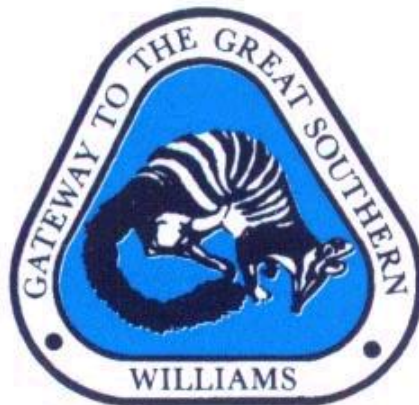


SHIRE OF WILLIAMS

***MINUTES AUDIT COMMITTEE MEETING
HELD ON WEDNESDAY 15TH MARCH 2017***



BUDGET REVIEW

***ANNUAL COMPLIANCE
RETURN***

AUDITOR



TABLE OF CONTENTS

Item	Subject	Page
	NOTICE OF MEETING	2
	DISCLAIMER	3
1.0	Declaration of Opening / Announcement of Visitors	4
2.0	Record of Attendance / Apologies / Leave of Absence (previously approved).....	4
3.0	Public Question Time	4
4.0	Petitions / Deputations / Presentations	4
5.0	Declarations of Interest	4
6.0	Audit Committee Meeting held 21st December 2016	5
6.1	Confirmation of Audit Committee Meeting held 21st December 2016.....	5
7.0	Announcements by Presiding Member without discussion.....	5
8.0	Reports	5
8.1	Manager of Finance Report	6
8.1.1	2016-2017 Budget Review.....	6
8.1.2	Audit Service for 2017-2018	8
8.2	Chief Executive Officer Report	10
8.2.1	2016 Annual Compliance Audit Return	10
9.0	New Business of an Urgent Nature introduced by Decision of Meeting.	11
10.0	Information Session	11
11.0	Closure of Meeting	11

SEPARATE DOCUMENTS

1. Minutes
2. Budget Review Report
3. 2016 Annual Compliance Return
4. Fee Proposal for Audit Services



SHIRE OF WILLIAMS

BROOKING STREET, WILLIAMS, WESTERN AUSTRALIA.

OFFICE HOURS: MONDAY TO FRIDAY: 8.30 a.m. to 5.00 p.m.

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All communications to be addressed to the Chief Executive Officer, P.O. Box 96, Williams, W.A. 6391.

Your Ref:

Our Ref:

NOTICE OF MEETING

You are respectfully advised that the next Audit Committee meeting will be held in the Council Chambers at 12.00 noon Wednesday 15th of March 2017.

Yours faithfully

Geoff McKeown
Chief Executive Officer



DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Williams for any act, omission or statement or intimation occurring during Council or Committee meetings. The Shire of Williams disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee meetings. Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee meeting does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or intimation of approval made by a member or officer of the Shire of Williams during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Williams. The Shire of Williams warns that anyone who has any application lodged with the Shire of Williams must obtain and should only rely on written confirmation of the outcome of the application, and any conditions attaching to the decision made by the Shire of Williams in respect of the application.



AGENDA

1.0 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The President declared the meeting open at 12.22pm.

2.0 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

(PREVIOUSLY APPROVED)

Cr John Cowcher President

Cr Gilbert Medlen

Cr Peter Paterson

Geoff McKeown Chief Executive Officer

Cara Ryan Manager of Finance

3.0 PUBLIC QUESTION TIME

4.0 PETITIONS / DEPUTATIONS / PRESENTATIONS

5.0 DECLARATIONS OF INTEREST

DECLARATION OF INTEREST	
Name / Position	
Item No. / Subject	
Type of Interest	



6.0 AUDIT COMMITTEE MEETING HELD 21ST DECEMBER 2016

6.1 CONFIRMATION OF AUDIT COMMITTEE MEETING HELD 21ST DECEMBER 2016

Officer's Recommendation

That the Minutes of the Audit Committee Meeting held on 21st December 2016, as previously circulated, be confirmed as a true and accurate record.

Committee Decision

Paterson/Medlen

That the Minutes of the Audit Committee Meeting held on 21st December 2016, as previously circulated, be confirmed as a true and accurate record.

Carried 3/0

7.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

8.0 REPORTS



8.1 MANAGER OF FINANCE REPORT

8.1.1 2016-2017 BUDGET REVIEW

Purpose

To consider and review the Budget Review as presented in the Statement of Financial Activity for the period ended 28th February 2017.

