

MINUTES

Shire of Nannup - Audit Advisory Committee

CONFIRMATION OF MINUTES

These minutes comprising pages 1 – 4 were confirmed by
Council on _____ as a true and accurate record.

.....
Tony Dean
SHIRE PRESIDENT

Minutes

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The meeting was declared opened by the Shire President at 3.30 hours.

PRESENT:

Dean, Dobbin, Gilbert, Lorkiewicz, Longmore, Mellema, Slater and Steer.

VISITORS: Mr Tim Partridge – AMD

APOLOGIES: Nil.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (previously approved)

None.

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

None.

4. APPLICATIONS FOR LEAVE OF ABSENCE

None.

5. PETITIONS/DEPUTATIONS/PRESENTATIONS

None.

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Longmore/Steer

Minutes of the meeting of 24 January 2013 be confirmed as a true and correct record.

Carried 8/0

7. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

None.

8. REPORTS BY MEMBERS ATTENDING COMMITTEES

None.

9. REPORTS OF OFFICERS

AGENDA NUMBER: 9.1
SUBJECT: Acceptance of Shire of Nannup Annual Report 2012/13
LOCATION/ADDRESS: N/A
NAME OF APPLICANT: N/A
FILE REFERENCE: ADM 17
AUTHOR: Vic Smith - Manager Corporate Services
DISCLOSURE OF INTEREST: Nil
DATE OF REPORT: 13 November 2013

Attachment 1: Annual Report 2012/13 is included (separate cover) with this agenda.
Attachment 2: Auditor's Management Report 30 June 13

BACKGROUND:

The Terms of Reference of the Audit Advisory Committee define its objectives as:

- Review the Audit Management Report of the local authority.
- Make recommendations to Council on the appointment of the Auditor.
- Review the effectiveness of the Council's governance arrangements.

Mr Tim Partridge, Council's auditor, will be present to outline the audit process undertaken in the development of the financial report, the management report and the audit recommendations.

COMMENT:

The Annual Report for the Shire of Nannup for the financial year 2012/13 will be circulated to members prior to this committee meeting. It contains all statutory information required, including the audited Annual Financial Statements for the year under review and will form the basis of Mr Partridge's presentation.

A new requirement has been established under the Local Government (Audit) Regulations 1996 for the Chief Executive Officer to carry out a review at least biennially of the appropriateness and effectiveness of a local government's systems and procedures in relation to —

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

This requirement has been met by the inclusion in the Annual Report of a Review of Corporate Governance by the CEO. The main weakness in the corporate governance arrangements is the lack of a mature risk management framework within the Council; this will be a common theme amongst all local governments at this point in time.

STATUTORY ENVIRONMENT:

Section 7.12A of the Local Government Act 1995 deals with the duties of Local Government with respect to audits as follows:

- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —

- (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
- (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

Regulation 16(c) of the Local Government (Audit) Regulations 1996 requires the Audit Committee to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —

- (i) report to the council the results of that review; and
- (ii) give a copy of the CEO's report to the council.

POLICY IMPLICATIONS: None.

FINANCIAL IMPLICATIONS: None.

STRATEGIC IMPLICATIONS: None.

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATIONS:

1. That the Committee accept the Review of Corporate Governance by the CEO as set out in the Annual Report for 2012/13.
2. That Council accept the audited Annual Financial Statements for the Shire of Nannup, including the Review of Corporate Governance, for the financial year 2012/13.

GILBERT/LORKIEWICZ

1. That the Committee accept the Review of Corporate Governance by the CEO as set out in the Annual Report for 2012/13.
2. That Council accept the audited Annual Financial Statements for the Shire of Nannup, including the Review of Corporate Governance, for the financial year 2012/13.

CARRIED 8/0



22 November 2013

Cr. T Dean
President
 Shire of Nannup
 PO Box 11
 NANNUP WA 6275

MEMBERS

Clifford Manderson, CAAC	Robert Traversara, CAAC
Stephen H. Dawson	Tim Partridge, CAAC
Shaun M. O'Brien, CAAC	Mark Cavalucci
Peter Macdonald, CAAC	Shane Kurri, CAAC

Dear Tony

**SHIRE OF NANNUP
 30 JUNE 2013 MANAGEMENT REPORT**

Following completion of our 30 June 2013 audit, we provide our Management Report and audit recommendations.

1.0 Our Audit Approach

The Australian Auditing Standards are the professional Standards applicable to all audit engagements. Accordingly, our audit was conducted in accordance with Australian Auditing Standards, with testing designed solely to enable the expression of an opinion on the financial report of the Shire of Nannup. This involved us making an assessment of the risk of material misstatement, whether due to fraud or error, and then using our professional judgement, applying audit procedures to mitigate that risk.

To assist Council in understanding our role as external auditor, we have previously detailed our audit responsibilities and scope of work to be performed to meet those responsibilities in our audit engagement letter.

Australian Auditing Standards require us to document and evaluate Shire of Nannup's system of internal control to establish the level of reliance on the internal control system in determining the nature, timing and extent of other auditing procedures necessary to enable us to complete our audit. This work is not primarily directed towards the discovery of weaknesses or the detection of fraud or other irregularities and should not, therefore, be taken to assume that no other weaknesses exist. Accordingly the comments within this letter refer only to those matters that have come to our attention during the course of our normal audit work and may not identify all possible improvements that an internal controls review may detect.

Our audit approach is based on a risk analysis methodology which relies upon our understanding of Shire of Nannup's operations, strategies and risks. We performed a review of applicable accounting systems and tested those during our audit. The level of testing performed by us is determined by the degree of reliance we place on the internal control systems in place which has a resulting impact on the amount of substantive testing required during our audit procedures. The level of testing performed is also aligned with what is required to form an overall opinion on the financial statements which may not coincide with what the Shire of Nannup perceives should be tested.

Our audit also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and judgements, as well as evaluating the overall presentation of the financial report. There were no areas of disagreement either in the accounting estimates or judgements or in the presentation and disclosures made in the financial report.



**Chartered
 Accountants**

Independent Member of
BKR
 INTERNATIONAL

Local: 08 9422 4444 Fax: 08 9422 4444 Member Shire's Legislation

Bunbury Office

Unit 1, 20-22 Water Street
 911991 1006,
 Bunbury, WA 6231
 Telephone: (08) 9781 7555
 Facsimile: (08) 9781 0802

Mandurah Office

101 Mandurah Terrace,
 PO Box 4950,
 Mandurah North, WA 6210
 Telephone: (08) 9595 5999
 Facsimile: (08) 9538 8840
 Email: amd@amdonline.com.au

Geraldton Office

50 Dalrymple Street,
 PO Box 2981,
 Geraldton, WA 6731
 Telephone: (08) 9424 0888
 Facsimile: (08) 9981 5059
 Website: www.amdonline.com.au

10. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

11. CLOSURE OF MEETING

There being no further business to discuss the Chairperson declared the meeting closed at 16.03 hours.