



SHIRE OF
Chapman Valley
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UNCONFIRMED MINUTES

FINANCE, AUDIT & RISK COMMITTEE MEETING

2nd December 2019

COUNCIL CHAMBERS NABAWA

9.03AM

Committee Purpose & Delegations

Will meet on an annual basis to provide a review of Council's ongoing financial situation, provide a forum for ongoing review of strategic management plan for Council operations and discuss the Audit System

Delegation – Nil

The Finance, Audit & Risk Committee is comprised of:

4 x Councillors

Cr Farrell

Cr Forth

Cr Humphrey

Cr Royce

Observers:

Chief Executive Officer

Manager Finance & Corporate Services

Accountant

DISCLAIMER



No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on written confirmation of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

A handwritten signature in black ink, appearing to read "M. Battilana", is written over a large, stylized, circular scribble.

Maurice Battilana
CHIEF EXECUTIVE OFFICER

UNCONFIRMED MINUTES

FINANCE, AUDIT & RISK COMMITTEE MEETING TO BE HELD IN THE COUNCIL CHAMBERS, NABAWA 2nd DECEMBER 2019 AT 9:03AM

ORDER OF BUSINESS

1.0 Election of Presiding Member and Declaration of Opening / Announcements of Visitors

The Chief Executive Officer opened the meeting at 9.03AM and called for nominations for Presiding Member.

Cr Forth Nominated Cr Farrell as Presiding Member of the Shire of Chapman Valley's Finance, Audit & Risk Management Committee.

(Note: The Chief Executive Officer confirmed discussions with Cr Farrell he was willing to accept this nomination)

The Chief Executive Officer called for any further nominations.

There being no further nominations the Chief Executive Officer declared Cr Farrell as Presiding Member of the Shire of Chapman Valley's Finance, Audit & Risk Management Committee.

Temporary Presiding Member

In the absence of Cr Farrell (Committee Presiding Members) Cr Forth nominated Cr Royce to act as Temporary Presiding Member for this Committee Meeting only.

Cr Royce accepted the position for this Committee Meeting only and presided over the remainder of the meeting.

2.0 Announcements from the Presiding Member

Nil

3.0 Attendance

3.1 Present

a. Councillors

Members
Cr Darrell Forth
Cr Trevor Royce

b. Staff

Officer	Position
Mr Maurice Battilana	Chief Executive Officer
Mrs Dianne Raymond	Manager of Finance & Corporate Services

c. Visitors

Nil

3.2 Apologies

Cr Farrell
Cr Humphrey

4.0 Declaration of Interest

Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.

Section 5.60A:

*"a person has a **financial interest** in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person."*

Section 5.60B:

*"a person has a **proximity interest** in a matter if the matter concerns –
(a) a proposed change to a planning scheme affecting land that adjoins the person's land; or
(b) a proposed change to the zoning or use of land that adjoins the person's land; or
(c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land."*

Regulation 34C (Impartiality):

*"**interest** means an interest that could, or could reasonably be perceived to, adversely affect the **impartiality** of the person having the interest and includes an interest arising from kinship, friendship or membership of an association."*

Councillor	OCM Month & Year	Date Approved	Minute Reference
Nil			

5.0 Petitions / Deputations / Presentations

Nil

6.0 Confirmation of Minutes from previous meetings

COMMITTEE RECOMMENDATION

MOVED: CR FORTH

SECONDED: CR ROYCE

Finance, Audit & Risk Committee Meeting held on 17th July 2019

Recommend that the Minutes of the Finance and Audit Committee of the Shire of Chapman Valley held on 17th July 2019 be confirmed as a true and accurate record of proceedings.
(Attachment 6.0(a)).

CARRIED
Voting 2/0
Minute Reference FARC 12/19 - 1

7.0 Items to be dealt with En Bloc

Nil

8.0 Officers' Reports

8.1 Independent Audit Report

8.2 Management Report

8.3 Appointment External Representative to Committee

Manager Finance & Corporate Services Report December 2019

Contents

8.0 AGENDA ITEMS

- 8.1 Independent Audit Report (30 June 2019)
- 8.2 Management Report (30 June 2019)
- 8.3 Appointment Independent & External Member

AGENDA ITEM:	8.1
SUBJECT:	INDEPENDENT AUDIT REPORT – 30 JUNE 2019
PROPONENT:	FINANCE, AUDIT & RISK COMMITTEE
SITE:	COUNCIL CHAMBERS
FILE REFERENCE:	403.05 & 305.05
PREVIOUS REFERENCE:	N/A
DATE:	2ND DECEMBER 2019
AUTHORS:	DIANNE RAYMOND

SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
8.1(a)	Independent Audit Report 30 June 2019	√	

DISCLOSURE OF INTEREST

Nil

BACKGROUND

The Shire of Chapman Valley has received the Independent Audit Report from its Auditors - Moore Stephens (Please refer to Audit Report Letter submitted at **Attachment 8.1(a)**).

