



MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

Held on

Wednesday, 20 December 2023

Commenced at 3.00pm

Shire of Donnybrook Balingup Council Chamber, Donnybrook

Garry Hunt
Chief Executive Officer (Temporary)

21 December 2023

TABLE OF CONTENTS

1	DECLARATION OF OPENING	3
2	ATTENDANCES.....	3
	2.1 APOLOGIES	3
	2.2 APPROVED LEAVE OF ABSENCE	3
3	ANNOUNCEMENTS FROM CHAIRPERSON.....	3
4	DECLARATIONS OF INTEREST	4
5	ELECTION OF PRESIDING MEMBER	4
6	ELECTION OF DEPUTY PRESIDING MEMBER.....	4
7	PUBLIC QUESTION TIME	4
	7.1 PREVIOUS QUESTIONS TAKEN ON NOTICE.....	4
	7.2 PUBLIC QUESTION TIME.....	4
8	CONFIRMATIONS OF MINUTES	6
	8.1 AUDIT AND RISK MANAGEMENT COMMITTEE MEETING – 15 AUGUST 2023	6
9	REPORTS OF OFFICERS	7
	9.1.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINION 2022/2023 ..	7
	9.1.2 OFFICE OF THE AUDITOR GENERAL FINANCIAL AUDIT RESULTS LOCAL GOVERNMENT 2021/2022	11
10	CLOSURES.....	13

SHIRE OF DONNYBROOK BALINGUP
MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Held at the Council Chamber
20 December 2023 at 3.02pm

1 DECLARATION OF OPENING

The Chief Executive Officer declared the meeting open at 3:02pm and welcomed the members of the Committee and the public gallery.

Additionally, the Chief Executive Officer acknowledged the traditional custodians of the land, the Wardandi People of the Noongar Nation, paying respects to Elders, both past, and present, and acknowledging emerging leaders.

2 ATTENDANCES

MEMBERS PRESENT

MEMBERS	STAFF
Vivienne MacCarthy, Shire President	Garry Hunt, Chief Executive Officer (Temporary)
John Bailey, Councillor	Kim Dolzadelli, Director Finance and Corporate
Ian Telfer, External Member	Belinda Richards, Manager Financial Services
	Loren Clifford, Manager Corporate Services

2.1 APOLOGIES

Alexis Davy, Councillor

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3 ANNOUNCEMENTS FROM CHAIRPERSON

The Chief Executive Officer announced that he would preside over the meeting until a Presiding Member has been elected by the committee.

4 DECLARATIONS OF INTEREST

Nil.

5 ELECTION OF PRESIDING MEMBER

The Chief Executive Officer called for nominations for the role of Presiding Member of the Audit and Risk Management Committee for the next two years.

President MacCarthy put forward her nomination for the position of Presiding Member, and no other nominations were submitted.

The Chief Executive Officer confirmed the election of President MacCarthy as the Presiding Member of the Audit and Risk Management Committee. President MacCarthy assumed the role of Chair.

6 ELECTION OF DEPUTY PRESIDING MEMBER

President MacCarthy inquired whether the committee wished to appoint a Deputy Presiding Member. Both members indicated that such an appointment was unnecessary.

No nominations were put forward.

7 PUBLIC QUESTION TIME

7.1 PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

7.2 PUBLIC QUESTION TIME

Question: Shane Sercombe

Earlier correspondence from President MacCarthy inferred that councillors were not invited to the audit exit meeting to ensure that the audit findings are not disclosed prematurely and or to protect the identity of the auditors performing the audit Do you conclude your 8 fellow councillors cannot be trusted with the same information as yourself?

Response: Director Finance and Corporate

The meeting was called by the Assistant Director from the Office of the Auditor General. The Assistant Director made it very clear who was to attend the audit exit meeting. Myself as the Director Finance and Corporate, the Chief Executive Officer, our Manager of Financial Services and President MacCarthy.

Question: Shane Sercombe

Seems quite unusual as in the past that the definitely the audit Committee is invited, given it should be the biggest event on the audit committees calendar and also. My direct feedback from the office of Auditor General was that there is an expectation or it's definitely normal for elected members to be invited, I guess ultimately by the Shire President to come along to the audit exit meeting.

Response: President MacCarthy

We're giving you the answer Mr Sercombe. That was the stipulations that were given to us in setting the meeting.

Question: Shane Sercombe

When will the audit concluding report be released to the Councillors?

