

WAGAIT SHIRE COUNCIL

**AGENDA
AUDIT COMMITTEE MEETING**

**COUNCIL CHAMBERS
LOT 62, WAGAIT TOWER ROAD
9.00AM**

Thursday 26 September 2019



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1.0 Present:

Committee members:

Chair Barry Bamford
President Peter Clee
Cr Neil White
Maureen Newman

Council staff:

CEO Anna Malgorzewicz

Nexia Edwards (Auditors)

Vikram Sandhu (phone attendance)

2.0 Opening of Meeting:

The Chair Barry Bamford declared the meeting open at and welcomes all to the meeting.

The Chair advises that the meeting will be audio taped for minute taking purposes as authorised by the Chief Executive Officer.

3.0 Apologies:

Resolution No. 2019/
That the apology of be accepted.
Moved:
Seconded:

4.0 Confirmation of previous Minutes for the Audit Committee held Tuesday 21 May 2019

The Minutes of the Audit Committee Meeting held Tuesday 21 May 2019 have been included as an attachment to Committee Members for this meeting.

Resolution No. 2019/

That the minutes of the Audit Committee Meeting of Tuesday 21 May 2019 be confirmed by Committee Members as a true and correct record.

Moved:

Seconded:

5.0 Matters arising from the previous minutes:

6.0 Declaration of interests of Committee Members or staff.

7.0 Agenda Items

7.1 Audited Annual Financial Statement for the Year Ended 30 June 2019

The Audit Annual Financial Statements for the Year Ended 30 June 2019 have been included as an attachment to Audit Committee Members for this meeting.

At its meeting of 19 February 2019, Council resolved to engage Nexia Edwards Marshall NT as its external auditor to prepare and deliver audited financial statements for a three-year period.

A representative from Nexia Edwards Marshall NT will be in attendance to present the Audited Financial Statements for the Year Ended 30 June 2019 and discuss with the Audit Committee their findings.

The presentation will also provide the Audit Committee an opportunity to review and interrogate the quality of the financial statements and make necessary recommendations to management regarding accountability practices in the future.

The Audit Committee will also provide assurance and recommendation to Council regarding the suitability of the Financial Statements for certification by the Chief Executive Officer and inclusion in the Annual Report 2018-2019.

Resolution No. 2019/

That the Audit Committee recommends to Council:

- a) That the report entitled Audited Financial Statements for the Year Ended 30 June 2019 be received and noted;
- b) That the presentation from Nexia Edwards Marshall NT be received; and
- c) That the draft Financial Statements for the Year Ended 30 June 2019 at Attachment A are suitable for certification by the Chief Executive Officer for inclusion in the Annual Report and be presented to Council.

Moved:

Seconded:

Vote:

7.2 Draft Annual Report 2018-2019 – Audit Committee Inclusion

COMMITTEES OF COUNCIL

Pursuant to Part 14.1 of the *Local Government Act 2008* (the Act), Council must, on or before the 15th November in each year, report to the Minister on its work during the financial year ending on the preceding 30 June.

The Annual Report 2018-2019 is currently being drafted by the Chief Executive Officer with contributions from all Wagait Shire Council staff.

The Draft Annual Report 2018-2019 will be presented to Council at its meeting of 15 October 2019 in accordance with Part 14.1 of the Act.

Audit Committee – Extract from Annual Report

The Audit Committee is an advisory committee to Council and is established pursuant to Part 5.2 of the *Local Government Act 2008* Part 5.2, and Section 10 (3) of the *Local Government (Accounting) Regulations*.

The Audit Committee provides independent advice and assistance regarding internal control processes on the effectiveness of the financial and corporate governance practices of Council to ensure compliance with legislative and regulatory requirements. The Audit Committee also takes an active role in reviewing and advising Council on its policies and risk management matters.

The Audit Committee comprises four members, and during the 2018-2019 financial year, its membership underwent change. The Audit Committee Chair, Mr Russell Anderson resigned from the position in March 2019 to undertake temporary responsibilities as Chief Executive Officer. Mr Anderson was replaced by Mr Barry Bamford in the role of Chair.

The Audit Committee comprises four members.

