



**AUDIT COMMITTEE MEETING HELD AT THE CIVIC CENTRE - KATHERINE
THURSDAY – 5 JUNE 2018**

MINUTES

1. PRESENT

Ian Swan	Chairperson (telephone)
Lokesh Anand	Independent
Jon Raynor	Alderman
Anish Antony	Management Accountant (MO)
Vishva Wijesingha	Finance Officer (Secretariat)

2. OPENED

The meeting was opened at 10.26am

3. APOLOGIES

Fay Miller	Mayor
Robert Jennings	Chief Executive Officer (CEO)
Claire Johansson	Chief Operations Officer (COO)
John Zellej	Alderman
James Craven	Executive Manager – Infrastructure & Environment (XIE)
Rosemary Jennings	Executive Manager – Corporate & Community Development (XCCD - Secretariat)

4. DISCLOSURE OF INTERESTS

Nil

5. CONFIRMATION OF MINUTES

MOVED: Raynor / Anand

That the minutes of the Audit Committee Meeting held on the 05 June 2018 be confirmed as a true and accurate record.

CARRIED: 5/0

6. BUSINESS ARISING

6.1 TERMS OF REFERENCE

The committee has been advised by Rosemary Jennings that the ***Katherine Town Council Review of Audit Committee Charter July 2017*** still work in progress.

In the previous meeting under 6.1 it was agreed that Lokesh (Independent) will research the requirements for the Council to re-validate the Council's Sub-Committees with the new Council.

According to Lokesh's research, the statement made by COO in last meeting is correct and the Council does not need to change any procedures.

The discussion of the completion of the ***Katherine Town Council Review of Audit Committee Charter July 2017*** has been carried forward to the next Audit Committee Meeting.

6.2 WASTE MANAGEMENT FACILITY – PRESENTATION

COO requested that this presentation be deferred to the next Audit Committee Meeting due to Annual Leave.

This was agreed by all presented Committee Members.

7. ITEMS FOR DISCUSSION

7.1 2018-2019 BUDGET

Accounting for the Financial Assistance Grant was discussed as there is a new Accounting Standard in place giving the accountants a choice of recording the some of unused grants as income.

Lokesh (Independent) questioned the method Katherine Town Council use for recording the Financial Assistance Grant and Anish advised that the Council has already adopted the new method and recording the unused grants as income. Further an explanation was provided by Anish that only a projection of Grants for this financial year is shown in the budget and we haven't carried forward any values from previous financial year.

Lokesh raised a possible issue of using the new method of accounting for grants. As the Financial Assistance grant is never fully paid in advance, and when the Government pay the grant, approximate amount of 50% is paid first and then the remaining 50% is divided into 4 equal payments. Due to this, depending on the time of the receipt of Financial Assistance grant, the income can be overstated in one financial year and can be understated in next financial year. So, an assumption base approach need to be made that we account for the grant as we receive it.

The figure of cash and cash equivalent on the Balance Sheet was questioned by Lokesh. When comparing the values with the previous year, the cash and cash equivalent balance is decreasing while the interest on investments are increasing. So, the question was raised on how the interest on investments are increasing if the amount in the bank account is decreasing. Anish answered stating that the current balance on each questioned account need to be checked. Further Anish mentioned that the decrement of cash and cash equivalent figures are not an instant drop but a gradual one depending on capital expenditure.

Ian and Lokesh questioned the accounting of depreciation charge on the budget. Anish advised that the depreciation is calculated only on new assets. No depreciation was calculated for previously existing assets as the revaluation is still in progress. The whole committee presented agreed on calculating an actual depreciation figure and adding it to the budget as the current figure do not reflect a correct value. Discussion was done on when the next revaluation should be done as, in general, a revaluation is done in every 3 years. Anish need to check on when the last revaluation was done. Assuming that the last revaluation was done in 2016/2017 financial year, the committee agreed that the actual depreciation figures need to be reflected on 2017/2018 and 2018/2019 financial years. The next revaluation will be done in 2019/2020 financial year. Until the new revaluation is completed, the depreciation should be calculated using the previous rates. Anish and Claire will need to discuss this issue with Collin James, the Auditor. This method will bring the operating surplus on the budget down. The issue of miscalculation of depreciation will raise a possible question by the members of the community on why the council has increase the rates while having an operating surplus. This was brought into discussion by Ian and Lokesh. A discussion on the Budgeted Capital Funding Statement was done following the above issue by Lokesh. After accounting for the actual depreciation, the operating surplus on the budget could go neutral or become a deficit. Ian recommended that if this is the case, the Council can move the funds over from the Assets Revaluation Reserve.

