




MINUTES

Audit Committee Meeting

To be held in Council Chambers
Corner King & Barrack Street's, Merredin
Thursday 25 August 2022
Commencing 1.45pm



Common Acronyms Used in this Document	
WEROC	Wheatbelt East Regional Organisation of Councils
GECZ	Great Eastern Country Zone
WALGA	Western Australian Local Government Association
CEACA	Central East Aged Care Alliance
CEO	Chief Executive Officer
DCEO	Deputy CEO
EMDS	Executive Manager of Development Services
EMES	Executive Manager of Engineering Services
EMCS	Executive Manager of Corporate Services
EA	Executive Assistant to CEO
LPS	Local Planning Scheme
LGIS	Local Government Insurance Services
SRP	Strategic Resource Plan
CBP	Corporate Business Plan
CSP	Community Strategic Plan
MRCLC	Merredin Regional Community and Leisure Centre
CWVC	Central Wheatbelt Visitors Centre
MoU	Memorandum of Understanding

<p>Shire of Merredin</p> <p>Audit Committee Meeting</p> <p>1.45pm Thursday 25 August 2022</p>		 <p>SHIRE OF MERREDIN INNOVATING THE WHEATBELT</p>																						
1.	Official Opening																							
	<p>The President acknowledged the Traditional Owners of the land on which we meet today, the Njaki Njaki people of the Nyoongar Nation and paid his respects to Elders past, present and emerging. The President then welcomed those in attendance and declared the meeting open at 1:45pm.</p>																							
2.	Record of Attendance / Apologies and Leave of Absence																							
	<p>Councillors:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Cr M McKenzie</td> <td style="width: 40%;">President</td> </tr> <tr> <td>Cr D Crook</td> <td></td> </tr> <tr> <td>Cr R Manning</td> <td>1:50pm</td> </tr> <tr> <td>Cr P Patroni</td> <td></td> </tr> <tr> <td>Cr Flockart</td> <td>1:49pm</td> </tr> </table> <p>Staff:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">L Clack</td> <td style="width: 40%;">CEO</td> </tr> <tr> <td>L Mellor</td> <td>EMES</td> </tr> <tr> <td>L Boehme</td> <td>EMCS</td> </tr> <tr> <td>C Townsend</td> <td>A/DCEO</td> </tr> <tr> <td>M Wyatt</td> <td>ES/EA</td> </tr> <tr> <td>O Mellor</td> <td>GO</td> </tr> </table> <p>Members of the Public:</p> <p>Apologies:</p> <p>Approved Leave of Absence:</p>		Cr M McKenzie	President	Cr D Crook		Cr R Manning	1:50pm	Cr P Patroni		Cr Flockart	1:49pm	L Clack	CEO	L Mellor	EMES	L Boehme	EMCS	C Townsend	A/DCEO	M Wyatt	ES/EA	O Mellor	GO
Cr M McKenzie	President																							
Cr D Crook																								
Cr R Manning	1:50pm																							
Cr P Patroni																								
Cr Flockart	1:49pm																							
L Clack	CEO																							
L Mellor	EMES																							
L Boehme	EMCS																							
C Townsend	A/DCEO																							
M Wyatt	ES/EA																							
O Mellor	GO																							
3.	Public Question Time																							
	Nil																							
4.	Disclosure of Interest																							

Nil

5. Confirmation of Minutes of the Previous Meeting

5.1 Audit Committee Meeting held on 5 July 2022 Attachment 5.1A

Voting Requirements

Simple Majority Absolute Majority

Resolution

Moved: Cr Crook Seconded: Cr Patroni

82980 That the minutes of the Audit Committee Meeting held on 5 July 2022 be confirmed as a true and accurate record of proceedings.

CARRIED 3/0

6. Officer's Reports – Administration

6.1 Annual Report 2020/2021 – Adoption of Annual Report and Scheduling Annual Electors Meeting

<h2>Administration</h2>		 SHIRE OF MERREDIN INNOVATING THE WHEATBELT
Responsible Officer:	Lisa Clack, CEO	
Author:	Lisa Clack, CEO	
Legislation:	<i>Local Government Act 1995</i>	
File Reference:	Nil	
Disclosure of Interest:	Nil	
Attachments:	Attachment 6.1A – Annual Report 2020/21 Attachment 6.1B – Office of the Auditor General Shire of Merredin opinion package 2020/21 (consisting of 4 documents).	