Chair	Mr Russell Anderson (until March 2019) Mr Barry Bamford (from March 2019)
Community Member	Mr Barry Bamford (until March 2019) Ms Maureen Newman (from March 2019)
Council Member	President Peter Clee Vice President Neil White

During the reporting period the Audit Committee held the following meetings;

Tuesday 11th September 2018

Wednesday 6th February 2019

Tuesday 21st May 2019

Key activities during the reporting period included:

- Annual review of the audited financial statements;
- Review of a number of policies relating to governance, financial and human resource management matters;
- Review of the Draft Annual Shire Plan and Budget;
- Review of the Delegations Manual; and
- Completion of an Asset Audit with recommendations.

Resolution No. 2019/

That the Audit Committee:

- a) receives and notes the report entitled Draft Annual Report 2018-2019 Audit Committee Inclusion; and
- b) approves the Draft Statement on the activities of the Audit Committee 2018-2019 at Attachment A for inclusion in the Wagait Shire Council Annual Report 2018-2019.

Moved:

Seconded:

Vote:

7.3 Audit Committee Terms of Reference

The Audit Committee Terms of Reference (P29) have been included as an attachment to the Audit Committee Members for this meeting. Attachment A is the original Terms of Reference and Attachment B is the Amended Terms of Reference.

The Audit Committee was established as an independent advisory committee to Council in accordance with the *Local Government Act 2008* and the *Local Government (Accounting) Regulations*. The current policy requires the Audit Committee Terms of Reference are reviewed on an annual basis by the Committee. The Terms of Reference were last reviewed on 26 June 2018.

As described in General Instruction No. 3 (Department of Local Government, Housing and Community Development), the Audit Committee provides an important role between Council and its management, and between Council and its community. The primary role of the Audit Committee is to provide advice to Council on financial reporting, accountability and transparency. This may include suggestions and recommendations to Council and management about actions to be taken to enhance financial governance responsibilities, legal compliance and strategies to address business, corporate and financial risk.

To be effective, the Audit Committee must be independent from management and free from undue influence from Councillors and Council staff. Members of the Audit Committee cannot have any executive powers, management functions, or delegated financial responsibility.

At Attachment A is the current P29 Audit Committee Terms of Reference. At Attachment B is the Draft P29 Audit Committee Terms of Reference. Suggested amendments include corrections and align with the guidelines described in General Instruction No. 3 to provide greater clarity. In addition, sections of the policy have been harmonised with the policies of other councils, and do not alter the parameters or scope of responsibility of the Wagait Shire Council Audit Committee.

The Work Plan also requires annual review as per the current Terms of Reference.

Resolution No. 2019/

That the Audit Committee:

- a) Receives and notes the report entitled Draft P29 Audit Committee Terms of Reference – 2019 Revisions;
- b) Endorses the Draft P29 Audit Committee Terms of Reference at Attachment B; and
- c) Recommends Council adopts the Draft P29 Audit Committee Terms of Reference at Attachment B.

Moved:

Seconded:

Vote:

7.4 Policy Review Schedule

The Policy Review Schedule 2019/2020 have been included as an attachment to Audit Committee Members for this meeting.

In December 2018, the Department of Local Government, Housing and Community Development delivered its 2018 Compliance Review Report to Wagait Shire Council.

The Review identified several policy omissions or policies that were overdue for review.

Policies are an internal control tool that ensures Council activities are conducted in a consistent, compliant and legal manner. Failure to review policies on a regular basis exposes Council to a higher level of business and corporate risk.

The policies that are overdue include the following categories:

- Governance
- Finance
- Human Resources
- Operational

The attached Policy Review Schedule prioritises the policy review process via category, and endeavours to link the review cycle with the meeting, budgeting and strategic planning cycle of Council. In this context, outstanding policies that address Governance and Financial matters, will be scheduled for consideration at the next meeting of the Audit Committee, that is the fourth meeting for the 2019 calendar year, at a date and time yet to be determined.

Policies that address Human Resourcing issues will be addressed at the first meeting of the Audit Committee in 2020.

Following the mid-year budgeting process, remaining Governance and Operational policies will be presented to the Audit Committee at its third meeting in 2020.

Resolution No. 2019/

That the Audit Committee:

- a) Receives and notes the report entitled Policy review Schedule 2019/2020;
- b) Endorses the Policy Review Schedule 2019/2020 at Attachment A; and
- c) Recommends Council adopts the Policy review Schedule 2019/2020 at Attachment A.