Response: Director Finance and Corporate

The audit concluding memo is treated as confidential. While I successfully obtained permission from the auditors to release it publicly last year, my recent efforts, including approaching them and reiterating the request during the exit meeting, were met with a written denial. Councillors will be receiving a copy of the concluding memo. However, I'd like to clarify that the confidential audit concluding memo will not be made available as a public document.

Question: Shane Sercombe

Could you please give a summary of the Shires financial results?

Response: Chief Executive Officer

That question will be answered at the Annual General Meeting of Electors, so that more detail can be given.

Question: Shane Sercombe

With the Shire's 2023 net result being at \$9 million less than budgeted and capital expenses also \$14 million less than budgeted. Can the counselling community have faith in the current budget process?

Response: Director Finance and Corporate

Question taken on notice.

8 CONFIRMATIONS OF MINUTES

8.1 AUDIT AND RISK MANAGEMENT COMMITTEE MEETING – 15 AUGUST 2023

Minutes of the Audit and Risk Management Committee meeting held 15 August 2023 are attached (Attachment 8.1(1)).

EXECUTIVE RECOMMENDATION

That the Minutes of the Audit and Risk Management Committee Meeting held 15 August 2023 be confirmed as a true and correct record.

Advice notes: the Minutes of the Audit and Risk Management Committee Meeting held 15 August 2023 were received by Council at the Ordinary Council meeting held 23 August 2023, Council Resolution 99/23.

COMMITTEE RESOLUTION ARM 15/23

MOVED: IAN TELFER

SECONDED: PRESIDENT MCCARTHY

That the Minutes of the Audit and Risk Management Committee Meeting held 15 August 2023 be confirmed as a true and correct record.

CARRIED: 3/0

Advice notes: – CEO stated that he would include a note to acknowledge/note that Cr Bailey was not a member, nor did he attend the ARMC meeting held 15 August 2023 and was casting his vote on the assurance of the two other members whom were present at the meeting.

9 REPORTS OF OFFICERS

9.1.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINION 2022/2023

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli, Director Finance and Corporate
Responsible Manager	Kim Dolzadelli, Director Finance and Corporate
Attachments	9.1.1 (1) - Annual Financial Statements 2022/23 9.1.1 (2) - Audit Opinion 2022/23 9.1.1 (3) – Management Letter 2022/23 9.1.1 (4) – Interim Audit Management Letter 2022/23
Voting Requirements	Simple Majority

EXECUTIVE RECOMMENDATION

That the Audit and Risk Management Committee recommend to Council that it:

- 1. Receive the Annual Financial Report, Audit Report, Final Management Letter and Interim Audit Management letter for the year ending 30 June 2023; and**
- 2. Note that a report on significant findings in accordance with Section 7.12A(4)(b) of the *Local Government Act 1995*, for the year ending 30 June 2023, is not required.**

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan 2022 – 2032 relate to this proposal:

Outcome	11	Strong, visionary leadership
Objective	11.1	Provide strategically focused, open and accountable governance
Outcome	12	A well respected, professionally run organisation
Objective	12.1	Deliver effective and efficient operations and service provision

EXECUTIVE SUMMARY

The Office of the Auditor General (OAG) has completed the Audit of the Annual Financial Report for the year ended 30 June 2023. The Independent Auditor’s Report was issued on 11 December 2023 and is attached to this item for reference.

The audit opinion is unqualified and concludes that the report fairly represents the results of the operations of the Shire for the period ended 30 June 2023.

No matters were raised in the Audit Report that requires any action to be taken by the local government in accordance with the Local Government Act 1995, Part – 7 Audit.

The Interim and Final Audit Management reports are also attached to this Agenda with Managements responses included as attachments to this agenda.

BACKGROUND

The Shire of Donnybrook Balingup audit for year ending 30 June 2023 was conducted by the Office of the Auditor (OAG) using a private contractor; Moore Australia.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Local Government Act 1995 Part – 7 Audit

7.12A. Duties of local government with respect to audits

- (3) *A local government must —***
 - (aa) *examine an audit report received by the local government; and***
 - (a) *determine if any matters raised by the audit report, require action to be taken by the local government; and***
 - (b) *ensure that appropriate action is taken in respect of those matters.***
- (4) *A local government must —***
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and***
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.***
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.***

Local Government (Audit) Regulations 1996

16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (in) its functions under Part 6 of the Act; and*
 - (ii) its functions relating to other audits and other matters related to financial management;**
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
 - (i) report to the council the results of that review; and*
 - (ii) give a copy of the CEO's report to the council;**
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and*
 - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —
 - (i) is required to take by section 7.12A(3); and*
 - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
 - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
 - (iv) has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.*

CONSULTATION

Nil.

