



Shire of Victoria Plains

**Minutes of an Audit Committee Meeting held**

On	Wednesday 15 <sup>th</sup> January 2014
At	Council Chambers, Calingiri
Commencing	10.04am

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The meeting opened at 10.04am and nominations were called for the position of Chairperson.

Mr Nixon nominated Cr Lovelock.

No other nominations were received.

Cr Lovelock was elected Chairperson of the Audit Committee.

## 2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE GRANTED

<b>Chairperson:</b>	Cr D Lovelock	West Ward
<b>Councillors:</b>	Cr B Johnson Cr S Penn	East Ward South Ward
<b>Community Members:</b>	Mr G Nixon Mr G McGill	New Norcia Calingiri
<b>Auditor:</b>	Mr B-J Thomas	Anderson Munro & Wyllie
<b>Chief Executive Officer:</b>	Mr H Hawkins	
<b>Finance and Administration Manager/DCEO:</b>	Mr I Graham	

**Apologies:** Nil

## 3 MINUTES 30<sup>TH</sup> NOVEMBER 2012

### **Resolution 1/2014**

**Moved Cr Johnson seconded G McGill that the minutes of the Audit Committee meeting held 30<sup>th</sup> November 2012 be accepted.**

**Carried 5/0**

### 3.1 Business arising from minutes

Cr Lovelock

Major projects are to be managed by senior Council staff. A policy has been drafted and presented to Council. Policy was not accepted, but is to be re-presented to Council.

G McGill

Yes we did note that the Audit Committee had concerns and would like the matter raised with Council. In particular that senior council staff should manage major projects.

Why was the policy not accepted by Council?

Cr Johnson

There was an issue on the value of projects and not suppressing community involvement and enthusiasm.

H Hawkins

Council has approved the development of a policy for projects over \$20,000.

G Nixon

Must involve a council contribution and it is good governance. Council should have control.

G McGill

I don't like the word 'control'. I think it is a matter of over viewing the project and checking details.

H Hawkins

Our Community Development Officer (CDO) is now reviewing all projects and funding applications.

G Nixon

We had a large surplus last year – how did that go?

H Hawkins

Yes there were some issues with projects carried over. Now have a new Works and Services Manager and the works programme is back on track.

G McGill

What is happening with ROMAN?

H Hawkins

Consultants changed over from ROMAN I to ROMAN II and staff have had extra training. Also this was required for shires asset management.

Cr Johnson

ROMAN II and Asset Management has been a big cost. Has it been worthwhile and is it guiding our road programme?

H Hawkins

Yes, it is a legislative requirement and has been useful for forward planning.

## **4 GENERAL BUSINESS**

### **4.1 Annual Report 2012/2013**

B Thomas

Our audit and management letters are in the report. Nothing significant just a couple of minor transactional issues as reported in the management letter.

Cr Lovelock  
Have these minor issues been resolved?

I Graham  
Yes – transactions and processes have been corrected where required.

G McGill  
Could the auditor please comment on the Audit process?

B Thomas  
We are onsite for three days plus a significant amount of office work.

G McGill  
The audit report indicates that the Shire is in a good financial position. Previously we had adverse comments from auditors but these have now gone, due to good management.

Cr Lovelock  
There are some new financial ratios.

B Thomas  
Yes there are some new ratios. The Department of Local Government have issued guidelines on the new ratios and also they can be compared to other shires.

Considerable discussion was held in regard to financial ratios.

B Thomas  
Some of these ratios are subjective and a long term management tool for the Shire.

G McGill  
Does the auditor look at the ratios especially the 'red flags' and note that there may be issues?

B Thomas  
We would comment if it affected the financial position to the point that it was a concern.

H Hawkins  
We may have to watch the 'Own Source Resource' ratio and I have discussed this with the Deputy CEO.

G McGill  
If Council develops a policy in regard to responding to the financial ratios would the Audit Committee be involved or advised?

Cr Lovelock  
That would be a decision for Council.

G McGill

I am keen to get an understanding of what we (the Audit Committee) can and cannot do.

Discussion was held regarding the Financial Management Review. B Thomas advised it is more focussed on internal controls, normally conducted by an external auditor. No other small shires have internal audit functions.

Cr Johnson

I see internal audits being relevant to production, output and efficiencies e.g. are we completing our road projects?

B Thomas

An internal auditor can focus on specific areas depending on the scope and brief.

Cr Lovelock

Would like to consider the frequency of Audit Committee meetings, I suggest twice a year.

Cr Penn

As a councillor I consider that I am in touch due to monthly council meetings.

Cr Johnson

I believe that our Reserves are a little high, especially Plant and Equipment. Perhaps we need to look at the budget process.

G McGill

I think we need to discuss the relevance of the Audit Committee. Importantly; what is the role of the Audit Committee? We need to avoid irrelevant discussion including the independent members of the committee.

Cr Lovelock

Page 8 of the guidelines lists the duties and responsibilities.

H Hawkins

Page 7 may be relevant – Objectives of an Audit Committee.

Cr Lovelock

We should consider this and meet again in May/June for Budget review.

G McGill

Question in regard to length of sealed and unsealed roads in the shire. How do we compare to other shires in the Wheatbelt?

H Hawkins

The local government directory provides this information.

G McGill  
Could I have a copy of that directory?

H Hawkins  
Yes.

G Nixon  
What is Council policy on road sealing?

H Hawkins  
We don't have a fixed policy. We have concentrated on the AgLime Route and other projects using Royalties to Regions and Regional Road Group funds.

G Nixon  
What was the surplus as at 30<sup>th</sup> June 2013?

I Graham  
\$1.184M as reported in the Rate Setting Statement in the Annual Financial Report. The operating surplus was \$281,000. The surplus of \$1.184M included Financial Assistance Grants received in advance of \$430,000, other unspent grants \$319,000 and capital works (Bolgart East Road) \$370,000.

After taking these into account the remaining surplus was \$65,000.

**4 DECLARATION OF CLOSURE**

There being no further business the Chairperson declared the meeting closed at 12.00pm

Signed this ..... day of ..... 2014

Chairperson .....