



Shire of
YILGARN

“good country for hardy people”

*Audit
Committee
Meeting
Minutes*

*17th December
2020*

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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 2pm

2. ATTENDANCE

Cr W Della Bosca	Member (Chair)
Cr S Shaw	Member
Cr J Cobden	Member
Mrs. J Della Bosca	Community Member
Mr. P Clarke	Chief Executive Officer
Mr. C Watson	Executive Manager Corporate Services
Mrs. N Mwale	Manager of Finance

Apologies: Nil

Observers: Cr Bryan Close, Cr Gary Guerini, Cr Phil Nolan,
Cr Linda Rose, Robert Bosenberg, Nic Warren,
Laura Della Bosca

Leave of Absence: Nil

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. PUBLIC QUESTION TIME

Nil

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 20th February 2020

AC4/2020

Moved Cr Shaw/Seconded Cr Cobden

That the minutes of the Audit Committee Meeting held on 20 February, 2020 be confirmed as a true and correct record of proceedings.

CARRIED (4/0)

6. DECLARATIONS BY MEMBERS AND OFFICERS

Nil

7. STATUS OF ACTIONS PREVIOUSLY TABLED

All actions resulting from items previously tabled are complete.

8. RISK DEVELOPMENTS

No change

9. PRESENTATIONS

Mr Wen-Shien Chai of Moore Australia, Councils Auditor, attended the meeting via teleconference and discussed audit processes and outcomes.

Mr Chai explained the reason for his meeting with Councils Audit Committee and explained the contents of the Audit Concluding Memorandum. Mr. Chai indicated that it was a clean audit with the only matters of note being significant adverse trends with Councils Operating Surplus Ratio, Asset Sustainability Ratio and Asset Renewal Funding Ratio which are below both the DLGSCI industry and the Office of the Auditor Generals benchmarks.

Mr Chai then went to explain the implications to the Annual Financial Report being presented from the recently implemented *Local Government (Financial Management) Amendment Regulations 2020*. These amendments to the regulations had the following effects:

1. Regulation 17, Land vested with Council has been removed;
2. Regulation 17A, Plant, Furniture & Equipment to be valued at cost;
3. Land Under Roads is to be recognised at Nil cost; and
4. A new class of asset, Vested Improvements, to be introduced and valued at fair value.

In conclusion, Mr Chai gave a brief overview of the audit processes undertaken and of the new Accounting Standards that became applicable to Local Governments in the reporting year.

Mr Chai thanked the Committee for their time and attention and left the meeting.

The Executive Manager Corporate Services gave a brief update on the work carried out to Councils asset useful lives and associated depreciation rates and indicated that this work will result in a positive improvement to the three ratios mentioned by Mr Chai. However, the actual result will only be verifiable at the conclusion of the 2020/2021 financial year.

The Executive Manager then thanked the Council Manager of Finance for the hard work put in to achieve the positive and clean audit.

10. Officers report – Executive Manager Corporate Services

10.1 2019/20 Audit & Management Report

File Reference	8.2.3.3
Disclosure of Interest	Nil
Voting Requirements	Absolute Majority
Attachments	Attachment 1 – 2019/2020 Annual Report including the Annual Financial Report incorporating the Independent Auditor's Report.
	Attachment 2 – Management Report for Year Ending 30 June 2020.
	Attachment 3 – CEO's Report relating to Audit.

Purpose of Report

The Audit Committee is requested to endorse the Annual Financial Report, Management Report and Chief Executive Officers Report relating to the Annual Financial Report for the year ending 2019/2020.

Background

The purpose and responsibilities of the Audit Committee is outlined in Part 7 of the Local Government Act 1995.

One of the Audit Committee's responsibilities is to examine the reports of the auditor including the management report. The committee would then determine if any matters raised in the reports require action to be taken by the local government and to ensure that appropriate action is implemented.

The Audit Committee is also to receive and authorise a report relating to the audit prepared by the Chief Executive Officer that is subsequently to be sent to the Minister. This report outlines actions intended to be undertaken in relation to matters identified by the auditor.

Comment

Prior to the consideration of this report, Councils appointed Auditor will discuss the conduct of the audit and any issues which arose within the attached Management Report.

The auditor's completed the audit for the financial year ended 30 June 2020. The attached reports include the Chief Executive Officer's response to both the Management Report for the year ended 30 June 2020 and the Independent Auditor's Report for the same period that is submitted for the Committee's attention.

Statutory Environment

Local Government Act 1995 –

7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
 - (a) the mayor or president; and
 - (b) the CEO of the local government; and
 - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
 - (a) there is any error or deficiency in an account or financial report submitted for audit; or
 - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
 - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
 - (a) prepare a report thereon; and
 - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government to be dealt with under section 7.12A.

7.12 A Duty of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.

- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
 - (a) determine if any matters raised by the report, or reports, 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 is to —
 - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
 - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

Local Government (Financial Management) Regulations 1996 –

51 Annual financial report to be signed etc. by CEO and given to Department

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

Local Government (Audit) Regulations 1996 –

10. Report by auditor

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
 - (a) the financial position of the local government; and
 - (b) the results of the operations of the local government.
- (3) The report is to include —
 - (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and
 - (b) any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and
 - (c) details of whether information and explanations were obtained by the auditor; and
 - (d) a report on the conduct of the audit; and

- (e) the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —
 - (i) the asset consumption ratio; and
 - (ii) the asset renewal funding ratio.
- (4A) In subregulation (3)(e) —
 - asset consumption ratio** has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2);
 - asset renewal funding ratio** has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2).
- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

The recommendation that follows is consistent with the legislative requirements.

Strategic Implications

There are no strategic implications as a result of this report.

Policy Implications

There are no policy implications as a result of this report.

Financial Implications

There are no financial implications as a result of this report.

Officer Recommendation

AC5/2020

Moved Cr Shaw/Seconded Cr Cobden

That the Audit Committee:

- 1. accepts the Annual Financial Report, inclusive of the Independent Auditors Report to the Electors of the Shire of Yilgarn, for the year ending 30 June 2020;**
- 2. accepts the Chief Executive Officer's Report and recommends a copy of said report be forwarded to the Minister; and**
- 3. endorses the presented Shire of Yilgarn Annual Report for the financial period ending 30 June 2020 and recommends its presentation to the December 2020 meeting of Council for formal acceptance.**

CARRIED BY ABSOLUTE MAJORITY (4/0)

11. CLOSURE OF MEETING

With there being no further business to discuss the Presiding Member closed the meeting at 2.24pm

Cr Wayne Della Bosca
Shire President