



# AGENDA

## Audit Committee Meeting



Meeting to be held in Council Chambers at  
15 Maddock Street, Mukinbudin  
Commencing at 11.00am Tuesday 12th March 2024.

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## ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST

Council is committed to a code of conduct and all decisions are based on an honest assessment of the issue, ethical decision-making and personal integrity. Councillors and staff adhere to the statutory requirements to declare financial, proximity and impartiality interests and once declared follow the legislation as required.

### 7.1B. Delegation of some powers and duties to audit committees

- (1) Despite section 5.16, the only powers and duties that a local government may delegate\* to its audit committee are any of its powers and duties under this Part other than this power of delegation.

*\* Absolute majority required.*

- (2) A delegation to an audit committee is not subject to section 5.17.

*[Section 7.1B inserted by No. 49 of 2004 s. 5.]*

### 7.1C. Decisions of audit committees

Despite section 5.20, a decision of an audit committee is to be made by a simple majority.

*[Section 7.1C inserted by No. 49 of 2004 s. 5.]*

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### **1. Declaration of Opening**

1.1 Declaration of Opening

### **2. Record of Attendance, Apologies, Approved leave of Absence**

2.1 Present

2.2 Staff

2.3 Apologies

2.4 Visitors

2.5 Gallery

### **3. Confirmation of minutes of previous meetings**

3.1 Nil

### **4. Matters for which the meeting may be closed**

4.1 Nil

### **5. Reports of Committees and Officers**

5.1 Shire of Mukinbudin - Compliance Audit Return - 31 December 2023

5.2 2022-2023 Report on Significant findings of the 2022-2023 Annual Audit

### **5. Closure of Meeting**

Agenda of the Audit Committee Meeting to be held in Council Chambers, Maddock Street, Mukinbudin on Tuesday 12 March 2024.

**1. Declaration of Opening**

1.1 The Shire President declared the Meeting open at \_\_\_\_pm

**2. Record of attendance, apologies and approved leave of absence**

2.1 Present:

Cr Gary Shadbolt	President
Cr Romina Nicoletti	Deputy President

Cr G Bent  
Cr A Farina  
Cr C McGlashan  
Cr S Ventris

2.2 Staff:

Dirk Sellenger – Chief Executive Officer  
Renee Jenkin – Manager of Corporate and Community Services

2.3 Apologies:

Cr A Walker

2.4 Visitors:

2.5 Gallery:

**3. Confirmation of the Minutes of previous meetings**

**4. Matters for which the meeting may be closed**

**5. Reports of Committees and Officers**

<b>5.1 Shire of Mukinbudin - Compliance Audit Return - 31 December 2023</b>	
Location:	Mukinbudin
File Ref:	ADM 289
Applicant:	Dirk Sellenger, Chief Executive Officer
Date:	7 March 2024
Disclosure of Interest:	Nil
Responsible Officer	Dirk Sellenger, Chief Executive Officer
Author:	Ed Nind, Finance Manager
Documents Attached	<a href="#"><u>Shire of Mukinbudin - Compliance Audit Return - 31 December 2023 (12 Pages)</u></a>

### **Summary**

To present the 31<sup>st</sup> December 2023 Compliance Audit Return (CAR) to the Audit Committee first, then Council for adoption, and then electronically certified copy to the Department of Local Government and Communities.

### **Background Information**

Every Local Government in Western Australia is required to complete a Compliance Audit Return (CAR) each year ending 31 December. Over the past two years, the CAR has been reduced substantially with many of the questions deleted that were also subject to inspection by Council Auditors.

Local Government (Audit) Regulations 1996 reg 14 and 15 states:

*"14. Compliance audits by local governments*

- (1) *A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
- (2) *After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
- (3A) *The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.*
- (3) *After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —*
  - (a) *presented to the council at a meeting of the council; and*
  - (b) *adopted by the council; and*
  - (c) *recorded in the minutes of the meeting at which it is adopted.*

*[Regulation 14 inserted in Gazette 23 Apr 1999 p. 1724-5; amended in Gazette 30 Dec 2011 p. 5580-1.]*

*15. Compliance audit return, certified copy of etc. to be given to Executive Director*

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
  - (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
  - (b) *any additional information explaining or qualifying the compliance audit,*

*is to be submitted to the Executive Director by 31 March next following the period to which the return relates.*

(2) *In this regulation —*

***certified*** *in relation to a compliance audit return means signed by —*

- (a) *the mayor or president; and*
- (b) *the CEO.*

*[Regulation 15 inserted in Gazette 23 Apr 1999 p. 1725.]*"

### **Comment**

A draft copy of the Shire of Mukinbudin 2023 Compliance Audit Return has been prepared by the CEO and provided to Audit Committee members/Councillors for consideration (see separate attachment).

Most questions in the CAR were answered in the 'affirmative' or 'not applicable' where appropriate except for the deadline for local government submit to its auditor by 30 September 2023 the balanced accounts and annual financial report for the year ending 30 June 2023 for which Ministerial extension approval was requested and granted.

The auditors report was presented to the Audit committee on 15 December 2023. The Audit Committee minutes with the Auditor's report was received by the local government on 15 December 2023.

At the time of preparing this report the CEO is unaware of any serious areas of non-compliance between 1 January 2023 and 31 December 2023 with the *Local Government Act 1995* or its associated Regulations.

