strategic risks, analysis, evaluation and treatments. The resulting strategic risk register will be presented at the next Audit committee meeting.
4. Operational Risks; 265 operational risks currently sit on the City's risk registers. All risks were reviewed at the previous Audit Committee meeting of November 2015, and have been rated using the City's risk matrix and compiled on excel spreadsheets. As at 10 March, there are;
  - NO EXTREME risks
  - 3 HIGH risks
  - 28 SUBSTANTIAL
  - 116 MODERATE risks
  - 115 LOW risks

Updates on the previously identified HIGH risks are detailed below;

*Risk Update: EW18*

Risk ID	Risk Statement	Existing Controls	Risk Rating
EW18	Inability to appropriately manage coastal Council Built assets and other infrastructure leading to loss of and/or higher rates of deterioration and associated maintenance costs.	CSCA Coastal vulnerability and adaptation studies being undertaken.	High

**Comment:** CSCA Adaptation report expected March, which will provide recommended coastal adaptation actions. Sand bypassing has been undertaken at Port Coogee to assist preserve Coogee Beach width. A seawall inspection has also been carried out at Port Coogee and remedial works will be undertaken by Fraser Property over next 3 months. Additionally a beach remediation contract will be advertised by the City in March which when the works are completed will provide a buffer between beach and the reserve at C Y O'Connor Beach. This risk remains rated as High.

*Risk Update: EW20*

Risk ID	Risk Statement	Existing Controls	Risk Rating
EW20	Failure to manage adverse environmental impacts on Natural Assets (coastal reserves and wetlands including loss of biodiversity)	CSCA Coastal vulnerability and adaptation studies being undertaken.	High

**Comment:** CSCA Adaptation Plan expected March, which will provide recommended environmental actions, planning for biodiversity buffer zones, environmental vegetation management plans and groundwater management. This risk currently remains rated as High.

*Risk Update: EW38*

Risk ID	Risk Statement	Existing Controls	Risk Rating
EW38	Closure of the SMRC or becomes no longer viable	"All waste staff to remain informed on industry trends.  Sit on advisory committee to SMRC.  Alternative sites including private contractors, landfill (waste, recycling, green waste).  Agreements with other facilities.  Use of hopper camera to	High



Risk ID	Risk Statement	Existing Controls	Risk Rating
		<p>check contents in the bin.</p> <p>HWRP could landfill all kerb collected waste initially. EOI to determine consultants qualified to deliver a Commercial Materials Recovery Facility. RFT to follow.</p> <p>Loan commitments will still be active though the risk of disposal of waste is reduced. DER reinstated full licence conditions."</p>	

Comment: This issue is still the subject for discussion between Elected Members and Executive. The City has the option to landfill waste if the SMRC were to close with short notice, though this outcome is unlikely. The DER has permitted the SMRC to run at full capacity now that the odour issues are resolved. Mr Sullivan and Mr Downing currently represent the City at a strategic level at SMRC at REC (Regional Executive Committee) Meetings. The construction of a Materials Recovery Facility is still proposed. The scope and type of this facility depends on decisions around the strategic future of waste management at Cockburn. This risk remains rated as High.

#### Future direction

As the City continues to implement and embed risk management through its Risk Program, the next four months will continue to focus on the following key areas and current initiatives:

- Implementation (scoping, project management, installation and configuration) staff training, system trial and rollout of the Risk Management and Safety Systems Software (RMSS)
- Finalisation and endorsement of the Strategic Risk Register
- Internal Audit Plan review
- Staff training awareness on usage of the 'risk management implications' section on Council Reports
- Continual review and monitoring of Operational risks

#### **Strategic Plan/Policy Implications**

##### **Leading & Listening**

- A responsive, accountable and sustainable organisation.
- A culture of risk management and compliance with relevant legislation, policy and guidelines

**Budget/Financial Implications**

The City's 2015/16 Annual Budget makes provision for the continue development of and further introduction of Risk Management Framework.

**Legal Implications**

Local Government (Audit) Regulations 2013, Reg. 17.

**Community Consultation**

N/A

**Attachment(s)**

N/A

**Advice to Proponent(s)/Submissioners**

N/A

**Implications of Section 3.18(3) Local Government Act, 1995**

Nil.

**10.2 (ASFC 17/3/2016) - LOCAL GOVERNMENT COMPLIANCE AUDIT RETURN 2015 (087/005) (J NGOROYEMOTO) (ATTACH)**

**RECOMMENDATION**

That Council adopt the Local Government Compliance Audit Return for the period 1 January 2015 to 31 December 2015, as attached to the Agenda.

**COMMITTEE RECOMMENDATION**

**COUNCIL DECISION**

**Background**

Since 2000, completion of the Local Government Compliance Audit Return has been mandatory for all local governments in this State in accordance with Regulations 14 and 15 of the Local Government (Audit) Regulations 1996.

**Submission**

N/A

**Report**

The Annual Compliance Audit Return is to be presented to, and reviewed by, a meeting of the Audit and Strategic Finance Committee in accordance with Regulation 14(3A) of the Local Government (Audit) Regulations 1996 and the result of that review be reported to a meeting of Council for adoption.

Following adoption by Council, a certified copy of the Return, signed by the Mayor and Chief Executive Officer, along with a copy of the relevant section of the Council Minutes, is submitted to the Director General, Department of Local Government and Regional Development in accordance with Regulations 14 and 15 of the Local Government (Audit) Regulations 1996, by 31 March. The Return indicates a conformity rating of 100% for the year.

**Strategic Plan/Policy Implications****Leading & Listening**

- A responsive, accountable and sustainable organisation.
- A culture of risk management and compliance with relevant legislation, policy and guidelines

**Budget/Financial Implications**

N/A

**Legal Implications**

Regulations 14 and 15 of the Local Government (Audit) Regulations 1996 refer.

**Community Consultation**

N/A

**Attachment(s)**

City of Cockburn Compliance Audit Return 2015.

**Advice to Proponent(s)/Submissioners**

N/A

**Implications of Section 3.18(3) Local Government Act, 1995**

Nil.

**10.3 (ASFC 17/3/2016) - FINANCIAL AUDITS - EXTERNAL AUDIT SERVICES (067/002) (S DOWNING) (ATTACH)**

**RECOMMENDATION**

That Council note the report.

**COMMITTEE RECOMMENDATION**

**COUNCIL DECISION**

**Background**

As part of the post-local government reform agenda, the Minister for Local Government has proposed a greater role for the Auditor General of WA auditing Local Governments in Western Australia. The role, envisioned by the Minister is to review the financial and non-financial performances of Councils. The relevant sections of the Local Government Act have been amended to permit the Auditor General to take on the role envisioned by the Minister.

