

# SHIRE OF KOJONUP

# Kojonup



## Audit Committee Agenda

*12 December 2017*

**TO: AUDIT COMMITTEE MEMBERS**

NOTICE is given that a meeting of the Audit Committee will be held in the Reception Lounge, Shire Administration Building, 93 Albany Highway, Kojonup on Tuesday, 12 December 2017 commencing at 9:00am.

Your attendance is respectfully requested.



**RICK MITCHELL-COLLINS**  
**CHIEF EXECUTIVE OFFICER**

7 December 2017

## **TERMS OF REFERENCE**

### **AUDIT COMMITTEE**

#### Summary

Established under *Section 7.1 of the Local Government Act 1995* (every local government must have an Audit Committee)

#### Terms of Reference

The duties and responsibilities of the Committee are:

- a) Provide guidance and assistance to the Council as to carrying out the functions of the Local Government 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 the Council the person or persons to be appointed as Auditor;
- e) Develop and recommend to the Council a written agreement for the appointment of the Auditor;
- f) Meet with the auditor once in each year and provide a report to the Council on the matters discussed and outcome of those discussions;
- g) Liaise with the Chief Executive Officer (CEO) to ensure that the Shire does everything in its power to:
  - assist the Auditor to conduct the Audit and carry out his or her 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 and:
  - 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 on any actions taken in respect of any matters raised in the report of the Auditor and presenting the report to the 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);
- j) Review the scope of the Audit Plan and Programme and its effectiveness;
- k) Consider and recommend adoption of the Annual Financial Report to the Council;
- l) Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference;
- m) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council; and
- n) Review the Statutory Compliance Return and make a recommendation on its adoption to Council.

#### Membership

Committee of six (6):

- Four (4) Councillors; and
- Two (2) Community Members.

**AGENDA FOR THE AUDIT COMMITTEE MEETING**  
**TO BE HELD ON 12 DECEMBER 2017**

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## AGENDA

### 1 **DECLARATION OF OPENING AND ANNOUNCEMENT OF GUESTS**

As this is the Committee's first meeting held since the local government elections, the Manager Corporate Services shall declare the meeting open at am and alert the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

### 2 **ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE**

#### **MEMBERS**

Cr Jill Mathwin  
Cr Graeme Hobbs  
Cr John Benn  
Cr Judith Warland  
Mr James Hope  
Mr Roger House

#### **STAFF (OBSERVERS)**

Mr Anthony Middleton      Manager of Corporate Services  
Mrs Heather Marland      Senior Finance Officer (Observer)

#### **VISITORS**

#### **APOLOGIES**

### 3 **PUBLIC QUESTION TIME**

Nil.

### 4 **SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE**

Nil

### 5 **ELECTION OF PRESIDING MEMBER**

ELECTION OF PRESIDING MEMBER (2 year term)

**NOTE:** Nomination for Presiding member must be made in writing to the CEO at any time prior to the meeting and during the meeting up until the election. The Committee member nominated must accept the nomination either orally or in writing.

The election of Presiding member will be carried out in accordance with the *Local Government Act 1995 Section 2.6(3), Schedule 2.3 & 4.1* and the *Local Government (Constitution) Regulations 1998*.

Nominations to be called for the position of Audit Committee Presiding Member.  
The Manager Corporate Services will call for additional nominations for the position of

Presiding Member. The Manager Corporate Services then declares that nominations for the position of Presiding Member are closed.

Nominations Received:

\_\_\_\_\_ was declared elected.

\_\_\_\_\_ to assume the Chair and preside over the remainder of the meeting.

**6 APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

**7 CONFIRMATION OF MINUTES**

AUDIT COMMITTEE MEETING held 31 July 2017

COMMITTEE DECISION

Moved \_\_\_\_\_, seconded \_\_\_\_\_ that the Minutes of the Audit Committee Meeting held on 31 July 2017 be confirmed as a true record.

