



**SHIRE OF MENZIES**

## **MINUTES**

**OF THE AUDIT COMMITTEE MEETING  
HELD**

**Thursday 17 December, 2015**

**Shire of Menzies**

**Commencing at 1:35pm**

## **DISCLAIMER**

No responsibility whatsoever is implied or accepted by the Shire of Menzies for any act or omission or statement or intimation occurring during this meeting.

It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Council's decision, which will be provided within fourteen (14) days of this meeting.

## **FINANCIAL INTEREST (EFFECTIVE 1 JULY 1996)**

A financial interest occurs where a Councillor, or person with whom the Councillor is closely associated, has direct or indirect financial interest in the matter. That is, the person stands to make a financial gain or loss from the decision, either now or at some time in the future.

An indirect financial interest includes a reference to a financial relationship between that person and another person who requires a Local Government decision in relation to the matter.

### **Councillors should declare an interest:**

- a) In a written notice given to the CEO before the meeting: or**
- b) At the meeting immediately before the matter is discussed**

A member who has declared an interest must not:

Preside at the part of the meeting relating to the matter: or  
Participate in, or be present during any discussion or decision making procedure relating to the matter.

Unless the member is allowed to do so under Section 5.68 or 5.69, Local Government Act 1995

Ref: Local Government Act 1995 Division 6 – Disclosure of Financial Interest.  
Specifically Sections 5.60, 5.61, 5.65 and 5.67

## **TERMS OF REFERENCE**

### **Objectives of the Audit Committee**

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the Shire's Auditor so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. The Audit Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation.

The Audit Committee is to facilitate:

- The enhancement of the credibility and objectivity of external financial reporting;
- Effective management of financial and other risks and the protection of Shire assets;
- Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- The provision of an effective means of communication between the external auditor, the CEO and the Council.

### **Powers of the Audit Committee**

The Audit Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the Shire that have not been delegated to the CEO.

The Audit Committee is a formally appointed Committee of Council and is responsible to that body. The Audit Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and cannot involve itself in management processes or procedures.

### **Membership**

The Audit Committee will consist of four members with full voting rights and a quorum shall be two members.

The CEO and employees are not members of the Audit Committee.

The CEO and Deputy CEO are to be available to attend meetings to provide advice and guidance to the Audit Committee.

The Shire shall provide secretarial and administrative support to the Audit Committee.

### **Meetings**

The Audit Committee shall meet at least annually. Additional meetings shall be convened at the discretion of the presiding person.

### **Reporting**

Reports and recommendations of each Audit committee meeting shall be presented to the next Ordinary Meeting of Council.

### **Duties and Responsibilities**

The duties and responsibilities of the Audit Committee will be:

- a) Provide guidance and assistance to Council as to the carrying out of the functions of the Shire in relation to audits;
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the Shire's Auditor;
- c) Develop and recommend to Council:

- A list of those matters to be audited; and
  - The scope of the audit to be undertaken;
- d) Recommend to Council the person or persons to be appointed as Auditor;
- e) Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include:
- The objectives of the audit;
  - The scope of the audit;
  - A plan of the audit;
  - Details of the remuneration and expenses to be paid to the Auditor; and
  - The method to be used by the Shire to communicate with, and supply information to, the Auditor;
- f) Meet with the Auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- g) Liaise with the CEO to ensure that the Shire does everything in its power to:
- Assist the Audit to conduct the audit and carry out their other duties under the *Local Government Act 1995*; and
  - Ensure that audits are conducted successfully and expeditiously;
- h) Examine the reports of the Auditor after receiving a report from the CEO on the matters to:
- Determine if any matters raised require action to be taken by the Shire; and
  - Ensure that appropriate action is taken in respect of those matters;
- i) Review the report prepared by the CEO any actions taken in respect of any matters raised in the report of the Auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the Auditor is received, whichever is the latest in time;
- j) Review the scope of the audit plan and program and its effectiveness;
- k) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Audit Committee's Terms of Reference following authorisation from the Council;
- l) Review the annual Compliance Audit Return and report to Council the results of that review; and
- m) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Audit Committee, and report to Council the results of those reviews.



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## MINUTES OF AUDIT COMMITTEE MEETING

### ELECTION OF CHAIRPERSON

Cr Mazza nominated Cr J Dwyer for the position of Chair of the Audit Committee. No other nominations were received.

Councillor Jill Dwyer was declared elected Chairperson of the Audit Committee.

#### 1. DECLARATION OF OPENING

The Chairperson, Cr Jill Dwyer, declared the meeting open at 1:35pm, welcomed the attendees, and proceeded with the Agenda as planned.