OFFICER CONCLUSION

The audit opinion is unqualified and concludes that the report fairly represents the results of the operations of the Shire for the period ended 30 June 2023.

COMMITTEE RESOLUTION ARM 16/23

MOVED: CR BAILEY

SECONDED: IAN TELFER

That the Audit and Risk Management Committee recommend to Council that it:

- 1. Receive the Annual Financial Report, Audit Report, Final Management Letter and Interim Audit Management letter for the year ending 30 June 2023; and**
- 2. Note that a report on significant findings in accordance with Section 7.12A(4)(b) of the *Local Government Act 1995*, for the year ending 30 June 2023, is not required.**

CARRIED: 3/0

DRAFT

9.1.2 OFFICE OF THE AUDITOR GENERAL FINANCIAL AUDIT RESULTS LOCAL GOVERNMENT 2021/2022

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli, Director Finance and Corporate
Responsible Manager	Kim Dolzadelli, Director Finance and Corporate
Attachments	9.1.2 (1) Letter from Auditor General 9.1.2 (2) Office of the Auditor General Financial Audit Results Local Government 2021/2022
Voting Requirements	Simple Majority

EXECUTIVE RECOMMENDATION

That the Audit and Risk Management Committee receive the Office of the Auditor General Financial Audit Results Local Government 2021/2022 and letter of advice from the Auditor General.

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan 2022 – 2032 relate to this proposal:

Outcome	11	Strong, visionary leadership
Objective	11.1	Provide strategically focused, open and accountable governance
Outcome	12	A well respected, professionally run organisation
Objective	12.1	Deliver effective and efficient operations and service provision

EXECUTIVE SUMMARY

In accordance with section 24 of the *Auditor General Act 2006*, Attachment 9.1.2 (2), summarises the final results of the Office of the Auditor Generals annual audits of 146 of 148 local government entities for the year ended 30 June 2022 and the 16 remaining audits from 30 June 2021.

It is pleasing to see that the Shire of Donnybrook Balingup was listed in the “Best practice top 20 entities” as listed on Page 22 of Attachment 9.1.2 (2). This is a testament to the dedicated Finance staff working for the Shire.

Excerpt Page 22 of the Attachment 9.1.2 (2):

Best practice entities

This is the first year we have rated entities on their financial reporting and financial controls, though we have been reporting on this for the State sector for many years. The quality of financial reporting is measured against five criteria:

- timeliness of financial statements
- quality of financial statements and notes
- quality of working papers
- resolution of accounting issues
- availability of key staff.

Of the 148 entities, 85 were scored audit ready, representing 57% of all local government entities and signalling room for improvement.

Most noteworthy is the number of regional shires that have made the better practice list. We commend all those who have made this inaugural list and trust others will now be inspired to strive to compete for inclusion.

Best practice top 20 entities			
City of Albany	Murchison Regional Vermin Council	Shire of Dumbleyung	Shire of Murray
City of Greater Geraldton	Shire of Boddington	Shire of Gingin	Shire of Pingelly
City of Melville	Shire of Bridgetown-Greenbushes	Shire of Jerramungup	Shire of Wagin
City of Swan	Shire of Cranbrook	Shire of Donnybrook-Balingup	Shire of Waroona
Eastern Metropolitan Regional Council	Shire of Cue	Shire of Mingenew	Shire of Wongan-Ballidu

Source: OAG

Table 4: Best practice entities for 2021-22

BACKGROUND

Responsibility for financial auditing of Western Australia’s local governments transitioned from the Department of Local Government, Sport, and Cultural Industries to the Office of the Auditor General with the proclamation of the *Local Government Amendment (Auditing) Act 2017*.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Nil.

CONSULTATION

Nil.

OFFICER CONCLUSION

That the information be received.

COMMITTEE RESOLUTION ARM 17/23

MOVED: IAN TELFER

SECONDED: CR BAILEY

That the Audit and Risk Management Committee receive the Office of the Auditor General Financial Audit Results Local Government 2021/22 and letter of advice from the Auditor General.

CARRIED:3/0

10 CLOSURES

President MacCarthy declared the meeting closed at 3:22pm.

These Minutes were confirmed as a true and accurate record at the Special Council Meeting held 24 January 2024.



Vivienne MacCarthy

PRESIDENT – SHIRE OF DONNYBROOK BALINGUP