

SHIRE OF CARNARVON

MINUTES OF AUDIT COMMITTEE MEETING

18 SEPTEMBER 2018

Council Chambers, Stuart Street
CARNARVON, West Australia
Phone: (08) 9941 0000
Fax: ((08) 9941 1099
Website – www.carnarvon.wa.gov.au



CONFIRMATION OF MINUTES

These minutes were confirmed by the
Council on

as a true and accurate record

.....
Chairman

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee Meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

INDEX

1.0 ATTENDANCES , APOLOGIES & APPLICATIONS FOR LEAVE OF ABSENCE

2.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

3.0 CONFIRMATION OF MINUTES

4.0 REPORTS

5.0 DATE OF NEXT MEETING

5.1 Next meeting of the Audit Committee will be held on Tuesday 15TH January 2019 commencing at 10.30am.

5.0 CLOSURE



**MINUTES OF THE AUDIT COMMITTEE MEETING HELD IN COUNCIL CHAMBERS, STUART STREET CARNARVON
ON TUESDAY 18TH SEPTEMBER 2018 COMMENCING AT 10.30AM**

1.0 ATTENDANCES, APOLOGIES AND APPROVED LEAVE OF ABSENCE

Cr E Garrett Presiding Member/Councillor
Cr E Smith..... Councillor
Cr K Pinner Councillor
Cr L Skender Councillor (from 9.42am)
Mr M Dacombe Chief Executive Officer
Mrs D Wilkes Acting Executive Manager, Corporate & Community Services
Mrs D Hill Senior Executive Officer

Apologies Cr Brandenburg; Cr Skender for late attendance
Observers 0

2.0 DECLARATIONS OF INTEREST:

Nil

3.0 CONFIRMATION OF MINUTES:

The previous minutes held on 17th July 2018 were confirmed at the 2018 July Council Meeting (Resolution FC 3/7/18).

4.0 REPORTS

4.1 2017/18 ANNUAL ACCOUNTS – COMPLETION AND SUBMISSION FOR AUDIT

File No: 2F0512
Date of Meeting: 18 September 2018
Location/Address: N/A
Name of Applicant: Shire of Carnarvon
Name of Owner: N/A
Author/s: Mark Dacombe, Chief Executive Officer
Declaration of Interest: Nil
Voting Requirements: Simple majority
Previous Report: 24 May 2018

Summary of Item:

This item reports on progress towards the completion and submission of the 2017/18 Financial accounts by the statutory deadline of 30 September 2018.

Description of Proposal:

The Shire is required to submit balanced accounts to the auditor by 30 September 2018 in accordance with Section 6.4(3) of the local Government Act 1995 (as amended) and Local Government (Financial Management) Regulations 1996 (as amended). The Chief Executive Officer's report to the Audit Committee on 24 May 2018 set out the steps that were being put in place to ensure that this deadline is met.

Background:

Previous reports from the Shire's auditors, Moore Stephens, have indicated that they considered key reconciliations and accounting processes should be identified and sufficient accounting resources allocated to ensure achievement of the goal of meeting the 31 December deadline for having the audited Financial Report completed and sent to the Department.

This matter has been monitored during the year and strong parameters have been put in place to ensure that the required reports will be delivered on time.

Consultation:

Executive Manager Corporate and Community (who is responsible for ensuring the deadlines are met) and the Finance Department management.

Statutory Environment:

The balanced accounts and completed financial report for the year ended 30 June are required to be submitted to the auditor by 30 September by Section 6.4(3) of the local Government Act 1995 (as amended) and Local Government (Financial Management) Regulations 1996 (as amended).

If this deadline is not achieved it is considered a significant matter under the provisions of Section 7.12A (4)(a) and (b) of the Local Government Act 1995 which states:

(4) A local government must —

- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

Relevant Plans and Policy:

Nil

Financial Implications:

Nil

Risk Assessment:

Failure to meet the deadline indicates an inability to manage key statutory processes and for the Council to provide the required oversight.

Strategic Objectives:

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.2.3	Risks are well managed
5.2.6	Compliance with the Local Government Act 1995 and all other relevant legislation and regulations
5.4	Sound financial and asset management
5.4.4	Financial transactions are accurate and timely

Comment:

To prepare for this year's work and to ensure that adequate resources are in place the following steps have been taken:

1. End of year expenditure processing was expedited with a clear, adhered to cut-off date.
2. A review of the Finance Department staffing, organisation of work flows, methodologies and workloads. Has been undertaken.
3. Assistance for the Finance department for the completion of the annual budget in statutory format was obtained.
4. Additional resources (Mr Maurice Werder) have been contracted in to assist the preparation of the Annual Financial report including providing assistance with, as required, key reconciliations and accounting processes to complete the task.

