



SHIRE OF WOODANILLING



Confirmed Minutes

For the Audit Committee Meeting

21 February 2023

DISCLAIMER

This agenda has yet to be dealt with by the Audit Committee. The recommendations shown at the foot of each item have yet to be considered by the Audit Committee and are not to be interpreted as being the position of the Audit Committee. The minutes of the meeting held to discuss this agenda should be read to ascertain the decision of the Audit Committee.

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COUNCIL FORUM

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairperson, Cr Jefferies declared the meeting open at 9.00am. The Chairperson alerted the meeting to the procedures for emergencies including evacuation, designated exits and muster points.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Present:

Cr SJ Jefferies	Shire President
Cr HR Thomson	Deputy Shire President
Cr D Douglas	
Cr P Morrell	
Cr T Brown	
Cr B Smith	
Kellie Bartley	Chief Executive Officer
Sue Dowson	DCEO

Apologies:

Cath Painter	Accountant
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3. APOLOGIES

Nil

4. APPROVED LEAVE OF ABSENCE

Nil

5. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

6. PUBLIC QUESTIONS

Nil

7. DECLARATIONS OF COUNCILLORS OR OFFICER'S INTEREST

Nil

8. CONFIRMATION OF PREVIOUS MINUTES

8.1. AUDIT COMMITTEE MEETING – 19 JULY 2022

That the minutes of the Audit Committee meeting held in the Shire of Woodanilling Council Chambers, on 19 July 2022, be confirmed as true and correct record of the proceedings.

AUDIT COMMITTEE RESOLUTION ACM 08/02/2023

Moved Cr Smith **Seconded Cr Morrell**

That the minutes of the Audit Committee meeting held in the Shire of Woodanilling Council Chambers, on the 19th July 2022, be confirmed as true and correct record of the proceedings.

CARRIED 6/0

9. REPORTS FOR CONSIDERATION

9.1. ANNUAL REPORT 2021/2022	
File Reference	ADM0017
Date of Report	10 January 2023
Responsible Officer	Kellie Bartley, Chief Executive Officer
Author of Report	Kellie Bartley, Chief Executive Officer
Disclosure of any Interest	No Officer involved in the preparation of this report has an interest to declare in accordance with the provisions of the <i>Local Government Act 1995</i> .
Voting Requirement	Absolute Majority
Attachments	Attachment 9.1.1 – Annual Report 2021/2022 Attachment 9.1.2 - Report to Audit Committee

BRIEF SUMMARY

The purpose of this report is for the Audit Committee to consider the adoption of the 2021/2022 Shire of Woodanilling Annual Report and to set a date for the Annual Electors Meeting.

BACKGROUND/COMMENT

The final audited financial statements have been received from the Office of Auditor General (OAG) and Lincolns and the formal audit exit meeting was held on 20 December 2022. In attendance at this meeting (via virtual meeting) was:

- Mikey Fiorucci, Director Financial Audit, (OAG);
- Mr Chris Martain, Auditor, Lincolns;
- Mr Thomas Warner, Manager, Lincolns;
- Cr Dale Douglas, Elected Member Representative Audit Committee;
- Mrs Kellie Bartley, Chief Executive Officer; and
- Mrs Cath Painter, Accountant.

During this meeting, Mr Martain discussed the report for the year ended 30 June 2022, which included:

- Audit Report – the audit report had a qualified opinion.
- Management Letter Findings – there were 10 findings in the management letter:
 - 1. Fair Value of Assets** – rated significant. The Shire had not performed an assessment to determine whether its Land, Buildings or Infrastructure assets represents fair value at 30 June 2022. Therefore meaning that the fair value of these assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A (4)(b) of the *Local Government (Financial Management) Regulations 1996*.
 - 2. Month-end reconciliation review** – rated significant. There was findings of bank reconciliations to the trust and municipal accounts being reviewed by the authorised officer. It was also noted that 1 debtor's month end reconciliation was also not reviewed by an authorised officer. This was due to staff changes and it identifies the internal control risks as they were not fully applied to unreconciled or unauthorised transactions may go undetected.
 - 3. Regulation 17 review not performed** – rated significant. The Shire had not performed a review of the appropriateness and effectiveness of systems and procedures to risk management, internal controls and legislative compliance in accordance with Regulation 17 in the past 3 years. With staff changes and lack of staff due to COVID, this was not managed to be achieved in this period of time. The Shire plans to have this completed by June 2023.

4. **Business Plan** – rated moderate. The current Corporate Business Plan is overdue however it is anticipated to be completed by 30 June 2023.
 5. **Strategic Community Plan** – rated moderate. The current Strategic Community Plan is overdue however is anticipated to be completed by 30 June 2023.
 6. **Review of payroll master file audit trail** – rated moderate. It was noted that in two instances where there was no evidence that the payroll master file audit trail report had been reviewed by an authorising officer. There was history of the previous management did not oversee certain documentation.
 7. **Timesheets and works costings** – rated moderate. Testing of timesheets was noted of 3 instances of no timesheet submitted and an outside employee was incorrectly to the payroll system versus the timesheet. The relevant payroll process has been reviewed to correct the error of verification prior to timecard entry processing.
 8. **GST recognition** – rated minor. The Auditors noted that there were 6 instances of GST being paid incorrectly on residential rent transactions and 4 instances of GST being claimed on invoices from non-GST registered suppliers. Current Senior Officers has reviewed this on their commencement and had identified and corrected the error.
 9. **General journals** – rated moderate. The testing of general journals during the period of June 2021 to December 2021 that they were not marked and reviewed by an authorised officer. This was an oversight by the previous management however the current tasks are reviewed by the appropriate officers.
 10. **Bonds and deposits held** – rated moderate. Historically, reported for the last 3 years, there are “Bond and Deposit” Accounts with numerous minor outstanding entries were are historical and have not been appropriately dealt with. The Shire Officers will finalise this and have completed.
- Uncorrected Audit Misstatements: Nil
 - Corrected Audit Misstatements:
 1. Correction of Financial Statements between contract liabilities and assets being reclassification of contract asset.
 - Issues for next year’s audit:
 1. New accounting standards to be aware of; and
 2. Frequency of Revaluation – management to consider assessing whether there are trigger events that would initiate a revaluation outside of the 5 years in Regulation 17A(4) (b) of the *Local Government (Financial Management) Regulations 1996*.

