



EAST PILBARA SHIRE COUNCIL

MINUTES

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, 7th March, 2013.

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

2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE

2.1 ATTENDANCES

Cr Anita Grace

Cr Doug Stead

Ms Angela McDonald Manager Finance and
Administration

2.2 APOLOGIES

Cr Shane Carter

2.3 LEAVE OF ABSENCE

Nil

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 COUNCIL MEETING

7.1 CONFIRMATION OF MINUTES

OFFICER 'S RECOMMENDATION:

Moved: Cr Anita Grace

Seconded: Cr Doug Stead

THAT the minutes of the Audit Committee meeting held at Newman on 13th December 2013, 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 MONTHLY FINANCIAL STATEMENTS – DECEMBER 2012

Attachments:	Council monthly reports.pdf
Responsible Officer:	Ms Sian Appleton Deputy Chief Executive Officer
Author:	Ms Angela McDonald Manager Finance and Administration
Proposed Meeting Date:	7-MAR-2013
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

To provide Councillors with a monthly financial statement on the operations of Council.

BACKGROUND

The attached ten page report details the financial activities of the Council for the period 1st July 2012 to 31 December 2012 of the 2012/2013 financial year.

There are 4 sections of the monthly report:

1. An operating statement comparing income and expenditure to the adopted budget for each function of Council.
2. A more detailed schedule which breaks the operating statement down into the various operational sections and departments of Council.
3. A schedule detailing all expenditure for the year to date for individual capital items.
4. A statement of cash flows.

COMMENTS/OPTIONS/DISCUSSIONS

The Manager of Finance and Administration will provide an overview and explanation as required of how to interpret the financial statements at the meeting.

STATUTORY IMPLICATIONS/REQUIREMENTS

Part 6 - Financial Management (Division 3 - Reporting on activities and finance) 6.4. Financial report (pg 211)

Regulation 34(1) of the Local Government (Financial Management) Regulations states that:

“A local Government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail –

- a) annual budget estimates”*
- b) budget estimates to the end of the month to which the statement relates;*
- c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;*
- d) material variances between the comparable amounts referred to in paragraphs (a) and (c); and*
- e) the net current assets at the end of the month to which the statement relates.*

POLICY IMPLICATIONS

Complies with Council's Accounting Policies as per the current Policy Manual.

PLAN FOR FUTURE OF THE DISTRICT

Nil

FINANCIAL IMPLICATIONS

This report discloses financial activities for the period under review.

VOTING REQUIREMENTS

Simple

OFFICER'S RECOMMENDATION

Moved: Cr Anita Grace **Seconded:** Cr Doug Stead

THAT the monthly financial statements for the period 1 July 2012 to 31 December 2012 of the 2012/2013 financial year as presented be received.

9.2 MONTHLY FINANCIAL STATEMENTS – JANUARY 2013

Attachments:	Council monthly reports.pdf
Responsible Officer:	Ms Sian Appleton Deputy Chief Executive Officer
Author:	Ms Angela McDonald Manager Finance and Administration
Proposed Meeting Date:	7-MAR-13
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

REPORT PURPOSE

To provide Councillors with a monthly financial statement on the operations of Council.

BACKGROUND

The attached ten page report details the financial activities of the Council for the period 1st July 2012 to 31st January 2013 of the 2012/2013 financial year.

There are 4 sections of the monthly report:

1. An operating statement comparing income and expenditure to the adopted budget for each function of Council.
2. A more detailed schedule which breaks the operating statement down into the various operational sections and departments of Council.
3. A schedule detailing all expenditure for the year to date for individual capital items.
4. A statement of cash flows.

COMMENTS/OPTIONS/DISCUSSIONS

The Manager of Finance and Administration will provide an overview and explanation as required of how to interpret the financial statements at the meeting.

STATUTORY IMPLICATIONS/REQUIREMENTS

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- b) budget estimates to the end of the month to which the statement relates;*
- c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;*
- d) material variances between the comparable amounts referred to in paragraphs (a) and (c); and*
- e) the net current assets at the end of the month to which the statement relates.*

POLICY IMPLICATIONS

Complies with Council’s Accounting Policies as per the current Policy Manual.

PLAN FOR FUTURE OF THE DISTRICT

Nil

FINANCIAL IMPLICATIONS

This report discloses financial activities for the period under review.

VOTING REQUIREMENTS

Simple

OFFICER’S RECOMMENDATION

Moved: Cr Anita Grace Seconded: Cr Doug Stead

THAT the monthly financial statements for the period 1 July 2012 to 31 January 2013 of the 2012/2013 financial year as presented be received.

9.3 COMPLIANCE AUDIT RETURN 2012

File No:	LEG-1-11
Attachments:	rptCARFullReturn.pdf
Responsible Officer:	Ms Sian Appleton Deputy Chief Executive Officer
Author:	Ms Angela McDonald Manager Finance and Administration
Proposed Meeting Date:	7-March-2013
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 2012 to 31 December 2012.

BACKGROUND

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

The Compliance Audit Return 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.

After the completion of the CAR, the following should occur:

- (a) the Audit Committee is to review the CAR;
- (b) the CAR is to then be presented to a subsequent meeting of Council;
- (c) the CAR is to be adopted by the Council before 31 March;
- (d) the adoption is to be recorded in the minutes of the meeting at which it is adopted; and
- (e) 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.

COMMENTS/OPTIONS/DISCUSSIONS

Over previous years this Council has produced the report by using either an independent consultant or by doing the report in house. On this occasion the Compliance Audit has been completed by an independent consultant.

The structure of the CAR was revised for the 2011 year with the areas of compliance being restricted to those matters considered to be of high risk. This resulted in the

CAR being reduced in size from the previous 27 pages to eight pages for the 2011 return. The format of that year has now been replicated for the 2012 year.

The 2011 changes addressed 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 proposals for to expanded role for 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. These matters have yet to be completed by the Department of Local Government, and they do apply for the 2012 CAR report.

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	10	1*	4
Local Government Employees	5	2	0	3
Official Conduct	6	5	0	1
Tenders for Providing Goods and Services	15	8	0	7
TOTAL	78	49	1	28

[* NOTE: The only non-compliance relates to the receipt by Council of the Auditor's report by 31 December 2012. That report was considered by Council's Audit Committee on 13 December 2012, but was too late to be considered at the ordinary meeting of Council in December 2012. Further, there was no Council meeting in January 2013, which could have enabled the statutory timeframe to be met.]

High compliance has been achieved, with the "Yes" answers representing 49 out of 50, or a 98% achievement rate.

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 beyond budget allowances.

VOTING REQUIREMENTS

Simple.

OFFICER'S RECOMMENDATION

Moved: Cr Anita Grace

Seconded: Cr Doug Stead

THAT the Audit Committee:

1. Note the issue of non compliance; and
2. Recommend Council adopt the Compliance Audit Return for the calendar year of 2012.

10 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

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

Nil

12 CONFIDENTIAL MATTERS BEHIND CLOSED DOORS

Nil

13 GENERAL BUSINESS

Nil

14 DATE OF NEXT MEETING

11th July 2013

15 CLOSURE

8.40am