

COUNCIL'S VISION

Gnowangerup Shire – A thriving, inclusive and growing community built on opportunity



## **AGENDA**

### **Audit Committee**

**Wednesday 17<sup>th</sup> June 2015**  
**Commencing at 2:45pm**

**Council Chambers**  
**28 Yougenup Road**  
**GNOWANGERUP WA 6335**

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**Shire of Gnowangerup**

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**NOTICE OF COMMITTEE MEETING OF COUNCIL**

Dear Committee Member

A meeting of the Audit Committee of the Shire of Gnowangerup will be held on Wednesday 17<sup>th</sup> June 2015, in the Council Chambers, 28 Yougenup Road, Gnowangerup, commencing at 3:00pm.



.....  
S Pike

**CHIEF EXECUTIVE OFFICER**

12<sup>th</sup> June 2015

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**Meaning of and CAUTION concerning Council's "In Principle" support:**

*When Council uses this expression it means that:*

*(a) Council is generally in favour of the proposal BUT is not yet willing to give its consent; and*

*(b) Importantly, Council reserves the right to (and may well) either decide against the proposal or to formally support it but with restrictive conditions or modifications.*

*Therefore, whilst you can take some comfort from Council's "support" you are clearly at risk if you act upon it before Council makes its actual (and binding) decision and communicates that to you in writing.*

**Disclaimer:**

*"Warning - Verbal Information & Advice:*

*Given the inherent unreliability and uncertainty that surrounds verbal communication, the Shire strongly recommends that, if a matter is of importance to you, then you should NOT act upon or otherwise rely upon any VERBAL information or advice you receive from the Shire unless it is first confirmed in writing."*

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**AGENDA**

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**1. OPENING OF MEETING**

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Cr K House Shire President, welcomed Councillors, Visitors and Staff and opened the meeting at \_\_\_\_\_pm

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**2. ATTENDANCE/APOLOGIES**

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2.1 ATTENDANCE

2.2 APOLOGIES

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**3. CONFIRMATION OF PREVIOUS MEETING MINUTES**

3.1 AUDIT COMMITTEE MEETING MINUTE 25<sup>TH</sup> MARCH 2015

**COMMITTEE RESOLUTION**

**AC0615. That the minutes from Audit Committee meeting held 25<sup>TH</sup> March 2014 be confirmed as true and correct.**

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### **4. OFFICER ITEMS**

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<b>4.1</b>	<b>UHY INFORMAL INTERIM AUDIT</b>
<b>Location:</b>	Administration
<b>Proponent:</b>	UHY Haines Norton
<b>Business Unit:</b>	Statutory & Governance
<b>File Ref:</b>	
<b>Date of Report:</b>	3 <sup>rd</sup> June 2015
<b>Officer:</b>	S Pike, Chief Executive Officer
<b>Disclosure of Interest:</b>	Nil.

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#### ATTACHMENT

- Copy of 2015 informal Interim Audit Notes

#### PURPOSE OF REPORT

That the Audit Committee receive and note the 2015 informal Interim Audit Notes.

#### BACKGROUND

The Local Government (Audit) Regulations 1996 require that each local government is to carry out a compliance audit for the period 1 January to 31 December each year. As part of this process an informal interim audit is conducted around April/May of each year.

#### COMMENTS

The informal Interim Audit Notes is a useful tool in prompting and assisting both Councillors and staff to comply with the requirements of all the various legislation that is administered by a local government. It also allows Council to monitor how the organisation is functioning.

A copy of the informal Interim Audit Notes for 2015 is attached.

#### CONSULTATION WITH THE COMMUNITY AND GOVERNMENT AGENCIES

Nil

#### LEGAL & STATUTORY REQUIREMENTS

Local Government (Audit) Regulations 1996  
Local Government (Audit) Amendment Regulations 1999

#### POLICY IMPLICATIONS

Nil

#### FINANCIAL IMPLICATIONS

Nil

#### STRATEGIC IMPLICATIONS

Shire of Gnowangerup Plan for the Future / Strategic Plan – Functional Area 1

#### VOTING REQUIREMENTS

Simple Majority

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**OFFICER RECOMMENDATION**

**AC0615. That the Audit Committee recommends to council:**

**That they receive and note the informal Interim Audit Notes for the period ending 30<sup>th</sup> June 2015.**

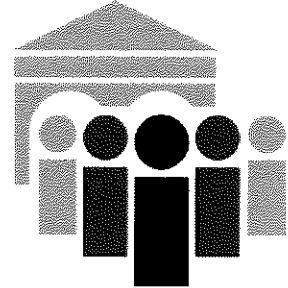
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SHIRE OF GNOWANGERUP

