



Minutes
Audit Committee Meeting

Thursday
15 December 2016

10.00am



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A handwritten signature in black ink, appearing to read 'H. Hawkins', is positioned above the printed name and title.

Harry Hawkins
Chief Executive Officer

16/12/2016

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**SHIRE OF SANDSTONE
AUDIT COMMITTEE MEETING
TO BE HELD IN THE COUNCIL CHAMBERS, SANDSTONE,
ON THURSDAY 24 MARCH 2016**

1.0 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Presiding Member, Cr Bethel Walton, declared the meeting open at 10.04am.

VISITORS

Nil

2.0 ANNOUNCEMENTS FROM THE PRESIDING MEMBER

TBA

3.0 ATTENDANCE

3.1 PRESENT

Cr B Walton	Shire President	Presiding Member
Cr C Hodshon	Deputy President	Committee Member
Cr D Lefroy	Councillor	Committee Member
Cr F May	Councillor	Committee Member
Cr JP Bennett	Councillor	Committee Member

Travis Bate RSM by telephone from 10.33am until 11.04am

3.2 STAFF ATTENDING

Mr Harry Hawkins Chief Executive Officer

3.3 APOLOGIES

Cr K Key	Councillor	Committee Member
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3.4 APPROVED LEAVE OF ABSENCE

Nil

4.0 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

5.0 DECLARATION OF INTEREST

Nil

6.0 PUBLIC QUESTION TIME

6.1 RESPONSE TO PREVIOUSPUBLIC QUESTIONS TAKEN ON NOTICE

Nil

6.2 PUBLIC QUESTIONS WITHOUT NOTICE

7.0 CONFIRMATION OF PREVIOUS MEETING MINUTES

COMMITTEE RESOLUTION AC 001/16

Moved Cr F May
Seconded Cr C Hodshon

That the minutes of the Audit Committee Meeting held on 24 March 2016 are confirmed as a true and accurate record of proceedings

CARRIED 5/0

8.0 PRESENTATIONS

8.1 PETITIONS

Nil

8.2 PRESENTATIONS

Nil

8.3 DEPUTATIONS

Nil

8.4 DELEGATES REPORTS

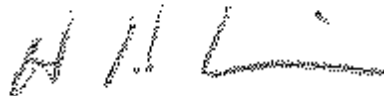
Nil

9.0 OFFICERS REPORTS

9.1 CHIEF EXECUTIVE OFFICER'S REPORTS

9.1.1 Local Government (Audit) Regulations 1996 - Regulation 17 review

Agenda Reference: FIN 12/16 - 01
Location/Address: Shire of Sandstone
Name of Applicant: Chief Executive Officer
Disclosure of Interest: Nil
Date of Report: 8 December 2016
File No:
Previous References:
Author: Harry Hawkins CEO
Senior Officer:



Signature of Author:

Summary

The Audit Committee is asked to consider the review conducted of Audit Regulation 17 as undertaken by Civic Legal and make a recommendation to Council.

Attachments

Report prepared by Civic Legal

Background

All local governments are required to complete each 2 years a review of Audit Regulation 17 in relation to risk management, internal control and legislative compliance.

This review for the Shire of Sandstone was due in 2016 and Civic Legal was engaged to undertake the review from a legalistic point of view rather than a purely risk management framework that was used in most regional local governments for the 2014 review.

Comment

Presented for the Audit Committee's consideration and recommendation to Council is the Shire of Sandstone's Audit Regulation 17 review as undertaken by Civic Legal.

The report will be worked through and procedures where considered relevant will be updated to take into the account short comings identified by Civic Legal in the areas examined in the review.

It should be noted that this year the 4 yearly Financial Management Review (FMR) was also due and undertaken by the shire's auditors RSM at the same time as the audit of the Annual Financial Report and some of the recommendations in this regulation 17 report will apply to the FMR.

Consultation
Civic Legal

Statutory Environment

Local Government (Audit) Regulations 1995 – Regulation 17.

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
- (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

Policy Implications

Some policies may need to be changed to implement the recommendations made by Civic Legal in their comments

Financial Implications

No direct costs are associated with the implementation of recommendations in this review.

Strategic Implications

Nil

Voting Requirements

Simple Majority

Officer Recommendation Item 10.1.1

That the Audit Committee advises Council it has considered the Audit Regulation 17 review prepared by Civic Legal and recommends:

That Council accept the Audit Regulation 17 review report as attached.

COMMITTEE RESOLUTION

AC 003/16

Moved Cr C Hodshon

Seconded Cr D Lefroy

That the Audit Committee advises Council it has considered the Audit Regulation 17 review prepared by Civic Legal and recommends:

That Council accept the Audit Regulation 17 review report as attached.

