



MINUTES

AUDIT COMMITTEE MEETING

Thursday 28 March 2013
Commencing At 9.00am
At Council Chambers in Menzies.

SHIRE OF MENZIES

NOTICE OF AUDIT COMMITTEE MEETING

Dear Council Member,

The next Audit Committee Meeting of the Shire of Menzies will be held on Thursday 28 March 2013 at Shire Council Chambers, Shenton Street, Menzies commencing at 9.00am.

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

TABLE OF CONTENTS

1.	DECLARATION OF OPENING	4
2.	RECORD OF ATTENDANCE / LEAVE OF ABSENCE PREVIOUSLY APPROVED	4
3.	DECLARATIONS OF INTEREST / APPLICATIONS FOR LEAVE OF ABSENCE	4
4.	CONFIRMATION OF PREVIOUS MINUTES	4
5.	PUBLIC QUESTION TIME	5
6.	REPORTS OF COMMITTEES AND OFFICERS	5
7.	NEXT MEETING / MEETING CLOSURE	12

AUDIT COMMITTEE MEETING
commencing at 9.00 am

MINUTES

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Shire President (Cr. Gregory Dwyer) declares the meeting open, welcoming the Councillors and proceeds with the agenda as planned.

2 RECORD OF ATTENDANCE LEAVE OF ABSENCE PREVIOUSLY APPROVED

Attendance:

Councillors	Cr G. Dwyer	President
	Cr J.A Dwyer	Councillor
	Cr I.R Tucker	Councillor
Staff:	Ms Rose Jones	Deputy Chief Executive Officer
Apologies:	Cr Keith Purchase	Councillor
	Peter Crawford	Chief Executive Officer

3 DECLARATIONS OF INTEREST / APPLICATIONS FOR LEAVE OF ABSENCE.

None

4 CONFIRMATION OF PREVIOUS MINUTES

4.1 Confirmation of the Previous Minutes of Audit Committee Meeting held on 21 February 2013 as presented, be adopted.

MOVED Cr Tucker

SECONDED Cr J Dwyer

Carried 3/0

9.02am CR G Dwyer left the meeting

9.03am CR G Dwyer Returned

5 PUBLIC QUESTION TIME

None

TABLE OF CONTENTS

6.1 Statutory Compliance Audit Return

6.2 Appointment of Auditor for 2012/13

6.1 STATUTORY COMPLIANCE AUDIT RETURN 2012

SUBMISSION TO:	Audit Committee Meeting – 28 March 2013
LOCATION:	Shire of Menzies
APPLICANT:	Glenn Bone, Project Officer
FILE REF:	L/7/5
DISCLOSURE OF INTEREST:	The author has no interest to disclose
DATE:	19 March 2013
AUTHOR:	Glenn Bone, Project Officer
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford, Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	

Attachment: 6.1(a) Compliance Audit Return for 2012

SUMMARY:

For the Audit Committee to consider the Compliance Audit Return 2012.

BACKGROUND:

The Local Government Compliance Audit Return for the period 1 January – 31 December 2012 must be completed and returned to the Executive Director, Department of Local Government by 31 March 2013.

The compliance Audit Return is to be:

- a) Reviewed by the Audit Committee
- b) Presented to Council at a meeting of the Council
- c) Adopted by the Council (along with comments and amendments)
- d) The adoption recorded in the minutes of the meeting at which it is adopted.

COMMENT:

This year's Compliance Audit Return poses a total of the same 78 questions as were raised in 2011. Whilst a number of comments have been made in the return, there were only three that require any reflection. These are:

SECTION.

1. DELEGATION OF POWER/DUTY.

At Q 13 - "Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record as required?"

COMPLIANCE AUDIT RETURN COMMENT.

"With three Acting CEO's during 2011/12 plus other staff movements in the period, I am unable to confirm either way."

Put simply, it would take an inordinate amount of research to respond to this question, hence the nature of the comment recorded.

2. DISCLOSURE OF INTEREST.

At Q 1 - "If a member disclosed an interest, did he/she ensure that they did not remain present to participate in any discussion or decision making procedure relating to the matter in which the interest was disclosed (not including participation approvals granted under s5.68)".

COMPLIANCE AUDIT RETURN COMMENT.

Save to say that at item 11.4.3 (Recognition of Service) of the 25 October 2012 meeting, all seven members declared a financial interest but none left the room because there was no quorum.

The comment given above is really a technical response because the matter at item 11.4.3 of the 25 October 2012 meeting was not considered. However, the item was dealt with at the November meeting following Ministerial dispensation.

3. FINANCE.

At Q7 - "Was the Auditor's report for 211/12 received by the local government by 31 December 2012?"

COMPLIANCE AUDIT RETURN COMMENT

Received 23 January 2013.

