



SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

AGENDA

Audit Committee Meeting

To be held in Council Chambers
Corner King & Barrack Street's, Merredin
Tuesday, 15 June 2021
Commencing 1.30pm



Notice of Meeting



Dear President and Councillors,

The next Meeting of the Audit Committee of the Shire of Merredin will be held on Tuesday, 15 June 2021 in the Council Chambers, corner of King and Barrack Streets, Merredin. The format of the day will be:

1.30pm	Audit Committee Meeting
2.30pm	Briefing Session
4.00pm	Council Meeting

MARK DACOMBE
TEMPORARY CHIEF EXECUTIVE OFFICER
14 June 2021

DISCLAIMER

PLEASE READ THE FOLLOWING IMPORTANT DISCLAIMER BEFORE PROCEEDING:

Statements or decisions made at this meeting should not be relied or acted on by an applicant or any other person until they have received written notification from the Shire. Notice of all approvals, including planning and building approvals, will be given to applicants in writing. The Shire of Merredin expressly disclaims liability for any loss or damages suffered by a person who relies or acts on statements or decisions made at a Council or Committee meeting before receiving written notification from the Shire.

The advice and information contained herein is given by and to Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

Common Acronyms Used in this Document	
CBP	Corporate Business Plan
CEACA	Central East Accommodation & Care Alliance Inc
CSP	Community Strategic Plan
CWVC	Central Wheatbelt Visitors Centre
DCEO	Deputy Chief Executive Officer
EA	Executive Assistant to CEO
EMCS	Executive Manager of Corporate Services
EMDS	Executive Manager of Development Services
EMES	Executive Manager of Engineering Services
GECZ	Great Eastern Country Zone
LGIS	Local Government Insurance Services
LPS	Local Planning Scheme
MCO	Media and Communications Officer
MoU	Memorandum of Understanding
MRCLC	Merredin Regional Community and Leisure Centre
SRP	Strategic Resource Plan
T/CEO	Temporary Chief Executive Officer
WALGA	Western Australian Local Government Association
WEROC	Wheatbelt East Regional Organisation of Councils



Shire of Merredin Audit Committee Meeting

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Shire of Merredin
Audit Committee Meeting
1:30pm Tuesday, 15 June 2021



1. Official Opening

2. Record of Attendance / Apologies and Leave of Absence

Councillors:

Cr JR Flockart	President
Cr MD Willis	Deputy President
Cr LN Boehme	
Cr PR Patroni	

Staff:

M Dacombe	T/CEO
G Garside	EMCS
A Brice	EA

Members of the Public:

Apologies:

Approved Leave of Absence: NIL

3. Public Question Time

Members of the public may submit questions up to 2pm on the day of the meeting by emailing ea@merredin.wa.gov.au.

4. Disclosure of Interest

5. Confirmation of Minutes of Previous Meetings

5.1 Audit Committee Meeting held on 16 March 2021
Attachment 5.1A

Voting Requirements

Simple Majority Absolute Majority

Officers Recommendation

That the Minutes of the Audit Committee Meeting held on 16 March 2021 be confirmed as a true and accurate record of proceedings.

6. Officers' Reports – Corporate Services

6.1 Entrance Meeting with Incoming Auditors for the 2020-2021 Financial Year

Meeting conducted via Zoom with Mona Loo from the Office of the Auditor General and Leanne Oliver from Audit Partners Australia joining.

Attachments:	Attachment 6.1A – Entrance Meeting Agenda Attachment 6.1B – Annual Financial Report Audit – Planning Summary
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6.2 Annual Financial Statements 2019-20 - Audit

<h1>Corporate Services</h1> 	
Responsible Officer:	Geoff Garside, EMCS
Author:	Geoff Garside, EMCS
Legislation:	<i>Local Government Act 1995, Local Government (Audit) Regulations 1996</i>
File Reference:	Nil
Disclosure of Interest:	Nil
Attachments:	Attachment 6.2A – Completion Report Attachment 6.2B – Management Letter with Draft Management Comment Attachment 6.2C – Shire of Merredin Financial Report 2019-20 Attachment 6.2D – Shire of Merredin Management Representation Letter 2019-20 Attachment 6.2E (Confidential) – Audit Opinion 30 June 2020

Purpose of Report

Executive Decision

Legislative Requirement

Background

The annual financial statements for the year ended 30 June 2019 have been completed, as has the annual audit of the financial statements by Council's auditors, Butler Settineri on behalf of the Auditor General. The statements are attached.

