



murchisonshire

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Minutes for the Meeting of the

Murchison Shire Council Audit Committee

Held in the Council Chambers, Carnarvon Mullewa Road, Murchison,
on Thursday **27 February 2020**, commencing at 11:00am

Purpose: To consider the Financial Report for 2018-19 and to meet with the Auditor via telephone to discuss the Audit Findings and Management Letter.

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ATTACHMENTS

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The meeting was opened at 11.00am

2 RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

Councillors

R Foulkes-Taylor – President
A Whitmarsh – Deputy President
Cr Q Fowler

Observers

Cr G Mead
Cr P Squires

Staff

Bill Boehm – CEO
Tatjana Erak – Acting DCEO

Telephone Conference

Subha Gunalan – Office of the Auditor General
Travis Bate – RSM (Council's Auditor)

6 REPORTS

6.1 Audit Exit Meeting 2018-19

File: 2.2
Author: Bill Boehm – Chief Executive Officer
Interest Declared: No interest to disclose
Attachments: 6.1.1 Financial Report 2019
6.1.2 Audit Closing Report & Attachments

Matter for Consideration

Consideration of the Audit Exit Meeting 2019-20.

Background

The 2018-19 Financial Report was prepared and sent to the Auditor after 30 September 2019 following an extension in time being obtained from the Minister for Local Government as prescribed under the *Local Government Act 1995*.

The audited report, once adopted by Council, will be included in the Annual Report 2018-19 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 2018-19 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.

Statutory Environment

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.*
 - (c)*
- (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

Budget/Financial Implications

The cost of the annual audit is included in the 2019-20 Budget.

Sustainability Implications

Environmental	There are no known significant environmental considerations
Economic	There are no known significant economic considerations
Social	There are no known significant social considerations

Consultation

Moore Stephens

RSM

Meeting Comments

Travis Bate presented his Audit Closing Report highlighting the following

- Item 2.1 The Auditors have recommended to the Auditor General that an unqualified opinion is issued on the financial statements
- Item 2.3 Audit Opinion – other legal and regulatory requirements. Travis Bates spoke about the debt cover ratio at point 2.3(b) is affected by both the dolly loan and the short-term flood damage borrowings.
- Item 2.4 Management letter – control weaknesses. A review of the issues raised at point 2.4.2 will be conducted at the next interim review.

Subha Gunalan of the Office of the Auditor General indicated that she would endeavour to have the Independent Auditor Report which is attached to the Financial Statements provided to Council prior to the end of the Council Meeting scheduled for later in the day

Recommendation

That the Audit Committee recommends that

1. The findings of Audit Exit Meeting 2018-19 be referred to and be received and noted the Ordinary Council Meeting of 27 February 2020.
2. Council adopts the 2019 Financial Report once the Independent Auditors Report that accompanies the Financial Statements has been received.

Voting Requirements

Simple Majority

Committee Decision

Moved: Cr A Whitmarsh

Seconded: Cr Q Fowler

That the Audit Committee recommends that

1. The findings of Audit Exit Meeting 2018-19 be referred to and be received and noted the Ordinary Council Meeting of 27 February 2020.
2. Council adopts the Financial Report 2019 once the Independent Auditors Report that accompanies the Financial Statements has been received.

Carried/Lost

For 3

Against 0

Ms Gunalan and Mr Bates left the meeting at 11.20am.

The Shire President, together with Cr Squires, wished to raise an additional motion as a result of the explanation from Mr Bates regarding the debt ratio noting that, in 2018/19 whilst the Debt Service Cover Ratio as outlined under Note 30 of the Notes to Financial Report is recognised as being “supposedly” below the (DLGCSI) standard in reality this was influenced by \$1.55m in short-term loan payments which were outstanding at the end of the financial year, but later paid in 2019/20 from flood damage grants. For practical purposes Council is almost debt free.

Recommendation

That the Audit Committee recommends to Council that the Annual Report be amended to include an the explanation of the short term effects of the use of short term borrowings for flood damage and how this effects the Debt Service Cover Ratio as outlined under Note 30 of the Notes to Financial Report.

Voting Requirements

Simple Majority

Committee Decision

Moved: Cr A Whitmarsh

Seconded: Cr Q Fowler

That the Audit Committee recommends to Council that the Annual Report be amended to include an the explanation of the short term effects of the use of short term borrowings for flood damage and how this effects the Debt Service Cover Ratio as outlined under Note 30 of the Notes to Financial Report.

Carried/Lost

For 3

Against 0

3 CONFIRMATION OF MINUTES

3.1 Audit Committee Meeting – 25 July 2019

Background

Minutes of the Audit Committee Meeting of Council have previously been circulated to all Audit Committee Members. A copy is attached (Attachment 3.1.1).

Recommendation

That the minutes of the Audit Committee meeting held on 25 July 2019 be confirmed as an accurate record of proceedings.

Voting Requirements

Simple Majority

Committee Decision

Moved: Cr Q Fowler

Seconded: Cr A Whitmarsh

That the minutes of the Audit Committee meeting held on 25 July 2019 be confirmed as an accurate record of proceedings.

Carried/Lost	For	3	Against	0
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4 ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION

Nil

5 TERMS OF REFERENCE

Attachment 5.1 being the Terms of Reference as adopted by Council following the 2019 Elections is attached for information.

7 URGENT BUSINESS

Nil

8 MEETING CLOSURE

The Shire President closed the meeting at 11.28am.

Minutes of this meeting were confirmed at the Audit Committee Meeting held on

Signed..... Presiding Officer