



SHIRE OF WOODANILLING



Audit Committee Meeting
Unconfirmed Minutes
20 February 2024

DISCLAIMER

This agenda has yet to be dealt with by the Audit Committee. The recommendations shown at the foot of each item have yet to be considered by the Audit Committee and are not to be interpreted as being the position of the Audit Committee. The minutes of the meeting held to discuss this agenda should be read to ascertain the decision of the Audit Committee.

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AUDIT COMMITTEE MEETING MINUTES

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairperson, Cr Douglas will declare the meeting open at 4:25pm. The Chairperson will alert the meeting to the procedures for emergencies including evacuation, designated exits, and muster points.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Present:

Cr D Douglas Chairman
Cr HR Thomson
Cr B Smith
Cr I Garstone
Cr R Marshall
Cr K Stephens

Officers:

Belinda Knight Acting Chief Executive Officer
Phil Burgess Executive Manager Infrastructure

Apologies: Nil

Observers: Nil

3. APOLOGIES

Nil

4. APPROVED LEAVE OF ABSENCE

Nil

5. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

6. PUBLIC QUESTION TIME

No members of the public present

7. DECLARATIONS OF COUNCILLORS OR OFFICERS INTEREST

Nil

8. CONFIRMATION OF PREVIOUS MINUTES:

8.1. AUDIT COMMITTEE MEETING 21 FEBRUARY 2023

COMMITTEE DECISION - ITEM 8.1 AUDIT COMMITTEE MEETING 21 FEBRUARY 2023

Moved: Cr Thomson **Seconded:** Cr Stephens

That the Minutes of the Audit Committee meeting held 21 February 2023 be confirmed as a true and correct record of proceedings without amendment.

CARRIED 6/0

For: Cr Douglas, Thomson, Smith, Garstone, Marshall & Stephens
Against: Nil

9. OFFICERS REPORTS

9.1. ANNUAL REPORT 2022/2023

File Reference	ADM0017
Date of Report	10 January 2024
Responsible Officer	Kellie Bartley, Chief Executive Officer
Author of Report	Kellie Bartley, Chief Executive Officer
Disclosure of any Interest	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .
Voting Requirement	Simple Majority
Attachments	Attachment 9.1.1 – Shire of Woodanilling Annual Report 2022/2023 Attachment 9.1.2 - Independent Audit Report Confidential Attachment 9.1.3 – Management Letter

BRIEF SUMMARY

The purpose of this report is for the Audit Committee to consider the adoption of the 2022/2023 Shire of Woodanilling Annual Report and the Management Letter and Independent Audit Report from the Office of the Auditor General (OAG).

BACKGROUND/COMMENT

The OAG conducted the Annual Financial Audit for 2022/2023 commencing in October/November 2023 and concluded in December 2023. This item discusses the outcomes of the Audit.

The final audited financial statements have been received from the Office of Auditor General (OAG) and Lincolns and the formal audit exit meeting was held on 6 December 2023. In attendance at this meeting (via virtual meeting) was:

- Jay Teichert, Director Financial Audit, (OAG);
- Mr Chris Martain, Auditor, Lincolns;
- Mr Thomas Warner, Manager, Lincolns;
- Cr Dale Douglas, Shire President; and
- Mrs Kellie Bartley, Chief Executive Officer.

During this meeting the report was discussed for the year ended 30 June 2023, which included:

Audit Opinion

The OAG has expressed a qualified audit opinion for 2022/2023 Annual Financial Report.

The Opinion states by the auditor was that the financial report was:

- Based on proper accounts and reports;
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position as at the end of that period;
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for qualified opinion

Building assets

I qualified building assets stated at \$4,942,954 in the prior year because the Shire had not revalued its building assets with sufficient regularity or in accordance with Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996. The Shire has not made the appropriate corrections for this prior year figure in the current year. Consequently, my opinion on the current year financial report is modified because of the possible effect of this matter on the comparability of the current period's building asset figure in Note 9 and the corresponding figure of the financial report.

Management Letter

- Management Letter Findings – there were 3 findings in the management letter as contained in **Confidential Attachment 9.1.3.**
- Regulation 17 – was identified as a significant issue with the management comment stating: *‘The recommendation is acknowledged and accepted. The Chief Executive Officer was initially unable to obtain a consultant mid-year however has now managed to obtain one and will be completed by 30 June 2024. Staffing issues have also been a factor on this matter.’*
- Strategic Community Plan & Corporate Business Plans were identified as moderate. With these two plans in progress and to be finalised by 30 June 2024.

