



SHIRE OF BODDINGTON

'The Council and Staff of the Shire of Boddington, in partnership with the community, are committed to operating effectively and efficiently to provide quality lifestyle opportunities that encourage population growth and development'

AUDIT COMMITTEE MINUTES

Held At

2:00PM, TUESDAY 20TH NOVEMBER 2012

at the
**Shire of Boddington Council Meeting Room
at 39 Bannister Road Boddington**

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Minutes

1	DECLARATION OF OPENING:	1
2	ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:	1
3	DISCLOSURE OF FINANCIAL INTEREST:	1
4	CONFIRMATION OF MINUTES:	1
4.1.1	AUDIT MEETING HELD ON 20 TH MARCH 2012	1
5	REPORTS:	5
5.1.1	AUDIT REPORT 2011-2012.....	5
6	NEXT MEETING:	12
7	CLOSURE OF MEETING:	12

1 DECLARATION OF OPENING:

Cr Allert, Presiding Member declared the meeting open at 2:03pm.

2 ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:

Cr J R Allert	Presiding Member
Cr DN Veitch	Deputy Presiding Member
Cr N Crilly	

Mr G Sherry	Chief Executive Officer
Ms C Martin	Director Corporate Services
Ms C Vandenberg	Finance Manager

Mr David Tomasi (UHY Haines Norton) by telephone 2:07pm

3 DISCLOSURE OF FINANCIAL INTEREST:

Nil

4 CONFIRMATION OF MINUTES:

4.1.1 Audit Meeting Held on 20th March 2012

File Ref. No:	ADM0279
Disclosure of Interest:	Nil
Date:	13 th November 2012
Author:	Carmel Martin
Attachment	4.1.1 Minutes of Audit Committee Meeting held on 20 th March 2012

OFFICER'S RECOMMENDATION – ITEM 4.1.1

Committee Recommendation	01/12	Moved	Cr Crilly
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That the Minutes of the Audit Committee Meeting held on 20th March 2012 be confirmed as a true record of proceedings.

Seconded	Cr Veitch	Carried	3/0
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SHIRE OF BODDINGTON

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AUDIT COMMITTEE MINUTES

To Be Held At

3.30 PM, TUESDAY 20th March 2012

at the
Shire of Boddington Council Chambers
at 39 Bannister Road Boddington

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Minutes

1	DECLARATION OF OPENING:	1
2	ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:	1
3	DISCLOSURE OF FINANCIAL INTEREST:	1
4	CONFIRMATION OF MINUTES:	1
4.1.1	AUDIT MEETING HELD ON 15 TH NOVEMBER 2011	1
5	REPORTS:.....	1
5.1.1	COMPLIANCE AUDIT RETURN 2011	1
5.1.1	COMPLIANCE AUDIT RETURN 2011	5
6	NEXT MEETING:	16
7	CLOSURE OF MEETING:.....	16

Minutes of the Audit Committee Meeting to be held on
Tuesday 20th March 2012

1 DECLARATION OF OPENING:

The Shire President, Cr Allert declared the meeting open at 3:32pm.

2 ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:

Cr J R Allert	Presiding
Cr DN Veitch	Deputy Presiding Member
Cr N Crilly	

Mr G Sherry	Chief Executive Officer
Ms C Vandenberg	Acting Director Corporate Services

3 DISCLOSURE OF FINANCIAL INTEREST:

Nil

4 CONFIRMATION OF MINUTES:

4.1.1 Audit Meeting Held on 15th November 2011

File Ref. No:	ADM0279
Disclosure of Interest:	Nil
Date:	8 th March 2012
Author:	Gary Sherry
Attachment	4.1.1 Minutes of Audit Committee Meeting held on 15 th November 2011

OFFICER'S RECOMMENDATION – ITEM 4.1.1

Committee Recommendation	1/12	Moved	Cr Veitch
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That the Minutes of the Audit Committee Meeting held on 15th November 2011 be confirmed as a true record of proceedings.

