



SHIRE OF MENZIES

MINUTES

**OF THE AUDIT COMMITTEE MEETING
HELD**

Thursday 18 December, 2014

Shire of Menzies

Commencing at 1:45pm

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

TERMS OF REFERENCE

Objectives of the Audit Committee

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the Shire's Auditor so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. The Audit Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation.

The Audit Committee is to facilitate:

- The enhancement of the credibility and objectivity of external financial reporting;
- Effective management of financial and other risks and the protection of Shire assets;
- Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- The provision of an effective means of communication between the external auditor, the CEO and the Council.

Powers of the Audit Committee

The Audit Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the Shire that have not been delegated to the CEO.

The Audit Committee is a formally appointed Committee of Council and is responsible to that body. The Audit Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Audit Committee does not have any management functions and cannot involve itself in management processes or procedures.

Membership

The Audit Committee will consist of four members with full voting rights and a quorum shall be two members.

The CEO and employees are not members of the Audit Committee.

The CEO and Deputy CEO are to be available to attend meetings to provide advice and guidance to the Audit Committee.

The Shire shall provide secretarial and administrative support to the Audit Committee.

Meetings

The Audit Committee shall meet at least annually. Additional meetings shall be convened at the discretion of the presiding person.

Reporting

Reports and recommendations of each Audit committee meeting shall be presented to the next Ordinary Meeting of Council.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee will be:

- a) Provide guidance and assistance to Council as to the carrying out of the functions of the Shire in relation to audits;
- b) Develop and recommend to Council an appropriate process for the selection and appointment of a person as the Shire's Auditor;
- c) Develop and recommend to Council:

- A list of those matters to be audited; and
- The scope of the audit to be undertaken;
- d) Recommend to Council the person or persons to be appointed as Auditor;
- e) Develop and recommend to Council a written agreement for the appointment of the external auditor. The agreement is to include:
 - The objectives of the audit;
 - The scope of the audit;
 - A plan of the audit;
 - Details of the remuneration and expenses to be paid to the Auditor; and
 - The method to be used by the Shire to communicate with, and supply information to, the Auditor;
- f) Meet with the Auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- g) Liaise with the CEO to ensure that the Shire does everything in its power to:
 - Assist the Audit to conduct the audit and carry out their other duties under the *Local Government Act 1995*; and
 - Ensure that audits are conducted successfully and expeditiously;
- h) Examine the reports of the Auditor after receiving a report from the CEO on the matters to:
 - Determine if any matters raised require action to be taken by the Shire; and
 - Ensure that appropriate action is taken in respect of those matters;
- i) Review the report prepared by the CEO any actions taken in respect of any matters raised in the report of the Auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the Auditor is received, whichever is the latest in time;
- j) Review the scope of the audit plan and program and its effectiveness;
- k) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Audit Committee's Terms of Reference following authorisation from the Council;
- l) Review the annual Compliance Audit Return and report to Council the results of that review; and
- m) Consider the CEO's biennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Audit Committee, and report to Council the results of those reviews.

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1. DECLARATION OF OPENING

The Chairperson, Cr Greg Dwyer, declared the meeting open at 1:47pm, welcomed the attendees, visitors and guests and proceeded with the Agenda as planned.

2. ANNOUNCEMENT OF VISITORS

Nil

3. RECORD OF ATTENDANCE

3.1 PRESENT:

Councillors:	Cr G Dwyer	President
	Cr I R Tucker	Councillor (from 1:48pm)
	Cr J Mazza	Councillor
	Cr J Lee	Councillor

Staff:	P Crawford	CEO
	K Oborn	DCEO
	L Downie	Minutes

Observers: Nil

3.2 APOLOGIES

Councillors: Nil

Staff: Nil

4. DECLARATIONS OF INTEREST

Nil

5. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

6. PUBLIC QUESTION TIME

Nil

7. CONFIRMATION OF PREVIOUS MINUTES

7.1 CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON THURSDAY 27 NOVEMBER 2014

VOTING REQUIREMENTS:

Simple Majority Decision required

Moved: Cr Mazza

Seconded: Cr Lee

AUDIT COMMITTEE RECOMMENDATION:
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That the Minutes of the Audit Committee Meeting held on 27 November 2014 as presented, be confirmed.

1:47pm

CARRIED 3/0

8. FINANCE & ADMINISTRATION BUSINESS

8.1	RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS REVIEW
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SUBMISSION TO:	Audit Committee Meeting 18 December 2014
LOCATION:	Shire of Menzies
APPLICANT:	Shire of Menzies
FILE REF:	ADM006
DISCLOSURE OF INTEREST:	None
DATE:	8 December 2014
AUTHOR:	Karen Oborn, Deputy Chief Executive Officer
SIGNATURE OF AUTHOR:	
SENIOR OFFICER:	Peter Crawford, Chief Executive Officer
SIGNATURE OF SENIOR OFFICER:	
PREVIOUS MEETING REFERENCE:	None

ATTACHMENTS:

8.1 Attachment #1 Risk Management, Legislative Compliance and Internal Controls Review from RSM Bird Cameron

SUMMARY:

Council's Audit Committee is required to consider and receive the Risk Management, Legislative Compliance and Internal Control Review conducted by RSM Bird Cameron in September 2014.

BACKGROUND:

Mr Travis Bate and his team from RMS Bird Cameron performed the audit in September 2014.

COMMENT:

The development and maintenance of robust Risk Management and Legislative Compliance Frameworks and Internal Controls is considered essential for good corporate governance. Also, the increased scrutiny and accountability of the Shire make it critical that the right decisions are made, and that those decisions can be defended. Having a robust Risk Management Framework, Legislative Compliance Framework and Internal Controls is one way to ensure the Shire is managing its risks and legislative compliance and making decisions with all available information at that point in time.

CONSULTATION:

RSM Bird Cameron

STATUTORY ENVIRONMENT:

Local Government (Audit) Regulations 17:

CEO to review certain systems and procedures

(1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –*

(a) *risk management; and*

- (b) *internal control; and*
- (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (q)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) *The CEO is to report to the Audit Committee the results of that review.*

POLICY IMPLICATIONS:

Council has no Policies in relation to this matter

FINANCIAL IMPLICATIONS:

Audit expenses and consultants fees are included in the annual budget

STRATEGIC IMPLICATIONS:

Nil

VOTING REQUIREMENTS:

Simple Majority Decision required

Moved: Cr Lee

Seconded: Cr Mazza

AUDIT COMMITTEE RECOMMENDATION:
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That the Audit Committee recommends to Council that:

- 1. The Risk Management, Legislative Compliance and Internal Control Review as submitted by RSM Bird Cameron, be received and that recommendations of the Review be implemented; and**
- 2. Mr Niel Mitchell be contracted to prepare a policy in line with the recommendations of RSM Bird Cameron.**

1:56pm

CARRIED 4/0

9. NEXT MEETING

The next Audit Committee Meeting will be held when requested by the Chairperson.

10. CLOSURE OF MEETING

There being no further business, the Chairperson declared the meeting closed at 1:57pm.

I, Gregory Dwyer hereby certify that the Minutes of the Audit Committee Meeting held 18 December 2014 are confirmed as a true and correct record, as per the Council Resolution of the Audit Committee Meeting held on 26 March 2015.

Signed



Dated:

26th March

2015