Noting that this report was not able to be presented to the December 2023 Meeting of Council as the assessment through the OAG, the Audit Report was changed to qualified opinion based on the fact that the Fair Value was completed however was over 2022/2023 and into the 2023/2024 year. Therefore, the OAG did not issue the Shire with the final findings and signed off until late on the 21 December 2023. Due to Council not holding a meeting in the month of January 2024, the report is just being presented this month.

Following the formal Audit Exit meeting, the Office of Auditor General released the independent auditor’s reports (including the Annual Report document as contained in).

The Annual Report has been prepared in accordance with the *Local Government Act 1995*, associated regulations and is contained in **Attachment 9.1.2.** This will be required to be taken to Council for endorsement and approval the set Annual Electors Meeting date as detailed in the recommendation.

STATUTORY/LEGAL IMPLICATIONS

The *Local Government Act 1995* requires the Council to accept the Annual Report by 31 December each year unless the audit report is not available. If unable to be accepted by 31 December in any given year, then Council must accept the report within two (2) months of the audit report becoming available.

The Annual Electors Meeting must then be held within fifty-six (56) days of Council accepting the Annual Report. A minimum of fourteen days local public notice is required of the date, time, place and purpose of the meeting.

POLICY IMPLICATIONS

There is no policy associated with this item.

FINANCIAL IMPLICATIONS

There are no financial implications for this report. The Annual Report contains the annual financial statements for 2022/2023 with the current financial position of the Council for this period.

STRATEGIC IMPLICATIONS

THEME 3

Governance

OBJECTIVES

To promote continual improvement that is supported by efficient and effective governance structures and processes.

STRATEGIES

By ensuring legislation is used to effectively enable quality decision making.

CONSULTATION/COMMUNICATION

Consultation has been undertaken with the Chief Executive Officer, DL Consulting, and finance staff, OAG and Lincolns in regards to the management letter and audit requirements for this report. The Exit Meeting occurred with one member of the Audit Committee held on 6 December 2022. It must be noted that the Shire President was available at this time and the OAG was ok with the representatives for this meeting held.

RISK MANAGEMENT

There is a risk that should the Annual Report not be adopted within the timeframes outlined, Council may be in breach of the *Local Government Act 1995*, and applicable subsidiary legislation. Accordingly, the risk associated with this matter is assessed as “High”.

Consequence Likelihood	Insignificant	Minor	Moderate	Major	Extreme
Almost	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

VOTING REQUIREMENTS

Absolute Majority

OFFICER’S RECOMMENDATION

The Audit Committee will be meeting at 3pm on Tuesday 20 February 2024 to discuss this report and will make a recommendation to the Council.

That the Audit Committee recommends to Council:

1. In accordance with section 5.54 of the *Local Government Act 1995*, accepts the Shire of Woodanilling 2022/2023 Annual Financial Report and Auditor’s Independent Audit Report for the financial year ended 30 June 2023 as presented in **Attachments 9.1.1 & 9.1.2**; and
2. Receives the Management Report from the Office of the Auditor General for the year ended 30th June 2023 as contained in **Confidential Attachment 9.1.3**.

OFFICER’S RECOMMENDATION & COMMITTEE DECISION - ITEM 9.1. ANNUAL REPORT 2022/2023

Moved: Cr Thomson Seconded: Cr Smith

That the Audit Committee recommends to Council:

That Council:

1. In accordance with section 5.54 of the *Local Government Act 1995*, accepts the Shire of Woodanilling 2022/2023 Annual Financial Report and Auditor’s Independent Audit Report for the financial year ended 30 June 2023 as presented in Attachments 9.1.1 & 9.1.2; and
2. Receives the Management Report from the Office of the Auditor General for the year ended 30th June 2023 as contained in Confidential Attachment 9.1.3.

CARRIED BY AN ABSOLUTE MAJORITY OF 6/0

For: Cr Douglas, Thomson, Smith, Garstone, Marshall & Stephens

Against: Nil

9.2. COMPLIANCE AUDIT RETURN 2023

File Reference	ADM0017
Date of Report	16 February 2024
Responsible Officer	Kellie Bartley, Chief Executive Officer
Author/s of Report	Kellie Bartley, Chief Executive Officer
Disclosure of any Interest	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .
Voting Requirement	Absolute Majority
Attachment	Attachment 9.2.1 – Compliance Audit Return 2023

BRIEF SUMMARY

The purpose of this report is for the Audit Committee to consider the Local Government Compliance Audit Return (CAR) for the period 1 January 2023 to 31 December 2023 and make a recommendation to Council to determine a position.

