



## Minutes for the Audit and Risk Committee Meeting

COUNCIL CALENDAR		
Date	Time	Meeting
14 December 2021	2.30pm	Audit and Risk Committee Meeting

### MEETING GUESTS

Aram Madnack – Office of Auditor General



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# AGENDA

**Shire of Narembeen  
Audit Committee Meeting  
Tuesday 14 December 2021, commencing at 2.30pm**

## 1.0 Opening & Welcome

Presiding Person, Cr Kellie Mortimore welcomed everyone to the meeting and declared the meeting open at 2.30pm.

## 2.0 Attendance & Apologies

### Attendance

#### **Councillors**

Cr Kellie Mortimore	Shire President, Presiding Person
Cr Scott Stirrat	Deputy Shire President
Cr Holly Cusack	Member
Cr Trevor Cole	Member
Cr Chris Bray	Member
Cr Amy Hardham	Member
Cr Michael Currie	Member
Cr Warren Milner	Member

#### **Staff**

David Blurton	Acting Chief Executive Officer
Tamara Clarkson	Executive Manager Corporate Services

### Apologies

#### Guests

Aram Madnack – Office of the Auditor General

## 3.0 Declarations of Interest

Nil

## 4.0 Public Question Time & Deputations (15 min)

Nil

## 5.0 Minutes of Previous Meetings

### 5.1 Confirmation of Minutes of Audit Committee Meeting – 20 April 2021

#### 5.1.1 Confirmation of Minutes

Confirmation of Minutes from the Shire of Narembeen Audit and Risk Committee Meeting held on Tuesday 20 April 2021.

**RECOMMENDATION:**

That the minutes of the Shire of Narembeen Audit Committee Meeting held on Tuesday 20 April 2021 be confirmed as a true and accurate record of the proceedings.

**AUDIT & RISK COMMITTEE RESOLUTION**

**MIN 7309/21**     **MOTION** - Moved Cr. W Milner

Seconded Cr. A Hardham

*That the minutes of the Shire of Narembeen Audit Committee Meeting held on Tuesday 20 April 2021 be confirmed as a true and accurate record of the proceedings.*

**CARRIED 8/0**

## 6.0 REPORTS

### AGENDA ITEM: 6.1 – Annual Report 2020/2021

<b>Subject:</b>	Annual Report 2020/2021
<b>Applicant:</b>	NA
<b>File Ref:</b>	ADM477
<b>Disclosure of Interest (Staff):</b>	Nil
<b>Disclosure of Interest (Member):</b>	Nil
<b>Author:</b>	Tamara Clarkson, Executive Manager Corporate Services David Blurton, Chief Executive Officer
<b>Date:</b>	8 December 2021
<b>Attachments:</b>	Appendix 2 - Draft Annual Report 20/21, Appendix 3 – Annual Financial Statements 20/21, Appendix 4 - Audit Management Letter

### PURPOSE

Council to review the Annual Financial Report 2020/2021 and Audit Management Letter.

### BACKGROUND

Each year, Local Governments are required to produce an Annual Report which includes an audited Annual Financial Report (Local Government Act 1995 s5.53).

The AOG audit opinion will be provided after the meeting, however Mr Madnack from the OAG will be present to discuss the audit.

### CONSULTATION

Chief Executive Officer  
Executive Manager Corporate Services  
Senior Finance Officer  
Audit agents - Butler Settineri  
Office of Auditor General

### STATUTORY IMPLICATIONS

*Local Government Act 1995, Part 5 Administration*

#### 5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
  - a) a report from the mayor or president; and
  - b) a report from the CEO; and
  - e) 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 to continue in the next financial year; and
  - f) the financial report for the financial year; and
  - g) such information as may be prescribed in relation to the payments made to employees; and
  - h) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
  - (ha) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and

- (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
  - (i) the number of complaints recorded in the register of complaints; and
  - (ii) how the recorded complaints were dealt with; and
  - (iii) any other details that the regulations may require;
  - (iv) and such other information as may be prescribed.

