



AUDIT COMMITTEE MINUTES

AUDIT COMMITTEE MEETING
WEDNESDAY 6 MARCH 2024 – 4.00PM



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1.0 Declaration of Opening

The President, Cr Logie, declared the Meeting open at 4:09pm

2.0 Record of Attendance / Apologies / Leave of Absence

Elected Members

Cr Jarrad Logie – President (Presiding Member)

Cr Simon Harding

Cr Tracey Price

Cr Bernie Panizza

Staff

Peter Stubbs Chief Executive Officer

Cassie Barker Senior Finance Officer

Britt Logie

3.0 Confirmation of Previous Minutes

3.1 Audit Committee Meeting Held 15 March 2023

Officer's Recommendation

That the Minutes of the Audit Committee Meeting held 15 March 2023, as previously circulated, be confirmed as a true and accurate record.

Committee Decision

Cr Price /Cr Panizza

That the Minutes of the Audit Committee Meeting held 15 March 2023, as previously circulated, be confirmed as a true and accurate record.

Carried 4/0

4.0 Matters to be discussed.

4.1 Compliance Audit Return 2023

File Reference	4.50.00
Statutory Ref.	<i>Local Government (Audit) Regulations 1996</i>
Author & Date	Peter Stubbs 1 March 2024
Attachments	Attachment 1 - 2023 Compliance Audit Return

Background

The Annual Compliance Audit Return for the period 1 January 2023 to 31 December 2023, is presented for review by the Audit Committee.

Local governments are required to carry out a Compliance Audit Return (CAR) under the *Local Government (Audit) Regulations 1996* on an annual basis. The CAR contains a checklist of statutory requirements reported on for a calendar year. This check is issued by the Department of Local Government, Sport, and Cultural Industries.

The CAR is to be:

1. Presented for review at a meeting of the Audit Committee.
2. Recommended for Adoption by Council at an Audit Committee Meeting.
3. Presented to the Council at a meeting of Council.
4. Adopted by the Council; and
5. The adoption recorded in the minutes of the meeting at which it is adopted.

Once the CAR has been adopted by Council, a certified copy of the return, along with the relevant section of the Council minutes and any additional information explaining or qualifying the CAR is to be submitted to the Director General, Department of Local Government, Sport, and Cultural Industries by 31 March 2024.

Legislation

Local Government Audit Regulations 1996 Section 14.

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.
- (3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

[Regulation 14 inserted: Gazette 23 Apr 1999 p. 1724-5; amended: Gazette 30 Dec 2011 p. 5580-1.]

Comment

The audit was carried out internally, sourcing evidence of compliance from the Shire's records. The audit checklist is determined by the Minister of Local Government each year.

No significant areas of non-compliance were noted in the internal audit against the checklist items.

The audit has identified the need to review,

1. the Corporate Business last adopted 17 June 2020.
2. Review and reissue the Code of Conduct to Elected Members and Staff

Strategic Implications

This item aligns with the community's vision and aspirations as contained in the Shire of Williams Strategic Community Plan 2017 to 2032. Specifically, it relates to the following strategy(s):

- CL 2.2 Maintain accountability, transparency, and financial responsibility.
CL 4.4 Monitor and ensure compliance with regulatory framework for local government business.

Financial Implications

There are no financial implications associated with this matter.

Voting Requirements

Simple Majority

Officer's Recommendation

That the Audit Committee having reviewed the 2023 Compliance Audit Return recommends to Council that it be endorsed and certified by the Shire President and the Chief Executive Officer for submission to the Department of Local Government, Sport, and Cultural Industries.

Committee Decision

Cr Harding / Cr Price

That the Audit Committee having reviewed the 2023 Compliance Audit Return recommends to Council that it be endorsed and certified by the Shire President and the Chief Executive Officer for submission to the Department of Local Government, Sport, and Cultural Industries.

Carried 4/0

4.2 Financial Management, Risk Management & Regulation Compliance Review

File Reference	4.50.00
Statutory Ref.	<i>Local Government (Audit) Regulations 1996</i>
Author & Date	Peter Stubbs 1 March 2024
Attachments	Attachment 2- Dry Kirkness Engagement Letter Attachment 3 - Systems Audit Recommended Improvements

Background

In October 2023 the Shire of Williams contracted Dry Kirkness (Audit) Pty Ltd to conduct a review of its Financial Management, Risk Management and Regulation Compliance Review in accordance with Regulatory requirements.