Following the formal Audit Exit meeting, the Office of Auditor General released the independent auditor’s reports (including the Annual Report document as contained in).

The Annual Report has been prepared in accordance with the *Local Government Act 1995*, associated regulations and is contained in **ATTACHMENT 9.1.1**. This will be required to be taken to Council for endorsement and approval the set Annual Electors Meeting date as detailed in the recommendation.

STATUTORY/LEGAL IMPLICATIONS

The *Local Government Act 1995* requires the Council to accept the Annual Report by 31 December each year unless the audit report is not available. If unable to be accepted by 31 December in any given year, then Council must accept the report within two (2) months of the audit report becoming available.

The Annual Electors Meeting must then be held within fifty-six (56) days of Council accepting the Annual Report. A minimum of fourteen days local public notice is required of the date, time, place and purpose of the meeting.

POLICY IMPLICATIONS

There is no policy associated with this item.

FINANCIAL IMPLICATIONS

There are no financial implications for this report. The Annual Report contains the annual financial statements for 2021/2022 with the current financial position of the Council for this period.

STRATEGIC IMPLICATIONS

THEME 3

Governance

OBJECTIVES

To promote continual improvement that is supported by efficient and effective governance structures and processes.

STRATEGIES

By ensuring legislation is used to effectively enable quality decision making.

CONSULTATION/COMMUNICATION

Consultation has been undertaken with the Chief Executive Officer, Accountant, OAG and Lincolns in regards to the management letter and audit requirements for this report. The Exit Meeting occurred with one member of the Audit Committee held on 20 December 2022. It must be noted that both the Shire President and Deputy Shire President were not available at this time due to work commitments and change of date of scheduled meeting.

RISK MANAGEMENT

There is a risk that should the Annual Report not be adopted within the timeframes outlined, Council may be in breach of the *Local Government Act 1995*, and applicable subsidiary legislation. Accordingly, the risk associated with this matter is assessed as "High".

Consequence Likelihood	Insignificant	Minor	Moderate	Major	Extreme
Almost	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
LOW	Monitor for continuous improvement.
MEDIUM	Comply with risk reduction measures to keep risk as low as reasonably practical.
HIGH	Review risk reduction and take additional measures to ensure risk is as low as reasonably achievable.
SEVERE	Unacceptable. Risk reduction measures must be implemented before proceeding.

VOTING REQUIREMENTS

Absolute Majority

The Audit Committee will be meeting at 9am on Tuesday 21 February 2022 to discuss this report and will make a recommendation to the Council. The Officer’s recommendation for the Audit Committee is to consider:

AUDIT COMMITTEE RECOMMENDATION

That the Audit Committee recommends to Council:

1. Endorses the Shire of Woodanilling 2021/2022 Annual Report as contained in **ATTACHMENT 9.1.1**;
2. Recommends the Chief Executive Officer to give public notice of the availability of the 2021/2022 Annual Report in accordance with Section 5.55 of the *Local Government Act 1995*;
3. Receives the Management Report from the Office of the Auditor General for the year ended 30th June 2022 as contained in **ATTACHMENT 9.1.2**; and
4. Recommends that the Chief Executive Officer to advertise the Annual General Meeting of Electors to be held on **21 March 2023** commencing at **6pm** at the Shire Administration Office, 3316 Robinson Road, Woodanilling in the Council Chambers.

AUDIT COMMITTEE RESOLUTION ACM 09/02/2023

Moved Cr Douglas Seconded Cr Smith

That the Audit Committee recommends to Council:

1. Endorses the Shire of Woodanilling 2021/2022 Annual Report as contained in ATTACHMENT 9.1.1
2. Recommends the Chief Executive Officer to give public notice of the availability of the 2021/2022 Annual Report in accordance with Section 5.55 of the Local Government Act 1995;
3. Receives the Management Report from the Office of the Auditor General for the year ended 30th June 2022 as contained in ATTACHMENT 9.1.2; and
4. Recommends that the Chief Executive Officer to advertise the Annual General Meeting of Electors to be held on 21 March 2023 commencing at 6pm at the Shire Administration Office, 3316 Robinson Road, Woodanilling in the Council Chambers.

CARRIED BY ABSOLUTE MAJORITY 6/0

10. CLOSURE OF MEETING

There being no further business to discuss the Chairperson, Cr Jefferies declared the meeting closed at 9.20 am.

I certify that these minutes were confirmed at the Ordinary Council Meeting held on the

.....Presiding Member – Councillor Jefferies

.....Date