



**AUDIT AND RISK MANAGEMENT COMMITTEE MEETING
AGENDA**

To be held on
Wednesday 18 January 2023

Commencing at 3.00pm

Shire of Donnybrook Balingup Council Chambers, Donnybrook

**Kim Dolzadelli
Acting Chief Executive Officer**

16 January 2023

Disclaimer

Please note the items and recommendations in this document are not final and are subject to change or withdrawal.

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SHIRE OF DONNYBROOK BALINGUP
AUDIT AND RISK MANAGEMENT COMMITTEE AGENDA

To be held at the Council Chambers
18 January 2023 at 3.00pm

1 DECLARATION OF OPENING

Chairperson – Acknowledgment of Country

The Chairperson to acknowledge the traditional custodians of the land, the Wardandi People of the Noongar Nation, paying respects to Elders, past and present and emerging.

The Chairperson to declare the meeting open and welcome the members of the Committee.

2 ATTENDANCE

MEMBERS PRESENT

COMMISSIONER	STAFF
Gail McGowan	Mr Kim Dolzadelli – Acting Chief Executive Officer Ms Belinda Richards – Accountant
EXTERNAL MEMBERS	GUESTS
Mr Ian Telfer – Chairperson Mrs Vivienne MacCarthy	

2.1 APOLOGIES

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3 ANNOUNCEMENTS FROM CHAIRPERSON

4 DECLARATION OF INTEREST

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Committee Members to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the *Act*.

5 CONFIRMATION OF MINUTES

Minutes of the Audit and Risk Management Committee meeting held 3 March 2022 are attached (Attachment 5(1)).

EXECUTIVE RECOMMENDATION

That the Minutes of the Audit and Risk Management Committee Meeting held 3 March 2022 be confirmed as a true and correct record.

6 REPORTS OF OFFICERS

6.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINION 2021/22

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli, Director Corporate and Community
Responsible Manager	Kim Dolzadelli, Director Corporate and Community
Attachments	6.1(1) - Annual Financial Statements 2021/22 6.1(2) - Audit Opinion 2021/22 6.1(3) – Management Letter 6.1(4) – Interim Audit Management Letter
Voting Requirements	Simple Majority

Executive Recommendation

That the Audit and Risk Management Committee recommend to Council:

- 1. Receive the Annual Financial Report, Audit Report, Final Management Letter and Interim Audit Management letter for the year ending 30 June 2022; 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 2022, is not required.**

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan 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	11.1	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 2022. The Independent Auditor's Report was issued on 21 December 2022 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 2022.

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 2022 was conducted by the Office of the Auditor (OAG) using a private contractor; Moore Australia.

At Special Meeting of Council held on Wednesday 11 January 2023 Shire Commissioner Gail McGown was formally appointed to the Audit and Risk Management Committee.

For clarity the following is noted in relation to the structure of the Audit Committee:

“Local Government Act 1995:

Division 1A — Audit committee

7.1A. Audit committee

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*

- (2) *The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required.*

Advice has been obtained from the Director Local Government Support and Engagement, Department of Local Government, Sport and Cultural Industries with the following question being posed:

“Noting the provisions of the LGA 1995 Division 1A how are we to proceed to reform the Audit Committee? The current terms of reference states that the Committee will consist of three (3) Elected Members plus two (2) external members and the Shire President as Ex-Officio. All members shall have full voting rights. We still have the 2 Community members and with one Commissioner I can’t see how we can meet the provisions of the Act.”

The following response was provided by the Director:

“In accordance with section 2.38(2) of the Local Government Act, the Commissioner is regarded as being the council. Our position is that the Commissioner is the council when sitting on the Audit Committee and represents the entire council. On this basis, providing that the Commissioner is a member of the Audit Committee, the entire council is being represented and therefore the provisions of the Local Government Act and the terms of reference are satisfied.”

FINANCIAL IMPLICATIONS

Nil

POLICY COMPLIANCE

Not Applicable.

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 —*
 - (i) *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

Not Applicable.

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 2022.

7 CLOSURE

The Chairperson to declare the meeting closed at _____.