



NOTICE OF AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

To be held on

Wednesday, 20 December 2023

Commencing at 3.00pm

Shire of Donnybrook Balingup Council Chamber, Donnybrook

A handwritten signature in black ink, appearing to read "Garry Hunt". The signature is fluid and cursive, with a large initial 'G'.

Garry Hunt
Chief Executive Officer (Temporary)

15 December 2023

Disclaimer

Please note the items and recommendations in this document are not final and are subject to change or withdrawal.

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SHIRE OF DONNYBROOK BALINGUP
NOTICE OF AUDIT AND RISK MANAGEMENT COMMITTEE

To be held at the Council Chamber
20 December 2023 at 3.00pm

1 DECLARATION OF OPENING

The Chairperson to declare the meeting open and welcome the members of the Committee.

Chairperson – Acknowledgment of Country

The Chairperson to acknowledge the traditional custodians of the land, the Wardandi People of the Noongar Nation, paying respects to Elders, past, present, and emerging.

2 ATTENDANCES

MEMBERS PRESENT

MEMBERS	STAFF
Vivienne MacCarthy, Shire President	Garry Hunt, Chief Executive Officer (Temporary)
John Bailey, Councillor	Kim Dolzadelli, Director Finance and Corporate
Alexis Davy, Councillor	Belinda Richards, Manager Financial Services
Ian Telfer, External Member	Loren Clifford, Manager Corporate Services

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3 ANNOUNCEMENTS FROM CHAIRPERSON

Being the first meeting of the Audit and Risk Management Committee following the October 2023 Council Elections the Chief Executive Officer will preside over the meeting until a Presiding Member has been elected by the committee.

4 DECLARATIONS OF INTEREST

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Committee Members to ensure that a financial/impartiality and proximity interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the *Act*.

5 ELECTION OF PRESIDING MEMBER

The Chief Executive Officer will invite nominations for the position of Presiding Member of the Audit and Risk Management Committee for the ensuing two years.

_____ nominated _____ to the position of Presiding Member.

Advice note: Local Government Act 1995 Section 5.12 (1) states the following:

(1) *The members of a committee **are to elect a presiding member** from amongst themselves in accordance with Schedule 2.3, Division 1 as if the references in that Schedule —*

- a) to “office” were references to “office of presiding member”; and*
- b) to “council” were references to “committee”; and*
- c) to “councillors” were references to “committee members”.*

6 ELECTION OF DEPUTY PRESIDING MEMBER

Should the committee wish to elect a Deputy Presiding Member the Presiding Member will invite nominations for the position of Deputy Presiding Member of the Audit and Risk Management Committee for the ensuing two years.

_____ nominated _____ to the position of Deputy Presiding Member.

Advice note: Local Government Act 1995 Section 5.12 (2) states the following:

(2) The members of a committee **may elect a deputy presiding member** from amongst themselves but any such election is to be in accordance with Schedule 2.3, Division 2 as if the references in that Schedule —

- a) to “office” were references to “office of deputy presiding member”; and
- b) to “council” were references to “committee”; and
- c) to “councillors” were references to “committee members”; and
- d) to “mayor or president” were references to “presiding member”.

7 PUBLIC QUESTION TIME

7.1 PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

7.2 PUBLIC QUESTION TIME

8 CONFIRMATIONS OF MINUTES

8.1 AUDIT AND RISK MANAGEMENT COMMITTEE MEETING – 15 AUGUST 2023

Minutes of the Audit and Risk Management Committee meeting held 15 August 2023 are attached (Attachment 8.1(1)).

EXECUTIVE RECOMMENDATION

That the Minutes of the Audit and Risk Management Committee Meeting held 15 August 2023 be confirmed as a true and correct record.

Advice note: the Minutes of the Audit and Risk Management Committee Meeting held 15 August 2023 were received by Council at the Ordinary Council meeting held 23 August 2023, Council Resolution 99/23.

9 REPORTS OF OFFICERS

9.1.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINION 2022/2023

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli, Director Finance and Corporate
Responsible Manager	Kim Dolzadelli, Director Finance and Corporate
Attachments	9.1.1 (1) - Annual Financial Statements 2022/23 9.1.1 (2) - Audit Opinion 2022/23 9.1.1 (3) – Management Letter 2022/23 9.1.1 (4) – Interim Audit Management Letter 2022/23
Voting Requirements	Simple Majority

EXECUTIVE RECOMMENDATION

That the Audit and Risk Management Committee recommend to Council that it:

1. **Receive the Annual Financial Report, Audit Report, Final Management Letter and Interim Audit Management letter for the year ending 30 June 2023; and**
2. **Note that a report on significant findings in accordance with Section 7.12A(4)(b) of the *Local Government Act 1995*, for the year ending 30 June 2023, is not required.**

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan 2022 – 2032 relate to this proposal:

Outcome	11	Strong, visionary leadership
Objective	11.1	Provide strategically focused, open and accountable governance
Outcome	12	A well respected, professionally run organisation
Objective	12.1	Deliver effective and efficient operations and service provision

EXECUTIVE SUMMARY

The Office of the Auditor General (OAG) has completed the Audit of the Annual Financial Report for the year ended 30 June 2023. The Independent Auditor’s Report was issued on 11 December 2023 and is attached to this item for reference.

