



Shire of  
**Perenjori**  
Embrace Opportunity

Shire of Perenjori – Audit Committee Meeting

# MINUTES

Monday 23<sup>rd</sup> January 2023



## **NOTICE OF AN AUDIT COMMITTEE MEETING**

Dear Council Member,

The next Audit Committee Meeting of the Shire of Perenjori will be held on Monday 23<sup>rd</sup> January 2023 in the Shire of Perenjori Council Chambers, 56 Fowler Street, Perenjori WA 6620, commencing at 10:30 am.

A handwritten signature in black ink, appearing to be 'Paul Anderson', is located below the meeting notice.

Paul Anderson  
CHIEF EXECUTIVE OFFICER  
Date: 12<sup>th</sup> January 2023

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## Council Roles

### **Advocacy:**

When Council advocates on its own behalf or on behalf of its community to another level of government /body /agency.

### **Executive/Strategic:**

The substantial direction setting and oversight role of the Council e.g. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

### **Legislative:**

Includes adopting local laws, town planning schemes and policies.

### **Review:**

When Council reviews decisions made by Officers.

### **Quasi-Judicial:**

When Council determines an application/matter that directly affects a person's rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.

Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (e.g.: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.

## Disclaimer

"Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire's decision and any conditions attaching to the decision and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person's knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request."

## Shire of Perenjori

Minutes for the Shire of Perenjori Audit Committee Meeting held on Monday 23<sup>rd</sup> January 2023, at the Shire of Perenjori Council Chambers, 56 Fowler Street, Perenjori WA 6620, which commenced at 10:30 am.

### 1. Declaration of Opening/Announcement of Visitors:

The Shire President declared the meeting open at 10.30am and welcomed those in attendance.

#### **Acknowledgement of Traditional Custodians: -**

As per the Shire of Perenjori Policy (N<sup>o</sup> 1021) we wish to acknowledge the traditional owners of the land upon which the Shire of Perenjori is situated and to demonstrate respect for the original custodians.

*The Shire of Perenjori would like to respectfully acknowledge the past and present custodians of the land on which we are meeting, the Badymia people. It is a privilege to be standing on Badymia country.*

### 2. Opening Prayer:

The Shire President read the opening prayer.

#### **Acknowledgement of Pioneers: -**

*The Shire of Perenjori acknowledges the pioneers who settled this country, developed the land and turned it into the productive country that we know today.*

### 3. Record of Attendance/Apologies/Leave of Absence:

#### 3.1 Attendance:

Members:	Cr Christopher King (President)
	Cr Jude Sutherland (Deputy President)
	Cr Les Hepworth
	Cr Andrew Fraser
	Cr Dael Sparkman
	Cr Daniel Bradford
Staff:	Paul Anderson (Chief Executive Officer)
	Elinor Pitts (Executive Assistant)
Distinguished Visitors:	Michael Fay (Pitcher Partners)
	Joyce Abrantes (Pitcher Partners)
	Tej Mehta (Pitcher Partners)
	Steven Hoar (Office of Auditor General)
Members of The Public:	Nil
Leave of Absence:	Nil
Apologies:	Cr Colin Bryant

## 4. Confirmation of Minutes of Previous Meetings:

4.1 Audit Committee Meeting Held on 15 December 2022

### **AUDIT COMMITTEE RECOMMENDATION**

**Audit Committee Resolution Number: 230123.1**

**Moved: Cr Sutherland**

**Seconded: Cr Sparkman**

**That the Minutes of the Audit Committee Meeting held on the 15<sup>th</sup> December 2022, be confirmed as true and correct subject to no / the following corrections.**

**Motion put and carried 6/0**

## 5. Declaration of Interest:

“Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.”