Anish was given the task of doing the calculations and discussing the figures with Claire and Collin James.

Above discussions were moved by Lokesh and seconded by Jon.

7.2 INVESTMENT OPPORTUNITIES

The discussion of the topic was carried forward to the next meeting due to the absence of Claire. Informal suggestion was made by Ian to keep the investment opportunities as it is from last 2 years. The whole presented committee agreed upon Ian's suggestion.

7.3 AUDIT COMMITTEE WORK PROGRAM

Carried forward to the next meeting due to absence of several people on the committee.

7.4 AUDIT COMMITTEE WORK EVALUATION

Apology from Rosemary was provided to Ian in advance for the delay in completing the Audit Committee Work Evaluations. Everyone agreed on providing support to Rosemary on completing the task.

The question of the completion of Interim Financial audit was raised by Lokesh. Anish mentioned that the Auditors came 2 months ago and the status of the final report on the audit has not yet been provided by the Auditors. Anish's to follow up. The chair suggested that the final Audit Report need to be presented and reviewed by the Audit Committee before presenting it at the next Council Meeting.

No more issues were raised or discussed.

8. NEXT MEETING

No date was set for the next committee meeting due to the absence of previously mentioned members and a suggestion on a possible date was made by Ian, which is 25th of October 2018 and most suitable for him is the morning of above mentioned day as he has another meeting on the evening in Tiwi Island.

9. MEETING CLOSED

Meeting closed by the Chairperson at 11.14am

**AUDIT COMMITTEE MEETING
ACTION ITEMS TABLE**

MEETING DATE	ACTION ITEM	RESPONSIBLE OFFICER	STATUS
15 May 2017	Recording of Depreciation – Email Department of Local Government to seek clarification on issues raised	Sophie Henderson	Emailed Department and awaiting response
	Valuation Policy	Committee	To be discussed at next meeting
	Residual Value of Assets – Email Department of Local Government to seek clarification on the use of residual value	Claire Johansson	Residual Value recognition has been included in the 2016/2017 Annual Financial Statements
14 August 2017	Lowry's Interim Report	Sophie Henderson	Emailed copy to committee members
	Evaluation Form	Sophie Henderson	Emailed copy to committee members
	Waste Management Facility	Sue Crammond	To organise that all Elected Members attend the February 2018 committee meeting (include adequate catering for all participants for lunch) and organise that the WMF Project Coordinator attends said meeting to provide a presentation on retirement obligations (rehabilitation), establishment costs for a new facility, the ongoing operational and maintenance cost, together with options for interim services if required
9 November 2017	Airport Assets	Claire Johansson	To contact the Department of Housing and Community Development (Local Government Division) in early 2018 regarding the new standard and its effect on Council's reporting requirements
	Audit Committee Work Program	Sophie Henderson	To forward a copy of the current Committee Members to the Chairperson To forward a copy of the current work program to Committee Members
	Audit Committee Evaluation	Sophie Henderson	To forward a copy of the current evaluation

			form to Committee Members
	Waste Management Facility	Claire Johansson	To organise project coordinator for presentation at the February 2018 meeting
20 February 2018	Audit Committee Program	Rosemary Jennings	To update program and forward to all members and relevant staff for review and feedback.
	Audit Committee Evaluation	Rosemary Jennings	To send to all committee members as well as CEO and DCCS for completion. Secretariat to collate result for next meeting.
	Draft Finance & Risk Policies	Claire Johansson	To take draft policies back to Council for action and referral back to audit committee, if required.
05 June 2018	2018-2019 Budget	Anish Antony	To find out the last revaluation date
	2018-2019 Budget	Anish Antony & Claire Johansson	To discuss the calculation of actual depreciation figures to put on the budget with Collin James, the Auditor.
	2018-2019 Budget	Anish Antony	To follow up on the final report from Auditors for the interim financial audit.

TO BE CC