**Strategic & Social Implications** N/A

**Consultation** N/A

### **Statutory Environment**

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

*Local Government (Functions and General) Regulations 1996*

*Local government (Administration) Regulations 1996*

*Local Government (Audit) Regulations 1996*

*Local Government (Constitution) Regulations 1998*

*Local Government (Elections) Regulations 1997*

*Local Government Act 1960 (Miscellaneous Provisions)*

### **Policy Implications**

Nil

### **Financial Implications**

As identified in the Officer comments

### **Voting Requirements**

Simple Majority

**OFFICER RECOMMENDATION****Council Decision Number –****Moved: Cr****Seconded: Cr**

**That the Audit Committee recommend to Council that the 2023 Compliance Audit Return**

- **be signed by the CEO and Shire President; and**
- **be received and recorded in the minutes of Council; and**
- **be submitted to the Executive Director of the Department of Local Government and Communities.**

**Carried /**

<b>5.2. 2022-2023 Report on Significant findings of the 2022-2023 Annual Audit</b>	
Location:	Mukinbudin
File Ref:	ADM 289
Applicant:	Dirk Sellenger – Chief Executive Officer
Date:	7 March 2024
Disclosure of Interest:	Nil
Responsible Officer	Dirk Sellenger - Chief Executive Officer
Author:	Edward Nind – Finance Manager
Voting Requirements	Simple Majority
Documents Attached	<ol style="list-style-type: none"> <li>1. <a href="#">Annual Audit Completion Report 2023 (15 Pages)</a></li> <li>2. <a href="#">Findings Identified During The Interim Audit (11 Pages)</a></li> <li>3. <a href="#">Findings Identified During The Final Audit (8 Pages)</a></li> <li>4. <a href="#">Audit Action Report (2 pages)</a></li> </ol>
Documents Tabled	Nil

If a Councillor has any questions regarding the significant findings, please discuss these queries with the Finance Manager so that a researched answer may be provided for you.

### **Summary**

To note the:

- Annual Audit Completion Report 2023
- Findings Identified During The Interim Audit (11 Pages)
- Findings Identified During The Final Audit (8 Pages)
- Audit Action Report

### **Background Information**

The Local Government Act 1995 requires Council to prepare and accept an Annual Report for each financial year by 31 December after that financial year after having received the Independent Auditor's Report.

This year the audit was carried out by the Office of the Auditor General, the main liaison auditor being Tim Sanya. The Office of the Auditor General who subcontracted the detail work to Dry Kirkness with the lead auditor being Robert Hall.

An extract from Department of Local Government and Communities Operational Guideline Number 09 – ‘Audit in Local Government’ revised September 2013 is regarding roles and responsibilities is given below.

### ***“Role and Responsibilities***

*8 The role of the audit committee is to support Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability.*

*9 The audit committee should critically examine the audit and management reports provided by the external auditor. The committee would then determine if matters raised in the reports require action to be taken by the local government and ensure that appropriate action is implemented.*

*10 A further role for the audit committee would be to receive and authorise the report relating to the audit prepared by the CEO that is to be sent to the Minister.*

*This report would outline any actions the local government has taken or intends to take in relation to the matters identified by the auditor.*

*11 While a formal internal audit function could be considered to be an operational function and therefore the responsibility of the CEO, it is desirable for an internal auditor to have a direct line of communication to the Audit Committee.*

*The Audit Committee needs to form an opinion of the local government's internal audit requirements and recommend a course of action that ensures that any internal audit processes adopted are appropriate, accountable and transparent. The role of the external auditor in this regard can be established at the time of appointment.*

**Please note** that an audit committee (or any other committee) cannot be given a management task where the Act and Regulations make the CEO specifically responsible. Where the local government is assigned the function through the legislation, the audit committee may have a role unless the function has been delegated to the CEO by the Council."

### **Officer Comment**

The Annual Audit Completion Report 2023 identified 3 items as significant, these being;

- Procurement Practices.
- IT Governance
- Excessive Superuser/Admin Access

Further details of these findings can be found in the "Findings Identified During The Interim Audit" and "Findings Identified During The Final Audit" documents.

The Local Government Act 1995 Section 7.12A paragraphs 3 to 5 require that because a matter is identified as "significant":

- i. A local government must prepare a report addressing any matters identified as significant by the auditor.
- ii. Give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- iii. Within 14 days after a local government gives a report copy to the Minister

A report addressing each of the findings is attached.

**Strategic & Social Implications** N/A

**Consultation** N/A

### **Statutory Environment**

Local Government Act 1995, sections 5.53 provides that the Annual Report is to contain the following:

- *A report from the Shire President*
- *A report from the Chief Executive Officer*
- *An overview of the plan for the future of the district made in accordance with Section 5.56, including major initiatives that are proposed to commence or continue in the next financial year*
- *The financial report for the financial year*
- *Such information as may be prescribed in relation to the payments made to employees*

- *The auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year*
- *A matter on which a report must be made under section 29(2) of the Disability Services Act 1993*
- *Details of entries made under section 5.121 during the financial year in the register of complaints, including –*
  - *The number of complaints recorded in the register of complaints; and*
    - *How the recorded complaints were dealt with; and*
    - *Any other details that the regulations may require;*
- *And*
- *Such other information as may be prescribed.*

*The Local Government Act 1995 Section 7.2 provides:*

*The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by each local government.*

*The Local Government Act 1995 Section 7.12A provides:*

- (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.*

#### Policy Implications

N/A

#### Financial Implications

There is no direct financial implication in relation to this matter.

#### OFFICER RECOMMENDATION

**Council Decision Number –**

**Moved: Cr**

**Seconded: Cr**

**That the Audit Committee:**

- 1. Note the Report on Significant Items Identified in the 2022-2023 Audit.**
- 2. Send a copy of the Report on Significant Items Identified in the 2022-2023 Audit to the Minister and within 14 days of forwarding the report to the Minister publish a copy of the report on the local government's official.**

**Carried /**

**6. Closure of Meeting**

The Chairperson thanked Elected Members and Staff for attending and declared the meeting closed at \_\_\_\_am.