### **COUNCIL DECISION**

**Council Resolution Number: 230123.2**

**Moved: Cr Bradford**

**Seconded: Cr Hepworth**

**That Council suspend Standing Orders, Clause 9.5 Limitation on number of speeches to be suspended at 10.33 am for open discussion on item 6.1 of these minutes.**

**Motion put and carried 6/0**

### **COUNCIL DECISION**

**Council Resolution Number: 230123.3**

**Moved: Cr Sparkman**

**Seconded: Cr Bradford**

**That Council reinstates Standing Orders at 11.00am.**

**Motion put and carried 6/0**

## 6. Reports:

### 6.1 AUDIT FOR THE YEAR ENDED 30 JUNE 2022 – OFFICE OF THE AUDITOR GENERAL

<b>Applicant:</b>	Shire of Perenjori
<b>File:</b>	ADM 0357
<b>Report Date:</b>	19 January 2023
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Absolute Majority
<b>Author:</b>	Elinor Pitts – Executive Assistant
<b>Responsible Officer:</b>	Paul Anderson – Chief Executive Officer
<b>Attachments:</b>	6.1 – Audit Closing Report for year ended 30 June 2022

#### Summary

This report presents the Auditor’s Reports for the 2021/22 financial year.

#### Background

Audits are conducted annually and are presented to the Audit Committee prior to consideration by Council. The Audit Committee plays an important role in advising Council on the conduct of the audit to ensure the proper financial management of the organisation.

The administration has the opportunity to highlight any corrective action proposed to be taken to address any identified shortcomings, with the requirements to report to the Audit Committee with a recommendation to Council to acknowledge the report and the action taken to correct the matters raised and report to the Auditor General the actions implemented.

#### Statutory Environment

Local Government Act 1995

7.12A. Duties of local government with respect to audits

(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.

#### Legal Compliance

Nil

#### Financial Implications

Nil

#### Strategic Community Plan

Area 5: Investing in Council’s Capacity – Our Leadership

Goal: Strengthen the Shire’s position as an innovative, independent local government proving excellence in all areas of governance, management and leadership.

#### Consultation

Paul Anderson – Chief Executive Officer

Nola Comerford – Manager of Corporate and Community Services

Glenn Nordsvan - Accwest

Department of Local Government

Auditor General’s Office

Pitcher Partners (Council’s Auditors)

**Officer Comment**

The Audit has been completed and the findings identified in the Auditor's Management Letter include 2 identified issues, with 1 being considered by the Auditor to be significant and 1 being considered moderate.

The Auditor General's Report (copy attached) highlights a number of issues that have been identified in the Auditor's Management Letter.

The manner in which the administration plans to address the issues raised in the Auditor General's Report and the Auditor's Management Letter are detailed below.

**SHIRE OF PERENJORI****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
Matters outstanding from prior year			
1. Non-Compliance with Local Government Regulations	✓		
2. Unsigned loan agreement		✓	

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

**1. Non-compliance with Local Government Regulations****Update 2022**

The matters noted below were discussed at the 15 December 2022 Council meeting. The Council agreed that a review of the appropriateness and effectiveness of the financial management systems and procedures as well as the appropriateness and effectiveness of systems and procedures in relation to risk management, internal controls and legislative compliance should be conducted in accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*. However as at the date of this report, the reviews have not been conducted and hence remain outstanding.

**Update 2021**

As self-reported by the Shire, the following instances of non-compliance with the *Local Government (Financial Management) Regulations 1996* and *Local Government (Audit) Regulations 1996* were identified:

- The *Local Government (Financial Management) Regulations 1996* paragraph 5(2)(c) requires the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures no less than every three financial years. We note that the last Financial Management Review took place in 2017.
- We noted that within the last three years the Shire has not performed a review of the appropriateness and effectiveness of systems and procedures in relation to risk management, internal controls and legislative compliance. This is required under Regulation 17 of the *Local Government (Audit) Regulations 1996*.

