



Agenda Audit Committee Meeting 16 December 2015

Notice of an Audit Committee Meeting

The next Audit Committee Meeting of the Shire of Coorow will be held on Wednesday 16 December 2015, at the Coorow District Hall, from 2.30 pm.

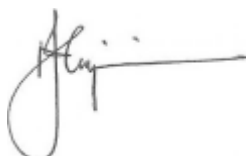
Peter Crispin
Chief Executive Officer

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In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of Shire of Coorow during the course of any meeting is not intended to be and is not taken as notice of approval from Shire of Coorow. The Shire of Coorow warns that anyone who has an application lodged with Shire of Coorow must obtain and only should rely on **WRITTEN CONFIRMATION** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Coorow in respect of the application.

Signed on behalf of Council

A handwritten signature in black ink, appearing to read 'Peter Crispin', with a long horizontal line extending to the right.

Peter Crispin
Chief Executive Officer

SHIRE OF COOROW

QUESTIONS FROM THE PUBLIC

The Shire of Coorow welcomes community participation during public question time. The following is a summary of procedure and a guide to completion of the required form.

- a. The person asking the question is to give their name and address prior to asking the question.
- b. Questions are to be directed through the chair, with the Presiding Member having the discretion of accepting or rejecting a question and the right to nominate a Councillor or Officer to answer.
- c. In order to provide an opportunity for the greatest portion of the gallery to take advantage of question time, questions are to be as succinct as possible. Any preamble to questions should therefore be minimal and no debating of the issue between the Gallery, Councillors or Officers is permissible.
- d. Where the Presiding Member rules that a member of the public is making a statement during public question time, then no answer is required to be given or recorded in response.
- e. Questions which are considered inappropriate; offensive or otherwise not in good faith; duplicates or variations of earlier questions; relating to the personal affairs or actions of Council members or employees; will be refused by the Presiding Member as 'out of order' and will not be recorded in the minutes.
- f. Where a member of the public submitting a question is not physically present at the meeting, those questions will be treated as an item of correspondence and will be answered in the normal course of business (and not be recorded in the minutes).
- g. Questions from members of the public that do not comply with the Rules of Question Time or do not abide by a ruling from the Presiding Member, or where the member of the public behaves in a manner in which they are disrespectful of the Presiding Member or Council, or refuse to abide by any reasonable direction from the Presiding Member, will be ruled 'out of order' and the question will not be recorded in the minutes.
- h. Answers to questions provided in good faith, however, unless reasonable prior written notice of the question is given, answers should not be relied upon as being totally comprehensive.
- i. Where a question (compliant to these rules) is raised and is unable to be answered at the meeting, the question shall be 'taken on notice' with an answer being given at the next appropriate Council Meeting.
- j. Public Question Time is set for a maximum period of 15 minutes, and will terminate earlier should no questions be forthcoming.
- k. To enable all members of the public a fair and equitable opportunity to participate in Public Question Time, each person shall be provided a maximum two minutes time limit in the first instance, in which to ask a maximum of two questions (whether these are submitted 'in writing' or 'from the floor'). A question may include a request for the tabling of documents where these are relevant to an issue before Council.
- l. Questions to be asked at the meeting will be registered, and the priority for asking questions shall be firstly 'questions on which written notice has been given prior to the meeting' (that is, prior to 12 noon on the day immediately preceding the meeting) and secondly, 'questions from the floor'.
- m. Should there be time remaining on the initial period for Public Question Time (i.e. 15 minutes) after all members of the public have posed their initial allotment of two questions, the Presiding Member will then allow members of the public to sequentially (in accordance with the register) ask a further two questions (with a two minute time limit) until the initial period for Public Question Time has expired.
- n. Any extension to the initial period for Public Question Time is to be limited to a period that will allow sufficient time for any remaining members of the public to ask their initial allotment of two questions.

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS:

The Chief Executive Officer welcomed those present and opened the meeting at pm.

NEED TO ELECT A CHAIRPERSON!!!!

