

# MINUTES

## Shire of Nannup - Audit Advisory Committee Meeting held on 18 February 2016

### CONFIRMATION OF MINUTES

These minutes comprising pages 1 – 10 were confirmed by  
Council on Thursday, 25 February 2016 as a true and accurate record.

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**Tony Dean**  
**SHIRE PRESIDENT**

# MINUTES

## 1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

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

### **PRESENT:**

Shire President: Cr A Dean

Deputy Shire President: Cr R Mellema

Councillors: C Gilbert, R Longmore, N Steer, A Slater, C Stevenson and P Fraser

Peter Clarke – Chief Executive Officer

Tracie Bishop – Manager Corporate Services

Chris Wade – Manager Infrastructure

**VISITORS:** Ms Maria Cavallo – AMD Chartered Accountants – Shire of Nannup Auditor

**APOLOGIES:** Nil

## 2. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

### ***LONGMORE/STEVENSON***

***That the Minutes of the Audit Advisory Committee Meeting of the Shire of Nannup held in Council Chambers on 22 January 2015 be confirmed as a true and correct record.***

***CARRIED (8/0)***

### 3. REPORTS OF OFFICERS

AGENDA NUMBER:	9.1
SUBJECT:	Acceptance of Shire of Nannup Annual Report 2014/15
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	ADM 17
AUTHOR:	Tracie Bishop – Manager Corporate Services
REPORTING OFFICER:	Tracie Bishop – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT:	7 January 2015
ATTACHMENTS:	9.1.1 – Annual Report 2014/15 is included as a separate document with this Agenda 9.1.2 – Auditor’s Management Report 30 June 2015

#### **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, from the Council’s auditors, 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 2014/15 was included within the January 2016 Ordinary Meeting of Council. It contains all statutory information required, including the audited Annual Financial Statements for the year under review.

The Local Government (Audit) Regulations 1996 require 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.

As this was included within the 2014/15 Annual Report we are not required to review until 2016. An updated review will be completed within the current year in order for compliance within these regulations to be met.

## **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.

**SUSPENSION OF STANDING ORDERS**

**STEER/STEVENSON**

***That this Committee Suspends Standing Orders to allow Ms Cavallo, Council's Auditor to provide a report on the Annual Financial Statements and Management Report presented by AMD Chartered Accountants.***

***CARRIED (8/0)***

## **PRESENTATION BY COUNCIL AUDITOR**

Ms Cavallo extended apologies from Mr Tim Partridge, who would normally attend this meeting, but was unable to due to other commitments. Ms Cavallo advised that both Mr Partridge and herself were the appointed Auditors for the Shire of Nannup.

Ms Cavallo outlined the purpose of the Independent Auditors Report to the Electors of the Shire of Nannup as outlined in the Annual Report and advised that the Audit was carried out in accordance with Australian Accounting Standards as required by the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*. The purpose of the requirement to meet with Council's Audit Committee is also a statutory requirement to enable Councillors to discuss matters relating to the conduct of the Audit.

Ms Cavallo outlined the procedures taken for the overall audit, which included an Interim Audit prior to 30 June 2015 followed by the Final Audit post 30 June when financial statements were completed.

Ms Cavallo further advised that the Auditors were required to present two (2) Reports to Council, those being:-

- ) The Independent Auditors Report contained within the Annual Report and the Financial Statements for the Shire of Nannup; and
- ) The Management Report which provided Councillors and staff with recommendations to improve financial management operations and reporting mechanisms.

Ms Cavallo then proceeded to address the Audit recommendations provided, indicating that their findings indicated that action was warranted to improve financial controls. Ms Cavallo advised that Council staff had provided comments in relation to these recommendations which were indicated in the Report.

All in all, Ms Cavallo advised that there were no major adverse findings and that the Shire of Nannup's financial controls and management was of a high standard and congratulated Council staff on the presentation of the Annual Financial Reports.

The Shire President thanked Ms Cavallo for her in-depth presentation and offered Councillors the opportunity to ask questions in relation to her presentation.

## **RESUMPTION OF STANDING ORDERS**

### ***STEER/MELLEMA***

***That Council resumes Standing Orders.***

***CARRIED (8/0)***

**RECOMMENDATION:**

That Council accept the audited Annual Financial Statements for the Shire of Nannup, including the Review of Corporate Governance, for the financial year 2014/15.

