



AUDIT COMMITTEE MEETING

MINUTES

SECTION 5.9(2)(a) LGA 1995

Committee Brief

1. *Provide guidance and assistance to the local government -*
 - a) *as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
 - b) *as to the development of a process to be used to select and appoint a person to be an auditor; and*
2. *May provide guidance and assistance to the local government as to -*
 - a) *matters to be audited; and*
 - b) *the scope of audits; and*
 - c) *its functions under Part 6 of the Act; and*
 - d) *the carrying out of its functions relating to other audits and other matters related to financial management; and*
3. *Is to review a report given to it by the CEO under Regulation 17(3) (the CEO's report) and is to -*
 - a) *report to the Council the results of that review; and*
 - b) *give a copy of the CEO's report to the Council.*

A Meeting of the Audit Committee was held in the
Office of Lincolns Accountants, 70-74 Frederick St, Albany
at 8.30am Tuesday 11 February 2014

Rob Stewart
CHIEF EXECUTIVE OFFICER

Committee Members

Cr K Clements, Cr L Handasyde, Cr J Moir and Cr C Pavlovich (Council 244/13)

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

8.35am The Presiding Member declared the meeting open.

2 RECORD OF ATTENDANCE / APOLOGIESMembers Present

Cr K Clements
Cr L Handasyde
Cr J Moir
Cr J Oldfield (Deputy for Cr Pavlovich)

Apologies

Cr C Pavlovich

Staff

Mr John Fathers - Deputy Chief Executive Officer

3 CONFIRMATION OF MINUTES

Minutes, as circulated, of the meeting of the Audit Committee held on 10 December 2013.

Moved Cr L Handasyde, seconded Cr J Moir:

That the Minutes of the Meeting of the Audit Committee, held on 10 December 2013 as circulated, be taken as read and adopted as a correct record.

CARRIED

4 DECLARATION OF MEMBERS' INTERESTS

Nil

5 GENERAL BUSINESS / MATTERS ARISING

5.1 Meeting with Russell Harrison – 2012/2013 Audit Report

Mr Harrison outlined the scope of the audit, the content of the audit report and his audit findings, which were generally very good, with one minor issue relating to the sum of spare cash held in the 'Department of Transport' clearing bank account.

He advised that his team had been pleased with the quality of reporting and the efforts put in by the Shire's finance team, given the additional workloads associated with the new Integrated Planning and Reporting Framework and fair value reporting of assets. It was indicated that when fair values are applied to land / buildings and infrastructure over the next two years, the statutory ratios will be able to be trusted more that they can be at the moment.

Discussion ensued in regard to asset management planning and how the plans will consider Council decisions to maintain certain assets at differing standards, such as rural halls. Mr Harrison advised that there is sufficient flexibility in the accounting standards to achieve this, although the precise details would need to be worked through.

Mr Harrison discussed the results of each of the statutory ratios and the reasons for the results.

Mr Harrison discussed the negative operating surplus ratio, which was not ideal and may not be sustainable in the long term. Nevertheless, it was pointed out that this ratio includes depreciation, a figure which is subject to some uncertainty. The Deputy Chief Executive Officer advised that the Council had engaged Opus Engineering consultants to assist in determining infrastructure depreciation more accurately. Depreciation of buildings would also be able to be more accurately determined following the assessment of their fair values.

There were no other causes for concern, although it was noted that the statutory ratios had been factored into the Shire's Long Term Financial Plan and the Council would focus on maintaining this plan such that the ratios would improve in the long term. Mr Harrison agreed that the Long Term Financial Plan provided a good starting point, and expressed the view that this plan and the ratios provide a good snapshot for the auditors and councillors, particularly when considering major strategic decisions.

6 NEXT MEETING

4 March 2014.

7 MEETING CLOSURE

9.44am The Presiding Member declared the meeting closed.

CONFIRMED: PRESIDING MEMBER _____ **DATE:** ____/____/____