



## **Shire of Wandering**

### **Audit Committee Meeting 29 September 2016**

**Minutes  
4.30 pm**

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# Audit Committee Meeting

## Agenda

### 1. DECLARATION OF OPENING

The Shire President, Cr B Whitely declared the meeting open at 4.03pm

### 2. RECORD OF ATTENDANCE

#### 2.1 PRESENT

Cr B Dowsett	Deputy President
Cr J Price	
Cr M Watts	
Cr C Ferguson	
Cr G Parsons	

#### Staff:

Ms A O'Halloran	Chief Executive Officer
Mr D Ojha	Manager Administration & Finance

#### 2.2 Apologies

Cr C Ferguson  
Cr B Whitely  
Cr W Gowland

#### 2.3 Leave of Absence

Nil

### 3. ANNOUNCEMENT OF VISITORS

Mr Marius Van Der Merwe, Audit Director, Butler Settineri will be presenting and available for questions

### 4. DECLARATION BY MEMBERS

That Councillors have given due consideration to all matters contained in the Agenda presently before the meeting

**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

Minute of the Audit Committee Meeting – 17 December 2015

**COUNCIL DECISION – ITEM 5**

**MOVED: Cr J Price**

**SECONDED: Cr M Watts**

**CARRIED 4/0**

**6. TERMS OF REFERENCE**

Under the Local Government Act 1995 (LGA), Local Governments are required to appoint an Audit Committee (section 7.1A of the Local Government Act 1995).

An Audit Committee is to provide guidance and assistance to the Local Government - as to the carrying out of its functions in relation to audits conducted under Part 7 of the LGA and as to the development of a process to be used to select and appoint a person to be an auditor and may provide guidance and assistance to the Local Government as to – matters to be audited, the scope of audits, its functions under part 6 of the Act and the carrying out of its functions relating to other audits and other matters related to financial management (clause 16 Local Government (Audit) regulations 1996).

7. Meeting cycle: At least once a year to recommend adoption of the Annual Financial Statement

4.31pm Cr W Gowland entered the Meeting

4.43pm Cr B Whitely entered the Meeting

**7.1 REVIEW OF 2015/16 INDEPENDENT AUDIT REPORT AND ANNUAL FINANCIAL STATEMENTS**

<b>File Reference:</b>	10.1.6
<b>Applicant:</b>	N/A
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	22 September 2016
<b>Previous Meeting Reference:</b>	N/A
<b>Author Name and Position:</b>	Durga Ojha Manager Administration and Finance

**Summary**

The Auditor's Report and Audited Financial Statements of the Shire of Wandering for the financial year ended 30 June 2016 have been received by the shire on the 23<sup>rd</sup> of September 2016.

After receiving the auditor reports, the audit committee is to examine the report of the auditor and determine if any matters raised by the report require action to be taken and ensure appropriate action is taken in future.

**Background**

The Shire's Auditors Butler Settineri have audited the 2015/16 Annual Financial Statements and have provided an Independent Auditor's Report as required under the relevant provisions of the *Local Government Act 1995* (LGA). The Auditor's Report and Annual Financial Statements are now presented to the audit committee for their information.

ATTACHMENT 7.1.1

**Comment**

The Shire of Wandering's Audit Report as presented was unqualified, meaning there were no matters of significance raised by the Auditor and the Shire, substantially complied with Part 6 of the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended).

The independent Audit Report highlighted the two unfavourable financial ratios and offers the following comments regarding the Shire's financial position;

Audit Report	Officer Response
<p><b><u>Current Ratio 0.9 :</u></b> Current ratios do not meet the Department of Local Government Indicative Benchmark <math>\geq 1</math></p>	<p>Current ratios measure the short term liquidity to meet the Shire liabilities when they fall due. Council's management are well aware that the current ratios do not meet the Department of Local Government indicative benchmark, however Council has budgeted to sell the 7 Gnowing St house for \$200,000, to maintain the liquidity in this financial year and this is expected to improve the current ratios.</p>
<p><b><u>Operating Surplus ratios -46%:</u></b> Operating Surplus ratios do not meet the Department of Local Government Indicative Benchmark.</p>	<p>Operating surplus ratios measure a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. The Department of Local Government benchmark is between 1% and 15%. If the 7 Gnowing St house was sold by the Council for \$200,000 in FY 2015/16, the ratios would be improved. Similarly, the Council's Senior Management will be working to meet the above Department of Local Government Benchmark by selling the Gnowing St house and sourcing the additional income activities.</p>

Despite the above Auditor's comments, Council's management and internal control systems are sound. In addition to being monitored internally on a daily and monthly basis, they are also strengthened by an independent assessment each year on the Shire's financial management systems and external audit reporting. The independent assessment reviews Council's financial position, financial management practices and compliance with the requirements of the *Local Government Act*, the *Local Government (Financial Management) Regulations*, and *Accounting Standards*.

**Consultation**

Chief Executive Officer

**Statutory Environment.**

Local Government Act 1995 Section 7.12(A).

Local Government Audit Regulations 1996 Regulation 16

Local Government Financial Management Regulations 1996

**Policy Implications**

Nil

**Financial Implications**

Implementing the recommendations of the Report will have a financial impact that will be processed through normal budgetary processes.

**Strategic Implications**

**Community Strategic Plan 2013-2023**

**Goal 5 – A strong and Effective Organisation**

Outcome 5.2: Accountable decision making and resource allocation through effective governance.

**Strategy 5.2.1:** Ensure Council's decision making process is effective and transparent

**Strategy 5.2.2:** Ensure the organisation's governance structure, policies and procedures are current and relevant

**Voting Requirements**

Simple Majority

**Officer Recommendation**

That the Audit Committee recommends Council accept the 2015/16 Shire of Wandering Annual Financial Reports including the Independent Audit Reports.

**COUNCIL DECISION – ITEM 7.1**

**MOVED: Cr M Watts**

**SECONDED: Cr B Whitely**

**That Audit committee of the Council**

That the Audit Committee recommends Council accept the 2015/16 Shire of Wandering Annual Financial Reports including the Independent Audit Reports.

**CARRIED 6/0**

Deputy President thanked Mr Marius Van Der Merwe, Audit Director for his time and information provided.

**8. NEXT MEETING**

The next Audit and Risk Committee Meeting will be held at a time to be determined.

**9. CLOSURE OF MEETING**

The Shire President declared the meeting closed at 5.42pm

These Minutes were confirmed at the Audit and Risk Committee Meeting  
on .

Signed:

  
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Presiding Person at the meeting at which the minutes were confirmed

Date:

16/3/2017  
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