



Shire of
Koorda

Drive in, stay awhile

CONFIRMED

MINUTES

Audit Committee Meeting

Held in Shire of Koorda Council Chambers

10 Haig Street, Koorda WA 6475

Wednesday 20 April 2022

Commencing 4.30pm

NOTICE OF MEETING

Dear Audit Committee Members,

The next Audit Committee Meeting of the Shire of Koorda will be held on Wednesday 20 April 2022 in the Shire of Koorda Council Chambers, 10 Haig Street, Koorda, commencing at 4.30pm.

Darren Simmons
Chief Executive Officer
14 April 2022

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To be read aloud if any member of the public is present.

Signed



Darren Simmons
Chief Executive Officer

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CONFIRMED

**Shire of Koorda
Audit Committee Meeting
4.30pm, Wednesday 20 April 2022**



1. Declaration of Opening

The Chairperson welcomes those in attendance and declares the meeting open at 4.30pm.

2. Record of Attendance, Apologies and Leave of Absence

Committee Members:

| | |
|-----------------|-------------------|
| Cr JM Stratford | President & Chair |
| Cr NJ Chandler | Member |
| Cr LC Smith | Member |

Staff:

| | |
|---------------|--------------------------------|
| Mr DJ Simmons | Chief Executive Officer |
| Miss L Foote | Deputy Chief Executive Officer |

Visitors:

| | |
|-------------------------|---|
| Cr BG Cooper | Deputy Committee Member |
| Ms Ann Ang | Assistance Director, OAG via Microsoft Teams |
| Mr Marius van der Merwe | Partner, Butler Settineri via Microsoft Teams |
| Cr GL Boyne | |

Apologies:

Cr GW Greaves

Approved Leave of Absence:

3. Public Question Time

4. Disclosure of Interest

5. Confirmation of Minutes from Previous Meetings

5.1. Audit Committee Meeting held on 16 March 2022

[Click here to view the previous minutes](#)

Voting Requirements Simple Majority Absolute Majority

Officer Recommendation/Resolution

Moved: Cr NJ Chandler

Seconded: Cr LC Smith

That, in accordance with Sections 5.22(2) and 3.18 of the *Local Government Act 1995*, the Minutes of the Audit Committee Meeting held 16 March 2022, as presented, be confirmed as a true and correct record of proceedings.

CARRIED 3/0


6. Presentations

Ann Ang, Assistance Director, OAG and Marius van der Merwe, Partner, Butler Settineri attended via Microsoft Teams and spoke through the Audit Planning Summary and Audit timeline documents which form part of item 7.1 Audit Entrance Meeting.

5.00pm - Ann and Marius signed off from the meeting.

7. Officer's Reports

7.1. Audit Entrance Meeting

| Governance and Compliance | |  |
|----------------------------------|--|---|
| Date | 12 April 2022 | |
| Location | Not Applicable | |
| Responsible Officer | Lana Foote, Deputy Chief Executive Officer | |
| Author | As above | |
| Legislation | <i>Local Government Act 1995; Local Government (Financial Management) regulations 1996</i> | |
| Disclosure of Interest | Nil | |
| Purpose of Report | <input type="checkbox"/> Executive Decision <input type="checkbox"/> Legislative Requirement <input checked="" type="checkbox"/> Information | |
| Attachments | OAG Audit Entrance Meeting Agenda 2022 Shire of Koorda Planning Summary 2022 | |

Background:

This report is to inform Council of its obligation in relation to the audit requirements under the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

Comment:

Section 7.12A (2) requires a Local Government to meet with the auditor of the Local Government at least once in every year. A new format following last year's audit, which is strongly supported by the Office of the Auditor General (OAG), requires Council to hold both an Audit Entrance Meeting prior to the commencement of the audit, and an Audit Exit Meeting, which typically occurs at the completion of the audit.

The Audit Entrance Meeting provides an overview on how this year's audit will be undertaken and provides an opportunity for Councillors and staff to ask questions. The Audit Exit Meeting, which is to be held on completion of the financial statements and audit report, should provide the auditor the opportunity to highlight the key audit issues in a structured manner and provide the Council's Chief Executive Officer adequate opportunity to comment. Butler Settineri Pty Ltd has been engaged by the Office of the Auditor General to perform the audit of Council's accounts and Annual Financial Statement (2021/22).

Effective Audit Entrance and Exit Meetings are essential for good outcomes. In previous audits prior to the OAG involvement, the Audit Committee typically met with Council's auditors on an annual basis, generally on the presentation of the Annual Financial Report and Audit Report. Now that all Local Government audits are under the control of the OAG, the Audit Committee meets with Council auditors twice yearly through the audit entry and exit meetings.