The audit opinion is unqualified and concludes that the report fairly represents the results of the operations of the Shire for the period ended 30 June 2023.

No matters were raised in the Audit Report that requires any action to be taken by the local government in accordance with the Local Government Act 1995, Part – 7 Audit.

The Interim and Final Audit Management reports are also attached to this Agenda with Managements responses included as attachments to this agenda.

BACKGROUND

The Shire of Donnybrook Balingup audit for year ending 30 June 2023 was conducted by the Office of the Auditor (OAG) using a private contractor; Moore Australia.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Local Government Act 1995 Part – 7 Audit

7.12A. Duties of local government with respect to audits

- (3) *A local government must —*
 - (aa) *examine an audit report received by the local government; and*
 - (a) *determine if any matters raised by the audit report, 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 must —*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.*

Local Government (Audit) Regulations 1996

16. Functions of audit committee

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
 - (in) its functions under Part 6 of the Act; and*
 - (ii) its functions relating to other audits and other matters related to financial management;**
- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;*
- (c) to 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 the council;**
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and*
 - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);**
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;*
- (f) to oversee the implementation of any action that the local government —
 - (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);**
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.*

CONSULTATION

Nil.

OFFICER CONCLUSION

The audit opinion is unqualified and concludes that the report fairly represents the results of the operations of the Shire for the period ended 30 June 2023.

9.1.2 OFFICE OF THE AUDITOR GENERAL FINANCIAL AUDIT RESULTS LOCAL GOVERNMENT 2021-22

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli, Director Finance and Corporate
Responsible Manager	Kim Dolzadelli, Director Finance and Corporate
Attachments	9.1.2 (1) Letter from Auditor General 9.1.2 (2) Office of the Auditor General Financial Audit Results Local Government 2021-22
Voting Requirements	Simple Majority

EXECUTIVE RECOMMENDATION

That the Audit and Risk Management Committee receive the Office of the Auditor General Financial Audit Results Local Government 2021-22 and letter of advice from the Auditor General.

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan 2022 – 2032 relate to this proposal:

Outcome	11	Strong, visionary leadership
Objective	11.1	Provide strategically focused, open and accountable governance
Outcome	12	A well respected, professionally run organisation
Objective	12.1	Deliver effective and efficient operations and service provision

EXECUTIVE SUMMARY

In accordance with section 24 of the *Auditor General Act 2006*, Attachment 9.1.2 (2), summarises the final results of the Office of the Auditor Generals annual audits of 146 of 148 local government entities for the year ended 30 June 2022 and the 16 remaining audits from 30 June 2021.

It is pleasing to see that the Shire of Donnybrook Balingup was listed in the “Best practice top 20 entities” as listed on Page 22 of Attachment 9.1.2 (2). This is a testament to the dedicated Finance staff working for the Shire.

Excerpt Page 22 of the Attachment 9.1.2 (2):

Best practice entities

This is the first year we have rated entities on their financial reporting and financial controls, though we have been reporting on this for the State sector for many years. The quality of financial reporting is measured against five criteria:

- timeliness of financial statements
- quality of financial statements and notes
- quality of working papers
- resolution of accounting issues
- availability of key staff.

Of the 148 entities, 85 were scored audit ready, representing 57% of all local government entities and signalling room for improvement.

Most noteworthy is the number of regional shires that have made the better practice list. We commend all those who have made this inaugural list and trust others will now be inspired to strive to compete for inclusion.

Best practice top 20 entities			
City of Albany	Murchison Regional Vermin Council	Shire of Dumbleyung	Shire of Murray
City of Greater Geraldton	Shire of Boddington	Shire of Gingin	Shire of Pingelly
City of Melville	Shire of Bridgetown-Greenbushes	Shire of Jerramungup	Shire of Wagin
City of Swan	Shire of Cranbrook	Shire of Donnybrook-Balingup	Shire of Waroona
Eastern Metropolitan Regional Council	Shire of Cue	Shire of Mingenew	Shire of Wongan-Ballidu

Source: OAG

Table 4: Best practice entities for 2021-22

BACKGROUND

Responsibility for financial auditing of Western Australia’s local governments transitioned from the Department of Local Government, Sport, and Cultural Industries to the Office of the Auditor General with the proclamation of the *Local Government Amendment (Auditing) Act 2017*.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Nil.

CONSULTATION

Nil.

OFFICER CONCLUSION

That the information be received.

10 CLOSURES

The Chairperson to declare the meeting closed at _____.