This should not be taken as implying failure or non-compliance as the Act does countenance that some audit reports will be received after 31 December in each year. The significance of 31 December date is really a desirable objective rather than a failure.

CONSULTATION:

Peter Crawford, Chief Executive Officer
Rose Jones, Deputy Chief Executive Officer

STATUTORY ENVIRONMENT:

Local Government (Audit) Regulations 1996

Regulation 14 (1) – requires a local government to carry out a compliance audit for the

period 1 January to 31 December in each year.

Regulation 14 (3A) – The local government's audit committee is to review the compliance audit return and is to report to council the results of that review.

Regulation 14 (3) – After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be-

(a) Presented to a meeting of the council: and

(b) Adopted by council

(c) Recorded in the minutes of the meeting at which it is adopted.

Regulation 15 – a certified copy of the return together with a copy of the relevant section of the minutes at which it was adopted, is to be submitted to the Executive Director by 31 March next following for the period to which the return relates.

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Nil

VOTING REQUIREMENTS:

Simple Majority required

AUDIT/FINANCE COMMITTEE RECOMMENDATIONS TO ORDINARY COUNCIL MEETING OF 28 MARCH 2013

MOVED Cr J Dwyer

SECONDED Cr I Tucker

That the Audit Committee advise Council:

- 1. That it has conducted a review of the Compliance Audit Return 2012 and in so doing notes the results of the return; and**
- 2. That it recommends Council now adopt the attached Compliance Audit Return as the official return of Council for the period 1 January to 31 December 2012 and the return be certified by the President and the Chief Executive officer.**

Carried 3/0

6.2 APPOINTMENT OF AUDITOR FOR 2012-13

SUBMISSION TO	Audit Committee Meeting 28 March 2013
LOCATION:	Shire of Menzies
APPLICANT:	Rose Jones, Deputy Chief Executive Officer
FILE REF:	A7/1
DISCLOSURE OF INTEREST:	The author has no interest to disclose
DATE:	19th March 2013
AUTHOR:	Rose Jones, Deputy Chief Executive Officer
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford, Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	

Attachment: 6.2 (a) RSM Bird Cameron Quote for Audit Services
6.2 (b) RSM Bird Cameron Quote for Financial Management Review
6.2 (c) Byfields Quote for Audit Services

SUMMARY:

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

BACKGROUND:

Gregory Froomes Wyllie conducted the 2011-12 audit for the Shire of Menzies and it was anticipated that he would be appointed for a further period. He has since indicated that he does not wish to extend his appointment and approaches were then made to the auditors who were unsuccessful in 2011-12.

COMMENT:

Quotations for the 2012-13 audit have been received from Travis Bate of RSM Bird Cameron and Leanne Oliver of Byfields: both being persons qualified to undertake local government audits. These are to be assessed using the established criteria below to determine the one that is considered to offer the best value - most effective service at the reasonable cost. The proposal to undertake a Financial Management Review is being considered in conjunction with the audit as both potential auditors indicate that it would be most expedient to undertake the interim audit and carry out the Financial Management Review in the same visit to Menzies to reduce the cost of travel and accommodation.

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
	<u>100</u>

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 quotes received are detailed below:

	Audit 2012-13	Financial Management Review	Both FMR & Audit
Travis Bate	\$21,646	\$13,860	\$34,372
Leanne Oliver	\$26,900	\$6,600	\$33,500

Given the very small financial margin between quotations, I have weighted my recommendation based on the experience and perceived capacity of Travis, an excellent reference from CEO, Tony Doust and their own estimate of hours to be spent on site performing the interim audit and the FMR as separate but coordinated activities.

CONSULTATION: Peter Crawford, CEO
Tony Doust, CEO, Shire of Wiluna
Travis Bate, RSM Bird Cameron
Leanne Oliver, Byfields

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 2012-13 for Audit Services.

VOTING REQUIREMENTS:

Simple Majority required

AUDIT/FINANCE COMMITTEE RECOMMENDATIONS TO ORDINARY COUNCIL MEETING OF 28 MARCH 2013

MOVED Cr J Dwyer

SECONDED Cr I Tucker

That the Audit Committee make recommendations to Council that Travis Bate of RSM Bird Cameron be appointed as Auditor for the Shire of Menzies for 2012-13 at a fixed price of \$21,646 (incl GST) and that he also be appointed to undertake the Financial Management Review at a fixed price of \$13,860 (incl GST) plus travel, accommodation and incidentals.

Carried 3/0

6. NEXT MEETING / MEETING CLOSURE
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The next Audit Committee meeting will be as when requested by the Chairperson.

There being no further business to discuss, the President declared the meeting closed at 9.32am.

These Minutes were confirmed as a True and Accurate record of proceedings at the Audit Committee Meeting held on Saturday 17 August 2013.

**Confirmed by the Shire of Menzies President,
Cr. Gregory Dwyer**

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