



# Shire of Irwin Audit Committee Meeting

to be held in the Council Chambers

Tuesday 11 February 2020

at 5.00pm

## Agenda

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS
2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

### Members

|              |                |
|--------------|----------------|
| Cr M T Smith | Shire of Irwin |
| Cr I F West  | Shire of Irwin |
| Cr M Leonard | Shire of Irwin |
| Cr B Wyse    | Shire of Irwin |

### Staff

|                  |                                    |
|------------------|------------------------------------|
| Mr S Ivers       | Chief Executive Officer            |
| Ms J Goodbourn   | Supervisor Finance                 |
| Mrs D K Chandler | Governance & Executive Coordinator |

### Apologies

### Guests

3. ELECTION OF CHAIRPERSON

Nomination form provided with this Agenda.

4. CONFIRMATION OF TERMS OF REFERENCE

A draft Terms of Reference has been provided to all committee members for consideration.

### AUDIT COMMITTEE RECOMMENDATION TO COUNCIL:

MOVED: Cr \_\_\_\_\_

SECONDED: Cr \_\_\_\_\_

**That Council adopts the updated Audit & Risk Committee Terms of Reference provided as Attachment 4.**

## 5. CONFIRMATION OF MINUTES

### 5.1. Minutes of the Audit Committee Meeting held Thursday 17 October 2019

A copy of the minutes of the Audit Committee Meeting held 17 October 2019 have been provided to all Committee Members under separate cover.

**COMMITTEE MOTION:**

**MOVED:** Cr \_\_\_\_\_

**SECONDED:** Cr \_\_\_\_\_

**That the Minutes of the Audit Committee Meeting, held 17 October 2019, be confirmed as a true and accurate recording of that meeting.**

## 6. BUSINESS ARISING FROM PREVIOUS MEETING

### 6.1. Office of the Auditor General (OAG) – Performance Audit 2018/19

The Shire of Irwin received the Audit Opinion from the Office of the Auditor General on 15 October 2019.

The result of the audit was satisfactory and the following material matters indicate significant adverse trends in the financial position of the Shire:

- The Current Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 2 years.
- The Operating Surplus Ratio has been below the DLGSCI standard for the past 3 years.
- In the Auditor’s opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Section 7.12A(4) and (5) of the Local Government Act 1995 states that a local government must:

*(4) (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*

*(b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*

*(5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government’s official website.*

At the Audit Committee Meeting held 17 October 2019, the committee recommended to Council to endorse the preparation of a report addressing the significant matters identified in the audit report to be provided to the Minister by 31 December 2019.

This report has been prepared but requires endorsement by both the Audit Committee and full Council. Due to Council meeting early in December 2019 and no meeting scheduled in January 2020, an extension was requested to allow the Audit Committee to endorse the report and then full Council to endorse the report at the Ordinary Council Meeting to be held 25 February 2020, before providing the report to the Minister.

A response was received from the DLGSCI on 31 January 2020, acknowledging and accepting the delay in providing the report to the Minister.

The report is presented as an attachment to this agenda for the Audit Committee's consideration.

**COMMITTEE MOTION:**

**MOVED:** Cr \_\_\_\_\_

**SECONDED:** Cr \_\_\_\_\_

**That the Shire of Irwin Audit & Risk Committee, in accordance with Section 7.12A(4) of the Local Government Act 1995, endorses the *Office of the Auditor General (OAG) Performance Audit 2018/19 Report* provided as Attachment 6.1.**

## 7. NEW BUSINESS ITEMS

### 7.1. Compliance Audit Return (CAR) 2019

Members of the Audit Committee have been provided with the complete Compliance Audit Return (CAR) for the 2019 calendar year. Local governments are required by legislation 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 to Council will be prepared for Council's consideration at the 25 February 2020 Ordinary Council Meeting.

The following provides an outline of each section addressed in the 2019 return:

#### Commercial Enterprises by Local Governments

As the Shire has not undertaken any commercial enterprises during 2019, a N/A response has been provided.

#### Delegation of Power / Duty

An investigation was undertaken to ensure that the Shire is meeting its statutory obligations in regards to Delegated Authority. A N/A response has been provided for questions relating to delegation of powers to Committees as there have been no delegations of this type. In regards to delegations from Council to CEO and CEO to staff, processes around administering and recording these delegations are sound, although delegations across the organisation are currently being reviewed.

#### Disclosure of Interest

Recordkeeping practices for Disclosures of Interest are sound and staff have a number of practices/procedures in place to ensure compliance in this area.

One Councillor lodged their completed annual return on 2 September. Section 5.76 of the *Local Government Act 1995* states that each year, a relevant person other than the CEO must lodge with the CEO an annual return in the prescribed form by 31 August of that year. Penalty applicable: \$10,000 or imprisonment for 2 years.

This was reported to the DLGSCI with a response advising that the Department has considered the matter and determined that in this case no further action will be taken. However, the Councillor should be reminded of their obligations under the Act to submit all future annual returns by the

due date. The Department also advised that the matter has been recorded in their case management system should a similar matter arise in the future.

#### Disposal of Property

The Shire disposed of a number of vehicles during 2019 by public auction – the questions relate to property disposed of by other means, therefore N/A responses were provided.

#### Elections

The Shire is considered to be compliant in all areas relating to the 2019 local government election.

#### Finance

This section relates to the Audit Committee and its duties. For the reporting period the Shire is considered to be compliant in all areas. The Shire is required to report on actions taken to address significant adverse trends identified in the 2018/19 audit within 3 months of receiving the audit report. Given timing over the Christmas break and Council not meeting in January, the report will not be endorsed by full Council until after this February meeting. The DLGSC have been notified of this approximately 1 month delay and have acknowledged and accepted the delay.

#### Integrated Planning and Reporting

This section seeks input about Integrated Planning and Reporting and Regulation 17 of the Government (Audit) Regulations 1996. Council have adopted a recent Strategic Community Plan and Long Term Financial Plan. It has been identified previous to completion of the CAR, that a revised Corporate Business Plan, Asset Management Plan and Workforce Plan all need to be developed and adopted. These will be done after an early review of the Strategic Community Plan in the first half of 2020.

#### Local Government Employees

This section relates to the recruitment of the Chief Executive Officer (CEO) or designated senior employees. The Shire is considered to be compliant with the CEO recruitment process that was undertaken during the reporting period.

#### Official Conduct

The Shire of Irwin has not received any Complaints relating to official conduct of Council members resulting in an action under s5.110(6)(b) or (c) during 2018.

#### Tenders for Providing Goods and Services

The Shire is considered to be compliant in all areas of this section.

The Compliance Audit Return is due for submission to the DLGSCI by 31 March 2020.

#### **COMMITTEE MOTION:**

**MOVED: Cr \_\_\_\_\_**

**SECONDED: Cr \_\_\_\_\_**

**That the Shire of Irwin Audit & Risk Committee supports the information provided in the 2019 Compliance Audit Return (CAR) provided as Attachment 7.1.**

#### **8. GENERAL BUSINESS**

#### **9. URGENT BUSINESS APPROVED BY CHAIR OR BY COMMITTEE DECISION**

**10. SETTING OF FUTURE MEETING DATES**

**11. CLOSURE**