



**MINUTES**

**AUDIT COMMITTEE MEETING**

**TUESDAY 13<sup>TH</sup> SEPTEMBER 2016**

**9.00AM**

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Signed: Leigh Ashford Chief Executive Officer

# AGENDA

## INTERNAL AUDIT COMMITTEE

TO BE HELD IN THE COUNCIL CHAMBERS, BATCHELOR

ON TUESDAY 13th SEPTEMBER 2016 AT 9.00AM

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The Chairperson Mr Russell Anderson declared the meeting open at 9.00am and welcomed all in attendance.

### **1 PERSONS PRESENT**

#### **MEMBERS PRESENT**

Chairperson	Mr Russell Anderson
Councillor	President Andrew Turner
Councillor	Sue Bulmer

#### **STAFF AND OTHERS PRESENT**

Chief Executive Officer	Leigh Ashford
Finance Manager	Melissa Kerr

## 2 APOLOGIES AND LEAVE OF ABSENCE

<b>Applicant:</b>	N/A
<b>Location/Address:</b>	N/A
<b>File Ref:</b>	N/A
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Leigh Ashford, Chief Executive Officer
<b>Attachments:</b>	Nil

### SUMMARY

This report is to table any apologies and requests for leave of absence received from Members of the Audit Committee Meeting held 13th September 2016.

### BACKGROUND

Not applicable.

### COMMENT

The committee can choose to accept the apologies or requests for leave of absence as presented, or not accept them. Apologies or requests for leave of absence that are not accepted by Council will be recorded as absence without notice.

### CONSULTATION

Not applicable.

### STATUTORY ENVIRONMENT

Not applicable.

### POLICY IMPLICATIONS

Not applicable.

### FINANCIAL IMPLICATIONS

Not applicable.

### VOTING REQUIREMENT

Simple majority

### RECOMMENDATION

That Committee receive and notes that there are no apologies of absence for the Audit Committee Meeting held 13th September 2016.

**Moved:** Clr. Bulmer

**Seconded:** Clr. Turner

### 3 DECLARATION OF INTEREST OF MEMBERS

<b>Applicant:</b>	N/A
<b>Location/Address:</b>	N/A
<b>File Ref:</b>	N/A
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Leigh Ashford, Chief Executive Officer
<b>Attachments:</b>	Nil

#### SUMMARY

Members are required to disclose an interest in a matter under consideration by the Committee at a meeting of a committee by:

- 1) In the case of a matter featured in an officer's report or written agenda item by disclosing the interest to the Council by disclosure as soon as possible after the matter is raised.
- 2) In the case of a matter raised in general debate or by any means other than the printed agenda of the Committee by disclosure as soon as possible after the matter is raised. Under disclosure, the Member must abide by the decision of Committee on whether he/ she shall remain in the meeting and/ or take part in the vote on the issue. The committee may elect to allow the Member to provide further and better particulars of the interest prior to requesting him/ her to leave the Chambers.

#### BACKGROUND

Not applicable.

#### COMMENT

Not applicable.

#### CONSULTATION

Not applicable.

#### STATUTORY ENVIRONMENT

Not Applicable

#### POLICY IMPLICATIONS

Conflict of Interest – Code of Conduct.

#### FINANCIAL IMPLICATIONS

Not applicable.

#### VOTING REQUIREMENT

Simple majority

#### RECOMMENDATION

That Council receives the declarations of interest as listed for the Audit Meeting held 13th September 2016.

**Moved:** Clr. Bulmer

**Seconded:** Clr. Turner

#### 4 CONFIRMATION OF MINUTES

<b>Location/Address:</b>	N/A
<b>File Ref:</b>	N/A
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Leigh Ashford, Chief Executive Officer
<b>Attachments:</b>	Copy of Minutes will be tabled at the meeting

#### SUMMARY

Minutes from the meeting held 10<sup>th</sup> May 2016 to be confirmed.

#### BACKGROUND

Not applicable.

#### COMMENT

Not applicable.

#### CONSULTATION

Not applicable.

#### STATUTORY ENVIRONMENT

Nil

#### POLICY IMPLICATIONS

Not applicable.

#### FINANCIAL IMPLICATIONS

Not applicable.

#### VOTING REQUIREMENT

Simple majority

#### RECOMMENDATION

That the Audit Committee receive and note the minutes from the meeting held 10<sup>th</sup> May 2016.

