AGENDA

AUDIT COMMITTEE MEETING

WEDNESDAY, 24 AUGUST 2016
WEST ARNHEM REGIONAL COUNCIL

Notice is hereby given that Audit Committee Meeting of the West Arnhem Regional Council will be held in Council Chambers, Jabiru on Wednesday, 24 August 2016 at 10.00am.

Brian Hylands
Chief Executive Officer
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<td>Reports to Management from External Auditors - 12/13 Stocktake of Fixed Assets</td>
<td>41</td>
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<tr>
<td>9</td>
<td>AUDIT REPORTS</td>
<td>Nil</td>
</tr>
<tr>
<td>10</td>
<td>LATE REPORTS</td>
<td>Nil</td>
</tr>
<tr>
<td>11</td>
<td>CONFIDENTIAL ITEMS</td>
<td>The information is classed as confidential under the Clause 9(c) of the Local Government (Administration) Regulations 2008.</td>
</tr>
<tr>
<td>12</td>
<td>NEXT MEETING</td>
<td></td>
</tr>
</tbody>
</table>
WEST ARNHEM REGIONAL COUNCIL
FOR THE MEETING 24 AUGUST 2016

Agenda Reference:  3.1
Title:  Apologies and Leave of Absence
File Reference:  607725
Author:  Barbara Newland, Executive Officer JTDA & Governance Projects

SUMMARY
This report is to table, for the Committee’s record, any Apologies and requests for Leave of Absence received from Elected Members for the Audit Committee Meeting held 24 August 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 Absent Without Notice.

STATUTORY ENVIRONMENT
Not applicable.

POLICY IMPLICATIONS
Not applicable.

FINANCIAL IMPLICATIONS
Not applicable.

STRATEGIC IMPLICATIONS
Not applicable.

VOTING REQUIREMENTS
Simple majority.

RECOMMENDATION:
That the Committee receives and notes Elected Member Apologies and/or requests for Leave of Absence received for the Audit Committee Meeting held 24 August 2015.

ATTACHMENTS
SUMMARY
This report is to table, for the Committee’s record, any Elected Members that are Absent Without Notice from the Audit Committee Meeting held 24 August 2016.

BACKGROUND
Not applicable.

COMMENT
Not applicable.

STATUTORY ENVIRONMENT
Not applicable.

POLICY IMPLICATIONS
Not applicable.

FINANCIAL IMPLICATIONS
Not applicable.

STRATEGIC IMPLICATIONS
Not applicable.

VOTING REQUIREMENTS
Simple majority.

RECOMMENDATION:
That the Committee notes Elected Member absences without notice the Audit Committee Meeting held on 24 August 2016.

ATTACHMENTS
Agenda Reference: 5.1  
Title: Acceptance of Agenda  
File Reference: 607728  
Author: Barbara Newland, Executive Officer JTDA & Governance Projects

SUMMARY
Agenda papers are submitted for acceptance by the Committee for the Audit Committee Meeting of 24 August 2016.

BACKGROUND
Not applicable.

COMMENT
Not applicable.

STATUTORY ENVIRONMENT
Not applicable.

POLICY IMPLICATIONS
Not applicable.

FINANCIAL IMPLICATIONS
Not applicable.

STRATEGIC IMPLICATIONS
Not applicable.

VOTING REQUIREMENTS
Simple majority.

RECOMMENDATION:
That the agenda papers for the Audit Committee Meeting of 24 August 2016 as circulated be received for consideration at the meeting.

ATTACHMENTS
SUMMARY

Elected Members are required to disclose an interest in a matter under consideration by Council at a meeting of the Council or a meeting of a Council 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 Council by disclosure as soon as possible after the matter is raised.

Under disclosure, the Member must abide by the decision of Council on whether he/she shall remain in the Chambers and/or take part in the vote on the issue. The council may elect to allow the Member to provide further and better particulars of the interest prior to requesting him/her to leave the Chambers.

Staff Members of the Council are required to disclose an interest in a matter at any time at which they are required to act or exercise their delegate authority in relation to the matter. Upon disclosure the Staff Member is not to act or exercise his or her delegated authority unless the Council expressly directs him or her to do so.

BACKGROUND

Not applicable.

COMMENT

Not applicable.

STATUTORY ENVIRONMENT

Local Government Act s73 & s74 (Elected Members).
Local Government Act s107 Conflict of interest (Staff Members).

POLICY IMPLICATIONS

Not applicable.

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC IMPLICATIONS

Not applicable.

VOTING REQUIREMENTS

Simple majority.
RECOMMENDATION:
That the Committee receives the declarations of interest as listed for the Audit Committee Meeting held 24 August 2016.

ATTACHMENTS
WEST ARNHEM REGIONAL COUNCIL
FOR THE MEETING 24 AUGUST 2016

Agenda Reference: 7.1
Title: Confirmation of Previous Minutes - Audit Committee Meeting 30 June 2016
File Reference: 607730
Author: Barbara Newland, Executive Officer JTDA & Governance Projects

SUMMARY
Minutes of the 30 June 2016 Audit Committee Meeting are submitted to the Committee for confirmation that those minutes are a true and correct record of the meeting.

BACKGROUND
Not applicable.

COMMENT
Not applicable.

STATUTORY ENVIRONMENT
The minutes as submitted must comply with the Local Government Act s67(2), and confirmation of minutes must comply with the Local Government Act s67(3).

POLICY IMPLICATIONS
Not applicable.

FINANCIAL IMPLICATIONS
Not applicable.

STRATEGIC IMPLICATIONS
Not applicable.

VOTING REQUIREMENTS
Simple majority.

RECOMMENDATION:
That the Minutes of the 30 June 2016 Audit Committee Meeting are confirmed by the Committee as a true and correct record of the meeting.

ATTACHMENTS
1 AUDIT COMMITTEE MINUTES 30.6.2016.pdf
Minutes of the West Arnhem Regional Council Audit Committee Meeting
Thursday, 30 June 2016 at 11.00am
Council Chambers, Jabiru

Chairperson Iain Summers declared the meeting open at 11.10am, welcomed all in attendance and acknowledged the Traditional Owners.