Moved:

Seconded:

Vote:

7.5 Draft Policy Community Support & In-Kind Assistance

The Draft Policy Community Support & In-Kind Assistance have been included as an attachment to councillors for this meeting.

Pursuant to Part 2.3 “Role, functions and objectives of councils”, of the *Local Government Act* 2008, the role of a council is to:

- develop a strong and cohesive social life for its residents and allocate resources in a fair, socially inclusive and sustainable way;
- encourage and develop initiatives for improving quality of life;
- establish and support organisations or programs that benefit the council area;
- seek to provide services, facilities and programs that are appropriate to the needs of its area and to ensure equitable access to its services, facilities and programs.

Wagait Shire Council actively supports initiatives that provide benefit to the community, encourage community inclusion, participation and well-being. As a small local government organisation, Wagait Shire Council has limited resources to develop and implement a broad program of activities that provides for the diverse needs of its community. As described in the Wagait Shire Council Strategic Plan 2019 – 2024, Council will demonstrate strong support for

community wellbeing, support social and community activities and partner with community to plan and develop innovative, sustainable service delivery across the social, economic, environmental and cultural spheres in its community.

The Draft Policy Community Support & In-Kind Assistance provides governance and outlines the method by which support is to be provided to the community, either in-kind or through financial assistance.

Resolution No. 2019/

That the Audit Committee:

- a) receives and notes the report entitled Draft Policy Community Support & In-Kind Sponsorship;
- b) endorses the Draft Policy Community Support & In-Kind Sponsorship at Attachment A; and
- c) recommends Council adopts the Draft Policy Community Support & In-Kind Sponsorship at Attachment A.

Moved:

Seconded:

Vote:

7.6 Compliance Review – Update

In December 2018, the Department of Local Government, Housing and Community Development presented to Council its Compliance Review (the Review Report) that includes identified, perceived or suspected failures of compliance with legislated requirements. Such reviews aim to assist Council in improving internal processes and practices in the areas of:

- Internal controls;
- Human Resource Management;
- Governance arrangements;
- Communication protocols;
- Controls over management and use of public assets; and
- Expenditure of public monies.

The Review Report identified fifteen (15) areas requiring Council's immediate or short to medium-term attention.

Critical remedies or improvements that have been actioned to address the findings to date include:

- Endorsement of an Asset Disposal Policy;
- Procedures regarding payment of Elected Member Allowances;
- Development of a Travel Policy;
- Development of an Investment Policy;
- Development of a Borrowing Policy;
- Development of a Credit Card Policy;
- Development of a Stocktake Policy;
- Improved documentation processes regarding Council expenditure, such as hospitality and fuel costs; and
- Creation of a Common Seal Register.

Remedies in progress or scheduled to be undertaken in the immediate future include:

- improved processes for transactions valued between \$10,000 and \$100,000;
- review of Council's policies;
- review and updating of Employment and Human Resource Management Policies;
- improved transparency of recruitment processes; and
- improved records management procedures, protocols and systems.

Council has secured funding from the Northern Territory Government to procure and implement a suite of software applications (CouncilWise), that will improve Council's electronic records management system, rating database, financial systems and asset management systems. The implementation of CouncilWise will commence from November 2019.

A further report will be provided to the Audit Committee at its next meeting.

Resolution No. 2019/

That the Audit Committee:

- a) receives and notes the report entitled 2018 Compliance Review – Update.

Moved:

Seconded:

Vote:

7.7 Asset Audit Report Recommendations

In June 2019, the Chair, Wagait Shire Council Audit Committee, undertook an asset audit with the assistance of Wagait Shire Council staff.

A copy of the Report is at Attachment A.

The Report included more than thirty recommended actions. Wagait Shire Council staff have been implementing recommended actions and a completion report in response to all recommendations is scheduled to be delivered to the Audit Committee at its first meeting in 2020.

Resolution No. 2019/

That the Audit Committee:

- a) receives and notes the report entitled Asset Audit Report & Recommendations;
- b) notes Wagait Shire Council – Asset Audit Report & Recommendations June 2019 at Attachment A.

Moved:

Seconded:

Vote:

8.0 Other Business

Nil.

9.0 Confidential Items:

Nil.

10.0 In-Camera

11.0 Closure of Meeting:

The next meeting of the Wagait Shire Council Audit Committee will be held in the Wagait Shire Council Office and is planned tentatively for depending on availability of members.

The Chair declared the meeting closed at