The following timetable is a broad outline of the key deliverables and timing aspects of the audit:

| Key area | Target date | Person responsible |
|--|--------------------|--------------------|
| Audit Planning | | |
| Send list of requirements for planning | 11 March 2022 | BSA |
| Planning information provided to audit | 25 March 2022 | SOK |
| Audit Planning and Risk Assessment | 28 March 2022 | BSA |
| Planning document to OAG for review | 1 April 2022 | BSA |
| Entrance meeting document provide to SOK for agenda | 8 April 2022 | BSA |
| Audit Entrance Meeting as part of the Audit Committee Meeting | 20 April 2022 | SOK, BSA, OAG |
| Interim Audit | | |
| Send list of requirements for Interim | 8 April 2022 | |
| Reconciled financial information ready for audit (up to 31 March 2022) | 22 April 2022 | SOK |
| Interim Information provided | | |
| Interim Audit selections to SOK | 25 April 2022 | BSA |
| Interim Audit visit | 9 - 13 May 2022 | BSA & SOK |
| BSA Review | 20 May 2022 | BSA |
| OAG Review | 27 May 2022 | OAG |
| Issue of Interim Management Letter (if applicable) | 3 June 2022 | OAG |
| Final Audit | | |
| Bank confirmation letters | 4 July 2022 | BSA & SOK |
| Final audit list of requirements to SOK | 25 July 2022 | BSA |
| Reconciled financial information ready for audit | 8 August 2022 | SOK |
| - Trial Balance | | |
| - Balance Sheet Reconciliations | | |
| Provide information requested by audit | | |
| Draft Financial Report provided to audit | 8 August 2022 | SOK |
| Audit selections to SOK | 9 August 2022 | BSA |
| Audit fieldwork visit | 22 -26 August 2022 | BSA & SOK |
| Fieldwork & Completion for review | 5 September 2022 | BSA |
| BSA Fieldwork Review | 12 September 2022 | BSA |
| Meeting with Management | 12 September 2022 | SOK, BSA |
| BSA Final Review | 15 September 2022 | BSA |
| File presented to OAG for review | 22 September 2022 | OAG |
| Financial Report | | |
| Draft Audited Financial Report to SOK with OAG comments | 19 October 2022 | BSA, SOK |
| Draft Audited Financial Report ready for Internal Agenda - Review | 2 November 2022 | BSA, SOK |
| Approval by the CEO | 2 November 2022 | SOK |
| • Draft Annual Financial Report | | |
| • Management Representation Letter | | |
| Completion and Exit | | |
| Meeting with Audit Committee or (Audit Exit Meeting) | 16 November 2022 | SOK, BSA, OAG |
| Final package to OAG for signing | 17 November 2022 | BSA |
| Issue of Auditor's Report | 23 November 2022 | OAG |
| Council Meeting to adopt AFR | 30 November 2022 | SOK |

Key:

SOK = Shire of Koorda – Lana Foote (DCEO)

BSA = Butler Settineri Audit (Marius van der Merwe (Director) and team)

OAG = Ann Ang (Assistant Director)

Consultation:

Darren Simmons, Chief Executive Officer
Ann Ang, Assistance Director, OAG
Marius van der Merwe, Partner, Butler Settineri

Statutory Implications:

Local Government Act 1995 and relevant subsidiary legislation.
Local Government (Audit) Regulations 1996

Policy Implications:

Nil

Strategic Implications:

Shire of Koorda Strategic Community Plan
4.2.4 - Operate in a financially sustainable manner
4.3.3 - Provide reporting processes in a transparent, accountable and timely manner

Financial Implications:

Nil

Voting Requirements: Simple Majority Absolute Majority

Officer Recommendation/Resolution

Moved: Cr NJ Chandler

Moved: Cr LC Smith

That the Audit Committee recommend that Council:

- 1. Acknowledge the Audit Entrance Meeting, held 20 April 2022; and**
- 2. Acknowledge the summarised audit scope and strategy to be undertaken by the Office of the Auditor General, and the OAG's sub-contractors Butler Settineri, for the 2021/22 annual financial report and accounts.**

CARRIED 3/0

8. Urgent Business Approved by the Person Presiding or by Decision

9. Date of Next Meeting

The next Audit Committee meeting will be scheduled when required.

10. Closure

The Chairperson thanked Councillors and Staff for their attendance and declared the meeting closed at 5.02pm.

Signed: _____

Stratford

Presiding Person at the meeting at which the minutes were confirmed.

Date: 28 September 2022

APPENDIX I – Terms of Reference

Audit Committee Terms of Reference

1. Establishment

The Audit Committee was re-established by the Council at the Special Meeting of Council on 23 March 2020 and this Terms of Reference sets out the membership, responsibilities, authority and operations of the Committee.

The Committee was created in recognition of the importance of, and legislative obligation for, the establishment and maintenance of an effective internal audit function, best practice governance systems, oversight of the risk management and governance frameworks and performance, and maintenance of strong financial management controls and processes.

