



UNCONFIRMED MINUTES

AUDIT COMMITTEE MEETING

17 MAY 2023

SHIRE OF CARNAMAH COUNCIL CHAMBERS
33-37 Macpherson Street Carnamah



Unlocking the past, securing our future

We reflect on the spirit of the people who settled this country and developed the land; along with the service personnel and volunteers whose sacrifices have enabled us to enjoy the lifestyle we are accustomed.

UNCONFIRMED
AUDIT COMMITTEE MEETING
17 MAY 2023

DISCLAIMER

No responsibility is implied or accepted by Shire of Carnamah for any act, omission or statement or intimation occurring during Council or Committee meetings. Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee meeting does so at that person's or legal entity's own risk.

Shire of Carnamah advises that anyone who has any application lodged with Shire of Carnamah shall obtain and should only rely on written confirmation of the outcome of the application, and any conditions attaching to the decision made by Shire of Carnamah in respect of the application.

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AUDIT COMMITTEE MEETING

Wednesday, 17 May 2023

1.0 DECLARATION OF OPENING

1.1 OPENING

The presiding member declared the meeting open at 3.30pm

Acknowledgement of Country

The Presiding Person acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community; and pays respect to Elders past, present and emerging.

2.0 RECORD OF ATTENDANCE

2.1 PRESENT

<u>Elected Members</u>	Cr Isbister Cr Wooltorton Cr Kikeros Cr Risinger Cr Chisholm	Shire President (Presiding Person) Shire Deputy President Councillor Councillor Councillor
<u>Staff</u>	Robert Paull Ian Walsh John Skinner Rachael Moore	Chief Executive Officer Deputy Chief Executive Officer Manager Works and Services Executive Coordinator

2.2 APOLOGIES

Cr Bowman

Cr Counsel

3.0 PUBLIC QUESTION TIME

Nil

4.0 DISCLOSURE OF INTEREST

4.1 DECLARATION OF FINANCIAL INTEREST AND PROXIMITY INTERESTS

Nil

4.2 DECLARATION OF INTEREST AFFECTING IMPARTIALITY

Nil

5.0 PETITIONS AND DEPUTATIONS

Nil

6.0 CONFIRMATION OF MINUTES

6.1 SHIRE OF CARNAMAH AUDIT COMMITTEE MINUTES OF MEETING HELD 19 APRIL 2023

ACM 20230501 OFFICER RECOMMENDATION / COUNCIL DECISION	
<i>That the Minutes of the Audit Committee Meeting (Attachment 1) held on 19 April 2023 be accepted as a true and accurate record.</i>	
Moved:	Cr Kikeros
Seconded:	Cr Chisholm
CARRIED 5/0	

6.2 SHIRE OF CARNAMAH WORK HEALTH AND SAFETY UNCONFIRMED MINUTES MEETING HELD 11 MAY 2023

ACM 20230502 OFFICER RECOMMENDATION / COUNCIL DECISION	
<i>That the Minutes of the WHS meeting (Attachment 1) held on 11 May 2023 be noted.</i>	
Moved:	Cr Risinger
Seconded:	Cr Woollorton
CARRIED 5/0	

7.0 OFFICER REPORTS

7.1 Acceptance of the Annual Report 2021/2022

File Code	ADM0057
Author	Ian Walsh, Deputy Chief Executive Officer
Senior Employee	Robert Paull, Chief Executive Officer
Disclosure of Interest	Nil
Attachments	<ol style="list-style-type: none">1. Letter to the Shire President2. Letter to the CEO3. Independent Auditor's Report 20224. Financial Report for the year ended 30 June 20235. Findings raised at Final Audit6. Draft Annual Report 2021/2022 (Under Separate Cover)

SUMMARY

The Audit Committee is requested to recommend Council considers and accepts the 2021/2022 Annual Report, incorporating the Audited Annual Financial Report, Auditors Report and recommend to Council for adoption.

BACKGROUND

One of the principal objectives of the Audit Committee is to accept responsibility for the annual external audit and where required, to liaise with the Auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

The Committee's duties and responsibilities in relation to the Annual Financial Report and the external audit is to consider and recommend adoption of the Annual Financial Report. This report along with the Annual Report is now submitted to the Audit Committee for further consideration.

COMMENT

Annual Financials

In 2017, changes were made to the *Local Government Act 1995 (Act)* to give effect to the Office of the Auditor General of Western Australia (OAG) taking responsibility for financial and supplementary audits of local governments. The Shire's accounts for the 2021/2022 have been finalised been audited by the OAG Council. It is a requirement that the Annual Audit be completed by 31 December following the close of the financial year.

The OAG using contractors Nexia Perth Audit Services Pty Ltd has completed their audit of Council's affairs for the financial year ended 30 June 2022. The final audit was commenced on-site by Nexia Perth Audit Services Pty Ltd on 10th to 14th October 2022.

