



MINUTES

Of the
Audit Committee Meeting held on
19 April 2023,
in Council Chambers, at
Lot 66 Railway Street, Trayning
Commencing at 2 pm.

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Signed



Leanne Parola
Chief Executive Officer

PREFACE

When the Chief Executive Officer approves these Minutes for distribution they are in essence “Unconfirmed” until the following Meeting, where the Minutes will be confirmed subject to any amendments made by the members of the Committee

The “Confirmed” Minutes are then signed off by the Presiding Person.

UNCONFIRMED MINUTES

These minutes were approved for distribution on 20 April 2023.



Leanne Parola
CHIEF EXECUTIVE OFFICER

CONFIRMED MINUTES

These minutes were confirmed at a meeting held on.....2023.

Signed:

Note: The Presiding Member at the meeting at which the minutes were confirmed is the person who signs above.

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1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairperson, Cr MA Brown, welcomed all Members, Staff declaring the meeting open at 2:05 pm.

2 RECORD OF ATTENDANCE

MEMBERS:

Cr Melanie Brown (Chairperson)
Cr Peter Barnes
Cr Mark Leslie
Cr Clayton Marchant
Cr Michelle McHugh

STAFF:

Mrs Leanne Parola (Chief Executive Officer)
Miss Belinda Taylor (Manager of Corporate Services)

APOLOGY:

Cr Geoff Waters (Deputy President)

3 MINUTES OF MEETINGS

Background

The Audit Committee Minutes of the previous meeting held 15 February 2022, have been circulated to all Councillors.

Officer Recommendation/ Committee Decision

Moved Cr ML McHugh

Seconded Cr ME Leslie

That the minutes of the Audit Committee Meeting held on 15 February 2022 are a true and correct record of the proceedings.

Resolution 04-2023.04

Carried 5/0

4 BUSINESS AS NOTIFIED

4.1 Annual Financial Report 2021/2022

Date of Report:	13 April 2023
Proponent:	N/A
File Ref:	3.2.6.4 – Annual Report
Officer:	Leanne Parola, Chief Executive Officer
Officer's Disclosure of Interest:	Nil
Attachments:	4.1 Annual Financial Statements Including Auditors Report 4.1b Final Management Letter 30 June 2022
Voting Requirements:	Simple Majority

Purpose of Report

The Audit Committee is requested to examine the 2021/2022 Annual Financial Report which includes the Audit Opinion, for the year ending 2021/2022 and recommend its adoption by Council.

Background

The purpose and responsibilities of the Audit Committee is outlined in Part 7 of the Local Government Act 1995.

One of the Audit Committee's responsibilities is to examine the reports of the auditor. The committee would then determine if any matters raised in the reports require action to be taken by the local government and to ensure that appropriate action is implemented. The Audit Committee is to receive and authorise a report relating to the audit prepared by the Chief Executive Officer that is subsequently to be sent to the Minister.

This report outlines actions intended to be undertaken in relation to matters identified by the auditor.

Consultation

The completion of the annual financial report and audit required staff to undertake extensive consultation with the audit staff and no further consultation is required.

Statutory Environment

Local Government Act 1995, Section 7.9 requires the Auditor to examine the accounts and annual financial report by 31 December following the end of the financial year.

The 2021/2022 annual financial report was not examined by the Auditor prior to 31 December for a number of reasons including:

- The interim audit carried out prior to 30 June 2022 had to be redone, as the previous contract auditor was unable to fulfil the requirements of their contract. The new contract auditors appointed by the Office of the Auditor General, Drykirkness, did not trust their files and restarted the process from scratch
- Drykirkness experienced a loss of two staff members directly involved in the audit and appear to have internal record keeping deficiencies which resulted in them requesting the same information from the Shire multiple times
- The revaluation of land and building assets had to be redone by the contracted valuers as their staff member who carried out the inspections left suddenly and his notes weren't complete
- Audit staff from Drykirkness took annual leave in December/January
- Drykirkness were still making new requests for documentation and information from staff on 8 March 2023

Local Government Act 1995, Section 7.12A sets out the requirements for local governments in respect to audits. This includes the need to prepare a report to the Minister within 3 months of receiving the audit report if the auditor identifies any items it considers significant.

