



*Shire of*  
**Koorda**

*Drive in, stay awhile*

# MINUTES

## **Audit & Risk Committee Meeting**

Held in Shire of Koorda Council Chambers

10 Haig Street, Koorda WA 6475

Wednesday 15 May 2024

Commencing 1.00pm

UNCONFIRMED

**NOTICE OF MEETING**

Dear Audit & Risk Committee Members,

The next Audit & Risk Committee Meeting of the Shire of Koorda will be held on Wednesday 15 May 2024 in the Shire of Koorda Council Chambers, 10 Haig Street, Koorda, commencing at 1.00pm.

Zac Donovan  
Chief Executive Officer  
15 March 2024

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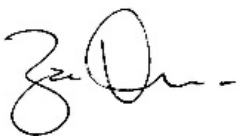
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The Shire of Koorda warns that anyone who has any application lodged with the Shire of Koorda must obtain and should only rely on **written confirmation** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Koorda in respect of the application.

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

Signed



Zac Donovan  
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 .....	5
5.1. Audit Committee Meeting held on 20 March 2024 .....	5
6. Presentations .....	5
7. Officer's Reports .....	5
7.1. 2023/2024 Audit Entrance Meeting .....	6
8. Urgent Business Approved by the Person Presiding or by Decision.....	8
9. Date of Next Meeting .....	8
10. Closure .....	8
APPENDIX I – Terms of Reference .....	9

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**Shire of Koorda**  
**Audit & Risk Committee Meeting**  
**1.00pm, Wednesday 15 May 2024**



**1. Declaration of Opening**

The Chairperson welcomed those in attendance and declared the meeting open at 1.07pm.

**2. Record of Attendance, Apologies and Leave of Absence**

**Committee Members:**

Cr JM Stratford	President & Chair
Cr NJ Chandler	Member ( <b>Approved Electronic Attendance</b> – via MS Teams)

**Staff:**

Mr Z Donovan	Chief Executive Officer
Miss L Foote	Deputy Executive Officer

**Visitors:**

Stephanie Kaharudin	Assistant Director, Office of the Auditor General (MS Teams)
Marcia Johnson	Audit Director, Armada (MS Teams)
Lorraine Dube	Supervisor, Armada (MS Teams)

**Apologies:**

Cr GL Boyne	Member
Cr GW Greaves	Deputy Member

**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 20 March 2024

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

**Voting Requirements**     Simple Majority     Absolute Majority

#### Officer Recommendation/Resolution

Moved Cr NJ Chandler

Seconded Cr JM Stratford

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 20 March 2024, as presented, be confirmed as a true and correct record of proceedings.

**CARRIED 2/0**

**For:** Cr JM Stratford, Cr NJ Chandler

## 6. Presentations

Nil.

## 7. Officer's Reports

### 1.08pm – SUSPEND STANDING ORDERS

Moved Cr NJ Chandler

Seconded Cr JM Stratford

That standing orders be suspended to discuss item 7.1 2023/2024 Audit Entrance Meeting.

**CARRIED 2/0**

**FOR:** Cr JM Stratford, Cr NJ Chandler

### 1.29pm – RESUMPTION OF STANDING ORDERS

Moved Cr NJ Chandler

Seconded Cr JM Stratford


That standing orders be resumed as per the attendance register.

**CARRIED 2/0**

**FOR:** Cr JM Stratford, Cr NJ Chandler

1.29pm - OAG & Armada representatives withdrew from meeting.

**7.1. 2023/2024 Audit Entrance Meeting**

<b>Governance and Compliance</b>		
<b>Date</b>	15 May 2024	
<b>Location</b>	Not Applicable	
<b>Responsible Officer</b>	Zac Donovan, Chief Executive Officer	
<b>Author</b>	Lana Foote, Deputy Chief Executive Officer	
<b>Legislation</b>	<i>Local Government Act 1995; Local Government (Financial Management) Regulations 1996</i>	
<b>Disclosure of Interest</b>	Nil	
<b>Purpose of Report</b>	<input type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input checked="" type="checkbox"/> Information	
<b>Attachments</b>	<a href="#">1. Shire of Koorda Audit Entrance Meeting Agenda 2024</a> <a href="#">2. Shire of Koorda Audit Planning Summary 30 June 2024</a> <a href="#">3. Shire of Koorda Audit Timetable 30 June 2024</a>	

**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.

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, which is strongly supported by the Office of the Auditor General (OAG), was introduced a few years ago, which requires a local government 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.

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.

**Comment:**

In April 2024, the Shire received notification that the OAG had appointed Armada Audit Services to conduct the external audit of our entity on behalf of this Office for a three-year period commencing with the audit for the year ending 30 June 2024. The Auditor General maintains the right to extend the contracted audit firm for a further two years (two, one-year options). Advising that we will be notified of any exercised extensions.

The contract auditor will report to Stephanie Kaharudin, who is the OAG Engagement Leader responsible for the Shire of Koorda.

**Consultation:**

Zac Donovan, CEO, Shire of Koorda  
Stephanie Kaharudin, Assistant Director, Office of the Auditor General  
Marcia Johnson, Audit Director, Armada  
Lorraine Dube, Supervisor, Armada

**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

**Risk Implications:**

There is a legislative compliance risk should the Shire not complete its Audit.

