



## **EAST PILBARA SHIRE COUNCIL**

# **AGENDA**

## **AUDIT COMMITTEE MEETING**

**NOTICE IS HEREBY GIVEN** that an  
Audit Committee Meeting of the Council  
was held in the Meeting Room, Newman  
8:00 am, Thursday, 19<sup>th</sup> February, 2015.

**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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## TABLE OF CONTENTS

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ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS.....	3
2	RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE .....	3
2.1	ATTENDANCES .....	3
2.2	APOLOGIES .....	3
2.3	LEAVE OF ABSENCE .....	3
3	RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE .....	3
4	PUBLIC QUESTION TIME .....	3
5	PETITIONS/DEPUTATIONS/PRESENTATIONS.....	3
6	APPLICATIONS FOR LEAVE OF ABSENCE .....	3
7	CONFIRMATION OF MINUTES OF PREVIOUS COMMITTEE MEETING .....	3
7.1	CONFIRMATION OF MINUTES.....	3
8	MEMBERS' REPORTS .....	4
8.1	ITEMS FOR RECOMMENDATION .....	4
9	OFFICERS' REPORTS .....	5
9.1	MONTHLY FINANCIAL STATEMENTS – NOVEMBER 2014.....	5
9.2	COMPLIANCE AUDIT RETURN 2014.....	7
9.3	ANNUAL FINANCIAL STATEMENTS 2013/14 .....	10
9.4	TO REVIEW AND RECEIVE THE AUDITOR'S AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2014 .....	12
9.5	COMPLIANCE AUDIT RETURN 2014ERROR! BOOKMARK NOT DEFINED.	
10	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN .....	15
11	NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A DECISION OF COMMITTEE.....	15

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<b>12</b>	<b>CONFIDENTIAL MATTERS BEHIND CLOSED DOORS.....</b>	<b>15</b>
<b>13</b>	<b>GENERAL BUSINESS.....</b>	<b>15</b>
<b>14</b>	<b>DATE OF NEXT MEETING .....</b>	<b>15</b>
<b>15</b>	<b>CLOSURE .....</b>	<b>15</b>

**1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

**2 RECORD OF ATTENDANCES/APOLOGIES/LEAVE OF ABSENCE**

**2.1 ATTENDANCES**

Cr Anita Grace

Cr Gerry Parsons

Ms Sian Appleton, Deputy Chief Executive Officer

**2.2 APOLOGIES**

Cr Shane Carter

**2.3 LEAVE OF ABSENCE**

Cr Doug Stead

**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 COMMITTEE MEETING**

**7.1 CONFIRMATION OF MINUTES**

**OFFICER'S RECOMMENDATION/COMMITTEE RESOLUTION:**

**MOVED: Cr Anita Grace**

**SECONDED: Cr Gerry Parsons**

THAT the minutes of the Audit Committee Meeting held at Newman on 9th October 2014, be confirmed as a true and correct record of proceedings.

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**8 MEMBERS' REPORTS**

**8.1 ITEMS FOR RECOMMENDATION**

Nil

## 9 OFFICERS' REPORTS

### 9.1 MONTHLY FINANCIAL STATEMENTS – NOVEMBER 2014

Attachments:	<a href="#">Council monthly reports.pdf</a>
Responsible Officer:	Ms Sian Appleton Deputy Chief Executive Officer
Author:	Mrs Lisa Davis Coordinator Financial Services
Proposed Meeting Date:	19-Feb-2015
Location/Address:	N/A
Name of Applicant:	N/A
Author Disclosure of Interest:	Nil

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#### 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 1<sup>st</sup> July 2014 to 30<sup>th</sup> November 2014 of the 2014/2015 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 Deputy Chief Executive Officer will provide an overview and explanation as required of how to interpret the financial statements at the meeting.