Purpose of Report

Executive Decision

Legislative Requirement

Background

The annual financial statements for the year ended 30 June 2021 have been completed, as has the annual audit of the financial statements by the Auditor General.

The 2020/21 Annual Report is attached in Attachment 6.1A, and consists of both the audited financial statements and the statutory reporting required annually by the Shire of Merredin.

The Audit Opinion package provided to the Shire, includes;

- a) Audited financial report, year ending June 30, 2021,
- b) Audit opinion
- c) Transmission letter to CEO, and,
- d) Management letter attachment – Shire of Merredin response,

and these documents are packaged and attached together as Attachment 6.1B.

Councillors should note that the Audited Financial Statements are repeated in both Attachment 6.1A and 6.1B as they form part of both suites of documents.

Comment

Local governments are required to adopt the Annual Report prior to 31 December each year (S5.54(1)) of the *Local Government Act, 1995*.

As in this case, where the auditor's report is not available in time for the Annual Report to be accepted by 31 December the annual report is to be accepted no later than 2 months after the auditor's report becomes available.

Local governments are required to conduct an Annual Electors Meeting (AEM) not more than 56 days after adopting the report.

The Office of the Auditor General certified the Shire of Merredin Annual Financial Report on 9 August 2022. Considering the above legislative timeline, if the 2020/21 Annual Report is adopted at Council's August 2022 meeting, the AEM must be held on, or prior to 22 October 2022.

Council has previously held the AEM following an Ordinary Council Meeting. It is proposed that the AEM for the 2020/21 financial year be held on Tuesday, 27 September 2022 commencing at 6.00 pm.

Pursuant to Section 7.9 of the *Local Government Act 1995* (the 'Act'), an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit.

The Auditor is also required to prepare a report and forward a copy of that report to:

1. The Mayor or President.
2. The Chief Executive Officer; and the Minister for Local Government.

Furthermore, in accordance with Regulation 10(4) of the *Local Government (Audit) Regulations 1996*, where it is considered appropriate to do so, the Auditor may prepare a

Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the Act. The Management Report provides an overview of the audit process and outcomes, whilst also identifying any matters that, whilst generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of Council. The Management report is included as part of the Office of the Auditor General's Opinion package (Attachment 6.1B). Several actions have been identified and agreed in response to this Management report.

Policy Implications

In accordance with the Instrument of Appointment of the Audit Committee, it is relevant that the Audit Committee considers the 2020/21 Annual Financial Statement, Auditors Report and Management Letter, and where appropriate, makes recommendations in respect of these reports.

In this case, the Administration has agreed to management actions and timeframes in response to the Auditors findings, included as the Shire of Merredin response, in the documents forming Attachment 6.1B.

In addition, the current year audit timeframe has been brought forward to provide advice to Council in a timelier manner.

In this case the Administration recommends the policy recommendations contained in the Management response are noted, and the committee notes that regular updates on progress will be provided as actions are completed.

Statutory Implications

Section 5.27 of the *Local Government Act 1995* states that a general meeting of electors is to be held once every financial year on a day selected by the local government but not more than 56 days after the adoption of the annual report.

Section 5.29 of the *Local Government Act 1995* states that the CEO is to convene an electors' meeting by giving 14 days local public notice.

Strategic Implications

➤ Strategic Community Plan

Theme: 4. Communications and Leadership

Service Area Objective: 4.7. Integrated Planning and Reporting

4.7.1 The Shire is committed to ongoing consultation to ensure that the reporting associated with the State's Integrated Planning Framework is in line with the community's vision for the town and its surrounds

Priorities and Strategies
for Change:

➤ Corporate Business Plan

Key Action: 4.1.1 – Continue to update the Integrated Planning Framework, meet statutory requirements of the Local Government Act and regulations and regulatory obligations required under other regulations

Directorate: Corporate Services

Timeline: Ongoing

Sustainability Implications

➤ Strategic Resource Plan

Nil

➤ Workforce Plan

Directorate: Nil

Activity: Nil

Current Staff: Nil

Focus Area: Nil

Strategy Code: Nil

Strategy: Nil

Implications: Nil

Risk Implications

Council would be contravening the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* if this item was not considered by Council.

