



Shire of
YILGARN

“good country for hardy people”

*Audit
Committee
Meeting
Minutes*

19th December

2019

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1. DECLARATION OF OPENING

The Chief Executive Officer declared the meeting open at 1:57 pm.

2. ATTENDANCE

Cr W Della Bosca	Member
Cr J Cobden	Member
Cr S Shaw	Member
Mr. P Clarke	Chief Executive Officer
Mr. C Watson	Executive Manager Corporate Services
Mrs. N Mwale	Manager of Finance
Apologies:	Mrs. J Della Bosca-Community Member
Observers:	Cr L Rose Mr. Nic Warren – Executive Manager Regulatory Services
Leave of Absence:	Nil

3. ELECTION OF PRESIDING MEMBER & DEPUTY PRESIDING MEMBER

3.1 The Chief Executive Officer, Mr. Peter Clarke, invited nominations for the position of Chairperson of the Audit Committee for the ensuing 2 years. The following nomination was received: -

Cr W Della Bosca, nominated by himself

As there was no more than one nomination for the position, Cr W Della Bosca was declared elected to the position of Chair of the Audit Committee for the ensuing 2 years.

Cr W Della Bosca assumed the Chair.

3.2 The Chairperson of the Audit Committee, Cr W Della Bosca, invited nominations for the position of Deputy Chairperson of the Audit Committee for the ensuing 2 years. The following nomination was received: -

Cr S Shaw, nominated by herself

As there was no more than one nomination for the position, Cr S Shaw was declared elected to the position of Deputy Chair of the Audit Committee for the ensuing 2 years.

4. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5. PUBLIC QUESTION TIME

Nil

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 19th September 2019

AC10/2019

Moved Cr J Cobden/Seconded Cr S Shaw

That the minutes of the Audit Committee Meeting held on 19 September, 2019 be confirmed as a true and correct record of proceedings.

CARRIED (3/0)

7. DECLARATIONS BY MEMBERS AND OFFICERS

Nil

8. STATUS OF ACTIONS PREVIOUSLY TABLED

Agenda item 11.1 – Adoption of the Shire of Yilgarn Audit Committee Terms of Reference finalises item 4.2.2 – Audit Committee of the 2019 Local Government (Audit) Regulations 1996 regulation 17 review.

9. RISK DEVELOPMENTS

No change

10. PRESENTATIONS

Mr Wen-Shien Chai of Moore Stephens, Councils Auditor, attended the meeting via teleconference and discussed audit processes and outcomes.

Mr Chai explained the reason for his meeting with Councils Audit Committee and explained the contents of the Audit Concluding Memorandum. Mr. Chai indicated that it was a clean audit with the only matters of note being significant adverse trends with Councils Operating Surplus Ratio and Asset Sustainability Ratio and that the Office of Auditor Generals approach for reporting these was used.

Mr Chai left the meeting at 2:21pm

The Chief Executive Officer then went on to commend the Executive Manager Corporate Services and especially the Finance Manager for all the hard work undertaken to achieve both a clean audit and audit management report.

11. OFFICERS REPORT – EXECUTIVE MANAGER CORPORATE SERVICES

11.1 Adoption of the Shire of Yilgarn Audit Committee Terms of Reference

File Reference	2.1.2.9
Disclosure of Interest	None
Voting Requirements	Simple Majority
Attachments	Attachment 1 - Shire of Yilgarn Audit Committee Terms of Reference

Purpose of Report

To present to the Audit Committee a set of Terms of Reference for their endorsement and adoption.

Background

During the recent Local Government (Audit) Regulations 1996, regulation 17 (Audit Reg 17) review it was identified that the Shire of Yilgarn Audit Committee did not have a set of Terms of Reference to guide its activities. It was agreed that staff would develop a set of Terms of Reference and present these to the next meeting of the Audit Committee.

Comment

Item 4.2.2 - Audit Committee of the recent Audit Reg 17 review identified the need for the Shire of Yilgarn Audit Committee to develop and adopt a set of Terms of Reference which are intended to inform and guide the Committee in the performance of their activities.

A set of Terms of Reference have been developed by staff and are attached to this item. These Terms of Reference are based on the Department of Local Government, Sport & Cultural Industries model with minor modifications to bring them into line with the Shire of Yilgarn's requirements and to update the model inline with the appointment of the Office of the Auditor General as the Auditor for all Local Governments in the state.