#### *Local Government (Financial Management) Regulations 1996, Part 4 Financial Reports*

- r36. Annual financial report, content of (Act s. 6.4(2))
- r37. Trust fund, information about in annual financial report
- r38. Reserve accounts, information about in annual financial report
- r39. Rates, information about in annual financial report
- r40. Service charges, information about in annual financial report
- r41. Fees and charges, information about in annual financial report
- r42. Discounts for early payment etc., information about in annual financial report
- r43. Interest charges etc., information about in annual financial report
- r44. Fees etc. to council members, information about in annual financial report
- r45. Trading undertakings, information about in annual financial report
- r46. Major land transactions, information about in annual financial report
- r47. Completed major land transactions, information about in annual financial report
- r48. Borrowings, information about in annual financial report
- r49. Invested money, information about in annual financial report
- r50. Financial ratios to be included in annual financial report
- r51. Annual financial report to be signed etc. by CEO and given to Department

### **FINANCIAL IMPLICATIONS**

The Shire of Narembeen is in a sound financial position as of 30 June 2021 and ended the year with a surplus of \$2.43m which is \$70,000 greater than staff had estimated as part of the 21/22 Annual Budget.

A significant amount cash was held at 30 June (\$6.24m) with the majority of funds held represented by reserve funds (\$2.8m), unspent grant funds (\$627,000) and prepayments of Council's 21-22 Federal Assistance Grants Allocation (\$1.12m).

Current Assets increased over the previous financial year on the back of additional cash held, however Current Liabilities also increased recognising the commitments relating to unspent grants held at end of year.

Employee related provisions decreased significantly with the departure of some long serving employees.

The financial ratios on page 55 are intended to inform the reader as a measure of the organisation's financial health. All measures exceed Industry benchmarks at 30 June 2021 except for a negative Operating Surplus result of (0.75) which is not unusual in the local government sector and no cause for concern. Overall, the ratios indicate a positive financial position of Council at the end of the financial year.

### **POLICY IMPLICATIONS**

N/A

### **RISK MANAGEMENT IMPLICATIONS**

N/A

## **STRATEGIC PLAN REFERENCE**

### Strategic Community Plan 2017-2027

Goal 2: Internal and external relationships actively grow our Shire population and positive financial position.

2.1 Our organisation model is responsive to economic conditions, the delivery of core services and infrastructure so too the successful pursuit of economic opportunities that benefit our community.

## **VOTING REQUIREMENTS**

Absolute Majority.

## **COMMENT**

The audited Annual Financial Report for the 2020/2021 financial year has been received together and is presented to the Audit and Risk Committee as part of the Annual Report for consideration and recommendation to Council.

The OAG audit report and opinion will be issued following this meeting and will form part of the final Annual report process, however the OAG will be present to discuss findings. The Auditor's Report will advise if the Shire of Narembreen's financial report complies with the Local Government Act and associated Regulations and gives a true and fair view of the Shire's financial position and its financial performance and cash flows as at 30 June 2021 and complies with Australian Accounting Standards.

The Shire's management supplied the auditors with all required information and satisfactory explanations were obtained for all areas requiring clarification. All audit procedures were satisfactorily completed, and the asset consumption ratio and asset renewal ratio were supported by verifiable information and reasonable assumptions.

The Shire President, Chief Executive Officer and Executive Manager Corporate Services attended the close of audit meeting with the Shire's auditors and an OAG representative and all parties prior to this meeting. At time of writing, there were no significant issues raised by OAG or the Audit Agent, Butler Settineri.

As well as the Annual Financial Report the Shire's Annual Report also contains a report from the Shire President and CEO, information relating to the Strategic Community Plan and projects undertaken in 2020/2021 and projects planned for 2021/2022, and statutory compliance information relating to items such as:

- Freedom of Information
- Complaints Received
- Employee Salaries over \$100,000
- Disability Access and Inclusion
- Record Keeping
- Competitive Neutrality
- Councillor Training

The Shire had no notifiable issues or items of note to disclose for 2020/2021 financial year.