**Financial Implications:**

The cost of the 2023/2024 financial year Audit is not yet known.

**Voting Requirements:**     Simple Majority     Absolute Majority

**Officer Recommendation/Resolution**

**Moved Cr NJ Chandler**

**Seconded Cr JM Stratford**

**That the Audit & Risk Committee recommends that;**

**Council notes the proposed Audit timetable as presented in attachment 3, provided by the Office of the Auditor General and Armada Audit Services, for the Shire of Koorda's 2023/2024 Audit.**

**CARRIED 2/0**

**For: Cr JM Stratford, Cr NJ Chandler**

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

Nil.

**9. Date of Next Meeting**

19 June 2024.

**10. Closure**

The Chairperson thanked everyone for their attendance and closed the meeting at 1.31pm.

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

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

**Date: 19 June 2024**

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# Audit and Risk Committee

## Terms of Reference

### 1. Name

The name of the committee is the Shire of Koorda Audit and Risk Committee.

### 2. Head of Power

The committee is established by Council under section 5.8 of the *Local Government Act 1995* (C15.09.15).

### 3. Definitions

TERM	DEFINITION
Act	The <i>Local Government Act 1995</i> .
Council	The body consisting of all council members sitting formally as the Council of Shire of Koorda (“the Shire”).
Chief Executive Officer	The Chief Executive Officer (CEO) of the Shire of Koorda.
Committee	Shire of Koorda Audit and Risk Committee
Council Member	A person elected under the Act as a member of Council. Shire of Koorda council members includes the Shire President, Deputy Shire President and Councillors (as defined by the Act).
External Member	A person who is not a council member appointed to the committee with requisite skills, knowledge and experience that compliment the committees objectives.
Member	A person appointed to this committee.

### 4. Objectives

The primary objective of the committee is to accept responsibility for the annual external audit and liaise with the Shire’s 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.
- Ensure openness in the Shire’s financial reporting.
- Liaise with the CEO to ensure the effective and efficient management of the Shire’s financial accounting systems, risk management framework and compliance with legislation.

The committee is to facilitate:

- The enhancement of the credibility and objectivity of external financial reporting.
- Effective management of financial and other risks and the protection of Council assets.
- Compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance.
- The provision of an effective means of communication between the external auditor and Council.
- The reduction of fraud, corruption and misconduct risk as a part of their oversight of financial reporting.

### 5. Powers

The 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.

The committee meets with the auditor of the Shire at least once in every year to satisfy the requirement of section 7.12A(2) of the Act.

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. The committee does not have any management functions and cannot involve itself in management processes or procedures without the approval of the CEO.

## 6. Functions of the Committee

In accordance with *Local Government (Audit) Regulations 1996*, the committee is to:

- a. Guide and assist the Shire 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. Guide and assist the Shire in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act.
- c. 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 Council.
- d. Consider the CEO's three yearly 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 Council the results of those reviews.
- e. Oversee the implementation of any action that the Shire:
  - 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).
- f. Perform any other function conferred on the committee by the regulations or another written law.

Additionally, the committee is to:

- a. Review the Shire's draft annual financial report, focusing on:
  - i. accounting policies and practices;
  - ii. changes to accounting policies and practices;
  - iii. the process used in making significant accounting estimates;
  - iv. significant adjustments to the financial report (if any) arising from the audit process;
  - v. compliance with accounting standards and other reporting requirements; and
  - vi. significant variances from prior years.
- b. Consider and recommend adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation, but before the annual financial report is signed.
- c. 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.
- d. Seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference.

### 6.1. Compliance

The committee's functions in regards to compliance is to:

- a. Review the annual Compliance Audit Return and satisfy itself that the return is supported by appropriate processes and controls.
- b. Provide reasonable confidence about the accuracy of information contained in the Compliance Audit Return and make a recommendation on its adoption to Council.

## 6.2. Risk Management

The committee's functions in regards to risk management is to:

- a. Ensure the Shire's risk management framework addresses Council's exposure to both strategic and operational risks.
- b. Monitor the effectiveness of the risk management framework through regular reviews and reporting.
- c. Regularly review Council's strategic risk register to check that extreme and high level risk are managed in accordance with the "Risk Management Policy."
- d. Address any specific requests referred from Council in relation to issues of risk and risk management.
- e. At least once every year consider a report from the Shire's Executive Management Team in relation to the management of risk within the Shire, and satisfy itself that appropriate controls and processes are in operation, and are adequate for dealing with risks that impact the Shire.

## 7. Membership

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

If authorised by the committee, council members attending as observers may participate in the meeting (but are not able to vote).

The CEO and employees are not members of the committee. The Deputy CEO is to provide administrative support to the committee.

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### Related Documents (Legislation/Local Law/Policy/Procedure/Delegation)

Local Government Act 1995, Section 5.36, 5.39C & 5.40

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### Review History

Date	Council Resolution	Description of review/amendment
18/12/2023	RES: 111223	Terms of Reference Adopted V2.0
23/10/2023	RES: 191023	Committee Re-established (inclusion of Risk)
15/09/2021	RES: 060921	Terms of Reference Adoption V1.0