

SHIRE OF KOJONUP

Kojonup



Audit Committee

12 December 2017

MINUTES

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.

MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON 12 DECEMBER 2017

TABLE OF CONTENTS

1	DECLARATION OF OPENING AND ANNOUNCEMENT OF GUESTS	4
2	ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE	4
3	PUBLIC QUESTION TIME	4
4	SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE	4
5	ELECTION OF PRESIDING MEMBER	4
6	APPLICATIONS FOR LEAVE OF ABSENCE	5
7	CONFIRMATION OF MINUTES	5
8	DECLARATIONS OF INTEREST	5
9	VISITORS/GUESTS	5
10	AUDIT COMMITTEE TIMETABLE	6
11	REPORTS	7
11.1.1	COMMITTEE STATUS REPORT	7
11.1.2	RISK REGISTER	8
11.2	OFFICE OF THE AUDITOR GENERAL	10
11.3	2016/2017 ANNUAL REPORT UPDATE	10
12	OTHER ITEMS FOR DISCUSSION OR FURTHER RESEARCH AS RAISED BY MEMBERS	10
13	NEXT MEETING	11
14	CLOSURE	11
15	ATTACHMENTS (SEPARATE)	11

MINUTES

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

As this is the Committee's first meeting held since the 21 October 2017 local government elections, the Manager Corporate Services declared the meeting open at 9.10am and alerted 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)
Mrs Pam Chambers	Senior Administration Officer (Observer)

APOLOGIES

Nil

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/Manager Corporate Services 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 was 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 were called for the position of Audit Committee Presiding Member.

Cr Jill Mathwin nominated for the position.

There being no further nominations, Cr Mathwin was declared elected to the position of presiding member of the Audit Committee for a two year term.

Cr Mathwin assumed the Chair and presided over the remainder of the meeting.

The Presiding Member thanked the Committee and welcomed the new Audit Committee members Cr Benn and Cr Hobbs and thanked the outgoing members Cr Pedler and Cr Radford.

6 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7 CONFIRMATION OF MINUTES

AUDIT COMMITTEE MEETING held 31 July 2017

OFFICER RECOMMENDATION/COMMITTEE DECISION

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

CARRIED 6/0

8 DECLARATIONS OF INTEREST

Nil

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

3rd Quarter (July – September)

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

4th 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
4 August 2015	9.1 Tendering & Performance Audits	The Committee queried the selection criteria used in tenders and requested that a Draft Council Policy be brought to a future Committee meeting.	Agenda item in this agenda – see item 10.2.	Completed – subject to Committee decision
6 June 2017	7 Visitors	Changing the timing of the creditor bank detail changes verification to immediately before EFT approval.	EFT processes have been tightened and a report printed prior to EFT payments being authorized to prevent invoice scams	
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.	