The Annual Audit Completion Report has now been completed with the Senior Director of OAG advising in correspondence to the Shire President and the Chief Executive Officer that an Exit Interview was not required (**Attachments 1 and 2**). This report along with the Annual Report is now submitted to the Audit Committee for further consideration.

The primary objective of the audit is to express an opinion to Council on whether the Shire's Financial Statements are free from material misstatements and is prepared in accordance with the applicable Australian Accounting Standards, the Act and the *Local Government (Financial Management) Regulations 1996*.

Nexia Perth Audit Services Pty Ltd audited the 2021-2022 Annual Financial Statements on behalf of OAG and have provided an independent Auditors report as required under the relevant provisions of the Act. The Independent Auditor's Report 2022 (**Attachment 3**) and Financial Report for the year ended 30 June 2023 (**Attachment 4**) are now presented to the Audit Committee for their information and review.

Auditors Report and the Annual Financial Statements

The OAG Auditors Report and the Annual Financial Statements for the financial year ended the 30 June 2022 were issued and received on the 21 April 2023. After receiving the Auditor's report, the Audit Committee is to examine the report of the auditor and determine if any matters raised by the report require action to be taken and ensure appropriate action is taken in the future.

The final Audit addressed the following issues:

High Adverse Trend

The Auditor raised no significant adverse trends.

Other Matters

There were no identified matters of fraud to report and there were no disagreements with management about other significant accounting matters. Further, there were no misstatements identified which were unadjusted. At the Interim Audit, the following were highlighted:

Findings	Rating		
	Significant	Moderate	Minor
Mismatch between payment delegation and bank authorization		X	
Documentation for resigned or terminated employee		X	

In the Final Audit under the heading of 'Audit Response and Conclusion', the Auditor noted:

"Based on work performed, we are satisfied that there is no recurrence of the issue identified during interim audit."

The findings raised at Final Audit along with the observations on the Audit Findings from the Shire are included at **Attachment 5**. In a joint letter from the Auditor and the Senior Director, OAG dated 18 April 2023, the following was stated:

"We are pleased to present you with our Exit Report relating to the audit of the Shire of Carnamah (the Shire) for the year ended 30 June 2022.

We are responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to the responsibilities in overseeing the financial reporting process. This report includes an analysis of the audit outcomes, key review risk areas, our audit opinion and other recommendations for your attention.

We have substantially completed our audit work, with only the following matters outstanding:

- *Receipt of the signed management representation letter;*
- *Confirmation that there are no subsequent events which might affect the financial statements; and*
- *Receipt of the signed financial report.*

We intend to recommend to the Auditor General to issue an unqualified audit opinion after these matters are completed. We would like to take this opportunity to thank the Shire of Carnamah's finance and administrative team for their assistance over the course of the audit."

Annual Report

The Shire's draft Annual Report for 2021/2022 has now been completed (**Attachment 6**) and includes the annual financial statements for the year and reports on the Shires progress and achievements over the period. It has been designed for dual use as a marketing tool for the Shire and a reporting mechanism to meet requirements of the Integrated Planning and Reporting Framework.

The Annual Report forms the main item of business discussed at the Annual General Meeting of Electors. Section 5.27 of the Act requires that the Annual General Meeting of Electors is to be held on a day selected by the local government, but not more than 56 days after the Annual Report is accepted.

Furthermore, section 5.29 of the Act states that the Chief Executive Officer is to convene an Annual Electors Meeting by giving at least 14 days public notice.

Should Council accept the Annual Report at this meeting, it is suggested that the Annual Electors Meeting be held on Wednesday 21 June 2023 at 5.00 pm. Another date could be considered however it is preferred that the Annual Electors Meeting be held in the current financial year.

Wednesday 21 June 2023 is considered to be the earliest time the Annual Electors Meeting without it being a 'special meeting'. In addition to statutory information required under the Act, the publication highlights various projects and initiatives from the financial year which contribute to achieving the communities' vision for the Shire. The Annual Report is not required to be audited.

The Annual Report will be made available to the Public and Electors prior to the Annual Electors Meeting, subject to its acceptance by Council. As noted, the audit and review of the Financial Statements is complete and is attached for adoption. The Independent Audit Report (OAG's Audit Opinion) forms the last part of the Annual Report and is also included for adoption.

Section 7.12A of the Act provides that Council must also prepare a report addressing any matters identified as significant by the auditor in the audit report, and state what action Council has taken or intends to take with respect to each of those matters.

The report is to be provided to the Audit Committee and Council for endorsement, with a copy provided to the Minister within 3 months of the audit report being received by Council and posted on the website within 14 days of giving the report to the Minister.