Background

A Statement of Financial Activity incorporating year to date budget variations and forecasts to 30th June 2017 for the period ending 28th February 2017 is presented to the Audit Committee to consider and for recommendation to Council for adoption. The *Local Government (Financial Management) Regulations 1996*, regulation 33A as amended, requires that local governments conduct a budget review between 1 January and 31 March in each financial year. The results of the review and accompanying report from the review must be presented to Council within 30 days of the review. The review and determination is then to be provided to the Department of Local Government within 30 days of the adoption of the review.

The Budget Review has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. Council adopted a 5% and \$5,000 minimum for reporting of material variances to be used in the statements of financial activity and the annual budget review.

Features of the review as summarised from the detailed financial reports attached are as follows:

REVENUE

Additional income generated from Interim Rates and quarterly instalment fees	\$4,297
Reduction in interest earned on Term Deposit due to continued drop in rates	(\$6,000)
Increase in funds received for the ESL Maintenance Grant for current year	\$5,000
Reimbursement from DFES for hire of excavator	\$2,300
Decrease in expected revenue for Childcare Centre fees	(\$4,000)
Reduction in revenue received for wages from the Williams CRC	(\$10,000)
Budgeted revenue for Kidsport Grant will not be received this year	(\$2,000)
Increase in Cemetery fees	\$1,200
Increase in fees and contributions for Sporting Facilities	\$6,500
Revenue for LG Golf Day exceeded budget expectations	\$3,700
Reduction of rental income on Adam St house	(\$5,000)
Rebate received from Isuzu as part of the Fleet Boost 10 program	\$2,200
Increase in reimbursement for Workers Compensation payments	\$35,000
TOTAL ADJUSTED REVENUE	\$33,197



EXPENDITURE

Increase in Fringe Benefit Tax	(\$2,500)
Overspend on painting of Shire Offices	(\$6,000)
Additional expenditure for Bank Fees – Treasury Guarantee Fee	(\$2,000)
Hire of Excavator for Culbin-Boranning fire.	(\$2,300)
Long Service Leave and Annual Leave Payment to Building/Health Surveyor	(\$19,000)
Extra expenditure on Mosquito Control due to longer season	(\$1,500)
Reduction in wages costs to the Williams CRC	\$10,000
Reduction in Kidsport Grant to be allocated	\$2,000
Saving on maintenance cost for Joint Venture Units and Single Person Units	\$9,000
Unbudgeted expenditure for utility costs for 17 and 19 New Street Units	(\$1,500)
Unbudgeted expenditure for NRAS Administration Costs	(\$2,700)
Decrease in Refuse Site maintenance costs	\$2,000
Contribution for Regional Waste Group not required	\$5,000
NRM Grant expenditure postponed	\$8,000
Agriculture Hall floorcoverings postponed	\$3,000
Saving on wages cost on maintenance of parks, gardens and sporting clubs	\$22,000
Extra expenditure on LG Golf Day	(\$2,900)
Under budget on wages costs for road maintenance	\$138,000
Unbudgeted expenditure for storm damage on rural roads	(\$35,000)
Saving on maintenance costs on shire housing	\$2,000
Increase in employee costs (Workers Compensation/Leave entitlements)	(\$51,326)
Saving on fuel and oil expenses	\$15,000
TOTAL ADJUSTED EXPENDITURE	\$89,274

CAPITAL ADJUSTMENTS

Decrease in transfer to Reserves due to low interest rates	\$2,000
Additional transfer from Reserves for painting of administration offices	\$6,000
Overspend on construction of 2 x New Street units	(\$30,000)
Overspend on materials on the Pingelly Road Seal	(\$5,000)
Over budget on wages costings for Roads to Recovery Programs	(\$70,000)
CAPITAL ADJUSTMENT	(\$97,000)

OTHER ITEMS

Decrease in Opening Surplus	(\$2,883)
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Financial Implications

Due to the combined value of the above adjustments the balanced budget is now predicted to be a surplus of \$22,588. This predicted surplus includes a timing adjustment of \$11,000, which will be required to be carried over to the 2017-2018 Budget. This comprises of \$8,000 for the timing of works for the Quindanning Revegetation Project and \$3,000 maintenance works on the Agricultural Hall.



Financial Implications

There is no proposal to amend the Annual Budget following completion of the Budget Review.

Voting Requirements

Simple Majority

Officer's Recommendation

That the 2016-2017 Budget Review completed by senior staff be recommended to Council for adoption.

Committee Decision

Medlen/Paterson

That the 2016-2017 Budget Review completed by senior staff be recommended to Council for adoption.

Carried 3/0

8.1.2 AUDIT SERVICE FOR 2017-2018

Purpose

To consider renewal of Auditor services for the 2017-2018 Financial Year.

