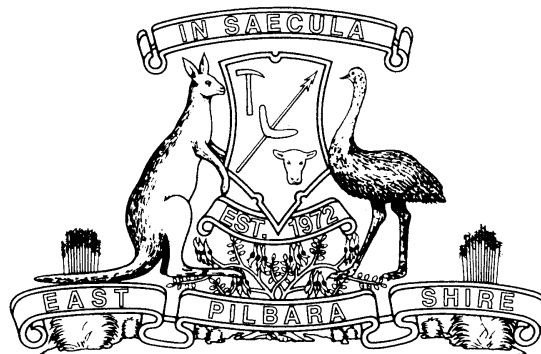


**Unconfirmed copy of Minutes of
Meeting held on 3 December 2015,
subject to confirmation at the next
Audit Committee Meeting.**



EAST PILBARA SHIRE COUNCIL

MINUTES

AUDIT COMMITTEE MEETING

THURSDAY, 3rd DECEMBER 2015
Meeting Room, Newman

**Allen Cooper
CHIEF EXECUTIVE OFFICER**

THE HEART
OF THE
PILBARA



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

8.00am

2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

2.1 ATTENDANCES

Cr Anita Grace

Cr Jay Ahmedi

Cr Craig Hoyer

Ms Sian Appleton, Deputy Chief Executive Officer

2.2 APOLOGIES

Cr Shane Carter

Cr John Jacobson

Cr Lynne Craigie

Cr Gerry Parsons

3 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4 PUBLIC QUESTION TIME|

Nil

5 PETITIONS/DEPUTATIONS/PRESENTATIONS

Nil

6 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS COMMITTEE MEETING

7.1 CONFIRMATION OF MINUTES

OFFICER'S RECOMMENDATION:

Moved Cr Anita Grace

Seconded: Cr Craig Hoyer

THAT the minutes of the Audit Committee Meeting held at Newman on 8th October 2015, be confirmed as a true and correct record of proceedings.

8 MEMBERS' REPORTS

8.1 ITEMS FOR RECOMMENDATION

Nil

9 OFFICERS' REPORTS

9.1 BUDGET REVIEW – OCTOBER 2015

| | |
|---------------------------------------|--|
| Attachments: | Budget Review Document |
| Responsible Officer: | Ms Sian Appleton Deputy Chief Executive Officer |
| Author: | Ms Sian Appleton Deputy Chief Executive Officer |
| Proposed Meeting Date: | 3-Dec-2015 |
| Location/Address: | N/A |
| Name of Applicant: | N/A |
| Author Disclosure of Interest: | Nil |

REPORT PURPOSE

For Council to consider and accept the budget review as at 31 October 2015.

BACKGROUND

Normally Council completes one budget review based on figures to the 31 January, however owing to known significant changes in Council's rates income it was decided to complete an additional review based on the 31 October 2015 figures. The attached report outlines projected variance with the 2015/2016 budget and proposed changes to the budget and brief explanation of why the changes are required. Also attached is a nineteen page report detailing projected actual figures to 31 October and variance against budget figures.

There are three sections to the budget review attachment:

1. A financial activity report outlining variance against project actuals and the 2015/2016 budget.
2. A reconciliation of projected actual capital expenditure against the 2015/2016 budget.
3. Projected net assets as at 30 June 2016.

COMMENTS/OPTIONS/DISCUSSIONS

The Deputy Chief Executive Officer will provide an overview and explanation as required of how to interpret the Budget Review.

There were only minimum variances in the operating and capital budget. The main reduction was in the projected rates income. This is substantially down on budget owing to the amount of interims received. Currently rate income is down \$330,000 and interest is down \$90,000.

This reduction in income can be covered by the reduction in wages expenditure owing to current staff vacancies.

Excluding noncash items and funding programmes a surplus of approximately \$80,600 is currently forecast compared to an original surplus of \$90,000. It is therefore recommended that only the minimal changes to the budget occur.

STATUTORY IMPLICATIONS/REQUIREMENTS

Local Government (Financial Management) Regulations 1996 – Part 3 Annual Budget s6.2

33A. Review of budget

- (1) *Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.*
- (2A) *The review of an annual budget for a financial year must —*
 - (a) *consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - (b) *consider the local government’s financial position as at the date of the review; and*
 - (c) *review the outcomes for the end of that financial year that are forecast in the budget.*
- (2) *Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.*
- (3) *A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.*

**Absolute majority required.*
- (4) *Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.*

Local Government Act 1995 Part 6, Division 4

6.11. Reserve accounts

- (1) *Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.*
- (2) *Subject to subsection (3), before a local government —*
 - (a) *changes* the purpose of a reserve account; or*
 - (b) *uses* the money in a reserve account for another purpose,*

it must give one month’s local public notice of the proposed change of purpose or proposed use.

** Absolute majority required.*

POLICY IMPLICATIONS

Nil

STRATEGIC COMMUNITY PLAN

Goal 1 – Civic Leadership – Planned Actions

The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by community engagement – leading to the effective allocation of the Shire’s resources – that deliver optimum benefits to the community.

