



Confirmed Minutes for the Audit Committee Meeting

20th November 2019

COUNCIL CALENDAR		
Date	Time	Meeting
20 November 2019	2.00pm	Audit Committee Meeting

MEETING GUESTS

Nil



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MINUTES

**Shire of Narembeen
Audit Committee Meeting of Council
Wednesday 20th November 2019, commencing at 2.00pm**

1.0 Opening & Welcome

2.04pm - The Shire President, Cr Rhonda Cole welcomed everyone to the Audit Committee Meeting and declared the meeting open.

2.0 Attendance & Apologies

Attendance

Councillors

Cr Rhonda Cole	Shire President, Presiding Person
Cr Kellie Mortimore	Deputy Shire President
Cr Peter Lines	Member
Cr Scott Stirrat	Member
Cr Amy Hardham	Member

Staff

Mr Chris Jackson	Chief Executive Officer
Mr Scott Wildgoose	Executive Manager Corporate Services
Mrs Sheree Thomas	Community & Economic Development Officer (minute taker)
Miss Rachael Moore	Finance Officer

Public

Mrs Gina DeLuis
Mr Warren Milner
Mr Stephen Padfield

Apologies

Cr Alan Wright	Member
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3.0 Declarations of Interest

Nil

4.0 Minutes of Previous Meetings

4.1 Confirmation of Minutes of Audit Committee Meeting – 20th February 2019 **See binder attachment**

4.1.1 Confirmation of Minutes

Confirmation of Minutes from the Shire of Narembeen Audit Committee Meeting held on Wednesday 20th February 2019.

RECOMMENDATION:

That the minutes of the Shire of Narembeen Audit Committee Meeting held on Wednesday 20th February 2019 be confirmed as a true and accurate record of the proceedings.

COMMITTEE RESOLUTION

MIN 6947/19

MOTION - Moved Cr. S Stirrat

2nd Cr. K Mortimore

That the minutes of the Shire of Narembeen Audit Committee Meeting held on Wednesday 20th February 2019 be confirmed as a true and accurate record of the proceedings.

CARRIED 5/0

2.06pm – Mrs Gina DeLuis entered the meeting.

2.12pm – Mr Warren Milne entered the meeting.

2.13pm – Mr Stephen Padfield entered the meeting.

5.0 REPORTS

AGENDA ITEM: 6.1 - Shire of Narembeen Annual Report 2018/2019

Subject:	Shire of Narembeen Annual Report 2018/2019
Applicant:	Shire of Narembeen
File Ref:	ADM477
Disclosure of Interest (Staff):	Nil
Disclosure of Interest (Member):	Nil
Author:	Scott Wildgoose, Executive Manager Corporate Services
Date:	12 November 2019
Attachments:	Shire of Narembeen Annual Report 2018/2019 inclusive of the Annual Financial Report for the 2018/2019 financial year and the Independent Auditors Report (see attachment binder)

SUMMARY

To review the Shire of Narembeen Annual Report and Annual Financial Report as required by regulation.

BACKGROUND

Each year, Local Governments are required to produce an Annual Report which includes an audited Annual Financial Report (Local Government Act 1995 s5.53).

COMMENT

The audited Annual Financial Report for the 2018/2019 financial year has been received together with the Independent Auditor's Report and Management Report and is presented to the Audit Committee for consideration and recommendation to Council.

Council's auditor reported that in his opinion the Shire of Narembeen's financial report complies with the Local Government Act and associated Regulations and gives a true and fair view of the Shire's financial position and its financial performance and cash flows as at 30 June 2019 and complies with Australian Accounting Standards. This means the audit is a clean (unqualified) audit report.

In the management letter, the auditors have also acknowledged that all required information and explanations were obtained, all audit procedures were satisfactorily completed and the asset consumption ratio and asset renewal ratio were supported by verifiable information and reasonable assumptions.

This year's Annual Financial Report has an increased number of notes mostly related to the changes in accounting standards and regulations. Overall the Shire has experienced minimal impact from the standard changes with the main changes being:

- Other Financial Assets – this includes term deposits, investment in Local Government House Trust and loans receivable
- Property, Plant and Equipment, and Infrastructure – Financial Management Regulation 17A was amended to set a minimum asset value of \$5,000 – as such the Shire reviewed assets in the asset register and wrote off a number of assets with an opening valuation under \$5,000 – these are shown in notes 9 and 10 as assets written off and total \$57,923 in assets.
- The shire experienced no impact from the new standards relating to leases and contracts with customers.

- Credit Risk on Sundry Receivables – in the past the Shire has used a provision for doubtful debts to manage and receivables that may be written off throughout the year – the introduction of AASB 9 now provides an approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. Essentially the Shire has determined that debts owed (not rates) that are more than 90 days past due have a 42% chance of default. Although these debts are not very high and amounts to an expected credit loss at 30 June 2019 of \$3,596.