ELECTED COMMITTEE MEMBERS PRESENT
Chairperson Iain Summers
Committee Member Alex Siebert (teleconference)
Committee Member Anna Egerton

STAFF PRESENT
Chief Executive Officer, A/g Gordon Smith
Executive Officer JTDA and Governance Projects Barbara Newland (Minute Secretary)
APOLOGIES AND LEAVE OF ABSENCE

3.1 APOLOGIES AND LEAVE OF ABSENCE
The Committee considered Apologies and Leave of Absence.

The Committee received and noted Elected Member Apologies and/or requests for Leave of Absence from Mayor Lothar Siebert and Cr James Marrawal for the Audit Committee Meeting held 30 June 2016.

ABSENT WITHOUT NOTICE

4.1 ABSENT WITHOUT NOTICE
The Committee considered Absent Without Notice.

The Committee noted no Elected Member absences without notice the Audit Committee Meeting held on 30 June 2016.

ACCEPTANCE OF AGENDA

5.1 ACCEPTANCE OF AGENDA
The Committee considered Acceptance of Agenda.

ACM49/2016 RESOLVED:
On the motion of Councillor Anna Egerton
Seconded Councillor Alex Siebert

That the agenda papers for the Audit Committee Meeting of 30 June 2016 as circulated be received for consideration at the meeting.

CARRIED

DECLARATION OF INTEREST OF MEMBERS OR STAFF

6.1 DISCLOSURE OF INTEREST OF MEMBERS OR STAFF
The Committee considered Disclosure of Interest of Members or Staff.

The Committee received no declarations of interest as listed for the Audit Committee Meeting held 30 June 2016.

CONFIRMATION OF PREVIOUS MINUTES

7.1 CONFIRMATION OF PREVIOUS MINUTES - AUDIT COMMITTEE MEETING 25 MAY 2016
The Committee considered Confirmation of Previous Minutes - Audit Committee Meeting 25 May 2016.

ACM50/2016 RESOLVED:
On the motion of Councillor Anna Egerton
Seconded Chairman Iain Summers

That the Minutes of the 25 May 2016 Audit Committee Meeting are confirmed by the Committee as a true and correct record of the meeting.

CARRIED

West Arnhem Regional Council

Audit Committee
Thursday, 30 June 2016
GENERAL ITEMS

8.1 UPDATE ON ACTION ITEMS

The Committee considered Update on Action Items.

ACM51/2016 RESOLVED:
On the motion of Councillor Alex Siebert
Seconded Councillor Anna Egerton

That the Audit Committee:
1. notes the update of the Action Items still in progress; and
2. approves the removal of the Finalised Items from the Action List.

CARRIED

Minute Note: Management was asked to provide more detail in relation to ACM40/2016 so that the matter was more easily identifiable for future reference.

8.2 MANAGEMENT REPORTS FROM AUDITORS - UPDATE ON ACTIONS

The Committee considered Management Reports from Auditors - Update on Actions.

ACM52/2016 RESOLVED:
On the motion of Councillor Anna Egerton
Seconded Councillor Alex Siebert

That the Audit Committee receives the report in relation to outstanding findings from Auditor’s Management Reports and notes progress on matters from the report.

CARRIED

Minute Note: Item #17 is to remain “In Progress”. Management was asked to provide supporting documentation as an assurance that this matter has been finalised.

8.3 INTERNAL AUDIT RECOMMENDATIONS TRACKING REGISTER - UPDATE ON ACTIONS

The Committee considered Internal Audit Recommendations Tracking Register - Update on Actions.

ACM53/2016 RESOLVED:
On the motion of Councillor Anna Egerton
Seconded Councillor Alex Siebert

That the Audit Committee receives the report in relation to outstanding items from the Internal Audit into the Grants Activity Costing Process and notes progress on matters from the report.

CARRIED

Minute Note: Management is to provide a presentation to the Committee at its next meeting which demonstrates how the grants process operates within InfoCouncil.

West Arnhem Regional Council - 3 - Audit Committee
Thursday, 30 June 2016
8.4 WARC STRATEGIC & OPERATIONAL RISK REGISTER

The Committee considered WARC Strategic & Operational Risk Register.

ACM54/2016 RESOLVED:
On the motion of Councillor Anna Egerton
Seconded Councillor Alex Siebert

That the Audit Committee notes the revision of the Strategic and Operational Risk Register
and directs that an abridged/summary report regarding the Register be provided to Council.

CARRIED

Minute Note: The report to Council should include such matters as the linkage of the Risk Register to
the Regional Plan and the alignment of the risk mitigation strategies to Council's KPI's over a 12 to 18
month period. Management was again congratulated on the quality of this document.

8.5 WARC STRATEGIC INTERNAL AUDIT PLAN 2017-2019

The Committee considered WARC Strategic Internal Audit Plan 2017-2019.

ACM55/2016 RESOLVED:
On the motion of Councillor Anna Egerton
Seconded Councillor Alex Siebert

That the Audit Committee endorses the Strategic Internal Audit Plan 2017-2019.

CARRIED

Minute Note: Management has been asked to prepare a document entitled "Internal Audit
Protocols" to compliment and complete the suite of risk management documents.

8.6 COMPOSITION OF THE AUDIT COMMITTEE

The Committee considered Composition of the Audit Committee.

ACM56/2016 RESOLVED:
On the motion of Councillor Alex Siebert
Seconded Councillor Anne Egerton

That the Committee recommends to Council that:

1. The appointments of Mr Iain Summers, Mayor Lothar Siebert, Deputy Mayor James
   Marrawal, Cr Alex Siebert and Cr Anna Egerton be ratified; and

2. The term of appointment of these committee members continue until such time as
   local government elections are held.

CARRIED
8.7 DRAFT EXTERNAL AUDIT PLAN FOR THE YEAR ENDED 30 JUNE 2016 INCORPORATING
RESULTS OF INTERIM AUDIT

The Committee considered Draft External Audit Plan for the year ended 30 June 2016
incorporating results of Interim Audit.

ACM57/2016 RESOLVED:
On the motion of Councillor Anna Egerton
Seconded Councillor Alex Siebert

That the Committee receives and notes the Draft Audit Plan for the year ended 30 June 2016
incorporating the results of the Interim Audit.

CARRIED

Minute Note: Page 6 of the Audit Plan and Interim Audit Report 2015-16 notes three “key risks”
which will be the focus of audit activity. Management was directed to request specific feedback from
Merk Partners regarding these risks before its draft report is presented to the Committee.

CONFIDENTIAL ITEMS

There were no confidential matters discussed.

MEETING DECLARED CLOSED

Chairperson Iain Summers declared the meeting closed at 12.50pm.