### **Update 2020**

We note the following instances of non-compliance with the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*:

- Regulation 5(2) of the *Local Government (Financial Management) Regulations 1996* requires Financial Management Systems to be reviewed every three years. We noted that the Shire's Financial Management Systems Review was last completed on 10 August 2016.
- Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the annual financial report of the local government was not submitted to the Departmental CEO within 30 days of receipt by the local government's CEO of the auditor's report on that financial report. The signed audit report contained within the 2018/2019 annual financial report was dated 11 February 2020 and the annual financial report was not submitted to the Departmental CEO until 26 March 2020.
- Regulation 17 of the *Local Government (Audit) Regulations 1996* requires a Regulation 17 Review be conducted by the CEO every three years. We noted that the Shire's Regulation 17 Review was last completed on 17 October 2016.
- Section 5.75 of the *Local Government Act 1995* requires that a relevant person other than the CEO must lodge with the CEO a primary return in the prescribed form within three months of the start date. We noted a relevant person (designated employee) who started on the 25 March 2019 only lodged their primary return on 4 October 2019.
- Section 5.76 of the *Local Government Act 1995* requires that each year a relevant person other than the CEO must lodge with the CEO an annual return in the prescribed form by 31 August of that year. We noted a relevant person (designated employee) did not lodge their 2018/2019 annual return until 30 March 2020.
- Section 5.89A(6) of the *Local Government Act 1995* requires that as soon as practicable after the person ceases to be a person who is required under section 5.87A or 5.87B to make a disclosure, the CEO is to remove all records relating to that person. We noted that two former persons were still listed on the Gifts Register that is published on the Shire's website.

### **Finding 2019**

We note the following instances of non-compliance with the *Local Government (Financial Management) Regulations 1996*:

- Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the annual budget of a local government is to be submitted to the Departmental CEO within 30 days of its adoptions by the local government. At the time of the interim audit, the Shire could not provide evidence it had submitted the 2018/2019 budget to the Departmental CEO.
- Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report. We noted the signed audit report contained within the 2017/2018 annual financial report was dated 10 December 2018 however the annual financial report was not submitted to the Departmental CEO until 22 February 2019.

### **Rating: Significant (2021: Significant)**

#### **Implication**

- Non-compliance with Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*
- Non-compliance with Regulation 17 of the *Local Government (Audit) Regulations 1996*

**Recommendation**

- A review of the appropriateness and effectiveness of the Shire’s financial management systems and procedures should be undertaken at least every three years.
- A review the appropriateness and effectiveness of the Shire’s systems and procedures in relation to risk management, internal control and legislative compliance should be undertaken at least every three years.

**Management Comment:**

*Funding was included in the 2022/23 budget to enable the above reviews to be conducted in accordance with the Local Government (Audit) Regulations 1996. The reviews were undertaken by Moore Australia in October 2022. We are currently in the process of considering and addressing points raised.*

**Responsible Person:** CEO/Manager Corporate and Community Services  
**Completion Date:** 31 March 2023

**2. Unsigned loan agreement**

**Update 2022**

Finding is still unresolved.

**Finding 2021**

We observed that the WA Treasury Corporation loan agreement had not been signed by both parties.

**Rating: Moderate (2021: Moderate)**

**Implication**

Unsigned legal agreements increase the risk that either party cannot be contractually held to the terms of the agreement. This may result in financial loss to the Shire or misstatement to the financial statements.

**Recommendation**

All legal agreements should be formally approved by both parties to ensure that they are accurate and legally enforceable.

**Management Comment**

*Going forward, all legal agreements will be verified to ensure all documents have been signed correctly.*

*A review of the record keeping practises will also be undertaken to ensure all legal documents and signed documentation is captured correctly and in accordance with the councils Record Keeping Plan.*

**Responsible Person:** Chief Executive Officer  
**Completion Date:** 31 December 2022

On the next page, the Independent Auditor’s Report outlines the opinion of the Auditor General.

It is recommended that the Audit Committee recommend to Council that the Chief Executive Officer provide a copy of the Audit Committee Meeting minutes to the Minister for Local Government, and the Auditor General, once the actions as noted have been endorsed and the Committee meeting minutes are received at a future Council meeting.