CARRIED/LOST

**8 DECLARATIONS OF INTEREST**

**9 VISITORS/GUESTS**

Nil

**10 AUDIT COMMITTEE TIMETABLE**

As a guide and subject to availability, each Audit Committee agenda will contain the following (**list to be expanded at the suggestion of members**):

**1st Quarter (January – March)**

- Committee Status Report
- Compliance Audit Return
- Summary of Risk Management
- Volunteer Management
- Leave Provision Adequacy

**2nd Quarter (April – June)**

- Committee Status Report
- Summary of Risk Management
- Fees & Charges Review
- Business Continuity Plan Review
- Shire President's Vehicle Log Book

**3<sup>rd</sup> Quarter (July – September)**

- Committee Status Report
- Interim Audit Report
- Financial Management Review (each 4 years – 2014, 2018...)
- Summary of Risk Management
- Insurance Overview

**4<sup>th</sup> Quarter (October – December)**

- Committee Status Report
- Audit Report & Management Letter
- Annual Financial Report
- Annual Report
- Risk, Legal Compliance & Internal Controls review (each 2 years – 2014, 2016...)
- Summary of Risk Management

**OFFICER COMMENT**

The above list will remain at the commencement of each Committee agenda to act as a timetable and enable members to add to the items to be considered.

For noting only (or additions).

**11 REPORTS**

11.1 STATUS REPORTS

11.1.1 COMMITTEE STATUS REPORT

Date	Item Number & Title	Issue	Response	Status
<del>4 August 2015</del>	<del>9.1 Tendering &amp; Performance Audits</del>	<del>The Committee queried the selection criteria used in tenders and requested that a Draft Council Policy be brought to a future Committee meeting.</del>	<del>Agenda item in this agenda – see item 10.2.</del>	<del>Completed – subject to Committee decision</del>
6 June 2017	7 Visitors	Changing the timing of the creditor bank detail changes verification to immediately before EFT approval.		
31 July 2017	11. Other items for Discussion	Questioned costs incurred when fires get out of Control out of the prohibited and restricted burning period		
n/a	Financial Management Review	Investment Policy did not comply with FM Regulation 19C	Policy will be reviewed in February 2018.	

11.1.2 RISK REGISTER

Committee Members will recall that the Risk Register has been upgraded and redesigned and therefore no summary was available at the previous meeting. Considerable improvements have been made to the process, and whilst minor fine tuning is still required, the following summaries are provided for the Committee’s information and consideration:

