



*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 17 May 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 17 May 2023 in the Shire of Koorda Council Chambers, 10 Haig Street, Koorda, commencing at 4.00pm.

Lana Foote  
Acting Chief Executive Officer  
12 May 2023

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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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**Shire of Koorda  
Audit Committee Meeting  
4.00pm, Wednesday 17 May 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:**

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

**Visitors:**

Cr BG Cooper	Deputy Member - 4.02pm
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**Apologies:**

**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 22 March 2023**

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

**Voting Requirements**     Simple Majority     Absolute Majority

**Officer Recommendation/Resolution**

**Moved CR LC Smith**

**Seconded CR NJ Chandler**

**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 22 March 2023, as presented, be confirmed as a true and correct record of proceedings.**

**CARRIED 3/0**


**6. Presentations**

Nil.

## 7. Officer's Reports

4.02pm - CR BG Cooper entered the meeting.

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

<b>Governance and Compliance</b>		
<b>Date</b>	10 May 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="#">Moore Australia Review Report - April 2023</a>	

#### Background:

Staff from Moore Australia were onsite on the 20<sup>th</sup> & 21<sup>st</sup> February 2023 and spent two days checking the appropriateness and effectiveness of our risk management, internal controls and legislative compliance systems and procedures.

The review process was necessary to comply with Local Government (Audit) Regulations 1996 and Local Government (Financial Management) Regulations 1996 which stipulate that both the Regulation 17 and Financial Management reports need to be completed every 3 years.

As raised during past audits and noted in the Compliance Audit Return, the review was overdue. As Council were made aware of the overdue nature of the review by the Executive Management Team, it was determined that with the implementation of a new Accounting System, a review would be more beneficial at this time. The next review process will be due again by the end of June 2026.

#### Comment:

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.

Whilst the report is quite extensive and contains numerous recommendations staff will address the matters raised to ensure our risk is mitigated, and we comply with all relevant legislation. Further to the work being done on the Policy Manual with the Policy Review Committee, part 6.2 *Council Policies* of the report will be referred to when officers present policy reviews and updates. Other matters that were identified will require a body of work across all areas relate to document control and work process documentation.

It is recommended that Officers provide a report, on a quarterly basis (to align with the Integrated Planning scorecard reporting), to the Audit Committee to enable the Committee to monitor the progress

on each risk issue and improvement action, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996.

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:**

Darren Simmons, Chief Executive Officer  
Moore Australia

All internal employees were involved in various aspects of the review which involved their day to day tasks.

### **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.

### **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:**

Nil

**Voting Requirements:**     Simple Majority     Absolute Majority

**Officer Recommendation**

Moved CR NJ Chandler

Seconded CR LC Smith

That the Audit Committee recommends;

That Council:

1. Receives Moore's Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report, dated April 2023 (Attachment A);
2. Request the Shire's executive officers 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. Request the Shire's executive officers at the first quarterly review to provide proposed actions to the recommendations identified in the report.

Cr JM Stratford proposed the following amendment to the original motion.

**Amendment**

Moved Cr JM Stratford

Seconded Cr LC Smith

That the Audit Committee recommends;

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 3/0

As the amendment to the original motion was carried, it became the substantive motion as follows:

**Substantive motion/Committee Resolution**

**Moved Cr JM Stratford**

**Seconded Cr LC Smith**

**That the Audit Committee recommends;**

**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 3/0**

Reason for change: The Committee felt it appropriate that local government reporting protocols be followed (i.e., tasking through the CEO) and more clearly outline task outcome requirements.

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

Nil.

**9. Date of Next Meeting**

21<sup>st</sup> June 2023 - Quarterly Reporting

**10. Closure**

The Chairperson thanked everyone for their attendance and closed the meeting at 4.16pm.

Signed: Stratford

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

**Date: 28 June 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