Carried 5/0

10. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

11. QUESTIONS FROM MEMBERS WITHOUT NOTICE

TBA

12. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF THE MEETING

9.1.2 Financial Management Review

Agenda Reference: FIN 12/16 - 02
Location/Address: Shire of Sandstone
Name of Applicant: Chief Executive Officer
Disclosure of Interest: Nil
Date of Report: 14 December 2016
File No:
Previous References:
Author: Harry Hawkins CEO
Senior Officer:

Signature of Author: _____

Summary

The Audit Committee is to consider the Financial Management Review and the proposed management responses to the issues raised in the report and make a recommendation to Council.

Attachments

Factual Validation Report prepared by auditor RSM relating to FMR.

Background

All local governments are required each 4 years to complete a Financial Management Review. The Shire of Sandstone's review was due this year and auditors RSM were engaged to conduct the review which was undertaken at the same time as the final 2016 audit.

Comment

RSM conducted the Financial Management Review on the 16th and 17th November 2016 and sent the draft report to the CEO for management comments and actions to be noted. The areas of concern and the CEO comments are included in the attached Factual Validation Report.

The report will be worked through and policies and procedures as outlined in the attached report will all be implemented within the next 3 months. The outstanding

rates report in the agenda for today's Council meeting came about through the section 1 comment in the report.

Some items raised in the FMR tie in very closely with comments made in the Audit Regulation 17 review by Civic Legal and internal procedure and reporting updates will fix most issues from both reports.

Consultation

Office Staff

Statutory Environment

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Policy Implications

Some policies and procedures will need to be changed to implement the recommendations.

Financial Implications

No direct costs are associated with the implementation of the recommendations in this review.

Strategic Implications

Nil

Voting Requirements

Simple Majority

Officer Recommendation Item 9.1.2

That the Audit Committee recommends that Council endorses the Financial Management Review, CEO comments and proposed actions as found in the attached report.

COMMITTEE RESOLUTION	AC 04/16
Moved	Cr C Hodshon
Seconded	Cr F May
That the Audit Committee recommends that Council endorses the Financial Management Review, CEO comments and proposed actions as found in the attached report.	
Carried 5/0	

9.1.3 2016 Audited Annual Financial Statements

Agenda Reference: FIN 12/16 - 03
Location/Address: Shire of Sandstone

Name of Applicant: Chief Executive Officer
Disclosure of Interest: Nil
Date of Report: 14 December 2016
File No:
Previous References:
Author: Harry Hawkins CEO
Senior Officer:

Signature of Author: _____

Summary

The Audit Committee is to recommend that Council accept the 2016 Audited Financial Statements as attached to this report.

Attachments

Audited Financial Statements for the year ended 30 June 2016

Background

Preparation of the Shire of Sandstone annual financial statements for the year ended 30th June 2016 was carried out by IT Vision and Moore Stephens before being audited by RSM Geraldton and then presented to Council for acceptance.

Comment

The Shire of Sandstone annual financial statements for the year ended 30th June 2016 were prepared by IT Vision and Moore Stephens before being audited by RSM Geraldton.

The annual report shows an operating deficit of \$1,488,679 and an overall deficit of \$99,160. This result is due to the reduction in income and a big jump in expenditure on (transport) roads.

Consultation

Office Staff

Statutory Environment

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Nil

Voting Requirements

Simple Majority

Officer Recommendation Item 9.1.2

That the Audit Committee recommends that Council accept The Audited Financial Statements for the year ended 30 June 2016.

COMMITTEE RESOLUTION**AC 04/16**

Moved Cr D Lefroy
Seconded Cr JP Bennett

That the Audit Committee recommends that Council accept the Audited Financial Statements for the year ended 30 June 2016.

Carried 5/0

COMMITTEE RESOLUTION**AC 05/16**

Moved Cr D Lefroy
Seconded Cr C Hodshon

That due to legislation appointing the Auditor General and the Auditor General's office to undertake Local Government auditing from the 1st July 2017 not being passed before the State Election Council re-appoint RSM as auditors for the Shire of Sandstone for the 2017-2018 year with the option of that appointment being extended on a year by year basis as per advice received from the Department of Local Government in Circular No. 31-2016 dated the 12th December 2016.

Carried 5/0

13. MEETING CLOSED TO THE PUBLIC**13.1 MEETING CLOSED TO THE PUBLIC****13.2 PUBLIC READING OF RESOLUTIONS THAT MAY BE MADE TO THE PUBLIC****TIME AND DATE OF NEXT MEETING**

Meetings will be called as required.

14 CLOSURE OF MEETING

There being no further business, the Presiding member closed the meeting at 11.12 AM

CERTIFICATION

I, Cr Beth Walton, certify that the minutes of the meeting held on the 24 March 2016 as shown were confirmed as a true record at the meeting held on the _____.

Presiding Member

Date: _____