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures
- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
 - (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
 - (3) The CEO is to report to the audit committee the results of that review.
[Regulation 17 inserted: Gazette 8 Feb 2013 p. 868; amended: Gazette 26 Jun 2018 p. 2387.]

Comment

The letter of engagement of Dry Kirkness (Audit) Pty Ltd (Appendix 2) and their report, with draft Shire management comments is attached (Attachment 3) for the Audit Committee information and comment.

Strategic Implications

This item aligns with the community's vision and aspirations as contained in the Shire of Williams Strategic Community Plan 2017 to 2032. Specifically, it relates to the following strategy(s):

CL 2.2 Maintain accountability, transparency, and financial responsibility.

Financial Implications

The fee for the Dry Kirkness (Audit) Pty Ltd engagement and work was \$16,500.00 exclusive of GST.

Voting Requirements

Simple majority

Officer's Recommendation

That the Audit Committee notes the review of the Shire of Williams Financial Management, Risk Management and Regulation Compliance audit conducted by Dry Kirkness (Audit) Pty Ltd, and the Shire Management comments in the report for recommended improvements.

Committee Decision**Cr Panizza / Cr Price**

That the Audit Committee notes the review of the Shire of Williams Financial Management, Risk Management and Regulation Compliance audit conducted by Dry Kirkness (Audit) Pty Ltd, and the Shire Management comments in the report for recommended improvements.

Carried 4/0

4.3 2023-2024 Budget Review

File Reference	4.21.25
Statutory Ref.	Local Government Act 1995 Section 6.12 (1)
Author & Date	Cassie Barker March 2023
Attachments	2023/2024 Budget Review Report

Background

A Statement of Financial Activity incorporating,

1. revenue and expenditures to the 31 January 2024
2. year to date budget variations, and
3. forecasts to 30 June 2024

is presented to the Audit Committee to consider and to recommend adoption by Council.

The *Local Government (Financial Management) Regulations 1996*, Regulation 33A as amended, requires that local governments conduct a budget review between 1 January and 31 March in each financial year. The results of the review and accompanying report must be presented to Council within 30 days of the review. The review and Council decision is then provided to the Department of Local Government, Sport, and Cultural Industries within 30 days of the Council adoption of the review.

The Budget Review has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. Council adopted a 5% and \$5,000 minimum for reporting of material variances to be used in the statements of financial activity and the annual budget review.

Features of the review, as summarised from the detailed financial reports attached, are as follows:

Comment

The Audit Committee review and any recommendations are to be presented to the Ordinary Council Committee Meeting, to be held Wednesday, 20 March 2024, for adoption by Council.

Employee Costs

- No budget allocation/provision was made to support the position and work of Kate Meden or for two vacant works staff when the budget was adopted. This appears to be an oversight.

- The replacement of Kate Medlen and Manuela Lenehan in the Shire Office, with Jessica Paterson and Deborah Martin has no material budget impact. Manuela Lenehan (and James Lenehan) have significant annual and long service leave entitlements to clear.
- 4 weeks wages have been assumed as needed to support the now vacant Manager for Corporate Services role, currently being advertised.
- An over budget Employee cost expense of 5.3% is forecast.

Opportunities

Archive Room (Budget \$30,000) improvement in management of archived records is a two-step process.

- Step 1 review, organise, and destroy where appropriate, records to free up storage space.
- Step 2 consider a new or alternative storage (2024/25 budget). There is the potential to re-allocate \$23,000 in 2023/24 budget should Council wish to.

Housing (Budget \$600,000 from Reserve)

- There is an option to buy a 3 x 2 brick home in Growse St at an estimated \$420,000 to \$450,000. Council may need to provide housing assistance to the new Manager for Corporate Services. This would solve that issue.
- Council could build a further modular home with the balance of the budget funds in this budget and remaining cost estimated at \$300,000 in the next budget- 2024/25 for WCHS (or other uses)

Fire Appliance (Budget \$50,000)

- Clarity is sought on Councils expectation- what is wanted?

Roads & Drainage

- Culbin Road (\$69,000) & Medlen Road (\$57,700) are not expected to be completed on current trends. There is an opportunity to re-allocate that funding, especially if was to be work to be done by contractors.
- The culvert in Brooking St needs to be replaced. This is quoted by a contractor at approximately \$90,000. It is recommended that Council re allocate budget funds to have this work completed.

