
Shire of Kalamunda

Audit Committee

Minutes of 2 August 2010



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Minutes of Audit Committee Held in Committee Room 2 2 Railway Road, Kalamunda Monday 2 August 2010

1. OFFICIAL OPENING

The Chairman opened the meeting at 5.00pm.

2. APOLOGIES AND LEAVE OF ABSENCE

Present

Councillors

Noreen Townsend	(CHAIRMAN) SOUTH WEST WARD
Allan Morton	(DEPUTY SHIRE PRESIDENT) SOUTH WEST WARD
Carol Everett	SOUTH EAST WARD
Donald McKechnie	(SHIRE PRESIDENT) NORTH WARD

Officials

James Trail	CHIEF EXECUTIVE OFFICER
Hazel Smallwood	A/DIRECTOR CORPORATE SERVICES
Steve Leeson	MANAGER FINANCIAL SERVICES
Darrell Forrest	MANAGER GOVERNANCE
Peter Hayes	MANAGER BUSINESS AND STRATEGY
D McPherson	MINUTE SECRETARY

Leave of Absence

M Thomas	NORTH WARD
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Absent

P Heggie	NORTH WEST WARD
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3. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

- 3.1 That the Minutes of the Audit Committee Meeting of the Shire of Kalamunda held on 22 March 2010 is confirmed as a true and correct record of the proceedings.

Moved: Cr Donald McKechnie

Seconded: Cr Allan Morton

CARRIED

4. DISCLOSURE OF INTERESTS

- 4.1 Nil.

Disclosure of Financial and Proximity Interests

- (a) Members must disclose the nature of their interest in matters to be discussed at the meeting. (Sections 5.60B and 5.65 of the Local Government Act 1995)
- (b) Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the Local Government Act 1995).

Disclosure of Interest Affecting Impartiality

- (a) Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee has given or will give advice.

5. REPORT TO COUNCIL

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

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5. REPORTS

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

5.1 Interim Audit Visit Report

PURPOSE

1. To receive the 2009/2010 Interim Audit Report.

BACKGROUND

2. The Shire of Kalamunda received an Interim Audit Report in a letter dated 21 May 2010.

DETAILS

3. A copy of the 2009/2010 Interim Audit Report is presented as ***(Attachment 1)***. The Management comments to each matter are presented in the body of the report under the heading "Management Comment".

STATUTORY AND LEGAL IMPLICATIONS

4. Audit Legislation 10 (4).

POLICY IMPLICATIONS

5. Nil.

PUBLIC CONSULTATION/COMMUNICATION

6. Nil.

FINANCIAL IMPLICATIONS

7. Nil.

STRATEGIC IMPLICATIONS

8. Nil.

OFFICER COMMENT

9. The interim audit conducted by Macri Partners is now seen not only as a means of a compliance check, but also a resource to assist towards the ongoing process of improvement by the organisation.

OFFICER RECOMMENDATION

1. That the Audit Committee receives the Interim Audit Report for the year ended 30 June 2010.

Moved:

Seconded:

COMMITTEE RECOMMENDATION TO COUNCIL AC- 2/2010

1. That the Audit Committee receives the Interim Audit Report for the year ended 30 June 2010.
2. That a progress report be provided to Council at the next Audit Committee Meeting.

Moved: Cr Donald McKechnie

Seconded: Cr Allan Morton

CARRIED UNANIMOUSLY (4/0)

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

5.2 UHY Haines Norton Financial Management Review

PURPOSE

1. To receive the UHY Haines Norton Financial Management Review.

BACKGROUND

2. The Shire of Kalamunda engaged UHY Haines Norton to review the financial management systems and procedures of the Shire, undertaken from 1st to 3rd June 2010.

DETAILS

3. A copy of the review report is presented as ***(Attachment 1)***. The Management comments are presented as ***(Attachment 2)*** under the heading "Management Comment".

STATUTORY AND LEGAL IMPLICATIONS

4. The CEO is required to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government - Local Government (Financial Management) Regulations s6.10 5(2)(c) .

POLICY IMPLICATIONS

5. Nil.

PUBLIC CONSULTATION/COMMUNICATION

6. Nil.

FINANCIAL IMPLICATIONS

7. Nil.

STRATEGIC IMPLICATIONS

8. Nil.

OFFICER COMMENT

9. The financial management review, like the interim audit, is considered not only as a means of a compliance check, but also a resource to assist towards the ongoing process of improvement by the organisation.

