



12 March 2012

MINUTES

MINUTES OF AN AUDIT COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON MONDAY, 12 MARCH, 2012 COMMENCING AT 6.30PM.

A1. OPENING OF MEETING

The Presiding Member declared the meeting open.

A1.1 Present

Mayor A Ferris

Cr R Olson Presiding Member

Cr B de Jong

Mr W Bond Acting Executive Manager Finance & Admin

A2. ACKNOWLEDGEMENT OF COUNTRY

“On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place.”

A3. WELCOME TO GALLERY

There were no members of the public present.

A4. APOLOGIES

Cr Lilleyman

Cr Rico

A5. PUBLIC QUESTION TIME

Nil.

A6. CONFIRMATION OF MINUTES

A6.1 Audit Committee Meeting – 3 November 2011

Mayor Ferris – Cr de Jong

That the Minutes of the Audit Committee Meeting held on 3 November 2011, and adopted at the Council Meeting held on 15 November 2012 be confirmed. CARRIED

A7. CORRESPONDENCE (LATE RELATING TO ITEMS IN AGENDA)

Nil.

A8. BUSINESS

A8.1 2011 Compliance Audit Return

By Bill Bond Acting Executive Manager Finance and Administration on 15 February 2012

PURPOSE

To facilitate the adoption of the attached Compliance Audit Return 2011. **ATTACHMENT**

BACKGROUND

The compulsory Compliance Audit process has been operating since 2000.

During 2009 and 2010 the Department carried out reviews of the process, in response to widespread concerns in the local government sector in relation to the magnitude of the reporting and the resource implications involved for the officers concerned.

As a result, in the 2011 Return, 347 questions have been reduced to 78.

REPORT

This Statutory Compliance Return is for the period 1 January 2011 to 31 December 2011.



The statutory Compliance Audit Return is designed to be self-assessed by the Chief Executive Officer and other Principal Officers, as relevant to their responsibilities.

Council is required to complete and adopt the Compliance Audit Return and forward it to the Minister for Local Government no later than the 31 March 2012.

There were no instances of non compliance in the 2011 audit.

Statutory Requirements

Each local government is required to carry out an annual Compliance Audit Return in accordance with Section 7.13(i) of the Local Government Act 1995 and Local Government (Audit) Regulations 13-15. On completion of the audit, the local government is to complete a Compliance Audit Return. The return must be:-

- presented to Council at a meeting of the Council;
- adopted by the Council; and
- recorded in the minutes of the meeting at which it is adopted

Relevant Council Policies

Nil

Principal Activity Plan Implications

Nil

Strategic Plan Implications

Nil

Financial/Resource/Budget Implications

Nil

RECOMMENDATION

That Council adopt the Compliance Audit Return, as attached, for the period 1 January to 31 December 2011.

RECOMMENDATION TO COUNCIL

Mayor Ferris – Cr de Jong

That Council adopt the Compliance Audit Return, as attached, for the period 1 January to 31 December 2011. CARRIED

A8.2 Local Government Department review of Annual Financial Reports

By Bill Bond – Acting Executive Manager Finance & Admin on 23 February 2012

PURPOSE

To provide information to Council, in regard to the compliance check of the Annual Financial Report, by the Department of Local Government.

BACKGROUND

Local Government Act 1995 (As amended)

6.4 Financial Report

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to –*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*

**REPORT**

A letter was forwarded to Council from the Department of Local Government, advising that they had reviewed the Town's Annual Financial Report and was unable to verify the reported Current Ratio of 0.68 (Note 16).

ATTACHMENT

The Current ratio is measured as:

Current Assets less Restricted Cash Assets/Current Liabilities less Current Liabilities Associated with Restricted Assets

Based on the information disclosed in the Annual Financial Report the Current Ratio is 0.969.

The Department noted that all other ratios have been calculated correctly and that they are all well above the required benchmarks.

DISCUSSION

The preparation of the Annual Financial Report was complicated by the new requirements regarding the treatment of Bonds and Deposits and Trust Funds for the 2010-2011 financial year. During the process of preparing the report, funds were moved from Current Assets into Note 17 Trust Funds, and then the Bonds and Deposits were transferred back again.

During that process the mistake was made and because of the new methodology meant that the comparison between the previous two years was overlooked.

I contacted our Auditors Macri Partners and they advised that they had also missed the mistake and apologised.

The amended Current Ratio of 0.969 reflects a stronger financial position than the 0.68 indicated in the Annual Financial Report.

CONCLUSION

A mistake was made and unfortunately missed by the auditors, but it was an understatement of Council's financial position and should now give a comparison basis for next financial year.

In the process, however, as the Chief Executive Officer previously noted to elected members, Council came to be advised that all of Council's financial ratios are well above the required benchmarks, the pressure on the Town to amalgamate notwithstanding.

RECOMMENDATION

That the information be received, and the Local Government Department thanked for making Council aware of this issue.

RECOMMENDATION TO COUNCIL

Cr de Jong – Mayor Ferris

That the information be received, and the Local Government Department thanked for making Council aware of this issue.

CARRIED**9. URGENT BUSINESS WITHOUT NOTICE BY PERMISSION OF THE MEETING**

Nil.



10. CLOSURE OF MEETING

There being no further business, the meeting closed at 6.35pm.

*I hereby certify that the Minutes of the meeting of the **Audit Committee** of the Town of East Fremantle, held on Monday, **12 March 2012**, Minute Book reference **A1. to A10.** were confirmed at the meeting of the Committee on*

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Presiding Member