

**SHIRE OF WEST ARTHUR**

**MINUTES** of the Audit Committee Meeting held on 30 October 2020 in the Shire of West Arthur Council Chambers, commencing at 10.00am.

**1. Declaration of Opening/Announcement of Visitors**

The Chief Executive Officer declared the meeting open at 10.00am

**2. Record of Attendance and Apologies**

**Attendance**

Cr Graeme Peirce (Chairperson)  
Cr Kevin King  
Cr Julie McFall  
Russell Harrison – Lincolns (via telephone)  
Nayna Raniga – OAG  
Nicole Wasmann           Chief Executive Officer  
Melinda King             Shire Officer

**Apology**

Cr Adam Squires

**4. Question Time**

Nil

**5. Previous Minutes**

A copy of the minutes of the last meeting held on 17 March 2020 have been distributed. Notes to the audit entry meeting held on 7 April 2020, via telephone, were also included.

Moved: Cr Kevin King

Seconded: Cr Julie McFall

That the minutes of the meeting held on 17 March 2020, be confirmed as a true and correct record.

**6. Exit interview with auditor, Lincolns and auditor, OAG.**

**Russell Harrison**

Some guidance was sent out from the OAG in the past week and suggestion made that due to the changes in the regulations some audit meetings and audit opinions may be delayed. Disclosure changes due to the change in regulations will affect the recognition of vested land. The OAG will provide a position paper which gives some guidance over the changes in recognition of fixed assets.

Sometimes the Australian Accounting Standards and relevant Local Government Act Regulations can cross over and when this occurs the Regulations take precedence. Changes will remove the requirement to recognise right of use assets if there is no payment. This would otherwise be time consuming to recognise.

Changes will also alter the revaluation requirements of fixed assets to require valuation every five years (rather than three to five) and change the valuation method of plant and equipment to 'at cost' and not require revaluation.

There will be movements in the class of assets and some assets will move from buildings to leasehold improvements. New class will be leasehold on vested land. This year's statements recognised the new revenue standard which was a more precise way of measuring the timing of income and the contract liability at year end. An example was Road to Recovery funds held as unspent at year end.

The interim audit was held remotely and this prompted changes to the audit process by the introduction of a portal. Documents were uploaded to a secure portal. Systems, controls and integrity were reviewed. Hard copies of documents were viewed at annual audit. Supporting documents were uploaded for year end audit which meant that some work could be undertaken prior to the onsite visit.

The audit file has been reviewed by Nayna and we are now waiting on the changes in Regulations. There may be bottlenecks at Lincolns as well as OAG.

The report to the audit committee had two points raised in relation to ratios.

- Operating Surplus Ratio, outside the recommended guidelines. In line with many local governments this ratio is influenced by the recognition of capital grants. Ratios for local government have been under review and the OAG is working with the Department however there is no progress on changing the ratios this year.
- The asset sustainability ratio recognises the renewal of assets as opposed to depreciation. The ratio is below 80% and guidelines suggest this should be looked at as it is below the 2019 ratio. The ten-year plan/ integrated planning will show planned projects for future years. Years when there is a large amount of capital expenditure on upgrade projects will influence this ratio.

#### Nayna Raniga

No misstatements corrected or uncorrected in the audit which is unusual in local government audits and the Shire should be commended. This has been the case for a couple of years. Waiting on changes to the regulations and will work towards finalising, signing off and the management representation letter to meet timeframes required by Council.

Any contaminated sites are an obligation which is to be shown as a liability. The Shire does not have any currently which need to be recognised, however if there is an obligation to rehabilitate there needs to be a provision.

There is no need for a further meeting of the audit committee to finalise the statement and the report can go directly to Council.

#### **7. Other Urgent Business by Decision of Meeting**

Nil.

#### **8. Tabling of Items for Next Meeting**

Nil

#### **9. Closure and Next Meeting**

The Chairperson declared the meeting closed at 10.52am.

The next meeting is proposed to be held in March 2021 and will include the compliance return. Connection by phone will be available.

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These Audit Meeting Minutes 30 October 2020 were confirmed:

Signed:   
Presiding Member at the meeting at which the Minutes were confirmed.