2. RECORD OF ATTENDANCE/APOLOGIES:

Councillor M J Girando
Councillor B A Jack
Councillor M R Bothe
Councillor R J Clement
Councillor E Cullen
Councillor V R Oakes
Councillor D A Rackemann
Councillor G C Sims

President
Deputy President

Mr P J Crispin
Mr L J Parola
Mr T B Brandy
Mr K L Bean

Chief Executive Officer
Deputy Chief Executive Officer
Manager Regulatory Services
Manager of Works & Services

Mr W S Chai

Partner, Moore Stephens (Auditor)

Apologies:

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE:

4. PUBLIC QUESTION TIME:

5. APPLICATIONS FOR LEAVE OF ABSENCE:

6. PETITIONS/DEPUTATIONS/PRESENTATIONS:

7. CONFIRMATION OF MINUTES:

7.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON WEDNESDAY 17 JUNE 2015 AT THE LEEMAN RECREATION CENTRE

AUTHOR	Leanne Parola
DISCLOSURE OF INTEREST	Nil
DATE OF REPORT	14 October 2015
ATTACHMENT	
FILE	ADM0081

COMMENT:

Nil

OFFICER RECOMMENDATION:

That the Minutes of the Audit Committee Meeting, as at separate Attachment, held on Wednesday 17 June 2015, at the Leeman Recreation Centre be confirmed as a true and correct record.

RESOLUTION: 2015/A06

Moved: Cr

Seconded: Cr

That the Minutes of the Audit Committee Meeting, as at separate Attachment, held on Wednesday 17 June 2015, at the Leeman Recreation Centre be confirmed as a true and correct record.

***CARRIED /
Simple Majority***

8. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION:

At any meeting Council the person presiding may announce or raise any matter of interest or relevance to the business of Council or propose a change to the order of business.

Members may move that a change in order of business proposed by the person presiding not be accepted and if carried the change does not take place.

9. MATTERS FOR WHICH MEETING MAY BE CLOSED:

For the convenience of members of the public Council may identify, by decision, early in the meeting any matter on the agenda to be discussed behind closed doors and that matter is to be deferred for consideration as the last item of the meeting.

10. REPORTS:

10.1 DEPUTY CHIEF EXECUTIVE OFFICER'S REPORT:

10.2 CHIEF EXECUTIVE OFFICER REPORT:

10.2.1 SHIRE OF COOROW MANAGEMENT REPORT – MOORE STEPHENS

AUTHOR	Leanne Parola
DISCLOSURE OF INTEREST	Nil
DATE OF REPORT	14 October 2015
ATTACHMENT	10.2.1.1
FILE	ADM0081

SUMMARY:

The Shire of Coorow had its Annual Audit undertaken by UHY Haines Norton on-site on 27 and 28 August 2015. The Shire of Coorow has since received a Management Report from Auditors Moore Stephens regarding the Annual Audit visit (see separate attachment). A copy was also sent to the Shire President of that time, Cr Rackemann.

Council received the Management Report at the Ordinary Meeting of Council held 21 October 2015, however it is now presented to the Audit Committee with the Auditor available via teleconference in case they have any queries.

COMMENT:

No statutory non-compliance matters were raised in the Independent Auditor's Report to the Electors of the Shire of Coorow.

The Auditors' Management Report made comment on the financial ratios, in particular the following three which are below the target level set by the Department of Local Government:

- **Assets Sustainability Ratio**

The auditors noted that a review of the capital expenditure indicated an reduction in capital renewal expenditure, partly due to the Shire's resources being utilised on new capital projects.

It was also noted that the increase in depreciation expense as a result of the revaluation of assets has had, and is likely to continue to have, a negative impact on the ratio.

- **Operating Surplus Ratio**

The Auditors noted that the main reason for the downward trend of this ratio was because operating expenditure increases are not being matched by an increase in operating revenue. They suggest that both Council and Management consider ways to improve the operating revenue by increasing revenue and/or decreasing expenditure.

- **Assets Renewal Funding Ratio**

The Auditors noted that this ratio is consistent with prior years and suggests that Council review the Shire's long term capital investment program to ensure asset renewal is maintained at an appropriate level with sufficient funding in the future.

