

Shire of Perenjori

MINUTES

Audit Committee Meeting

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Held in the Shire of Perenjori Council Chambers, Fowler Street, Perenjori on the 16<sup>th</sup> March 2017,  
commenced at 11.30 am.

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**17031 PRELIMINARIES**

Cr L Butler declared the meeting open at 11.34 pm.

**17031.1 RECORD OF ATTENDANCE AND APOLOGIES**

Cr L Butler – Presiding Member

Cr K Pohl

Cr J Hirsch

Ron Back – Via Phone

Ali Mill – CEO

Peter Money – MCDS

Apologies;

Cr L Smith

**17031.2 CONFIRMATION OF MINUTES**

Minutes from the last Audit meeting on the 17<sup>th</sup> December 2016 are attached.

**Committee Resolution – Item 17031.3**

**Moved: Cr J Hirsch**

**Seconded: Cr K Pohl**

Minutes from the last Audit meeting on the 17<sup>th</sup> December 2016 are attached

**Carried: 4/0**

**17032 ADOPTION OF COMPLIANCE AUDIT RETURN**

<b>APPLICANT:</b>	<b>SHIRE OF PERENJORI</b>
<b>FILE:</b>	<b>ADM 0081</b>
<b>DISCLOSURE OF INTEREST:</b>	<b>NIL</b>
<b>AUTHOR:</b>	<b>PETER MONEY - MCDS</b>
<b>RESPONSIBLE OFFICER</b>	<b>PETER MONEY - MCDS</b>
<b>REPORT DATE:</b>	<b>17<sup>TH</sup> MARCH 2017</b>
<b>ATTACHMENTS</b>	<b>COMPLIANCE AUDIT RETURN 2016</b>

**Executive Summary**

This Item recommends that the Audit Committee accepts the attached Compliance Audit Return.

**Background**

Local Governments are required to carry out a compliance audit in relation to the period 1 January to 31 December each year relative to the requirements set out in the attached

document.

The Return is completed online via the Department of Local Government (DLGC) website and provided to the Audit Committee prior to being referred to the Council for adoption.

The document is prepared by the MCDS and is then forwarded to the CEO, MIS, Accountant and Administration Officer who each check the responses according to their area of responsibility.

Those answers are then fed into the online document which is printed and presented to all Councilors.

The Return addresses various compliance matters with which local government CEO'S must advise the Department they have complied with or explain why a matter was not compliant.

A comment has been made against question 1 of the *Tenders for Providing Goods and Services* section in which the Shire was not compliant, in regards to the tender process for the senior independent units.

The Return must be provided to the Department by 31<sup>st</sup> March each year after it has been adopted by the Council and signed by the President and CEO.

#### **Statutory Environment**

*Local Government (Audit) Regulations 1996 clause 14* requires adoption of the Return prior to providing it to the Department of Local Government.

#### **Policy Implications**

Nil

#### **Financial Implications**

Nil

#### **Strategic Implications**

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the shires position as an innovative, independent local government providing excellence in all areas of governance, management and leadership.

#### **Risk Management**

Risk Statement	Level of Risk	Risk Mitigation Strategy
Risk ensuring compliance with Acts and Regulations ensuring accountability to the Council and community.	The level of risk is dependent on the implications of compliance or non-compliance.	Each relevant employee reports on matters of compliance for their area of responsibility.

#### **Consultation**

CEO

SFO

MIS

Administration Officer

**Comment**

The annual audit conducted by RSM noted a matter of non-compliance in the tender process. There were no other matters that were unresolved in the Auditors Report.

**Voting Requirements – Absolute Majority****Officers Recommendation – Item 17032.3**

That the Audit Committee accepts the Compliance Audit Return 2016 as attached and recommends the document for adoption by the Council

**Committee Resolution – Item 17032.3**

**Moved: Cr K Pohl**

**Seconded: Cr J Hirsch**

**That the Audit Committee accepts the Compliance Audit Return 2016 as attached and recommends the document for adoption by the Council**

**Carried: 4/0**

**17032.1 FINANCIAL MANAGEMENT REVIEW – PROGRESS REPORT**

**APPLICANT: SHIRE OF PERENJORI**

**FILE: ADM 0087**

**DISCLOSURE OF INTEREST: NIL**

**AUTHOR: ALI MILLS - CEO**

**RESPONSIBLE OFFICER: ALI MILLS - CEO**

**REPORT DATE: 16<sup>TH</sup> MARCH 2017**

**ATTACHMENTS NIL**

**Executive Summary**

This item requires Council to receive the progress report on the Financial Management Review – Report.

**Background**

Chief Executive Officers (CEO's) are required by legislation to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly, and not less than once in every four financial years, and to report the results of the review to Council.

The CEO contracted Megan Shirt, to conduct the review as an external consultant. The review was conducted at the Administration office on the 25<sup>th</sup> and 26<sup>th</sup> May 2016. The review identified thirty two areas for improvement. The risk weighting for the improvements are summarized in the tables below from high to low. Many of the items related to the development of procedures which ensure work practices are sustained in a consistent way.

Council MCDS and team have worked to complete many of the actions with only six left to be completed. Where procedures or policies were required to be developed these have been cited by the CEO, with discussions with the relevant staff member to verify their understanding and use of them.

**Statutory Environment**

Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Area 5: Investing in Councils Capacity – Our Leadership

Goal: Strengthen the Shire's position as an innovative, independent local Government providing excellence in all areas of governance, management and leadership.

**Risk Management**

Risk Statement	Level of Risk	Risk Mitigation Strategy
Financial and compliance objectives may not be achieved if core financial systems are not regularly reviewed to ensure they remain relevant and effective.	A moderate consequence which is possible resulting in medium level of risk.	Appoint qualified professionals to critically evaluate the Shires core financial systems once every four years.

**Consultation**

Nil

**Comment**

The report confirms that the Shire of Perenjori's financial systems are adequate but further refinements can be made by implementing the recommendations.

**Voting Requirements – Simple Majority****Officers Recommendation – Item 17032.1**

That the audit committee recommends to the Council that the progress report on the review of the Shire's financial management systems and procedures be received, and that a further progress report be presented to Council at the next Audit committee meeting.

**Committee Resolution – Item 17032.1**

**Moved: Ron Back**

**Seconded: Cr K Pohl**

**That the audit committee recommends to the Council that the progress report on the review of the Shire's financial management systems and procedures be received, and that a further progress report be presented to Council at the next Audit committee meeting.**

**Carried: 4/0**

**17033 OTHER BUSINESS**

**17033.1 DATE OF NEXT MEETING / MEETINGS**

To be advised.

**17033.2 CLOSURE**

Cr L Butler declared the meeting closed at 11.54 pm.