Background

In March 2016, local governments were notified by the Department of Local Government and Communities of the proposal by the State Government that the Auditor General will undertake financial and performance audits of the local government sector. It was proposed that this would commence from the 1st July 2017. As a consequence, local governments were requested not to renew audit contracts beyond 2016-2017 financial year.

The Department of Local Government and Communities has since encouraged local governments to extend or renew audit contracts for the 2017-2018 financial year, with the option of an annual extension. This delay is a consequence of the *Local Government Amendment (Auditing) Bill 2016*, which was introduced to the Legislative Assembly in August 2016, not being passed before the dissolution of Parliament for the State Election.

Comment

Marius Van Der Merwe, Butler Settineri (Audit) Pty Ltd, is the Shire's current Auditor with the appointment ceasing for the financial year ending 30th June 2017. With the information provided by the Department of Local Government and Communities, Butler Settineri (Audit) Pty Ltd was requested to provide a quote for audit services for the 2017-2018 financial year, with the option to extend. A summary of the proposal is as follows:



Annual Audit Services	<i>(exc GST)</i>	Aquittals	The annual audit fee includes RTR acquittal. Additional - \$880
Year Ending - 2018	\$9,000	Directors (per hr)	\$420 to \$440
Year Ending - 2019	\$9,450	Auditors (per hr)	\$115 to \$200
Year Ending - 2020	\$9,900		
TOTAL	<u>\$30,500</u>		

The annual audit fee excludes travel and there is no time cost for travel and will only recoup direct out of pocket expenses.

Statutory Environment

Local Government Act 1995 S7.3 states as follows:

7.3 Appointment of Auditors

(1) *A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the audit committee, to be its auditor.*

** Absolute majority required.*

(2) *The local government may appoint one or more persons as its auditor.*

(3) *The local government’s auditor is to be a person who is —*

(a) a registered company auditor; or

(b) an approved auditor.

Financial Implications

The costs associated with the engagement of an Auditor needs to be included in Shire’s Annual Budget.

Voting Requirements

Absolute Majority

Officer’s Recommendation:

That the Audit Committee recommends to Council that it renew the appointment of Marius Van Der Merwe, Butler Settineri (Audit) Pty Ltd as Auditor for the Shire of Williams, to provide audit services for the financial year 2017-2018, with the option of an annual extension.

Committee Decision

Paterson/Medlen

That the Audit Committee recommends to Council that it renew the appointment of Marius Van Der Merwe, Butler Settineri (Audit) Pty Ltd as Auditor for the Shire of Williams, to provide audit services for the financial year 2017-2018, with the option of an annual extension.

Carried 3/0



8.2 CHIEF EXECUTIVE OFFICER REPORT

8.2.1 2016 ANNUAL COMPLIANCE AUDIT RETURN

Purpose

To review the Annual Compliance Audit return for the period 1 January 2016 to 31 December 2017, as presented, and report to Council the results of the review.

Background

All Local Governments are required to carry out a Compliance Audit Return (CAR) under the *Local Government (Audit) Regulations 1996* on an annual basis. The CAR contains a checklist of statutory requirements and covers the calendar year.

The CAR is to be:

1. Presented to the Audit Committee for review at a meeting of the Audit Committee;
2. Recommended for Adoption by Council at an Audit Committee Meeting;
3. Presented to the Council at a meeting of Council;
4. Adopted by the Council; and
5. The adoption recorded in the minutes of the meeting at which it is adopted.

Once the CAR has been presented to Council, a certified copy of the return, along with the relevant section of the minutes and any additional information explaining or qualifying the CAR is to be submitted to the Executive Director, Department of Local Government and Communities by 31st March 2017.

Comment

The audit was carried out internally, sourcing evidence of compliance through the Shire's own records. The audit checklist is determined by the Minister of Local Government.

There were no areas where non-compliance was noted. Comment has been made in relation to a number of areas where an absolute majority resolution is needed. Although an absolute majority of votes was identified, the resolution appearing in the Minutes states "Carried" rather than "Carried by Absolute Majority". Attention will be given to this matter to ensure the correct notation is recorded in future Minutes.

Financial Implications

Nil

Voting Requirements

Simple Majority

Officer's Recommendation

That the Audit Committee recommends that Council adopt the 2016 Compliance Audit Return for certification by the Shire President and the Chief Executive Officer.



Committee Decision

Paterson/Medlen

That the Audit Committee recommends that Council adopt the 2016 Compliance Audit Return for certification by the Shire President and the Chief Executive Officer.

Carried 3/0

9.0 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING.

10.0 INFORMATION SESSION

11.0 CLOSURE OF MEETING

The President declared the meeting closed at 12.48pm