Seconded	Cr Crilly	Carried	3/0
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5 REPORTS:

5.1.1 Audit Report 2011-2012

File Ref. No: ADM279
Disclosure of Interest: Nil
Date: 13th November 2012
Author: Carmel Martin

Summary

The Audit Committee to consider the Management Report, Audit Report and Annual Report to make a recommendation to Council to adopt the Annual Report.

Comment

The attached Management Report raised two points as follows:

- Primary returns lodged by relevant officers and councilors were found to some of the sections left blank, instead of being completed as N/A, or Nil. A review of Primary Returns as to their completeness will be performed prior to acknowledgement in future.
- The Trust Bank Reconciliation had three outstanding cheques incorrectly recorded as June payment but not drawn until July 2012. Whilst immaterial in amount, the process of reconciliation should ensure that the correct dates and period are recorded at all times.
- The Fixed Assets register and general ledger reconciliation balances in total, however, the balances across the individual classifications do not reconcile. Whilst this was noted as at the 30th June 2011, it will be in the 2012/13 year that this can be investigated thoroughly and corrected with asset management implementation under the integrated planning framework.
- The depreciation rates across some assets were not in line with Council's accounting policy. The uncorrected misstatement is considered not material, however, as part of the asset management implementation set for 2012/13, this will be reviewed.
- There was one uncorrected misstatement noted during the course of the audit, which related to the classification of a component of long service leave liability between current and non-current.

Strategic Implications - Nil

Statutory Environment

Local Government Act 1995

7.1A. Audit committee

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.
- (2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.
* Absolute majority required.
- (3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent him or her as a member of an audit committee.
- (4) An employee is not to be a member of an audit committee.

7.1B. Delegation of some powers and duties to audit committees

(1) Despite section 5.16, the only powers and duties that a local government may delegate* to its audit committee are any of its powers and duties under this Part other than this power of delegation.

* Absolute majority required.

(2) A delegation to an audit committee is not subject to section 5.17.

7.1C. Decisions of audit committees

Despite section 5.20, a decision of an Audit Committee is to be made by a simple majority.

Policy Implications - Nil

Financial Implications - Nil

Economic Implications - Nil

Social Implications - Nil

Environmental Considerations – Nil

Consultation

David Tomasi, Auditor from UHY Haines Norton.

Phone conference with David Tomasi ended at 2:32pm.

OFFICER RECOMMENDATION – ITEM 5.1.1

Committee Resolution	02/12	Moved	Cr Veitch
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That the Audit Committee recommends that Council:

- 1. Accept the 2011/12 Management Report included at Attachment 5.1.1A;**
- 2. Accept the 2011/12 Audit Report included at Attachment 5.1.1B;**
- 3. Accept the 2011/12 Annual Report included as separate Attachment 5.1.1C; and**
- 4. Hold the Annual Electors Meeting on Tuesday 18th December, 2012 at The Gallery, Boddington Community Resource Centre at 7.30pm.**

Seconded	Cr Crilly	Carried	3/0
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08 November 2012

Cr J R Allert
The Shire President
Shire of Boddington
PO Box 4
BODDINGTON WA 6390

Dear Cr Allert

MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2012

We advise that we have completed our audit procedures for the year ended 30th June 2012 and enclose our Audit Report.

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.

Primary Returns

During our review of Annual Returns lodged, we noted many instances where sections had been left blank. In certain instances the period covered was not inserted in the return.

To help ensure compliance with Departmental Circular 18-2005 and returns submitted are not at risk of being amended, all sections should be completed. We note it is acceptable to record N/A, Nil or No Change or to rule a clear line through a N/A section. Leaving sections blank is not recommended practice.

Trust Bank Reconciliation

At year end, the trust bank reconciliation contained three outstanding cheques totalling \$7,608.20 which were effectively withheld. That is, dated June but not actually drawn until July 2012.