#### 2. ANNOUNCEMENT OF VISITORS

Nil

#### 3. RECORD OF ATTENDANCE

##### 3.1 PRESENT:

<b>Councillors:</b>	Cr J Dwyer	Shire President
	Cr I R Tucker	
	Cr J Mazza	
	Cr J Lee	
	Cr K Mader	

<b>Staff:</b>	P Durtanovich	A/CEO
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<b>Observers:</b>	Nil
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##### 3.2 APOLOGIES

<b>Councillors:</b>	Nil
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<b>Staff:</b>	Nil
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#### 4. DECLARATIONS OF INTEREST

#### 5. PUBLIC QUESTION TIME

#### 6. CONFIRMATION OF PREVIOUS MINUTES

##### 6.1 CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY 10 SEPTEMBER 2015

**VOTING REQUIREMENTS:**  
Simple majority

<b>OFFICER'S RECOMMENDATION &amp; COMMITTEE DECISION:</b>
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**Moved: Cr Mazza**

**Seconded: Cr Dwyer**

**That the Minutes of the Audit Committee Meeting held on 10 September 2015 as presented, be adopted.**

**CARRIED 5/0**

## 7. REPORTS OF COMMITTEES AND OFFICERS

### 7.1 CONSIDERATION OF DRAFT 2014-15 ANNUAL REPORT

<b>SUBMISSION TO:</b>	Audit Committee Meeting, 17 December 2015
<b>LOCATION:</b>	Not applicable
<b>APPLICANT:</b>	Not applicable
<b>FILE REF:</b>	ADM051
<b>DISCLOSURE OF INTEREST:</b>	None
<b>DATE:</b>	8 December 2015
<b>SENIOR OFFICER:</b>	Pascoe Durtanovich, A/Chief Executive Officer
<b>SIGNATURE OF SENIOR OFFICER:</b>	
<b>PREVIOUS MEETING REFERENCE:</b>	None

#### **ATTACHMENT:**

7.1 Attachment #1 Draft 2014-15 Annual Report

#### **SUMMARY**

The Audit Committee is requested to consider the draft 2014-15 Annual Report which includes the 2014/15 Audit Report and Management Letter and to make recommendations thereon.

#### **BACKGROUND:**

Mr David Wall, RMS Bird Cameron performed the audit for the year ended 30 June 2015 and forwarded his unqualified audit report on 3 December 2015.

#### **COMMENT:**

The report is unqualified and there are no significant issues raised in the Management Letter.

#### **CONSULTATION:**

Not applicable

#### **STATUTORY ENVIRONMENT:**

The adoption of the Annual Report and determining a date for the Annual General Meeting of Electors is covered by Sections 5.27, 5.53, 5.54 and 5.56 of the Local Government Act, 1995. The draft report is in accordance with the Local Government Act in that it contains:

- A report from the Shire President
- A report from the Chief Executive Officer
- Overview of the Plan for the Future
- The Financial Report for 2014/2015
- Auditor's Report for 2014/2015
- Information in relation to employee's salary
- Other reporting requirements:
  - Disability Services
  - National Competition Policy

- Record Keeping requirements
- Public Interest Disclosure

In accordance with the Local Government Act the General Meeting of Electors is to be held on a day selected by the local government but not more than 56 days after the local government accepts the Annual Report for the previous financial year.

**POLICY IMPLICATIONS:**

Nil

**FINANCIAL IMPLICATIONS:**

Audit fees have been included in the current budget.

**STRATEGIC IMPLICATIONS:**

There are no strategic implications resulting from this item.

**VOTING REQUIREMENTS:**

Simple majority

**OFFICER'S RECOMMENDATION & COMMITTEE DECISION:**

Moved: Cr Mazza

Seconded: Cr Lee

That the Audit Committee recommend to Council that:

1. The draft 2014-15 Annual Report be adopted; and
2. The Audit Report and Governance Letter for the year ended 30 June 2015, as submitted by Mr David Wall, RSM Bird Cameron be received.

CARRIED 5/0

**9. NEXT MEETING**

The next Audit Committee Meeting will be held when requested by the Chairperson.

**10. CLOSURE OF MEETING**

There being no further business the Chairperson closed the meeting at 1:47pm.

I, Aelran Dwyer hereby certify that the Minutes of the Audit Committee Meeting held 17 December 2015 are confirmed as a true and correct record, as per the Resolution of the Audit Committee Meeting held on 25/2/2016

Signed 

Dated: 25/2/ 2016