Local Government (Audit) Regulations 1996, section 10 requires the audit report to be forwarded to the Audit Committee within 30 days of completing the audit.

Local Government (Audit) Regulations 1996, section 16 describes the functions of the audit committee.

Policy Implications

The Shire's Accounting Policies are included in the notes to the Financial Statements.

Financial Implications

The Office of the Auditor General has not provided an invoice of costs for performing the audit at this time. There has been significant over budget expenditure as a result of having engage the Shire's finance contractors to redo the interim audit and Drykirkness' duplication of requests for information.

There will be costs associated with holding an Audit Committee Meeting and the Electors General Meeting.

Strategic Implications

There are no strategic implications relevant to the adoption of the Annual Report. Actions to address the findings of the auditors may have an impact

on future versions of the Long Term Financial Plan and the Asset Management Plan.

Environmental Implications

There are no significant environmental implications.

Officer's Comment

The auditors completed the audit for the financial year ended 30 June 2022 and issued the Audit Report on 5 April 2023.

The Auditor reported no matters indicating non-compliance in the Audit Report. A 'Management Letter' has been provided by the Auditor, which identified a number of findings identified during the final audit, a copy of which is attached and includes comments from the Chief Executive Officer.

In the letter from the Office of the Auditor General providing the Auditor General's auditor's report and audited annual financial report, included the following comment:

The date that your entity provided its annual financial report to the Office and the date the Office has assessed that a good and complete set of financial statements was provided, have been recorded for purposes of reporting to Parliament. The date recorded for the receipt of your financial statements was 24 February 2023. The date that the Office has our receipt of a good and complete set of financial statements was 24 March 2023.

Staff would like to point out that the first copy of the Financial Statements was provided to the Office of the Auditor General's contract auditor Drykirkness before the due date of 30 September 2022. The fact that the final statements were not received by the Office of the Auditor General from their contractor Drykirkness was largely out of the Shire's control.

The final 2021/2022 annual financial report was not examined by the Auditor prior to 31 December for a number of reasons including:

- The interim audit carried out prior to 30 June 2022 had to be redone, as the previous contract auditor was unable to fulfil the requirements of their contract. The new contract auditors appointed by the Office of the Auditor General, Drykirkness, did not trust their files and restarted the process from scratch.
- Drykirkness experienced a loss of two staff members directly involved in the audit and appear to have internal record keeping deficiencies which resulted in them requesting the same information from the Shire multiple times
- The revaluation of land and building assets had to be redone by the contracted valuers as their staff member who carried out the inspections left suddenly and his notes were not complete.
- Audit staff from Drykirkness took annual leave in December/January
- Drykirkness were still making new requests for documentation and

information from staff on 8 March 2023.

Staff would also like to point out that there has been additional expenditure incurred by the Shire as a result of having engage the Shire's finance contractors to redo the interim audit and Drykirkness' duplication of requests for information.

Officer Recommendation/ Committee Decision

Moved Cr CL Marchant

Seconded Cr ML McHugh

The Audit Committee recommends that Council:

- 1) Accept the Shire of Trayning Annual Report that includes the Audited Financial Statements and Auditors Report for the year ending 30 June 2022.
- 2) Endorse the content of the Officer's Comment in this agenda item as the Shire of Trayning's report to the Minister.
- 3) Hold an Electors' General Meeting at 6:00 pm on Wednesday 10 May 2023 at the Shire Council Chambers.

Resolution 04-2023.05

Carried 5/0

5 URGENT BUSINESS BY DECISION OF MEETING

Nil

6 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

Nil

7 NEXT MEETING

As required.

8 CLOSURE

There being no further business, Councillor Brown closed the meeting at 2:10 pm.