



SHIRE OF NORTHAM

**MINUTES
OF THE
AUDIT MEETING
HELD ON
WEDNESDAY
10 FEBRUARY 2010**

SHIRE OF NORTHAM

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 10 FEBRUARY 2010 AT 5:15 PM

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SHIRE OF NORTHAM

**Minutes of the Audit Meeting held in the Council Chambers on WEDNESDAY, 10
February 2010 at 5:15 pm**

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1. DECLARATION OF OPENING AND WELCOME

Cr S B Pollard declared the meeting open at 5:15pm.

2. DECLARATION OF INTEREST

Parts of Division 6 Subdivision 1 of the Local Government Act 1995 requires Council members and employees to disclose any direct or indirect financial interest or general interest in any matter listed in this agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter being discussed.

NB A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the disclosed matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

3. ATTENDANCE

COUNCIL

President	Cr S B Pollard
Councillors	K D Saunders
	U Rumjantsev
	R W Tinetti
	D A Hughes
	T M Letch
	R M Head
A/Chief Executive Officer	D R Gobbart
Executive Manager, Engineering Services	I R Bartlett

GALLERY

4. APOLOGIES

Cr C M D'Ascenzo, Cr T M Little, Cr A W Llewellyn

5. CONFIRMATION OF MINUTES

Minute No AU.017

Moved: Cr R M Head
Seconded: Cr T M Letch

That the Minutes of the Audit Committee Meeting held Wednesday, 11 November 2009 be confirmed as a true and correct record of that Meeting.

CARRIED 7/0

6. AGENDA ITEMS

6.1 APPOINTMENT OF AUDITORS

Name of Applicant:	Internal Report
File Ref:	8.2.7.1
Officer:	Denise Gobbart
Officer Interest:	Nil
Policy / Legislation:	N/A
Voting:	Absolute Majority
Date:	2/02/2010

PURPOSE

For the Audit Committee to recommend to Council; the appointment of Auditors to conduct the annual audit and our accounts and annual financial statements for the next three (3) years.

BACKGROUND

The appointment of UYH Haines Norton as Council's auditors ceased at the completion of the 30 June 2009 audit. As Council is required to appoint auditors for a future term, we contacted the Department of Local Government to seek details of Auditors with local government experience that were currently working as Auditors for local government.

On this advice correspondence was sent to UHY Haines Norton, Grant Thornton Australia, PKF Chartered Accountants and KPMG, seeking quotes for audit services for a three (3) year term.

Of the four requests sent out we received acknowledgement from Grant Thornton Australia and UHY Haines Norton.

The following quotes were received;

	Year Ended	Fee Quote \$	Travel \$	GST Applicable \$	Total (GST Inc) \$
UHY Haines Norton Perth	30 June 2010	18,500	800	1,930	21,230
	31 June 2011	19,500	850	2,035	22,385
	32 June 2012	20,500	900	2,140	23,540

	Year Ended	Fee Quote \$	Travel \$	GST Applicable \$	Total (GST Inc) \$
Grant Thornton Australia	30 June 2010	18,000	Additional	1,800	19,800
	31 June 2011	18,900	Additional	1,890	20,790
	32 June 2012	19,900	Additional	1,990	21,890

The quote received from Grant Thornton Australia states that disbursements such as travel and accommodation are additional to the quoted cost.

STATUTORY REQUIREMENTS

Local Government Act 1995 Section 7.2. Audit

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

Local Government Act 1995 Section 7.3. Appointment of Auditors

- (1) A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the audit committee, to be its auditor.

* *Absolute majority required.*

- (2) The local government may appoint one or more persons as its auditor.
- (3) The local government's auditor is to be a person who is —
- a registered company auditor; or
 - an approved auditor.

Local Government Act 1995 Section 7.6. Term of Office of Auditor

- (1) The appointment of a local government's auditor is to have effect in respect of the audit of the accounts and annual financial report of the local government for a term of not more than 5 financial years, but an auditor is eligible for re-appointment.
- (2) The appointment of an auditor of a local government ceases to have effect if —
- his or her registration as a registered company auditor is cancelled;
 - his or her approval as an approved auditor is withdrawn;
 - he or she dies;
 - the auditor ceases to be qualified to hold office as auditor or becomes a disqualified person;
 - the auditor resigns by notice in writing addressed to the local government;
- or

- (f) the appointment is terminated by the local government by notice in writing.
- (3) Where —
 - (a) the registration of a local government's auditor as a registered company auditor is suspended; or
 - (b) a local government's auditor becomes unable or unwilling to carry out all or part of his or her duties, the local government is to appoint* a person to conduct the audit or to complete that part of the audit which remains to be conducted, as the case requires.

* *Absolute majority required.*

Local Government Act 1995 Section 7.8. Terms of Appointment of Auditors

- (1) Subject to this Part and to any regulations, the appointment of a person as auditor of a local government is to be made by agreement in writing on such terms and conditions, including the remuneration and expenses of the person to be appointed, as are agreed between that person and the local government.
- (2) The remuneration and expenses payable to the auditor of a local government (whether appointed by the local government or by the Departmental CEO under section 7.7) are payable by the local government.

CONFORMITY WITH THE PLAN FOR THE FUTURE

Nil

BUDGET IMPLICATIONS

A provision of \$20,000 has been provided in the 2009-2010 adopted budget, for the Annual Audit and assistance with completion of the Annual Financial Statements.

OFFICER'S COMMENT

UHY Haines Norton was the appointed auditors for the past two financial years. Their fees during that time were 2007/2008 \$17,380 and 2008/2009 \$18,590, both GST inclusive.

UHY Haines Norton is able to offer a complete audit team with considerable depth of experience, expertise and knowledge of the local government industry in Western Australia. They have had prior experience with the previous Shire of Northam, to which they were very satisfied with their performance.

Significant work has been undertaken since the merger and UHY Haines Norton now have a good understanding of the finances of the shire. It would be my recommendation

that Council remain with UHY Haines Norton for the next three year term, to consolidate the work already undertaken since the merger.

RECOMMENDATION/COUNCIL DECISION

Minute No AU.018

Moved: Cr R M Head

Seconded: Cr U Rumjantsev

That Mr David J Tomasi and Mr Greg Godwin of UHY Haines Norton Perth, be appointed as auditors for the Shire of Northam for a three (3) year term for the following;

Financial year ending 30 June 2010	\$21,230 (GST Inclusive)
Financial year ending 30 June 2011	\$22,385 (GST Inclusive)
Financial year ending 30 June 2012	\$23,540 (GST Inclusive)

**CARRIED 7/0
BY ABSOLUTE MAJORITY VOTE**

7. CLOSURE OF MEETING

There being no further business the presiding officer declared the meeting closed at 5:17pm.

"I certify that the Minutes of the Audit Committee Meeting held on Wednesday 10 February 2010 have been confirmed as a true and correct record."

_____ President

_____ Date