



AUDIT AND RISK MANAGEMENT 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 and Risk Management Committee was held in the Committee Room, Lowood Road, Mount Barker WA 6324, at 12.00noon Tuesday 19 March 2019.

Rob Stewart
CHIEF EXECUTIVE OFFICER

Committee Members

Cr J Moir, Cr M O'Dea, Cr J Oldfield and Cr C Pavlovich (Council 222/17)

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Membership

Cr J Moir

Cr M O'Dea

Cr J Oldfield

Cr C Pavlovich

Cr B Lang (Deputy for any member)

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

12.00noon The Presiding Member declared the meeting open.

2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Members Present

Cr M O'Dea (Presiding Member)
Cr C Pavlovich
Cr B Lang (Deputy for Cr Oldfield)
Cr J Moir

Apologies

Cr J Oldfield

Visitors

Mr D Tomasi

Staff

Mr R Stewart - Chief Executive Officer
Mr J Fathers - Deputy Chief Executive Officer
Ms A Kendrick – Senior Finance Officer

3 DISCLOSURE OF INTEREST

Part 5 Division 6 Local Government Act 1995

Nil

4 REPORTS OF COMMITTEE MEMBERS AND OFFICERS

Nil

5 GENERAL BUSINESS

5.1 MEETING WITH AUDITOR – AUDIT STRATEGY MEMO

An interim audit will be conducted by Shire auditors Moore Stephens from 18-20 March 2019. The audit strategy memorandum for the upcoming audit is attached.

As touched on by auditor David Tomasi last year, it is good if this can be presented to the Audit and Risk Management Committee at the commencement of the audit process. As discussed last year, this is part of helping prepare for the transition to the Office of the Auditor General requirements.

Mr Tomasi presented to the Committee in relation to the audit strategy memorandum. He advised that with the advent of the Office of the Auditor General (OAG) taking over local government audits, some procedural matters will change prior to the OAG taking over officially to bring the Shire into the same system and help the transition. These include:

- *The preparation of a formal audit strategy memorandum;*
- *A greater interaction with the Audit and Risk Management Committee at the entrance and prior to signing the audit report; and*
- *The audit report being addressed to the Council.*

It was noted that this greater level of activity will come at a cost. Thereafter, Mr Tomasi outlined the key audit risks and focus areas and clarified queries relating to auditing of fair value asset valuations and the need to look closely at depreciation values.

It was advised that OAG has some differing interpretations and takes a strict view on movement in ratios and is less inclined to consider mitigating factors. There will no longer be an opportunity to display adjusted ratios in annual financial reports. Mr Tomasi recommended that the Shire take note of OAG reports to identify other focus areas. He also clarified the main impacts of new and amended Accounting Standards and Interpretations.

Mr Tomasi confirmed advice from 2017 that due to increasing prevalence of online payment scams, it is advisable to remove payment lists from minutes published on the website. As it is a statutory requirement to present these to Council and include in the minutes, they should still form part of the 'official' minute book.

6 NEXT MEETING

26 March 2019.

7 CLOSURE OF MEETING

12.56pm The Presiding Member declared the meeting closed.

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