**VOTING REQUIREMENTS:** Simple Majority.

***STEER/LONGMORE***

***That Council accept the audited Annual Financial Statements for the Shire of Nannup, including the Review of Corporate Governance, for the financial year 2014/15.***

***CARRIED (8/0)***

AGENDA NUMBER:	9.2
SUBJECT:	Compliance Audit Return 2015
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	ADM 14
AUTHOR:	Peter Clarke – Chief Executive Officer
REPORTING OFFICER:	Peter Clarke – Chief Executive Officer
DISCLOSURE OF INTEREST:	None
DATE OF REPORT:	7 January 2016
ATTACHMENT:	9.2.1 – Completed 2014 Compliance Audit Return

**BACKGROUND:**

Council is required by section 14 of the Local Government Audit Regulations 1996 to complete a Compliance Audit Return each year covering the period 1 January to 31 December. The Compliance Audit Return is to be:

1. Presented to Council at a meeting of the Council.
2. Adopted by the Council.
3. The adoption recorded in the minutes of the meeting at which it is adopted.
4. Signed by the Shire President and Chief Executive Officer and returned to the Department of Local Government with a copy of the Council minutes of the meeting at which it was received.
5. Submitted to the Department for Local Government by 31 March each year.

The return must also be reviewed by the Audit Committee prior to its adoption by Council.

**COMMENT:**

The Annual Compliance Audit Return contains 78 questions of which:

- ) 50 were complied with;
- ) 27 were not applicable to the Shire of Nannup during the year under review; and
- ) 1 area of non-compliance.

The area of non-compliance related to the receipt of the auditor’s report. The statutory deadline for the receipt of the report is 31 December but the report was not received until 7 January 2015. Although the audit was scheduled to take place in mid October officers agreed at the request of the auditor to delay the audit until mid November, to allow them to accommodate other clients.

There were a number of audit queries that needed to be resolved following the audit and the final amendments were submitted to the auditor on the afternoon of Friday 19 December. Unfortunately the auditors had closed for their Christmas break prior to

receiving the final amendments and were not able to issue the final report until after the Christmas and New Year holidays.

**STATUTORY ENVIRONMENT:** Local Government Audit Regulations 1996.

**POLICY IMPLICATIONS:** Nil.

**FINANCIAL IMPLICATIONS:** Nil.

**STRATEGIC IMPLICATIONS:** Nil.

## **SUSPENSION OF STANDING ORDERS**

### **STEVENSON/SLATER**

*That this Committee Suspends Standing Orders to allow discussion on the Annual Compliance Audit Return.*

**CARRIED (8/0)**

## **ANNUAL COMPLIANCE AUDIT RETURN (CAR)**

The CEO advised that the CAR is required to be completed annually in accordance with the *Local Government Audit Regulations 1996* and must be presented to the Audit Committee for review and presentation to full Council for adoption. The CEO advised that it would be presented to the Ordinary Meeting of Council to be held on Thursday, 25 February 2016.

The CEO advised, as per the above Report, that during the conduct of the internal Compliance Audit, staff did not detect any area of non-compliance to the particular areas addressed within the CAR.

The Shire President then offered Councillors the opportunity to raise questions in relation to the Return presented.

## **RESUMPTION OF STANDING ORDERS**

### **STEVENSON/SLATER**

*That Council resumes Standing Orders.*

**CARRIED (8/0)**



**RECOMMENDATION:**

That the Audit Advisory Committee accept the Local Government Compliance Audit Report for the Shire of Nannup for the period 1 January 2015 to the 31 December 2015 and submits the report to Council for adoption.

**VOTING REQUIREMENTS:** Simple Majority

***LONGMORE/FRASER***

***That the Audit Advisory Committee accept the Local Government Compliance Audit Report for the Shire of Nannup for the period 1 January 2015 to the 31 December 2015 and submits the report to Council for adoption.***

***CARRIED (8/0)***

**4. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

Nil

**5. CLOSURE OF MEETING**

There being no further business to discuss the Shire President declared the meeting closed at 4.13pm.