**Submission**

N/A

**Report**

Auditing of Local Governments in WA is performed under Section 7.2 of the Local Government Act. This has allowed individual Councils to appoint a suitably qualified auditor to audit the financial performance of the Council. The focus of the audit has been on the annual financial statements of the Council including an interim audit focusing on financial systems and controls. In addition to the formal audit of the

financial statements of the Council, the City of Cockburn has contracted with a suitably qualified accounting firm to undertake a range of internal audit functions.

The Department of Local Government and Communities (DLGC) has written to all Councils in WA advising of the proposed changes to the Local Government Act and the role the Auditor General will undertake in auditing the finances of Councils. As a precursor to any formal action, the DLGC has requested when audit contracts expire for all Councils. This will allow the DLGC and Auditor General to manage a staged role out of the new process. This process has yet to be finalised and advised to Councils.

The City has advised the DLGC that the City's current audit contract will expire with the completion of the audit associated with the 2015/16 Financial Statements.

A copy of the letter from Director General of the DLGC is attached

### **Strategic Plan/Policy Implications**

#### **Leading & Listening**

- Effective and constructive dialogue with all City stakeholders.
- Manage our financial and infrastructure assets to provide a sustainable future.

### **Budget/Financial Implications**

N/A

### **Legal Implications**

Sec. 7.2 of the Local Government Act 1995, refers.

### **Community Consultation**

N/A

### **Attachment(s)**

1. Email from Senior Legislative & Strategy Officer, Department of Local Government & Communities.
2. Letter from Director General, Department of Local Government & Communities.

### **Advice to Proponent(s)/Submissioners**

N/A

**Implications of Section 3.18(3) Local Government Act, 1995**

Nil.

**11. PLANNING & DEVELOPMENT DIVISION ISSUES**

Nil

**12. FINANCE & CORPORATE SERVICES DIVISION ISSUES**

**12.1 (ASFC 17/3/2016) - 2015/16 EXTERNAL AUDIT PLAN (067/003) (N MAURICIO) (ATTACH)**

**RECOMMENDATION**

That Council :

- (1) adopt the External Audit Plan for the year ending 30 June 2016, as attached to the Agenda; and
- (2) endorse the Presiding Member of the Committee to sign on behalf of the Committee, the Fraud and Error Assessment document submitted by the City's appointed Auditor, Macri Partners.

**COMMITTEE RECOMMENDATION**

**COUNCIL DECISION**

**Background**

Section 7.12A of the Local Government Act 1995 requires a local government to assist its appointed auditor conduct successful and expeditious audits.

Regulation 16 of the Local Government (Audit) Regulations 1996 states that an audit committee may provide guidance and assistance to the local government in relation to matters to be audited and the scope of audits and this is reinforced within Local Government operational guidelines for the appointment, function and responsibilities of Audit Committees.

The duties and responsibilities listed under the City's terms of reference for the Audit & Strategic Finance Committee includes point

6.1.12 - Discuss with the external auditor the scope of the audit and the planning of the audit

### Submission

N/A

### Report

The City's External Auditor, Macri Partners has forwarded their proposed Audit Plan for the financial year ending 30 June 2016. This serves to inform members of the Audit and Strategic Finance Committee and the City's Management about the Auditor's responsibilities and how they will be discharged.

The Audit Plan outlines the purpose and scope of the audit and explains the audit approach and methodology to be used. The audit is delivered over two stages, being interim audit and final audit. Planning and control evaluation activities are undertaken during the interim audit stage, with substantive testing and audit completion making up the final audit stage.

The interim audit stage is primarily concerned with the examination of internal controls and reviewing the control and risk assessment environment within the City. This is aimed at ultimately providing the auditor with sufficient confidence in the information reported within the City's financial statements to allow an unqualified audit opinion to be expressed.

During the final audit stage, the Auditor focuses on auditing and testing balances, disclosures and other information within the City's financial statements. Management representations are also sought during this stage and the Auditor forms their audit opinion upon completion. The audit opinion given may be qualified if the Auditor has not been able to achieve the necessary level of confidence required for an unqualified opinion. The City's management always aims to work co-operatively with the Auditor to mitigate any risk of a qualified audit.

The 2015/16 Audit Plan has a number of focus areas including the following:

<b>Revenue</b>	Completeness and accuracy of Rates and service charges, Grant income, Fees and charges and Other revenue.
<b>Expenses</b>	Completeness of operating expenses.
<b>Payroll</b>	Completeness of payroll expenses.
<b>Cash and Cash Equivalents, Investments</b>	Existence, completeness and accuracy of cash and investment balances held with financial institutions.
<b>Trade and Other Receivables</b>	Existence, completeness and accuracy of receivables.
<b>Property and</b>	<ul style="list-style-type: none"> <li>• Impairment of property and infrastructure</li> </ul>

<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>• Appropriateness of useful lives</li> <li>• Accuracy of depreciation charge</li> </ul>
<b>Plant and Equipment</b>	Valuation and accuracy of the asset class
<b>Trade and Other Payables</b>	Existence, completeness and accuracy of Sundry Creditors.
<b>Borrowings</b>	Existence, completeness and accuracy of borrowings with the Western Australian Treasury Corporation (WATC).
<b>Provisions for Annual and Long Service Leave</b>	Completeness, Accuracy and Valuation of Annual and Long Service Leave provisions.

The Auditor is required to consider fraud in the audit of the City's financial report in accordance with Auditing Standard ASA 240 *The Auditor's responsibility to consider fraud in an Audit of a Financial Report*. The Audit Plan outlines the procedures to be undertaken and they will report any findings to Council.

The Auditor requires a Fraud and Error Assessment Form to be signed by the Presiding Member of the Audit and Strategic Finance Committee on behalf of the Committee. This attests to whether Council's Policies and Procedures are adequate to minimise the risk of fraud, whether there is any awareness of fraud or suspected fraud and whether management has communicated its processes for identifying/responding to risks of fraud to the Committee.

Regulation 17A of the Local Government (Financial Management) Regulations 1996 required the take up of fair value for all property, plant, equipment and infrastructure assets, phased in over a three year period ending 2014/15. The City successfully achieved this requirement last financial year and this same regulation now requires plant and equipment to be revalued during the 2015/16 financial year. For this reason, the audit plan has identified plant and equipment values as a significant risk area this year. However, the City is well prepared to successfully meet this regulatory requirement.

