



Shire of
Katanning
Heart of the Great Southern

**MINUTES OF AN
AUDIT AND RISK COMMITTEE MEETING**

Minutes of the Shire of Katanning Audit & Risk Committee
held on Thursday 16 December 2021 at the
Shire of Katanning Conference Room, commencing at 1:30 pm.

PRESIDING MEMBER _____

DATE SIGNED _____



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1. DECLARATION OF OPENING

The Chief Executive Officer chaired the meeting until the election of the Chairperson.

The meeting was declared open at 1:30pm.

2. ELECTION OF CHAIRPERSON

The Chief Executive Officer called for nominations for position of Chairperson and allowed sufficient time for nominations. Cr John Goodheart submitted a nomination at the meeting.

The Chief Executive Officer declared Councillor John Goodheart duly elected as Chairperson of the Audit and Risk Committee.

Councillor John Goodheart took the chair at 1.32 pm.

3. RECORD OF ATTENDANCE**PRESENT****Members:**

Cr J Goodheart – Chairperson
Cr M Collis
Cr K D’Aprile
Cr S Sandwell

Cr L Guidera (Proxy)
Cr A Edwards (Proxy)

Council Officers:

Julian Murphy, Chief Executive Officer
Denise Gobbart, Executive Manager Finance & Administration
Taryn Human, Executive Governance Officer

Guests:

Nayna Raniga – Director Financial Audit Office of the Auditor General (OAG)
Wen-Shien Chai – Partner Moore Australia (WA)
Hayley Platt – Audit Supervisor Moore Australia (WA).

Apologies:

4. DISCLOSURE OF FINANCIAL/IMPARTIALITY INTERESTS**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING****5.1 Audit and Risk Committee Meeting – Thursday 6 May 2021**
(SEE ATTACHED MINUTES)**MOVED: CR KRISTY D'APRILE****SECONDED: CR SERENA SANDWELL****ARC09/21 That the minutes of the Audit & Risk Committee Meeting held on Thursday 6 May 2021 be confirmed as a true record of proceedings.****Voting Requirement: Simple Majority****CARRIED: 4/0**

6. REPORTS**6.1 Audit Exit Meeting
(ATTACHMENT)**

File Ref: FM.AU.2
Reporting Officer: Denise Gobbart, Executive Manager Finance & Administration
Date Report Prepared: 15 December 2021

Issue:

For the Audit & Risk Committee to meet with our Auditors to discuss the 'Audit Concluding Memorandum' for the year ended 30 June 2021.

Body/Background:

On appointment of the Audit & Risk Committee, the terms of reference provided the following:

f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcomes of those discussions.

The *Local Government Act 1995* does not require the Audit Committee to meet with the Auditor; rather the Local Government is to meet with the Auditor at least once each year.

It should be noted that there would be an additional fee involved for the auditor to visit the Shire of Katanning in person due to travel and time.

Officer's Comment:

The 'Audit Concluding Memorandum' is presented to the committee by the Auditors to brief the committee on the outcomes of the audit for the year ended 30 June 2021.

The committee is given the opportunity to discuss with the Auditors any issues raised and other matters of interest.

Statutory Environment:

Local Government Act 1995

Section 7.12A Duties of Local Government with Respect of 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 the auditor's 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 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.

Policy Implications:

There are no policy implications for this report.

Financial Implications:

There are no financial implications for this report.

Risk Implications:

This item has been evaluated against the Shire of Katanning’s Risk Assessment and Acceptance Criteria. The perceived level of risk is considered to be “Low” risk and can be managed by routine procedures and with current resources.

Strategic Implications:

Shire of Katanning Strategic Community Plan 2017 – 2027

PRIORITY	LEADERSHIP	
ASPIRATION	L1	An inclusive community, recognised as a great place to live and visit.
OBJECTIVE	L1.1	Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.

Voting Requirement: Simple Majority

Officer’s Recommendation/Council Motion:

MOVED: CR KRISTY D’APRILE

SECONDED: CR MATT COLLIS

ARC10/21 That the Audit & Risk Committee recommends that Council receives the Audit Concluding Memorandum for the year ended 30 June 2021.

CARRIED: 4/0

6.2 Meeting with the Shire of Katanning Auditors

File Ref: FM.AU.2
Reporting Officer: Denise Gobbart, Executive Manager Finance & Administration
Date Report Prepared: 15 December 2021

Issue:

For the Audit & Risk Committee to recommend that Council notes the outcomes of the electronic meeting with the Council's Auditors, Nayna Raniga – Director Financial Audit Office of the Auditor General (OAG), Wen-Shien Chai – Partner Moore Australia (WA) and Gilles Chan – Audit Manager Moore Australia (WA).

Body/Background:

On appointment of the Audit & Risk Committee, the terms of reference provided the following:

f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcomes of those discussions.

The *Local Government Act 1995* does not require the Audit Committee to meet with the Auditor; rather the Local Government is to meet with the Auditor at least once each year.

It should be noted that there would be an additional fee involved for the auditor to visit the Shire of Katanning in person due to travel and time.

Officer's Comment:

Moore Australia (WA) have completed the annual audit for the 30 June 2021 and will be recommending that the OAG issue an unmodified opinion on the audit of the Shire's financial report.

In addition, they noted the following matter be reported in accordance with Reg 10(3) of the Local Government (Audit) Regulations 1996:

- There is a significant adverse trend in the financial position of the Shire as the Operating Surplus Ratio has been below the industry benchmark and OAG threshold for the past 3 years.
- Fixed asset reconciliation between the register and the corresponding general ledger control accounts has not been performed from December 2020 to April 2021. This is a key control for ensuring the completeness and accuracy of financial data within the general ledger from which financial statements are derived. Without this reconciliation being performed on a regular basis there is an increased risk of fraud and or errors going undetected.

Statutory Environment:

Local Government Act 1995

Section 7.12A Duties of Local Government with Respect of 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 the auditor's 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 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.

Policy Implications:

There are no policy implications for this report.

Financial Implications:

There are no financial implications for this report.

Risk Implications:

This item has been evaluated against the Shire of Katanning’s Risk Assessment and Acceptance Criteria. The perceived level of risk is considered to be “Low” risk and can be managed by routine procedures and with current resources.

Strategic Implications:

Shire of Katanning Strategic Community Plan 2017 – 2027

PRIORITY	LEADERSHIP	
ASPIRATION	L1	An inclusive community, recognised as a great place to live and visit.
OBJECTIVE	L1.1	Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.

Voting Requirement: Simple Majority

Officer’s Recommendation/Council Motion:

MOVED: CR SERENA SANDWELL

SECONDED: CR KRISTY D’APRILE

ARC11/21 That the Audit & Risk Committee recommends that Council notes the outcomes of the meeting between the Audit and Risk Committee members and the Auditor held by electronic means on 16 December 2021 and determines that the meeting satisfies the requirement of Section 7.12A(2) of the Local Government Act 1995.

CARRIED: 4/0

6. CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 2:44pm.