



UNCONFIRMED MINUTES
OF THE AUDIT COMMITTEE

HELD ON

FRIDAY 23 MARCH 2018

AT 10:00 AM



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Minutes for the Audit Committee Meeting
to be held in the Council Chambers, 37 Gibbons Street, Yalgoo,
on Friday 23 March 2018, commencing at 10:00 am.

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

At the Audit Committee Meeting held on 14 December 2017, Cr Gregory Payne was elected Presiding Member and Cr Gail Trenfield as Deputy Presiding Member.

Presiding Member Cr Gregory Payne opened the Audit Committee Meeting at 10.03 am

2. RECORD OF ATTENDANCE/APOLOGIES

MEMBERS	Cr Gregory Payne, Presiding Member Cr Gail Trenfield, Deputy Presiding Member Cr Joanne Kanny Cr Percy Lawson Cr Tamisha Hodder Cr Robert Grinham
STAFF	Silvio Brenzi, CEO Elisha Hodder, Executive Assistant
GUESTS	Travis Bate, RSM – Via Telephone
OBSERVERS	Nil
APOLOGIES	Nil

3. DISCLOSURE OF INTERESTS

Disclosures of interest made before the Meeting

Nil

4. CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE

Background

Minutes of the Audit Committee meeting held on 14 December 2017 were previously distributed to members.

Voting Requirements

Simple majority

OFFICER RECOMMENDATION

A2018-0301 Minutes of the Audit Committee Meeting

That the minutes of the Audit Committee meeting held on 14 December 2017, as circulated, be confirmed as a true and correct record of proceedings.

Moved: Cr Robert Grinham

Seconded: Cr Tamisha Hodder

Motion put and carried: 6/0

5. BUSINESS AS NOTIFIED

5.1 Report on Compliance Audit Return 2017

Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	14 March 2018
Attachments :	2017 Compliance Audit Return

Matter for Consideration

That the Committee give consideration to the Compliance Audit Return 2017 and recommend to Council that the Compliance Audit Return be adopted and certified by the President and Chief Executive Officer and a copy to be forwarded to the Department of Local Government Sport and Culture Industries by 31st March 2018.

Background

Regulation 14 and 15 of the Local Government (Audit) Regulations 1996 requires that the Council carry out a Compliance Audit for the period 1st January to the 31st December in each year and be submitted to the Executive Director by the 31st March of the following year.

Statutory Environment

Local Government Act 1995

7.13. Regulations as to audits

- (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
 - (i) of a financial nature or not; or
 - (ii) under this Act or another written law.

Local Government (Audit) Regulations 1996

14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3)
 - (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
 - (4) (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (5) (a) presented to the council at a meeting of the council; and
 - (6) (b) adopted by the council; and
 - (7) (c) recorded in the minutes of the meeting at which it is
 - (8) adopted.

15. Compliance audit return, certified copy of etc. to be given to Executive Director

(1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —

(a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c);
and

(b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Executive Director by 31 March next following the period to which the return relates.

(2) In this regulation —

certified in relation to a compliance audit return means signed by —

(a) the mayor or president; and

(b) the CEO.

Business Implications

Nil

Consultation

Nil

Comment

The Shire of Yalgoo is required to carry out an Annual Compliance Audit for the period 1st January 2017 to 31st of December 2017. The Compliance Return for 2017 has been completed online on the Department of Local Government Sport and Culture Industries website and is attached for consideration.

The Compliance Return is to be adopted by Council and certified by the President and the Chief Executive Officer along with a copy of the relevant section of the Minutes be forwarded to the Director General by the 31st March 2018.

Voting Requirements

Simple Majority

CEO Silvio left the room 10.05 am

CEO Silvio Brenzi returned 10.07 am

CEO Silvio Brenzi presented the Audit Compliance Return to Council, there being no questions the motion was carried.

OFFICER RECOMMENDATION / COMMITTEE RECOMMENDATION

A2018-0302 Report on Compliance Audit Return 2017

That the Audit Committee recommends to Council that the 2017 Compliance Audit Return be adopted and certified by the President and Chief Executive Officer and forwarded to the Department of Local Government along with the relevant section of the Minutes.

Moved: Cr Gail Trenfield

Seconded: Cr Joanne Kanny

Motion put and carried: 6/0

5.2 Report on 2017-18 Annual Budget Review

Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	14 March 2018
Attachments :	Statement of Financial Activities , Statement of Surplus/ Deficit, Statement of Closing Funds, Budget Analysis Worksheets

Matter for Consideration

That council review the 2017-18 Annual Budget Review

Background

Regulation 33A of the Local Government Act (Financial Management) Regulations 1996 requires that a Local Government between 1st February and 31st March in each year carry out a review of its Annual Budget for that year. A copy of the review and the determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

Council adopted a 10% or \$10,000.00 variance or whatever is the greater for the reporting of material variances identified in the annual budget review

Statutory Environment

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.