CONSULTATION

Shire President
Management team

STATUTORY IMPLICATIONS

Local Government Act 1995
Subdivision 4 — Electors' meetings
Division 3 — Conduct of audit
Division 4 — General
Division 5 — Annual reports and planning

Local Government (Financial Management) Regulations 1996

Local Government (Administration) Regulations 1996
Part 3 — Electors' meetings

In accordance with statutory requirements, Council must give a minimum of 14 days' notice in calling the Annual Electors Meeting following acceptance of the Annual Report. It is recommended that the Electors General Meeting be held at the Council Chambers on Wednesday, 21 June 2023 commencing at 5:00 pm.

STRATEGIC IMPLICATIONS

Shire of Carnamah Strategic Community Plan and Corporate Business Plan 2021-2031 (reviewed December 2022):

Outcome 4.1 Improvement in efficient and effective service delivery
Strategy 4.1.2 Continuous improvement in efficient and effective service delivery

POLICY IMPLICATIONS

There are no known policy implications.

RISK IMPLICATIONS

Risk: Failure to prepare and adopt the Annual Financial Report would result in non-compliance with its statutory responsibilities under the <i>Local Government Act 1995</i>		
Likelihood	Consequence	Acceptance Criteria
Possible	Low	Moderate
Action / Strategy		
Review and adopt the Officer Recommendation		

FINANCIAL IMPLICATIONS

The Annual Financial Statements set out the operating results for the Shire for the year ended 30 June 2022 and the assets and liabilities as at that date, together with other relevant financial information.

VOTING REQUIREMENT

OFFICER RECOMMENDATION	
<i>That with respect to the Acceptance of the Annual Report 2021/2022, the Audit Committee recommend that Council:</i>	
<ol style="list-style-type: none"> 1. <i>Pursuant to section 5.54 of the Local Government Act 1995, accepts the 2021/2022 Annual Report incorporating the Annual Financial Statements and the Auditors Report (Auditor General's Audit Opinion);</i> 2. <i>Pursuant to section 5.55 of the Local Government Act 1995, gives local public notice of the availability of the 2021/2022 Annual Report;</i> 3. <i>Pursuant to section 5.27 of the Local Government Act 1995, convenes the Annual General Meeting of Electors on Wednesday 21 June 2023 commencing at 5:00pm at the Carnamah Council Chambers; and</i> 4. <i>Authorises the Chief Executive Officer in consultation with the Shire President, to oversee the final presentation and publication of the 2021/2022 Annual Report.</i> 	
Moved:	Cr Chisholm
Seconded:	Cr Kikeros

ACM 20230503 MOTION TO AMEND	
<i>That with respect to the Acceptance of the Annual Report 2021/2022, the Audit Committee recommend that Council:</i>	
<ol style="list-style-type: none"> 1. <i>Pursuant to section 5.54 of the Local Government Act 1995, accepts the 2021/2022 Annual Report incorporating the Annual Financial Statements and the Auditors Report (Auditor General's Audit Opinion);</i> 2. <i>Pursuant to section 5.55 of the Local Government Act 1995, gives local public notice of the availability of the 2021/2022 Annual Report;</i> 3. <i>Pursuant to section 5.27 of the Local Government Act 1995, convenes the Annual General Meeting of Electors on Wednesday 21 June 2023 commencing at 5:30pm at the Carnamah Council Chambers; and</i> 4. <i>Authorises the Chief Executive Officer in consultation with the Shire President, to oversee the final presentation and publication of the 2021/2022 Annual Report.</i> 	
Moved:	Cr Chisholm
Seconded:	Cr Kikeros
CARRIED 5/0	

ACM 20230504 SUBSTANTIVE MOTION AS AMENDED

That with respect to the Acceptance of the Annual Report 2021/2022, the Audit Committee recommend that Council:

- 1. Pursuant to section 5.54 of the Local Government Act 1995, accepts the 2021/2022 Annual Report incorporating the Annual Financial Statements and the Auditors Report (Auditor General's Audit Opinion);*
- 2. Pursuant to section 5.55 of the Local Government Act 1995, gives local public notice of the availability of the 2021/2022 Annual Report;*
- 3. Pursuant to section 5.27 of the Local Government Act 1995, convenes the Annual General Meeting of Electors on Wednesday 21 June 2023 commencing at 5:30pm at the Carnamah Council Chambers; and*
- 4. Authorises the Chief Executive Officer in consultation with the Shire President, to oversee the final presentation and publication of the 2021/2022 Annual Report.*

Moved:	Cr Chisholm
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Seconded:	Cr Kikeros
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CARRIED 5/0

Reason for change: Council considered that for the benefit of community members that the proposed Annual Electors meeting time be changed from 5:00pm to 5:30pm.

8.0 NEW BUSINESS OF AN URGENT NATURE

Nil

9.0 CONFIDENTIAL REPORTS

Nil

10.0 CLOSURE OF MEETING

The presiding person declared the meeting closed at 3.50pm