



MINUTES

Audit Advisory Committee

Meeting held on 1 December 2016

CONFIRMATION OF MINUTES

These minutes comprising pages 1 – 8 were confirmed by Council on Thursday, 23 February 2017 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 2.00pm

Visitors:

Tim Partridge – AMD Chartered Accountants

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

PRESENT:

Shire President: Cr A Dean

Deputy Shire President: Cr R Mellema

Councillors: R Longmore, N Steer, 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

Tim Partridge, partner in AMD Chartered Accountants and Council's principal auditor gave a presentation looking at the 2015/16 Audit that had recently been completed and was to be presented to the Audit Committee today for endorsement.

6. DECLARATIONS OF INTEREST

The Shire President will read out any declarations received relating to financial, proximity or impartiality interests and ask for any further declarations to be made.

Members should make any declarations at the start of the meeting but may declare an interest before the resolution of any agenda item.

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 20 October 2016 be confirmed as a true and correct record.

8/0

8. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION: Nil

9. REPORTS BY MEMBERS ATTENDING COMMITTEES

10. REPORTS OF OFFICERS

AGENDA NUMBER:	10.1
SUBJECT:	Acceptance of Shire of Nannup Annual Report 2015/16
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:	28 November 2016
ATTACHMENTS:	10.1.1 – Annual Report 2015/16 is included as a separate document within the November 2016 Ordinary Meeting of Council. 10.1.2 – Auditors Management Report 30 June 16 – provided in hard copy at the ordinary Meeting of Council November 2016.

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 AMD Chartered Accountants, currently 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 2015/16 has been circulated to members prior to this committee meeting as an attachment to Item 12.8 at the November 2016 Ordinary Meeting Of Council. It contains all statutory information required, including the audited Annual Financial Statements for the year under review.

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.

POLICY IMPLICATIONS: Nil

FINANCIAL IMPLICATIONS: Nil

STRATEGIC IMPLICATIONS: Nil

RECOMMENDATION:

That Council accept the audited Annual Financial Statements for the Shire of Nannup, for the financial year 2015/16.

VOTING REQUIREMENTS: Simple Majority.

FRASER/STEER

That Council accept the audited Annual Financial Statements for the Shire of Nannup, for the financial year 2015/16.

CARRIED (5/0)

AGENDA NUMBER:	10.2
SUBJECT:	Appointment of Auditor
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	Shire of Nannup
FILE REFERENCE:	FNC 1
AUTHOR:	Tracie Bishop – Manager Corporate Services
REPORTING OFFICER:	Tracie Bishop – Manager Corporate Services
DISCLOSURE OF INTEREST:	None
DATE OF REPORT	28 November 2016
ATTACHMENT:	10.2.1 – Proposal from AMD Chartered Accountants

BACKGROUND:

AMD Chartered Accountants (AMD), have under the current contract one remaining year as Council’s auditors before Council needs to re-tender for this service. At this point in time, based on changes to the Local Government Act 1995 (*The Act*) what the required service will look like at the end of this contract is uncertain. This is due to the State Government introducing the “Local Government Amendment (Auditing) Bill 2016 (*The Bill*) which if passed would require all audits to be undertaken by the Auditor General and the Office of the Auditor General. This bill although introduced on the 25 August 2016 was not passed within the current parliamentary sitting sessions and now, as a result of the imminent State Government Elections, will need to be resubmitted if the incoming State Government decide to pursue this action. A spokesperson for the Department of Local Government has stated that this Bill will now most likely not be passed until after 30 June 2017.

COMMENT:

Within the recent financial audit process a proposal was put forward from AMD to extend the current contract by up to 5 years. This benefits both organisations in financial security, to AMD by way of income, to Council in knowing costs associated with auditing for an extended period. It is considered likely that *The Bill* will be represented to Parliament within the next term, most likely prior to 30 June 2018, and therefore a twelve month extension would seem appropriate at this point in time. Should *The Bill* not be represented Council would then seek quotations from accredited auditors for future year’s services.

AMD, have been Council’s auditor for the last nine year term with no concerns expressed by officers, Council or the Department of Local Government and Regional Development.

In considering whether to extend the contract officers have concluded that this would be the most effective option at this point in time. The main reasons for this are:

- AMD have carried out their work effectively over the last nine year term and have built up an intimate knowledge of the Shire of Nannup and its finances over that time.
- They are able to provide a local service and are readily able to respond to issues as they arise.
- The finance team at the Shire have developed effective relationships with the auditors.
- The fees in AMD's proposal are reasonable in comparison to other available options primarily as a result of the lack of travel costs that would be present if Council were to look at a Perth based option.

All the requirements for an auditor as specified in the Local Government Act 1995 are met by AMD, as detailed in their proposal.

STATUTORY ENVIRONMENT:

Local Government Act 1995 Section 7.3(1) details the requirements of an audit appointment and Section 7.6(3) refers to the audit term.

POLICY IMPLICATIONS: Nil

FINANCIAL IMPLICATIONS:

Quoted fee will be included within the 2017/18 budget when required. Fee is as per attachment.

STRATEGIC IMPLICATIONS: Nil

RECOMMENDATION:

That Council appoint AMD Chartered Accountants as the Council's Auditors for a further 12 month period ending 30 June 2018 on the terms set out in their proposal at Attachment 10.2.1.

VOTING REQUIREMENTS: Absolute Majority

MELLEMA/LONGMORE

That Council appoint AMD Chartered Accountants as the Council's Auditors for a further 12 month period ending 30 June 2018 on the terms set out in their proposal at Attachment 9.2.1.

CARRIED (5/0)

11. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN: Nil

12. CLOSURE OF MEETING

There being no further business to discuss the Shire President declared the meeting closed at 2.40pm.