1.1 Efficient and effective local government

1.1.1 Ethical, accountable and transparent decision-making

Responsible officer: DCEO

Timing: As appropriate

1.1.2 Continued strong financial management

Responsible officer: DCEO

Timing: 1 year

FINANCIAL IMPLICATIONS

It is expected that Council will bring forward a surplus of approximately \$80,600 into the 2016/2017 year.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION

Moved Cr Craig Hoyer

Seconded: Cr Jeton Ahmedi

THAT the Audit Committee recommend to Council the acceptance of the Budget Review for the 31st October 2015 as set out.

9.2 APPOINTMENT OF AUDITOR

| | |
|---------------------------------------|--|
| Attachments: | Tender Specifications Recommendation Report |
| Responsible Officer: | Ms Sian Appleton Deputy Chief Executive Officer |
| Author: | Ms Sian Appleton Deputy Chief Executive Officer |
| Proposed Meeting Date: | 3-Dec-2015 |
| Location/Address: | N/A |
| Name of Applicant: | N/A |
| Author Disclosure of Interest: | Nil |

REPORT PURPOSE

To inform the Audit Committee of the tender process for the appointment of the Shire's Auditor and to request the Audit Committee endorse the appointment of Moore Stephens as Council's auditor for the next five years.

BACKGROUND

The Local Government Act (1995) states -

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.*

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.*

COMMENTS/OPTIONS/DISCUSSIONS

With the expiry of Council's contract with BDO WA (Audit) Limited for Auditing services, a Request for Quotation (RFQ) was initiated through the WALGA supplier portal for the appointment of a new Auditor for the next five years.

Three responses were received for the RFQ and the recommendation report is attached to this agenda item.

STATUTORY IMPLICATIONS/REQUIREMENTS

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.*

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.*

POLICY IMPLICATIONS

Nil

STRATEGIC COMMUNITY PLAN

Goal 1 – Civic Leadership – Planned Actions

The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by community engagement – leading to the effective allocation of the Shire's resources – that deliver optimum benefits to the community.

- 1.1 Efficient and effective local government
- 1.1.1 *Ethical, accountable and transparent decision-making*
Responsible officer: DCEO
Timing: As appropriate
- 1.1.2 *Continued strong financial management*
Responsible officer: DCEO
Timing: 1 year

FINANCIAL IMPLICATIONS

This report discloses financial activities for the period under review.

VOTING REQUIREMENTS

Simple

OFFICER'S RECOMMENDATION

Moved Cr Jeton Ahmedi Seconded: Cr Craig Hoyer

THAT the Audit Committee endorses the appointment of Moore Stephens as Council's Auditors for the next five years.

9.3 AUDITED ANNUAL FINANCIAL STATEMENTS

| | |
|---------------------------------------|--|
| Attachments: | Audited Annual Financial Statements |
| Responsible Officer: | Ms Sian Appleton Deputy Chief Executive Officer |
| Author: | Ms Sian Appleton Deputy Chief Executive Officer |
| Proposed Meeting Date: | 3-Dec-2015 |
| Location/Address: | N/A |
| Name of Applicant: | N/A |
| Author Disclosure of Interest: | Nil |

REPORT PURPOSE

For the Audit Committee to review the audited Annual Financial Statement for the year ended 30 June 2015, and to recommend to Council that the information be received.

BACKGROUND

BDO Audit (WA) Pty Limited completed an independent audit of the Shire of East Pilbara's financial reports as at the 30 June 2015 on the 27 November 2015.

COMMENTS/OPTIONS/DISCUSSIONS

The Shire's Annual Financial Audit for the year ended 30 June 2015 received an unqualified audit report (ie a 'clean' audit) and it stated:

Audit Opinion

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

- i. Gives a true and fair view of the financial position of the Shire of East Pilbara as at 30 June 2015 and of its performance for the year ended on that date; and*
- ii. Complies with Australian Accounting Standards (including the Australian Accounting Interpretation); and*
- iii. Is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended), and Regulations under that act; and*
- iv. The following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions –*
 - a. The asset consumption ratio; and*
 - b. The asset renewal funding ratio"*

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

STRATEGIC COMMUNITY PLAN

Goal 1 – Civic Leadership – Planned Actions

The Shire of East Pilbara seeks to deliver high quality corporate governance and demonstrate accountability to its constituents. All decisions are informed by community engagement – leading to the effective allocation of the Shire’s resources – that deliver optimum benefits to the community.

- 1.1 Efficient and effective local government
 - 1.1.1 *Ethical, accountable and transparent decision-making*
Responsible officer: DCEO
Timing: As appropriate

- 1.1.2 *Continued strong financial management*
Responsible officer: DCEO
Timing: 1 year

FINANCIAL IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple

OFFICER'S RECOMMENDATION:

Moved Cr Craig Hoyer

Seconded: Cr Jeton Ahmedi

THAT the Audit Committee recommends to Council that the Audited Annual Financial Statements for the year ended 30 June 2015 be received.

10 **MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

11 **NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A
DECISION OF COMMITTEE**

Nil

12 **CONFIDENTIAL MATTERS BEHIND CLOSED DOORS**

Nil

13 **GENERAL BUSINESS**

Nil

14 **DATE OF NEXT MEETING**

TBA

15 **CLOSURE**

8.35am