



SHIRE OF NORTHAM

**MINUTES
OF THE
AUDIT MEETING
HELD ON
WEDNESDAY
5 OCTOBER 2011**

SHIRE OF NORTHAM

MINUTES OF THE AUDIT COMMITTEE MEETING TO BE HELD ON 5 OCTOBER 2011 AT 4:34 PM

	Page
1. DECLARATION OF OPENING AND WELCOME.....	1
2. DECLARATION OF INTEREST	2
3. ATTENDANCE.....	2
4. APOLOGIES	2
5. LEAVE OF ABSENCE PREVIOUSLY APPROVED	2
6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING	3
7. AGENDA ITEMS.....	4
7.1 AUDITORS REPORT FOR YEAR ENDED 30 JUNE 2011	4
8. DECLARATION OF CLOSURE.....	12

SHIRE OF NORTHAM

**Minutes of the Audit Meeting held in the Council Chambers on WEDNESDAY, 5
October 2011 at 4:34 pm**

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1. DECLARATION OF OPENING AND WELCOME

Cr S B Pollard declared the Meeting open at 4:34pm.

2. DECLARATION OF INTEREST

Parts of Division 6 Subdivision 1 of the Local Government Act 1995 requires Council members and employees to disclose any direct or indirect financial interest or general interest in any matter listed in this agenda.

The Act also requires the nature of the interest to be disclosed in writing before the meeting or immediately before the matter being discussed.

NB A Council member who makes a disclosure must not preside or participate in, or be present during, any discussion or decision making procedure relating to the disclosed matter unless the procedures set out in Sections 5.68 or 5.69 of the Act have been complied with.

3. ATTENDANCE

COUNCIL

President
Councillors

Cr S B Pollard
K D Saunders
U Rumjantsev
R W Tinetti (5:08pm)
T M Little
T M Letch (4:43pm)
R M Head
A W Llewellyn

Auditor
Accountant

G Godwin
H Hans

GALLERY

4. APOLOGIES

Ms D R Gobbart, Executive Manager Corporate Services (Annual Leave);
Cr D A Hughes

5. LEAVE OF ABSENCE PREVIOUSLY APPROVED

Nil

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minute No AU.023

Moved: Cr R M Head

Seconded: Cr A W Llewellyn

That the Minutes of the Audit Committee Meeting held on Wednesday 8 December 2010, be confirmed as a true and accurate record of that Meeting.

CARRIED 6/0

7. AGENDA ITEMS

7.1 AUDITORS REPORT FOR YEAR ENDED 30 JUNE 2011

Name of Applicant:	Greg Godwin – UHY Haines Norton
File Ref:	8.2.7.1
Officer:	Hitesh Hans / Denise Gobbart
Officer Interest:	Nil
Policy / Legislation:	N/A
Voting:	Simple Majority
Date:	27/09/2011

PURPOSE

For the Audit Committee to receive the Audit Report for financial year 2010/11 as prepared by its auditor, Mr Greg Godwin of UHY Haines Norton Chartered Accountants.

BACKGROUND

In accordance with the requirements of the Local Government Act 1995 and associated Regulations, Mr Godwin has conducted an Audit of the Shire's operations and prepared the attached Audit and Management Report for the Council's consideration.

Mr Godwin will be attending the Committee Meeting to present his report and respond to any questions members may have.

STATUTORY REQUIREMENTS

Local Government Act 1995:

s 7.2 Audit

The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.

s 7.9 – Audit to be conducted

The auditor is required to prepare the report and send a copy to the Shire President, CEO and the Minister

s 7.12A Duties of local government with respect to audits

- (3) *A local government is to examine the report of the auditor prepared under s7.9(1) and any report prepared under s7.9(3) forwarded to it, and is to –*

- a) *determine if any matters raised by the report, or reports, require action to be taken by the local government; and*
- b) *ensure that appropriate action is taken in respect of those matters*

