



UNCONFIRMED MINUTES
OF THE
FINANCE & AUDIT COMMITTEE MEETING
HELD IN
THE COUNCIL CHAMBERS, YALGOO
ON FRIDAY, 27 MARCH 2020
COMMENCING 9.00 AM



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Minutes of the Finance and Audit Committee Meeting
held in the Council Chambers, 37 Gibbons Street, Yalgoo
on Friday, 27 March 2020 commencing at 9:00 am.

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

At its Finance and Audit Committee held on the 29 November 2019, Cr Gregory Payne were elected Chairperson for both the Finance and Audit Committee and Cr Gail Trenfield were elected Deputy Chairperson for both the Finance and Audit Committee.

Chairperson Cr Gregory Payne declared the meeting open at 9.05 am

2. RECORD OF ATTENDANCE/APOLOGIES

MEMBERS	Cr Gregory Payne, Chairperson Cr Gail Trenfield, Deputy Chairperson Cr Raul Valenzuela Cr Percy Lawson Cr Tamisha Hodder Cr Gail Simpson
STAFF	John Read, CEO Elisha Hodder, PA
GUESTS	Nil
OBSERVERS	Nil
APOLOGIES	Nil

3. DISCLOSURE OF INTERESTS

Disclosures of interest made before the Meeting

Nil

4. CONFIRMATION OF MINUTES

4.0 FINANCE AND AUDIT COMMITTEE MEETING HELD 31 JANUARY 2020

Background

Minutes of the Finance and Audit Committee meeting held on 31 January 2020 were previously distributed to members.

Voting Requirements

Simple majority

OFFICER RECOMMENDATION / COMMITTEE DECISION

F&A 2020-0301 MINUTES OF THE FINANCE COMMITTEE MEETING

That the minutes of the Finance Committee meeting held on 31 January 2020, as circulated, be confirmed as a true and correct record of proceedings.

Moved: Cr Raul Valenzuela

Seconded: Cr Gail Trenfield

Motion put and carried: 6/0

5. BUSINESS AS NOTIFIED

5.1 REPORT ON COMPLIANCE AUDIT RETURN 2019

AUTHOR:	DOMINIC CARBONE
INTEREST DECLARED:	NO INTEREST TO DISCLOSE
DATE:	6 MARCH 2020
ATTACHMENTS :	2019 COMPLIANCE AUDIT RETURN

MATTER FOR CONSIDERATION

That the Committee give consideration to the Compliance Audit Return 2019 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 2020.

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 2019 to 31st of December 2019. The Compliance Return for 2019 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 2020.

VOTING REQUIREMENTS

Simple Majority

CEO John Read explained the report in further detail.

No questions was raised in relation to this Item.

COMMITTEE RECOMMENDATION / COMMITTEE DECISION

F&A 2020-0302 Report on Compliance Audit Return 2019

That Council adopt the Audit Committee recommendation that the 2019 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 Percy Lawson

Motion put and carried: 6/0

5.3 REGULATION 17 REVIEW - D. LONG & ASSOCIATES

Author:	John Read, Acting Chief Executive Officer
Interest Declared:	No interest to disclose
Date:	20 March 2020
Attachments	Draft Yalgoo FMR & Audit Reg 17 Review Report March 2020

MATTER FOR CONSIDERATION

That the Finance & Audit Committee recommend to Council that the Regulation 17 Report prepared by Darren Long & Associates be received and the CEO be requested to implement changes to administration accounting practices in relation to legislative compliance, internal control and risk management, where practical.

BACKGROUND

The Shire engaged Darren Long & Associates to undertake the Regulation 17 review and Mr Long has delivered a comprehensive report covering all aspects of financial management, legislative compliance, internal controls and risk management.

STATUTORY ENVIRONMENT

Local Government Act 1995

Regulation 17 of the Local Government (Audit) Regulations 1996

STRATEGIC IMPLICATIONS - Nil

CONSULTATION - Nil

COMMENT

Mr Long's findings detailed at Section 19 are as follows:

"OPINION – Financial Management Review

The review of the Financial Management Systems & Procedures developed by the Shire of Yalgoo indicates that, except for those matters identified in the findings and recommendation section of this report, they are appropriate and effective for the particular operations and size of the Shire.

In addition the review has concluded that, except where indicated in the report, the Shire has observed the requirements of the Local Government Act 1995 and the Local Government (Financial management) Regulations 1996"

Review of Legislative Compliance, Internal Controls and Risk Management

The review of the legislative compliance, internal controls and risk management mechanisms developed by the Shire of Yalgoo indicates a series of weaknesses in various processes, procedures and systems. The matters identified in the findings section of this report range from minor to major in nature. The recommendations detailed in this report present an opportunity for the local government to consider suggested improvements to internal procedures, processes and systems to enhance the overall control environment."

While required improvements are acknowledged, the Shire is limited in the number and experience level of its very small administration/accounting staff. To put it bluntly, at the expense of around \$750,000.00 plus housing, vehicles, etc. per year, the Shire could employ (hopefully) additional suitably qualified and experienced administration staff to remedy the shortcomings of internal control detailed in the report. There has been no report or evidence at all that the shortcomings have actually brought the Shire into risk and financial loss through fraud etc. as a result of the lack of internal controls. However, we do have a duty to improve internal controls in respect of financial management, etc. to the best of our ability.

VOTING REQUIREMENTS

Simple Majority

CEO John Read explained the report in further detail.

No questions was raised in relation to this Item.

OFFICER RECOMMENDATION / COUNCIL DECISION

F&A 2020-0304 Regulation 17 Review - D. Long & Associates

THAT the Finance & Audit Committee recommend to Council that the Regulation 17 Report prepared by D. Long & Associates be received and the CEO requested to implement changes to administration’s accounting practices in relation to legislative compliance, internal control and risk management, where practical.

Moved: Cr Gail Trenfield Seconded: Cr Tamisha Hodder Motion put and carried: 6/0

6. URGENT BUSINESS

Nil

7. MEETING CLOSED

There being no Further Business, the Finance and Audit Committee Chairperson, declared the Finance and Audit Committee meeting closed at. 9.20 pm.

DECLARATION
 These minutes were confirmed at the Finance and Audit Committee Meeting held _____.

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