



SHIRE OF ASHBURTON
AUDIT AND RISK COMMITTEE MEETING
MINUTES
Clem Thompson Sports Pavilion, Stadium Road,
Tom Price
28 January 2015
Commencing at 11:30am

SHIRE OF ASHBURTON

AUDIT AND RISK COMMITTEE MEETING

Dear Councillor

Notice is hereby given that an Audit and Risk Committee Meeting of the Shire of Ashburton will be held on Wednesday 28 January 2015 at the Clem Thompson Sports Pavilion, Stadium Road, Tom Price commencing at 11:30 am.

The business to be transacted is shown in the Agenda.

Neil Hartley
CHIEF EXECUTIVE OFFICER

DISCLAIMER

The recommendations contained in the Agenda are subject to confirmation by Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.

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1. DECLARATION OF OPENING

The Chairperson opened the meeting at 11.35 am.

2. ATTENDANCE

2.1 PRESENT

Cr K White	Shire President, Onslow Ward
Cr L Rumble	Deputy Shire President, Paraburdoo Ward
Cr A Eyre	Ashburton Ward
Cr I Dias	Paraburdoo Ward

Mr N Hartley	Chief Executive Officer
Mr F Ludovico	Executive Manager Corporate Services
Ms L John	Finance Manager
Ms J Smith	Executive Officer

2.2 APOLOGIES

There were no apologies.

2.3 APPROVED LEAVE OF ABSENCE

There were no approval leave of absences.

3. ANNOUNCEMENT OF VISITORS

Mr Wen Shien Chai (Chai) – Auditor - UHY Haines Norton was contacted by telephone to address the Committee at 11:37 am.

4. DECLARATION BY MEMBERS

4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA

Crs White, Rumble, Eyre & Dias have given due consideration to all matters contained in the Agenda presently before the meeting.

4.2 DECLARATIONS OF INTEREST

There were no declarations of interest.

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Council Decision

MOVED: Cr L Rumble

SECONDED: Cr D Dias

That the Minutes of the Audit Committee held on 10 December 2014 be accepted as true and correct.

CARRIED 4/0

Crs White, Rumble, Eyre and Dias voted for the motion

6. TERMS OF REFERENCE

A revised term of reference was adopted by Council Agenda Item 13.4 Minute No. 11888 – Ordinary Meeting of Council 10 December 2014. The objectives of the Audit and Risk Committee are detailed below.

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 local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

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

The committee is to facilitate –

1. the enhancement of the credibility and objectivity of external financial reporting;
2. effective management of financial and other risks and the protection of Council assets;
3. compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
4. the coordination of any future internal audit function with the external audit; and
5. the provision of an effective means of communication between the external auditor, the CEO and the Council.

7. AGENDA ITEMS

7.1 REVIEW OF 2013/14 INDEPENDENT AUDIT REPORT AND MANAGEMENT REPORTS

FILE REFERENCE:	FM09.13.14
AUTHOR'S NAME AND POSITION:	Frank Ludovico Executive Manager Corporate Services
NAME OF APPLICANT/RESPONDENT:	Not applicable
DATE REPORT WRITTEN:	20 January 2015.
DISCLOSURE OF FINANCIAL INTEREST:	The author has no financial interest in the proposal.
PREVIOUS MEETING REFERENCE:	Not Applicable

Summary

The Auditors conducted the Annual Financial Audit for 2013/14 during October – December 2014.

This Item discussed the outcomes of that Audit.

Background

Audit procedures have been completed and the Audit Report for the year ended 30 June 2014 has been prepared by Council Auditors UHY Haines Norton

Attached are Council's Annual Financial Statements, Audit Report, Management Letter and Interim Audit report.

ATTACHMENT 7.1A
ATTACHMENT 7.1B
ATTACHMENT 7.1C

Comment

The issues brought to the attention of Council in the above reports are:

Interim Audit report (Attachment 7.1B)	
Tender Register	Processes for tender register have improved. This will be further enhanced when recently appointed Procurement Manager reviews our current systems
Annual and Primary returns	Processes and procedures have been put in place to address this issue.
Annual Report	Processes and procedures have been put in place to address this issue.
Investment policy	Investment policy was reviewed and adopted Council Agenda Item 13.6 Minute No. 11809 – Ordinary Meeting of Council 18 June 2014.
Purchases, payments and payables	Processes and procedures have been put in place to address this issue.

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Bank reconciliations	Processes and procedures have been put in place to address this issue.
Month end procedures	Processes and procedures have been put in place to address this issue.
Disaster and Emergency plans	The preparation of this Plan is continuing. It is planned to be finalised by April 2015.
Status of Fair Value Accounting	<p>Fair Value of Plant & Equipment was completed for 30 June 2013 and for Land and Buildings in 30 June 2014.</p> <p>There is a requirement for Infrastructure Assets Fair Valuations to be completed by 30 June 2015. Work has progressed on Infrastructure Assets to be completed within the required timeframe.</p> <p>Asset systems and records for Plant & Equipment and Land & Buildings have been updated for fair value reporting.</p> <p>Asset Capitalisation Policy is currently being reviewed.</p>
Management Letter (Attachment 7.1C)	
Ratios	Some of the ratios cannot be calculated because the Long Term Financial Plan has not been adopted. Work is proceeding on this project in order for to be adopted March – April 2015.
Audit Report (Attachment 7.1C)	
	No matters were reported

Consultation

Chief Executive Officer
Executive Manager – Corporate Services
Finance Manager

Statutory Environment

Regulation 17 Local Government Audit Regulations 1996.

Financial Implications

Implementing the recommendations of the Report will have financial impact that will be processed through normal budgetary processes.

Strategic Implications

Shire of Ashburton 10 Year Community Strategic Plan 2012-2022
Goal 5 – Inspiring Governance
Objective 4 – Exemplary Team & Work Environment

Risk Management

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be "Low" risk and can be managed by routine procedures, and is unlikely to need specific application of resources.

Policy Implications

There are no policy implications in this matter.

Voting Requirement

Simple Majority Required.

The Auditor was invited to make comments on any matters.

He indicated Council financial ratios were within acceptable limits. They are relatively new and each organisation is different so it is the trend that is the most important. As it is in the second year of reporting the trend is yet to be established but they appear to be trending in a satisfactory manner.

One ratio that needs to be considered is the Asset Sustainability Ratio, if Council is spending significant capital funds on new facilities, then renewals and maintenance will be an issue in the future. The development of a Long Term Financial Plan will highlight any issues.

Council Decision

MOVED: Cr A Eyre

SECONDED: Cr D Dias

That the Audit and Risk Committee recommend to Council the acceptance the 2013/2014 Independent Audit Report.

CARRIED 4/0

Crs White, Rumble, Eyre and Dias voted for the motion

8. NEXT MEETING

The next Audit and Risk Committee Meeting will be held at a time to be determined.

9. CLOSURE OF MEETING

The chairperson closed the meeting at 11.50 am.