



SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

MINUTES

Audit Committee Meeting

Held in Council Chambers
Corner King & Barrack Street's, Merredin
Tuesday, 15 June 2021
Commencing 1.30pm



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



Shire of Merredin Audit Committee Meeting

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Shire of Merredin
Audit Committee Meeting
1:30pm Tuesday, 15 June 2021



1. Official Opening

The President acknowledged the Traditional Owners of the land on which we meet today and paid her respects to the Elders past, present and emerging. The President then welcomed those in attendance and declared the meeting open at 1.31pm.

2. Record of Attendance / Apologies and Leave of Absence

Councillors:

| | |
|----------------|------------------|
| Cr JR Flockart | President |
| Cr MD Willis | Deputy President |
| Cr LN Boehme | |
| Cr PR Patroni | |

Staff:

| | |
|-----------|-------|
| M Dacombe | T/CEO |
| G Garside | EMCS |
| A Brice | EA |

Members of the Public: Nil

Apologies: Nil

Approved Leave of Absence: Nil

3. Public Question Time

Nil

4. Disclosure of Interest

Nil

5. Confirmation of Minutes of Previous Meetings

5.1 Audit Committee Meeting held on 16 March 2021
Attachment 5.1A

Voting Requirements



Simple Majority



Absolute Majority

Resolution

Moved: Cr Willis **Seconded:** Cr Patroni

82739 That the Minutes of the Audit Committee Meeting held on 16 March 2021 be confirmed as a true and accurate record of proceedings.

CARRIED 4/0

6. Officers' Reports – Corporate Services

6.1 Entrance Meeting with Incoming Auditors for the 2020-2021 Financial Year

Meeting conducted via Zoom with Mona Loo from the Office of the Auditor General and Leanne Oliver from Audit Partners Australia joining.

| | |
|---------------------|--|
| Attachments: | Attachment 6.1A – Entrance Meeting Agenda Attachment 6.1B – Annual Financial Report Audit – Planning Summary |
|---------------------|--|

Mona Loo and Leanne Oliver entered the meeting via video conferencing at 1.37pm and left at 1.55pm.

Cr McKenzie entered the Chambers as an observer at 1.51pm.

6.2 Annual Financial Statements 2019-20 - Audit

| <h1>Corporate Services</h1>  | |
|---|---|
| Responsible Officer: | Geoff Garside, EMCS |
| Author: | Geoff Garside, EMCS |
| Legislation: | <i>Local Government Act 1995, Local Government (Audit) Regulations 1996</i> |
| File Reference: | Nil |
| Disclosure of Interest: | Nil |
| Attachments: | Attachment 6.2A – Completion Report Attachment 6.2B – Management Letter with Draft Management Comment Attachment 6.2C – Shire of Merredin Financial Report 2019-20 Attachment 6.2D – Shire of Merredin Management Representation Letter 2019-20 Attachment 6.2E (Confidential) – Audit Opinion 30 June 2020 |

Purpose of Report

Executive Decision

Legislative Requirement

Background

The annual financial statements for the year ended 30 June 2019 have been completed, as has the annual audit of the financial statements by Council’s auditors, Butler Settineri on behalf of the Auditor General. The statements are attached.

Comment

Local governments are required to adopt the annual report prior to 31 December each year and conduct an annual electors meeting (AEM) not more than 56 days after adopting the report.

Considering the above legislative timeline, it is proposed the 2019-20 Annual Report be adopted at Council’s June 2021 meeting, however it is proposed to receive the Audit Report prior to this.

There are two issues noted in both the Management Letter and the Draft Audit Report and the Council to prepare a report addressing the action it has taken or intends to take and provide a copy to the Minister:

- The Operating Surplus Ratio, which for the third year has not at least met the specified benchmark and this creates an adverse trend. This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. As discussed with the auditors, the trend of this ratio needs to be reviewed as part of an overall trend of all of the ratios.
- Accounting journal entries were posted by one employee, with no evidence of review by second employee. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved. This issue has now been addressed by the T/CEO and A/EMCS.

Pursuant to its Instrument of Appointment, it is relevant that the Audit Committee considers the 2019-20 Annual Financial Statement, Auditors Report and Management Letter and where appropriate, makes recommendation/s in respect of these reports.

In accordance with 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, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

1. the Mayor or President;
2. the Chief Executive Officer; and
3. 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.

Discussion with the Auditor

Representatives of Butler Settineri and the Office of the Auditor General attended a meeting with the members of the Audit Committee by video conference on Tuesday 08 June 2021.

Policy Implications

Nil

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: | Zone 4 – Communication and Leadership |
| Service Area Objective: | 4.1. Community Engagement |
| Priorities and Strategies for Change: | 4.1.1. The Shire regularly engages with its community and, in return, communicates the information gathered in a clear and transparent manner |

➤ 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 the Audit Committee and Council.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Resolution

Moved: Cr Boehme

Seconded: Cr Willis

82740 **That the Audit Committee:**

1. **Receives the Auditor’s Report and Management Report for the 2019-20 financial year;**
2. **Recommends the receipt of the Auditor’s Report and Management Report for the 2019-20 financial year to Council;**
3. **Recommends that the report on journal entries deemed significant be forwarded to the Minister for Local Government; and**
4. **Recommends a report on the operating surplus ratio be forwarded to the Minister following consideration during the budget process.**

CARRIED 4/0

20. Closure

There being no further business, the President thanked those in attendance and declared the meeting closed at 1.57pm.

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