Materiality drives the scope of the audit and is determined in accordance with auditing standards. The Auditors use their professional judgement to assess what is considered material and has set various materiality thresholds within the Audit Plan as follows:

<b>Type of Materiality</b>	<b>Amount</b>
Overall materiality	<b>\$2,500,000</b> - Approximately 2% of Total budgeted expenditure (2015/16 year) \$124.1M
Performance materiality	<b>\$1,875,000</b> - which has been set at 75% of Overall Materiality
Trivial error threshold	<b>\$125,000</b> - which has been set at 5% of overall materiality

Explanations for what and how these are used are disclosed in the Audit Plan.



## **Strategic Plan/Policy Implications**

### **Leading & Listening**

- Effective and constructive dialogue with all City stakeholders.
- A responsive, accountable and sustainable organisation.
- A culture of risk management and compliance with relevant legislation, policy and guidelines

### **Budget/Financial Implications**

The 2015/16 budget includes sufficient provision for the conduct of the external audit.

### **Legal Implications**

Australian Auditing Standards (AS 2401: Consideration of Fraud in a Financial Statement Audit) require the Auditor to consider the risk that fraud could occur within the Council. In preparing their Interim Audit Fraud Risk Assessment, they communicate with the Audit and Strategic Finance Committee through this Fraud and Error Assessment Form. Arising from this requirement, the Presiding Member signs an appropriate statement on behalf of the Audit and Strategic Finance Committee.

### **Community Consultation**

N/A

### **Attachment(s)**

1. City of Cockburn External Audit Plan for the year ending 30 June 2016.
2. Fraud & Risk Assessment Form

### **Advice to Proponent(s)/Submissioners**

N/A

### **Implications of Section 3.18(3) Local Government Act, 1995**

Nil.

## **13. ENGINEERING & WORKS DIVISION ISSUES**

Nil

**14. COMMUNITY SERVICES DIVISION ISSUES**

Nil

**15. EXECUTIVE SERVICES DIVISION ISSUES**

Nil

**16. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

**17. NOTICES OF MOTION GIVEN AT THE MEETING FOR CONSIDERATION AT NEXT MEETING**

**18. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING BY COUNCILLORS OR OFFICERS**

**19. MATTERS TO BE NOTED FOR INVESTIGATION, WITHOUT DEBATE**

**20. CONFIDENTIAL BUSINESS**

**21. CLOSURE OF MEETING**



Cockburn - Compliance Audit Return 2015

<b>Commercial Enterprises by Local Governments</b>					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a)(b)(c) F&G Reg 7,9	Has the local government prepared a business plan for each major trading undertaking in 2015.	Yes		Daniel Arndt
2	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2015.	Yes		Daniel Arndt
3	s3.59(2)(a)(b)(c) F&G Reg 7,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2015.	Yes		Daniel Arndt
4	s3.59(4)	Has the local government given Statewide public notice of each proposal to commence a major trading undertaking or enter into a major land transaction for 2015.	Yes		Daniel Arndt
5	s3.59(5)	Did the Council, during 2015, resolve to proceed with each major land transaction or trading undertaking by absolute majority.	Yes		Daniel Arndt

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<b>Delegation of Power / Duty</b>						
No	Reference	Question	Response	Comments	Respondent	
1	s5.16, 5.17, 5.18	Were all delegations to committees resolved by absolute majority.	Yes		Donald Green	
2	s5.16, 5.17, 5.18	Were all delegations to committees in writing.	Yes		Donald Green	
3	s5.16, 5.17, 5.18	Were all delegations to committees within the limits specified in section 5.17.	Yes		Donald Green	
4	s5.16, 5.17, 5.18	Were all delegations to committees recorded in a register of delegations.	Yes		Donald Green	
5	s5.18	Has Council reviewed delegations to its committees in the 2014/2015 financial year.	Yes		Donald Green	
6	s5.42(1),5.43 Admin Reg 18G	Did the powers and duties of the Council delegated to the CEO exclude those as listed in section 5.43 of the Act.	Yes		Donald Green	
7	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO resolved by an absolute majority.	Yes		Donald Green	
8	s5.42(1)(2) Admin Reg 18G	Were all delegations to the CEO in writing.	Yes		Donald Green	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing.	Yes		Donald Green	
10	s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority.	Yes		Donald Green	
11	s5.46(1)	Has the CEO kept a register of all delegations made under the Act to him and to other employees.	Yes		Donald Green	
12	s5.46(2)	Were all delegations made under Division 4 of Part 5 of the Act reviewed by the delegator at least once during the 2014/2015 financial year.	Yes		Donald Green	
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required.	Yes		Donald Green	

<b>Disclosure of Interest</b>						
No	Reference	Question	Response	Comments	Respondent	
1	s5.67	If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision-making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68).	Yes		Donald Green	
2	s5.68(2)	Were all decisions made under section 5.68(1), and the extent of participation allowed, recorded in the minutes of Council and Committee meetings.	N/A		Donald Green	



No	Reference	Question	Response	Comments	Respondent
3	s5.73	Were disclosures under section 5.65 or 5.70 recorded in the minutes of the meeting at which the disclosure was made.	Yes		Donald Green
4	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly elected members within three months of their start day.	Yes		Donald Green
5	s5.75(1) Admin Reg 22 Form 2	Was a primary return lodged by all newly designated employees within three months of their start day.	Yes		Donald Green
6	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all continuing elected members by 31 August 2015.	Yes		Donald Green
7	s5.76(1) Admin Reg 23 Form 3	Was an annual return lodged by all designated employees by 31 August 2015.	Yes		Donald Green
8	s5.77	On receipt of a primary or annual return, did the CEO, (or the Mayor/ President in the case of the CEO's return) on all occasions, give written acknowledgment of having received the return.	Yes		Donald Green
9	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained the returns lodged under section 5.75 and 5.76	Yes		Donald Green
10	s5.88(1)(2) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70 and 5.71, in the form prescribed in Administration Regulation 28.	Yes		Donald Green
11	s5.88 (3)	Has the CEO removed all returns from the register when a person ceased to be a person required to lodge a return under section 5.75 or 5.76.	Yes		Donald Green
12	s5.88(4)	Have all returns lodged under section 5.75 or 5.76 and removed from the register, been kept for a period of at least five years, after the person who lodged the return ceased to be a council member or designated employee.	Yes		Donald Green
13	s5.103 Admin Reg 34C & Rules of Conduct Reg 11	Where an elected member or an employee disclosed an interest in a matter discussed at a Council or committee meeting where there was a reasonable belief that the impartiality of the person having the interest would be adversely affected, was it recorded in the minutes.	Yes		Donald Green
14	s5.70(2)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to the Council or a Committee, did that person disclose the nature of that interest when giving the advice or report.	N/A		Donald Green



