

Minutes of the Audit Committee of the Shire of Tammin meeting held at Council Chambers, 1 Donnan Street, Tammin, on Monday 15 March 2012.

CHARTER

The role of the Audit Committee is to provide an independent oversight of the financial systems of a local government on behalf of Council. The Council (unless delegated to the Audit Committee) is required to meet a minimum of once per year with the Auditor (which may be by video or telephone).

Members of the Audit Committee are Crs S Uppill, R Stokes and M Greenwood.

Note that the Committee does not have the power to Act (and as such is not open to the public).

ORDER OF BUSINESS & TABLE OF CONTENTS

1. Declaration of opening & announcement of visitors
2. Record of attendance, apologies & leave of absence
3. Election of Chairman
4. Declaration of member's interests in agenda items
5. Confirmation of previous minutes
6. Agenda Items
7. Elected members motions of which previous notice has been given
8. New business of an urgent nature introduced by decision of meeting
9. Closure of meeting

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The CEO declared the meeting open at 12.10 pm and welcomed members and called for nominations for chairman.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

ATTENDANCE

Cr S.A. Uppill	Committee Member
Cr M.D. Greenwood	Committee Member
Cr R.J. Stokes	Committee Member
Cr C Crane	Observer
Graham Stanley	Chief Executive Officer

APOLOGIES

Nil

LEAVE OF ABSENCE

Nil

3. ELECTION OF CHAIRMAN

Section 5.12 of the Local Government Act states:

5.12. Election of presiding members and deputies

(1) *The members of a committee are to elect a presiding member from amongst themselves in accordance with Schedule 2.3, Division 1 as if the references in that Schedule —*

- (a) *to “office” were references to “office of presiding member”;*
- (b) *to “council” were references to “committee”; and*
- (c) *to “councillors” were references to “committee members”.*

(2) *The members of a committee may elect a deputy presiding member from amongst themselves but any such election is to be in accordance with Schedule 2.3, Division 2 as if the references in that Schedule —*

- (a) *to “office” were references to “office of deputy presiding member”;*
- (b) *to “council” were references to “committee”;*
- (c) *to “councillors” were references to “committee members”; and*
(d) *to “mayor or president” were references to “presiding member”.*

The CEO called for nomination for chair. Cr Stokes nominated Cr Uppill. Cr Greenwood seconded and Cr Uppill accepted. CEO declared Cr Uppill elected as Chairman of the Audit Committee.

4. DECLARATION OF MEMBER'S INTERESTS IN AGENDA ITEMS

Nil

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

Minutes of the previous Audit Committee meeting, held on 23 November 2009 are attached.

STATUTORY IMPLICATIONS

Section 5.22(2) of the *Local Government Act* provides that minutes of all meeting to be kept and submitted to the next full Council meeting for confirmation.

STAFF RECOMMENDATION

That the minutes of the Audit Committee meeting held on 23 November 2009 be confirmed as a true and correct record.

Simple Majority Required

MIN 1/12 MOTION – MOVED Cr Stokes seconded Cr Greenwood

That the minutes of the Audit Committee meeting held on 23 November 2009 be confirmed as a true and correct record.

Carried 3/0

6. AGENDA ITEMS

6.1 Appointment of Auditor (FIN-01)

Author – Graham Stanley, CEO, 10th March 2012

DECLARATION OF INTEREST

Nil

PREVIOUS REFERENCE

Item 11.9 – Ordinary Meeting 19 February 2009

BACKGROUND

Council appointed Mr Gregory Froomes Wyllie as its Auditor for the 2008-09, 2009-10 and 2010-11 financial years at its Ordinary Meeting on 19th February 2009. As the appointment has now expired Council is required to make a new appointment.

In 2009 tenders were called and only 2 tenders were received. UHY Haines Norton were the unsuccessful tenderer and their fee was almost double that of Mr Wyllie's. Mr Wyllie has the advantage of being a sole practitioner without the overheads of a large accounting firm so he can offer his services at a much lower price than his main competitors. Mr Wyllie has written to Council offering his services for a further 12 months at a price of \$7,150 plus GST. A copy of his proposal is included in the agenda envelope.

COMMENT

Mr Wyllie's price is very reasonable. By comparison UHY's price for the 2010-11 period was \$12,600 plus reasonable out-of-pocket accommodation, living and incidental expenses. Mr Wyllie is a very experienced and thorough Local Government Auditor. He usually creates minimal disruption while conducting his audit and makes the process much easier by providing staff a list of information that to have ready at the commencement of his audit. From discussions with Mr Wyllie I gather that he is nearing retirement and has proposed a 12 month reappointment so that Council is not locked into a long term contract in the event of an amalgamation and that he has the flexibility to only commit to a year at a time.

FINANCIAL IMPLICATIONS

Within Budget allowances.

POLICY IMPLICATIONS

Council's policy is to call tenders for the appointment of the auditor so to re-appoint Mr Wyllie would be contrary to the policy however this should be weighed against the considerable saving in staff and Council time in calling and dealing with tenders and a saving of \$500 to \$600 in advertising costs.

