



**MINUTES OF THE
AUDIT COMMITTEE MEETING
13 MARCH 2018**

Disclaimer

No responsibility whatsoever is implied or accepted by the Murchison Regional Vermin Council for Any act, omission, 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.





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1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chief Executive Officer declared the meeting open at 10.00am.

1.1 Election of Presiding Member

The Chief Executive Officer asked for nominations for the position of Presiding Member and received a nomination from Cr Les Price, there being one nomination the Chief Executive Officer declared that Cr Les Price be elected as the Presiding Member for the Audit Committee.

Cr Les Price assumed the chair and proceeded with the meeting.

1.2 Election of Deputy Presiding Member

The Presiding Member asked for nominations for the position of Deputy Presiding Member and received a nomination from Cr Robert Grinham there being one nomination the Chairperson declared that Cr Robert Grinham be elected as the Deputy Presiding Member for the Audit Committee.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Present:

Chairperson Cr Les Price
Deputy Chairperson Cr Robert Grinham
Cr Gregory Payne
Cr Bethal Walton
Cr Eliz Morris
Cr David Lefroy
Cr Frederick Spindler.

Apologies:

Cr Carol Hodshon, Cr Jason Homewood

Leave of Absence:

Nil

Also in Attendance:

Dominic Carbone MRVC CEO

Member of Public:

Mr Neil Grinham

3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

3.1 Minutes of Audit Committee Meeting held on 14 March 2017

AUDIT COMMITTEE DECISION

Moved: Cr Robert Grinham Seconded: Cr David Lefroy
That the minutes of the Ordinary Meeting held on 14 March 2017 as circulated be confirmed as a true and correct record of proceedings.

CARRIED 7/0

4. REPORTS

4.1 Local Government 2017 Compliance Audit Return

File:	
Author:	Dominic Carbone, CEO
Interest Declared:	No interest to disclose
Date:	3 March 2018
Attachment	Draft 2017 Audit Compliance Return

Matter for Consideration

Consideration of the Compliance Audit Return for the 2017 financial year and recommendation to Council.

Background

A local government inclusive of a Regional Council is to carry out a compliance audit for the period 1 January to 31 December in each year in a form approved by the Minister. The Compliance Return is to be submitted to the Executive Director by the 31 March the following year.

Statutory Environment

Local Government Act 1995

Section 7.13 Regulations as to audits sub-clause (1)(i) states:

“requiring local governments to carry out; in the prescribed manner and in a form approved by the Minister, an audit compliance with such statutory requirements as are prescribed whether those requirements are:

- (i) of a financial nature or not, or
- (ii) under this Act or another written law.

13. Prescribed statutory requirements for which compliance audit needed (Act s. 7.13(1)(i))

For the purposes of section 7.13(1)(i) the statutory requirements set forth in the Table to this regulation are prescribed.

Table

<i>Local Government Act 1995</i>		
s. 3.57	s. 3.58(3) and (4)	s. 3.59(2), (4) and (5)
s. 5.16	s. 5.17	s. 5.18
s. 5.36(4)	s. 5.37(2) and (3)	s. 5.42
s. 5.43	s. 5.44(2)	s. 5.45(1)(b)
s. 5.46	s. 5.67	s. 5.68(2)
s. 5.70	s. 5.73	s. 5.75
s. 5.76	s. 5.77	s. 5.88
s. 5.103	s. 5.120	s. 5.121
s. 7.1A	s. 7.1B	s. 7.3
s. 7.6(3)	s. 7.9(1)	s. 7.12A
<i>Local Government (Administration) Regulations 1996</i>		
r. 18A	r. 18C	r. 18E
r. 18.F	r. 18G	r. 19
r. 22	r. 23	r. 28
r. 34B	r. 34C	
<i>Local Government (Audit) Regulations 1996</i>		
r. 7	r.10	
<i>Local Government (Elections) Regulations 1997</i>		
r. 30G		

<i>Local Government (Functions and General) Regulations 1996</i>		
r. 7	r. 9	r. 10
r. 11A	r. 11	r. 12
r. 14(1), (3) and (5)	r. 15	r. 16
r. 17	r. 18(1) and (4)	r. 19
r. 21	r. 22	r. 23
r. 24	r. 24AD(2), (4) and (6)	r. 24AE
r. 24AF	r. 24AG	r. 24AH(1) and (3)
r. 24AI	r. 24E	r. 24F
<i>Local Government (Rules of Conduct) Regulations 2007</i>		
r. 11		

Regulation 14 States as follows:

14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be -
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

Regulation 15 states as follows:

15. Compliance audit return, certified copy of etc. to be given to Executive Director

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —

- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
- (b) any additional information explaining or qualifying the compliance audit,

is to be submitted to the Executive Director by 31 March next following the period to which the return relates.