*Local Government (Audit) Regulations
Reg 10 Report by Auditor*

CONFORMITY WITH THE PLAN FOR THE FUTURE

Developing our Organisation: Deliver high quality, professional governance and administration

BUDGET IMPLICATIONS

N/A

OFFICER'S COMMENT

The attached Audit Report indicated no matters of concern regarding the Shire's financial statements and financial position as at the 30 June 2011 and have been prepared in accordance with the requirements of the Australian Accounting Standards, Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended)

In addition the Auditors Management Report, also attached, highlights:

Rate Coverage Ration

Indicates higher reliance upon external funding sources (grants) but recognises the above normal revenues received for special projects.

Outstanding Rates Ration

Whilst the ratio of .07 for outstanding rates is still high by industry standards, the auditors recognise the improvement over prior years and the rates collection procedures that have contributed to this improvement

Uncorrected Misstatements

There were no uncorrected misstatements

General, the performance of the Shire continues to improve in regards to its financial management practices and reporting but continued effort will be made to ensure that standards improve and are maintained at a high level.

RECOMMENDATION/COUNCIL DECISION

Minute No AU.024

Moved: Cr R M Head

Seconded: Cr U Rumjantsev

- 1. That the Audit Report for 2010/11, prepared by the Shire's Auditor Mr Greg Godwin, UHY Haines Norton Chartered Accountants be received; and**
- 2. That the Committee thanks the Auditor, Mr Greg Godwin, for attending the meeting in person, his attendance was much appreciated.**

CARRIED 8/0

19 September 2011

Mr N A Hale
Chief Executive Officer
Shire of Northam
PO Box 613
NORTHAM WA 6401

Dear Neville

**AUDIT OF SHIRE OF NORTHAM
FOR THE YEAR ENDED 30TH JUNE 2011**

We advise that we have completed the audit of your Shire for the year ended 30th June 2011 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely



GREG GODWIN
PARTNER

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19 September 2011

The Shire President
 Shire of Northam
 PO Box 613
 NORTHAM WA 6401

Dear Cr Pollard

MANAGEMENT REPORT FOR THE YEAR ENDED 30TH JUNE 2011

We advise that we have completed our audit procedures for the year ended 30th June 2011 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.

Comments on Ratios

Rate Coverage Ratio

This ratio measures the Shire's dependence on rates to fund operations. The higher this ratio the less dependent the Shire is on external funding sources.

The ratio has reduced from 0.34 at 30 June 2010 to 0.28 at 30 June 2011 which may indicate the Shire is becoming more reliant on external funding sources.

Whilst this downward movement can be partially attributed to one-off funding received in the current year the factors effecting this ratio should be closely monitored.

Outstanding Rates Ratio

This ratio helps determine the effectiveness of the Shires rate collection procedures. Ideally, this ratio should be below 0.05 at 30 June in any given year.

The ratio has moved from 0.09 at 30 June 2010 to 0.07 at 30 June 2011 due to rates debtors decreasing from \$566,180 at 30 June 2010 to \$521,629 at 30 June 2011.

This improvement in the ratio indicates the Shire's rates collection procedures are having a positive effect.

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

Uncorrected Misstatements

We advise there were no uncorrected misstatements noted during the course of our audit.

We take this opportunity to thank the Chief Executive Officer, the Manager of Finance 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


GREG GODWIN
PARTNER
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**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF NORTHAM**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Northam, which comprises the statement of financial position as at 30 June 2011, 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 entity'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 entity'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 Northam 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 2011 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).

Cont'd.../

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

Other Matters

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) No 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.


UHY HAINES NORTON
CHARTERED ACCOUNTANTS

Date: 19 September 2011
Perth, WA


GREG GODWIN
PARTNER

8. DECLARATION OF CLOSURE

There being no further business the Presiding Officer declared the Meeting closed at 5:10pm

"I certify that the Minutes of the Audit Committee Meeting held on Wednesday 5 October 2011 have been confirmed as a true and correct record."

_____ President

_____ Date