



MINUTES OF AN AUDIT COMMITTEE MEETING, HELD IN THE UPSTAIRS MEETING AREA, ON THURSDAY, 3 NOVEMBER, 2011 COMMENCING AT 6.30PM.

A19. OPENING OF MEETING

The Acting Executive Manager Finance & Administration opened the meeting and welcomed Council's auditors Tony Macri and Terry Tan from Macri & Partners.

A19.1 Present

Mayor A Ferris	
Cr R Olson	Presiding Member
Cr B de Jong	
Mr W Bond	Acting Executive Manager Finance & Admin
Mr Tony Macri	Macri & Partners (to 6.45pm)
Mr Terry Tan	Macri & Partners (to 6.45pm)

A20. ELECTION OF PRESIDING MEMBER

The Acting Executive Manager Finance & Administration sought nominations for the position of Presiding Member.

Cr de Jong nominated Cr Olson for the position.

Following a request from the Acting Executive Manager Finance & Administration, Cr Olson provided written confirmation of his acceptance of the nomination.

Given there were no further nominations, the Acting Executive Manager Finance & Administration declared Cr Olson elected as Presiding Member of the Audit Committee for a two year term.

Cr Olson assumed the Chair.

A21. 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."

A22. APOLOGIES

Cr Lilleyman
Cr Rico

A23. CONFIRMATION OF MINUTES

A23.1 Audit Committee Meeting – 26 July 2011

Cr de Jong – Mayor Ferris

That the Minutes of the Audit Committee Meeting held on 26 July 2011, and adopted at the Council Meeting held on 16 August 2011 be confirmed. CARRIED

A24. BUSINESS

A24.1 Audit - Annual Financial Statements for the Year Ended 30 June 2011

By Bill Bond – Acting Executive Manager Finance & Admin on 17th October 2011

PURPOSE

For the Audit Committee to receive the audited financial statements relative to its activities conducted during the financial year.

**BACKGROUND**

Staff have completed the 2010/2011 Annual Financial Statements for audit purposes. The statements were then presented to the auditors in accordance with the Local Government Act and Financial Regulations.

ATTACHMENT**REPORT****Comments/Discussion**

The final audit was conducted over a two day period commencing on Monday 8 August 2011 and concluding Tuesday 9 August 2011.

The statements provide the income and expenditure for the 2010/2011 financial year and comparative figures for the 2009/2010 year and Council's net equity shown within the Balance Sheet. The Cash Flow Statement shows Council's "cash" movements during the financial year and is represented by the Cash at Bank at the commencement and the end of the financial year.

Statutory Requirements

Council is required to complete the Annual Financial Statements by 30 September of each year and at least once a year meet with the auditors to discuss the audit process and address any issues that have been brought to attention by the auditors.

Relevant Policies

Council adopted its Significant Account Policies relative to the financial reporting and procedures each year.

Principal Activity Plan Impact

Nil

Strategic Plan Impact

Nil

Financial/Budget Implications

Nil

CONCLUSION

The 2010/2011 Audited Annual Financial Statements are provided to Council for information and for inclusion in the Annual Report.

RECOMMENDATION

That the audited Annual Financial Statements for the year ended 30 June 2011 be received.

Council's auditors, Tony Macri and Menon of Macri & Partners discussed the conduct of the Audit and answered questions raised by elected members.

Council's auditors left the meeting at 6.45pm

RECOMMENDATION TO COUNCIL

Cr De Jong – Mayor Ferris

That the audited Annual Financial Statements for the year ended 30 June 2011 be received.

CARRIED**A24.2**

Review by Department of Local Government – 2011-12 Annual Budget

By Bill Bond – Acting Executive Manager Finance & Admin on 17th October 2011

PURPOSE

For the Audit Committee to receive the correspondence from the Department of Local Government with regard to discrepancies in the Town's Annual Budget 2011/12 and endorse a response.

ATTACHMENT

**BACKGROUND**

Staff have contacted the Department of Local Government about the issues raised in their letter, and have proposed actions to be implemented in regards to these matters.

ATTACHMENT**REPORT****Comments/Discussion**

The Local Government Department was apprehensive that at Note 7 in the Budget, there is an addition error which indicates that the Town will have a deficit of \$634,962 at 30 June 2012. This figure conflicts with the Rate Setting Statement, which indicates a \$0 position at 30 June 2012.

The version of Annual Budget, sent to the Department, shows a surplus at 30 June 2011 of \$634,962 and this figure is close to the audited actual surplus of \$576,287. This surplus would have been larger if the transfer of \$450,426 to the Civic Building Reserve had not occurred, after the financials were finalised. This movement meant that our unrestricted funds would have been \$1,036,476 rather than the \$401,514 available at 1 July 2011.

This would have given Council greater flexibility, and also limited the concern of the Department of Local Government, regarding the addition error in Note 7 of the Budget.

At the time the treatment of bonds was in contention and this may have added to the unusual movement in payables and provisions. Council holds \$591,413 in bond money and there are differing views as to how these funds should be treated as Municipal Funding or Trust.

The figures have been reworked to agree with the former Executive Manager Finance & Administration's second version of the Budget and it is not anticipated there will be a loss at the end of the 2011-12 financial year.

The Departments second concern was that the objects and reasons for differential rates are not shown in the Budget document and this will be included in future.

The Schedule of Fees and Charges for the imposition of sanitation fees, indicates they were imposed under the Health Act 1911. This was in fact changed in 2007, and should refer to the Waste Avoidance and Resource Recovery Act 2007.

As these fees could be challenged the Department has advised that it would be sufficient for Council to readvertise just that section of our Schedule of Fees and Charges to ensure that we have covered all possibilities.

Statutory Requirements

Council is required to complete the Annual Budget by 31 August of each year and any changes to the Schedule of Fees and Charges after the annual budget has been adopted, must be given local public notice (Local Government Act 1995 Sect (6.19) refers.

Relevant Policies

Council adopted its Significant Account Policies relative to the financial reporting and procedures each year.

Principal Activity Plan Impact

Nil

Strategic Plan Impact

Nil



Financial/Budget Implications

Nil

CONCLUSION

The 2011-12 Annual Budget amendment attached for Item 7, Net Current Assets has been attached for future information, and the readvertising of sanitation fees be advertised in The West Australian as soon as possible.

RECOMMENDATION

That the Annual Budget amendment for Net Current Assets be attached to the Budget for future reference and the amended Schedule for Fees and Charges be advertised in The West Australian.

RECOMMENDATION TO COUNCIL

Mayor Ferris – Cr de Jong

That the Annual Budget amendment for Net Current Assets be attached to the Budget for future reference and the amended Schedule for Fees and Charges be advertised in The West Australian.

CARRIED

A25. CLOSURE OF MEETING

There being no further business, the meeting closed at 6.55pm.

*I hereby certify that the Minutes of the meeting of the **Audit Committee** of the Town of East Fremantle, held on Wednesday **3 November 2011**, Minute Book reference **A19. to A25.** were confirmed at the meeting of the Committee on*

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Presiding Member