

SHIRE OF MT MARSHALL



Mt Marshall Audit Committee

**Minutes of the
Mt Marshall Audit Committee Meeting
held on Tuesday 20 December 2016
in Council Chambers,
80 Monger St, Bencubbin
commencing at 2:03pm.**

Chairman

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intentionally**

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1.0 Declaration of Opening / Announcement of Visitors

The Presiding Member declared the meeting open at 2:03 pm.

2.0 Record of Attendance / Apologies

Attendance

Cr RM Kirby	President/ Chairman
Cr SE Faulkner	Deputy President / Deputy Chairman
Cr ARC Sachse	Councillor
Cr NR Gillett	Councillor
Cr HJ Shemeld	Councillor
Cr WJ Beagley	Councillor
Cr CT Lumsden	Councillor

Mr Stephen Tindale	Acting Chief Executive Officer
Ms Nadine Richmond	Executive Assistant
Ms Tanika McLennan	Finance and Administration Manager
Mr Greg Godwin	Moore Stephens (Auditor)
Mr Ron Back	Ron Back and Associates
Mrs Megan Shirt	Ron Back and Associates

Apologies

Nil

3.0 Standing Orders

Audit2016/005 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 SE Faulkner Seconded Cr HJ Shemeld Carried 7/0

4.0 Confirmation of Minutes of Previous Meetings

4.1 Minutes of Mt Marshall Audit Committee

Audit2016/006 COMMITTEE DECISION:

That the Minutes of the Audit Committee Meeting held on Tuesday 22 March 2016 be confirmed as a true and correct record of proceedings.

Moved Cr ARC Sachse Seconded Cr CT Lumsden Carried 7/0

5.0 Petitions / Deputations / Presentations / Submissions

Minutes of the Audit Committee Meeting on Tuesday 20 December 2016

Mr Greg Godwin made a presentation to the committee regarding the Shire's Independent Auditors Report, Management Letter and Audited Financial Report year ended 30 June 2016.

6.0 Reports of Officers

6.1 Finance and Administration Manager

6.1.1 2015/2016 Annual Financial Report and Audit Report

LOCATION/ADDRESS:	Mt Marshall District
NAME OF APPLICANT:	N/A
FILE REFERENCE:	F1/2
AUTHOR:	Tanika McLennan – Finance and Admin Manager
DISCLOSURE OF INTEREST:	Nil
DATE:	14 December 2016
ATTACHMENT NUMBER:	6.1.1a – Independent Auditors Report and Management Letter 6.1.1b – Financial Report year ended 30 June 2016
CONSULTATION:	Stephen Tindale – Acting Chief Executive Officer
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.

(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.

STATUTORY ENVIRONMENT
(Continued):

- (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

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**STATUTORY ENVIRONMENT
(Continued):**

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.

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

POLICY IMPLICATIONS: Nil
FINANCIAL IMPLICATIONS: Nil
STRATEGIC IMPLICATIONS: Nil
VOTING REQUIREMENT: Simple Majority

Audit2016/007 OFFICER RECOMMENDATION/COMMITTEE DECISION:

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

- 1. Audited Financial Report for the year ended 30 June 2016;**
- 2. Independent Audit Report for the year ended 30 June 2016 and;**
- 3. Management Letter for the year ended 30 June 2016.**

Moved Cr SE Faulkner

Seconded Cr ARC Sachse

Carried 7/0

BACKGROUND:

The Shire's auditor, Moore Stephens, has conducted the annual financial audit of the Shire of Mt Marshall for the period 1 July 2015 to 30 June 2016. A copy of the audited Financial Statement is attached, along with the Independent Audit Report and Management Letter, for consideration by the Audit Committee.

COMMENT:

The Management Report includes comments from Shire staff in relation to three of the ratios in order to further explain the Shire's financial position and future commitments.

The audit is considered to be a "clean" audit, in that the auditors did not find any uncorrected misstatements, errors or omissions.

The Shire's Auditor, Mr Greg Godwin of Moore Stephens will be in attendance at this meeting to provide further comment and answer questions.

6.2 Regulatory Officer

6.2.1 2016 Local Government (Audit) Regulation 17 Review

LOCATION/ADDRESS:	N/A
NAME OF APPLICANT:	N/A
FILE REFERENCE:	F1/2
AUTHOR:	Jack Walker – Regulatory Officer
DISCLOSURE OF INTEREST:	No interest to disclose
DATE:	14 December 2016
ATTACHMENT NUMBER:	6.2.1a – Risk Profile and Reporting Tool 6.2.1b – Risk Management Policy and Procedures
CONSULTATION:	Stephen Tindale – Acting Chief Executive Officer Tanika McLennan – Finance & Administration Manager Michael Sparks - LGISWA
STATUTORY ENVIRONMENT:	Local Government (Audit) Regulations 1996
	17. CEO to review certain systems and procedures
	(1) <i>the CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:</i>
	(a) <i>risk management, and</i>
	(b) <i>internal control, and</i>
	(c) <i>legislative compliance</i>
	(2) <i>the review may relate to any or all of the matters referred to in sub regulation (1)(a),(b) and (c), but each of those matters is to be the subject of a review at least once every two (2) calendar years.</i>
	(3) <i>the CEO is to report to the Audit Committee the results of that review</i>
POLICY IMPLICATIONS:	N/A
FINANCIAL IMPLICATIONS:	Adequate funding to be allocated each year to improve the Shire's risk management.
STRATEGIC IMPLICATIONS:	Stronger management of all risks that may affect the Shire.
VOTING REQUIREMENT:	Simple majority

Audit2016/008 OFFICER RECOMMENDATION/COMMITTEE DECISION:

That:

- (1) Council review and adopt the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria;**
- (2) the CEO implement an action plan to address each of the Key Controls within the 15 identified risk profile areas that are currently "Not Rated" or are "Inadequate" and report back to the next meeting of the Audit Committee on the implementation of that plan; and**

- (3) for purpose of Regulation 17(3) of the Local Government (Audit) Regulations 1996 the Audit Committee note that this report fulfils the requirement of the CEO to review the appropriateness and effectiveness of the Shire of Mt Marshall's systems and procedures in relation to risk management, internal control and legislative compliance, and to report to the Audit Committee on the result of that review.

Moved Cr SE Faulkner

Seconded Cr HJ Shemeld

Carried 7/0

BACKGROUND:

Regulation 17 of the Local Government (Audit) Regulations 1996 requires the CEO to review the appropriateness and effectiveness of a local governments systems and procedures in relation to risk management, internal controls and legislative requirements. The review is to be carried out at least once every two (2) calendar years and the results of the review are to be presented to the Shire's Audit Committee.

COMMENT:

Mr Michael Sparks of LGISWA was appointed by the Chief Executive Officer to assist with this review. Overall, the outcome was quite encouraging with 13 of the 15 identified risk categories having effective or adequate controls.

The two remaining risk categories require additional resources and funding to bring them to at least an adequate risk control profile:

(1) Document Management Process

There is a need to strengthen the Shire's document management systems primarily through the implementation of an Electronic Document Management System (EDMS) and associated policy and procedure amendments.

(2) Project / Change Management

The completion of recent major projects has identified weakness with the current project management systems utilised by the Shire. Further investigation into contemporary project management technique is needed to rectify these delinquencies.

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6.0 Next Meeting – to be advised

7.0 Closure of Meeting

The Chairman declared the meeting closed at 2.35pm.

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

Date

Chairman

Chairman Initial