



SHIRE
of
DANDARAGAN

MINUTES

for

AUDIT COMMITTEE MEETING

held

JURIEN BAY ADMINISTRATION CENTRE MEETING ROOM

on

WEDNESDAY 24 APRIL 2019

COMMENCING AT 2.50PM

MINUTES OF AUDIT COMMITTEE MEETING HELD WEDNESDAY 24 APRIL 2019
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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 2.50pm and welcomed those present.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Members Councillor K McGlew (Chair)
 Councillor A Eyre
 Councillor P Scharf
 Councillor D Slyn

Staff Mr S Clayton (Executive Manager Corporate & Community Services)

Apologies
 Mr B Bailey (Chief Executive Officer)

Leave of Absence

Nil

3. CONFIRMATION OF MINUTES**3.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD 28 MARCH 2019****AUDIT COMMITTEE DECISION**

Moved Cr Scharf, seconded Cr Eyre

That the Minutes of the Audit Committee Meeting held 28 March 2019 be confirmed.

CARRIED 4 / 0

4. MATTERS FOR DISCUSSION**4.1 AUDIT COMMITTEE – TERMS OF REFERENCE**

Location:	Shire of Dandaragan
Applicant:	N/A
Folder Path:	Business Classification Scheme / Corporate Management / Audit / Internal
Disclosure of Interest:	None
Date:	17 April 2019
Author:	Scott Clayton, Executive Manager Corporate & Community Services

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PROPOSAL

To recommend to Council the adoption of a formal "Terms of Reference" for the Audit Committee.

BACKGROUND

Due to amendments of the Local Government Act 1995 (Act) the Shire of Dandaragan established an audit committee at the Ordinary Meeting of Council held 5 May 2005.

At the Audit Committee meeting held 23 March 2006, it was resolved to;

AUDIT COMMITTEE DECISION

**Moved Councillor Short, seconded Councillor Love
That the Audit Committee recommends Council delegate the following roles and responsibilities to the Audit Committee by absolute majority;**

- 1. Annual Budget Review;**
- 2. Statutory Compliance Return;**
- 3. Appointment of Auditors; and**
- 4. Audit Report subject to confirmation from the Department of Local Government and Regional Development.**

CARRIED 4 / 0

At the Ordinary Meeting of Council held 27 April 2006 the minutes of the audit committee were presented for acceptance. The officer's comments in this item were as follows;

"The Audit Committee has requested delegated authority for several roles and responsibilities but unfortunately, the Local Government Act dictates that these need to be brought before the full Council for adoption / appointment. These include:

- *Annual Budget Review*
- *Statutory Compliance Return*
- *Appointment of Auditors*
- *Audit Report*

However, this doesn't preclude the Audit Committee from reviewing these documents and appointments and making recommendations to Council."

Subsequently, the following Council decision was made;

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OFFICER RECOMMENDATION 2 / COUNCIL DECISION

Moved Cr Russell, seconded Cr Short

That the Audit Committee review the following documents and appointments and make recommendations to Council;

- a. Annual Budget Review;
- b. Statutory Compliance Return;
- c. Appointment of Auditors; and
- d. Audit Report.

CARRIED 8 / 0

While the committee has always operated within its defined functions in accordance with legislation, other than the above recommendation, the role of the Audit Committee has never been documented within a terms of reference.

COMMENT

Section 7.1A of the Act states;

7.1A. Audit committee

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required.*

- (3) *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) *An employee is not to be a member of an audit committee.*

Section 16 of the Local Government (Audit) Regulations 1996 states;

16. Functions of audit committee

An audit committee has the following functions —

- (a) *to guide and assist the local government in carrying out —*
 - (i) *its functions under Part 6 of the Act; and*
 - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*

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- (c) to 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) to 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) to 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) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); 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) to perform any other function conferred on the audit committee by these regulations or another written law.

Whilst legislation is quite clear as to the role of an audit committee the Department of Local Government and Communities Local Government Guideline 9 states;

"Clear and comprehensive terms of reference, setting out the committee's roles and responsibilities, are essential and a model terms of reference for an audit committee is provided with this guideline."

The Term's of Reference (Doc Id: 132497) attached to this item has use the model terms of reference referred to above as a base document.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Section 7.1A of the Local Government Act 1995

Section 16 of the Local Government (Audit) Regulations 1996

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POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

2016 – 2026 Strategic Community Plan

<i>Goal 5 - Proactive and Leading Local Government</i>	
Objectives	How the Shire will Contribute
5.2 High Performing Administration	c) Compliance in all legislative requirements and functions

ATTACHMENTS

Circulated with the agenda is the following item relevant to this report:

- Proposed Terms of Reference (Doc Id: 132497)
(Marked 4.1)

VOTING REQUIREMENT

Simple majority

OFFICER RECOMMENDATION/AUDIT COMMITTEE DECISION

Moved Cr Eyre, seconded Cr Slyns

That it be recommended to Council the Proposed Terms of Reference (Doc Id: 132497) be adopted for the Shire of Dandaragan's Audit Committee.

CARRIED 4 / 0

5 CLOSURE OF MEETING

The Presiding Member declared the Meeting closed at 2.57pm.

These Minutes were confirmed at a Meeting on...*28 November 2019*.....

Signed.....*Leslee Holmes*.....

Presiding Person at the Meeting at which the Minutes were confirmed

Date...*28 November 2019*.....