This page and the preceding pages are the minutes of the Audit Committee Meeting Audit
Committee Meeting held on Thursday, 30 June 2016.
SUMMARY
This report is submitted for the Committee to consider the progress on outstanding resolutions from Audit Committee Meetings.

BACKGROUND
This report is a standard report submitted to the Committee to note the actions taken with respect to Audit Committee resolutions.
The attached summary provides the current status of the resolutions.

COMMENT
No additional comment is provided for this report.

STATUTORY ENVIRONMENT
Not applicable.

POLICY IMPLICATIONS
No specific policies apply to this report.

FINANCIAL IMPLICATIONS
Not applicable

STRATEGIC IMPLICATIONS
There are no strategic implications identified from this report.

VOTING REQUIREMENTS
Simple majority

RECOMMENDATION:
That the Audit Committee:

1. notes the update of the Action Items still in progress; and
2. approves the removal of the Finalised Items from the Action List.

ATTACHMENTS
1 AUDIT COMMITTEE - ACTION ITEMS AUGUST 2016 - IN PROGRESS.pdf
2 AUDIT COMMITTEE - ACTION ITEMS AUGUST 2016 - FINALISED.pdf
<table>
<thead>
<tr>
<th>Date of Meeting</th>
<th>Resolution number</th>
<th>Action required</th>
<th>Status</th>
<th>Comment</th>
<th>Action Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.06.2016</td>
<td>Minute Note</td>
<td>Draft External Audit Plan for the Year Ended 30 June 2016 Page 6 of the Audit Plan and Interim Audit Report 2015-16 notes three &quot;key risks&quot; which will be the focus of audit activity. Management is directed to request specific feedback from Merit Partners regarding these risks before its draft report is presented to the Committee.</td>
<td>in progress</td>
<td>Noted for action.</td>
<td>EMCS</td>
</tr>
</tbody>
</table>
## AUDIT COMMITTEE - Action Item List - finalised matters

<table>
<thead>
<tr>
<th>Date of Meeting</th>
<th>Resolution number</th>
<th>Action required</th>
<th>Status</th>
<th>Comment</th>
<th>Action Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.05.2016</td>
<td></td>
<td>Audit Committee Charter and Terms of Reference</td>
<td>Finalised</td>
<td>All Audit Committee documents have been uploaded to the website: Audit Committee Charter, Terms of Reference, Risk Management Policy &amp; Framework, Strategic &amp; Operational Risk Register and Strategic Internal Audit Plan 2017-2019. There is now a specific &quot;hot button&quot; for these documents in the Audit Committee section of the website.</td>
<td>SPM</td>
</tr>
<tr>
<td>26.05.2016</td>
<td>ACM40/2016</td>
<td>Update on Action Items</td>
<td>Finalised</td>
<td>A response has been prepared by the Finance Manager which is included in the agenda for the August meeting.</td>
<td>EMCS</td>
</tr>
<tr>
<td>30.06.2016</td>
<td>Minute Note</td>
<td>WARC Strategic &amp; Operational Risk Register</td>
<td>Finalised</td>
<td>A Business Paper regarding the Risk Register was presented at the Ordinary Council meeting held on 10 August 2016.</td>
<td>SPM</td>
</tr>
<tr>
<td>30.06.2016</td>
<td>Minute Note</td>
<td>WARC Strategic Internal Audit Plan 2017-2019</td>
<td>Finalised</td>
<td>This document has been prepared and is included in the agenda for the August meeting.</td>
<td>SPM</td>
</tr>
<tr>
<td>30.06.2016</td>
<td>ACM56/2016</td>
<td>Composition of the Audit Committee</td>
<td>Finalised</td>
<td>A Business Paper was presented to and adopted by Council at its meeting held on 10 August 2016.</td>
<td>SPM</td>
</tr>
</tbody>
</table>

- ACM40/2016 RESOLVED:
  - On the motion of Cr Anna Egerton
  - Seconded Mayor Lothar Siebert

- ACM56/2016 RESOLVED:
  - On the motion of Cr Alex Siebert
  - Seconded Cr Anna Egerton

The Committee recommends to Council that:

1. The appointments of Iain Summers, Mayor Lothar Siebert, Deputy Mayor James Marrawal, Cr Alex Siebert and Cr Anna Egerton be ratified; and

2. The term of appointment of these committee members continue until such time as local government elections are held.
<table>
<thead>
<tr>
<th>Date of Meeting</th>
<th>Resolution number</th>
<th>Action required</th>
<th>Status</th>
<th>Comment</th>
<th>Action Officer</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.06.2016</td>
<td>Minute Note</td>
<td>Internal Audit Recommendations - Update on Actions</td>
<td>Finalised</td>
<td>Arrangements have been made for the Grant Coordinator to provide a presentation to the August meeting of the operation of InfoAgent Records Management System.</td>
<td>EMCS</td>
</tr>
</tbody>
</table>
SUMMARY

To provide information to the Committee regarding the status of outstanding action items which have emanated from Auditor Management Reports.

BACKGROUND

The Management Letter or Management Report from Auditors identifies issues not required to be disclosed in the Annual Financial Report but represent the auditors concerns and suggestions noted during the audit.

These findings from the audit may include:

1. auditors’ views about the significant qualitative aspects of the Council's accounting practices, including accounting policies, accounting estimates, and financial statement disclosures;
2. significant difficulties, if any, encountered during the audit;
3. uncorrected misstatements, other than those auditor believe are trivial;
4. disagreements with management, if any, whether or not satisfactorily resolved; and
5. other matters, if any, arising from the audit that are significant and relevant to those charged with governance regarding the oversight of the financial reporting process, including significant matters in connection with the Council's related parties.

Over the past audit committee meetings, members have been presented with evidence of the action items from the Auditors Report to Management on matters found during the audit.

COMMENT

The report provides the status of different items. Reports regarding Items 17 and 28 are included in the agenda for this meeting. Consequently there are currently no matters outstanding.

STATUTORY ENVIRONMENT

Not applicable.

POLICY IMPLICATIONS

As per the Audit Committee Charter, the committee is responsible for monitoring and reviewing management’s responsiveness to the external audit provider’s findings and recommendations.

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC IMPLICATIONS

Not applicable.
VOTING REQUIREMENTS
Simple majority

RECOMMENDATION:
That the Audit Committee receives the report in relation to outstanding findings from Auditor’s Management Reports and notes progress on matters from the report.