BACKGROUND/COMMENT

The Department of Local Government, Sport and Cultural Industries (DLGSC) requires all local governments to complete and lodge an annual Compliance Audit Return for the preceding year by 31 March in the following calendar year.

The annual return required responses in the following broad categories:

- Commercial Enterprises by Local Governments;
- Delegation of Power/Duty;
- Disclosure of Interest;
- Disposal of Property;
- Elections;
- Finance;
- Integrated Planning and Reporting;
- Local Government Employees;
- Official Conduct;
- Other; and
- Tenders for Providing Goods and Services.

In general, the Shire has achieved in most categories however the IPR area is currently in progress. Responses were provided for each of the sections and is detailed in **ATTACHMENT 9.2.1**.

Provided for the Audit Committee is the completed annual Compliance Audit Return for the period 1 January 2023 to 31 December 2023 and subject to Council's formal acceptance it is proposed to lodge the completed return with the Department by 31 March 2024.

STATUTORY/LEGAL IMPLICATIONS

The Council is obliged to complete and submit the Woodanilling's Compliance Audit Return 2023 in accordance with the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.

- Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out, in the prescribed manner and in the form approved by the Minister an audit of compliance with statutory requirements prescribed in the *Local Government (Audit) Regulations 1996*.
- Regulation 13 of the *Local Government (Audit) Regulations 1996* details the statutory requirements that must be addressed within the compliance audit.
- Regulation 14 of the *Local Government (Audit) Regulations 1996* specifies the requirement to undertake a compliance audit for the annual period 1 January to 31 December and the process by which the audit return is to be considered by Council.

- Regulation 15 of the *Local Government (Audit) Regulations 1996* details the actions to be taken to certify the audit return and to submit the return by 31 March following the period to which the return relates.

POLICY IMPLICATIONS

There is no relevant plans or policies to consider in relation to this matter.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

STRATEGIC IMPLICATIONS

THEME 3

Governance

OBJECTIVES

To promote continual improvement that is supported by efficient and effective governance structures and processes.

STRATEGIES

By ensuring legislation is used to effectively enable quality decision making.

CONSULTATION/COMMUNICATION

Consultation has been undertaken with relevant officers in regards to compliance requirements being met or not.

RISK MANAGEMENT

There is a risk that Council will be in breach of its statutory obligations should it not complete, and adopt the Compliance Audit Return 2023. Accordingly, it has been assessed that the level of risk is high.

Consequence Likelihood	Insignificant	Minor	Moderate	Major	Extreme
Almost	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

VOTING REQUIREMENTS

Absolute Majority

OFFICERS RECOMMENDATION

That the Audit Committee recommend that Council:

1. Adopts the 2023 Local Government Compliance Audit Return for the period 1 January 2023 to 31 December 2023 as contained in **ATTACHMENT 9.2.1**; and
2. Authorises the Shire President and Acting Chief Executive Officer to certify, in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, the completed 2023 Compliance Audit Return and submit to the Department of Local Government, Sport and Cultural Industries.

OFFICER'S RECOMMENDATION & COMMITTEE DECISION - ITEM 9.2 – COMPLIANCE AUDIT RETURN

Moved: Cr Smith Seconded: Cr Thomson

That the Audit Committee recommends to Council:

That Council:

1. Adopts the 2023 Local Government Compliance Audit Return for the period 1 January 2023 to 31 December 2023 as contained in ATTACHMENT9.2.1; and
2. Authorises the Shire President and Acting Chief Executive Officer to certify, in accordance with Regulation 15 of the Local Government (Audit) Regulations 1996, the completed 2023 Compliance Audit Return and submit to the Department of Local Government, Sport and Cultural Industries.

CARRIED BY AN ABSOLUTE MAJORITY OF 6/0

For: Cr Douglas, Thomson, Smith, Garstone, Marshall & Stephens

Against: Nil

10. CLOSURE OF MEETING

There being no further business to discuss the Chairperson declared the meeting closed at 4:32pm.