COMMENT

Shire staff, with elected member Cr Forth met via teleconference with Moore Stephens on 13th November 2019 for an audit exit meeting. Greg Godwin, Audit Partner from Moore Stephens reported on Key Audit Risks and Focus Areas as outlined in the original Audit Strategy Memorandum. The exit meeting did not highlight any issues of significance risk or fraud; however, did highlight an area of significant adverse trend. The Operating Surplus Ratio has been below the industry benchmark and Office of Auditor General threshold for three consecutive years. The Operating Surplus Ratio considers the shire's "Own Source Revenue", excluding all grant funding. It is to be noted this shire, as with many other of similar size and nature, rely heavily on grant funding to sustain its expenditure, roadworks in particular. In relation to matters raised as a significant item, Section 7.12A(4)(a) of the Local Government Act 1995 states:

- (4) *A local government must —*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.*

A copy of the Local Government Operational Guidelines to Financial Ratios outlining this ratio and benchmarking standards is tabled below.

Operating Surplus Ratio

$$\text{Operating Surplus Ratio} = \frac{(\text{Operating Revenue MINUS Operating Expense})}{\text{Own Source Operating Revenue}}$$

Purpose: This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.

Standards: **Basic** Standard between 1% and 15% (0.01 and 0.15)
Advanced Standard > 15% (>0.15).

Definitions:

'Operating Revenue' Means the revenue that is operating revenue for the purposes of the AAS, excluding grants and contributions for the development or acquisition of assets.

'Operating Expense' Means the expense that is operating expense for the purposes of the AAS.

'Own Source Operating Revenue' Means revenue from rates and service charges, fees and user charges, reimbursements and recoveries *, interest income and profit on disposal of assets.

Shire reportable ratio for the last three annual financial statements is listed below:

Annual Financial Report	2019	2018	2017
Ratios	Actual	Actual	Actual
Operating surplus ratio	(0.22)	(0.33)	(0.12)

While it is acknowledged this ratio is a negative value, it must also be acknowledged the Shire is heavily reliant on the grant funding year to year and would be difficult to achieve huge improvement without increased rate revenue adversely impacting ratepayers. Rate increases have been kept consistent with the Long-Term Financial Plan with adopted increases over the past five years tabled below:

Year	GRV Rate Revenue	UV Rate Revenue	Total Rate Revenue	% Rate Revenue Increase from Prev. Year
2019/2020	573,853	2,279,004	2,852,857	4.80
2018/2019	\$550,757	\$2,171,361	\$2,722,118	5.0%
2017/2018	\$518,254	\$2,058,711	\$2,576,965	4.0%
2016/2017	\$499,918	\$1,979,630	\$2,479,548	5.8%
2015/2016	\$455,329	\$1,888,236	\$2,343,565	5.3%

(Note: This is an average of 4.98% per annum over the past 5 years, which is consistent with the LTFP average of 5%pa)

In order to address this adverse trend, the Shire will continue to monitor its operating revenue and expenditure and attempt to reduce the ratio over time. It is not however feasible to increase rate revenue substantially to improve this figure; nor is the revenue raised from fees and charges significant enough to impact this ratio.

Clearly fundamental change to the reporting guidelines around local government sustainability using this ratio is required. Without such change all small local governments will remain affected due to reliance on grant funding for which yearly road programs are a large component.

STATUTORY ENVIRONMENT

Part 7 *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The long term financial viability of the Shire is of importance for future service delivery levels provided to the Shire's constituents.

- **Long Term Financial Plan (LTFP):**

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

STRATEGIC IMPLICATIONS

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

- **Strategic Community Plan/Corporate Business Plan:**

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.

CONSULTATION

Council staff have been in contact and discussion with Council auditors throughout the audit review process. All Councillors were invited to attend the audit exit meeting.

RISK ASSESSMENT

The management report has not highlighted any significant areas of risk.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

VOTING REQUIREMENTS

Simple Majority

COMMITTEE / STAFF RECOMMENDATION

MOVED: CR ROYCE

SECONDED: CR FORTH

The Finance, Audit & Risk Committee recommends to Council the Final Audit Report of the Shire of Chapman Valley, provided to the Chief Executive Officer, for the year ending 30 June 2019 be received and, other than monitoring the levels and trends of all ratios, there are no actions required out of the report.