**Moved:** Clr. Turner

**Seconded:** Clr. Bulmer

#### 4.1 AUDITED FINANCIAL STATEMENTS 2015/16

<b>Applicant:</b>	Melissa Kerr
<b>Location/Address:</b>	N/A
<b>File Ref:</b>	N/A
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Melissa Kerr, Finance Manager
<b>Attachments:</b>	Audited Financial Statements 2015/16

#### **SUMMARY**

The financial statements for 2015/16 have been audited by Nexia Edwards Marshall NT.

#### **BACKGROUND**

Council's annual financial statements are required to be audited each year.

#### **COMMENT**

No additional comments are provided to this report.

#### **CONSULTATION**

Nexia Edwards Marshall.

#### **STATUTORY ENVIRONMENT**

##### **132 Reference of annual financial statement for audit**

The annual financial statement must be prepared, and referred to the council's auditor for audit:

- (a) as soon as reasonably practicable after the end of the relevant financial year; and
- (b) in any event, in time to ensure that the audited statement will be available no later than 15 November in the calendar year in which the financial year ends.

#### **POLICY IMPLICATIONS**

Nil

#### **VOTING REQUIREMENT**

Simple majority

#### **RECOMMENDATION**

That the Audit Committee recommend Council receive and note the Audited Financial Statements for 2015/16.

**Moved:** Clr. Bulmer

**Seconded:** Clr. Turner



## 4.2 ENGAGEMENT OF AUDITOR

<b>Applicant:</b>	Melissa Kerr
<b>Location/Address:</b>	N/A
<b>File Ref:</b>	CC/81
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Melissa Kerr, Finance Manager
<b>Attachments:</b>	Nil

### SUMMARY

Council must appoint an auditor for two to five years.

### BACKGROUND

Council appointed Barry Hansen Chartered Accountants (taken over by Nexia Edwards Marshall NT July 2016) for two years, the 2014/15 and 2015/16 financial years.

### COMMENT

For continuity of service it would be preferable to engage Nexia Edwards Marshall NT for a further three years. Their current annual fee is \$12,474.00 and this will remain for 2016/17. For 2017/18 and 2018/16 the fee will increase by CPI.

### CONSULTATION

Nexia Edwards Marshall NT

### STATUTORY ENVIRONMENT

#### 133 Auditor

- (1) A council must have an auditor.
  
- (4) The council must, in the instrument of the auditor's appointment:
  - (a) fix the term of appointment (which must not be less than 2 nor more than 5 years); and
  - (b) fix the basis of the auditor's remuneration.

### POLICY IMPLICATIONS

Nil

### VOTING REQUIREMENT

Simple majority

<b>RECOMMENDATION</b>	
That the Audit Committee recommend Council engage Nexia Edwards Marshall NT for a further two years.	
<b>Moved:</b>	<b>Clr. Bulmer</b>
<b>Seconded:</b>	<b>Clr. Turner</b>

### 4.3 RISK ASSESSMENT

<b>Applicant:</b>	Melissa Kerr
<b>Location/Address:</b>	N/A
<b>File Ref:</b>	N/A
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Melissa Kerr, Finance Manager
<b>Attachments:</b>	DRAFT Risk Assessment Policy

#### SUMMARY

Council are required to prepare a risk assessment policy.

#### BACKGROUND

The DRAFT risk assessment policy is a work in progress document for comment by the Audit Committee.

#### COMMENT

Nil

#### CONSULTATION

CEO

#### STATUTORY ENVIRONMENT

Nil

#### POLICY IMPLICATIONS

Nil

#### VOTING REQUIREMENT

Simple majority

<b>RECOMMENDATION</b>	
That the Audit Committee continue working on the DRAFT Risk Assessment Policy to be reviewed at the next meeting.	
<b>Moved:</b>	<b>Clr. Bulmer</b>
<b>Seconded:</b>	<b>Clr. Turner</b>

#### 4.4 ASSET REVALUATION

<b>Applicant:</b>	Melissa Kerr
<b>Location/Address:</b>	N/A
<b>File Ref:</b>	CC/16
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Melissa Kerr, Finance Manager
<b>Attachments:</b>	Nil

#### SUMMARY

Council are well overdue to have their infrastructure, property, plant and equipment revalued. Roads were revalued in 2005 and land in 2013.