**AUDIT COMMITTEE RECOMMENDATION**

**Audit Committee Resolution Number: 230123.4**

**Moved: Cr Sutherland**

**Seconded: Cr Hepworth**

**The Audit Committee recommends that Council:**

- 1. Accepts the Auditor’s Financial Report for the financial year ending 30 June 2022.**
- 2. Notes the findings identified in the Auditor’s Management Letter and the Officers responses to the issues raised.**
- 3. Notes the opinions expressed in the Independent Auditor’s Report and the Officers responses to the issues raised.**
- 4. That a copy of the finalised Audit Committee Minutes be presented to the Minister and Auditor General.**

**Motion put and carried 6/0 by absolute majority**

## 6.2 ACCEPTANCE AND ADOPTION OF ANNUAL REPORT – 2021/22

<b>Applicant:</b>	Shire of Perenjori
<b>File:</b>	ADM 0339
<b>Report Date:</b>	20 January 2023
<b>Disclosure of Interest:</b>	Nil
<b>Voting Requirements:</b>	Absolute Majority
<b>Author:</b>	Elinor Pitts – Executive Assistant
<b>Responsible Officer:</b>	Paul Anderson – Chief Executive Officer
<b>Attachments:</b>	6.2 – Annual Report 2021/2022

### Summary

This item recommends that Council adopts the 2021/2022 Annual Report.

### Background

An Annual Report is required to be produced every year after the audit has been completed and upon receipt of the Audit Report.

The Annual Report is prepared in accordance with Section 5.53 of the Local Government Act 1995 and includes;

- Report from the Shire President;
- Report from the CEO;
- The Annual Financial Report;
- The Auditors Report;
- Disability and Inclusion Plan Report;
- Complaints Report;
- Information on payments to employees;
- Information on statistics and other payments (in relation to Councillors);
- An overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or continue in the next financial year;
- Freedom of Information Act 1992 – information in relation to record keeping systems;
- National Competition Policy Report.

### Statutory Environment

Local Government Act, 1995.

*Section 5.27(1) states:*

A general meeting of electors of a district is to be held once every financial year.

*Section 5.27 (2)*

A General meeting is to be held on a day selected by the Local Government but not more than 56 days after the Local Government accepts the Annual Report for the previous financial year.

*Section 5.29(1)*

The CEO is to convene an electors' meeting by giving –

- (a) at least 14-days local public notice; and
- (b) each council member at least 14-days' notice of the date, time, place and purpose of the meeting.

*Acceptance of annual reports 5.54.*

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted by the local government no later than 31 December after that financial year.

- (2) If the auditor’s report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor’s report becomes available.

*Notice of annual reports 5.55.*

The CEO is to give local public notice of the availability of the Annual Report as soon as practicable after the report has been accepted by the local government.

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Community Plan**

Goal 4: A strong and diverse Council working closely with the proactive and involved community  
4.6 The organisation, assets and finances of the Shire are managed responsibly

**Consultation**

Paul Anderson – Chief Executive Officer

Nola Comerford – Manager of Corporate and Community Services

Glenn Nordsvan - Accountant

**Officer Comment**

The Annual Report provides the opportunity for the Shire to summarise the achievements of the local government and provide the outcome of the annual audit to the community.

**AUDIT COMMITTEE RECOMMENDATION**

**Audit Committee Resolution Number: 230123.5**

**Moved: Cr Sparkman**

**Seconded: Cr Bradford**

**The Audit Committee recommends that Council:**

- 1. Endorse and adopt the 2021/2022 Annual Report, containing the Annual Financial Report and the Auditor’s Report, for the financial year ending 30 June 2022;**
- 2. Confirm the date for the Annual Electors Meeting for the 16<sup>th</sup> February at 4.30pm at the Pavilion in Perenjori and authorise the statutory advertising.**

**Motion put and carried 6/0**

## 7. Closure of Meeting:

The Shire President declared the meeting closed at 11.06am and thanked those in attendance.