

**SHIRE OF BRUCE ROCK**

**AUDIT COMMITTEE MEETING MINUTES 20 JUNE 2019**

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**SHIRE OF BRUCE ROCK**

**AUDIT COMMITTEE MEETING MINUTES 20 JUNE 2019**

**1. Declaration of Opening**

The Committee Chair, Stephen Strange declared the meeting open at 1.27pm.

**2. Record of Attendance / Apologies / Leave of Absence (Previously Approved)**

President	Cr SA Strange
Deputy President	Cr R Rajagopalan
Councillors	Cr AR Crooks
	Cr KP Foss
	Cr NC Kilminster
	Cr PG Negri
	Cr MK Thornton
	Cr BJ Waight
Chief Executive Officer	Mr DRS Mollenoyux
Deputy Chief Executive Officer	Mr A O’Toole
Manager of Finance	Mrs JL Bow
Executive Assistant	Mrs MJ Schilling
Apology	Cr IS Dolton

**3. Response to Previous Public Questions Taken on Notice**

**4. Public Question Time**

**5. Petitions / Deputations / Presentations / Submissions**

**6. Confirmation of Minutes**

**6.1. Audit Committee Meeting – 16 May 2019**

**COMMITTEE DECISION**

**Resolution ACM June 19 – 6.1**

**Moved: Cr Thornton**

**Seconded: Cr Rajagopalan**

**That the minutes of the Audit Committee held Thursday 16 May 2019 be confirmed as a true and correct record.**

**Carried 8/0**

## 7. Reports of Officers

### 7.1. Manager of Finance

<b>Agenda Reference and Subject:</b>	<b>7.1.1</b> Terms of Reference for Audit Committee
<b>File Reference:</b>	8.2.6.1 – Annual Audit
<b>Reporting Officer:</b>	Jennifer Bow, Manager of Finance
<b>Disclosure of Interest</b>	Nil

#### Summary

The Department of Local Government, Sport and Cultural Industries released a guide on the reforms to Local Government auditing in June 2018.

#### Background

The Guide into Local Government audit reforms was released in June 2018 and outlines the changes to the Local Government Act 1995 including the shift to the Office of Auditor General for responsibility of the annual and other audits; amendments to the Local Government (Financial Management) Regulations 1996 for timeframe of review of financial management systems; revaluing of assets and assets under \$5,000 and amendments to the Local Government (Audit) Regulations 1996 including role of the Audit Committee; the role of Council assisting the Auditor, timeframe for reviewing audit systems and procedures and the Compliance Audit Return.

#### Comment

The Audit Committee was presented with these changes in July 2018, however the terms of reference for the Audit Committee including the objectives, powers, membership and functions of the Audit Committee were not presented in detail.

The Auditor General has also made comment in the report tabled in Parliament regarding the 2017-18 Audit Results that they will release a report into the powers and responsibilities of the Audit Committee. However, until such time, it is deemed necessary for the Audit Committee to be made aware of its expanded role.

The Guide into Local Government Auditing Reforms – June 2018 is provided as an attachment to this agenda item for more information for Councillors.

The following terms of reference will underpin the Audit Committee:

#### **Objectives of the Audit Committee**

The primary objective of the Audit Committee is to accept responsibility for the annual external audit and liaise with the Local Government's Auditor so that Council can be satisfied with the performance of the Local Government in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Local Government's affairs, determining the Local Government's policies and overseeing the allocation of the Local Government's finances and resources. The Committee will ensure openness in the Local Government's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Local Government's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- the enhancement of the credibility and objectivity of external financial reporting;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- the provision of an effective means of communication between the external auditor, the CEO and the Council.

#### **Powers of the Audit Committee**

The Audit Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its Terms of Reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the Local Government that have not been delegated to the CEO.

The Committee is a formally appointed Committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

#### **Membership**

The Committee will consist of all elected members of Council. All members shall have full voting rights.

The CEO and employees are not members of the Committee.

The CEO and senior staff attend meetings to provide advice and guidance to the Committee.

The Presiding Member and Deputy Presiding Member must be elected in accordance with section 5.12 and Schedule 2.3 of the Act.

#### **Meetings**

The Committee shall meet when required but shall have no less than 3 meetings per year.

