



EAST PILBARA SHIRE COUNCIL

AGENDA

AUDIT COMMITTEE MEETING

NOTICE IS HEREBY GIVEN that an
Audit Committee Meeting of the Council will be held,
in the Meeting Room, Newman
8:00 am, Thursday, 1st March, 2012.

Allen Cooper
CHIEF EXECUTIVE OFFICER

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of East Pilbara for any act, omission or statement or intimation occurring during Council or Committee Meetings. The Shire of East Pilbara disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that person's or legal entity's own risk.

In particular and without derogating any planning application or application of a licence, any statement or intimation of approval made by any member or Officer of the Shire of East Pilbara during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of East Pilbara.

The Shire of East Pilbara warns that anyone who has any application lodged with the Shire of East Pilbara must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application and any conditions attaching to the decision made by the Shire of East Pilbara in respect of the application.

Signed: _____
Allen Cooper
Chief Executive Officer

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1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

2.1 ATTENDANCES

Cr Anita Grace Deputy Shire President
Cr Doug Stead

2.2 APOLOGIES

2.3 LEAVE OF ABSENCE

Cr Shane Carter

3 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

4 PUBLIC QUESTION TIME

5 PETITIONS/DEPUTATIONS/PRESENTATIONS

6 APPLICATIONS FOR LEAVE OF ABSENCE

7 CONFIRMATION OF MINUTES OF PREVIOUS COUNCIL MEETING

7.1 CONFIRMATION OF MINUTES

OFFICER 'S RECOMMENDATION:

THAT the minutes of the Audit Committee meeting held at Newman on 8th December 2011, be confirmed as a true and correct record of proceedings.

8 MEMBERS REPORT

8.1 ITEMS FOR RECOMMENDATION

Nil

9 OFFICER'S REPORTS

9.1 COMPLIANCE AUDIT RETURN 2011

File No:	LEG-1-11
Responsible Officer:	Sian Appleton Deputy Chief Executive Officer
Author:	Sian Appleton Deputy Chief Executive Officer
Proposed Meeting Date:	01-Mar-2012
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

To seek Council's comment on, and receipt of, the Local Government Compliance Audit Return ("CAR") for the period 1 January 2011 to 31 December 2011.

BACKGROUND

Council must complete an annual audit of compliance with statutory requirements.

This CAR, as the name implies, is a checklist of compliance with statutory obligations relating to the provision of services by, and the management of, a local government.

The *Local Government Act 1995*, requires that each local government is to carry out a compliance audit for the period 1 January to 31 December each year, against the requirements included in the CAR for that year. On completion of the compliance audit, the local government is to complete the CAR.

Following completion of the CAR,

- (a) the Audit Committee is to review the CAR;
- (b) the CAR is to be presented to Council at a meeting of the Council;
- (c) the CAR is to be adopted by the Council; and
- (d) the adoption is to be recorded in the minutes of the meeting at which it is adopted.

After the Compliance Audit has been presented to the Council, a certified copy of the return, along with the relevant section of the minutes and any additional information explaining or qualifying the compliance audit, is to be submitted to the Department of Local Government by 31 March 2012.

COMMENTS/OPTIONS/DISCUSSIONS

Over previous years, Council has produced the report by using either an independent consultant or by doing the report in house. This year, the Compliance Audit was completed in house.

This year, the Department of Local Government has revised the structure of the CAR. The structure is generally similar however, areas of compliance have been restricted to those considered high risk, resulting in a CAR that contains substantially fewer questions, reducing the size of this years CAR from the previous 27 pages to eight pages for 2011.

Amendments to regulation 13 of the *Local Government (Audit) Regulations 1996*, are allowing these changes to occur.

These changes address issues raised in a number of reports that proposed a review of the Department's Compliance Audit Program, including the Public Accounts Committee Report No. 4 into Local Government Accountability (2006), the Department of Treasury and Finance's Red Tape Reduction Group Report (2010) and the Local Government Reform Steering Committee (2010). These reports raised issues regarding the compliance reporting burden placed on local governments resulting from the requirement to complete a comprehensive CAR and submit it to the Department by 31 March each year.

A further change to regulation 14 requires that the local government's Audit Committee now reviews the CAR and reports the results of that review to the Council prior to adoption by Council and the March submission to the Department.

Further complementary changes to the *Local Government (Audit) Regulations 1996* are proposed for early 2012 to expand the current role of local government Audit Committees. It is proposed the Audit Committees' role will additionally encompass the annual review of areas such as risk management, internal control and legislative compliance.

The reduction to the CAR, and proposed associated transfer of responsibilities to the Audit Committee of each local government, will enable local governments to better manage legislative compliance within their own timeframes and with increased transparency and involvement for elected members. However, the requirement for local governments to comply with relevant legislation will not change.

