



Western Australia

Minutes for the Meeting of the Audit Committee
Held in the Council Chambers, Carnarvon Mullewa Road, Murchison,
On **Saturday 16th December 2017**, commencing at 10:00 am.

Purpose: To consider the Financial Report for 2016-17 and to meet with the Auditor to discuss the Audit Findings and Management Letter.

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The meeting opened at 10am

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

President R Foulkes-Taylor
 Deputy President A Whitmarsh
 Cr E Foulkes-Taylor
 Cr G Mead
 Cr Q Fowler
 Cr P Squires

Staff
 Peter Dittrich – CEO
 Brian Wundenberg – Works Supervisor
 Ina Edwardson – DCEO

Auditor: Mr T Bate (via telephone)

3. CONFIRMATION OF MINUTES

3.1 Audit Committee Meeting – 24th August 2017

Background:

Minutes of the Audit Committee Meeting of Council have previously been circulated to all Audit Committee Members.

Recommendation:

That the minutes of the Audit Committee meeting held on 24th August 2017 be confirmed as an accurate record of proceedings

Voting Requirements:

Simple majority

Council Decision:

Moved: Councillor A Whitmarsh

Seconded: Councillor Q Fowler

That the minutes of the Audit Committee meeting held on 24th August 2017 be confirmed as an accurate record of proceedings

Carried

For: 6

Against: 0

4. ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION

5. REPORTS

5.1. Financial Report 2016-17

File:	2.2
Author:	Peter Dittrich - Chief Executive Officer
Interest Declared:	No interest to disclose
Date:	12 th December 2017
Attachments:	Financial Report 2016-17 Independent Auditors Report to the Ratepayers of the Shire of Murchison Management Letter

Matter for Consideration:

Consideration of the Financial Report 2016 -17

Background:

The 2016-17 Financial Report was prepared and sent to the auditor by the 30th September as prescribed.

The audited report, once adopted by Council, will be included in the Annual Report 2016-17 for presentation at the Annual Meeting of Electors to be held within 56 days of the adoption of the report.

Comment:

RSM conducted the audit of the Financial Report 2016-17 in accordance with Australian Auditing Standards. They believe that the audit evidence that they obtained was sufficient and appropriate to provide a basis for their audit opinion.

In conducting the audit, RSM followed applicable independence requirements of Australian professional ethical pronouncements.

- a) In their opinion, the Financial Report 2016-17 of the Shire of Murchison:
- (i) Presents fairly, in all material respects, the financial position of Shire of Murchison as at 30 June 2017, and its financial performance and cash flows for the year then ended;
 - (ii) Complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
 - (iii) Is prepared in accordance with the requirements of the *Local Government Act 1995* Part 6 and the Regulations under that Act.
- b) The Supplementary Ratio Information included in the financial report is supported by verifiable information and reasonable assumptions.

During the audit, RSM examined the design and implementation of the internal controls relevant to the accounting and financial control systems and in their Management Letter they have highlighted areas of concern:

- 1. Non-compliance with purchasing policy
- 2. Identification and valuation of fixed assets
- 3. Overhead allocation
- 4. High annual leave accrual at year end
- 5. Ratio analysis
- 6. Fuel reconciliation

The findings and the CEO's response to the findings are attached.

Statutory Environment:

Local Government Act 1995

Division 3 – Reporting on activities and finance

6.4. Financial report

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
 - (a) be prepared and presented in the manner and form prescribed; and
 - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
 - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
 - (b) the annual financial report of the local government for the preceding financial year.

Strategic Implications:

Nil

Policy Implications:

Nil

Financial Implications:

The cost of the annual audit is included in the 2017-18 Budget

Consultation:

Nil

Recommendation:

That the Financial Report 2016-17 be accepted and referred to the Ordinary Council Meeting of 16th December 2017 for adoption by the Council.

Discussion:

The Committee discussed the financial report and audit report. Each point raised in the Management Letter was reviewed and explanation sort from the CEO. Having received the CEO’s explanation the auditor joined the meeting by telephone.

The auditor joined the meeting at 10:20 am by telephone. The President summarised the discussions held prior to the auditor joining the meeting and asked if the auditor wished to raise any further points. The auditor advised that there were no further points to be raised.

The auditor left the meeting at 10:33am

Voting Requirements:

Simple Majority

Council Decision:

Moved: Councillor E Foulkes-Taylor

Seconded: Councillor P Squires

That the Financial Report 2016-17 be accepted and referred to the Ordinary Council Meeting of 16th December 2017 for adoption by the Council.

Carried

For: 6

Against: 0

6. URGENT BUSINESS

Nil

7. MEETING CLOSURE

The meeting closed at 10:25am

These minutes were confirmed at the council meeting held on

Signed..... Presiding Officer