- (2) In this regulation —
certified in relation to a compliance audit return means signed by —
 - (a) the mayor or president; and
 - (b) the CEO.

Financial Implications

Nil

Consultation

Nil

Comment

The 2017 Audit Compliance Return as determined by the Minister has been duly completed and the Audit Committee is requested to review the return and report to Council the results of the review. A copy of the 2017 Audit Compliance Return is attached to this report.

Voting Requirement

Simple Majority

AUDIT COMMITTEE RECOMMENDATION:

Moved: Cr Gregory Payne Seconded: Cr David Lefroy

That the Audit Committee recommend to Council that the 2017 Compliance Audit Return be adopted and certified by the Chairperson and Chief Executive Officer and forwarded to the Department of Local Government along with the relevant section of the Minutes in accordance with Regulation 14(3) and Regulation 15 of the Local Government (Audit) Regulations 1996.

CARRIED 7/0

4.2 Audit Management Letter for the Year Ended 30 June 2017

File:	
Author:	Dominic Carbone, CEO
Interest Declared:	No interest to disclose
Date:	3 March 2018
Attachment	Auditors' Management Letter

Matter for Consideration

That Council give consideration to the Audit Management letter for the year ended 30 June 2017 together with responses provided by the Chief Executive Officer.

Background

Council is required to examine the report of the Auditor and take appropriate action in relation to the matters raised.

The Auditor has been requested to be available for the Audit Committee Meeting via tele-conferencing.

Statutory Environment

7.12A. Duties of local government with respect to audits

- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

Business Implications

Nil

Consultation

Nil

Comment

The findings identified during the Audit of the Regional Councils' Financial Statements for the year ended 30 June 2017 are as follows, together with the response provided by the Chief Executive Officer under the heading of "Management Comment".

Financial Ratios

We noted during our audit that the basic standard was not achieved for the operating surplus ratio. This indicates that the regional local government may not be able to cover its operational costs and have revenues available for capital funding or other purposes. We acknowledge that this financial ratio did not meet the basic standard due to the depreciation expense being greater than the operating revenue.

We recommend that the regional local government examine potential financial weaknesses and risks and take the necessary steps to rectify or mitigate these issues for the purposes of improving the Shire's financial position.

Management Comment

The net result of the Murchison Regional Vermin Council for the Financial Year ended 30 June 2017 states that the net result amounted to a negative \$139,104 inclusive of depreciation and excluding depreciation a positive net result of \$7,410.

The Auditors' comments are acknowledged and the MRVC has endeavored to increase its limited revenue base and reduce its administrative costs in order to reduce the negative net result. The MRVC has now insured the fence which will reduce the cost of major reinstatements of the fence as a result of floods, fire etc.

Voting Requirement

Simple Majority

The Auditor Billy-Joe Thomas from Anderson Munro & Wyllie was present at the meeting via a tele-conferencing.

AUDIT COMMITTEE RECOMMENDATION:

Moved: Cr Bethel Walton

Seconded: Cr Gregory Payne

That Audit Committee recommends to Council that:

- 1. Receive the Report on the Audit Management Letter for the financial year ended 30 June 2017.*
- 2. Subject to (1) above forward a copy of the report to the Minister for Local Government Sport and Cultural Industries and the MRVC Auditor Anderson Munro and Wyllie.*

CARRIED 7/0

4.3 Report on 2017-18 Annual Budget Review

File:	
Author:	Dominic Carbone, CEO
Interest Declared:	No interest to disclose
Date:	3 March 2018
Attachments:	Statement of Financial Activities Statement of Rate Setting Statement of Current Assets and Liabilities Budget analysis Worksheets

Matter for Consideration

That Council adopts the 2017-18 Annual Budget Review

Background

Regulation 33A of the Local Government Act (Financial Management) Regulations 1996 requires that a Regional Local Government between 1st February and 31st March in each year carry out a review of its Annual Budget for that year. A copy of the review and the determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

Council adopted a 10% or \$2,000.00 variance or whatever is the greater for the reporting of material variances identified in the annual budget review.

