



Western Australia

Minutes for the Meeting of the Audit Committee  
Held in the Council Chambers, Carnarvon Mullewa Road, Murchison,  
On **Saturday 15<sup>th</sup> December 2018**, commencing at 11:30 am.

Purpose: To consider the Financial Report for 2017-18 and to meet with the Auditor to discuss the Audit Exit Report.

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

The President opened the meeting at 11.36 am.

**2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE**

R Foulkes-Taylor – President  
 A Whitmarsh – Deputy President  
 Cr E Foulkes-Taylor  
 Cr G Mead  
 Cr Q Fowler  
 Cr P Squires

P Dittrich – CEO  
 W Herold – Acting Works Supervisor  
 V Crispe – Technical Services Admin Project Officer

**3. CONFIRMATION OF MINUTES****3.1 Audit Committee Meeting – 26<sup>th</sup> July 2018****Background:**

Minutes of the Audit Committee Meeting of Council have previously been circulated to all Audit Committee Members.

**Recommendation:**

That the minutes of the Audit Committee meeting held on 26<sup>th</sup> July 2018 be confirmed as an accurate record of proceedings

**Voting Requirements:**

Simple majority

***Council Decision:***

**Moved: Councillor E Foulkes-Taylor**

**Seconded: Councillor A Whitmarsh**

That the minutes of the Audit Committee meeting held on 26<sup>th</sup> July 2018 be confirmed as an accurate record of proceedings

**Carried**

**For:6**

**Against:0**

**4. ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION**

Nil

**5. REPORTS****5.1. Audit Exit Meeting 2017-18**

File:	2.2
Author:	Peter Dittrich - Chief Executive Officer
Interest Declared:	No interest to disclose
Date:	12 <sup>th</sup> December 2018
Attachments:	Financial Report 2017-18 Audit closing Report

**Matter for Consideration:**

Consideration of the Audit Exit Meeting 2017 -18

**Background:**

The 2017-18 Financial Report was prepared and sent to the auditor by the 30<sup>th</sup> September as prescribed. The audited report, once adopted by Council, will be included in the Annual Report 2017-18 for presentation at the Annual Meeting of Electors to be held within 56 days of the adoption of the report.

**Comment:**

RSM conducted the audit of the Financial Report 2017-18 in accordance with Australian Auditing Standards. They believe that the audit evidence that they obtained was sufficient and appropriate to provide a basis for their audit opinion.

In conducting the audit, RSM followed applicable independence requirements of Australian professional ethical pronouncements.

**Statutory Environment:**

Local Government Act 1995

Division 3 – Reporting on activities and finance

6.4. Financial report

(1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.

(2) The financial report is to —

(a) be prepared and presented in the manner and form prescribed; and

(b) contain the prescribed information.

(3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —

(a) the accounts of the local government, balanced up to the last day of the preceding financial year; and

(b) the annual financial report of the local government for the preceding financial year.

**Strategic Implications:**

Nil

**Policy Implications:**

Nil

**Financial Implications:**

The cost of the annual audit is included in the 2018-19 Budget

**Consultation:**

Nil

**Recommendation:**

That the findings of Audit Exit Meeting 2017-18 be referred to the Ordinary Council Meeting of 15<sup>th</sup> December 2018.

*Discussion:*

*CEO spoke to the report advising that the financial report can be adopted at the February 2019 ordinary Council meeting once the Audit Report has been received.*

*Teleconference Discussion:*

*RSM Australia Pty Ltd David Wall (Director) and Travis Bate (Principal) provided an overview on the Independent Auditors Report, the Closing Report, the Financial Statements and the Draft Audit Report.*

*Closing report –*

*Section 1.2 There have been no changes to the engagement scope or approach set out in the Audit Planning memorandum.*

*Section 2.1 Audit opinion – RSM have completed the audit engagement fieldwork on the financial report of the Shire for the year ended 30 June 2018. Based on the evidence on proper accounts and records; in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the Act, the Financial Management Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.*

*Section 2.2 Emphasis of matter - basis of accounting. Note 1 to the financial report describe the basis of accounting for land under roads. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Financial*

*Management Regulations does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. This is in line with the Local Government Act and Regulations. The audit opinion will not be modified in respect of this matter.*

*Section 2.3 Audit opinion - other legal and regulated requirements. The Asset Renewal Funding ratio and Own Source Revenue Coverage Ratio have been below the Department of Local Government, Sport and Culture industries standard for the last three years. The CEO spoke to the report advising that - Allen Carmichael has been advised that the Shire cannot meet the ratios but will work with the auditors to determine a fare benchmark for the shire.*

*Section 2.4 Management Letter – control weaknesses Section 2.4.1 Two significant, three moderate and one minor matter reported during the prior year’s audit, with five currently resolved and the ratios analysis currently still open. Section 2.4.2 – no findings completeness of tenders register status still open at the interim audit. The CEO advised that this has since been resolved. Section 2.4.3 – 2017/18 Final Audit no findings which is very good for the shire.*

*Section 2.8 Contingent liabilities and commitments – CEO confirmed that there are no outstanding large capital projects or legal matters.*

*Section 2.9 Subsequent events CEO confirmed that there are no significant subsequent events between the end of the financial year and the date of this Audit Closing Report.*

*Section 2.10 Outstanding audit matters – Final review of the financial report; a completed – representation letter that the CEO has for signature. Receipt of the signed financial report. The CEO will dispatch all signed documents for conclusion and finalisation of the audit process.*

*Section 3 Areas of audit emphasis - High risk of financial statements have been given the tick of approval – no issues with this shire.*

*Section 4 Other critical disclosures – The audit plan to be closed off.*

*Section 5 Fraud – 5.1.3 The audit did not detect any instances of fraud.*

*Section 6 New Accounting Standards not yet adopted – AASB 9 Financial Instruments. Not anticipated the standard will have any material effect; AASB 15 Revenue from Contracts with Customers. Shire not yet determined the potential impact of the standards; AASB1058 Income of Not-for-Profit Entities. The shire as not yet determined the potential impact of the standard; (May have an issue reference grant funding – funding received in advance which may have to be deferred. AASB 16 Leases. The Shire has assessed that, based on the number of operating leases held by the Shire, the impact is not expected to be significant*

*Agenda 2.1 Actions for next year – The current audit contract has been completed as of June 2018 – The Auditor General (AG) will be signing off on the Audit Report in future. The AG will be considering tenders for Audit Services for the Shire. RSM has submitted a tender.*

*The President & Councillors congratulated CEO, DCEO, and staff for their work in completing these financial reports 2017-18 .*

### **Voting Requirements:**

Simple Majority

#### **Council Decision:**

**Moved: Councillor A Whitmarsh**

**Seconded: Councillor G Mead**

That the findings of Audit Exit Meeting 2017-18 be referred to the Ordinary Council Meeting of 15<sup>th</sup> December 2018.

**Carried**

**For:6**

**Against:0**

**6. URGENT BUSINESS**

Nil

**7. MEETING CLOSURE**

Meeting closed at 12.01pm