



Shire of Irwin Audit Committee Meeting

to be held in the Council Chambers

Thursday 17 March, 2022

at 4.00pm

Minutes

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chief Executive Officer welcomed Councillors, Staff and Guests and declared the meeting open at 4.00pm.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

Members

Cr I Scott	Shire of Irwin Councillor
Cr G Eva	Shire of Irwin Councillor
Cr M Leonard	Shire of Irwin Councillor

Staff

Mr S D Ivers	Chief Executive Officer
Mrs D K Chandler	A/Manager Corporate & Community
Ms S J Clarkson	A/Senior Finance Officer
Ms N A M'Leane	Development & Executive Officer

Apologies

Guests

Mikey Fiorucci	Office of the Auditor General (<i>via Microsoft Teams</i>)
Michael Fay	Pitcher Partners (<i>via Microsoft Teams</i>)
Korena Xie	Pitcher Partners (<i>via Microsoft Teams</i>)
Daniel Fu	Pitcher Partners (<i>via Microsoft Teams</i>)

3. ELECTION OF AUDIT COMMITTEE CHAIRPERSON AND DEPUTY CHAIRPERSON

The CEO advised he had received one (1) written nomination prior to the meeting for the office of Audit Committee Chairperson as follows:

1. Cr Mark Leonard nominated Cr Isabelle Scott with Cr Scott indicating her consent to the nomination.

Further nominations were invited and, as no other nominations were forthcoming, the nomination period was declared closed by the CEO.

With only one (1) nomination received, Cr Scott was declared elected unopposed to the office of Chairperson for the Shire of Irwin Audit Committee.

The Chairperson requested the CEO continue to carry out the process for the election of Audit Committee Deputy Chairperson.

The CEO advised he had received one (1) written nomination prior to the meeting for the office of Audit Committee Deputy Chairperson as follows:

1. Cr Mark Leonard nominated for Deputy Chairperson.

Further nominations were invited and, as no other nominations were forthcoming, the nomination period was declared closed by the CEO.

With only one (1) nomination received, Cr Leonard was declared elected unopposed to the office of Deputy Chairperson for the Shire of Irwin Audit Committee.

Cr Scott continued the meeting as Chairperson.

4. CONFIRMATION OF MINUTES

4.1. Minutes of the Audit Committee Meeting held Wednesday 16 June 2021

A copy of the minutes of the Audit Committee Meeting held 16 June 2021 have been provided to all Committee Members under separate cover.

COMMITTEE MOTION	
MOVED: Cr Eva	SECONDED: Cr Leonard
That the Minutes of the Audit Committee Meeting, held 16 June 2021, be confirmed as a true and accurate recording of that meeting.	
VOTING DETAILS:	Carried 3/0

5. NEW BUSINESS ITEMS

5.1. Office of the Auditor General (OAG) Performance Audit 2020/21 Exit Meeting

The Chairperson welcomed Mr Mikey Fiorucci from the Office of the Auditor General (OAG) and Mr Michael Fay, Ms Korena Xie and Mr Daniel Fu from Pitcher Partners to the meeting and invited them to conduct the 2020/21 Audit Exit Meeting via Microsoft Teams.

Mr Michael Fay thanked the team at the Shire of Irwin for their cooperation with the audit, a special mention was made thanking Danika Chandler. Michael noted it had been a difficult year with resourcing and staff recruitment, but the Shire was in a great position with their audit position.

Michael and Korena presented the Audit Closing Report for the year ending 30 June 2021 clarifying the amendments to the report since distribution with the Audit Committee Meeting Agenda on Wednesday 16 March. The following points were noted:

- Adverse trends were identified in the Asset Sustainability and Operating Surplus ratio which will be included in the audit report.
- The impairment for credit loss associated with recoverability of outstanding rates was noted. Whilst there is no material impact, this will require further assessment to be able to quantify monetary impact in future periods.
- Danika advised that she would provide an updated financial statement that includes elected members' names for the disclosure note on Elected Members Remuneration.
- Typo relating to the Perth Festival to be removed.
- Mikey anticipated the audit opinion would be issued next week.

Shane thanked the Office of the Auditor General, Pitcher Partners and the team at the Shire of Irwin for all the work put into this year's audit with a special mention to Danika Chandler for her efforts.

Mr Mikey Fiorucci, Mr Michael Fay, Ms Korena Xie and Mr Daniel Fu left the meeting at 4.38pm.

5.2. Compliance Audit Return (CAR) 2021

Members of the Audit Committee were provided with the complete Compliance Audit Return (CAR) for the 2021 calendar year (Attachment 1). Local governments are required to complete the statutory compliance return annually and have the return adopted by Council.