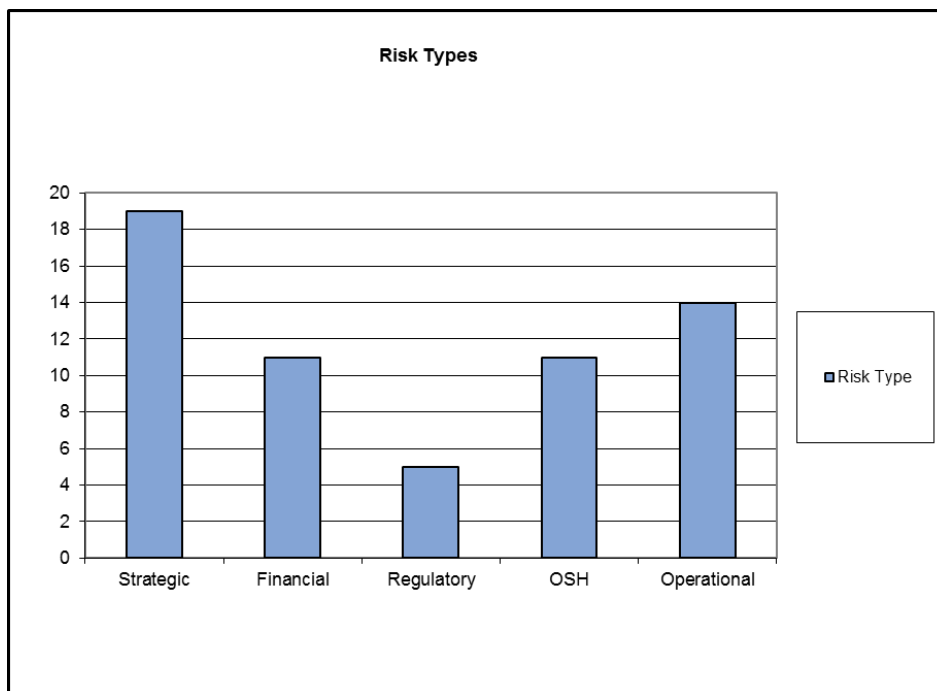
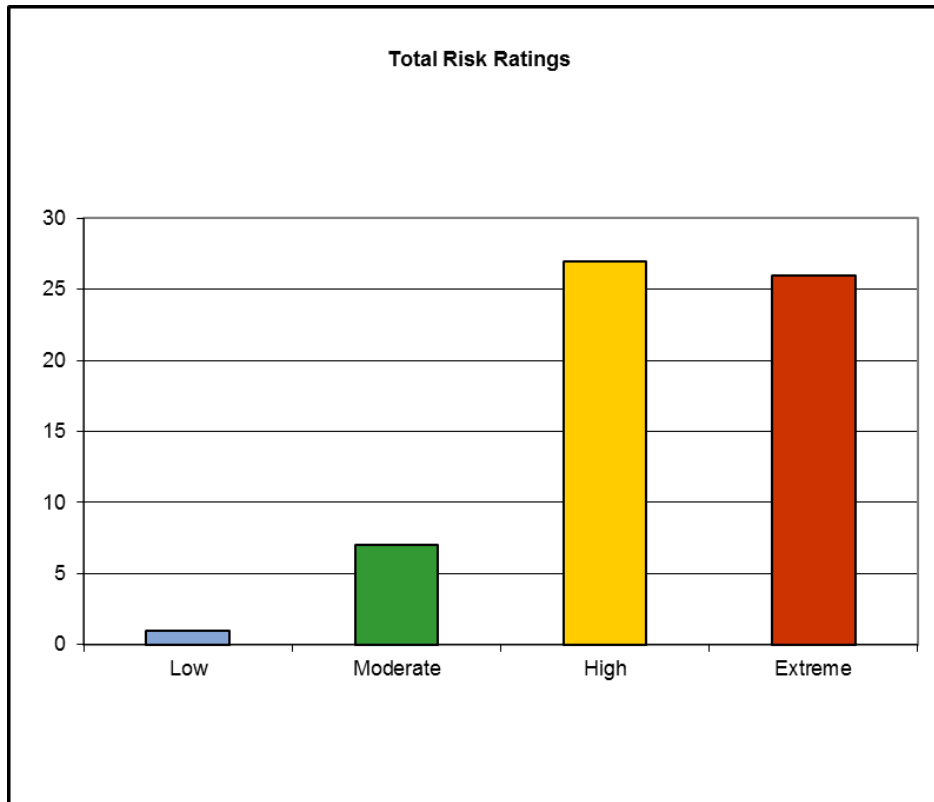
The Manager Corporate Services will give a demonstration of the new system and improvements made at the meeting.

<b>Risk Summary</b>	
Open	14
Closed	0
In Progress	29
Monitoring	10
Resolved	8
Low	1
Moderate	7
High	27
Extreme	26
Total Risks	53

<b>Risk Owner</b>		<b>Risk Type Summary</b>	
MRS	4	Strategic	19
CEO	23	Financial	11
MCS	6	Regulatory	5
MCDT	17	OSH	11
MWS	8	Operational	14
MACS	3		





11.2 OFFICE OF THE AUDITOR GENERAL

**ATTACHMENTS:** 11.2.1 – Guide to Local Government Auditing Reforms  
11.2.2 – Local Government Focus Audit – Timely Payment of Suppliers

As the Committee is aware, Local Government auditing in WA is in the transitional process of being taken over by the State Government’s Office of the Auditor General (OAG).

As such, the OAG has communicated with the Shire on the following issues:

- Guide to Local Government Auditing Reforms (circular 16-2017); and
- Focus Audit – Timely Payment of Suppliers

This correspondence is attached for the information and update of Committee Members.

11.3 2016/2017 ANNUAL REPORT UPDATE

The 2016/2017 end of year audit was conducted on 6 & 7 October 2017. At this stage the Audit Report is yet to be received. No issues of concern have been raised at this stage.

12 **OTHER ITEMS FOR DISCUSSION OR FURTHER RESEARCH AS RAISED BY MEMBERS**

13 **NEXT MEETING**

The next ordinary meeting is scheduled for Tuesday, 6 February 2018 at 9:00am, however, it is envisaged that a special meeting will be required in the interim to consider the 2016/2017 Annual Financial Report and Audit Report.

14 **CLOSURE**

There being no further business to discuss the Presiding Member thanked members for their attendance and declared the meeting closed at am.

15 **ATTACHMENTS (SEPARATE)**

Item 11.2.1 Guide to Local Government Auditing Reforms  
Item 11.2.2 Local Government Focus Audit – Timely Payment of Suppliers