The annual budget in statutory format was adopted by Council on 29 August 2018 and the 2017/18 Annual Financial Statements are currently being prepared for the first time through the Moore Stephens portal with the intention they will be completed in the balanced format well before the 30 September deadline. The current target date for submission is 21 September 2018.

OFFICER'S RECOMMENDATION

That the Council note the report of the Chief Executive Officer and the actions being taken to ensure the timely submission of the 2017/18 financial statements to the Shire's auditor.

ACM 1/9/18

COMMITTEE & OFFICER'S RECOMMENDATION

Cr Pinner/Cr Smith

That the Audit Committee note the report of the Chief Executive Officer and the actions being taken to ensure the timely submission of the 2017/18 financial statements to the Shire's auditor.

CARRIED
F3/AO

File No:	2F0512
Date of Meeting:	18 September 2018
Location/Address:	Shire of Carnarvon
Name of Applicant:	Shire of Carnarvon
Name of Owner:	Shire of Carnarvon
Author/s:	Deborah Wilkes, A/Executive Manager Corporate and Community
Declaration of Interest:	Nil
Voting Requirements:	Simple Majority
Previous Report:	17 July 2018
Attachments:	Update on progress towards implementing recommendations (Schedule 4.2)

Cr Skender joined the meeting at 9.42am

Summary of Item:

This report relates to the review of risk management, internal controls and legislative compliance undertaken by the Acting Chief Executive Officer in accordance with Regulation 17 of the Local Government (Audit) Regulations 1996 and updates the Audit Committee on progress in implementing the recommendations of the review.

Description of Proposal:

To receive the report of the Acting Executive Manager Corporate and Community Services on progress towards the recommendations provided by AMD Chartered Accountants.

Background:

The Local Government (Audit) Regulations 1996 require the CEO to conduct a review of risk management, internal controls and legislative compliance not less than once every three financial years, with a report provided to the Audit Committee.

A review against these requirements was conducted by independent consultants AMD Chartered Accountants in October 2017. The report included 21 recommendations, many of which were considered to be a minor risk. Officers are steadily working towards achieving implementation of each recommendation, with 8 recommendations completed, and a further 11 underway. Notably work is progressing on all moderate and significant risk recommendations and two moderate risk recommendations have been completed. The review report including recommendations was submitted to the scheduled meeting of the Audit Committee on 21 February 2018 and an update was submitted on 17 July 2018.

Attached is a table showing progress made to date (*Schedule 4.2 - To be noted that the Acting CEO provided explanation to each of the recommendations completed and the further 11 that are underway within Schedule 4.2 at the Committee Meeting*).

Consultation

The Acting Chief Executive Officer has been consulted in providing this update.

Statutory Environment

Regulation 17 of The Local Government (Audit) Regulations Provides:
CEO to review certain systems and procedures:

- (1) The CEO is to review 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.

(2) The review may relate to any or all of the matters referred to in sub-regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 3 calendar years.

(3) The CEO is to report to the audit committee the results of that review.

Relevant Plans and Policy:

Nil.

Financial Implications:

Nil.

Risk Assessment:

The purpose of the report is to update the Committee on progress in implementing the recommendations of the report. There are no risks identified with respect to the submission of this report.

Community & Strategic Objectives:

Goal 5: Civic

Strong and listening Council.

ITEM	OUTCOMES AND STRATEGIES
5.2	The Shire has a high standard of governance and accountability
5.2.3	Risks are well managed
5.2.6	Compliance with the Local Government Act 1995 and all other relevant legislation and regulations
5.4	Sound financial and asset management

Comment:

Nil

OFFICER'S RECOMMENDATION

That the Audit Committee recommend that the Council NOTE the table detailing progress in implementing the recommendations of the Chief Executive Officer's review undertaken pursuant to Regulation 17 of the Local Government Audit Regulations.

ACM 2/9/18

COMMITTEE & OFFICER'S RECOMMENDATION

Cr Smith/Cr Pinner

That the Audit Committee recommend that the Council NOTE the table detailing progress in implementing the recommendations of the Chief Executive Officer's review undertaken pursuant to Regulation 17 of the Local Government Audit Regulations.

CARRIED
F4/AO

5.0 DATE OF NEXT MEETING

The next scheduled meeting to be held in Council Chambers on Tuesday 15th January 2019 commencing at 10.30am.

6.0 CLOSE

The Chairperson closed the meeting at 11.15am.