33A. Review of budget

- (1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.
- (2A) The review of an annual budget for a financial year must —
 - (a) consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
 - (b) consider the local government’s financial position as at the date of the review; and
 - (c) review the outcomes for the end of that financial year that are forecast in the budget.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (3) A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

*Absolute majority required.

- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

Business Implications

Nil

Consultation

Nil

Comment

A review of the Regional Local Government 2017-18 Annual Budget has been undertaken in accordance with the Financial Management Regulations and the following worksheets have been prepared;

Statement of Financial Activities	(refer attachments)
Statement of Rate Setting	(refer attachments)
Statement of Current Assets and Liabilities	(refer attachments)
Budget Analysis Worksheets	(refer attachments)

The review of the 2017-18 Annual Budget revealed:

- (1) An increase in operating expenditure amounting to \$13,141 comprising
- | | |
|--|---------|
| - Additional insurance premiums | \$9,217 |
| - Additional member travel and accommodation costs | \$3,023 |
| - Additional expenditure to prepare funding applications | \$ 901 |
- (2) Contributions and Grants
- | | |
|---|-------------|
| - Additional member Shire contributions to construct cell fence | \$1,004,000 |
| - Additional Grant from DPIRD to construct cell fence | \$1,144,000 |
- (3) Capital Expenditure
- | | |
|--|------------|
| - Additional Capital Expenditure to construct cell fence | \$2,198.00 |
|--|------------|

Voting Requirements

Absolute Majority

AUDIT COMMITTEE RECOMMENDATION:

Moved: Cr Gregory Payne

Seconded: Cr David Lefroy

That the Audit Committee recommends to Council that it:

1. *Adopts the 2017-18 Annual Budget Review together with the variations detailed in the Budget Analysis Worksheet attached to this Report. A copy of the 2017-18 Annual Budget Review and the determination be provided to the Department of Local Government Sport and Cultural Industries.*

CARRIED 7/0

4.4 Annual Report 2016-17

File:

Author: Dominic Carbone, CEO

Interest Declared: No interest to disclose

Date: 3 March 2018

Attachments: Annual Report 2016-17

Matter for Consideration

The acceptance of the 2016-17 Annual Report.

Background

The Council is required to prepare and adopt an Annual Report.

Statutory Environment

Local Government Act 1995

5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - (a) a report from the mayor or president; and
 - (b) a report from the CEO; and
 - [(c), (d) deleted]*
 - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - (f) the financial report for the financial year; and

- (g) such information as may be prescribed in relation to the payments made to employees; and
- (h) the auditor's report for the financial year; and
- (ha) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*; and
- (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require; and
- (i) such other information as may be prescribed.

[Section 5.53 amended by No. 44 of 1999 s. 28(3); No. 49 of 2004 s. 42(4) and (5); No. 1 of 2007 s. 6.]

5.54. Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted* by the local government no later than 31 December after that financial year.

** Absolute majority required.*

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

[Section 5.54 amended by No. 49 of 2004 s. 49.]

5.55. Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

Business Implications

Nil

Consultation

Nil

Comment

The Annual Report for the 2016-17 financial year has been prepared and Council is now requested to give consideration to adopting the Report. The annual Report is to contain the information as detailed in Section 5.53 (2) of the Local Government Act 1995 as stated above and copies be made available the Shire of Mount Magnet Administration Centre and on the MRVC Website.

A Regional Local Government is exempt from complying with Part 5, Division 2 and Subdivision 4 of the Local Government Act and therefore is not required to hold an Electors general meeting as per section 5.27 of the Local Government Act 1995.

Voting Requirement

Absolute Majority

AUDIT COMMITTEE RECOMMENDATION:

Moved: Cr David Lefroy

Seconded: Cr Robert Grinham

That the Audit Committee recommends to Council that it:

1. Accepts its 2016-17 Annual Report for the MRVC as attached to this report in accordance with Section 5.54 of the Local Government Act 1995.

CARRIED 7/0

5. LATE BUSINESS

6. CLOSURE OF MEETING

There being no further business, the chairperson closed the meeting at 11.22 am.