CARRIED

Voting 2 / 0

Minute Reference FARC 12/19 - 2

MOORE STEPHENS

INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF CHAPMAN VALLEY

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the accompanying financial report of the Shire of Chapman Valley (the Shire), which comprises the Statement of Financial Position as at 30 June 2019, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Chapman Valley:

is based on proper accounts and reports; and
fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF CHAPMAN VALLEY (CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF CHAPMAN VALLEY (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) In our opinion, the following matters indicate a significant adverse trend in the financial position of the Shire:
 - i. The Operating Surplus Ratio has been below the DLGSCI standard for all 3 years reported in the annual financial report.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Chapman Valley for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.


GREG GODWIN
PARTNER

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 25th day of November 2019.

AGENDA ITEM:	8.2
SUBJECT:	MANAGEMENT REPORT - 30 JUNE 2019
PROPONENT:	FINANCE, AUDIT & RISK COMMITTEE
SITE:	COUNCIL CHAMBERS
FILE REFERENCE:	403.05 & 305.00
PREVIOUS REFERENCE:	N/A
DATE:	2ND DECEMBER 2019
AUTHORS:	DIANNE RAYMOND

SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
8.2(a)	Management Report 30 June 2019	√	

DISCLOSURE OF INTEREST

Nil

BACKGROUND

The Shire of Chapman Valley has received the final Management Report from its Auditors Moore Stephens. (Please refer to **Attachment 8.2(a)**).

COMMENT

The Management Report is attached with no significant items to highlight, noting only the matter of Trust Funds for review due to the new interpretation by the Office of Auditor General in relation to these monies.

STATUTORY ENVIRONMENT

Part 7 *Local Government Act 1995* and the Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The long term financial viability of the Shire is of importance for future service delivery levels provided to the Shire's constituents.

- **Long Term Financial Plan (LTFP):**

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

STRATEGIC IMPLICATIONS

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

- **Strategic Community Plan/Corporate Business Plan:**

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.

CONSULTATION

Council staff have been in contact and discussion with Council auditors throughout the audit review process. All Councillors were invited to attend the audit exit meeting.

RISK ASSESSMENT

The audit report has not highlighted any significant areas of risk.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

VOTING REQUIREMENTS

Simple Majority

COMMITTEE / STAFF RECOMMENDATION

MOVED: CR FORTH

SECONDED: CR ROYCE

The Finance, Audit & Risk Committee recommends to Council the Management Report for year ending 30 June 2019 be received and, other than review of Trust Funds there are no actions required out of the report.

CARRIED

Voting 2 / 0

Minute Reference FARC 12/19 - 3

25 November 2019

The Shire President
Shire of Chapman Valley
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NABAWA WA 6532

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Dear Cr Farrell

MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2019

We advise that we have completed our audit procedures for the year ended 30 June 2019.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted the following matters we wish to draw to your attention:

Trust Funds

We noted the Shire held bonds and deposits and other monies in the Trust account.

Based on the Western Australia Office of the Auditor General's position paper 1, issued on 1 July 2019, unless agreements between developers/hirers and the entity/shire require bond moneys to be held in the Trust Fund, they should not be held in the Trust Fund.

We recommend the Shire review the monies held in Trust and where no specific agreement is in place for monies to be held in the Trust Fund, these monies should be transferred to the Municipal Fund. Separate accounting records should be maintained for those monies, to ensure they are used for the correct purpose.

We take this opportunity to thank the Shire for their assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully


Greg Godwin
Partner
Moore Stephens

Encl.

AGENDA ITEM:	8.3
SUBJECT:	APPOINTMENT EXTERNAL REPRESENTATIVE TO COMMITTEE
PROPONENT:	FINANCE, AUDIT & RISK COMMITTEE
SITE:	COUNCIL CHAMBERS
FILE REFERENCE:	403.05 & 305.00
PREVIOUS REFERENCE:	N/A
DATE:	2ND DECEMBER 2019
AUTHORS:	DIANNE RAYMOND

SUPPORTING DOCUMENTS:

Ref	Title	Attached to Report	Under Separate Cover
8.3(a)	A Guide to Local Government Auditing Reforms June 2018		√

DISCLOSURE OF INTEREST

Nil

BACKGROUND

The Department of Local Government, Sport & Cultural Industries (DLGSCI) issued a Circular 02-2019 accompanied by *A Guideline to Local Government Auditing Reform – June 2018* (**see Attachment 8.3(a)**) outlining legislative amendments associated with the transition of responsibility for the oversight of local government audits to the Office of the Auditor General (OAG).