2. Objective of the Audit Committee

The primary objective of the Audit Committee (the Committee) is to accept responsibility for the annual external audit, liaise with the Shire's external auditor and provide review and oversight of internal audit process, including performance and independence of internal auditor, so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. The Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- a) the enhancement of the credibility and objectivity of internal and external financial reporting;
- b) effective management of financial and other risks and the protection of Council assets;
- c) compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- d) the coordination of the internal audit function with the external audit;
- e) the provision of an effective means of communication between the external auditor, the CEO and the Council and
- f) the reduction of fraud, corruption and misconduct risk as a part of their oversight of financial reporting.

The Committee is to undertake its responsibilities cognisant of:

- a) requirements for meetings to fit in with requisites around the planning calendar and decisions at significant times in the Governance cycle (i.e. Compliance Audit Return, Interim Audit, End of year Audit and other reviews);
- b) obligations to have oversight of all matters that relate to the risk management framework of the Shire;
- c) obligations and good governance practices within the local government environment.

3. Powers of the Audit Committee

- a) The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.
- b) The committee is a formally appointed committee of council and is responsible to that body.
- c) The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.

- d) The committee does not have any management functions and cannot involve itself in management processes or procedures.

4. Responsibilities of the Committee Chair

The Audit Committee Chair has the following responsibilities:

- a) Reports to the Council on the actions of the Committee;
- b) Encourages broad participation from members in discussion;
- c) Summarises decisions and assignments at the conclusion of each meeting; and
- d) Signs off on minutes of meetings after they have been received by the Committee.

5. Responsibilities of Audit and Governance Committee Members

Individual Committee members have the following responsibilities:

- a) to execute the role, scope, and responsibilities of the Committee;
- b) to act on opportunities to communicate positively about the Shire's activities;
- c) to actively participate in meetings through attendance, discussion, and review of minutes, papers and Governance documents;
- d) to participate in professional development opportunities;
- e) To support open discussion and debate and encourage fellow Committee members to voice their insights.

6. Membership

The Committee will consist of three elected members, with a fourth elected member acting as a deputy.

All full members shall have full voting rights.

The CEO and employees are not members of the committee. The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the Committee. The Shire shall provide secretarial and administrative support to the Committee.

7. Quorum

A quorum of two Committee members must be present at a Committee meeting to constitute a meeting.

8. Frequency of Meetings

The Committee shall meet at least twice once per calendar year. Additional meetings shall be convened at the discretion of the presiding person.

9. Reporting

Reports and recommendations of each Committee meeting shall be presented to the next ordinary meeting of the Council.

10. Duties and Responsibilities

The duties and responsibilities of the committee will be to:

- a) provide guidance and assistance to Council as to the carrying out the functions of the Shire in relation to audits;
- b) meet with the external auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- c) liaise with the CEO to ensure that the Shire does everything in its power to:
 - assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995 and associated Regulations; and
 - ensure that audits are conducted successfully and expeditiously;
- d) examine the reports of the auditor after receiving a report from the CEO on the matters to:
 - determine if any matters raised require action to be taken by the Shire; and

- ensure that appropriate action is taken in respect of those matters;
- e) review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- f) review the Shire’s draft annual financial report, focusing on:
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates; iv. significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years.
- g) address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the committee’s terms of reference;
- h) seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee’s terms of reference following authorisation from the Council;
- i) Review the annual Compliance Audit Return and report to the council the results of that review,
- j) Monitor the progress of the internal audit plan, review findings from internal and external audits, monitor the implementation of the recommendations; and
- k) Consider the CEO’s triennial reviews of the appropriateness and effectiveness of the Shire’s systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to the council the results of those reviews.

11. Agendas, Minutes and Decision Papers

The responsibility for ensuring that Agendas and supporting materials are delivered to members in advance of meetings rests with the Chief Executive Officer. The agenda and associated attachments will be sent to Committee members and attendees at least 72 hours in advance of a Committee meeting.

12. Conflicts of Interest

Committee Members and invited attendees at each meeting must:

- a) Declare any conflict of interest, potential conflict of interest or apparent conflict of interest in matters that might potentially be considered or, are proposed to be considered by the Committee;
- b) Provide a further declaration should any conflict of interest, potential conflict of interest or apparent conflict of interest arise after making a declaration; and
- c) Maintain confidential, all information provided to them in their role as a member or attendee. This includes all matters discussed, formally presented or tabled at meetings of the Committee or such matters associated with dealings of the Committee in carrying out its responsibilities.

13. Review

The Terms of Reference shall be reviewed every two years when Council considers the re-establishment of the Committee to coincide with Local Government elections and any amendment to it require approval of Council.

Version Control

| Version No. | Version Date | Prepared by | Reviewed by | Council Resolution No. and Date |
|-------------|--------------|-------------|----------------|---------------------------------|
| 1 | 09/09/2021 | Lana Foote | Darren Simmons | RES: 060921 Date:15/09/2021 |
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