No	Reference	Question	Response	Comments	Respondent
15	s5.70(3)	Where an employee disclosed an interest under s5.70(2), did that person also disclose the extent of that interest when required to do so by the Council or a Committee.	N/A		Donald Green
16	s5.103(3) Admin Reg 34B	Has the CEO kept a register of all notifiable gifts received by Council members and employees.	Yes		Donald Green

**Disposal of Property**

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Was local public notice given prior to disposal for any property not disposed of by public auction or tender (except where excluded by Section 3.58(5)).	Yes		Daniel Arndt
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property.	Yes		Daniel Arndt

**Elections**

No	Reference	Question	Response	Comments	Respondent
1	Elect Reg 30G (1)	Did the CEO establish and maintain an electoral gift register and ensure that all 'disclosure of gifts' forms completed by candidates and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the candidates.	Yes		Donald Green

**Finance**

No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act.	Yes	Refer OCM 12/11/15	Stuart Downing
2	s7.1B	Where a local government determined to delegate to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority.	Yes		Stuart Downing
3	s7.3	Was the person(s) appointed by the local government to be its auditor, a registered company auditor.	Yes	Refer Audit Committee Minutes 19/11/15	Stuart Downing
4	s7.3, 7.6(3)	Was the person or persons appointed by the local government to be its auditor, appointed by an absolute majority decision of Council.	Yes	Refer OCM 10/12/15	Stuart Downing



No	Reference	Question	Response	Comments	Respondent
5	Audit Reg 10	Was the Auditor's report for the financial year ended 30 June 2015 received by the local government within 30 days of completion of the audit.	Yes	Refer OCM 10/12/15	Stuart Downing
6	s7.9(1)	Was the Auditor's report for 2014/2015 received by the local government by 31 December 2015.	Yes	Refer OCM 10/12/15	Stuart Downing
7	S7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken by the local government, was that action undertaken.	N/A	No matters raised	Stuart Downing
8	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a report prepared on any actions undertaken.	N/A	No matters raised	Stuart Downing
9	S7.12A (4)	Where the local government determined that matters raised in the auditor's report (prepared under s7.9 (1) of the Act) required action to be taken by the local government, was a copy of the report forwarded to the Minister by the end of the financial year or 6 months after the last report prepared under s7.9 was received by the local government whichever was the latest in time.	N/A	No matters raised	Stuart Downing
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives of the audit.	Yes	Refer Audit Committee Minutes 19/11/15	Stuart Downing
11	Audit Reg 7	Did the agreement between the local government and its auditor include the scope of the audit.	Yes	Refer Audit Committee Minutes 19/11/15	Stuart Downing
12	Audit Reg 7	Did the agreement between the local government and its auditor include a plan for the audit.	Yes	Refer Audit Committee Minutes 19/11/15	Stuart Downing
13	Audit Reg 7	Did the agreement between the local government and its auditor include details of the remuneration and expenses to be paid to the auditor.	Yes	Refer Audit Committee Minutes 19/11/15	Stuart Downing
14	Audit Reg 7	Did the agreement between the local government and its auditor include the method to be used by the local government to communicate with, and supply information to, the auditor.	Yes	Refer Audit Committee Minutes 19/11/15	Stuart Downing



<b>Local Government Employees</b>					
No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve the process to be used for the selection and appointment of the CEO before the position of CEO was advertised.	N/A		Cliff Mckinley
2	s5.36(4) s5.37(3), Admin Reg 18A	Were all vacancies for the position of CEO and other designated senior employees advertised and did the advertising comply with s.5.36(4), 5.37(3) and Admin Reg 18A.	Yes		Cliff Mckinley
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position of CEO under section 5.36(4).	N/A		Cliff Mckinley
4	Admin Regs 18E	Did the local government ensure checks were carried out to confirm that the information in an application for employment was true (applicable to CEO only).	N/A		Cliff Mckinley
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss a designated senior employee.	Yes		Cliff Mckinley

<b>Official Conduct</b>					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Where the CEO is not the complaints officer, has the local government designated a senior employee, as defined under s5.37, to be its complaints officer.	N/A		Donald Green
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that result in action under s5.110(6)(b) or (c).	N/A	No complaints lodged during 2015	Donald Green
3	s5.121(2)(a)	Does the complaints register maintained by the complaints officer include provision for recording of the name of the council member about whom the complaint is made.	Yes		Donald Green
4	s5.121(2)(b)	Does the complaints register maintained by the complaints officer include provision for recording the name of the person who makes the complaint.	Yes		Donald Green
5	s5.121(2)(c)	Does the complaints register maintained by the complaints officer include provision for recording a description of the minor breach that the standards panel finds has occurred.	Yes		Donald Green
6	s5.121(2)(d)	Does the complaints register maintained by the complaints officer include the provision to record details of the action taken under s5.110(6)(b) or (c).	Yes		Donald Green





<b>Tenders for Providing Goods and Services</b>					
No	Reference	Question	Response	Comments	Respondent
1	s3.57 F&G Reg 11	Did the local government invite tenders on all occasions (before entering into contracts for the supply of goods or services) where the consideration under the contract was, or was expected to be, worth more than the consideration stated in Regulation 11(1) of the Local Government (Functions & General) Regulations (Subject to Functions and General Regulation 11(2)).	Yes		Antonio Natale
2	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than inviting tenders for a single contract.	Yes		Antonio Natale
3	F&G Reg 14(1) & (3)	Did the local government invite tenders via Statewide public notice.	Yes		Antonio Natale
4	F&G Reg 14 & 15	Did the local government's advertising and tender documentation comply with F&G Regs 14, 15 & 16.	Yes		Antonio Natale
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer, notice of the variation.	Yes		Antonio Natale
6	F&G Reg 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Reg 16.	Yes		Antonio Natale
7	F&G Reg 18(1)	Did the local government reject the tenders that were not submitted at the place, and within the time specified in the invitation to tender.	Yes		Antonio Natale
8	F&G Reg 18 (4)	In relation to the tenders that were not rejected, did the local government assess which tender to accept and which tender was most advantageous to the local government to accept, by means of written evaluation criteria.	Yes		Antonio Natale
9	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17.	Yes		Antonio Natale
10	F&G Reg 19	Was each tenderer sent written notice advising particulars of the successful tender or advising that no tender was accepted.	Yes		Antonio Natale
11	F&G Reg 21 & 22	Did the local governments's advertising and expression of interest documentation comply with the requirements of F&G Regs 21 and 22.	Yes		Antonio Natale
12	F&G Reg 23(1)	Did the local government reject the expressions of interest that were not submitted at the place and within the time specified in the notice.	Yes		Antonio Natale