Statutory Environment

There is no statutory requirement for a Local Government's Audit Committee to have a set of Terms of Reference, however the *Local Government Operational Guidelines Number 09 – Audit in Local Government* recommends that a Council's Audit Committee develop and adopt their own Terms of Reference.

Strategic Implications

Shire of Yilgarn Strategic Community Plan 2018-2028 – Civic Leadership – A trustworthy and cohesive Council that functions efficiently and effectively to meet the needs of our community.

Policy Implications

Nil

Financial Implications

Future Budget allocations to comply with the more complex recommendations.

Officer Recommendation

AC11/2019

Moved Cr J Cobden/Seconded Cr S Shaw

That the Audit Committee adopts the Shire of Yilgarn Audit Committee Terms of Reference as presented.

Carried (3/0)

11.2 2018/19 Audit and Management Report

File Reference	8.2.3.3
Disclosure of Interest	Nil
Voting Requirements	Simple Majority
Attachments	Attachment 1 – 2018/2019 Annual Report including the Annual Financial Report incorporating the Independent Auditor’s Report. Attachment 2 – Management Report for Year Ending 30 June 2019. Attachment 3 – CEO’s Report relating to Audit.

Purpose of Report

The Audit Committee is requested to endorse the Annual Financial Report, Management Report and Chief Executive Officers Report relating to the Annual Financial Report for the year ending 2018/2019.

Background

The purpose and responsibilities of the Audit Committee is outlined in Part 7 of the Local Government Act 1995.

One of the Audit Committee's responsibilities is to examine the reports of the auditor including the management report. The committee would then determine if any matters raised in the reports require action to be taken by the local government and to ensure that appropriate action is implemented.

The Audit Committee is also to receive and authorise a report relating to the audit prepared by the Chief Executive Officer that is subsequently to be sent to the Minister. This report outlines actions intended to be undertaken in relation to matters identified by the auditor.

Comment

Prior to the consideration of this report, Councils appointed Auditor will discuss the content of the audit and issues raised within the attached Management Report.

The auditor’s completed the audit for the financial year ended 30 June 2019. The attached reports include the Chief Executive Officer’s response to both the Management Report for the year ended 30 June 2019 and the Independent Auditor's Report for the same period that is submitted for the Committee’s attention.

Statutory Environment

Local Government Act 1995 –

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
 - (a) there is any error or deficiency in an account or financial report submitted for audit; or
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
 - (a) prepare a report thereon; and
 - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.
 - (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government to be dealt with under section 7.12A.

7.12A Duty of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.

- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

Local Government (Financial Management) Regulations 1996 –

51. Annual financial report to be signed etc. by CEO and given to Department

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

Local Government (Audit) Regulations 1996 –

10. Report by auditor

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
 - (a) the financial position of the local government; and
 - (b) the results of the operations of the local government.
- (3) The report is to include —
 - (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and
 - (b) any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable

- financial controls in any other written law; and
- (c) details of whether information and explanations were obtained by the auditor; and
 - (d) a report on the conduct of the audit; and
 - (e) the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —
 - (i) the asset consumption ratio; and
 - (ii) the asset renewal funding ratio.
- (4A) In subregulation (3)(e) —
- asset consumption ratio** has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2);
- asset renewal funding ratio** has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2).
- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

The recommendation that follows is consistent with the legislative requirements.

Strategic Implications

There are no strategic implications as a result of this report.

Policy Implications

There are no policy implications as a result of this report.

Financial Implications

There are no financial implications as a result of this report.

Officer Recommendation

AC12/2019

*Moved Cr S Shaw/Seconded Cr J Cobden
That the Audit Committee:*

- 1. accepts the Annual Financial Report, inclusive of the Independent Auditors Report to the Electors of the Shire of Yilgarn, for the year ending 30 June 2019.*
- 2. accepts the Chief Executive Officer's Report and recommends a copy of said report be forwarded to the Minister.*

3. *endorses the presented Shire of Yilgarn Annual Report for the financial period ending 30 June 2019 and recommends its presentation to the December 2019 meeting of Council for formal acceptance.*

CARRIED (3/0)

12. CLOSURE

With there being no further business to discuss the Presiding Member declared the meeting closed at 2:27 pm