

SHIRE OF
MERREDIN
INNOVATING THE WHEATBELT

AGENDA

Audit Committee Meeting

To be held in Council Chambers
Corner King & Barrack Street's, Merredin
Tuesday 22 March 2022
Commencing 4.00pm



Notice of Meeting



Dear President and Councillors,

The next meeting of the Audit Committee of the Shire of Merredin will be held on Tuesday 22 March 2022 in the Council Chambers, Corner King & Barrack Streets, Merredin. The format will be:

4.00pm Audit Committee

Lisa Clack
CHIEF EXECUTIVE OFFICER

18 March 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.

It should be noted that the Attachment hyperlinks will not be functional from this document when sourced from the Shire of Merredin's website. Attachment copies can be obtained by contacting Melissa Ivanetz on 08 9041 1611 or ea@merredin.wa.gov.au.

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

Shire of Merredin Audit Committee Meeting 4.00pm Tuesday 22 March 2022		 SHIRE OF MERREDIN INNOVATING THE WHEATBELT
1.	Official Opening	
2.	Record of Attendance / Apologies and Leave of Absence	
Councillors: Cr M Mckenzie President Cr L Boehme Deputy President Cr D Crook Cr R Manning Cr P Patroni Staff: L Clack CEO A Prnich DCEO M Wyatt ES/EA Members of the Public: Apologies: G Garside Approved Leave of Absence:		
3.	Public Question Time	
Members of the public are invited to present questions about matters affecting the Shire of Merredin and its residents.		
4.	Disclosure of Interest	

5.	Confirmation of Minutes of the Previous Meeting
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5.1 Audit Committee Meeting held on 15 June 2021
 Attachment 5.1A

	Voting Requirements
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Simple Majority Absolute Majority

Officer's Recommendation

That the minutes of the Audit Committee Meeting held on 15 June 2021 be confirmed as a true and accurate record of proceedings.

6. Officer's Reports – Corporate Services

6.1 2021 Compliance Audit Return

<h2>Corporate Services</h2>		
Responsible Officer:	Lisa Clack, CEO	
Author:	Lisa Clack, CEO	
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
File Reference:	GR/17/19	
Disclosure of Interest:	Nil	
Attachments:	Attachment 6.1A – Compliance Audit Return	

Purpose of Report

Executive Decision

Legislative Requirement

Background

In accordance with Regulation 14 of the Local Government (Audit) Regulations 1996, each year every local government is required to carry out a compliance audit in relation to the period 1 January to 31 December against the requirements of the Compliance Audit Return (CAR).

After the CAR has been reviewed by the Audit Committee and presented to Council, a copy certified by the President and CEO, along with the relevant section of the minutes and any additional information explaining or qualifying the CAR, is to be submitted to the Department of Local Government, Sport and Cultural Industries (DLGSCI) by 31 March.

Comment

The CAR is one of the tools available to Council in its governance monitoring role. The CAR also forms part of the DLGSCI's monitoring program. The CAR enables the Council to monitor the level of compliance achieved and to take corrective action if required or proposed to prevent future like occurrences.

The 2021 CAR contains the following compliance categories:

1. Commercial Enterprises by Local Governments;
2. Delegation of Power/Duty;
3. Disclosure of Interest;
4. Disposal of Property;
5. Elections;

6. Finance;
7. Integrated Planning and Reporting;
8. Local Government Employees;
9. Official Conduct;
10. Optional;
11. Tenders for Providing Goods and Services.

The CAR provides the tool for the Council to monitor legislative compliance by examining a range of prescribed subjects under Regulation 13 of the Local Government (Audit) Regulations 1996 in detail.

Policy Implications

Nil

Statutory Implications

Section 7.13(1)(i) of the *Local Government Act 1995* states:

“7.13. Regulations as to audits

- (1) *Regulations may make provision as follows —*
 - (i) *requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —*
 - (i) *of a financial nature or not; or*
 - (ii) *under this Act or another written law.”*

Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* states:

“14. Compliance audits by local governments

- (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.*

“15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
- (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
- (b) *any additional information explaining or qualifying the compliance audit,*
- is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*
- (2) *In this regulation —*
- certified** *in relation to a compliance audit return means signed by —*
- (a) *the mayor or president; and*
- (b) *the CEO.”*

Strategic Implications

➤ Strategic Community Plan

Theme	Communication and Leadership
Service Area:	4.2 – Decision making
Objectives:	4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources

➤ 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 contravene the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996* if this item was not presented to the Audit Committee for recommendation to Council.

The objective of the CAR is to identify risks to the organisation where noncompliance may have occurred enabling processes and procedures to be developed, reviewed or amended, as required.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the Audit Committee recommends to the Council:

- 1. That it receives the 2021 Compliance Audit Return;**
- 2. That it adopts the 2021 Audit Return for the period 1 January 2021 to 31 December 2021 as contained in Attachment 6.1A**
- 3. That it authorises the Shire President and Chief Executive Officer to sign the joint certification and submit the completed 2021 Compliance Audit Return, and any additional information explaining or quantifying the compliance audit, to the Department of Local Government, Sport and Cultural Industries by 31 March 2022.**

6.2 **2020-2021 Annual Audit**

<h2>Corporate Services</h2>		
Responsible Officer:	Lisa Clack, CEO	
Author:	Lisa Clack, CEO	
Legislation:	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
File Reference:	FM/2/2	
Disclosure of Interest:	Nil	
Attachments:	Attachment 6.2A – Letter from OAG 2021 Annual Financial Audit Delay	

Purpose of Report



Executive Decision



Legislative Requirement

Background

The Auditor General’s role is to audit the finances and activities of Western Australian state and local government entities, and report their findings to Parliament. This includes yearly audits of the Shire of Merredin.

Under the Local Government Act 1995, the Auditor General is to audit the accounts and annual financial report of the Shire.

The annual financial report comprises the Statement of Financial Position as at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Chief Executive Officer. As a part of the audit, the OAG also report on matters as detailed under Other Legal and Regulatory Requirements.

The objective of the audit is to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, and to issue an auditor’s report that includes the Auditor General’s opinion.

Comment

The Office of the Auditor General has written to the Shire to advise that although the OAG is required to prepare a report under section 7.9 of the Local Government Act 1995, by 31 December on the OAG Office’s audit of the Shire’s annual financial report for the

2020-21 financial year this has not been able to be completed. The correspondence from the OAG is attached as Attachment 6.2A.

The Shire of Merredin is one of a number of our local government audits that have been delayed this year.

Policy Implications

Nil

Statutory Implications

Pursuant to 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.

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, which is to include audited financials.

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.

The Shire of Merredin is currently non-compliant with this timeframe.

Strategic Implications

➤ Strategic Community Plan

Theme	Communication and Leadership
Service Area:	4.2 – Decision making
Objectives:	4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources

➤ 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

There are risks with non-compliance with the Act and Regulations.

Financial Implications

Nil

Voting Requirements

Simple Majority

Absolute Majority

Officer's Recommendation

That the Audit Committee notes the letter from the Office of the Auditor General regarding the delay to the 2021 Annual Financial Audit Report.

20. Closure

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