ATTACHMENTS
1  Mgm letter action list - AUGUST 2016.pdf
West Arnhem Regional Council
External Auditors - Reports to Management from External Auditors
Action List

<table>
<thead>
<tr>
<th>Ref #</th>
<th>Audit Letter Ref</th>
<th>Risk Rating</th>
<th>Issue</th>
<th>Completion Date</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>10/11 Payroll Process</td>
<td>Moderate</td>
<td>Produce report on the payroll master file and reconcile biannually to ensure all records and documentation regarding employee’s salaries are correct.</td>
<td>24.8.2016</td>
<td>MHR</td>
</tr>
</tbody>
</table>

**COMMENTS**

As advised by the Executive Manager Corporate Services at the June meeting of the Committee alternative controls have been developed and adopted which have effectively achieved the outcome sought by the Auditors. Supporting documentation is included in the agenda for the August meeting of the Committee.

<table>
<thead>
<tr>
<th>Ref #</th>
<th>Audit Letter Ref</th>
<th>Risk Rating</th>
<th>Issue</th>
<th>Completion Date</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td>12/13 Stocktake of fixed assets</td>
<td>Moderate</td>
<td>Council did not conduct full stocktake for the year ended 30 June 2013.</td>
<td>24.8.2016</td>
<td>EMCS</td>
</tr>
</tbody>
</table>

**COMMENTS**

This matter was discussed by the Executive Manager Corporate Services at the June meeting of the Committee. He spoke about the methodology employed in the revaluation of WARC’s assets which has been completed. He indicated that there will be different methods used for individual classes of assets and this will be reflected in the financial statements for 2015-16. A full report is included in the agenda for the August meeting of the Committee.
WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 24 AUGUST 2016

<table>
<thead>
<tr>
<th>Agenda Reference:</th>
<th>8.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>Internal Audit Recommendations Tracking Register - Update on Actions</td>
</tr>
<tr>
<td>File Reference:</td>
<td>607787</td>
</tr>
<tr>
<td>Author:</td>
<td>Barbara Newland, Executive Officer JTDA &amp; Governance Projects</td>
</tr>
</tbody>
</table>

**SUMMARY**

The purpose of this report is to provide information to the Committee regarding the status of outstanding action items which have resulted from Internal Audit Reports.

**BACKGROUND**

At its meeting held in October 2015 the Committee resolved as follows:

**11.2 MANAGEMENT RESPONSES TO INTERNAL AUDIT REPORT - COMPENSATING CONTROLS FOR AGENCY JOB COSTING**

The Committee considered Management responses to Internal Audit Report - Compensating Controls for Agency Job Costing.

**ACM1/2015 RESOLVED:**

On the motion of Councillor Alex Siebert
Seconded Councillor Anna Egerton

That the Committee receives and accepts management responses to the matters outlined in the Internal Audit Report into the Grants Activity Costing process, and notes that outstanding items will be transferred to an audit recommendations tracking register.

**CARRIED**

**COMMENT**

An “Internal Audit Recommendations Tracking Register” has been created and updated with the responses provided by the Executive Manager Corporate Services. The four outstanding matters relate to the development of documentation and procedures around Grant processes. These matters are still in progress.

**STATUTORY ENVIRONMENT**

Not applicable.

**POLICY IMPLICATIONS**

As per the Audit Committee’s Charter, the Committee is responsible for monitoring and evaluating management’s responsiveness to matters raised resulting from internal audit findings and recommendations.

**FINANCIAL IMPLICATIONS**

Not applicable.
STRATEGIC IMPLICATIONS

In fulfilling its responsibilities the Committee is mindful of Council’s Objectives detailed in the Regional Plan 2016-17 as follows:

<table>
<thead>
<tr>
<th>Goal 2 Local Government Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systems and processes that support the effective and efficient use of financial and human resources.</td>
</tr>
<tr>
<td>Objective 2.6</td>
</tr>
<tr>
<td>The minimisation of risks associated with the operations of Council.</td>
</tr>
</tbody>
</table>

VOTING REQUIREMENTS

Simple majority

RECOMMENDATION:
That the Audit Committee receives the report in relation to outstanding items from the Internal Audit into the Grants Activity Costing Process and notes progress on matters from the report.

ATTACHMENTS

1. INTERNAL AUDIT TRACKING REGISTER - GRANTS ACTIVITY COSTING AUGUST 2016.pdf
### Internal Audit Tracking Register - Outstanding Items

<table>
<thead>
<tr>
<th>Observation</th>
<th>#</th>
<th>Recommendation</th>
<th>Management Response</th>
<th>Timing</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Dissemination</td>
<td>7</td>
<td>All staff must ensure that the GSC is provided with all grant information. A campaign should be instigated to create “Grant Awareness” amongst all relevant staff.</td>
<td>Procedures need to be developed relating to the communication, input required, and general awareness of matters relating to grants. Management input required.</td>
<td>31.12.16</td>
<td>Matter still work in progress.</td>
</tr>
<tr>
<td>Process Risk</td>
<td>12</td>
<td>It is recommended that the new GSC undertake a mapping exercise to clearly define the current process in managing grants from their inception with particular attention being given to identifying the responsibilities of each officer engaged in the process.</td>
<td>Agreed. Recent quarterly meetings have addressed responsibilities of parties involved. A formal procedure for this will be drawn up.</td>
<td>31.12.16</td>
<td>This is still work in progress - to be completed in conjunction with #7 above.</td>
</tr>
<tr>
<td>The determination of Allocations is problematic and reliant on many other staff providing updated information.</td>
<td>24</td>
<td>There is a need to establish a workshop with the relevant staff to formulate a detailed process for the supply of information related to Allocations, e.g. budget, spending, consumptions, telephones and staff housing. This should also include HR so that staff movements can be observed.</td>
<td>Agreed. Although there are processes in place related to each type of allocations, they haven’t been documented and included in the current accounting manual.</td>
<td>31.12.16</td>
<td>Most allocations are based on actual figures. However, they haven’t been documented in the accounting manual. Work in progress.</td>
</tr>
<tr>
<td>Procedures</td>
<td>15</td>
<td>Detailed procedures are lacking which will validate WAGC’s ability to effectively manage grants.</td>
<td>Agreed. This would be addressed through the implementation of the procedures for delegated responsibilities and also through the monthly reports and update of the accounting manual.</td>
<td>31.12.16</td>
<td>Some reports have been put in place and are working fine. Still some work to do in terms of the accounting manual.</td>
</tr>
</tbody>
</table>
SUMMARY
The purpose of this report is to present to the Audit Committee the protocols relating to the conduct of internal and external audits.