Financial Implications

Nil

Voting Requirements



Simple Majority



Absolute Majority

Resolution

Moved: Cr Patroni

Seconded: Cr McKenzie

That Council:


82981

1. **ADOPT** the 2020/21 Annual Report as attached in Attachment 6.1A, and receive the Auditor's Opinion Package attached as Attachment 6.1B, including Audited Financial Report for the year ending June 30 2021, Audit Opinion, Transmittal Letter to CEO, and Management Response – Shire of Merredin from the Office of the Auditor General for the 2020/21 financial year;
2. **NOTES** the Shire of Merredin response to the Office of the Auditor General in the document Management Response – Shire of Merredin as part of Attachment 6.1B, and **NOTES** the Audit committee will receive regular updates on the agreed actions.
3. **RECOMMEND** Council **ADOPT** the 2020/21 Annual Report (Attachment 6.1A), and receipt of the Auditor's Opinion Package (Attachment 6.1A), including Audited Financial Report for the year ending June 30 2021, Audit Opinion, Transmittal Letter to CEO, and Management Response – Shire of Merredin from the Office of the Auditor General for the 2020/21 financial year; and,
4. **RECOMMEND** Council **HOLDS** an Annual General Meeting of Electors on 27 September 2022 at 6.00pm in the Council Chambers.

CARRIED 3/0

Cr Flockart entered the Chambers at 1:49pm

6.2 Changes to the 21/22 Audit Timeline

<h2>Corporate Services</h2> 	
Responsible Officer:	Leah Boehme - EMCS
Author:	Leah Boehme - EMCS
Legislation:	<i>Local Government Act 1995</i>
File Reference:	Nil
Disclosure of Interest:	Nil
Attachments:	Nil

Purpose of Report

Executive Decision

Legislative Requirement

Background

At the Audit Committee Meeting held on 05 July 2022, the Audit Committee were presented with an Audit timetable by Marius Van Der Merwe from Butler Settineri, the Shire's appointed auditors for the 21/22 financial year.

The timetable indicated that the interim audit visit scheduled for 18-21 July 2022 and the Audit Fieldwork Visit would occur between 12 – 15 September 2022. The auditors indicated that they could meet this timeline unless a member of their team or the Shire's staff were affected by Covid-19.

Comment

The interim visit was called off after day 1 due to a member of the audit team testing positive for Covid-19. Subsequently, five staff members of the Shire also tested positive and were unable to attend work. This caused significant delays to the proposed timeline for both organisations and has meant that a further review of the timeline was necessary.

The new proposed schedule will see the Audit Fieldwork Visit occurring on 10-14 October. This will allow the Administration more time for closure of the 21/22 financials.

As a result, the remainder of the timeline milestones will be pushed back. At this stage it is hoped that the Audited financials will still be able to be presented to the Audit Committee in December.

Policy Implications

Nil

Statutory Implications

Section 5.54 of the *Local Government Act 1995* states that, 'subject to subsection (2), the annual report for a financial year is to be accepted by the local government no later than 31 December after that financial year.'

Subsection 2 states; 'if the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.'

Strategic Implications

➤ Strategic Community Plan

Theme: 4. Communications and Leadership

Service Area Objective: 4.2. Decision Making

Priorities and Strategies for Change: 4.2.3. The Council is well informed in their decision-making, supported by a skilled administration team who are committed to providing timely, strategic information and advice

➤ Corporate Business Plan

Key Action: Nil

Directorate: Nil

Timeline: Nil

Sustainability Implications

➤ Strategic Resource Plan

Nil

➤ Workforce Plan

Directorate: Nil

Activity: Nil

Current Staff: Nil

Focus Area: Nil
Strategy Code: Nil
Strategy: Nil
Implications: Nil

Risk Implications

As outlined in the statutory implications, it is a requirement under the *Local Government Act 1995* that the annual report be adopted prior to 31 December. With the delay to the timeline, there is a greater risk of the Shire not meeting this requirement.

Should the Audit proceed according to the current timeframe, given staff absence due to Covid-19, there could be greater risk of adverse material findings.

It should also be noted that further cases of Covid-19 amongst Shire staff or members of the Audit team may affect the overall timeframe further.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Resolution

Moved: Cr Patroni

Seconded: Cr Crook

82982

That Council NOTE the changes to the Audit timetable as outlined within this report.

CARRIED 4/0

Cr Manning entered the Chambers at 1:50pm.

7. Closure

There being no further business, the President thanked those in attendance and declared the meeting closed at 1:51pm

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