



AUDIT COMMITTEE MEETING

MINUTES

Committee Brief

- *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;*
- *Review enhanced scope of audit; and*
- *Development and review of the Shire's Long Term Financial Plan and Forward Capital Works Plan.*

A Meeting of the Audit Committee was held in the Committee Room, Lowood Road, Mount Barker WA 6324, at 9.00am Tuesday 29 November 2011.

Rob Stewart
CHIEF EXECUTIVE OFFICER

Committee Members

Cr K Clements, Cr L Handasyde, Cr J Moir, Cr Skinner

TABLE OF CONTENTS

ITEM	SUBJECT	PAGE NO
1	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS	1
2	ELECTION OF PRESIDING MEMBER	1
3	RECORD OF ATTENDANCE / APOLOGIES	1
4	CONFIRMATION OF MINUTES	1
5	REPORTS OF COMMITTEE MEMBERS AND OFFICERS	2
5.1	DRAFT ANNUAL REPORT – YEAR ENDING 30 JUNE 2011	2
5.2	AUDIT REPORT - YEAR ENDING 30 JUNE 2011	4
6	GENERAL BUSINESS / MATTERS ARISING	6
7	NEXT MEETING	6
8	MEETING CLOSURE	6

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

9.02am Mr Rob Stewart, Chief Executive Officer declared the meeting open.

2 ELECTION OF PRESIDING MEMBER

Mr Stewart called for nominations for the position of Presiding Member.

Cr Skinner was nominated for the position of Presiding Member and indicated his willingness to accept the position.

There being no further nominations, Mr Stewart declared Cr Skinner elected unopposed to the position of Presiding Member.

3 RECORD OF ATTENDANCE / APOLOGIESMembers Present

Cr M Skinner (Presiding Member)
Cr K Clements
Cr L Handasyde
Cr J Moir

Visitor

Mr R Harrison – Auditor, Lincolns Accountants and Business Advisors

Staff

Mr Rob Stewart - Chief Executive Officer
Mr John Fathers - Deputy Chief Executive Officer
Mr Brendan Webb - Accountant / Office Manager

4 CONFIRMATION OF MINUTES

Minutes, as circulated, of the meeting of the Audit Committee held on 27 September 2011.

Moved Cr K Clements, seconded Cr J Moir:

That the minutes of the meeting of the Audit Committee held on 27 September 2011, as circulated, be taken as read and adopted as a correct record.

CARRIED

5 REPORTS OF COMMITTEE MEMBERS AND OFFICERS**5.1 DRAFT ANNUAL REPORT – YEAR ENDING 30 JUNE 2011**

File No:	N16664
Attachments: (1)	Draft Annual Report – Year End 30 June 2011
Responsible Officer:	Rob Stewart Chief Executive Officer
Author:	John Fathers Deputy Chief Executive Officer
Proposed Meeting Date:	29 November 2011

PURPOSE

The purpose of this report is to receive the Shire of Plantagenet's 2010/2011 Annual Report.

BACKGROUND

The annual financial audit for 2010/2011 was conducted by representatives of the Council's auditors, Lincolns Accountants and Business Advisors in October 2011.

At its meeting held on 8 November 2011, the Council resolved that subject to the timely receipt of the Shire's audit report, a General Meeting of Electors be held at 6.30pm on 20 December 2011 to receive the 2010/2011 Annual Report.

STATUTORY ENVIRONMENT

Section 5.54 of the Local Government Act 1995 governs the acceptance of annual reports.

Section 5.54 (1) states '*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)

FINANCIAL IMPLICATIONS

There are no financial implications for this report.

POLICY IMPLICATIONS

There are no policy implications for this report.

STRATEGIC IMPLICATIONS

There are no strategic implications for this report.

OFFICER COMMENT

The draft Annual Report notes that this year has been another exciting and challenging year for everyone involved in the Council's operations. A number of key items of infrastructure have been carried out, including:

- New fire truck for the Narpyn Bush Fire Brigade and construction of sheds for the Forest Hill and South Porongurup Fire Brigades.
- Completion and opening of the extension to the Mount Barker cemetery.
- Wilson/Centenary Park improvements (toilets and playground).
- Completion and opening of Mount Barker and Kendenup skate parks.

- Continuation of the transformation of the library building into a Community Resource Centre, with the library moving to its new location within the building.
- Progression of Frost / Sounness Parks improvement plans.
- \$2.22 million capital roadworks program with the improvement of the Mount Barker - Porongurup Road, Woogenellup Road and Spencer Road being the highlights.

