



**AUDIT AND RISK MANAGEMENT COMMITTEE MEETING  
MINUTES**

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Held on

**Wednesday 18 January 2023**

Commencing at 3.00pm

Shire of Donnybrook Balingup Council Chambers, Donnybrook

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A handwritten signature in black ink, appearing to be 'Kim Dolzadelli'.

**Kim Dolzadelli  
Acting Chief Executive Officer**

**19 January 2023**

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**SHIRE OF DONNYBROOK BALINGUP**  
**MINUTES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

Held at the Council Chambers  
18 January 2023 at 3.00pm

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**1 DECLARATION OF OPENING**

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**Chairperson – Acknowledgment of Country**

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

The Chairperson declared the meeting open and welcomed the members of the Committee and guests.

**2 ATTENDANCE**

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**MEMBERS PRESENT**

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<b>COMMISSIONER</b>	<b>STAFF</b>
Gail McGowan	Kim Dolzadelli – Acting Chief Executive Officer Belinda Richards – Manager Finance and Corporate Loren Clifford – Acting Manager Executive Services
<b>EXTERNAL MEMBERS</b>	<b>GUESTS</b>
Ian Telfer – Chairperson Vivienne MacCarthy	Lisa Glover

**2.1 APOLOGIES**

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Nil.

**2.2 APPROVED LEAVE OF ABSENCE**

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Nil.

**3 ANNOUNCEMENTS FROM CHAIRPERSON**

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Nil

## **4 DECLARATION OF INTEREST**

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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 interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the *Act*.

## **5 PUBLIC QUESTION TIME**

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Question: Lisa Glover

Can you explain what is meant by missed statement in the information in the 6.1(2)?

Acting CEO Response

It's the information in the entities Annual Report as at 30 June 2022. There is still an obligation on the CEO to ensure the accuracy of the report.

Question: Lisa Glover

In the sample take of the purchase orders, they found 2 out of 15 purchase orders were created after the date on the invoice. Why is this occurring?

Acting CEO Response

The Shire has a policy and procedure in place for staff to follow to ensure this doesn't happen. However, there are circumstances like an emergency situation where this happens from time to time. Staff are reminded of this process.

Chairperson Response

When we met with the auditors, they advised that these were material purchases and the reason for noting them is a reminder to Council that there is a process in place that they are happy with, but that they have still occurred.

Question: Lisa Glover

There was an allocation of money as an asset with regards to some clay soil, which then shows up as an error. Can you explain?

Member (Vivian McCarthy) Response

The valuation didn't come in until after the end of the financial year, so it had to be reinstated.

Acting CEO Response

It will be listed as a prior year's error, also noting that this impacts on a non-cash donation. It didn't impact on the bottom line of our carried forward surplus.

Question: Lisa Glover

Can I send in questions regarding the status update 2021 findings?

Commissioner Response

Yes, please send them to me and I will answer questions I feel are important to be answered.

Question: Lisa Glover

Can you please have the meetings quarterly?

Commissioner Response

It is my intention to have these meetings quarterly, however I will not hold a meeting if it isn't required.

Question: Lisa Glover

Why is there no record of credit card purchase listed in the November meeting in the monthly financial statement?

Chairperson Response

The question will be answered by the Commissioner at a later date.

## **6 CONFIRMATION OF MINUTES**

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Minutes of the Audit and Risk Management Committee meeting held 3 March 2022 are attached (Attachment 6(1)).

### **EXECUTIVE RECOMMENDATION**

**That the Minutes of the Audit and Risk Management Committee Meeting held 3 March 2022 be confirmed as a true and correct record.**

### **COMMITTEE RESOLUTION**

**That the Minutes of the Audit and Risk Management Committee Meeting held 3 March 2022 be confirmed as a true and correct record.**

**CARRIED 3/0**

**The Chairperson called for a vote and the resolution was carried.**

## 7 REPORTS OF OFFICERS

### 7.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINION 2021/22

<b>Location</b>	Shire of Donnybrook Balingup
<b>Applicant</b>	Shire of Donnybrook Balingup
<b>File Reference</b>	FNC 02A
<b>Author</b>	Kim Dolzadelli, Director Corporate and Community
<b>Responsible Manager</b>	Kim Dolzadelli, Director Corporate and Community
<b>Attachments</b>	7.1(1) - Annual Financial Statements 2021/22 7.1(2) - Audit Opinion 2021/22 7.1(3) – Management Letter 7.1(4) – Interim Audit Management Letter
<b>Voting Requirements</b>	Simple Majority

Executive Recommendation
<p><b>That the Audit and Risk Management Committee recommend to Council:</b></p> <ol style="list-style-type: none"> <li><b>1. Receive the Annual Financial Report, Audit Report, Final Management Letter and Interim Audit Management letter for the year ending 30 June 2022; and</b></li> <li><b>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 2022, is not required.</b></li> </ol>

### STRATEGIC ALIGNMENT

The following outcomes from the Council Plan 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	11.1	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 2022. The Independent Auditor’s Report was issued on 21 December 2022 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 2022.

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 2022 was conducted by the Office of the Auditor (OAG) using a private contractor; Moore Australia.

At Special Meeting of Council held on Wednesday 11 January 2023 Shire Commissioner Gail McGown was formally appointed to the Audit and Risk Management Committee.

For clarity the following is noted in relation to the structure of the Audit Committee:

*“Local Government Act 1995:*

### ***Division 1A — Audit committee***

#### **7.1A. Audit committee**

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) The members of the audit committee of a local government are to be appointed\* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

*\* Absolute majority required.”*

Advice has been obtained from the Director Local Government Support and Engagement, Department of Local Government, Sport and Cultural Industries with the following question being posed:

*“Noting the provisions of the LGA 1995 Division 1A how are we to proceed to reform the Audit Committee? The current terms of reference states that the Committee will consist of three (3) Elected Members plus two (2) external members and the Shire President as Ex-Officio. All members shall have full voting rights. We still have the 2 Community members and with one Commissioner I can’t see how we can meet the provisions of the Act.”*

The following response was provided by the Director:

*“In accordance with section 2.38(2) of the Local Government Act, the Commissioner is regarded as being the council. Our position is that the Commissioner is the council when sitting on the Audit Committee and represents the entire council. On this basis, providing*

*that the Commissioner is a member of the Audit Committee, the entire council is being represented and therefore the provisions of the Local Government Act and the terms of reference are satisfied.”*

## **FINANCIAL IMPLICATIONS**

Nil

## **POLICY COMPLIANCE**

Not Applicable.

## **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 —*
  - (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) *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**

Not Applicable.

## **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 2022.

## **COMMITTEE RESOLUTION**

**That the Audit and Risk Management Committee recommend to Council:**

- 1. Receive the Annual Financial Report, Audit Report, Final Management Letter and Interim Audit Management letter for the year ending 30 June 2022; 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 2022, is not required.**

**CARRIED 3/0**

**The Chairperson called for a vote and the resolution was carried.**

## **8 CLOSURE**

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The Chairperson declared the meeting closed at 3:41pm.