6.8. Expenditure from municipal fund not included in annual budget

- (1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —
 - (a) is incurred in a financial year before the adoption of the annual budget by the local government; or
 - (b) is authorised in advance by resolution*; or
 - (c) is authorised in advance by the mayor or president in an emergency.

- (1a) In subsection (1) —
 additional purpose means a purpose for which no expenditure estimate is included in the local government’s annual budget.
- (2) Where expenditure has been incurred by a local government —
 - (a) pursuant to subsection (1)(a), it is to be included in the annual budget for that financial year; and
 - (b) pursuant to subsection (1)(c), it is to be reported to the next ordinary meeting of the council.

Business Implications

Nil

Consultation

Dominic Carbone

Comment

A review of the Shire’s 2017-18 Annual Budget has been undertaken in accordance with the Financial Management Regulations and the following worksheets have been prepared;

Statement of Financial Activities	(refer attachments)
Statement of Surplus/ Defecate	(refer attachments)
Statement of Closing Funds	(refer attachments)
Budget analysis Worksheets	(refer attachments)

The review of the 2017-18 Annual Budget revealed:

- 1) A decrease in operating revenue amounting to \$101,521 comprising of:

REVENUE

Decrease in rates instalment charges	(\$8,000)
Decrease in non payment penalty interest	(\$5,000)
Increase in rates levied	\$40,135
Decrease in Financial Assistance Grant	(\$47,755)
Increase in Local Road Grant	\$3,059
Increase in staff housing reimbursements	\$16,783
Decrease in Grant for staff housing	(\$213,650)
Decrease in Community Pool revitalisation Grant	(\$10,000)
Increase in workers compensation reimbursements	\$115,000
Decrease in insurance claim reimbursements plant	(\$14,000)
Increase in private works charges - plant hire	\$29,800
Decrease other minor variances	(\$7,893)
	<u>(\$101,521)</u>

- 2) A decrease in operating expenditure amounting to \$55,477 comprising of:

EXPENDITURE

Decrease in members travelling allowance	\$10,000
Decrease in members conference expenses	\$6,000
Decrease in election expenses	\$6,863
Decrease in feasibility study Regional Emergency Facility not progressed	\$40,000
Decrease in amalgamation of council land for Emergency Facility not progressed	\$5,000
Decrease in youth and family program -Centacare service no longer provided	\$52,180
Decrease in public conveniences maintenance and cleaning	\$18,143
Increase in old railway station grounds maintenance	(\$11,431)
Decrease in old railway station building maintenance	\$26,322
Decrease in Yalgoo covered sports facility	\$7,717
Increase in refund of unspent CLGF grant	(\$12,158)
Decrease in road inspections after rain expenditure	\$20,206
Increase in rural road maintenance	(\$94,071)
Increase in town entry statements maintenance	(\$11,035)
Increase in emu cup event	(\$17,168)
Increase in EHO consulting costs	(\$9,300)
Decrease other minor variances	\$18,209
	<u>\$55,477</u>

3) Gain or loss on sale of assets:

Decrease in book value of assets sold written back	\$47,600
Decrease in proceeds from sale of assets	<u>(\$9,569)</u>
Increase in net profit on sale of assets	<u>\$38,031</u>

4) Furniture and Equipment

Decreased expenditure- council chamber table	\$4,000
Savings-art centre furn.and equip.	\$536
Savings-day care centre furn.and equip.	\$2,892
Savings-CCTV Yalgoo townsite	\$2,879
	<u>\$10,307</u>

5) Land and Buildings

Decreased expenditure - staff housing 2 units Shemrock street refer revenue above	\$213,650
Additional expenditure- art centre building	(\$33,663)
Savings -power supply men's shed and rifle club	\$1,740
Savings- paynes find complex internal painting	\$200
Savings- paynes find complex external painting	\$636
Savings- CLGF Grant refer expenditure above	\$12,158
Savings- caravan park Storage and POS facility	\$680
Additional expenditure- men's shed upgrade	(\$20,216)
	<u>\$175,185</u>

6) Plant and Equipment

Additional expenditure - CEO vehicle	(\$3,340)
Additional expenditure- ride on mower	(\$850)
Additional expenditure- caterpillar loader	(\$804)
Savings -CGTS vehicle not to be purchased	<u>\$66,485</u>
	<u>\$61,491</u>

7) Roads Infrastructure

\$0

8) Infrastructure Recreation Facilities

\$0

9) Infrastructure Other

Additional expenditure - solar lights paynes find approved	(\$38,582)
Transfer funds from Paynes Find beautification to above new project	
Additional expenditure -jokers tunnel entry road	
	<u>(\$38,582)</u>

10) Reserve Funds

\$0

10) Book Value Of Assets Sold Written Back

Decrease in WDV of assets Sold	<u>(\$47,600)</u>
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11) Surplus Brought Forward

Increase in surplus	<u>\$37,779</u>
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Net Estimated Variance (Surplus)	<u><u>\$190,567</u></u>
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Council is requested to authorise the following capital expenditure in accordance with Section 6.8 of the Local Government Act 1995.