BACKGROUND
At the June meeting of the Committee Management was asked to prepare a document entitled “Internal Audit Protocols” to compliment the suite of risk management documents.

COMMENT
The document which has been prepared outlines the following:
- The Purpose of the Internal Audit function;
- The Scope of Internal Audits;
- The level of Operational Independence which is to be exercised in the conduct of Internal Audits;
- The Authority given to those undertaking Internal Audits and the level of Confidentiality which is to maintained;
- The Professional Standards and Values which are to be applied in the conduct of Internal Audits;
- The Planning and Consultation which is to be undertaken;
- The detail of the Audit Process; and
- The Monitoring of the implementation of internal audit reports and agreed recommendations by the Audit Committee.

STATUTORY ENVIRONMENT
Risk management is a key component of the Committee’s Charter and Terms of Reference. The Internal Audit function is listed as a direct responsibility of the Committee in its Terms of Reference.

POLICY IMPLICATIONS
Internal Audit represents the third line of defence as detailed in Council’s Risk Management Policy.

FINANCIAL IMPLICATIONS
The cost of internal audits has been included in the 2016-17 Budget.

STRATEGIC IMPLICATIONS
In preparing this document the following Objective of WARC’s Regional Plan 2016-17 has been considered:
Goal 2 Local Government Administration

Systems and processes that support the effective and efficient use of financial and human resources.

**Objective 2.6**  
The minimisation of risks associated with the operations of Council.

**VOTING REQUIREMENTS**

Simple majority.

**RECOMMENDATION:**

That the Audit Committee endorses the “Internal Audit Protocol”.

**ATTACHMENTS**

1. INTERNAL AUDIT PROTOCOL.pdf
INTERNAL AUDIT PROTOCOL

1. INTRODUCTION

This protocol outlines the respective roles and responsibilities of internal audit and management in the course of an audit and the opportunities for consultation during the audit process. Internal Audit represents the third line of defence in Council’s Risk Management Policy.

2. PURPOSE OF INTERNAL AUDIT

The primary purpose of Internal Audit is to add value to WARC’s operations by providing an independent appraisal and advisory function for Council, the Audit Committee and Executive thereby assisting WARC in realising its corporate goals.

Internal Audit provides an independent and objective review and advisory service to:

- provide assurance to the Chief Executive and Council that West Arnhem Regional Council’s financial and operational controls designed to manage the organisation’s risks and achieve the organisation’s objectives are operating in an efficient, effective and ethical manner, and
- assist management in improving Council’s business performance.

3. ORGANISATIONAL SCOPE

The field of activity of Internal Audit shall include the activities and operations of all departments, organisational and functional units.

The Internal Audit function will be provided by either an external accounting firm with demonstrated expertise in the field of internal audit or by the Special Projects Manager, Internal Audit (SPM). The SPM is charged with the carriage of the internal audit services provided.

4. OPERATIONAL INDEPENDENCE

The Audit Committee will determine the policy framework in which the Special Projects Manager, Internal Audit (SPM) is to operate whilst the administrative responsibility for ensuring the performance of tasks is exercised by the Chief Executive Officer. The SPM has an operational independent status within WARC and for that purpose:

- will report directly to the Chief Executive Officer;
- shall manage the business of the Audit Committee;
- must meet privately at least twice yearly with the Chairman of the Audit Committee; and
- must have no executive or managerial powers, authorities, functions or duties except those relating to the management of the internal audit function.

Internal Auditors appointed by the Audit Committee shall maintain the same level of independence, namely that they shall have no responsibility for developing or implementing procedures or systems and do not prepare records or engage in original line processing functions or activities.
5. AUTHORITY AND CONFIDENTIALITY

Subject to compliance with Council's security policies, the SPM and Internal Auditors are authorised to have full, free and unrestricted access to all functions, premises, assets, records and other documentation and information that is considered necessary to enable the SPM and Internal Auditors to meet their responsibilities.

They shall have the right to require all officers of WARC to supply such information and explanations as are necessary for the performance of audit duties.

All records, documentation and information accessed in the course of audits are used solely for auditing purposes.

6. PROFESSIONAL STANDARDS AND VALUES

All internal audit projects must be undertaken with due professional care. Audit activities are also to be conducted in accordance with the standards of professional internal audit practice. The SPM will ensure that:

- in the case of the SPM, the incumbent has the skills, competence, experience and qualifications appropriate for the audits being performed;
- all internal audit projects are properly supervised;
- there is compliance with all relevant standards and codes of ethics as laid down by the Institute of Internal Auditors and CPA Australia.

Internal Audit activities must be conducted in accordance with Council’s values, policies and procedures.

7. PLANNING AND CONSULTATION

Internal Audit prepares a rolling three year strategic audit plan and annual work plan in consultation with the Chief Executive, the Audit Committee and senior management. The strategic plan and annual work plan are based on the risks facing Council and the business improvement opportunities available to Council.

The strategic business plan and the audit annual work plan are approved by the Audit Committee. The audit work plan is available on request.

In addition, audits not on the audit work plan can be commissioned by the Chief Executive, the Audit Committee or management. Typically Internal Audit activity requires approval from the Audit Committee prior to its commencement.

8. AUDIT PROCESS

The various stages in the audit process are outlined below:

Preliminary Consultation

Prior to commencing the audit, Internal Audit will consult with the relevant senior manager on the:
- objectives and scope of the audit;
Draft Internal Audit Protocol

- likely commencement date and duration;
- locations to be visited; and
- nomination of an audit sponsor.

Opening Interview

An opening interview will be conducted shortly before the start of the audit with management of the area to be reviewed. The purpose of the opening interview is to:
- provide an opportunity to meet key staff of the area being reviewed;
- clarify the objectives, scope and timing of the audit;
- provide an opportunity for staff of the area being reviewed to present their views and perspectives on the matters subject to audit;
- finalise the plan for conducting the audit in terms of timing, duration, staff involvement; and
- arrange access to buildings, personnel, files, systems and data in order to commence fieldwork.

Fieldwork

Internal audit is committed to a 'no surprises' approach and on-going discussions will be held with management as findings emerge and conclusions developed. At the mid point of the audit a formal meeting will be sought with the sponsor to discuss the audit programme and any emerging issues.