No	Reference	Question	Response	Comments	Respondent
13	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services.	Yes	Listed by Procurement and approved by the CEO	Antonio Natale
14	F&G Reg 24	Was each person who submitted an expression of interest, given a notice in writing in accordance with Functions & General Regulation 24.	Yes		Antonio Natale
15	F&G Reg 24AD(2)	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice.	No	No panels invited to date	Antonio Natale
16	F&G Reg 24AD(4) & 24AE	Did the local government's advertising and panel documentation comply with F&G Regs 24AD(4) & 24AE.	No	No panels invited to date	Antonio Natale
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16 as if the reference in that regulation to a tender were a reference to a panel application.	No	No panels invited to date	Antonio Natale
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application, notice of the variation.	No	No panels invited to date	Antonio Natale
19	F&G Reg 24AH(1)	Did the local government reject the applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time specified in the invitation for applications.	No	No panels invited to date	Antonio Natale
20	F&G Reg 24AH(3)	In relation to the applications that were not rejected, did the local government assess which application(s) to accept and which application(s) were most advantageous to the local government to accept, by means of written evaluation criteria.	No	No panels invited to date	Antonio Natale
21	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers, comply with the requirements of F&G Reg 24AG.	No	No panels invited to date	Antonio Natale
22	F&G Reg 24AI	Did the local government send each person who submitted an application, written notice advising if the person's application was accepted and they are to be part of a panel of pre-qualified suppliers, or, that the application was not accepted.	No	No panels invited to date	Antonio Natale



No	Reference	Question	Response	Comments	Respondent
23	F&G Reg 24E	Where the local government gave a regional price preference in relation to a tender process, did the local government comply with the requirements of F&G Reg 24E in relation to the preparation of a regional price preference policy (only if a policy had not been previously adopted by Council).	N/A	No regional price preference available or accepted within the City Policy	Antonio Natale
24	F&G Reg 24F	Did the local government comply with the requirements of F&G Reg 24F in relation to an adopted regional price preference policy.	N/A	No regional price preference available or accepted within the City Policy	Antonio Natale
25	F&G Reg 11A	Does the local government have a current purchasing policy in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$150,000 or less.	Yes		Antonio Natale

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**Bernadette Pinto**

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**From:** julie.knight@dlgc.wa.gov.au  
**Sent:** Wednesday, 2 March 2016 8:25 AM  
**Subject:** Request for information regarding local government audit contracts  
**Attachments:** Letter to CEO - Auditing of local governments by Auditor General.pdf

Good morning

I am writing to you regarding proposed amendments to the *Local Government Act 1995* which will extend the jurisdiction of the Auditor General to include local governments. The Department of Local Government and Communities has consulted WALGA and LGMA on the matter and we are now seeking information about existing audit contracts from local governments.

The Office of the Auditor General has asked the department to write to local government seeking information about their audit contracts, specifically the date on which their audit contracts expire. The OAG is seeking this information to provide them with an understanding of the current audit arrangements, to enable them to audit a cross section of local governments (once the new arrangements commence) and to determine their resourcing requirements in the long term.

A letter from the Director General, Local Government and Communities requesting that this information is provided to the department is attached, and your assistance in providing this information to the department as soon as possible is greatly appreciated.

Regards

**Julie Knight**

Senior Legislation and Strategy Officer  
Local Government Legislation  
Department of Local Government and Communities  
Tel: +61 8 6552 1595  
Fax: +61 8 6552 1555  
Email: [julie.knight@dlgc.wa.gov.au](mailto:julie.knight@dlgc.wa.gov.au)  
Web: [www.dlgc.wa.gov.au](http://www.dlgc.wa.gov.au)

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Government of **Western Australia**  
Department of **Local Government and Communities**

Our Ref: 2689-15

**TO: THE CHIEF EXECUTIVE OFFICER**

**Auditing of local governments by the Auditor General**

I am writing to you regarding the State Government's proposal for amendments to be made to the *Local Government Act 1995*. The amendments will provide for the Auditor General to undertake financial and performance audits of the local government sector.

As you may be aware, the Department of Local Government and Communities has established, and consulted with, a working group comprising representatives from WALGA, LGMA and the Office of the Auditor General. The purpose of the working group is to provide advice on the proposed amendments and to assist in the understanding of processes. The Parliamentary Counsel's Office has commenced drafting the necessary amendments to the Act.

Under the proposed changes, the Auditor General may contract out some of the financial audits, but all audits will be done under the supervision of the Auditor General and the Office of the Auditor General.

To enable a smooth transition to the new regime, I seek your assistance in providing the Department with the date on which your current audit contract expires. This information will assist the Office of the Auditor General in understanding current arrangements to enable them to audit a cross section of local governments and to determine their resourcing requirements in the long term.

It would be appreciated if you could provide the information to the Department as soon as possible at [legislation@dlgc.wa.gov.au](mailto:legislation@dlgc.wa.gov.au). Please contact Ms Julie Knight, Senior Legislation and Strategy Officer on 6552 1595 if you require further information.

Yours sincerely

A handwritten signature in cursive script, appearing to read 'J Mathews'.

Jennifer Mathews  
**DIRECTOR GENERAL**  
**DEPARTMENT OF LOCAL GOVERNMENT AND COMMUNITIES**

Gordon Stephenson House  
140 William Street Perth WA 6000  
GPO Box R1250 Perth WA 6844  
Tel: (08) 6551 8700 Fax: (08) 6552 1555 Freecall: 1800 620 511 (Country only)  
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Certified Practising Accountants



# **CITY OF COCKBURN**

## External Audit Plan For the Year Ending 30 June 2016

March 2016

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# 1. Purpose of the Audit

The purpose of this audit plan is to summarise our external audit approach in relation to the statutory audit of the City of Cockburn for the financial year ending 30 June 2016.

Our Audit Plan has been prepared to inform the officers and the Audit Committee of the City of Cockburn about our responsibilities as your external auditors and how we plan to discharge them.

The plan focuses on:

- Documenting our audit approach, including:
  - audit process;
  - materiality;
  - approach to auditing key financial statement risk issues; and
  - completion;
- Presenting our audit engagement team;
- Highlighting relevant independence and governance matters;
- Providing a preliminary assessment of timing;

Our audit approach is focused on assessing and responding to the risk of misstatement in the financial statements.

We are committed to audit quality and the requirements of independence based on Macri Partners' and the accounting profession's strict rules and policies. We have made our initial assessment of potential threats to independence and have adopted appropriately robust safeguards to address those risks and protect independence.

## 2. Scope of the Audit

We will conduct an independent audit of the financial statements in order to express an opinion on it to the ratepayers of the City of Cockburn.