Whilst these reconciling items are not considered material to warrant adjustment, to help ensure the integrity of the reconciliations, correct cut off should be maintained at all times.

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Fixed Assets

Whilst the fixed asset register and the general ledger reconciles on a total basis it does not reconcile across individual classifications. This matter was also raised in our management report for the year ended 30 June 2011.

As per our discussion with management, the matter has been referred to the software provider as this is related to a system error when clearing capital expenditure ledger balances.

Procedures should also be implemented to help ensure the fixed assets register and the general ledger is reconciled on a regular basis.

Depreciation Rates

Whilst the depreciation rates used appear reasonable, certain depreciation rates used for various items of property, plant, equipment and infrastructure were not in line with the rates disclosed in Council's accounting policies.

To help ensure the depreciation rates used are in line with Council's adopted accounting policies the depreciation rates being used should be reviewed and the fixed asset register or accounting policy, as deemed appropriate, be updated.

Whilst the uncorrected misstatement is not considered significant to warrant adjustment, we recommend this matter be investigated and rectified so it does not perpetuate into future periods.

We noted no other matters we wish to draw to Council's attention.

Uncorrected Misstatements

We advise there was one uncorrected misstatement noted by us during the course of our audit which was acknowledged by management and was not considered material to warrant adjustment. It is attached at Appendix 1 to this letter for your information.

We take this opportunity to thank the Chief Executive Officer, Director Corporate Services and all staff for the 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

A handwritten signature in blue ink, appearing to read 'David Tomasi', written over a light blue horizontal line.

DAVID TOMASI
PARTNER

Encl;

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I N T E L L I G E N T C H O I C E + I N T E L L I G E N T S O L U T I O N S



SHIRE OF BODDINGTON
APPENDIX 1
FORMING PART OF THE MANAGEMENT LETTER
FOR THE YEAR ENDED 30 JUNE 2012

Uncorrected Misstatements

	Dr (\$)	Cr (\$)
Long Service leave – Non Current Liability	17,568	
Long Service leave – Current Liability		17,568
Being entry needed to reclassify current long service leave liability from non-current long service leave liability.		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BODDINGTON**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Boddington, which comprises the statement of financial position as at 30 June 2012, 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.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial report of the Shire of Boddington is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a. giving a true and fair view of the Shire's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF BODDINGTON (Continued)**

Report on Other Legal and Regulatory Requirements

During the course of the audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Planning and Development Act 2005:

Budget Surplus

Approval from the Minister for the estimated yield from general rates of more than 110% of the budgeted deficiency was not obtained prior to approval of the Budget for the year ended 30 June 2012 as required by Section 6.34 of the Local Government Act.

Reserve Account Usage

During the course of the year ended 30 June 2012, the Council changed the usage of \$146,750 held in a Reserve Account without it being disclosed either in the budget or by giving local public notice of the change as required by Section 6.11 of the Local Government Act.

Monthly Statement of Financial Activity

The monthly statement of financial activity for the months of July 2011 and February 2012 were not presented to Council within two (2) meetings as required by Financial Management Regulation 34(4)(a).

Annual Financial Report

The Annual Financial Report for the year ended 30 June 2011 was not submitted to the Director General of the Department within 30 days of the auditor's report becoming available as required by Financial Management Regulation 51 (2).

Utilisation of Public Open Space Funds

Approval from the Minister of Planning and Development was not obtained in relation to the use of funds received in lieu of Public Open Space during the year as required by Section 154(2)(c) of the Planning and Development Act.

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) Except as detailed above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

Date: 08 November 2012
Perth, WA

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DAVID TOMASI
PARTNER

6 **NEXT MEETING:**

The next meeting of the Audit Committee will be convened when required.

7 **CLOSURE OF MEETING:**

With no further business to discuss the Shire President, Cr Allert, closed the meeting at 2:35pm.

These minutes were confirmed by the Audit Committee as a true and accurate record at the Audit Committee Meeting held on 19th March 2013

.....
J R ALLERT

Presiding Member