



# **MINUTES**

## **AUDIT COMMITTEE MEETING**

**TUESDAY 26 AUGUST 2008**

**COMMENCING AT 3.30PM**

**In Shire Meeting Room 2**

# **26 AUGUST 2008**

**OUR MISSION**

***"To provide a quality range of affordable and sustainable services to our community with a strong commitment to customer focus so that our citizens and visitors enjoy a quality lifestyle."***

**CORE VALUES OF THE SHIRE**

***The core values that underpin the achievement of the mission will be based on a strong customer service focus and a positive attitude:***

**Communication**

**Respect**

**Integrity**

**Transparency**

**Courtesy**

**DISCLAIMER**

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

Persons should be aware that the provisions of the Local Government Act 1995 (Section 5.25 (e)) establish procedures for revocation or rescission of a Council decision. No person should rely on the decisions made by Council until formal advice of the Council decision is received by that person. The Shire of Broome expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a Member or Officer, or the content of any discussion occurring, during the course of the Council meeting.

**SHIRE OF BROOME**

**AUDIT COMMITTEE MEETING  
26 AUGUST 2008**

**TO BE HELD IN MEETING ROOM 2  
COMMENCING AT 3.35PM**

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## NOTICE OF MEETING

Dear Committee Member

The next Audit Committee Meeting of the Shire of Broome will be held on Tuesday 26 August 2008, in Meeting room 2, Corner Weld and Haas Streets, Broome, commencing at 3.30pm.

Regards



K R DONOHOE  
Chief Executive Officer

19 August 2008



**4. ITEMS FOR DISCUSSION**

**4.1 FINANCIAL MANAGEMENT REVIEW REPORT – MAY 2008**

<b>LOCATION/ADDRESS:</b>	N/A
<b>APPLICANT:</b>	N/A
<b>FILE:</b>	FRE 02
<b>AUTHOR:</b>	Manager Financial Services
<b>CONTRIBUTOR/S:</b>	Accountant, Senior Officers
<b>RESPONSIBLE OFFICER:</b>	Director Corporate Services
<b>DISCLOSURE OF ANY INTEREST:</b>	Nil
<b>DATE OF REPORT:</b>	7 July 2008

**SUMMARY:** Financial management review of the Shires operations required to be completed at least once every four years.

**BACKGROUND**

Previous Considerations

Nil

As part of the financial management duties of the CEO, Local Government (Financial Management) Regulations 1996 require that the CEO undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews. In this regard the CEO has engaged auditor David Tomasi of UHY Haines Norton, to conduct a comprehensive review.

The objective of the engagement was to test the financial management system of the Shire of Broome and receive a report on the appropriateness and effectiveness of the control environment within, as required by FM Reg 5(2)(c).

This report summarises the factual findings and observations of the audit examination and includes recommendations from the auditors that are considered appropriate for the Shire to improve any weaknesses in systems and controls. **Attached to each recommendation is an action taken or proposed by staff to address specific issues.**

The audit examination covered the period July 2007 to March 2008 and considered the following financial systems and procedures of Council:

- Bank Reconciliations and Petty Cash
- Trust Fund
- Receipts and Receivables
- Budget
- Rates
- Fees and Charges
- Purchases, Payments and Payables
- Wages and Salaries
- Fixed Assets

- Financial Reports
- Minutes and Meetings
- Annual Electors Meeting
- Plan for the Future of the District
- Registers (i.e. tenders, financial interest, contracts and legal documents)
- Delegations
- Audit Committee
- Insurance
- Storage of Documents/Record Keeping
- Other Matters

The auditors did not necessarily examine compliance with provisions of the LGA or Regs, which were not financial in nature. That is, Parts 2, 4, 8 and 9 of the LGA, some provisions of Parts 3 and 5 as well as most Regs (apart from the FM Regs), which did not impact on the areas examined above.

It should be noted that this examination was not an assurance engagement, audit or review in accordance with the Framework for Assurance Engagements, Australian Auditing Standards (ASAs), Auditing Standards on Review Engagements (ASREs) or Standards on Assurance Engagements (SAEs).

The role of expressing assurance on balances rests with the external audit function and those procedures will be carried out separately from this examination with a view to forming an opinion on the financial report (consistent with the requirements of Australian Auditing Standards and LGA) subsequent to the conclusion of the current financial year (30 June 2008). The final external audit is scheduled to take place in October 2008.

The objective was to examine the appropriateness and effectiveness of the financial management systems and procedures of the Shire on behalf of the CEO, with the report intended solely to assist the CEO prepare their review for presentation to Council as required by FM Reg 5 (2) (c). It is not intended to express or imply any assurance.

It has taken the form of an agreed upon procedures engagement in accordance with Australian Auditing Standards and is in addition to our role as external auditors.

The audit examination and this report should be considered on this basis.

In reporting the results of the review to the local government, section 3.0 of the report summarises exceptions and provides auditor recommendations to address the issues raised.

Staff have noted actions against each recommendation in order to address the specific issues.

## **CONSULTATION**

Nil

## **STATUTORY ENVIRONMENT**

Local Government Act 1995

*Section 6.5. Accounts and records*

Chairperson .....Date .....

The CEO has a duty —

- (a) to ensure that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government; and
- (b) to keep the accounts and records up to date and ready for inspection at any time by persons authorised to do so under this Act or another written law.

Local Government (Financial Management) Regulations 1996

Regulation 5. Financial management duties of the CEO

- (1) Efficient systems and procedures are to be established by the CEO of a local government —
  - (a) for the proper collection of all money owing to the local government;
  - (b) for the safe custody and security of all money collected or held by the local government;
  - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);
  - (d) to ensure proper accounting for municipal or trust —
    - (i) revenue received or receivable;
    - (ii) expenses paid or payable; and
    - (iii) assets and liabilities;
  - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments;
  - (f) for the maintenance of payroll, stock control and costing records; and
  - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
- (2) The CEO is to —
  - (a) ensure that the resources of the local government are effectively and efficiently managed;
  - (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
  - (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 4 financial years) and report to the local government the results of those reviews.

## **POLICY IMPLICATIONS**

Nil

## **FINANCIAL IMPLICATIONS**

Nil

## **STRATEGIC IMPLICATIONS**

### **People**

Effectively engage with our community by providing information.

**Place**

Achieve positive long-term economic, social and environmental benefits.

**Prosperity**

Build the Shire's organisational capacity to service the needs of a growing community

**VOTING REQUIREMENTS**

Simple Majority

**The Chief Executive Officer departed the meeting at 4.35pm and returned at 4.38pm.**

**COUNCIL RESOLUTION**  
**(REPORT RECOMMENDATION)**

**Moved: Cr P D Matsumoto**

**Seconded: Cr R J Lander**

**That the Audit Committee recommends that Council:**

- 1. Adopts the Financial Management Review May 2008.**
- 2. Implements actions to recommendations during 2008/2009.**

**CARRIED UNANIMOUSLY**

[Attachment: 29 pages](#)

**5 NEXT MEETING**

The next meeting will be convened to coincide with the Annual Financial Report in November 2008 held in the Committee Room of the Shire Offices.

**6 MEETING CLOSURE**

There being no further business the Chairperson declared the meeting closed at 4.54pm.