



MINUTES

AUDIT COMMITTEE MEETING

Saturday 17 August 2013
Commencing at 9.06am in the
Shire of Menzies Council Chambers

NOTICE OF AUDIT COMMITTEE MEETING

Dear Council Member,

The next Audit Committee Meeting of the Shire of Menzies will be held on Thursday 15 August 2013 at Shire of Menzies Council Chambers, Shenton Street, Menzies commencing at 9.30am.

N P Crawford
Chief Executive Officer

Date

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Menzies for any act or omission or statement or intimation occurring during this meeting.

It is strongly advised that persons do not act on what is heard at this meeting and should only rely on written confirmation of Council's decision, which will be provided within fourteen (14) days of this meeting.

FINANCIAL INTEREST (EFFECTIVE 1 JULY 1996)

A financial interest occurs where a Councillor, or person with whom the Councillor is closely associated, has direct or indirect financial interest in the matter. That is, the person stands to make a financial gain or loss from the decision, either now or at some time in the future.

An indirect financial interest includes a reference to a financial relationship between that person and another person who requires a Local Government decision in relation to the matter.

Councillors should declare an interest:

- a) In a written notice given to the CEO before the meeting: or**
- b) At the meeting immediately before the matter is discussed**

A member who has declared an interest must not:

Preside at the part of the meeting relating to the matter: or
Participate in, or be present during any discussion or decision making procedure relating to the matter.

Unless the member is allowed to do so under Section 5.68 or 5.69, Local Government Act 1995

Ref: Local Government Act 1995 Division 6 – Disclosure of Financial Interest.
Specifically Sections 5.60, 5.61, 5.65 and 5.67

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AGENDA

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President (Cr Gregory Dwyer) declared the meeting open at 9.06am, welcomed the Councillors and proceeded with the agenda as planned.

2 RECORD OF ATTENDANCE

Councillors:	Cr G Dwyer	Shire President
	Cr J Dwyer	Councillor
	Cr C Purchase	Councillor
Staff:	Mr P Crawford	Chief Executive Officer
	Ms R Jones	Deputy Chief Executive Officer

3 LEAVE OF ABSENCE PREVIOUSLY APPROVED

None

4 DECLARATIONS OF INTEREST

None

5 APPLICATIONS FOR LEAVE OF ABSENCE.

Not Applicable

6 PUBLIC QUESTION TIME

None

7 CONFIRMATION OF PREVIOUS MINUTES

7.1 Confirmation of the previous Minutes of Audit Committee Meeting held on 28 March 2013, as presented.

Moved: Cr J Dwyer

Seconded: Cr C Purchase

That the minutes of the Audit Committee Meeting held on 28 March 2013, as presented, be accepted.

CARRIED: 3/0

8. REPORTS OF COMMITTEES AND OFFICERS

8.1 CONSIDERATION OF FINANCIAL MANAGEMENT REVIEW 2013

SUBMISSION TO:	Audit Committee Meeting – 15 August 2013
LOCATION:	Shire of Menzies
APPLICANT:	Rose Jones, Deputy Chief Executive Officer
FILE REF:	ADM403
DISCLOSURE OF INTEREST:	The author has no interest to disclose
DATE:	8 August 2013
AUTHOR:	Rose Jones, Deputy Chief Executive Officer
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford, Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	

ATTACHMENTS:

Attachment 8.1a Financial Management Review – Report by RSM Bird Cameron

SUMMARY

Council's Audit Committee is required to consider matters relative to the financial management and control of the Shire.

BACKGROUND:

In order to gain independent feedback as to the effectiveness and efficiency of procedures and controls relating to financial management, the CEO is required to undertake a review in accordance with the Local Government (Financial Management) Regulation 5(2)

5. CEO's duties as to financial management

- (1) Efficient systems and procedures are to be established by the CEO of a local government—
 - (a) for the proper collection of all money owing to the local government; and
 - (b) for the safe custody and security of all money collected or held by the local government; and
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
 - (d) to ensure proper accounting for municipal or trust—
 - (i) revenue received or receivable; and
 - (ii) expenses paid or payable; and

- (iii) assets and liabilities;
and
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
 - (f) for the maintenance of payroll, stock control and costing records; and
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to—
- (a) ensure that the resources of the local government are effectively and efficiently managed; and
 - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
 - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.

[Regulation 5 amended in Gazette 31 Mar 2005 p.1047 and 1053.]

COMMENT:

Earlier this year the Audit Committee appointed RSM Bird Cameron to undertake a Financial Management Review.

During May 2013 the review was conducted on site in Menzies over a four day period by Travis Bate with assistance from Brad Solly and Trent Purcell.

The findings and recommendations resulting from their investigations are appended

Overall, the report indicates that while there is still some room for improvement in procedures and practices to further ensure the efficiency and effectiveness of procedures and controls, the current practices reflect significant improvements over the previous years.

Many of the noted inadequacies are already being improved through the introduction of new and more closely scrutinised procedures. One of the major deficiencies noted in the Report relates not to any failure to verify activities but to a failure to indicate that checking processes have been undertaken.

Several of the recommendations have already been implemented and many more will be implemented in coming months.

