



Shire of

**Yilgarn**

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# Minutes Audit Committee Meeting

27 February  
2023

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## 1. DECLARATION OF OPENING

The presiding member, Chair of the Shire of Yilgarn Audit Committee, Cr Della Bosca, opened the meeting at 3:39 pm.

## 2. ATTENDANCE

Cr W Della Bosca	Member	(Chair)
Cr B Close	Member	
Cr J Cobden	Member	
Cr P Nolan	Member	

Mr. N Warren	Chief Executive Officer
Mr. C Watson	Executive Manager Corporate Services
Mr. G Brigg	Executive Manager Infrastructure

Apologies: Mrs. J Della Bosca, Community Member

Observers: Mr Ben Forbes – Previous Financial Manager

Presenters: Mr Jay Teichert – Office of Auditor General  
Mr Robert Hall – Dry Kirkness – Shire’s appointed Auditor

Leave of Absence: Nil

## 3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

## 4. PUBLIC QUESTION TIME

Nil

## 5. PRESENTATIONS

Council’s Office of the Auditor General (OAG) representative, Mr. Jay Teichert and contract Auditor, Mr Robert Hall from Dry Kirkness, undertook the 2021/2022 Audit Exit meeting and presented their findings from the audit proceedings.

J Teichert opened the presentation by thanking the efforts made by all parties involved, the handed over to Mr Hall to present on the audit process.

R Hall advised:

- Butler Settineri was appointed as the contract auditor by the Office of Auditor General (OAG), and underwent a name change on 1 July 2022 to Dry Kirkness;
- There were no unresolved issues

- Finding are included in the tabled report;
- Intend to recommend to the OAG to issue an unqualified audit opinion in relation to the financial statements;
- There are no outstanding issues;
- No identified fraud;
- Key changes to next year relate to the incoming Local Government reforms via the new bill being introduced to parliament.

R Hall sought questions from the group.

Cr Della Bosca: Raised concerns regarding length of time taken to undertake the audit, with the exit meeting normally held in December?

Response: R Hall advised there were some delays with valuations from the Shire, however availability of Dry Kirkness and OAG staff also played a factor. Hoped to have the 2022/2023 audit completed by December next this year

Cr Nolan: Queried the changes referred to by R Hall in his presentation via the Local Government reforms.

Response: R Hall advised it had hoped to remove some of the 55 pages of financial reporting information down to a manageable size, relative to the banding of the Local Government, however, would have to wait until the position paper is released to know what changes will be made.

Cr Nolan: Queried the CEO if Shire had kept a record of hours worked by Shire staff in relation to the audit, as it seems a significant drain of Shire resources.

Response: CEO stated record of time against the audit was not kept, but could be in future.

B Forbes estimated for his role alone it was approximately 80% of his time for at least 3 months post submission of complete financials.

## 6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 16 February 2023

*AC4/2023*

*Moved Cr Nolan/Seconded Cr Cobden*

*That the minutes of the Audit Committee Meeting held on 16 February, 2023 be confirmed as a true and correct record of proceedings.*

**CARRIED (4/0)**

## 7. DECLARATIONS BY MEMBERS AND OFFICERS

Nil

## 8. STATUS OF ACTIONS PREVIOUSLY TABLED

Queries raised by Cr Nolan at the Audit Committee Meeting held on the 16<sup>th</sup> February 2023 were provided along with CEO comments. Council had no further queries in relation to the matters raised.

All other actions resulting from items previously tabled are complete.

## 9. RISK DEVELOPMENTS

No change

## 10. OFFICER REPORTS

### 10.1 2021/22 Audit & Management Report

<b>File Reference</b>	<b>8.2.3.3</b>
<b>Disclosure of Interest</b>	<b>Nil</b>
<b>Voting Requirements</b>	<b>Absolute Majority</b>
<b>Attachments</b>	<b>Attachment 1 – 2021/2022 Annual Financial Report. Confidential Attachment 2 – Shire of Yilgarn - Draft Final Management Letter 2022. Attachment 3 – Draft 2022/23 Audit Opinion. Confidential Attachment 4 – CEO’s Report relating to Audit.</b>

### Purpose of Report

The Audit Committee is requested to endorse the Annual Financial Report, Management Report and Chief Executive Officers Report relating to the financial year ending 2021/2022.

### 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 including the management report. 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 also 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.

## Comment

The auditor's completed the audit for the financial year ended 30 June 2022. The attached reports include the Chief Executive Officer's response to both the Management Report for the year ended 30 June 2022 and the Independent Auditor's Report for the same period that is submitted for the Committee's attention.

## Statutory Environment

### Local Government Act 1995 –

#### **7.9. Audit to be conducted**

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
  - (a) the mayor or president; and
  - (b) the CEO of the local government; and
  - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
  - (a) there is any error or deficiency in an account or financial report submitted for audit; or
  - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
  - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
  - (a) prepare a report thereon; and
  - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government to be dealt with under section 7.12A.

#### **7.12 A Duty of local government with respect to audits**

- (1) A local government is to do everything in its power to —

- (a) assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and
  - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
- (a) determine if any matters raised by the report, or reports, 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 is to —
- (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
  - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

Local Government (Financial Management) Regulations 1996 –

**51 Annual financial report to be signed etc. by CEO and given to Department**

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) 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.

Local Government (Audit) Regulations 1996 –

**10. Report by auditor**

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
  - (a) the financial position of the local government; and
  - (b) the results of the operations of the local government.
- (3) The report must include a report on the conduct of the audit.
- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

The recommendation that follows is consistent with the legislative requirements.

### Strategic Implications

There are no strategic implications as a result of this report.

### Policy Implications

There are no policy implications as a result of this report.

### Financial Implications

There are no financial implications as a result of this report.

### Officer Recommendation and Committee Decision

*AC5/2023*

*Moved Cr Close / Seconded Cr Cobden*

*That the Audit Committee:*

- 1. accepts the Annual Financial Report for the year ending 30 June 2022 as presented; and*
- 2. accepts the Chief Executive Officer's Report and recommends a copy of said report be forwarded to the Minister.*

*Carried (4/0)*

### 11. NEW BUSINESS OF AN URGENT NATURE

*Presiding member, Cr Della Bosca, moved that the committee consider an urgent matter relating to the 2021/2022 annual audit process.*

*Carried (4/0)*

### Committee Motion and Decision

*AC6/2023*

*Moved Cr Nolan / Seconded Cr Cobden*

*That the Audit Committee recommend to Council:*

- 1. That Council request from the Minister for Housing; Lands; Homelessness and Local Government, an exemption from the restriction imposed by section 7.3 (1A) of the Local Government Act 1995 and seek his approval to appoint, under section 7.3 (2) of the Local Government Act 1995, a suitably qualified and experienced person as auditor of its own choosing; and*
- 2. Council request Shire management to compile a list of issues, raised through the audit process, to be compiled and provided to the Minister as part of the request.*

*Carried (4/0)*



## 12. CLOSURE OF MEETING

Cr Wayne Della Bosca thanked all for their attendance.

As there was no further business to discuss, the Chair of the Audit Committee declared the meeting closed at 4:30 pm.