



*Shire of*  
**Koorda**

*Drive in, stay awhile*

# MINUTES

## **Audit Committee Meeting**

Held in Shire of Koorda Council Chambers

10 Haig Street, Koorda WA 6475

Wednesday 28 June 2023

Commencing 4.00pm

CONFIRMED

## NOTICE OF MEETING

Dear Audit Committee Members,

The next Audit Committee Meeting of the Shire of Koorda will be held on Wednesday 28 June 2023 in the Shire of Koorda Council Chambers, 10 Haig Street, Koorda, commencing at 4.00pm.

Lana Foote  
Acting Chief Executive Officer  
23 June 2023

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

Signed



Darren Simmons  
Chief Executive Officer

## Table of Contents

1. Declaration of Opening .....	4
2. Record of Attendance, Apologies and Leave of Absence .....	4
3. Public Question Time.....	4
4. Disclosure of Interest.....	4
5. Confirmation of Minutes from Previous Meetings .....	4
5.1. Audit Committee Meeting held on 17 May 2023.....	4
6. Presentations .....	5
7. Officer's Reports.....	5
7.1. Fourth Quarterly Reporting of Integrated Strategic Plan and Workforce Plan .....	5
7.2. Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls.....	7
8. Urgent Business Approved by the Person Presiding or by Decision.....	10
9. Date of Next Meeting.....	10
10. Closure .....	10
APPENDIX I – Terms of Reference .....	11

**Shire of Koorda  
Audit Committee Meeting  
4.00pm, Wednesday 28 June 2023**



**1. Declaration of Opening**

The Chairperson welcomes those in attendance and declares the meeting open at 4.00pm.

**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:**

Miss L Foote	Acting Chief Executive Officer
Mrs K Harrap	Governance Officer

**Visitors:**

Cr GW Greaves	Councillor
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**Apologies:**

Mr DJ Simmons	Chief Executive Officer
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**Approved Leave of Absence:**

**3. Public Question Time**

Nil.

**4. Disclosure of Interest**

Nil.

**5. Confirmation of Minutes from Previous Meetings**

**5.1. Audit Committee Meeting held on 17 May 2023**

[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 17 May 2023, as presented, be confirmed as a true and correct record of proceedings.**


**CARRIED 3/0**

## 6. Presentations

Nil.

## 7. Officer's Reports

### 7.1. Fourth Quarterly Reporting of Integrated Strategic Plan and Workforce Plan

<b>Governance and Compliance</b>		
<b>Date</b>	20 June 2023	
<b>Location</b>	Not Applicable	
<b>Responsible Officer</b>	Lana Foote, Acting Chief Executive Officer	
<b>Author</b>	As above	
<b>Legislation</b>	<i>Local Government Act 1995; Local Government (Administration) Regulations 1996</i>	
<b>Disclosure of Interest</b>	Nil	
<b>Purpose of Report</b>	<input checked="" type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information	
<b>Attachments</b>	<a href="#">Fourth Quarterly Scorecard April to June 2023</a>	

#### Background:

This report is to inform the Committee and Council of its obligations in relation to the integrated planning and reporting (IPR) requirements under the Local Government Act 1995, the Local Government (Administration) Regulations 1996.

Following the Committee's recommendation of 28 September 2022, the quarterly scorecard reporting document approach was adopted by Council on 26 October 2022.

#### Comment:

Council adopted its Integrated Strategic Plan and Workforce Plan at its meeting held on 20 April 2022.

To assist Council to meet its IPR requirements under the Local Government Act 1995, the Local Government (Administration) Regulations 1996, Shire staff have prepared draft quarterly reporting documents (provided as confidential attachment) for the Committee to consider and, if appropriate, recommend to Council that the fourth quarterly scorecard be adopted and the Integrated Strategic Plan and Workforce Plan components be endorsed for publication.

#### Consultation:

Nil.

#### Statutory Implications:

Local Government Act 1995 and relevant subsidiary legislation.

