

# **SHIRE OF MT MARSHALL**



## **Mt Marshall Audit Committee**

**Minutes of the  
Mt Marshall Audit Committee Meeting  
held on Tuesday 22 March 2011  
at the Beacon Country Club,  
Lucas Street, Beacon  
commencing at 4:00 pm.**

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Cr Michael Hogan

Chairman

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**1.0 Declaration of Opening / Announcement of Visitors**

The Chairman declared the meeting open at 4:00 pm.

**2.0 Record of Attendance / Apologies**

**Attendance**

Cr MP Hogan	Chairman / Councillor
Cr PA Gillett	President
Cr IN Miguel	Deputy President
Cr DA Miguel	Councillor
Cr RN Breakell	Councillor
Cr MR Shemeld	Councillor
Cr CJ Kirby	Councillor
Mr Matthew Gilfellon	Acting Chief Executive Officer
Mr Rod Munns	Engineer
Mrs Lauren Grylls	Executive Assistant

**Apologies**

Nil

**3.0 Confirmation of Minutes of Previous Meetings**

**3.1 Minutes of Mt Marshall Audit Committee**

**Audit2011/001 COMMITTEE DECISION:**

**That the Minutes of the Audit Committee Meeting held on Wednesday 15 December 2010 be confirmed as a true and correct record of proceedings.**

**Moved Cr PA Gillett**

**Seconded Cr CJ Kirby**

**Carried 7/0**

<b>4.0</b>	<b>Reports of Officers</b>
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<b>4.1</b>	<b>Compliance Matters</b>
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<b>LOCATION/ADDRESS:</b>	N/A
<b>NAME OF APPLICANT:</b>	N/A
<b>FILE REFERENCE:</b>	A1/3
<b>AUTHOR:</b>	Matthew Gilfellon – A/ Chief Executive Officer
<b>DISCLOSURE OF INTEREST:</b>	No Interest to Disclose
<b>DATE:</b>	16 March 2011
<b>ATTACHMENT NUMBER:</b>	4.1a Correspondence from DLG 4.1b Audit Report (year ended 30 June 2010) 4.1c Management Report (year ended 30 June 2010)
<b>CONSULTATION:</b>	Nil
<b>STATUTORY ENVIRONMENT:</b>	Local Government (Financial Management) Regs 1996 S51(2) Local Government Act 1995 S5.75 – S5.87
<b>POLICY IMPLICATIONS:</b>	Potential New Policy
<b>FINANCIAL IMPLICATIONS:</b>	Nil
<b>STRATEGIC IMPLICATIONS:</b>	Nil
<b>VOTING REQUIREMENT:</b>	Simple Majority

<b>Audit2011/002 COMMITTEE DECISION / OFFICER RECOMMENDATION:</b>
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**That:**

- 1. The Chief Executive Officer be responsible for sending the Annual Financial Report to the Department of Local Government within 30 days of the Auditor's report; and**
- 2. On receipt of Primary and Annual Returns they be checked for completeness and returned for completion if required.**

**Moved Cr PA Gillett**

**Seconded Cr DA Miguel**

**Carried 7/0**

**BACKGROUND:**

Correspondence has recently been received from the Department of Local Government (attachment 4.1a) regarding the Auditor's Report and Management Report for the Shire of Mt Marshall for the year ending 30 June 2010.

The letter refers to a compliance issue raised in the in the Auditor's Report relating to the submission of the Annual Financial Report.

It is normally the responsibility of the Chief Executive Officer to ensure compliance. The Annual Report was not submitted due to an oversight at the time. The 2009/10 Annual Financial Report was submitted during the legislated timeframe.

The Department's letter also makes reference to an issue raised in the Auditor's Management Report for the year ended 30 June 2010 relating to the submission of Primary and Annual Returns in the year ended 30 June 2009.

All Returns were received and acknowledged within the prescribed timeframe. Some sections of the Returns, where Councillors had no information to disclose, were left blank. We have been advised that all sections should be completed and where no information is to be disclosed the section should be marked 'Not Applicable' or 'Nil' or 'Refer to Previous Return'.

Since the matter regarding incomplete Returns was raised it should be noted that there were no problems with Primary / Annual Returns for the year ended 30 June 2010.

The Audit Committee, at its meeting held 15 December 2010 met with its Auditors UHY Haines Norton and discussed the matters raised on the Auditor's Report.

**COMMENT:**

The Department requests that the matters be referred to the Audit Committee for consideration. Details of strategies, policies and procedures to minimise compliance issues raised by the Auditor are requested by the Department and are to be received no later than Thursday 7 April 2011.

These issues both relate to the 2008/09 financial year and were discussed at the Audit Committee Meeting held on 15 December 2010. As they were an oversight and had been correctly dealt with in the 2009/10 financial year, the auditor and Audit Committee did not consider them significant matters. As the procedure is already legislated, it is not believed that a policy would assist in these matters.

