



AUDIT COMMITTEE MEETING

MINUTES

Committee Brief

The duties of the Audit Committee be to:

- *Recommend the appointment of the auditor to the Council;*
- *Assist the auditor to ensure audits are conducted successfully and timely;*
- *Examine the audit report and ensure appropriate action is taken;*
- *Prepare reports on actions taken and forward to the Minister;*
- *Meet with the auditor at least once a year; and*
- *Review enhanced scope of audit.*

An ordinary meeting of the Audit Committee was held in the Committee Room, Lowood Road, Mount Barker WA 6324, 1.00pm Wednesday 10 September 2008

Rob Stewart
CHIEF EXECUTIVE OFFICER

Committee Members

Cr K Forbes; Cr M Skinner; Cr J Mark

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

1.05 pm The Chairperson declared the meeting open.

2 RECORD OF ATTENDANCE / APOLOGIESMembers Present

Cr M Skinner (Chairperson)

Cr K Forbes, AM

Cr J Mark

Staff

Mr Rob Stewart, Chief Executive Officer

Mr John Fathers, Deputy Chief Executive Officer

Ms Cherie Delmage, Accountant

Visitor

Mr W Chai – Auditor, UHY Haines Norton

3 CONFIRMATION OF MINUTES

Moved Cr K Forbes, seconded Cr M Skinner

THAT the Minutes of the Ordinary Meeting of the Audit Committee, held on 17 April 2008 as circulated, be taken as read and adopted as a correct record.

CARRIED

4 GENERAL BUSINESS / MATTERS ARISING

4.1 AUDIT OUTCOMES

The Council's Auditor Mr Wen-Shien Chai from UHY Haines Norton Chartered Accountants was in attendance at the meeting to advise on the outcome of the annual audit of the Shire's activities for 2007/08.

Mr Chai advised that whilst the audit was not yet completed, it had been observed that the Shire's financial statements had not been finalised. This year's statements had changed with a requirement for more information on financial instruments in particular, due to the advent of Australian Accounting Standard B7. It was explained that there was a revolution occurring with financial standards and it was recommended that the Shire embrace the changes and attend UHY Haines Norton workshops in order to become familiar with the changing format for financial reporting.

Some accounts had also not yet been reconciled, in particular the fixed assets register had not been fully reconciled to the general ledger. Nevertheless there had been a good response from staff in dealing with queries. Bank reconciliations had been done to a good standard.

The Deputy Chief Executive Officer, Mr Fathers advised that staff had missed the most recent UHY Haines Norton training session on annual financial statements and it appeared that this one in particular was important in getting the latest requirements. The financial report just completed had been done to last year's format, as completed by UHY Haines Norton staff.

Whilst it was acknowledged there were some areas where the figures had not been completed, significant advances in staff knowledge of the Authority system and financial reporting had been gained since last year. In addition, a Civica authority expert had recently been engaged to assist in resolving some system problems to enable the end of year figures to be correct and reconciled. This had only occurred in the last week and there had not been sufficient time since then to finalise all matters.

The Chairman considered that the Shire needs to continue with adequate staff training to ensure the required standards are met.

With the approval of the Chairman, Mr Fathers took the opportunity to review some of the issues raised in the previous interim audit and Financial Management Review. It was confirmed by Mr Fathers that the following issues had either been resolved or been dealt with appropriately, although this was yet to be checked by the auditors:

- Committee Minutes were now signed by the Chairperson.
- Staff were aware of the requirement for the correct financial year applying to their annual Financial Interest Return.
- Staff were aware of the requirement to lodge a certified copy of the annual compliance return by the due date.
- The Investment Policy had been reviewed.
- The rates valuations were being reconciled to the Valuer General's records.

- It had recommended that the creditors clerk and payroll officer have their access to change banking records withdrawn to mitigate the risk of fraud. It was confirmed by Mr Fathers that the system access levels could not be changed to allow this, without restricted access to other required functionality. The Audit Committee agreed that the implementation of a procedure to enforce these restrictions would be sufficient.
- Management and staff were doing more to ensure that purchase orders were being raised at the time of incurring a debt.
- Procedure manuals were being updated.
- Month end procedures were being checked and signed off by a senior staff member.
- Minor deficiencies with the spreadsheets used to calculate long service leave and annual leave provisions had been corrected.
- The Shire's Plan for the Future had been adopted in conjunction with the adoption of the 2008/09 annual budget.
- The reconciliation of FESA liability had been raised with FESA. The Chief Executive Officer intended to negotiate an agreeable figure.
- A detailed summary of the net current asset position was included in the 2008/09 budget at note 7.
- The auditors suggested that the current method of recording and depreciating road infrastructure be reviewed with a view to implementing a system that will allow each road to be dissected into its component parts. Essentially they consider that the ROMAN system should be used as a basis for providing depreciation information. This was discussed with Mr Chai and it was evident that further investigations would be required in order to achieve this ideal methodology, including a review of the accuracy of data held in ROMAN.

Mr Chai advised that he would be back again for the interim audit in February or March 2009.

5 NEXT MEETING

To be advised

6 MEETING CLOSURE

1.45 pm The Chairperson declared the meeting closed.

CONFIRMED: CHAIRPERSON _____ **DATE:** _____ / _____ / _____