#### Policy Implications:

Nil

#### Strategic Implications:

Shire of Koorda Integrated Strategic Plan 2022

4.1.1 - Ensure the use of resources is effective, efficient and reported regularly. (e.g. Financial Management)

**Financial Implications:**

Nil

**Voting Requirements:**

Simple Majority     Absolute Majority

**Officer Recommendation/Resolution**

**Moved CR NJ Chandler**

**Seconded CR LC Smith**

**That the Audit Committee recommends:**


**That Council:**

- 1. Adopts the fourth quarterly reporting documents (April to June 2023) as presented to the Audit Committee meeting held on 28 June 2023; and**
- 2. Endorses the publication of the Integrated Strategic Plan and Workforce Plan components for community information.**

**CARRIED 3/0**

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## 7.2. Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls

<b>Governance and Compliance</b>		 Shire of <b>Koorda</b> <small>Drive in, stay awhile</small>
<b>Date</b>	20 June 2023	
<b>Location</b>	Not Applicable	
<b>Responsible Officer</b>	Darren Simmons Chief Executive Officer	
<b>Author</b>	Lana Foote, Deputy Chief Executive Officer	
<b>Legislation</b>	<i>Local Government Act 1995 Section 7.13 (i)</i> <i>Local Government (Audit) Regulations 1996 – Reg 13, 14 and 15</i>	
<b>Disclosure of Interest</b>	Nil	
<b>Purpose of Report</b>	<input type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information	
<b>Attachments</b>	<a href="#">FMR Action Plan - June 2023</a>	

### Background:

The Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance.

At the May 2023 Audit Committee Meeting, the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls was presented for consideration with the below committee recommendation being resolved at the May 2023 Council Meeting.

### Committee Recommendation RESOLUTION 050523

Moved CR GW Greaves

Seconded CR BG Cooper

#### That Council:

1. Receives Moore's Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report, dated April 2023 (Attachment A);
2. Directs the CEO to provide a report, on a quarterly basis, to the Audit Committee to enable the Committee to monitor the Shire's progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996; and
3. Directs the CEO at the first quarterly review to provide proposed actions, including expected completion dates, to the recommendations identified in the report.

**CARRIED BY ABSOLUTE MAJORITY 6/0**

### Comment:

As per resolution 050523, an initial draft report, as attached to this item, has been prepared for the Committee in relation to the actions that have taken place, and the draft proposed actions.

The action list is subject to review and consultation with the CEO.

This report has been presented to the audit committee as the committee has a role in supporting Council in fulfilling its governance and oversight responsibilities and provide the audit committee with the opportunity to raise any issues that the document has identified or ask any other questions, they may have in relation to our risk management and compliance activities.

### **Consultation:**

Administration Staff

### **Statutory Implications:**

Regulation 16 of the Local Government (Audit) Regulations 1996 prescribes the functions of an Audit Committee which includes;

*“16 (c) to review a report given to it by the CEO under regulation 17(3) 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.”*

*“16 (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –*

- (i) Regulations 17 (1); and*
- (ii) The Local Government (Financial Management) Regulations 1996 regulation 5(2)(c).”*

Regulation 17 of the Local Government (Audit) Regulations 1996 reads as follows;

*“(1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to –*

- a) risk management; and*
- b) internal control; and*
- c) legislative compliance.*

*(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*

*(3) The CEO is to report to the audit committee the results of that review.”*

Regulation 5 (2) (c) of the Local Government (Financial Management) Regulations 1996 states that -

*“the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.”*

### **Policy Implications:**

The review recommended some potential improvement opportunities to some of the Council’s policy. These will be considered separately by the Policy Review Committee and Council at the completion of the review process. Comments made in the FM Review relating to specific Policies and Procedures will be taken on-board as part of the review process.

### **Strategic Implications:**

Shire of Koorda Integrated Strategic Plan 2022

4.1.1 - Ensure the use of resources is effective, efficient and reported regularly. (e.g. Financial Management)

4.1.2 - Identify business improvement opportunities to enhance operational effectiveness.



**Financial Implications:**

The 2022/23 Budget contained an allocation for the costs associated with undertaking the Financial Management, Risk Management, Legislative Compliance and Internal Controls review, provides at GL 2040250 OTH GOV - Consultancy - Strategic.

**Voting Requirements:**     Simple Majority     Absolute Majority

**Officer Recommendation/Resolution**

**Moved CR LC Smith**

**Seconded CR NJ Chandler**

**That the Audit Committee recommends;**

**That Council notes the Draft Report of the Deputy CEO on the completed and proposed actions to the identified improvements highlighted in the Financial Management, Risk Management, Legislative Compliance and Internal Controls review.**

**CARRIED 3/0**

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

Nil.

**9. Date of Next Meeting**

TBC

**10. Closure**

The Chairperson thanked everyone for their attendance and closed the meeting at 4.06pm.

Signed: \_\_\_\_\_

*Stratford*

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

**Date: 28 July 2023**

## 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