



**MINUTES OF COUNCIL
AUDIT COMMITTEE
HELD ON
TUESDAY
8 DECEMBER 2015**



1 Declaration of Opening

The Shire President presiding as the Chairperson for the Audit Committee declared the Audit Committee meeting open at 5.30pm

1.1 Recording of Those Present

Cr K J Chappel President
Cr D B Collins
Cr J M Coaker Cr
D S Agar
Cr K P Stokes

Mr J Roberts Chief Executive Officer
Ms F Gledhill Manager of Accounting and Finance

1.2 Apologies

1.3 Cr D S Carslake Deputy President

1.4 Cr M J Thornton

1.5 Approved Leave of Absence

Nil

1.6 Welcoming of Visitors to the Meeting

No visitors were present

2 Public Question Time

Nil

3 Declaration of Interest

Nil

4 Reports of Committees and Officer

4.1 Annual Auditors Report 30 June 2015

4.2 Telephone Linkup with Travis Bate, Principal, RSM Bird Cameron, to discuss the 2014/2015 Annual Financial Report

4.3 The Audit Committee held a Telephone conference with Travis Bate, Principal, RSM Bird Cameron, to discuss the 2014/2015 Annual Financial Report resulting in a sound and satisfactory audit on the financials for the Shire of Morawa.

<i>Item No:</i>	7.2
<i>Subject:</i>	2014/15 Annual Auditor's Report & Management Report for year ending 30 June, 2015
<i>Date of Meeting:</i>	8 December, 2015
<i>Date & Author:</i>	1 December, 2015 –Fred Gledhill
<i>Responsible Officer:</i>	Fred Gledhill
File Number:	
Previous minute/s & Reference	18 December, 2014

SUMMARY

The purpose of this report is for Council to give consideration to the Auditor's Report and Management Report for the Shire of Morawa for the year ended 30 June 2015.

DECLARATION OF INTEREST

ATTACHMENTS

Copy of Management Report for the Year Ended 30 June 2015 received from David Wall, Director RSM Australia Pty Ltd.

BACKGROUND INFORMATION

It is a statutory requirement that all Local Governments conduct an independent audit of the accounts and financial statements of the entity at the completion of each financial year.

The Morawa Shire Council Audit Committee must then consider this report and provide endorsement to the actions and strategies as determined by Council in response to the report.

OFFICER'S COMMENT

The 2014/15 Audit revealed that there were no compliance matters identified.

The Auditors did identify issues that warranted action in regards to –

1. Credit Card Support

The auditors noted that not all Credit Card transactions had supporting invoices attached to them or the supporting invoices could not be located.

Staff Comment – Procedures for balancing of the Credit Cards has been reviewed to ensure supporting invoices are attached to the monthly credit statements and the reconciliation of the statements signed off accordingly.

2. Monthly Bank Reconciliations

During testing of the monthly bank reconciliation process it was identified that some bank reconciliations had no evidence of review.

Staff Comment – Monthly reconciliations are prepared on a monthly basis and every endeavour is to have these completed by the first week of the following month. The reconciliations are prepared and then reviewed by senior staff independent of the preparer. Follow up procedures are now in place to ensure the senior staff reviewing the reconciliation gives evidence of reviewing the reconciliation.

3. Overhead Allocation

During testing of the overhead allocation reconciliation it was noted that staff housing allocation cost amounts in the General Ledger were understated in the Statement of Comprehensive Income by \$141,314. The failure to fully allocate these amounts does not affect the operating results of the Shire and, on this occasion, the Shire determined that these amounts are not material and did not adjust the allocations to the program titles in Statement of Comprehensive Income.

Staff Comment – Due to significant staff changes during the 14/15 financial year and with a redefined Organisational Chart it is noted that the housing allocations require reallocation to programs more suited to the employees current roles. The housing allocations are under review to ensure that amounts allocated will be disclosed appropriately in 15/16

4. Tender Register

The Tender Register did not include the name of the successful tenderer or the amount of the consideration sought in the tender accepted by the Shire as required by Regulation 17 of the Local Government (Functions and General) Regulations 1996.

Staff Comment – This finding was noted during the Audit and the Tender Register updated accordingly.

STATUTORY ENVIRONMENT

Local Government Act 1995

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

As provided above.

STRATEGIC IMPLICATIONS

Nil

RISK MANAGEMENT

Establishment of appropriate internal controls and procedures minimises the risk of oversight and loss to the Shire of Morawa.

VOTING REQUIREMENTS

Absolute Majority

OFFICER'S RECOMMENDATION

It is recommended that:-

The Audit Committee endorses the Auditor's Report and Management Report for the year ended 30 June 2015.

1511001 Moved Cr K P Stokes
 Seconded Cr D B Collins

That the Audit Committee endorses the Auditor's Report and Management Report for the year ended 30 June 2015.

**CARRIED 5/0
Absolute Majority**

Next Meeting

The next meeting of the Morawa Shire Council Audit Committee is to be advised.

Meeting Closure

The Shire President declared the meeting closed at 5.40pm