The Shire's operating net result was \$3,987,678 million in 2010/2011. Rate revenue increased from \$4.09 million in 2009/2010 to \$4.49 million in 2010/2011. Outstanding borrowings decreased from \$4.77 million in 2009/2010 to \$2.49 million in 2010/2011. The Council expended \$1,574,748 on land and buildings, \$2,285,636 on infrastructure capital works and \$1,428,750 on purchases of plant, and equipment.

The level of reserve funds increased from \$683,267 in 2009/2010 to \$883,861 in 2010/2011. The Council received grants and contributions for the development of assets of \$4.66 million in 2010/2011. Total grants and contributions received was \$7.04 million.

In December 2010, the State Government announced that it would deliver on a major election commitment and invest \$21.5 million towards developing and modernising three key regional saleyards. The State provided \$2.3 million to the Shire to clear debt from its saleyards and as a result of this, loans 83, 84 and 89 were paid off. With the payout of saleyards loans, these ratios are now mostly within benchmark levels and the Council is in a sound financial position.

The auditors have advised that there may some very minor changes to the annual financial report from that provided with this agenda.

VOTING REQUIREMENTS

Absolute Majority

OFFICER RECOMMENDATION / COMMITTEE DECISION

Moved Cr K Clements, seconded Cr M Skinner:

That it be a recommendation to the Council:

That the Annual Report for the year ended 30 June 2011 as attached, be accepted.

CARRIED

5.2 AUDIT REPORT - YEAR ENDING 30 JUNE 2011

File No: N16665
Attachments: (1) Draft 2010/2011 End of Year Audit Report
Responsible Officer: Rob Stewart
Chief Executive Officer
Author: John Fathers
Deputy Chief Executive Officer
Proposed Meeting Date: 29 November 2011

PURPOSE

The purpose of this report is to present the Annual Financial Audit and Management Report for the year ending 30 June 2011.

BACKGROUND

On 17-21 October 2011, representatives of Lincolns Accountants and Business Advisors attended the Shire office to conduct an end of year audit for 2010/2011. It should be noted that the audit is designed primarily to enable the auditors to form an opinion on the financial statements and therefore does not extend to all of the Council's systems and procedures.

STATUTORY ENVIRONMENT

Section 7.12A (3) and (4) of the Local Government Act (1995) states the following:

- '(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 taken 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.'

EXTERNAL CONSULTATION

Consultation has occurred with the Shire's auditors in regard to this report.

FINANCIAL IMPLICATIONS

There are no direct financial implications for this report.

POLICY IMPLICATIONS

There are no policy implications for this report.

STRATEGIC IMPLICATIONS

There are no strategic implications for this report.

OFFICER COMMENT

A copy of the Lincolns' Audit and Management Report is attached. The audit has raised no matters that require attention. The only matters raised relate to an improvement in the Shire's financial position and an improvement in key ratios, namely the Current Ratio, untied Cash to Unpaid Trade Creditors Ratio and debt ratios.

VOTING REQUIREMENTS

Simple Majority

During discussion, Mr Russell Harrison advised that the audit report was unqualified and showed a clean bill of health for the Shire's financial statements. There is good capacity in the Finance Team and no trends going backwards. The operating position has been impacted upon by an increase in depreciation on infrastructure. It is pleasing that the Shire is embarking on an asset management plan, which should be aiming to capture an accurate measure of depreciation. This will assist in ensuring that the Shire can continue to operate in a sustainable manner.

OFFICER RECOMMENDATION / COMMITTEE DECISION

Moved Cr J Moir, seconded Cr L Handasyde:

That it be a recommendation to the Council:

That the Annual Financial Audit and Management Report for the year ending 30 June 2011 as issued by Mr Russell Harrison of Lincolns Accountants and Business Advisors be received.

CARRIED

FURTHER MOTION

Moved Cr K Clements, seconded Cr J Moir:

That the administration be requested to aim for the annual audit report to be made available by the end of October in each financial year.

CARRIED

6 GENERAL BUSINESS / MATTERS ARISING

6.1 SALEYARDS

Members noted that at its meeting held on 12 April 2011, the Audit Committee resolved that the Great Southern Regional Cattle Saleyards Advisory Committee be requested to meet with the Shire's auditors to discuss the implementation of a business plan which would ensure that the saleyards enterprise is successful and self sustaining.

The Deputy Chief Executive Officer confirmed that the Saleyards Committee had discussed this matter and intended to meet with Mr Harrison after the Saleyards Strategic Plan had been further progressed. Mr Harrison advised that he would be happy to undertake a consultancy or work collaboratively with the Shire in this regard.

Members of the Audit Committee considered that issues like reinvestment of assets, sustainable operations and achieving a return on investment could be part of the scope.

7 NEXT MEETING

TBA

8 MEETING CLOSURE

9.53am The Presiding Member declared the meeting closed.

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