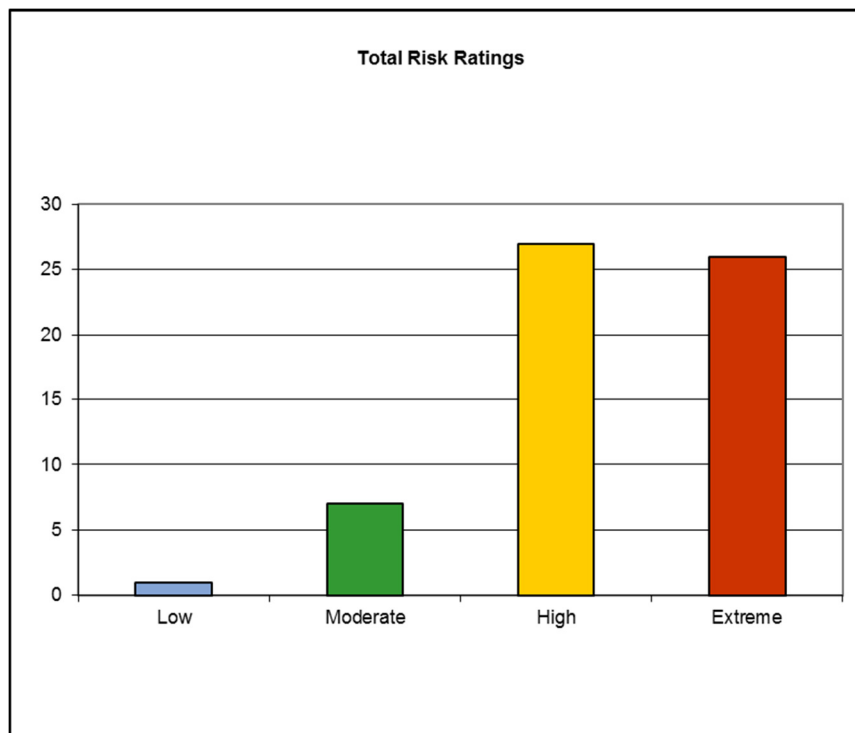
11.1.2 RISK REGISTER

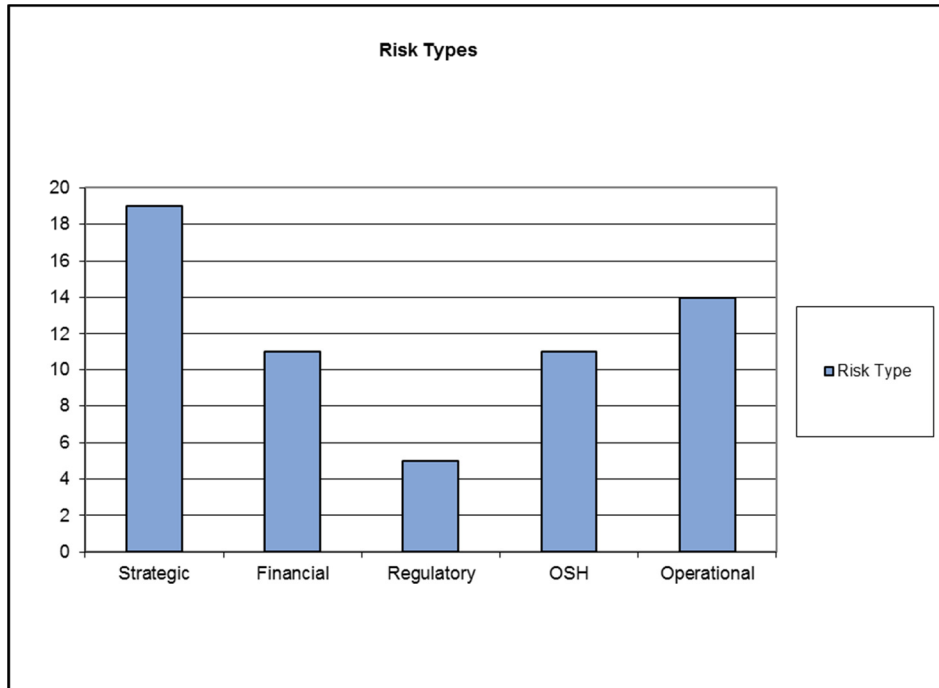
Committee Members will recall that the Risk Register has been upgraded and redesigned and therefore no summary was available at the previous meeting. Considerable improvements have been made to the process, and whilst minor fine tuning is still required, the following summaries are provided for the Committee’s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

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

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

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





COMMITTEE DECISION

Moved Cr Mathwin, seconded Cr Warland that the improved process for upgrading and redesigning the Risk Register be noted.

CARRIED 6/0

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.

The Committee noted the information and general discussion took place.

Cr Warland left the meeting at 9:50am.

Mr J Hope left the meeting at 9:51am and returned at 9:52am.

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.

The Committee noted the information and general discussion took place.

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

Mr Roger House:

1. 'T' Intersection visibility

There are a number of 'T' intersections in the Shire that have poor visibility due to vegetation re-growth from previous pruning. It was suggested to invite Works Manager, Mr Craig McVee to the next meeting as he is currently doing an audit of the intersections in the Shire;

2. Sporting Complex Cleaning:

Would like clarification on cleaning of the complex as there is duplication between the Shire and user groups. Discussion was held regarding the possibility of a combined Sporting Group leasing the complex and having control over all operations during their lease period. The Manager Corporate Services advised that this was a major task he has been set for 2018.

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 10.15am.

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

Presiding Member

Date