14 MAY 2015

I.D. NO:  
FILE NO: 12.2.1

12 May 2015

Cr K House  
The Chair of the Audit Committee  
Shire of Gnowangerup  
28 Yougenup Road  
GNOWANGERUP WA 6335



Dear Cr House

**INTERIM AUDIT VISIT**

We completed our onsite procedures in respect of our interim audit visit on the 14<sup>th</sup> and 15<sup>th</sup> of April 2015 and attach a list of matters raised with management during our exit meeting.

Please note, we will follow these up during our final visit later in the year to help ensure appropriate action has been implemented.

This letter, together with the attached matters noted are provided for the purposes of general information only and are not part of our formal audit reporting process. Our audit and management reports will be formally issued at the conclusion of our audit in respect of the year ended 30 June 2015.

If you have any queries regarding these or other matters, please contact me.

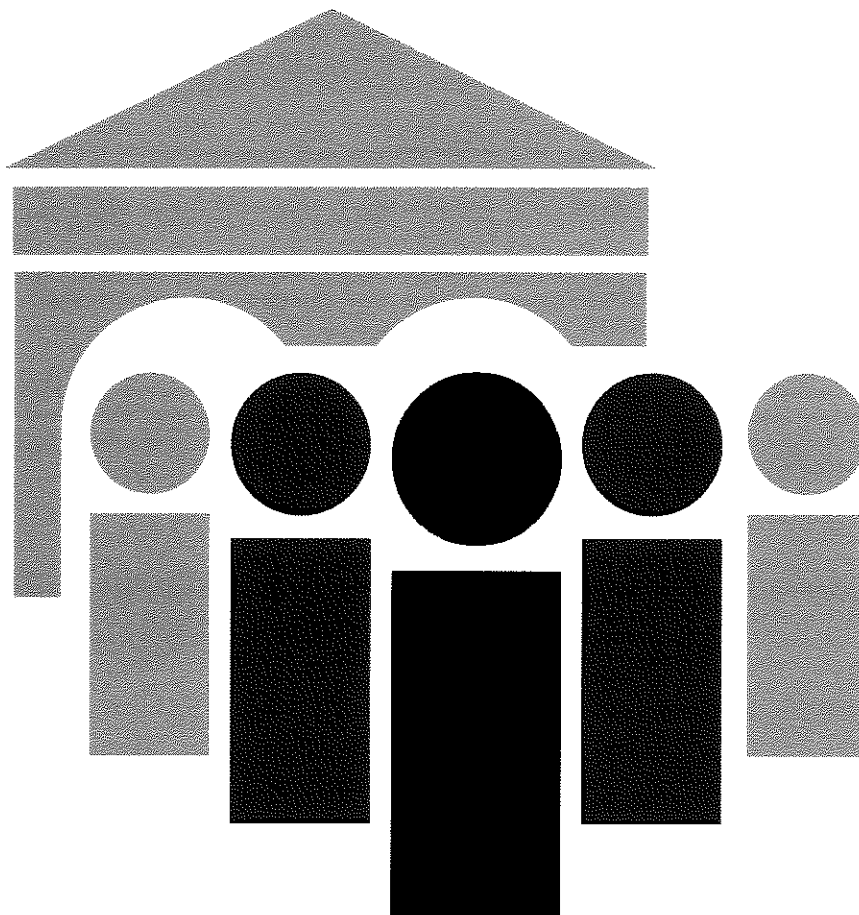
Yours sincerely

  
**GREG GODWIN**  
PARTNER

cc: Shelley Pike - Chief Executive Officer

## SHIRE OF GNOWANGERUP

INTERIM AUDIT VISIT  
YEAR ENDED 30 JUNE 2015  
MATTERS NOTED & REQUIRING FOLLOW UP



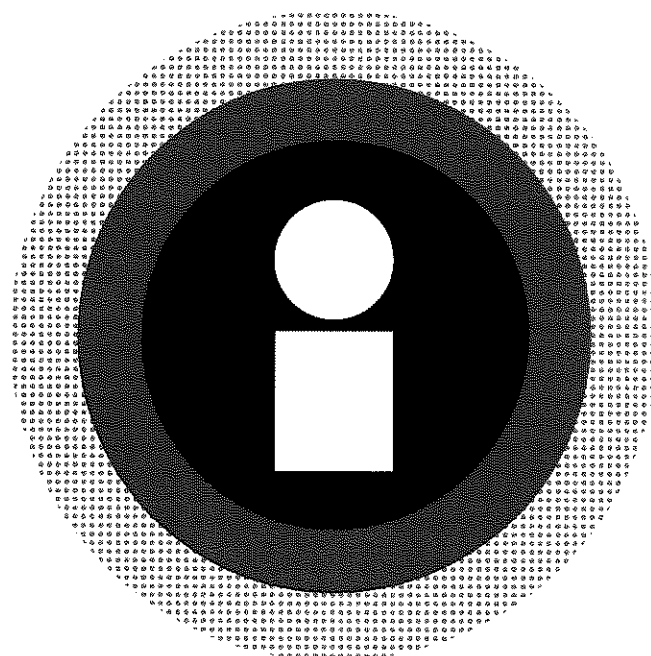
*Powerful insights  
Astute advice*



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# 1.0 COMPLIANCE

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The interim audit included audit procedures which test Council's compliance with the Local Government Act 1995 (as amended) and accompanying regulations in the context of the scope of our engagement.

One matter was noted.

## 1.1 RISK MANAGEMENT, INTERNAL CONTROLS AND LEGISLATIVE COMPLIANCE REVIEW

### OBSERVATION

The CEO has not undertaken a review on the appropriateness and effectiveness of systems and procedures relating to:

- Risk Management;
- Internal Controls; and/or
- Legislative Compliance

as required by Local Government (Audit) Regulation 17.

### COMMENT

**To help ensure compliance with statutory provisions, this requirement should be addressed as soon as is practicable.**

*Note: This document is for audit purposes only to document matters discussed with management and is not intended to express nor imply any opinion or assurance. It should be read in conjunction with our covering letter in respect of our interim audit visit.*



## 2.0 SYSTEMS AND PROCEDURES

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During our interim audit, we performed procedures to obtain audit evidence relating to amounts and disclosures to be included in the 2015 financial report. The procedures included assessment of risks of material misstatement of the financial report, whether due to fraud or error.