Our audit will be conducted in accordance with Australian Auditing Standards with the objective of reducing the level of material misstatement in the financial statements to an acceptably low level. These standards have been fully updated and revised to improve their clarity and in some cases this is accompanied by additional audit requirements. We are required to comply with them for the audit of your 2015/16 accounts.

We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

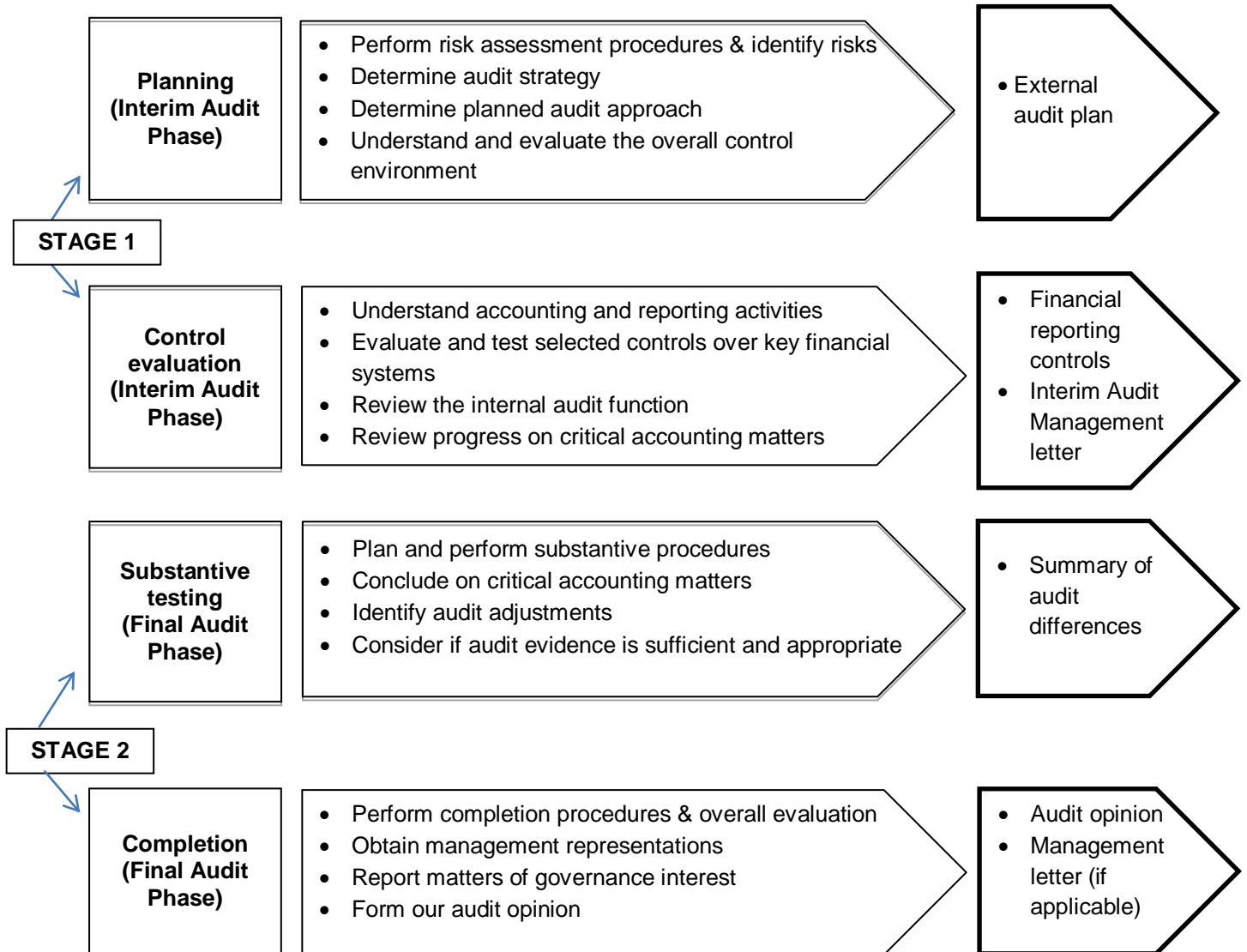


### 3. Financial Reporting Responsibilities

Management	External Audit	Audit Committee
<ul style="list-style-type: none"> <li>• Prepare financial statements and notes in accordance with Australian Accounting Standards, Local Government Act 1995 (as amended) and Regulations under the Act</li> <li>• Design, implement and maintain effective internal control over financial reporting processes</li> <li>• Risk management</li> <li>• Exercise sound judgement in selecting and applying critical accounting policies</li> <li>• Safeguard assets</li> <li>• Prevent, detect and correct errors</li> <li>• Prevent and detect fraud</li> <li>• Provide representations to external auditors</li> <li>• Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements</li> <li>• Confirm the effective operations of financial reporting controls and disclosures in the annual financial statements</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct audit in accordance with professional standards and applicable financial reporting framework (i.e. Auditing Standards and Australian Accounting Standards)</li> <li>• Express an opinion on whether the financial statements present a true and fair view in accordance with Australian Accounting Standards, Local Government Act 1995 (as amended) and Regulations under the Act</li> <li>• Plan and perform the audit to obtain reasonable assurance (not absolute assurance) as to whether the accounts are free of material misstatements, whether caused by error or fraud</li> <li>• Maintain audit independence</li> </ul>	<ul style="list-style-type: none"> <li>• Create a culture of honesty and ethical behaviour; set the proper tone and emphasise fraud prevention</li> <li>• Oversee management, including ensuring that management establishes and maintains internal control to provide reasonable assurance regarding integrity and reliability of financial reporting</li> <li>• Oversee management activities which ensure appropriate risk management and controls are in place for monitoring risk and compliance with policies, procedures and laws</li> <li>• Review the Council's performance</li> <li>• Liaise with the external auditors to facilitate external audit</li> <li>• Review annual financial statements and recommend approval to the Council</li> </ul>

## 4. Audit Approach

Our objective is to provide an independent auditor's opinion on the financial report of the City of Cockburn for the year ending 30 June 2016. Our audit methodology is split into two stages and is applied uniquely to your circumstances. It involves the following activities.



Our audit approach is also based on understanding and evaluating your internal control environment and where appropriate validating these controls, if we wish to place reliance on them. This work is supplemented with substantive audit procedures, which include detailed testing of transactions and balances and suitable analytical procedures.

Our audit procedures will focus on those areas of the City of Cockburn's activities that are considered to represent the key audit risks identified in our planning memorandum and through discussions with management and the Audit Committee during the course of our audit.

## (a) Interim Audit Coverage

Our examination of internal controls during interim audit for the year ending 30 June 2016 will be carried out for audit purposes designed primarily for the purpose of expressing an opinion on the financial statements of the City of Cockburn.