Comment

Local governments are required to adopt the annual report prior to 31 December each year and conduct an annual electors meeting (AEM) not more than 56 days after adopting the report.

Considering the above legislative timeline, it is proposed the 2019-20 Annual Report be adopted at Council's June 2021 meeting, however it is proposed to receive the Audit Report prior to this.

There are two issues noted in both the Management Letter and the Draft Audit Report and the Council to prepare a report addressing the action it has taken or intends to take and provide a copy to the Minister:

- The Operating Surplus Ratio, which for the third year has not at least met the specified benchmark and this creates an adverse trend. This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. As discussed with the auditors, the trend of this ratio needs to be reviewed as part of an overall trend of all of the ratios.
- Accounting journal entries were posted by one employee, with no evidence of review by second employee. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved. This issue has now been addressed by the T/CEO and A/EMCS.

Pursuant to its Instrument of Appointment, it is relevant that the Audit Committee considers the 2019-20 Annual Financial Statement, Auditors Report and Management Letter and where appropriate, makes recommendation/s in respect of these reports.

In accordance with Section 7.9 of the Local Government Act 1995 (the 'Act'), an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit.

The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

1. the Mayor or President;
2. the Chief Executive Officer; and
3. the Minister for Local Government.

Furthermore, in accordance with Regulation 10(4) of the Local Government (Audit) Regulations 1996, where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the Act. The Management Report provides an overview of the audit process and outcomes, whilst also identifying any matters that, whilst generally not material in relation to the overall audit of the financial report, are nonetheless considered relevant to the day-to-day operations of Council.

Discussion with the Auditor

Representatives of Butler Settineri and the Office of the Auditor General attended a meeting with the members of the Audit Committee by video conference on Tuesday 08 June 2021.

Policy Implications

Nil

Statutory Implications

Section 5.27 of the *Local Government Act 1995* states that a general meeting of electors is to be held once every financial year on a day selected by the local government but not more than 56 days after the adoption of the annual report.

Section 5.29 of the *Local Government Act 1995* states that the CEO is to convene an electors' meeting by giving 14 days local public notice.

Strategic Implications

➤ Strategic Community Plan

Theme: Zone 4 – Communication and Leadership
Service Area Objective: 4.1. Community Engagement
Priorities and Strategies for Change: 4.1.1. The Shire regularly engages with its community and, in return, communicates the information gathered in a clear and transparent manner

➤ Corporate Business Plan

Key Action: 4.1.1 – Continue to update the Integrated Planning Framework, meet statutory requirements of the Local Government Act and regulations and regulatory obligations required under other regulations
Directorate: Corporate Services
Timeline: Ongoing

Sustainability Implications

➤ Strategic Resource Plan

Nil

➤ Workforce Plan

Directorate: Nil
Activity: Nil
Current Staff: Nil
Focus Area: Nil
Strategy Code: Nil
Strategy: Nil
Implications: Nil

Risk Implications

Council would be contravening the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* if this item was not considered by the Audit Committee and Council.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Officers Recommendation

That the Audit Committee;

- 1. Receives the Auditor's Report and Management Report for the 2019-20 financial year;**
- 2. Recommends the receipt of the Auditor's Report and Management Report for the 2019-20 financial year to Council;**
- 3. Recommends that the report on journal entries deemed significant be forwarded to the Minister for Local Government; and**
- 4. Recommends a report on the operating surplus ratio be forwarded to the Minister following consideration during the budget process.**

20. Closure

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