

# MINUTES

## Shire of Nannup - Audit Advisory Committee Meeting held on 20 October 2016

### CONFIRMATION OF MINUTES

These minutes comprising pages 1 – 10 were confirmed by Council on Thursday, 23 February 2017 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 2.45pm

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

### 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

Jonathon Jones – Manager Infrastructure

## 3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

## 4. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

## 5. PETITIONS/DEPUTATIONS/PRESENTATIONS

Nil

## 6. DECLARATIONS OF INTEREST

Nil

## 7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

### **LONGMORE/STEER**

*That the Minutes of the Audit Advisory Committee Meeting of the Shire of Nannup held in Council Chambers on 19 January 2016 be confirmed as a true and correct record.*

**CARRIED (8/0)**

## 8. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil

## 9. REPORTS OF OFFICERS

AGENDA NUMBER:	9.1
SUBJECT:	Audit Regulation 17 Review 2016
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	5 October 2016

Attachment 9.1.1: AMD Chartered Accountants Report - *Local Government (Audit) Regulation 1996 - Regulation 17 Review – September 2016*

### **BACKGROUND:**

Within 2016 there were two audits that were required to be completed. The Financial Management Review which is required every four years and due by 30 June 2016 and the Audit 17 Review which is required every 2 years and due within the 2016/17 financial year. To complete both of these audits externally would have been financially challenging and as a result it was decided to complete the smaller of the two internally and have the Regulation 17 Review completed externally.

The Financial Management Review was completed in April 2016 and reported to Council at the April 2016 Ordinary Meeting of Council. Approval was sought prior to completion from Department of Local Government and Communities to ensure that compliance would be met if completed internally.

The second review, Regulation 17 of the Local Government (Audit) Regulations 1996 requires 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 is addressed by the inclusion in the Annual Report of a Review of Corporate Governance by the CEO. This report is submitted today for your consideration.

## **COMMENT:**

Prior to implementing the required review for this period it was decided that although the previous Audit 17 Review had been completed internally by the then Chief Executive Officer, for this period the review should be externally sourced in the interest of ensuring an impartial opinion was achieved and all areas covered in sufficient detail. AMD Chartered Accountants (AMD) were then contacted and appointed to complete this review and report on Council's current systems and procedures.

Now that this report has been completed it has proven effective in ensuring that the review of all areas of compliance required have been completed and areas of non-compliance are highlighted and commented upon. However for a Council the size of the Shire of Nannup it is noted that the external review was based upon the guidance contained within Appendix 3 of the Local Government Operational Guidelines Number 09 – Audit in Local Government which does not currently differentiate between large and small Councils. The outcome of this is that the report suggests the introduction of various plans; frameworks and internal controls that AMD agree may be too onerous for a Council of Nannup's size to complete and follow.

Councillors will note that within the appendices to the report there are recommendations from AMD based on the guidance note and a column where management has commented on these findings. Some findings have been accepted as steps that do need to be considered and actioned while others are considered impracticable for a Council of this size to complete due to the limited human resources available.

Council now needs to decide which findings contained within the report need to be actioned moving forward and which areas although demonstrating non-compliance on an overall area are not practicable for a Council the size of the Shire of Nannup to consider. It would be Officers' recommendation that only those findings supported by management be included as areas requiring improvements. To look at all areas would require a dedicated officer or consultant, not just to initiate the original plans/policy's/procedures but to then ensure that these plans/policy's/procedures were followed and updated as required and this is not considered necessary at this point in time.

## **STATUTORY ENVIRONMENT:**

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:**

That Council accept the audited Local Government (Audit) Regulation 1996 Regulation 17 Review, for the financial year 2016/17 and the management recommendations for future improvements in areas raised as a result of this review.

**VOTING REQUIREMENTS:** Simple Majority

## **SUSPENSION OF STANDING ORDERS**

**STEVENSON/MELLEMA**

*That this Committee Suspends Standing Orders to allow Officers to provide a report on the audited Local Government (Audit) Regulation 1996 Regulation 17 Review received from AMD Chartered Accountants.*

**CARRIED (8/0)**

Council suspended standing orders to allow staff to explain the recommendations contained within the report and the responses by staff in respect to same.

Cr. Gilbert left the meeting at 3.10pm.

Cr. Gilbert returned to the meeting at 3.12pm.

## **RESUMPTION OF STANDING ORDERS**

**STEVENSON/MELLEMA**

*That Council resumes Standing Orders.*

**CARRIED (8/0)**

**MELLEMA/STEVENSON**

*That Council accept the audited Local Government (Audit) Regulation 1996 Regulation 17 Review, for the financial year 2016/17 and the management recommendations for future improvements in areas raised as a result of this review.*

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

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

Nil

**11. CLOSURE OF MEETING**

There being no further business to discuss the Shire President declared the meeting closed at 3.29pm.