During our interim audit visit, we will focus on updating our understanding of the Council's internal controls. This includes reviewing the control environment, risk assessment processes and relevant aspects of information systems controls. Following on from this, we will use the results of this assessment to determine how much we can rely on the information produced from the Council's systems during our final audit visit.

The interim audit is not intended to cover all aspects of the City's internal controls and accounting systems and is limited to those matters that arise from our normal audit procedures. To this end, we have designed audit programs to carry out our interim audit and we summarise below the areas which we normally cover:

- Bank Reconciliations
- Investment of Surplus Funds
- Rates / ESL Levy
- Receipting
- Sundry Debtors
- Purchase of Goods and Services and Payments
- Creditors
- Payroll
- Fixed Assets (Property, Plant and Equipment and Infrastructure)
- General Accounting (Journals, General Ledger, etc.)
- IT Controls
- Registers (Tender, etc)
- Minutes Review
- Other financial matters/issues requested by the management/audit committee
- Discuss progress on audit findings and recommendations reported by the Auditor in the previous:
  - interim audit management letter
  - final Audit Completion Report to the Audit Committee prior year management letter to check what action has been taken and audit implications.

Any significant issues arising during the course of the audit will be discussed and management report will be issued.

## **(b) Final Audit Coverage**

During our final audit visit, we will focus on auditing the balances, disclosures and other information included in the Council's financial statements.

- Current Assets
  - Bank and investments
  - Receivables and prepayments
  - Inventories
- Non-Current Assets
  - Property, plant and equipment
  - Infrastructure and depreciation
  - Other receivables
- Liabilities (Current and non-current)
  - Creditors and accruals
  - Loan borrowings including new loans raised
  - Provision for employee entitlements
- Analytical Review of Budget vs Actual (Statement of Comprehensive Income)
- Statement of Cash Flows
- Rate Setting Statement
- Statement of Changes in Equity
- Accounting Policies and Notes to the Financial Statements
- Reserve Funds
- Contingent Liabilities
- Capital Commitments
- Financial Ratios
- Any other statutory obligations

## 5. Significant Risks Identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty".

In this section, we outline the significant risks of material misstatement which we have identified.

Focus Area	Financial Statement Impact	Planned Audit Approach
Plant and Equipment	Valuation and accuracy of the asset class	<ul style="list-style-type: none"> <li>➤ Review the basis of any asset valuations (at fair value) and in doing so consider:               <ul style="list-style-type: none"> <li>• the judgements, assumptions and data used;</li> <li>• the reasonableness of any estimation techniques applied; and</li> <li>• the appropriateness of valuations undertaken internally by management and/or expertise of your external valuer.</li> </ul> </li> </ul>

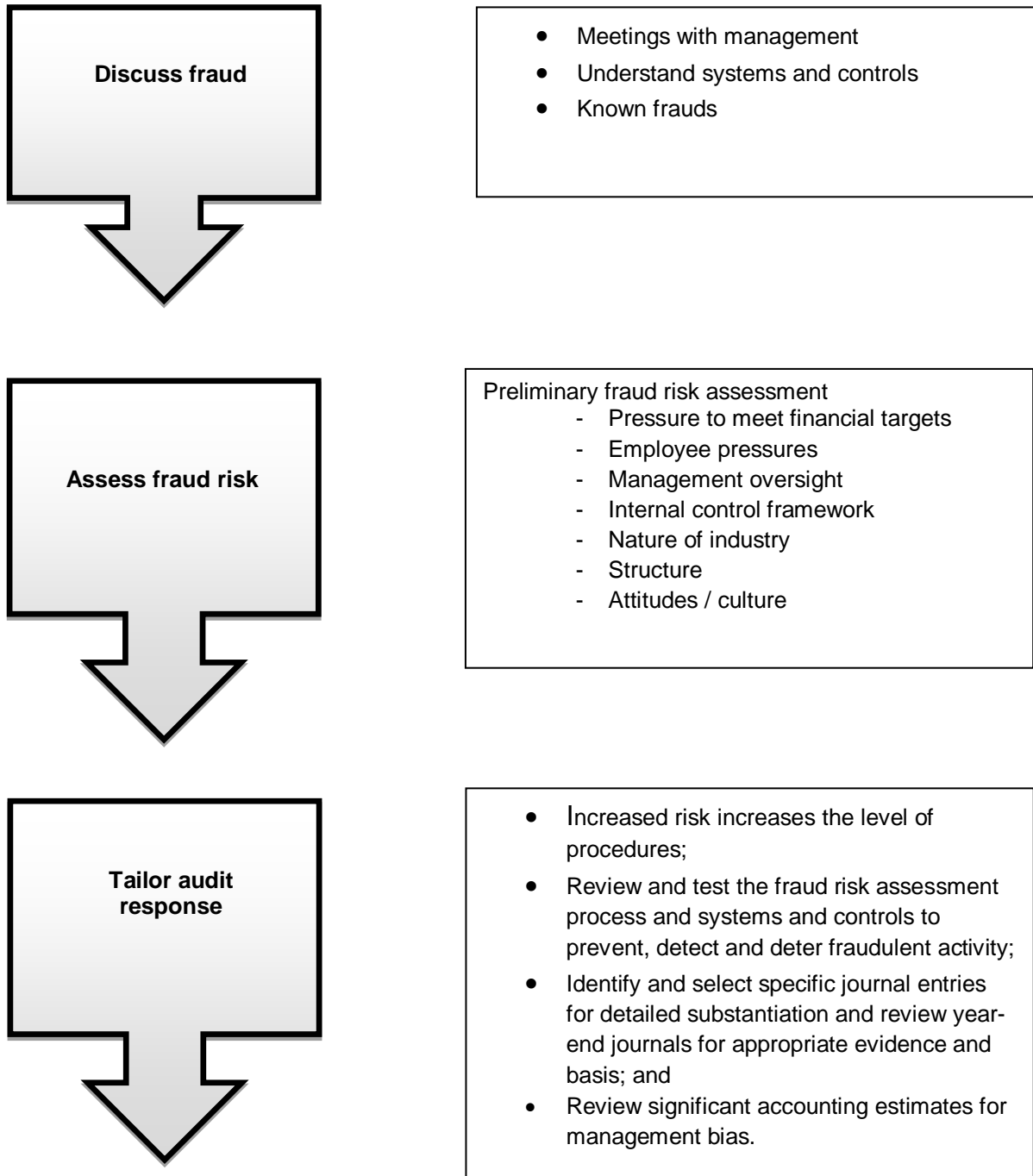
## 6. Other Risks

Focus Area	Financial Statement Impact	Planned Audit Approach
Revenue	Completeness and accuracy of Rates and service charges, Grant income, Fees and charges and Other revenue	<ul style="list-style-type: none"> <li>➤ Control testing on rates revenue, fees and charges and selected other revenue</li> <li>➤ Test a sample of revenue transactions to supporting documentation</li> <li>➤ Substantive analytical procedures</li> </ul>
Expenses	Completeness of operating expenses	<ul style="list-style-type: none"> <li>➤ Review of expenditure incurring and approval processes</li> <li>➤ Test a sample of expenditure transactions to supporting documentation</li> <li>➤ Analytical review of operating expenditure</li> </ul>
Payroll	Completeness of payroll expenses	<ul style="list-style-type: none"> <li>➤ Review and assess controls over the payroll process</li> <li>➤ Analytical review of employee expenditure</li> </ul>