The Auditors noted that five out of the seven ratios appear to be trending downwards and that the Operating Surplus ratio is below target level and has been consistently in negative.

A review of the recently adopted Long Term Financial Plan indicates that the Operating Surplus Ratio is only expected to improve slightly each year to 0.50 in 2024/25, which is well below the target of greater than or equal to 0.90.

Based on the figures within the Long Term Financial Plan, the Asset Sustainability Ratio and Asset Renewal Funding Ratio are also not expected to reach the target within the next ten years.

The Audit Committee has the opportunity at this meeting to discuss the Management Report with its Auditor, Wen Shien Chai of Moore Stephens and ask any questions they may have.

STATUTORY REQUIREMENTS:

Local Government (Financial Management) Regulations

Part 2 — General financial management — s. 6.10

5A. Local governments to comply with AAS

Subject to regulation 4, the annual budget, annual financial report and other financial reports of a local government must comply with the AAS.

[Regulation 5A inserted in Gazette 20 Jun 2008 p. 2722.]

5. Financial management duties of the CEO

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
 - (a) for the proper collection of all money owing to the local government;
 - (b) for the safe custody and security of all money collected or held by the local government;
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);
 - (d) to ensure proper accounting for municipal or trust —
 - (i) revenue received or receivable;
 - (ii) expenses paid or payable; and

- (iii) assets and liabilities;
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments;
 - (f) for the maintenance of payroll, stock control and costing records; and
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
- (a) ensure that the resources of the local government are effectively and efficiently managed;
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.

[Regulation 5 amended in Gazette 31 Mar 2005 p. 1047 and 1053.]

6. Audits and performance reviews to be independent

A local government is to ensure that an employee to whom is delegated responsibility for the day to day accounting or financial management operations of a local government is not also delegated the responsibility for —

- (a) conducting an internal audit; or
- (b) reviewing the discharge of duties by that employee,

or for managing, directing or supervising a person who carries out a function referred to in paragraph (a) or (b).

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

[Regulation 17 inserted in Gazette 8 Feb 2013 p. 868.]

Local Government (Audit) Regulations 1996

9. Performance of audit

- (1) An audit is to be carried out in accordance with the “Auditing Standards” and “Auditing Guidance Statements” adopted from time to time by the Australian Society of Certified Practising Accountants and The Institute of Chartered Accountants in Australia.
- (2) An auditor is to carry out such work as is necessary to form an opinion as to whether —
 - (a) the accounts are properly kept; and
 - (b) the annual financial report —
 - (i) is prepared in accordance with the financial records; and
 - (ii) represents fairly the results of the operations of the local government and the financial position of the local government at 30 June in accordance with the Australian Accounting Standards and the Act.

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.
- (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.

16. Audit committee, functions of

An audit committee —

- (a) is to provide guidance and assistance to the local government —
 - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
 - (ii) as to the development of a process to be used to select and appoint a person to be an auditor;and
- (b) may provide guidance and assistance to the local government as to —
 - (i) matters to be audited; and
 - (ii) the scope of audits; and
 - (iii) its functions under Part 6 of the Act; and
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management.

[Regulation 16 inserted in Gazette 31 Mar 2005 p. 1043.]

FINANCIAL IMPLICATIONS:

Provision has been made in the current Budget (2015/2016) for the Interim Audit and Annual Audit.

VOTING REQUIREMENT:

Simple Majority

OFFICER RECOMMENDATION:

That the Audit Committee receives the Auditor's Management Report for the year ended 30 June 2015 following their on-site audit visit on 27 and 28 August 2015.

RESOLUTION:

2015/

Moved: Cr

Seconded: Cr

**CARRIED /
Simple Majority**

11. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN:

12. URGENT BUSINESS APPROVED BY THE PERSON PRESIDING OR BY DECISION:

13. MATTER BEHIND CLOSED DOORS:

14. DATE OF NEXT MEETING:

14.1 NEXT MEETING OF AUDIT COMMITTEE

The Audit Committee will meet after the receipt of Council's Interim Audit Report for the 2015/2016 financial year.

15 CLOSURE: