



SHIRE OF NORTHAM

**MINUTES OF THE
AUDIT COMMITTEE MEETING
HELD
WEDNESDAY
25 NOVEMBER 2015**

SHIRE OF NORTHAM
MINUTES
AUDIT COMMITTEE MEETING HELD ON 25 NOVEMBER 2015

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SHIRE OF NORTHAM

**Minutes of the Audit Committee Meeting held in the Council Chambers on
WEDNESDAY, 25 November 2015 at 5.30pm**

DISCLAIMER

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1. DECLARATION OF OPENING AND WELCOME

The Presiding Member, Cr S B Pollard declared the meeting open at 5.33pm.

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.

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3. ATTENDANCE

COUNCIL

President
Councillors

S B Pollard
T M Little
D G Beresford
J E Williams
J Proud
R W Tinetti
C L Davidson
U Rumjantsev
C R Antonio
D A Hughes

Chief Executive Officer
A / Executive Manager Corporate Services
Executive Assistant - CEO
Accountant
Executive Manager Engineering Services
Executive Manager Development Services
Executive Manager Community Services

J B Whiteaker
C Green at 5.35pm
A C Maxwell
Z Macdonald
C Kleynhans
C Hunt
R Rayson

GALLERY

Shire of Northam Auditor (Moore Stephens) Greg Godwin at 5.35pm

4. APOLOGIES

Nil.

5. LEAVE OF ABSENCE

Nil.

6. CONFIRMATION OF MINUTES

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.056

Moved: Cr Hughes

Seconded: Cr Little

That the Minutes of the Audit Committee Meeting held on Monday, 16 March 2015 be confirmed as a true and correct record of that meeting.

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CARRIED 10/0

7. AGENDA ITEMS

Mr Greg Godwin and Mr Cary Green entered the Council Chambers at 5.35pm.

Mr Ross Rayson departed the Council Chambers at 6.09pm and returned at 6.09pm.

7.1. MEETING WITH THE SHIRE OF NORTHAM AUDITORS

Name of Applicant:	Internal Report
File Ref:	8.2.7.1
Officer:	Jason Whiteaker / Cary Green
Officer Interest:	N/A
Policy:	Local Government Act 1995, Local Government (Audit) Regulations 1996, DLGRD Operational Guidelines-Audit Committees in Local Government No 9
Voting:	Simple Majority
Date:	19 November 2015

PURPOSE

For Council to meet and discuss with Council's Auditor Mr Greg Godwin from Moore Stephens the 2014/15 annual audit outcomes.

BACKGROUND

On appointment of the audit committee, it was given delegated authority to meet with the Auditor of the local government at least once in every year, pursuant to Section 7.12A(2) the Local Government Act 1995.

The Local Government Act does not require the Audit Committee to meet with the Auditor rather the local Government is to meet with the Auditor at least once each year.

Council's Auditor Mr Greg Godwin from Moore Stephens will be in attendance of this Audit Committee Meeting. It should be noted that there will be a fee involved for the auditor to visit the Shire of Northam in person due to travelling and time.

STATUTORY REQUIREMENTS

Local Government Act 1995 Section 7.12A. Duties of local government with respect to audits

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- (1) A local government is to do everything in its power to —
- (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.

CONFORMITY WITH THE STRATEGIC COMMUNITY / CORPORATE PLAN

OBJECTIVE: Improve organisational capability and capacity

STRATEGY: Operate / manage organisation in a financially sustainable manner.

BUDGET IMPLICATIONS

A fee will be involved for the auditor to visit the Shire of Northam in person due to travelling and time.

OFFICER'S COMMENT

Topics to be discussed with the auditor include;

- Review of Shire of Northam Auditors Report
- Review of Shire of Northam Management Report
- General Business

The Committee discussed a number of pertinent points relating to the Annual Financial Report. The main points of discussion were around;

1. Performance against budget
The Committee was advised that the Council had performed well against its budget projections. There are a number of anomalies with the financial reports which need to be given consideration including the prepayment of Federal Financial assistance Grants (in excess of \$1m). The non-completion of a number of projects during the year which has result in funds not being expended but being carried forward into the next financial year. There were no areas of identified significant budget non-compliance.
2. Asset Revaluation

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The considerable increase in asset valuations was raised as a potential concern for the Council moving forward. With the advent of fair value reporting the valuation, particularly of roads, had increased significantly. This will potentially have a significant impact on Councils Depreciation which will in turn impact a number of the established key performance ratios. This will be a focus of staff in the coming six months.

3. Outstanding rate debt – was discussed as a potential risk/issue for the Shire of Northam. The Chief Executive Officer advised staff were currently reviewing rate recovery processes to ensure consistent recovery with a view of reducing rate debt into the future.

Mr Greg Godwin advised the meeting that the auditor report was ‘unqualified’ with the auditors comfortable that the financial statements fairly represented the financial position of the Council.

Mr Goodwin pointed to the financial indicators in the report highlighting that generally the trends for the indicators were positive, however the Council did need to be aware of the potential issues around the asset sustainability ratio. There was more general discussion around the ratio with particular reference to how they were calculated and the impact of ‘one off’ events or anomalies.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.057

Moved: Cr Rumjantsev

Seconded: Cr Antonio

That Council;

1. **Endorse that the meeting between the Audit Committee and the Auditor at the Audit Committee Meeting held on 25 November 2015, satisfy the requirements of Section 7.12A(2) the Local Government (Audit) Regulations 1996 and that the minutes of the meeting show the auditor was involved and the matters discussed; and**
2. **Accept the verbal report provided by the Shire Auditor Mr Greg Godwin from Moore Stephens.**

CARRIED 10/0

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7.2 SHIRE OF NORTHAM 2014/2015 ANNUAL REPORT

Name of Applicant:	Internal Report
File Ref:	8.2.7.1
Officer:	Jason Whiteaker / Cary Green
Officer Interest:	N/A
Policy/Legislation:	Local Government Act 1995 & LG (FM) Regs 1996
Voting:	Simple Majority
Date:	19 November 2015

PURPOSE

For Council to consider and if acceptable receive the Annual Report for the year ended 30 June 2015 for the Shire of Northam.

BACKGROUND

The Annual Financial Report for the year ended 30 June 2015 was completed and presented to the Shire of Northam's auditor for audit. The Audit was completed and signed off on Monday, 16 November 2015.

Section 5.54 'Acceptance of Annual Reports' of the Local Government Act 1995 requires an Annual Report to be accepted by Council by 31 December in each year unless the Auditors Report is not available in time. The Local Government Act 1995 Section 5.54(2) requires that if the Annual Report is not accepted by the Local Government by 31 December then it must be presented within two (2) months of the Auditors Report becoming available.

It is proposed that an item will be presented to a Special Council meeting on Monday, 30 November 2015. Should the 2014/2015 Annual Report be endorsed, it is intended that local public notice be published advising of the Annual Electors Meeting and 2014/2015 Annual Report availability. The notice shall be placed into the following;

- West Australian - Wednesday, 2 December 2015
- Avon Valley Hills Gazette - Friday, 4 December 2015; and
- Avon Valley Advocate - Wednesday, 9 December 2015

Notices will also be placed on our Notice Boards, Facebook and the Shire of Northam website.

STATUTORY REQUIREMENTS

Local Government Act 1995 Section 5.53 Annual Reports;

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- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain -*
 - (a) *a report from the mayor or president; and*
 - (b) *a report from the CEO; and*
 - [(c), (d) deleted]*
 - (e) *an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and*
 - (f) *the financial report for the financial year; and*
 - (g) *such information as may be prescribed in relation to the payments made to employees; and*
 - (h) *the auditor's report for the financial year; and*
 - (ha) *a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and*
 - (hb) *details of entries made under section 5.121 during the financial year in the register of complaints, including —*
 - (i) *the number of complaints recorded in the register of complaints;*
 - (ii) *how the recorded complaints were dealt with; and*
 - (iii) *any other details that the regulations may require; and*
 - (i) *such other information as may be prescribed.*

Local Government Act 1995 Section 5.54 Acceptance of Annual Reports;

- (1) *Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.*

** Absolute majority required.*

- (2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

Local Government Act 1995 Section 5.55 Notice of Annual Reports;

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

CONFORMITY WITH THE COMMUNITY STRATEGIC PLAN

N/A

BUDGET IMPLICATIONS

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It is estimated that advertising costs for the availability of the Annual Report and Annual Electors General meeting will be approximately \$1,400.00 including GST.

OFFICER'S COMMENT

Council is requested to accept the Annual Report for the year ended 30 June 2015 for the Shire of Northam.

RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.058

Moved: Cr Proud
Seconded: Cr Davidson

That the Audit Committee in accordance with;

- 1. Sections 5.53 and 5.54 of the Local Government Act 1995, accepts the Annual Report for the 2014/2015 financial year; and**
- 2. Section 5.55 of the Local Government Act 1995, authorise the Chief Executive Officer to give public notice of the availability of the Annual Report from Tuesday, 1 December 2015.**

CARRIED 10/0

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7.3 2014/2015 ANNUAL ELECTORS GENERAL MEETING

Name of Applicant:	Internal Report
File Ref:	8.2.7.1
Officer:	Jason Whiteaker / Cary Green
Officer Interest:	N/A
Policy/Legislation:	Local Government Act 1995 & LG (FM) Regs 1996
Voting:	Simple Majority
Date:	19 November 2015

PURPOSE

For Council to consider and endorse the date for the Annual Electors General Meeting set by the Chief Executive Officer.

BACKGROUND

The Annual Electors General Meeting is to be held within 56 days of the local government accepting the Annual Report.

A requirement of setting the date is that 14 days local public notice is required for advertising the meeting. Providing the Annual Report is endorsed at the Special Council meeting held on 30 November 2015, the last eligible day for holding the meeting would be Monday, 25 January 2015, however it is recommended that this be held prior to the December Ordinary Council Meeting which is scheduled on 16 December 2015.

Providing the 2014/2015 Annual Report is endorsed at the Special Council Meeting held on 30 November 2015. It is intended that public notice shall be placed into the following;

- West Australian - Wednesday, 2 December 2015
- Avon Valley Hills Gazette - Friday, 4 December 2015; and
- Avon Valley Advocate - Wednesday, 9 December 2015

Notices will also be placed on our Notice Boards, Facebook and the Shire of Northam website.

STATUTORY REQUIREMENTS

Local Government Act 1995 Section 5.27 Electors' general meetings;

- (1) *A general meeting of the electors of a district is to be held once every financial year.*

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- (2) *A general meeting 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.*
- (3) *The matters to be discussed at general electors' meetings are to be those prescribed.*

Local Government (Administration) Regulation No 15 Matters for discussion at general electors' meetings - s. 5.27(3)

For the purposes of section 5.27(3), the matters to be discussed at a general electors' meeting are, firstly, the contents of the annual report for the previous financial year and then any other general business.

Local Government Act 1995 Section 5.29 Convening Electors' Meetings;

- (1) *The CEO is to convene an electors' meeting by giving –*
- (a) *at least 14 days' local public notice; and*
 - (b) *each council member at least 14 days' notice, of the date, time, place and purpose of the meeting.*
- (2) *The local public notice referred to in subsection (1)(a) is to be treated as having commenced at the time of publication of the notice under section 1.7(1)(a) and is to continue by way of exhibition under section 1.7(1)(b) and (c) until the meeting has been held.*

CONFORMITY WITH THE COMMUNITY STRATEGIC PLAN

N/A

BUDGET IMPLICATIONS

It is estimated that advertising costs for the availability of the Annual Report and Annual Electors General meeting will be approximately \$1,400.00 including GST.

OFFICER'S COMMENT

Council is requested to endorse the date set, in accordance with the Local Government Act, for the Annual Electors Meeting.

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RECOMMENDATION / COMMITTEE DECISION

Minute No: AU.058

Moved: Cr Little

Seconded: Cr Rumjantsev

That Council, holds the Annual Electors General Meeting on Wednesday, 16 December 2015 at 5.00pm in the Shire of Northam Council Chambers and authorise the Chief Executive Officer to give public notice of the meeting from Tuesday, 1 December 2015.

CARRIED 10/0

8. CLOSURE OF MEETING

There being no further business the Presiding Officer declared the meeting closed at 6.12pm.

"I certify that the Minutes of the Audit Committee meeting held on Monday, 16 March 2015 have been confirmed as a true and correct record."

_____ Presiding Officer

_____ Date