## **Management report**

Whilst the objective of the Annual Audit process is to provide opinion as to the accuracy and content of the Annual Financial Report, the Auditor also produces a Management Letter identifying audit findings made during the audit process. These are typically compliance matters or operational issues identified for improvement and do not form part of the Annual Report.

The Management Letter for 2020/21 is presented to the Audit and Risk Committee for noting (refer attachment 2) and it is the responsibility of the CEO to ensure issues raised are appropriately addressed.

As per the LG Act, Council is required to hold an Annual Electors Meeting after adoption of the Annual Report and it is recommended this occur prior to the Council's February 2022 Ordinary Council meeting.

## **OFFICER RECOMMENDATION**

That Council:

1. Receive Management report for the year ending 30 June 2021
2. Endorse the draft Shire of Narembeen Annual Report 2020/2021, including the Annual Financial Report.
3. Advertise for the Shire of Narembeen Annual Electors Meeting to be held at 3.30pm on Tuesday 15 February 2022 in Council Chambers.

## **AUDIT COMMITTEE RECOMMENDATION**

**MIN 7310/21 MOTION** - Moved Cr. A Hardham

Seconded Cr. M Currie

*That Council:*

1. *Receive Management report for the year ending 30 June 2021*
2. *Endorse the draft Shire of Narembeen Annual Report 2020/2021, including the draft Annual Financial Report and Independent Auditor's Report.*
3. *Advertise for the Shire of Narembeen Annual Electors Meeting to be held at 3pm on Tuesday 15 February 2022 in Council Chambers.*

**CARRIED 8/0**

*Reason for the change:*

*As the minutes were not available at the time of the meeting, Council endorsed the minutes from the Audit and Risk Committee meeting.*

*Council changed the meeting time to 3pm to allow for refreshments prior to the Council meeting.*



## AGENDA ITEM: 6.2 – Risk Report – December 2021

<b>Subject:</b>	Risk Report – December 2021
<b>Applicant:</b>	NA
<b>File Ref:</b>	ADM477
<b>Disclosure of Interest (Staff):</b>	Nil
<b>Disclosure of Interest (Member):</b>	Nil
<b>Author:</b>	David Blurton, Chief Executive Officer
<b>Date:</b>	8 December 2021
<b>Attachments:</b>	Appendix 5 - Risk Register December 2021

### PURPOSE

Council to review the Shire of Narembeen Risk Register for December 2021.

### BACKGROUND

An outcome of Regulation 17 Financial Management System audit which was conducted in March 2021 was that Council review its Risk Management Framework and report on organisational risks to the Audit and Risk Committee on a regular basis.

### CONSULTATION

Chief Executive Officer  
Executive Manager Corporate Services  
Works Manager

### STATUTORY IMPLICATIONS

Nil

### FINANCIAL IMPLICATIONS

Nil

### POLICY IMPLICATIONS

The Council has a Risk Management Framework in place; however, it is overdue for review. A review will be undertaken in 2022.

### RISK MANAGEMENT IMPLICATIONS

N/A

### STRATEGIC PLAN REFERENCE

Strategic Community Plan 2017-2027

2.1 Our organisation model is responsive to economic conditions, the delivery of core services and infrastructure so too the successful pursuit of economic opportunities that benefit our community.

### VOTING REQUIREMENTS

Simple Majority.

## COMMENT

The attached risk register is intended to capture, classify organisational risks as well as identify mitigation actions to minimise risk. It is presented for discussion and endorsement.

## OFFICER RECOMMENDATION

That Council endorse the Organisational risk register – December 2021 as presented

## AUDIT COMMITTEE RECOMMENDATION

**MIN 7311/21 MOTION** - Moved Cr. W Milner

Seconded Cr. T Cole

*That Council endorse the Organisational risk register – December 2021 as presented*

**CARRIED 8/0**

### 7.0 Other Business

Nil

### 8.0 Next Meeting

To be advised.

### 9.0 Closure

There being no further business the Chair declared the meeting closed at 2:54pm