

SHIRE OF MT MARSHALL



Mt Marshall Audit Committee

**Minutes of the
Mt Marshall Audit Committee Meeting
held on Monday 8 March 2020
in Council Chambers,
80 Monger St, Bencubbin
commencing at 3:00pm.**

Chairperson

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intentionally**

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TABLE OF CONTENTS

- 1.0 Declaration of Opening / Announcement of Visitors**
- 2.0 Record of Attendance / Apologies**
- 3.0 Standing Orders**
- 4.0 Confirmation of Minutes of Previous Meetings**
 - 4.1 Minutes of Audit Committee Meeting held Thursday 16 July 2020**
- 5.0 Reports of Officers**
 - 5.1 Finance and Administration Manager**
 - 5.1.1 2019/2020 Annual Financial Report and Audit Report**
- 6.0 New Business of an Urgent Nature Introduced by Decision of the Meeting**
 - 6.1 2020 Compliance Audit Return**
- 7.0 Next Meeting – to be advised**
- 8.0 Closure of Meeting**

1.0 Declaration of Opening / Announcement of Visitors

The Chairperson declared the meeting open at 3:00pm.

2.0 Record of Attendance / Apologies

Attendance

Cr ARC Sachse	Councillor / Chairperson
Cr SR Putt	Councillor / Committee Member
Cr NR Gillett	Councillor / Committee Member
Mr John Nuttall	Chief Executive Officer
Ms Nadine Richmond	Executive Assistant
Ms Tanika McLennan	Finance and Administration Manager

Apologies

Nil

3.0 Standing Orders

Audit2021/001 COMMITTEE DECISION:

That Standing Order number 9.2 - Limitation of Number of Speeches be suspended for the duration of the meeting to allow for greater debate on items in the agenda.

Moved Cr SR Putt

Seconded Cr NR Gillett

Carried 3/0

4.0 Confirmation of Minutes of Previous Meetings

4.1 Minutes of Mt Marshall Audit Committee Meeting held Thursday 16 July 2020

Audit2021/002 COMMITTEE DECISION:

That the Minutes of the Audit Committee Meeting held on Thursday 16 July 2020 be confirmed as a true and correct record of proceedings.

Moved Cr SR Putt

Seconded Cr NR Gillett

Carried 3/0

5.0 Reports of Officers

5.1 Finance and Administration Manager

5.1.1 2019/2020 Annual Financial Report and Audit Report

File No:	4.0187
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	N/A
Author:	Tanika McLennan – Finance and Administration Manager
Attachments:	5.1.1a – Audited Financial Report to 30 June 2020 5.1.1b – Independent Auditors Report and Management Letter
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Previously Considered:	Nil

Background:

Moore Australia has conducted the annual financial audit of the Shire of Mt Marshall on behalf of and in conjunction with the Office of the Auditor General for the period 1 July 2019 to 30 June 2020. A copy of the audited Financial Statement is attached, along with the Independent Audit Report and Management Letter, for consideration by the Audit Committee.

Consultation:

Bob Waddell – Contract Accountant
John Nuttall - CEO

Statutory Environment:

Local Government Act 1995

5.54. Acceptance of annual reports

(1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

* Absolute majority required.

Agenda for the Audit Committee Meeting on Monday 8 March 2021

(2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

7.1A. Audit committee

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.
- (2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.

** Absolute majority required.*

- (3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent him or her as a member of an audit committee.
- (4) An employee is not to be a member of an audit committee.
[Section 7.1A inserted by No. 49 of 2004 s. 5.]

Division 3 — Conduct of audit

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.

Agenda for the Audit Committee Meeting on Monday 8 March 2021

- (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.

[Section 7.9 amended by No. 49 of 2004 s. 7.]

Relevant Plans and Policy:

Nil

Financial Implications:

There are no financial implications associated with accepting the annual financial report.

Risk Assessment:

Although the Auditor General's report has been received very late, failure to receive it in a timely manner risks further reputational harm.

Community & Strategic Objectives:

Governance and Leadership

Implement systems and processes that meet our legal and audit obligations and the needs of the community.

Comment:

The audit is considered to be a "clean" audit, in that the auditors did not find any uncorrected misstatements, errors or omissions. However, a significant finding relating to Asset Renewal Funding Ratio has been made. This relates to the Shire having an out of date Long Term Financial Plan (a new plan is in the process of being prepared) meaning the funding ratio could not properly be calculated. The Audit Committee will note the management comment regarding this finding.

Audit2021/003 OFFICER'S RECOMMENDATION / COMMITTEE DECISION:

That the Audit Committee recommend to Council that it adopt the:

- 1. Audited Financial Report for the year ended 30 June 2020;***
- 2. Independent Audit Report for the year ended 30 June 2020 and;***
- 3. Management Letter for the year ended 30 June 2020.***

***Moved Cr NR Gillett
Absolute Majority***

Seconded Cr SR Putt

Carried 3/0

6.0 New Business of an Urgent Nature Introduced by Decision of the Meeting

Audit2021/004 OFFICER RECOMMENDATION / COMMITTEE DECISION

That the Audit Committee consider Late Item 6.1 – 2020 Compliance Audit Return.

Moved Cr SR Putt

Seconded Cr NR Gillett

Carried 3/0

6.1 2020 Compliance Audit Return

File No:	4.0140
Location/Address:	N/A
Name of Applicant:	Nil
Name of Owner:	N/A
Author:	John Nuttall – Chief Executive Officer
Attachments:	6.1 - 2020 Compliance Audit Return
Declaration of Interest:	Nil
Voting Requirements:	Simple Majority
Previously Considered:	Nil

Background:

The Local Government (Audit) Regulations 1996 require that the Shire carry out a Compliance Audit Return (CAR) for the period 1 January to 31 December each year, and after carrying out the Audit prepare a Compliance Audit Return in a form approved by the Minister.

The Audit Committee is required to review the annual CAR and report to the Council the results of that review prior to adoption of the CAR by Council.

The CAR is then to be presented to the Council for adoption and recorded in the minutes of the meeting at which it is adopted.

The return, once adopted by Council is to be certified by the Shire President and the Chief Executive Officer and forwarded to the Director General of the Department of Local Government and Regional Development.

Consultation:

Tanika McLennan – Finance and Administration Manager

Statutory Environment:

Local Government Act 1995

Local Government (Audit) Regulations 1996

Relevant Plans and Policy:

Nil

Agenda for the Audit Committee Meeting on Monday 8 March 2021

Financial Implications:

Nil

Risk Assessment:

Failure to fulfil compliance requirements (Statutory and Regulatory)

Community & Strategic Objectives:

Governance and Leadership

Implement systems and processes that meet our legal and audit obligations and the needs of the community.

Comment:

The compliance audit is comprehensive and gives the Council an indication of the Shire's level of compliance with legislative requirements. The audit has been completed by the Chief Executive Officer and the Finance and Administration Manager and the Shire is compliant in all areas.

Audit2021/005 OFFICER'S RECOMMENDATION / COMMITTEE DECISION

That the Audit Committee adopt the Compliance Audit Return (as per attachment 6.1) for the period from 1 January 2020 to 31 December 2020, being recorded as required by the Local Government (Audit) Regulations 1996.

Moved Cr SR Putt

Seconded Cr NR Gillett

Carried 3/0

Agenda for the Audit Committee Meeting on Monday 8 March 2021

7.0 Next Meeting – to be advised

8.0 Closure of Meeting

The Chairman declared the meeting closed at 3.21pm.

These Minutes were confirmed by the Mt Marshall Audit Committee at its meeting held

Date

Chairman