In making our risk assessments we considered systems and procedures relevant to the entity's preparation of the financial report and designed audit procedures which are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Council's systems and procedures.

It is our practice to report weaknesses found in Council's systems and procedures encountered during our interim audit visit.

No matters were noted.

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## 3.0 STATUS OF ADOPTION OF FAIR VALUE ACCOUNTING

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### OBSERVATION

As mandated by Regulation 17A of the Local Government (Financial Management) Regulations 1996, a local government in Western Australia must show all of the assets in its financial report at fair value by 30 June 2015.

Management has performed valuation of assets as follows:

- 2013 – Plant and Equipment and Furniture and Equipment; and
- 2014 – Land and Buildings.

The following revaluation is scheduled to be performed during the year ending 30 June 2015:

- Roads and Other Infrastructure assets will be done internally with the assistance of Core Business Australia.

During our interim audit visit, we made observations and held discussions with a view to assessing the Shire's status in meeting the requirements and noted the following:

1. Management has defined an overall strategy;
2. Management is aware that they should ensure the completeness, accuracy and data confidence of fair value calculations;
3. Management will consider the application of Highest and Best use valuation principles;
4. Review of accounting policies will continuously be taken place and where necessary relevant amendments are presented to Council for consideration and approval;
5. The Asset Capitalisation Policy for fair value purposes will be assessed and where necessary relevant changes are presented to the Council for consideration and approval; and
6. The current fixed assets system and records for fair value reporting purposes will be reviewed to help ensure details of each individual asset is adequately maintained post revaluation.

### COMMENT

**We will follow up at year end with a view to ensuring fair value accounting in relation to Roads and Other Infrastructure Assets has been addressed.**

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## 4.0 REMINDERS

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Council is reminded of the following items:

- Delegations Register to be reviewed by 30 June 2015.
- FBT Return to be lodged by 21 May 2015.

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**5. CLOSURE**

There being no further business President Cr K House closed the meeting at \_\_\_\_\_pm