The compliance report now has 9 sections and these sections contain a total of 78 compliance points. The table below sets out the detail referred to:

Area questions relate to	No of Q's	Yes Answers	No Answers	Not Applicable
Commercial Enterprises	5	0	0	5
Delegation of Power / Duty	13	7	0	6
Disclosure of Interest	16	16	0	0
Disposal of Property	2	0	0	2
Elections	1	1	0	0

Finance	15	9	1	5
Local Government Employees	5	0	1	4
Official Conduct	6	5	0	1
Tenders for Providing Goods and Services	15	6	3	6
TOTAL	78	44	5	29

STATUTORY IMPLICATIONS/REQUIREMENTS

Part 7 - Audit (Division 4 - General) 7.13. Regulations as to audits (pg 269)

“Regulations as to audits.

Regulations may make provision –

- (i) requiring local governments to carry out...an audit compliance as prescribed.”

Regulation 13 of the *Local Government (Audit) Regulations* prescribes the items to be subject to audit.

Regulation 14 of the *Local Government (Audit) Regulations* states that a compliance audit shall be prepared and lays out the form and manner of its preparation.

Regulation 15 of the *Local Government (Audit) Regulations* deals with the return of the compliance audit to the Department of Local Government after its presentation to the Audit Committee and Council.

POLICY IMPLICATIONS

Nil.

PLAN FOR FUTURE OF THE DISTRICT

Goal 3 - Community Leadership

To Provide Sound Leadership and Strong Representation

3.4 Maintaining a High Standard of Governance

3.4.1 Ensure compliance with relevant Statutes and statutory authorities

A greater than 90% compliance achievement in the annual compliance audit

How funded – Municipal Funds

Responsible Directorate – Whole of Organisation

FINANCIAL IMPLICATIONS

No financial resource impact.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION

THAT the Audit Committee:

- 1. Note the issues of non compliance; and**
- 2. Recommend Council adopt the Compliance Audit Return for the period 1 January 2011 to 31 December 2011.**

9.2 TO REVIEW THE AUDITOR'S AUDIT & RISK MANAGEMENT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2011

File No:	FIN 1-1
Attachment(s): (1)	Audit & Risk Management Committee Report
Location/Address:	N/A
Name of Applicant:	N/A
Author Name/Position:	Sian Appleton Deputy Chief Executive Officer
Disclosure of Interest:	Nil

REPORT PURPOSE

To review the Audit & Risk management Committee Report for the year ended 30 June 2011, and to recommend to Council that the information be received.

BACKGROUND

With regard to the Shire's annual financial audit for the year ended 30 June 2011 an unqualified audit report (ie a 'clean' audit) was received and it stated:

Audit Opinion

"In our opinion, the financial report of the Shire of East Pilbara;

- (i) presents fairly, in all material respects, the financial position of the Shire of East Pilbara as of 30 June 2011, and of its financial performance and cash flows for the year then ended; and*
- (ii) Complies with Australian Accounting Standards (including the 'Accounting Interpretations), and*
- (iii) Is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended), and regulations under that act."*

This is the audit report that is published within the annual report.

As well as the audit opinion the auditor also presents an Audit and Risk management Committee Report that identifies key audit risk, including a summary of the audit procedures and adjusted/unadjusted differences. None of the adjustments identified were considered material either individually or in aggregate.

The Local Government Act requires Council to consider the matters raised in the management report, to assess whether the responses to the report are satisfactory and to forward a copy of those responses to the Local Government Department.

The details of the requirements are to be found under the “Statutory Implications/Requirements” later in this item.

COMMENTS/OPTIONS/DISCUSSIONS

Matters raised by the auditor’s Audit & Risk Management Committee Report are attached with Council’s response.

STATUTORY IMPLICATIONS/REQUIREMENTS

The relevant sections of the Local Government Act 1995 are:

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to –
 - (a) the mayor or president;
 - (b) the CEO of the local government; and
 - (c) the Minister

7.12A. Duties of local government with respect to audits

- (3) A local government is to examine the report of the auditor prepared under section 7.9 (1), and any report prepared under section 7.9 (3) forwarded to it, and is to –
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under 7.9 is received by the local government, whichever is the latest time.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENTS

Absolute

OFFICER'S RECOMMENDATION

THAT the audit committee recommend to Council that the Audit and Risk Management Committee Report for the year ended 30 June 2011 be received.

- 10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**
- 11 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A
DECISION OF COUNCIL**
- 12 CONFIDENTIAL MATTERS BEHIND CLOSED DOORS**
- 13 GENERAL BUSINESS**
- 14 DATE OF NEXT MEETING**
12th July 2012
- 15 CLOSURE**