STATUTORY ENVIRONMENT

The Local Government Act 1995 in relation to the appointment of an auditor states:

7.2. Audit

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

7.3. Appointment of auditors

(1) *A local government is to, from time to time whenever such an appointment is necessary or expedient, appoint* a person, on the recommendation of the audit committee, to be its auditor.*

** Absolute majority required.*

(2) *The local government may appoint one or more persons as its auditor.*

(3) *The local government's auditor is to be a person who is —*

(a) *a registered company auditor; or*

(b) *an approved auditor.*

7.6. Term of office of auditor

(1) *The appointment of a local government's auditor is to have effect in respect of the audit of the accounts and annual financial report of the local government for a term of not more than 5 financial years, but an auditor is eligible for re-appointment.*

(2) *The appointment of an auditor of a local government ceases to have effect if —*

- (a) *his or her registration as a registered company auditor is cancelled;*
- (b) *his or her approval as an approved auditor is withdrawn;*
- (c) *he or she dies;*
- (d) *the auditor ceases to be qualified to hold office as auditor or becomes a disqualified person;*
- (e) *the auditor resigns by notice in writing addressed to the local government; or*
- (f) *the appointment is terminated by the local government by notice in writing.*

(3) *Where —*

- (a) *the registration of a local government's auditor as a registered company auditor is suspended; or*
- (b) *a local government's auditor becomes unable or unwilling to carry out all or part of his or her duties,*

the local government is to appoint a person to conduct the audit or to complete that part of the audit which remains to be conducted, as the case requires.*

** Absolute majority required.*

STRATEGIC PLAN IMPLICATIONS

Nil

FUTURE PLAN IMPLICATIONS

Nil

COMMUNITY CONSULTATION

Nil

OFFICER'S RECOMMENDATION

That the Audit Committee recommends to Council that Mr Gregory Froomes Wyllie be appointed as its Auditor for the 2011-12 financial year.

* Absolute majority required.

MIN 2/12 MOTION – MOVED Cr Stokes seconded Cr Greenwood

That the Audit Committee recommends to Council that Mr Gregory Froomes Wyllie be appointed as its Auditor for the 2011-12 financial year.

Carried 3/0 by absolute majority

6.2 Compliance Audit Return (FIN-01)

Author – Graham Stanley, 12 March 2011 Interest – Nil

PREVIOUS REFERENCE

Items 11.13 – 19 February 2009, 11.1 – 18 March 2010 and 11.3 17 March 2011 refer.

ATTACHMENTS

Copy of 2011 Shire of Tammin Compliance Audit Return

BACKGROUND

Each year, Council is required to complete and submit a Local Government Compliance Audit Return for period 1 January to 31 December. Completing the Return is a statutory requirement under the provisions of the Local Government Act 1995, and associated Regulations.

COMMENT

The Compliance Audit Return (CAR) for the Shire of Tammin for period 1 January 2011 to 31 December 2011 has been completed and a copy is attached to this agenda item.

An analysis of Council's documentation has revealed one instance where Council has failed to comply with the relevant legislation and required processes during the reporting period. That instance relates to the failure to lodge the Primary Return within the prescribed time as detailed in Section 5.75 of the Local Government Act 1995. Council's documentation reveals two counts of non-compliance.

The CAR is to be submitted to the Department of Local Government by 31 March in each year. Recent amendments to the Local Government (Audit) Regulations 1996 have changed the process in which the CAR is to be addressed by Council this year. It is a requirement for the Compliance Audit Return to be:

- a) Submitted to the Audit Committee for review and a report to Council.
- b) Presented to the Council at a meeting of the Council.
- c) Adopted by the Council; and
- d) Recorded in the minutes of the meeting at which it is adopted.

FINANCIAL IMPLICATIONS

Nil

POLICY IMPLICATIONS

Nil

STATUTORY ENVIRONMENT

Section 7.13(1) (i) of the Local Government Act 1995 provides Regulations may make provision –

- (i) *Requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are –*
 - (i) *Of a financial nature or not; or*
 - (ii) *Under this Act or another written law*

Clause 14 of the Local Government (Audit) Regulation 1996 provides that:

14. Compliance audits by local governments

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*

(3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*

(3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*

- (a) presented to the council at a meeting of the council; and*
- (b) adopted by the council; and*
- (c) recorded in the minutes of the meeting at which it is adopted.*

15. Compliance audit return, certified copy of etc. to be given to Executive Director

(1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*

- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
- (b) any additional information explaining or qualifying the compliance audit,*

is to be submitted to the Executive Director by 31 March next following the period to which the return relates.

(2) *In this regulation —*

certified *in relation to a compliance audit return means signed by —*

- (a) the mayor or president; and*
- (b) the CEO.*

FUTURE PLAN IMPLICATIONS

Nil

COMMUNITY CONSULTATION

Nil

STAFF RECOMMENDATION

That it be recommended to Council that the 2011 Compliance Audit Return for the Shire of Tammin be adopted by Council.

Simple Majority Required

MIN 3/12 MOTION – MOVED Cr Uppill seconded Cr Greenwood

That it be recommended to Council that the 2011 Compliance Audit Return for the Shire of Tammin be adopted by Council.

Carried 3/0

7. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

8. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING

9. CLOSURE OF MEETING

There being no further business the President closed the meeting at 12.20 pm.

Tabled before the Ordinary Council Meeting on 19 April 2012.

Cr Scott Uppill, President