CONSULTATION:

CEO

STATUTORY ENVIRONMENT:

Local Government (Financial Management Regulations 1966) Regulations 13 & 34

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

VOTING REQUIREMENTS:

Simple Majority required

AUDIT/FINANCE COMMITTEE RECOMMENDATIONS TO ORDINARY COUNCIL MEETING OF 15 AUGUST 2013
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Moved: Cr C Purchase

Seconded: Cr J Dwyer

That the Report of Factual Findings of the Financial Management Review be accepted by the Audit Committee and that the Audit Committee recommends to Council that the Report be accepted and is to be utilised by the CEO to manage his obligations in relation to his financial management duties.

9.23am

CARRIED: 3.0

Moved: Cr J Dwyer

Seconded: Cr C Purchase

That the Late Item be accepted.

CARRIED: 3/0

8. REPORTS OF COMMITTEES AND OFFICERS
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8.2 APPOINTMENT OF AUDITOR FOR 2013-14 AND 2014-15

SUBMISSION TO	Audit Committee Meeting 15 August 2013
LOCATION:	Shire of Menzies
APPLICANT:	Rose Jones, Deputy Chief Executive Officer
FILE REF:	ADM370
DISCLOSURE OF INTEREST:	The author has no interest to disclose
DATE:	14 August 2013
AUTHOR:	Rose Jones, Deputy Chief Executive Officer
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford, Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	

ATTACHMENTS:

Attachment 8.2a – Shire of Menzies Audit Quote

SUMMARY

Council is required to appoint auditors on the recommendation of its Audit Committee.

BACKGROUND:

At Council's Audit Committee meeting on 28 March 2013 it was resolved to appoint Simon Cubitt of RSB Bird Cameron as Council's auditor for 2012-13. An interim audit was conducted in May 2013 and it is now timely to consider the continuity of audit services.

COMMENT:

A quotation to provide audit services for a further two years was requested and is provided as appended. The previous selection was based on the requisite criteria (below) supported by recommendation from the Shire of Wiluna. Council is not required to seek additional quotations for audit services.

1.1.11 Selection Criteria

Quotes will be evaluated on the information provided, as well as information from other sources as decided by the Shire. Quoters should ensure their submission includes all information required to allow proper assessment of their Quote.

The Shire reserves the right to not accept the lowest or any Quote.

The selection will be based on the following criteria, which are not listed in order of importance:

- **Methodology**
Good understanding of the facilitation services to be provided in this Contract.
- **Experience on Similar Work**
Details of similar works provided by the Quoter within the past two years.
- **Capacity to Undertake this Contract**
Qualifications, experience, availability and capability of personnel committed to this Contract. Familiarity with the related activities required to deliver the required services. Proven ability to produce similar works on time and budget.
- **Management Systems**
Stated organisational values
Methodology used to manage relationships with customers.
Methodology used to measure organisational and personnel performance from a non-financial aspect. Company continuous improvement methodology.
- **Value for Money Considerations**

Assessment and Notification

Assessment of Quotes will be carried out by the Shire's Audit Committee or persons authorised by the Shire to do so.

Assessment will be carried out in accordance with the selection criteria detailed above and will be based on information from the following sources:

Information supplied by the Quoter. Documented information held by the Principal relating to the Quoter's past performance. Information collected by following up financial and performance references. If required, Quoter interviews and visits to company premises.

To enable a proper assessment to be made, it is essential that Quoters submit all relevant information in an accurate and concise format. Poorly presented or inadequate information may result in the Quote being unsuccessful. Quoters must ensure that Quotes are able to be assessed on a stand-alone basis, and should not rely on information previously supplied to the Shire.

Quotes will be assessed using a point scoring system with scores being awarded for each selection criteria and sub-criteria. Each criterion is weighted to reflect its relative importance. Weighted scores are then summed to yield the total score.

The maximum weighted score for each criterion is as follows:

• Methodology	10
• Experience on Similar Work	15
• Capacity	15
• Management System	10
• Fee proposal (price)	50
	<hr/>
	100

After review of the Quotes, the Shire may seek clarification through interviews with Quoters or other means.

All Quoters will be notified in writing as to whether they have been successful or otherwise.

The quotation now received is compared below indicating a marginal decrease between the quote accepted by Council for 2012-13 and the quoted price for the 2013-14 financial year and an increase of approximately 5% from 2013-14 to 2014-15. The quoted fee includes GST and excludes incidentals such as accommodation and travel.

	Audit 2012-13	Proposal for Audit 2013-14	Proposal for Audit 2014-15
Simon Cubitt – RSM Bird Cameron	\$21,646	\$21,607	\$22,677

CONSULTATION:

Peter Crawford, CEO
Travis Bate, RSM Bird Cameron

STATUTORY ENVIRONMENT:

Local Government (Financial Management Regulations 1966) Regulation 6.
Local Government Act 1995 – Part 7 Auditors

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Provision has been made in Council's budget for 2013-14 for Audit Services.

VOTING REQUIREMENTS:

Simple Majority required

AUDIT/FINANCE COMMITTEE RECOMMENDATIONS TO ORDINARY COUNCIL MEETING OF 15 AUGUST 2013
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Moved: Cr J Dwyer

Seconded Cr C Purchase

That the Audit Committee make recommendations to Council that Simon Cubitt of RSM Bird Cameron be appointed as Auditor for the Shire of Menzies for 2013-14 and 2014-15 financial years at fixed prices of \$21,607 and \$22,677 respectively (incl GST).

9.30am

CARRIED: 3/0

9. NEXT MEETING

The next Audit Committee meeting will be as when requested by the Chairperson.

10 MEETING CLOSURE

There being no further business to discuss, the President declared the meeting closed at 9.37am.