



MINUTES

AUDIT COMMITTEE MEETING

held on

Wednesday, 28 November 2018



WESTERN AUSTRALIA'S
WILDFLOWER COUNTRY

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Item 1 Opening of Meeting

The President declared the meeting open at 5.30pm.

Item 2 Acknowledgement of Traditional Owners and Dignitaries

The President acknowledged the traditional custodians, the Yamatji people, and recognised the contribution of Yamatji elders past, present and future, in working together for the future of Morawa.

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Item 3 Recording of Attendance

3.1 Attendance

Council

President Karen Chappel
Councillor Jane Coaker
Councillor Shirley Katona
Councillor Ken Stokes

Staff

Chief Executive Officer	Chris Linnell
Executive Manager Development and Administration	Samantha Appleton
Principal Works Supervisor	Paul Buist
Economic Development Manager	Ellie Cuthbert
Executive Assistant to CEO	Sandy Adams

3.2 Attendance by Telephone / Instantaneous Communications

Don Cunninghame	Assistant Auditor General	Office of the Auditor General
David Wall	Director	RSM Australia Pty Ltd
Travis Bate	Principal	RSM Australia Pty Ltd

3.3 Apologies

Deputy President Dean Carslake
Councillor Debbie Collins
Councillor Darren Agar

3.4 Approved Leave of Absence

Nil

3.5 Disclosure of Interests

Nil

Item 4 Applications for Leave of Absence

Nil

Item 5 Response to Previous Questions
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5.1 Response to Questions taken on notice from Elected Members at the Audit Committee Meeting held on Tuesday, 8 May 2018.

Nil

Item 6 Questions from Members without Notice

Nil

Item 7 Announcements by Presiding Member without Discussion
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Nil

Item 8 Declarations of All Members to have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting

The following Elected Members declared that they had given due consideration to all matters contained in the agenda:

President Karen Chappel
Councillor Jane Coaker
Councillor Shirley Katona
Councillor Ken Stokes

Item 9 Confirmation of Minutes of Previous Meeting
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9.1 **Confirmation of Minutes of the Audit Committee Meeting held on Tuesday, 8 May 2018.**

OFFICER RECOMMENDATION/COUNCIL RESOLUTION

Moved: Cr Stokes Seconded: Cr Coaker

That Council confirm that the Audit Committee Meeting held on Tuesday, 8 May 2018 are a true and correct record.

CARRIED 4/0

Disclaimer

Members of the public are cautioned against taking any action on Council decisions, on items in this agenda in which they may have an interest, until formal notification in writing from the Shire has been received. Decisions made at this meeting can be revoked pursuant to the Local Government Act 1995.

Item 10 Reports of Officers

COUNCIL RESOLUTION

Moved: Cr Stokes Seconded: Cr Coaker

That Standing Orders be suspended at 5.31pm.

CARRIED 4/0

Cr Katona left the meeting at 5.40pm.

Cr Katona returned to the meeting at 5.41pm.

COUNCIL RESOLUTION

Moved: Cr Stokes Seconded: Cr Coaker

That Standing Orders be resumed at 5.48pm.

CARRIED 4/0

10.1	Acceptance of Annual Financial Statements and Audit Report
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Author: Chief Executive Officer

Authorising Officer: Chief Executive Officer

Disclosure of Interest: The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

OFFICER’S RECOMMENDATION/COUNCIL RESOLUTION

Moved: Cr Coaker Seconded: Cr Stokes

That the Audit Committee:

- 1. Adopts the Shire of Morawa 2017/18 Annual Financial Statements.**
- 2. Receives the Auditor’s Interim Report and Closing Report for the year ended 30 June 2018.**
- 3. Endorses the actions and strategies as determined by Shire staff in response to the report.**

CARRIED 4/0 BY ABSOLUTE MAJORITY

PURPOSE

The Audit Committee is to report to Council and provide appropriate advice and recommendations regarding audit reporting.

This report presents to the Committed the audited Annual Financial Report, the Auditor’s Report and Management Report for the Shire of Morawa for the year ended 30 June 2018.

DETAIL

It is a statutory requirement that all Local Governments conduct an independent audit of the accounts and financial statements of the entity at the completion of each financial year.

The Morawa Shire Council Audit Committee must then consider this report and provide endorsement to the actions and strategies as determined by Staff in response to the report.

The 2017/18 Audit revealed that there were reportable matters identified.

The Auditors did identify issues that warranted action in regards to the findings identified during the Audit are detailed in *Attachment 2* and *Attachment 3* of this item.

LEVEL OF SIGNIFICANCE

Medium – a representation of the financial position of the Shire of Morawa at 30 June 2018. Risks associated with the audit findings are set out in this report.

CONSULTATION

Internal

This report was completed with the input and assistance of the Executive Leadership team, the Financial Services team and the Governance team.

External

- RSM for Office of Auditor General
- Bob Waddell & Associates Pty Ltd

LEGISLATION AND POLICY CONSIDERATIONS

- Local Government Act 1995
- Local Government (Financial Management) Regulations 2011

FINANCIAL AND RESOURCES IMPLICATIONS

The costs associated with conducting the interim audit and end of financial year audit are captured in the 2017/18 budget.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

Shire of Morawa Strategic Community Plan 2018-2028

- 4.3 A local government that is respected, professional and accountable.

RISK MANAGEMENT CONSIDERATIONS

Findings were identified during the audit of the Annual Financial Report. These risks will be detailed in the final Closing Report and Management Letter presented by RSM Australia. The level of risk is considered to be medium. Please see the attached management letter for detail regarding risks identified by RSM Australia. The Audit Report is to be accepted by Council no later than 31 December (Section 5.54 of the Local Government Act 1995). Not accepting the report by this time will be a breach of the Local Government Act.

CONCLUSION

The Annual Financial Report and Audit Report, Closing Report and Letter of Audit Findings are attached for the Audit Committee’s review. The Shire of Morawa is continuously working towards improvements in the financial management area and while there has been progress in some areas further work is still required in creating stronger controls around purchasing, procurement and our rates debtors.

ATTACHMENTS

- Attachment 1* – 10.1a 2017/2018 draft Annual Financial Report
- Attachment 2* – 10.1b Interim Audit
- Attachment 3* – 10.1c Final Audit
- Attachment 4* – 10.1d 2017/18 Closing Report
- Attachment 5* – 10.1e Draft Independent Auditor’s Report
- Attachment 6* – 10.1f Audit Management Representation Letter

Item 11 Motions of Which Previous Notice Has Been Given

Nil

Item 12 New Business of an Urgent Nature

Nil

Item 13 Closure

The President thanked the Office of the Auditor General, RSM and Shire staff for the work put into the Audit.

13.1 Closure

There being no further business, the President declared the meeting closed at 5.50pm.



..... Presiding Member