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**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/COMMITTEE RESOLUTION:**

**MOVED: Cr Anita Grace**

**SECONDED: Cr Gerry Parsons**

**THAT the monthly financial statements for the period 1 July 2014 to 30 November 2014 of the 2014/2015 financial year as presented be received.**



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## 9.2 COMPLIANCE AUDIT RETURN 2014

**File No:** LEG-1-11  
**Attachments:** [rptCARFullReturn.pdf](#)  
**Responsible Officer:** Ms Sian Appleton  
Deputy Chief Executive Officer  
**Author:** Ms Sian Appleton  
Deputy Chief Executive Officer  
**Proposed Meeting Date:** 19-Feb-2015  
**Location/Address:** N/A  
**Name of Applicant:** N/A  
**Author Disclosure of Interest:** Nil

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### REPORT PURPOSE

To seek Council's comment on, and receipt of the Local Government Compliance Audit Return ("CAR") for the period 1 January 2014 to 31 December 2014.

### 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 and 2012 return. The format of that year has now been replicated again for the 2013 year.

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:

<b>Area questions relate to</b>	<b>No of Q's</b>	<b>Yes Answers</b>	<b>No Answers</b>	<b>Not Applicable</b>
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	2	0	0
Elections	1	1	0	0
Finance	15	9	0	6
Local Government Employees	5	0	0	5
Official Conduct	6	5	0	1
Tenders for Providing Goods and Services	15	9	0	6
<b>TOTAL</b>	<b>78</b>	<b>49</b>	<b>0</b>	<b>29</b>

High compliance has been achieved, with the "Yes" answers representing 49 out of 49, or a 100% 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.

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**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/COMMITTEE RESOLUTION:**

**MOVED: Cr Gerry Parsons**

**SECONDED: Cr Anita Grace**

**THAT the Audit Committee recommends Council adopt the Compliance Audit Return for the calendar year of 2014.**

**Meeting was adjourned at 8.15am. Meeting was recommenced at 9.00am Thursday 26<sup>th</sup> February 2015.**

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### 9.3 ANNUAL FINANCIAL STATEMENTS 2013/14

<b>Attachments:</b>	<b>Annual Financial Statements</b>
<b>Responsible Officer:</b>	<b>Ms Sian Appleton Deputy Chief Executive Officer</b>
<b>Author:</b>	<b>Ms Sian Appleton Deputy Chief Executive Officer</b>
<b>Proposed Meeting Date:</b>	<b>19-Feb-2015</b>
<b>Location/Address:</b>	<b>N/A</b>
<b>Name of Applicant:</b>	<b>N/A</b>
<b>Author Disclosure of Interest:</b>	<b>Nil</b>

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#### REPORT PURPOSE

To provide the Audit Committee with the Annual Financial Statements, on the operations of Council for the Year Ended 30 June 2014.

#### BACKGROUND

The attached report details the financial activities of the Council for the period 1<sup>st</sup> July 2013 to 30<sup>th</sup> June 2014.

There are 4 sections of the Annual Financial 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 for individual capital items.
4. A statement of cash flows.

#### COMMENTS/OPTIONS/DISCUSSIONS

The Deputy Chief Executive Officer 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:

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*“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/COMMITTEE RESOLUTION:**

**MOVED: Cr Gerry Parsons**

**SECONDED: Cr Anita Grace**

**THAT the Audit Committee accepts the annual financial statements for the 2013/2014 financial year as presented.**

## 9.4 TO REVIEW AND RECEIVE THE AUDITOR'S AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2014

**Attachments:** Audit Report  
**Responsible Officer:** Ms Sian Appleton  
Deputy Chief Executive Officer  
**Author:** Ms Sian Appleton  
Deputy Chief Executive Officer  
**Proposed Meeting Date:** 19-Feb-2015  
**Location/Address:** N/A  
**Name of Applicant:** N/A  
**Author Disclosure of Interest:** Nil

### REPORT PURPOSE

To review the Audit & Risk management Committee Report for the year ended 30 June 2014, 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 2014 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 at 30 June 2013 and of its performance for the year ended; 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"*

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.

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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

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**VOTING REQUIREMENTS**

Absolute

**OFFICER'S RECOMMENDATION/COMMITTEE RESOLUTION:**

**MOVED: Cr Anita Grace**

**SECONDED: Cr Gerry Parsons**

**THAT the Audit Committee recommends to Council that the Audit Committee Report for the year ended 30 June 2014 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**

10<sup>th</sup> July 2015

**15 CLOSURE**

Meeting closed at 9.15am