The legislative amendment places more roles and responsibilities onto the local governments Audit Committees as stated in the DLGSCI Guideline:

“Role of the Audit Committee

With the transfer of auditing to the Auditor General, local government Audit Committees will have a new and important role.

The role of the Audit Committee has been amended so that the Audit Committee has greater involvement in assisting the CEO to carry out the review under Regulation 17 of the Audit Regulations of systems and procedures concerning risk management, internal control, and legislative compliance. The Audit Committee is empowered to ‘monitor and advise’ the CEO in reviews of certain systems prescribed by the audit and financial management regulations. The terms ‘monitor and advise’ have been selected following consultation with the sector.

The reforms are intended to help CEOs formulate recommendations to council to address issues identified in the reviews.

The Audit Committee will also support the auditor as required and have functions to oversee:

- *the implementation of audit recommendations made by the auditor, which have been accepted by council; and*
- *accepted recommendations arising from reviews of local government systems and procedures.*

These roles reflect the importance of the Audit Committee as a section of council charged with specific responsibilities to scrutinise performance and financial management. The regulations continue to allow for external membership of Audit Committees. Councils are encouraged to consider inviting appropriate people with expertise in financial management and audit to be members of their Audit Committee.”

With our transition to the Office of Auditor General conducting future audits it is felt appropriate timing to include an independent, external committee member to the current Finance, Audit & Risk Committee to reflect best practice.

Shire of Northampton Deputy Chief Executive Officer Mr Grant Middleton is a Certified Practicing Accountant with many years of local government experience in the auditing process. This inclusion will give an opportunity for an independent person with an understanding of finance in local government to critically examine matters raised at audit providing added benefit to the Shire.

The Shire of Northampton Chief Executive Officer has agreed to an approach being made to Mr. Middleton to be an external, independent member of the Shire of Chapman Valley's Finance, Audit & Risk Management Committee.

STATUTORY ENVIRONMENT

Local Government Act, 1995

Local Government (Audit) Regulations, 1996

Local Government (Financial Management) Regulation, 1996

Part 7 *Local Government Act 1995* and the Local Government (Audit) Regulations 1996

POLICY/PROCEDURE IMPLICATIONS

No current Policy/Procedure affected.

FINANCIAL IMPLICATIONS

Nil

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The long term financial viability of the Shire is of importance for future service delivery levels provided to the Shire's constituents.

- **Long Term Financial Plan (LTFP):**

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

STRATEGIC IMPLICATIONS

The annual audit of the Shire's operations is integral to monitoring how the Shire is tracking with its integrated strategic planning.

• **Strategic Community Plan/Corporate Business Plan:**

Ref	Objective	Strategy	Action
5.1	Ensure governance and administration systems, policies and processes are current and relevant	Review policy categories and set ongoing accountability for review processes	Review current Council and Management policies and formalise update process and timelines.

CONSULTATION

Council staff have been in contact and discussion with Council auditors in the matter of best practice.

The concept of inviting Mr. Middleton to be an external, independent member of the Shire of Chapman Valley's Finance, Audit & Risk Management Committee has been discussed (and agreed to) between the Chief Executive Officers of both local government authorities.

RISK ASSESSMENT

The inclusion of an external member does not hold any significant areas of risk.

Measures of Consequence							
Rating (Level)	Health	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment
Insignificant (1)	Negligible injuries	Less than \$1,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential or no damage.	Contained, reversible impact managed by on site response

VOTING REQUIREMENTS

Simple Majority

COMMITTEE / STAFF RECOMMENDATION

MOVED: CR ROYCE

SECONDED: CR FORTH

1. The Finance, Audit & Risk Committee recommends to Council the inclusion of an independent, external member with the relative knowledge in financial reporting and audits.
2. The Chief Executive Officer to determine an appropriate person to fill the role and advise Council accordingly, with an invitation to be formally extended to Mr. Grant Middleton, Deputy Chief Executive Officer, Shire of Northampton in the first instance.

CARRIED
Voting 2/0
Minute Reference FARC 12/19 - 4

9.0 Information Items

Nil

10.0 Urgent Business Approved by the Presiding Member or by a Decision of the Committee

Councillors and the Chief Executive Officer expressed their sincere appreciation for the significant efforts of Di Raymond, Manager Finance & Corporate Services, and all administration staff over the past twelve months. To obtain such a clean audit, specifically with the significant number of changes introduced by the OAG, Accounting Standards, etc., is an excellent effort.

11.0 Closure

The Presiding Member thanked Elected Members and Staff for their attendance and closed the meeting at 9.25AM