RECOMMENDATION

1. That the Audit Committee receive the findings and recommendations contained in the UHY Haines Norton Financial Management Review.

Moved: (Cr)

Seconded: (Cr)

COMMITTEE RECOMMENDATION TO COUNCIL AC-3/2010

1. That the Audit Committee receive the findings and recommendations contained in the UHY Haines Norton Financial Management Review.
2. That a progress report be provided to Council at the next Audit Committee Meeting.

Moved: Cr Donald McKechnie

Seconded: Cr Allan Morton

CARRIED UNANIMOUSLY (4/0)

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

5.3 Investment Report

PURPOSE

1. To receive a report on the Shire of Kalamunda's investments.

BACKGROUND

2. At the Audit Committee Meeting of 9 June 2008 it was proposed to provide the Audit Committee meetings with a report detailing the Shire of Kalamunda's Investment Portfolio.

DETAILS

3. The Shire of Kalamunda's investment portfolio continues to be in accordance with the policy, and is restricted to the placement of funds with licensed banks.
4. The practise of insuring the Shire's funds by guarantee remains in place, amended as per 'Investments Procedures' item GSC 5/2009. The practise is as follows;
 1. Distributing investments to have one (1) million dollars to each of the eleven banks presently on our investment policy, with a further one (1) million investment with each bank without the Government Guarantee.
 2. Allowing up to two (2) million dollars investment with each of the four top banks (Westpac, NAB, Commonwealth and ANZ) without the Government Guarantee.
5. All other investments are taken with the Government Guarantee.
6. Details of the Shire of Kalamunda's Short Term Investments are provided as ***(Attachment 1)***.

STATUTORY AND LEGAL IMPLICATIONS

7. Nil.

POLICY IMPLICATIONS

8. Policy Fin 7, short term investments.

PUBLIC CONSULTATION/COMMUNICATION

9. Nil.

FINANCIAL IMPLICATIONS

10. Nil.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

11. **Strategic Planning Implications**

12. **Sustainability Implications**
Social Implications

- Nil.

Economic Implications

- Nil.

Environmental Implications

- Nil.

OFFICER COMMENT

13. No investment currently has the government guarantee in place as per previous practise.
14. Cash at bank balances as at June 30 were \$8.576 million of which \$3.473 million are municipal funds.
15. Funds received for Cash in Lieu of Public Open Space are being treated as Trust in accordance with s.154 of the Planning and Development Act 2005. This will be reflected in the 2009-2010 Annual Financial Report.

COMMITTEE RECOMMENDATION TO COUNCIL AC- 4/2010

1. That the report on Investments held by the Shire of Kalamunda be received.

Moved: Cr Donald McKechnie

Seconded: Cr Allan Morton

CARRIED UNANIMOUSLY (4/0)

Declaration of financial/conflict of interests to be recorded prior to dealing with each item.

5.4 Sundry Debtors Write Off Report

PURPOSE

1. Further to the write off of debtors at the meeting of the Audit Committee on 15 December 2009 a list of additional write offs has been identified.

BACKGROUND

2. The list of identified sundry debtors to be written off is enclosed as (*Attachment 1*).

DETAILS

3. Nil.

STATUTORY AND LEGAL IMPLICATIONS

4. Nil.

POLICY IMPLICATIONS

5. Nil.

PUBLIC CONSULTATION/COMMUNICATION

6. Nil.

FINANCIAL IMPLICATIONS

7. No impact upon 2009/2010 operating result. The current balance in the Provision for Doubtful Debts is \$92,638.11.

STRATEGIC AND SUSTAINABILITY IMPLICATIONS

8. As these debtors are not related to rates or service charges the provision of Section 6.47 of the Local Government Act 1995 requiring Council's adoption by Absolute Majority do not apply.

OFFICER COMMENT

9. The Shire of Kalamunda's available provision for such doubtful debts is \$92,638.11. As this is a balance sheet provision no impact on operating expenditure will result from this write off. The item will show in the 2010/2011 Balance Sheet.

COMMITTEE RECOMMENDATION TO COUNCIL AC 5/2008

1. That the Audit Committee notes the write-off of \$37,307.11 of sundry debtors.

Moved: Cr Donald McKechnie

Seconded: Cr Allan Morton

CARRIED UNANIMOUSLY (4/0)

14. CLOSURE

There being no further business the Chairman declared the meeting closed at 5:55 pm.

I confirm these Minutes to be a true and accurate record of the proceedings of this Council.

Signed Chairman

Dated this day of 2010

