



Shire of Dowerin

Audit Committee Meeting Minutes

29 August 2016

12noon

| COMMITTEE MEMBERS | REPRESENTING |
|------------------------------|---|
| Cr D.E. Metcalf | Shire of Dowerin |
| Cr A.J. Metcalf | Shire of Dowerin |
| Cr R.I Trepp | Shire of Dowerin |
| Mr Jason Whiteaker | External Advisor of the Audit Committee |
| OBSERVER | REPRESENTING |
| Andrea Selvey – CEO | Shire of Dowerin |
| Sonia King – Finance Manager | Shire of Dowerin |
| Leanne Oliver | Shire Auditor (Byfields) |

COMMITTEE TERMS OF REFERENCE

1. At the Ordinary Meeting of Council on 19 July 2016, Council adopted the Terms of Reference for the Audit Committee. These Terms of Reference are available on request.

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SHIRE OF DOWERIN

AGENDA FOR THE AUDIT COMMITTEE MEETING TO BE HELD ON 29 AUGUST 2016

TABLE OF CONTENTS

Contents

| | |
|--|---|
| COMMITTEE TERMS OF REFERENCE | 2 |
| 1. DECLARATION OF OPENING | 4 |
| 2. ATTENDANCE | 4 |
| 3. APOLOGIES | 4 |
| 4. APPLICATIONS FOR LEAVE OF ABSENCE | 4 |
| 4. DECLARATION OF INTEREST | 4 |
| 5. CONFIRMATION OF MINUTES | 4 |
| 6. PRESENTATIONS | 5 |
| 7. AUDIT REPORTS | 6 |
| 7.1 SCOPE OF THE AUDIT OF THE 2015/16 FINANCIAL STATEMENTS | 6 |
| 8. QUESTIONS FROM MEMBERS | 8 |
| 9. URGENT BUSINESS | 8 |
| 10. DATE OF NEXT MEETING | 8 |
| 11. CLOSURE OF MEETING | 8 |

1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 12noon.

2. ATTENDANCE

Cr D. Metcalf - Chairperson

Cr A.J. Metcalf

Cr R.I. Trepp

Mr J. Whiteaker

Observers

A. Selvey - Chief Executive Officer

S. King – Finance Manager

L. Oliver – Shire Auditor

3. APOLOGIES

Nil

4. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

4. DECLARATION OF INTEREST

IMPORTANT: Parts of Division 6 Subdivision 1 of the Local Government Act 1995 requires Council members and employees to disclose any direct or indirect financial interest or general interest in any matter listed in this agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter being discussed.

NB A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the disclosed matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

5. CONFIRMATION OF MINUTES

COMMITTEE DECISION – ITEM 5

THAT THE MINUTES OF THE MEETING OF THE SHIRE OF DOWERIN AUDIT COMMITTEE HELD ON 10 AUGUST 2016 BE CONFIRMED AS A TRUE AND CORRECT RECORD OF THAT MEETING.

Moved: Cr AJ Metcalf

Seconded: Cr R Trepp

Carried: 4/0

6. PRESENTATIONS

Presentation by Leanne Oliver on the progress of the Interim Audit.

7. AUDIT REPORTS

7.1 SCOPE OF THE AUDIT OF THE 2015/16 FINANCIAL STATEMENTS

Date: 1 August 2016
File Ref:
Disclosure of Interest: Nil
Author: Andrea Selvey, CEO
Attachments: CONFIDENTIAL - Scope of Audit as approved at the 10 August Audit Committee Meeting

Summary

The item seeks the Audit Committee's review and recommendations regarding the scope of work for the 2015/16 audit.

Background

At the Audit Committee meeting held on 10 August, the Committee considered a draft scope of work for the 2015/16 audit. The scope includes the model minimum standard audit specification as outlined by the DLGC and three additional procedures. The Audit Scope was approved at the meeting and subsequently approved by Council at the Ordinary Meeting of Council on 16 August 2016. See attachment one - Scope for the audit of the 2015/16 financial statements.

Comment

Further to this meeting, the CEO met with the Auditor on 12 August to discuss items arising from the Audit Committee meeting. As per the Committee recommendation, the discussion included the potential to include the additional scope requirement as part of the standard audit. The Auditor had some feedback in relation to that request and it was more appropriate for the Audit Committee to discuss the scope directly with the Auditor. Therefore, this meeting between the Audit Committee and Auditor was scheduled accordingly.

Financial Implications

The scope for the 2015/16 audit that includes the model minimum standard audit specification as outlined by the Department of Local Government and Communities has been budgeted in the 2016/17 at a cost of \$16,500.

The following additional procedures have been quoted as follows and can be accommodated in the 2016/17 compliance budget of \$50,000 as approved by council.

- a. Tracing transaction and delegation/authorisation limits at a cost of \$2,400(+gst) = \$2640; and
- b. Separation of duties at a cost of \$1,800(+gst) = \$1980

Policy Implications

NIL

Statutory Implications

Local Government (Audit) Regulations 1996 - Reg 7 deals with Agreements with auditors, contents of an agreement between a local government and an auditor including:

- (a) the objectives of the audit; and

- (b) the scope of the audit; and
- (c) a plan for the audit; and
- (d) details of the remuneration and expenses to be paid to the auditor; and
- (e) the method to be used by the local government to communicate with, and supply information to, the auditor.

Strategic Implications

Aligns with the Strategic Community Plan Theme 4 – Local Government Leadership

OFFICER'S RECOMMENDATION – ITEM 7.1

THAT THE AUDIT COMMITTEE CONSIDERS THE SCOPE FOR THE AUDIT OF THE 2015/16 FINANCIAL STATEMENTS AND SHOULD ANY CHANGES BE REQUIRED PUT THE CHANGES BEFORE THE ORDINARY MEETING OF COUNCIL ON 20 SEPTEMBER 2016

(To be finalised during the meeting with the Auditor)

COMMITTEE RECOMMENDATION – ITEM 7.1

Moved: Mr J Whiteaker

Seconded: Cr AJ Metcalf

Carried: 4/0

THAT COUNCIL PURSUANT TO REG 7 OF THE LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996 RESOLVES TO:

1. **ENDORSE THE SCOPE OF AUDIT FOR THE 2015/16 YEAR WITH THE FOLLOWING AMENDMENTS:**
 - a. **TRACING TRANSACTIONS PROCEDURE BE FOCUSED ON THE PERIOD 1 NOVEMBER 2015 TO 30 JUNE 2016;**
 - b. **A DETERMINATION ON THE SAMPLE SIZE FOR THE TRANSACTION REVIEW BE MADE BY FULL COUNCIL ON RECEIPT OF A REPORT TO BE PROVIDED BY BYFIELDS ACCOUNTING OUTLINING LEVELS OF CONFIDENCE COUNCIL CAN HAVE IN THE TRANSACTION REVIEW AS A RESULT OF THE CHOSEN SAMPLE SIZE.**
2. **NOTE THAT THE PROPOSED SAMPLE SIZE OF 30 TRANSACTIONS FOR DELEGATIONS/AUTHORISATION LIMITS AND SEPARATION DUTIES IS SUFFICIENT TO SATISFY RIGOROUS AUDIT REQUIREMENTS AND CAN BE DELIVERED AS PART OF THE SCOPE OF THE AUDIT AT NO ADDITIONAL COST.**

8. QUESTIONS FROM MEMBERS

Nil

9. URGENT BUSINESS

Nil

10. DATE OF NEXT MEETING

Date: TBC

Items for next meeting: TBC

11. CLOSURE OF MEETING

The presiding member closed the meeting at 1.00pm.