#### BACKGROUND

Due to Council's uncertain future for the past eight years, the revaluations have been delayed each year. It would be prudent to revalue infrastructure, property plant and equipment this year. Maloney Field Services conduct revaluations for most NT Local Governments.

#### COMMENT

Nil

#### CONSULTATION

CEO

Maloney Field Services – Quote June 2016 \$14,500.

#### STATUTORY ENVIRONMENT

AASB 16 Section 34 – Frequency of Revaluations - Revaluation every three to five years may be sufficient.

#### POLICY IMPLICATIONS

Nil

#### VOTING REQUIREMENT

Simple majority

#### RECOMMENDATION

That the Audit Committee recommend Council conduct a revaluation of Councils' infrastructure, property, plant and equipment in 2016/17.

**Moved:** Clr. Turner

**Seconded:** Clr. Bulmer

#### 4.5 2016/17 BUDGET AMENDMENTS – UNEXPENDED ROAD GRANTS

<b>Applicant:</b>	Melissa Kerr
<b>Location/Address:</b>	N/A
<b>File Ref:</b>	CC/4
<b>Disclosure of Interest:</b>	Nil
<b>Date:</b>	13th September 2016
<b>Author:</b>	Melissa Kerr, Finance Manager
<b>Attachments:</b>	Nil

#### SUMMARY

Council have unexpended road grants for Cheeney Road that need to be carried over into 2016/17 to carry on and complete works on Cheeney Road.

#### BACKGROUND

410.3012 - Roads to Recovery Grant \$668,313 – carry over unexpended grant of \$86,642 for Cheeney Road

410.3017.003 - Department of Transport Grant \$1,743,687 – carry over unexpended grant of \$1,743,687 for Cheeney Road

410.4399 – Cheeney Road Construction – carry over total expenditure for completion of \$1,830,329

#### COMMENT

Nil

#### CONSULTATION

CEO

#### STATUTORY ENVIRONMENT

##### 128 Adoption of budget or amendment

(1) A council must adopt its budget for a particular financial year on or before 31 July in the relevant financial year.

(2) Subject to subsection (2A), a council may, after adopting its budget for a particular financial year, adopt an amendment to its budget.

(2A) An amendment cannot have the effect:

(a) of increasing the amount of an allowance for the financial year for the members of the council; or  
(b) of changing the amount of an allowance for the financial year for members of a local authority established by the council except in accordance with any guidelines made by the Minister.

(3) As soon as practicable after adopting its budget, or an amendment to its budget, for a particular financial year, a council must:

(a) publish the budget or the amendment as adopted on the council's website; and  
(b) notify the Agency in writing of the adoption of the budget or amendment; and  
(c) publish a notice in a newspaper circulating generally in the area informing the public that copies of the budget or amendment may be downloaded from the council's website or obtained from the council's public office.

(4) The council's budget forms part of the council's municipal, regional or shire plan.

#### POLICY IMPLICATIONS

Nil

#### VOTING REQUIREMENT

**RECOMMENDATION**

That the Audit Committee recommends Council amend and advertise the budget line items 410.3012 to \$668,313, 410.3017.003 to \$1,743,687 and 410.4399 to \$1,830,329 for 2016/17 unexpended road grants as presented.

**Moved:**                      **Clr. Bulmer**

**Seconded:**                **Clr. Turner**

**5    GENERAL BUSINESS**

Leigh Ashford – CEO – Terms of Reference for the audit committee appoint Councillors for a term of two years. Current positions were appointed in August 2014. It was discussed to extend the current terms until after the next Council elections in August 2017.

Russell Anderson – Chairman – Addition of local person to the Audit Committee was discussed. Council are to seek a local person who either has business skills or some financial background to become a part of the Audit Committee by August 2017.

**RECOMMENDATION**

That the Audit Committee recommends Council agree the two Councillors on the Audit Committee to extend their terms until after the next Council election in August 2017.

That the Audit Committee recommends Council seek a local person to be a part of the Audit Committee.

**Moved:**                      **Clr. Bulmer**

**Seconded:**                **Clr. Turner**

**6    NEXT MEETING**

The next Audit Committee meeting will be held at Batchelor at 9am on Tuesday 7<sup>th</sup> March 2017.