- Elected Members I-Pads	\$5,500
- Paynes Find Community Centre – Remove, Replace and Disposal of Old Water Tank	\$3,000
- Park Bench, Table Setting and Picnic Shelter	\$13,000
- Yalgoo Fuel Bay-Surface Treatment	\$10,000
- Community Oval and Sports Pavilion additional funding allocation	\$100,000
- Additional Corporate Firearm	\$2,000
- Arts Centre additional funding allocation	\$25,000

Council is requested to give consideration to and adopt the Annual Budget Review

Voting Requirements

Absolute Majority

CEO Silvio Brenzi presented the report to Council and explained the new Items listed in the recommendation under item 3.

CEO Silvio Brenzi explained there was an expected in surplus of \$37,779.

Cr Robert Grinham enquired about the decrease in funds for the Youth and Family Program (Old Centacare).

CEO Silvio Brenzi advised the numbers used in the annual budget review attachments are January’s numbers and that expenditure funds have come in after January.

CEO Silvio Brenzi explained the funds for the Park Bench, Table Setting are incorporated to cover the two parks.

Cr Robert Grinham clarify with the CEO that the funds set aside for the Council Chambers Table is now going towards I-Pads for Elected members.

CEO Silvio Brenzi Confirmed and informed Council the Model of the I-pads have not been selected yet.

Cr Robert Grinham enquired about the additional funds towards the Men’s Shed expenditure.

CEO Silvio Brenzi explained the original \$15,000 was to buy materials for the Men’s Shed project, but some of the materials came to more than expected.

OFFICER RECOMMENDATION

A2018-0303 Report on 2017-18 Annual Budget Review

That Council

- 1.) Adopts the 2017-18 Annual Budget Review together with the variations detailed in the Budget Analysis Worksheet attached to this Report.**
- 2.) A copy of the 2017-18 Annual Budget Review and the determination be provided to the Department of Local Government and Communities.**
- 3.) In accordance with Section 6.8 of the Local Government Act 1995 authorise the following expenditure:**
 - Elected Members I-Pads \$5,500**
 - Paynes Find Community Centre – Remove, Replace and Disposal of Old Water Tank \$3,000**
 - Park Bench, Table Setting and Picnic Shelter \$13,000**
 - Yalgoo Fuel Bay Surface Treatment \$10,000**
 - Community Oval and Sports Pavilion additional funding allocation \$100,000**
 - Additional Corporate Firearm \$2,000**
 - Art Centre – additional funding allocation \$25,000**

Moved: Cr Joanne Kanny

Seconded: Cr Robert Grinham

Motion put and carried: 6/0

5.3 Report on Audit Management Letter for the year ended 30th June 2017

Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	15 March 2018
Attachments:	Letter dated 20 December 2017 from Council's Auditor RSM

Matter for Consideration

That Council give consideration to the Audit Management letter for the year 30th June 2017 together with the responses provided by the Chief Executive Officer and Consultant.

Background

Council is required to examine the report of the Auditor and take appropriate action in relation to matters raised.

Statutory Environment

Local Government Act 1995

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 section 7.9 is received by the local government, whichever is the latest in time.

Business Implications

Nil

Consultation

Dominic Carbone Consultant

Comment

Findings identified during the Audit of the Shire's Financial Statements for the year ended 30th June 2017 are detailed in the letter from the Shire's Auditor RSM, attached to the report together with management comments supplied by the CEO and financial consultant.

Voting Requirements

Simple Major

Presiding Member Cr Gregory Payne handed over to CEO Silvio Brenzi whom than asked the Auditor Travis Bate from RSM to explain the audit management letter.

Auditor Travis Bate advised Council on the audit report there being no question he then move on to explaining the Audit management letter.

Auditor Travis Bate explained the 11 items during the 2017 Audit findings.

OFFICER RECOMMENDATION

A2018-0304 Report on Audit Management Letter for the Year Ended 30th June 2017

That Council:

- 1. Receives the Report on Audit Management Letter for the year ended 30th June 2017: and**
- 2. Forward a copy of the report to the Minister for Local Government Sport and Cultural Industries.**

Moved: Cr Gail Trenfield

Seconded: Cr Percy Lawson

Motion put and carried: 6/0

Auditor Travis Bate left meeting at 10.45 am

6. URGENT BUSINESS

Nil

7. MEETING CLOSED

There being no Further Business, the Audit Committee Chairperson Presiding Member Cr Gregory Payne, declared the Audit meeting closed at: 10.44 am

DECLARATION

These minutes were confirmed at the Ordinary Council Meeting held on the _____.

Signed: _____
Person presiding at the meeting at which these minutes were confirmed.