If necessary, internal audit will communicate significant matters of concern to the Chief Executive and the Audit Committee prior to the completion of the final report.

Exit Interview

At the conclusion of the fieldwork, internal audit will prepare a first draft report as the basis for discussion at an exit interview. The purpose of the exit interview is to:
- advise management about the provisional findings, conclusions and recommendations;
- afford management the opportunity to correct and misunderstandings or misinterpretations;
- discuss findings and conclusions and obtain management’s views; and
- discuss the practicality or recommendations and timeframes for any remedial action.

Draft Report

Internal audit will issue a final draft report promptly following the exit interview, generally within 5 working days.

Management comments

On receipt of the final draft report, the sponsor and management of the work area under review should:
- consider the findings and recommendations in the draft report;
- formally advise internal audit whether management agrees or disagrees with the recommendations in the draft report;
- where management agrees with a recommendation, management should prepare an action plan to address the recommendation, set a timeframe for implementing the action plan and nominate the individual responsible for implementation; and
- where management disagrees with a recommendation, the reason for the disagreement should be provided.

Management comments are required within 5 working days of the receipt of the draft report.
Final Report

Within 5 working days of the receipt of management comments, internal audit will issue a final report to:

- the Chief Executive;
- the Chairman and members of the audit committee
- the sponsor; and
- the sponsor's supervisor

Where appropriate, lessons learnt and examples of better practice will be disseminated to a wider audience within WARC.

9. MONITORING THE IMPLEMENTATION OF AGREED RECOMMENDATIONS

The Audit Committee is responsible for examining all internal audit reports. Internal audit assists the Audit Committee in monitoring progress in implementing agreed recommendations. Internal audit will, therefore, periodically seek advice from management regarding progress in implementing agreed recommendations.

10. RELATED DOCUMENTS

A. Audit Committee Charter and Terms of Reference
B. Risk Management Policy & Framework
C. Strategic and Operational Risk Register
D. Strategic Internal Audit Plan 2017-2019
SUMMARY

The purpose of this report is to present to the Audit Committee Management’s responses to particular matters included in the draft “Closing Report to the Council/Audit Committee issued by Merit Partners.

BACKGROUND

Merit Partners issued a draft “Closing Report to the Council/Audit Committee in October 2015 following the completion of the audit for the 2014-15 financial year. Included in this report was an “Assessment of the control environment”. This Assessment commented on three issues, being:

1. Data Analytics on Payments
2. Vendor Details Management
3. Corporate On-line Payments

Management was directed by the Audit Committee to provide responses to these issues.

COMMENT

The Management responses prepared by the Manager Finance are as follows:

MERIT PARTNERS COMMENT - 3.1 Data Analytics on Payments

Data mining and analytics provide a hindsight view of any repetitive or unusual transactions and could result in uncovering unusual trends/payments. Identification of provider payment leakage provides an opportunity to train existing staff and introduce specific controls to minimise leakage. As the Council’s operations are in remote communities it is recommended that the Council performed some work in relation to data analytics. The Council management should also increase their focus in analysing and co-relating provider payments and various factors such as dollar value, location, type of payment, and others to identify any repetitive or unusual trends. Additionally, the Council Management should implement measures and KPI’s to allow a close monitoring of payment leakages.

The Council may perform the task periodically (say every six months) to allow a close monitoring of payment leakages.

MANAGEMENT RESPONSE

Currently the Council has implemented controls of close monitoring, review and approval for all the supplier payments. Most of the purchases require Purchase Order to be issued and the TechOne system requires that two staff members are involved in the approval of purchase requisition. Moreover the Council has hierarchy of financial delegations for staff and approval of Purchase Order for an amount above financial delegation requires submission to the senior staff. Where purchase
order is not issued, staff member with appropriate financial delegation must approve the supplier invoice for its processing by accounts payable. Moreover Finance and Policy Committee each month receives a report covering top ten supplier payments for the month as well as for year to date. Top ten recurrent and top ten non-recurrent supplier payments are included in the report.

From 2016-17 financial year, the Council will implement the additional half yearly review of the supplier payments. The first review for the period July – Dec 2016 will be completed by 31 January 2017.

**MERIT PARTNERS COMMENT - 3.2 Vendor Details Management**

The accounts payable team is responsible for vendor creation and changes to vendor details. It appears that no regular independent review of changes to vendor details in place to ensure that all changes in vendor details are legitimate.

It is recommended that an independent authorisation process should be established for vendor creation and amendments to vendor details. Vendor detail change exception reports should be run monthly and should be reviewed by an independent person who verifies the legitimacy of vendor detail changes.

Alternatively, the Council may also implement data mining and analytics on its vendor details that could provide them a view of any unusual vendor information in the system, such as creation of multiple vendor data, vendor no longer used or frequently used by the Council, supplier data with different bank details, etc. Similar to item 3.1, data mining and analytics will introduce specific controls to minimise leakages on the Council’s vendor management.

**MANAGEMENT RESPONSE**

In line with segregation of duties control, the Council has adopted the practice that creation of or changes to the details of the suppliers are made by Senior Finance Officer, Management Accountant or Finance Manager. Accounts Payable or Finance Officer are not allowed to make these changes.

From 2016-17 financial year, all the changes to the suppliers’ details will be reviewed monthly by the Finance Manager to ensure that segregation of duties control is effectively in place and all the changes to the supplier accounts are legitimate.

**MERIT PARTNERS COMMENT - 3.3 Corporate On-line Payments**

Corporate payments are exported from the Accounts Payable function of Tech1 application before being uploaded to the Corporate Online system for payments. It appears that there is no control in place to ensure that the corporate payments are not modified prior to the upload into the Corporate On-line system or prevent alterations after the payments have been approved.

Whilst performing a walk-through of the payments process, it also came to our attention that the system in place does not prevent alterations of the payment details after the payments have been approved. Once the alteration has been made, the payment does not need to be authorised again and will be processed automatically in the system.

Whilst performing a walk-through of the payments process, it also came to our attention that the system in place does not prevent alterations of the payment details after the payments have been approved. Once the alteration has been made, the payment does not need to be authorised again and will be processed automatically in the system.

**MANAGEMENT RESPONSE**
Currently the bank file generated by TechOne system is readable and importable by Westpac Corporate Online system. For data encryption to work, modifications will be required both on part of software of TechOne and Westpac. In addition to Westpac making modifications to its software, all other banks will have to do the same since many users of TechOne have banks other than Westpac. So this recommendation requires industry wide change rather than being specific to the Council.