## ATTACHMENT 4.1a



Government of **Western Australia**  
Department of **Local Government**

11 MAR 2011  
ACEO A2/1

Our Ref: MM3-4#04 (E1110119)

Mr Matthew Giffellon  
A/Chief Executive Officer  
Shire of Mount Marshall  
PO Box 20  
BENCUBBIN WA 6477

Dear Mr Giffellon

The Department of Local Government has received a copy of the Auditor's Report and Management Report for the Shire of Mount Marshall for the year ended 30 June 2010.

It is noted that the audit report raises a compliance issue relating to the submission of Annual Financial Report.

In addition, the management report raises an issue relating to the Annual and Primary Returns.

The Department requests that this be referred to council's audit committee to consider and to provide details of strategies, policies and procedures you propose to initiate to minimise statutory and/or management issues being raised by your auditor in the future. A response is requested within 30 days of receipt of this letter.

Please contact the Department's Principal Project Officer Vern McKay on 9217 1513 or email [vern.mckay@dlg.wa.gov.au](mailto:vern.mckay@dlg.wa.gov.au) if you wish to discuss this request.

Yours sincerely

Jenni Law  
MANAGER ADVICE AND SUPPORT

8 March 2011

Cc: UHY Haines Norton

Dumas House 2 Havelock Street West Perth WA 6005  
GPO Box R1250 Perth WA 6844  
Tel: (08) 9217 1500 Fax: (08) 9217 1555 Freecall: 1800 620 511 (Country only)  
E-mail: [info@dlg.wa.gov.au](mailto:info@dlg.wa.gov.au) Website: [www.dlg.wa.gov.au](http://www.dlg.wa.gov.au)  
wa.gov.au

## ATTACHMENT 4.1b



### INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE SHIRE OF MOUNT MARSHALL

#### *Report on the Financial Report*

We have audited the accompanying financial report of the Shire of Mount Marshall, which comprises the Statement of Financial Position as at 30 June 2010 and the Statement of Comprehensive Income by nature or type, Statement of Comprehensive Income by program, Statement of Changes in Equity, Statement of Cash Flow, Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

#### *Council's Responsibility for the Financial Report*

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Independence**

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

#### **Auditor's Opinion**

In our opinion, the financial report of the Shire of Mount Marshall is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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**INDEPENDENT AUDIT REPORT  
TO THE ELECTORS OF THE SHIRE OF MOUNT MARSHALL(continued)**

**Statutory Compliance**

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

**Submission of Annual Financial Report**

The Annual Financial Report for the year ended 30 June 2009 was not submitted to the Department of Local Government within 30 days of the receipt by the local government's Chief Executive Officer of the auditor's report, as required by Local Government (Financial Management) Regulation 51(2).

**Other Matters**

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
GREG GODWIN  
PARTNER

Date: 10 November 2010  
Perth, WA  
2010 Mount Marshall Audit AO6

## ATTACHMENT 4.1c

F1/2



10 November 2010

Cr P A Gillett  
The Shire President  
Shire of Mount Marshall  
PO Box 20

BENCUBBIN WA 6477

Dear Cr Gillett

### MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2010

We advise that we have completed our audit procedures for the year ended 30th June 2010 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures, or all audit matters of interest to Council, which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions, which, we hope, will be useful to you.

#### Annual and Primary Returns

The Annual Returns for the year ended 30 June 2009 with respect to five Councillors and the Primary Return of one Councillor contained blank, unanswered sections.

To help ensure compliance with Department of Local Government and Regional Development guidelines we recommend all sections be completed. Sections which have no information should be completed "N/A", "Nil" or "Refer to Prior Return" as leaving blanks is not accepted practice.

We noted no other matters we wish to draw to Council's attention.

#### Corrected Misstatements

We advise we have informed Shire management of certain misstatements which were corrected during the course of our audit and are reflected in the financial report. These corrected misstatements are attached at Appendix 1 to this letter.

#### Uncorrected Misstatements

We advise there were no uncorrected misstatements above \$5,000 noted by us during the course of our audit.

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We take this opportunity to thank the Chief Executive Officer and all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully

  
GREG GODWIN  
PARTNER

2010 Mount Marshall Audit AO7



**SHIRE OF MOUNT MARSHALL  
APPENDIX 1  
FORMING PART OF THE MANAGEMENT REPORT  
FOR THE YEAR ENDED 30 JUNE 2010**

**Corrected Misstatements**

	Dr (\$)	Cr (\$)
Long Service Leave Non Current Provision for Long Service Leave	7,480.49	7,480.49
Correcting Current-Non Current allocation		

	Dr (\$)	Cr (\$)
Salaries	3,383.16	
Accrued Wages	9,358.35	
Engineering Expenses		12,741.51
Revision of Accrued wages 2009/10		

<b>5.0</b>	<b>Next Meeting – to be advised</b>
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<b>6.0</b>	<b>Closure of Meeting</b>
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There being no further business, the Chairman thanked Councillors for their attendance and declared the meeting closed at 4:05 pm.

These Minutes were confirmed by the Mt Marshall Audit Committee at its meeting held on <insert date>.

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Date

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Cr MP Hogan

Chairman