#### **Reporting**

Reports and recommendations of each Committee Meeting shall be presented to the next Ordinary Meeting of the Council and must be moved by the Presiding Member, or in his/her absence the Deputy Presiding Member, or in both their absences, any other member of the Committee.

#### **Functions of the Audit Committee**

The functions of the Committee, pursuant to Reg. 16 of the *Local Government (Audit) Regulations 1996* will be to:

- a) guide and assist the local government in carrying out its functions:
  - i. under Part 6 (Financial Management) of the Act; and
  - ii. relating to other audits and other matters related to financial management;
- b) guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 (Audit) of the Act;
- c) review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to:
  - i. report to the council the results of that review; and
  - ii. give a copy of the CEO's report to the council;
- d) monitor and advise the CEO when the CEO is carrying out functions in relation to a review under

- i. regulation 17(1); and
  - ii. the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- e) support the auditor of the local government to conduct an audit and carry out the auditor’s other duties under the Act in respect of the local government;
- f) oversee the implementation of any action that the local government:
  - i. is required to take by section 7.12A(3) of the Act; and
  - ii. has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a) of the Act; and
  - iii. has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
  - iv. has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);
- g) perform any other function conferred on the audit committee by these regulations or another written law.

**Consultation**

CEO, DCEO and MOF

**Statutory Implications**

Local Government Act 1995, Local Government (Audit) Regulations 1996

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

*Shire of Bruce Rock – Strategic Community Plan 2017-2027*

Governance

Goal 12 Council leads the organisation in a strategic and flexible manner

**Voting Requirements**

Simple Majority

**COMMITTEE DECISION**

**Resolution ACM June 19 – 7.1.1**

**Moved: Cr Rajagopalan**

**Seconded: Cr Kilminster**

**That the Audit Committee receives the Terms of Reference for the Audit Committee.**

**Carried 8/0**

**Agenda Reference and Subject:**

**7.1.2** Policy – Portable and Attractive Asset Register

**File Reference:**

8.2.6.1 – Annual Audit

**Reporting Officer:**

Jennifer Bow, Manager of Finance

**Disclosure of Interest**

Nil

**Summary**

The Local Government (Financial Management) Regulations 1996 have been amended to exclude assets under \$5,000 from being capitalised.

**Background**

An amendment to Regulation 17A now excluded assets that are valued \$5,000 at the time of acquisition from being capitalised. This regulation commenced on 1<sup>st</sup> July 2018.

However, the CEO must take all reasonable steps to prevent the theft or loss of non-consumable assets that are portable or attractive for personal use or resale.

**Comment**

This change to the Financial Management regulations is consistent with the State Government requirements where assets under \$5,000 are not capitalised and now this requirement has been enforced on local government.

The following policy has been drafted to ensure that acquisitions of items under \$5,000 that however are deemed to be attractive and portable must be recorded in a “Portable and Attractive Asset Register” and reviewed regularly.

The types of assets that are deemed attractive and portable are:

- mobile phones
- laptops
- printers
- portable electronic equipment including data projectors, cameras, drones
- tool sets (individual tools under \$500 will not be listed)
- trade tools including power tools, mowers, blowers and whipper snippers

Due to this amendment, the only assets that will be capitalised under \$5,000 will include land, however this is not deemed portable.

**Consultation**

CEO, DCEO and MOF and Auditors

**Statutory Implications**

Local Government Act 1995, Local Government (Financial Management) Regulations 1996

**Policy Implications**

Introduction of new policy for portable and attractive asset register

**Financial Implications**

Nil

**Strategic Implications**

*Shire of Bruce Rock – Strategic Community Plan 2017-2027*

Governance

Goal 12 Council leads the organisation in a strategic and flexible manner

**Voting Requirements**

Simple Majority

**COMMITTEE DECISION**

**Resolution ACM June 19 – 7.1.2**

**Moved: Cr Waight**

**Seconded: Cr Rajagopalan**

**That the Audit Committee endorses the new policy for the Portable and Attractive Asset Register and recommends to Council to adopt the policy to assist the CEO with preventing the theft or loss of portable and attractive items.**

**Carried 8/0**

**8. New Business of an urgent nature introduced by discussion of the meeting.**

**9. Closure of Meeting.**

The Committee Chairman, Mr Stephen Strange thanked everyone for their attendance and closed the meeting at 1.34pm.

These minutes were confirmed at a meeting on

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Cr Stephen Strange  
Shire President