The Council will take up this matter with TechOne through CouncilBiz and it will take time before this recommendation could actually be implemented. Meanwhile the Council will continue with current internal controls of segregation of duties, closing monitoring, review and authorisation of payments and involvement of more than one person in payment authorisation process. Moreover the Council also sends out remittances to the suppliers advising them about the payment made once the payment has been authorised in the bank.

**STATUTORY ENVIRONMENT**
Not applicable.

**POLICY IMPLICATIONS**
Not applicable.

**FINANCIAL IMPLICATIONS**
Not applicable.

**STRATEGIC IMPLICATIONS**
In preparing this report Management is mindful of its objectives as outline in the Regional Plan 2016-17 as follow:

<table>
<thead>
<tr>
<th>Goal 2 Local Government Administration</th>
<th>Systems and processes that support the effective and efficient use of financial and human resources.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 2.6</td>
<td>The minimisation of risks associated with the operations of Council.</td>
</tr>
</tbody>
</table>

**VOTING REQUIREMENTS**
Simple majority.

**RECOMMENDATION:**
That the Audit Committee accepts the responses provided by Management to the matters raised by Merit Partners in relation to the “Assessment of the control environment”.

**ATTACHMENTS**
There are no attachments for this report.
SUMMARY

The purpose of this report is to provide supporting documentation to the Committee relating to a matter raised by the external auditors in the Management Letter for the 2010-11 financial year.

BACKGROUND

Following the completion of the audit of the 2010-11 WARC Financial Statements the following issue was raised by Merit Partners in its Management Letter issued to Council:

2. Payroll Process (Priority B)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Completion Date</th>
<th>Responsibility</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce report on the master file and reconcile bi-annually to ensure all records and documentation regarding employee’s salaries are correct.</td>
<td>January 2012 and July 2012</td>
<td>Executive Manager Human Resources</td>
<td>Data processing and records management procedures also form part of Council’s Internal Audit Plan</td>
</tr>
</tbody>
</table>

The Executive Manager Corporate Services (EMCS) advised the Committee at its meeting held in June that alternative controls had been developed and adopted which had effectively achieved the outcomes sought by the Auditors. The Committee asked that supporting documentation be included in the agenda for the August meeting of the Committee.

COMMENT

The TechOne system used by West Arnhem Regional Council (WARC) is lacking in the proforma reports which are automatically generated from this system. WARC has engaged the services of an independent specialist to generate many reports required by Management for the effective and efficient management of WARC’s processes, including Payroll. A “Pay Comparison Report” has now been developed and implemented to ensure strict controls are in place in relation to the Payroll Masterfile.

This Report generates information for each pay period and includes the following:

- Every employee’s ID Number, Family and Given Names
- The amount paid for the current pay period and the amount paid for the prior pay period
- The quantum of the difference in amounts paid (either positive or negative)
- Comments by Payroll Staff where the variance is +/- $200.

It should be noted that there is a clear, purposeful and independent separation of duties in the staff involved in processing the payroll and those responsible for examining the variances.
Consequently Management is able to monitor:

- Every significant variance and the reasons for those variances
- All new employees added to the Payroll Masterfile
- All employees who are terminated

It is the view of Management that the generation and monitoring of this Report effectively achieves the outcome sought by the Auditors when this matter was originally raised.

STATUTORY ENVIRONMENT

Part 4 Financial Administration, Section 10 of the *Local Government (Accounting Regulations)* is relevant to this matter as follows:

**Internal controls**

(1) The CEO must establish and maintain internal controls to:

(a) safeguard the assets of the council; and
(b) ensure the accuracy, completeness and reliability of the accounting data; and
(c) promote the operational efficiency of the council; and
(d) ensure compliance with relevant laws in force in the Territory; and
(e) ensure adherence to council policies.

POLICY IMPLICATIONS

WARC’s Human Resource & Financial Delegation Manual charges those responsible with the efficient processing of the payroll function.

FINANCIAL IMPLICATIONS

Not applicable.

STRATEGIC IMPLICATIONS

In considering this report the Committee is ensuring it meets its obligations as contained within the Regional Plan 2016-17 as follows:

<table>
<thead>
<tr>
<th>Goal 2 Local Government Administration</th>
<th>Systems and processes that support the effective and efficient use of financial and human resources.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 2.1</td>
<td>An effective, efficient and accountable Regional Council.</td>
</tr>
<tr>
<td>Objective 2.3</td>
<td>Storage and retrieval of records processes which support efficient administration.</td>
</tr>
<tr>
<td>Objective 2.5</td>
<td>Modern information and communications technology to maximise service delivery.</td>
</tr>
<tr>
<td>Objective 2.6</td>
<td>The minimisation of risks associated with the operations of Council.</td>
</tr>
</tbody>
</table>
VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:
That the Audit Committee accepts that the controls implemented by West Arnhem Regional Council effectively achieve resolution of the matter raised by Merit Partners in 2010-11.

ATTACHMENTS
WESnT ARNHEM REGIONAL COUNCIL
FOR THE MEETING 24 AUGUST 2016

Agenda Reference: 8.7
Title: Reports to Management from External Auditors - 12/13 Stocktake of Fixed Assests
File Reference: 611591
Author: Barbara Newland, Executive Officer JTDA & Governance Projects

SUMMARY
The purpose of this report is to present to the Committee a proposal to change the accounting policy for Property Plant and Equipment.