The return is a checklist of a local government's compliance with the requirements of the Act and its Regulations, concentrating on areas of compliance considered "high risk".

The Audit Committee is to review the annual CAR and report to Council the results of that review, prior to adoption of the return by Council. After adoption, the return is to be signed by the Shire President and the CEO prior to it being forwarded to the Department of Local Government, Sport and Cultural Industries (DLGSCI). A report will be prepared for Council's consideration at the 22 March 2022 Ordinary Council Meeting.

Danika Chandler provided an outline of each section addressed in the 2021 return:

Commercial Enterprises by Local Governments

As the Shire has not undertaken any commercial enterprises during 2021, N/A responses were provided.

Delegation of Power/Duty

As no delegations to committees were made during 2021, N/A responses were provided. Following the review of delegations in 2020 and implementation of the Integrity compliance software, all processes relating to delegations are sound, however refresher training in the use of the Integrity compliance software to record exercises of delegation is required.

Disclosure of Interest

Recordkeeping practices for disclosures of interest are sound and staff have a number of practices/procedures in place to ensure compliance. With the implementation of the Integrity compliance software, all processes relating to primary and annual returns are sound, therefore ensuring compliance.

The Shire failed to remove a previous Councillor's information from the gift register, however this has now been completed.

The Shire also failed to adopt a Code of Conduct for council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021). The Code was adopted at the 26 October 2021 Ordinary Council Meeting.

Disposal of Property

The Shire disposed of the Kennedy Heights property during 2021 with the first option by public tender then sale by offer and acceptance. This process complied with section 3.58 of the *Local Government Act 1995*.

Elections

The Shire is considered to be compliant in all areas relating to the 2021 local government election.

Finance

The Shire complies with all areas relating to the Audit Committee. As the Shire's 2020/21 performance audit was still being finalised at the time of completing the CAR, N/A responses were provided to questions relating to the annual financial statement and auditor's report.

Integrated Planning and Reporting

Until the Shire integrates the Long Term Financial Plan, Asset Management Plan and Workforce Plan with the Corporate Business Plan (CBP), the Shire is non-compliant with Admin Reg

19DA(3)(c). These plans are in progress and once the integrated planning suite is complete, the CBP will be reviewed so it aligns and the Shire will then be compliant with Admin Reg 19DA(3)(c) & (4).

Local Government Employees

This section relates to recruitment of CEO and senior employees. The Shire is considered to be compliant with the commencement of recruitment for the Executive Manager Corporate and Community position in December 2021.

Official Conduct

The Shire is considered to be compliant with all sections of the Act relating to complaints.

Optional Questions

The Shire is considered compliant with all legislation referred to in the optional questions.

Tenders for Providing Goods and Services

The Shire is considered to be fully compliant in all areas relating to tenders.

Councillor Mark Leonard congratulated the Shire on the completed Compliance Audit Return.

The Compliance Audit Return is due for submission to the DLGSCI by 31 March 2022.

Discussion was held around the increased cost to local governments as a result of the state government's directive for the Office of the Auditor General to audit all local governments.

The Shire of Irwin is anticipating additional fees for the 2020/21 audit due to the delays associated with the appointed auditor's lack of local government experience. In addition, the extra staff resourcing that has been absorbed and overall may result in up to a \$200,000 audit expense.

As this issue is currently common amongst many small to mid-sized regional local governments, Cr Scott moved a Committee motion to raise this topic at the next zone meeting of WALGA in April 2022 to enable a collective approach to achieving a desired outcome.

COMMITTEE DECISION AND RECOMMENDATION TO COUNCIL	
MOVED: Cr Leonard	SECONDED: Cr Eva
That Council raise the issue of increased costs associated with mandatory Office of the Auditor General audits at the next Northern Country Zone of WALGA Meeting.	
VOTING DETAILS:	Carried 3/0

COMMITTEE MOTION	
MOVED: Cr Leonard	SECONDED: Cr Eva
That the Shire of Irwin Audit Committee supports the information provided in the 2021 Compliance Audit Return (CAR) provided as Attachment 1.	
VOTING DETAILS:	Carried 3/0

6. GENERAL BUSINESS

Nil.

7. URGENT BUSINESS APPROVED BY CHAIR OR BY COMMITTEE DECISION

Nil.

8. SETTING OF FUTURE MEETING DATES

The next Audit Committee meeting is to be held Tuesday, 5 April 2022.

9. CLOSURE

There being no further business, the meeting was declared closed at 4.58pm.