Focus Area	Financial Statement Impact	Planned Audit Approach
Cash and Cash Equivalents, Investments	Existence, completeness and accuracy of cash and investment balances held with financial institutions	<ul style="list-style-type: none"> <li>➤ Obtain external confirmations from the relevant financial institutions</li> </ul>
Trade and Other Receivables	Existence, completeness and accuracy of receivables	<ul style="list-style-type: none"> <li>➤ Vouching subsequent receipts for material balances</li> <li>➤ Assess adequacy of provision for bad and doubtful debts</li> </ul>
Property and Infrastructure	<ul style="list-style-type: none"> <li>• Impairment of property and infrastructure</li> <li>• Appropriateness of useful lives</li> <li>• Accuracy of depreciation charge</li> </ul>	<ul style="list-style-type: none"> <li>➤ Review of the reconciliation between asset register and general ledger</li> <li>➤ Sample testing of acquisitions, disposals and write-offs</li> <li>➤ Review of depreciation/amortisation charge for reasonableness</li> </ul>
Trade and Other Payables	Existence, Completeness and accuracy of Sundry Creditors and Accrued Expenses	<ul style="list-style-type: none"> <li>➤ Perform search for unrecorded liabilities</li> <li>➤ Review of trade payables and accrued expenses</li> <li>➤ Vouching significant balances</li> </ul>
Borrowings	Existence, completeness and accuracy of borrowings with the Western Australian Treasury Corporation (WATC)	<ul style="list-style-type: none"> <li>➤ Obtain external confirmations from the WATC</li> </ul>
Provisions for Annual and Long Service Leave	Completeness, Accuracy and Valuation of Annual and Long Service Leave provisions	<ul style="list-style-type: none"> <li>➤ Review calculation of annual leave and long service leave provisions</li> </ul>

## 7. Impact of Fraud on the Financial Report

In accordance with Auditing Standard ASA 240 “The Auditor’s responsibility to consider fraud in an Audit of a Financial Report”, we will undertake specific procedures and report findings to the Council in respect of financial reporting fraud. The following diagram highlights the phases of our work on fraud.



## 8. Highlights – 2015/16 Financial Year

### Regulatory Environment

Local Government (Financial Management) Regulations 1996 – regulation 17A requires revaluation to occur:

<b>In</b>	<b>For</b>
<b>2015/16</b>	<b>Plant and Equipment</b>



## 9. Materiality

Materiality drives the scope of our audit and is determined in accordance with the auditing standard requirements. We plan and perform our audit to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

<b>Type of Materiality</b>	<b>What is it used for?</b>	<b>Amount for 2016 Year</b>
Overall materiality	Our overall materiality for the Council is calculated as a percentage of gross operating expenditure; this represents the level at which we would consider qualifying our audit opinion and is consistent with the prior year.	<b>\$2,500,000</b>  Approximately 2% of Total Budgeted Expenditure (2016 year) \$124.1m
Performance materiality	We determine performance materiality (from overall materiality) in order to assess risks of material misstatement and to determine the nature, timing and extent of audit procedures.  This is the level to which we plan our audit work and identify significant accounts.	<b>\$1,875,000</b>  which has been set at 75% of Overall Materiality
Trivial error threshold	Auditing Standard ASA 450 <i>Evaluation of Misstatements Identified during the Audit</i> requires that we record all misstatements identified except those which are "clearly trivial". Matters which are clearly trivial are those which we expect not to have a material effect on the financial statements even if accumulated. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial.  We determine a trivial error threshold (from materiality) in order to accumulate misstatements identified during the audit.  We will not report misstatements below the threshold level unless we believe that the nature of the misstatement should be of concern. We will include a summary of any uncorrected misstatements identified during our audit in our year-end Audit Completion Report to the Audit Committee.	<b>\$125,000</b>  which has been set at 5% of Overall Materiality

We will reassess materiality based on year-end results or new information to confirm whether it remains appropriate for evaluating the effects of uncorrected misstatements on the financial statements.

## 10. Audit Engagement Team

The audit team consists of the key members listed below:

Engagement Role	Name	Responsibilities
Audit Partner	Anthony Macri	Engagement leader responsible for the audit, including: <ul style="list-style-type: none"> <li>liaison with the Chief Executive Officer and audit committee members</li> <li>signing of external audit opinion and other relevant reports</li> </ul>
Senior Audit Manager	S Menon	Responsible for: <ul style="list-style-type: none"> <li>overall quality control of the audit engagement</li> <li>overall review of audit outputs</li> </ul>
Audit Manager	Mit Gudka	Responsible for: <ul style="list-style-type: none"> <li>key contact for operational audit matters</li> <li>ensuring delivery to timetable</li> <li>management of targeted work</li> </ul>

## 11. Communications Plan and Timetable

Auditing Standard **ASA 260 'Communication of audit matters with those charged with governance'** requires auditors to plan with those charged with governance the form and timing of communications with them. We have assumed that 'those charged with governance' are the Audit Committee.

Output	Timing
Interim Audit Field Work	April - June 2016 (Management to confirm)
Provide Interim Management Letter	On completion of interim audit and management responses received
Final Audit Field Work	September 2016 – November 2016 (Management to confirm)
Present the Audit Findings Report to the Audit Committee	September 2016 – November 2016 (Management to confirm)
Provide Audit Opinion on Financial Statements	September 2016 – November 2016 (Management to confirm)

## **12. Independence**

### **Independence and Objectivity Confirmation**

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the Audit Engagement Partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, this is the Audit Committee.

### **Confirmation Statement**

We confirm that as of February 2016 in our professional judgement, Macri Partners is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Engagement Partner and audit staff is not impaired.

## **13. Disclaimer**

This audit plan has been prepared for the Audit Committee and management of the City of Cockburn only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the City of Cockburn.