Infrastructure Other

RV dumpoint (Budget \$25,000)

- Where does Council want this facility? If the caravan park puts in dump point does council still want to do this project?
- Quote 1 (29 Feb 2024)- \$20,000 for old caravan park site

Skate Park (Budget \$25,000)

- Clarity sought on this project versus any other priority.

Albany Highway Footpath (Budget \$60,000- \$30,000 is grant)

- Quote indicates this project needs to be reduced in scope or its budget increased by \$30,000.

Strategic Implications

This item aligns with the community's vision and aspirations as contained in the Shire of Williams Strategic Community Plan 2017 to 2032. Specifically, it relates to the following strategy(s):

CL 2.2 Maintain accountability, transparency, and financial responsibility.

Financial Implications

Findings presented by the Budget Review for 2023/24 indicate that the Shire a budget surplus of \$88,515 at the 30 June 2024. This forecast is contingent on the expected income of \$665,363 from the capital budget yet to be received and expected and associated with Road Tor Recovery grants.

Voting Requirements

Absolute Majority

Officer's Recommendation

That the Audit Committee note the 2023/24 Budget Review, discuss and refer to Council any recommended amendments to the 2023/24 Budget.

Committee Decision

Cr Price / Cr Harding

That the Audit Committee note the 2023/24 Budget Review and recommended the following review to Council.

Organise Archive Room to maximise storage space.

Housing – Purchase existing home subject to conditions.

Roads – Complete Dardadine Road with excess funds.

Look into old caravan site for RV dump point.

Carried 4/0

4.4 OAG Confirmation of Auditor 2023-24 & 2024-25

File Reference	4.23.15
Statutory Ref.	Local Government Act 1995
Author & Date	Peter Stubbs March 2023
Attachments	Attachment 4 OAG Confirmation of Auditor

Background

The Office of Auditors General (OAG) has advised by letter that it has appointed AMD Chartered Accountants to conduct the financial audit of the Shire on its behalf.

The contract term was to 30 June 2023 with an option for a further 2 years. The OAG recently asked the contractor to submit quotes for a contract extension for the financial years ending 30 June 2024 and 30 June 2025, which it has accepted.

Comment

AMD Chartered Accountants completed the audit for 2022-2023 on behalf of the OAG.

Strategic Implications

This item aligns with the community's vision and aspirations as contained in the Shire of Williams Strategic Community Plan 2017 to 2032. Specifically, it relates to the following strategy(s):

CL 2.2 Maintain accountability, transparency, and financial responsibility.

Financial Implications

The cost of the 2022/23 end of year Audit conducted by AMD Chartered Accountants was \$24,299.00. The Shire is waiting for advice from the OAG regarding 2023/24 Audit fees, expected in April 2024.

Voting Requirements

Simple Majority

Officer's Recommendation

That the Audit Committee notes the Office of the Audit General advice that it has appointed ADM Chartered Accountants as the Shire of Williams auditors for 2023-24 & 2024-25.

Committees Decision

Cr Price/Cr Panizza

That the Audit Committee notes the Office of the Audit General advice that it has appointed ADM Chartered Accountants as the Shire of Williams auditors for 2023-24 & 2024-25.

Carried 4/0

4.5 Compliance Calendar (WALGA Template)

File Reference	4.50.00
Statutory Ref.	Local Government Act 1995, and other Legislation
Author & Date	Peter Stubbs March 2023
Attachments	Attachment 5 Compliance Calendar template

Background

WALGA have developed a compliance template as a guide help ensure that critical compliance matters are met and adhered to.

Comment

The compliance calendar is provided to the Audit Committee for transparency and understanding of the depth and range of compliance matters required.

Strategic Implications

This item aligns with the community's vision and aspirations as contained in the Shire of Williams Strategic Community Plan 2017 to 2032. Specifically, it relates to the following strategy(s):

CL 2.2 Maintain accountability, transparency, and financial responsibility.

Financial Implications

Achieving compliance requires considerable cost to Council in both staff wages and in consultants' costs. This has not been accurately costed but it is estimated to be several hundred thousand dollars annually.

Voting Requirements

Simple Majority

Officer's Recommendation

That the Audit Committee notes the compliance calendar provided by WALGA as a guide to compliance requirements of Local Governments.

Committee Decision

Cr Panizza / Cr Haridng

That the Audit Committee notes the compliance calendar provided by WALGA as a guide to compliance requirements of Local Governments.

Carried 4/0

5.0 Business of Urgent Nature

6.0 Closure of Meeting

Cr Logie declared the meeting closed at 5:25pm