BACKGROUND
Following the completion of the audit of the 2012-13 WARC Financial Statements the following issue was raised by Merit Partners in its Management Letter issued to Council:

2. Stocktake of fixed assets (Risk Rating: Moderate)

<table>
<thead>
<tr>
<th>Issue:</th>
<th>Council did not conduct a full stocktake of assets for the year ended 30 June 2013.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect or Potential Effect:</td>
<td>The absence of regular stocktakes of fixed assets reduces the ability of management to control and maintain appropriate safeguards over fixed assets. Obsolete assets or missing assets may not be identified in a timely manner.</td>
</tr>
<tr>
<td>Recommendation:</td>
<td>We recommend that management establish the policy that stocktakes of all fixed assets be conducted annually in order to identify assets that are obsolete, or that no longer exist.</td>
</tr>
<tr>
<td>Management Response:</td>
<td>As the result of a recent Local Government Compliance Review policies and procedures relating to assets have been developed. At its meeting held on 23.9.13 the Finance and Policy Committee approved the &quot;Assets Stocktaking and Assets Management Procedures&quot;. These procedures will be implemented during the course of the year.</td>
</tr>
</tbody>
</table>

This matter was discussed by the Executive Manager Corporate Services (EMCS) at the last meeting of the Committee at which time he spoke about the methodology employed in the revaluation of WARC’s assets which had been completed. He indicated that there would be different methods used for individual classes of assets and that this would be reflected in the financial statement for 2015-16. He was asked to provide a full report to the Committee. In relation to this matter the EMCS has provided the following information:

During June / July 2015, West Arnhem Regional Council (WARC) performed a revaluation of all its assets with the aim of adopting those values as of 30 June 2015. Due to time constraints and the revaluation results not being ready on time, Council was not able to include these results as of 30 June 2015. Therefore it was decided to include the information of the revalued amounts on the first day of the financial year 2015/16.
At the same time, Council started the implementation of a new Asset Management System, which resulted in the creation of an operational asset register. The information provided by the valuer was the starting point to perform this exercise.

Management saw this as a great opportunity to unify the asset information into one register (Financial and Operational) which will include all assets. These assets could be financial and operational or could be only one type (for example, intangible assets are not required to be included in the operational register as they don’t require maintenance, regulatory compliance, etc).

**COMMENT**

The revaluation and the unification of the registers through the implementation of the Asset Management System resulted in a complete overhaul of the financial asset register. Changes required were as follows:

- Reclassification of assets to different categories
- Merging of assets that were recorded separately in the asset register (like upgrade or additions to existing assets)
- Splitting of assets in cases where more than one asset was recorded together.
- Creation of new assets categories and types
- Removal of assets that were no longer held by the Council or where a s19 lease was not granted.
- Inclusion of roads from the communities of Gunbalanya, Maningrida, Minjilang and Warruwi, which were not taken into account / included previously.

In addition, during the revaluation process it was noted that the time and effort incurred in gathering the data for the asset classes of Plant, Motor vehicles, and Furniture and Fittings was not cost effective from a revaluation point of view. The information was valuable from a sighting of assets (stocktake) point of view and as an indication of a fair value. But in the case of vehicles and plant and equipment located in the communities, the residual value is negligible as they are usually used well pass their useful life. As such, management believes that the cost model policy, would be suitable for these assets.

Therefore management proposes not to revalue these types of assets in the future. Given that these assets were never revalued in the past, Council can change the accounting policy to Cost Model without any impact on prior year’s financial statements.

It should be noted that by not revaluing the assets in the future, Council could miss on the added benefit that the revaluation provided which was the sighting of assets. However this would be achieved through the implementation of the Asset Mgt System and regular stocktakes.

As such, it is proposed to change the accounting policy of these asset classes from the Revaluation Model to the Cost Model.

According to accounting standard AASB 116 Property, Plant and Equipment:

**Measurement after Recognition**

29 An entity shall choose either the cost model in paragraph 30 or the revaluation model in paragraph 31 as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

**Cost Model**
30 After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation Model
31 After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Therefore, it is proposed that the accounting policy for Property Plant and Equipment be as follows:

<table>
<thead>
<tr>
<th>Cost Model</th>
<th>Revaluation Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and Equipment</td>
<td>Buildings</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>Infrastructure (incl Roads)</td>
</tr>
<tr>
<td>Office Furniture and Equipment</td>
<td></td>
</tr>
<tr>
<td>Other Assets</td>
<td></td>
</tr>
</tbody>
</table>

Buildings and Infrastructure will remain under the Revaluation Model, as management believes that the fair value of these assets reflects accurately the value of the assets that the Council is responsible to maintain, under its local government duties. The aim of having these assets at fair value, is to show to the readers of the financial statements the significant portion of Infrastructure and Buildings that the Council is responsible for. This of course comes also very useful when assessing the Council’s financial viability and at the time of advocating for more infrastructure grants.

In addition, roads in the communities were not included originally in the asset register, as the amalgamation was done at the time of the intervention. These assets were deemed to have zero value. They have now been revalued and it is proposed that the difference (revalued amount) be included in the Asset Revaluation Reserve.

STATUTORY ENVIRONMENT
The Local Government (Accounting) Regulations relate to this report as follow:

*Part 7 Annual financial statement*
15 Annual financial statement
(1) A council’s annual financial statement must conform with the requirements of the Accounting Standards applicable to a financial report.

POLICY IMPLICATIONS
Affects Council’s accounting policy in regards to Property Plant and Equipment, as stated above.

FINANCIAL IMPLICATIONS
There are no immediate financial implications other than reduced cost of revaluing assets in the future, as there would be less classes of assets that will require revaluation.
STRATEGIC IMPLICATIONS

The implications are relevant to the objectives contained within Council’s Regional Plan 2016-17 and are identified below.

Goal 2 Local Government Administration

Systems and processes that support the effective and efficient use of financial and human resources.

<table>
<thead>
<tr>
<th>Objective 2.1</th>
<th>An effective, efficient and accountable Regional Council.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 2.4</td>
<td>Planning and reporting that informs Council’s decision-making processes.</td>
</tr>
</tbody>
</table>

Goal 3 Local Infrastructure

Well maintained and enhanced built and natural environment.

<table>
<thead>
<tr>
<th>Objective 3.1</th>
<th>Infrastructure and asset management strategies appropriate to the needs of Council.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 3.5</td>
<td>Buildings, facilities and infrastructure assets that are fit for purpose and sufficient to service operational requirements.</td>
</tr>
</tbody>
</table>

VOTING REQUIREMENTS

Simple majority.

RECOMMENDATION:

That the Audit Committee notes the report and recommends to Council to change the accounting policy of the following assets classes:

a. Plant and Equipment;

b. Motor Vehicles;

c. Office Furniture and Equipment; and

d. Other assets

from a revaluation model to a cost model.

ATTACHMENTS

There are no attachments for this report.
WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 24 AUGUST 2016

EXCLUSION OF THE PUBLIC

The information is classed as confidential under Clause 9(c) of the Local Government (Administration) Regulations 2008.
WEST ARNHEM REGIONAL COUNCIL

FOR THE MEETING 24 AUGUST 2016

RE-ADMITTANCE OF THE PUBLIC