Overall the Shire has seen an improvement in its ratios – this is mostly due to the expenditure on capital assets in 2018/2019 being of a replacement/renewal basis as opposed to the creation of a new asset and also due to the Shire’s strong end of year surplus position. These ratios may change again next year but the negative trend that was noted last year is not evident in 2018/2019.

The Shire finished with a strong surplus position of \$1,892,362 however it is worth noting that this figure was inflated by WANDRRA money yet to be received for works completed in 2018/2019 – this accounts for \$1,048,561 of the surplus position. This will not occur again in 2019/2020 and the Shire needs to remain conscious of its operating expenditure and budget management in the years to come. The Shire did budget for an opening surplus of \$1.8m in the 2019/2020 Annual Budget so there should not be major changes required in this area as a result of the audit during the budget review period.

The Shire President and Deputy President as well as the Chief Executive Officer and Executive Manager Corporate Services attending a close of audit meeting/phone conference with the Shire’s auditors, and all parties were satisfied with the audit process and findings.

As well as the Annual Financial Report the Shire’s Annual Report also contains a report from the Shire President and CEO, information relating to the Strategic Community Plan and projects undertaken in 2018/2019 and projects planned for 2019/2020, the Narembeen CRC Annual Report and statutory compliance information relating to items such as:

- Freedom of Information
- Complaints Received
- Employee Salaries over \$100,000
- Disability Access and Inclusion
- Record Keeping
- Competitive Neutrality

The Shire had no notifiable issues or items of note to disclose for 2018/2019 financial year.

CONSULTATION

Chief Executive Officer
Executive Manager Corporate Services
Auditors, Moore Stephens

STATUTORY IMPLICATIONS

Local Government Act 1995, Part 5 Administration

5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - a) a report from the mayor or president; and
 - b) a report from the CEO; and
 - [(c), (d) deleted]
 - e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and

- f) the financial report for the financial year; and
- g) such information as may be prescribed in relation to the payments made to employees; and
- h) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
 - (ha) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and
 - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - (i) the number of complaints recorded in the register of complaints; and
 - (ii) how the recorded complaints were dealt with; and
 - (iii) any other details that the regulations may require;
- i) and such other information as may be prescribed.

Local Government (Financial Management) Regulations 1996, Part 4 Financial Reports

- r36. Annual financial report, content of (Act s. 6.4(2))
- r37. Trust fund, information about in annual financial report
- r38. Reserve accounts, information about in annual financial report
- r39. Rates, information about in annual financial report
- r40. Service charges, information about in annual financial report
- r41. Fees and charges, information about in annual financial report
- r42. Discounts for early payment etc., information about in annual financial report
- r43. Interest charges etc., information about in annual financial report
- r44. Fees etc. to council members, information about in annual financial report
- r45. Trading undertakings, information about in annual financial report
- r46. Major land transactions, information about in annual financial report
- r47. Completed major land transactions, information about in annual financial report
- r48. Borrowings, information about in annual financial report
- r49. Invested money, information about in annual financial report
- r50. Financial ratios to be included in annual financial report
- r51. Annual financial report to be signed etc. by CEO and given to Department

FINANCIAL IMPLICATIONS

There are no unforeseen financial implications associated with this report.

POLICY IMPLICATIONS

There are no known policy implications in considering this item.

STRATEGIC PLAN REFERENCE

Shire of Narembeen Strategic Community Plan 2017 – 2027

Goal 2: Internal and external relationships actively grow our Shire population and positive financial position.

2.1 Our organisation model is responsive to economic conditions, the delivery of core services and infrastructure so too the successful pursuit of economic opportunities that benefit our community.

RELATED PARTY TRANSACTIONS

There are no known related party transactions associated with this item.

OFFICER RECOMMENDATION

That Council:-

1. Adopt the Shire of Narembeen Annual Report 2018/2019, including the Annual Financial Report and Independent Auditor's Report.
2. Advertise for the Shire of Narembeen Annual Electors Meeting to be held at 11.00am on Wednesday 18th December 2019 in Council Chambers.

COMMITTEE RESOLUTION

MIN 6948/19

MOTION - Moved Cr. A Hardham

2nd Cr. S Stirrat

That Council:-

1. *Adopt the Shire of Narembeen Annual Report 2018/2019, including the Annual Financial Report and Independent Auditor's Report.*
2. *Advertise for the Shire of Narembeen Annual Electors Meeting to be held at 1.00pm on Wednesday 18th December 2019 in Council Chambers.*

CARRIED 5/0

Reason for Change: Council felt that the time for the Annual Elector's Meeting should be changed to 1.00pm, just before the Ordinary Meeting of Council on Wednesday 18th December 2019.

6.0 Other Business

Nil

7.0 Next Meeting

To be advised.

8.0 Closure

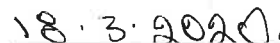
There being no further business the Chair declared the meeting closed at 2.20pm.

9.0 Certification of Meeting Minutes

I, Cr Rhonda Cole, Shire President certify that the Minutes of the Audit Committee held on 20th November 2019, as show on pages 1 to 9 are confirmed as a true and correct record of the meeting.



Cr Rhonda Cole
PRESIDING PERSON



Date