



Shire of Irwin Audit Committee Meeting

to be held in the Council Chambers

Tuesday 16 March 2021

at 4.00pm

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 D Ivers	Chief Executive Officer
Mrs D K Chandler	A/Manager Corporate & Community

Apologies

Guests

3. CONFIRMATION OF MINUTES

3.1. Minutes of the Audit Committee Meeting held Tuesday 11 February 2020

A copy of the minutes of the Audit Committee Meeting held 11 February 2020 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 11 February 2020, be confirmed as a true and accurate recording of that meeting.

4. NEW BUSINESS ITEMS

4.1. Compliance Audit Return (CAR) 2020

Members of the Audit Committee have been provided with the complete Compliance Audit Return (CAR) for the 2020 calendar year (Attachment 4.1). 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 will be prepared for Council's consideration at the 23 February 2021 Ordinary Council Meeting.

The following provides an outline of each section addressed in the 2020 return:

Commercial Enterprises by Local Governments

The acquisition of the Dongara Medical Centre in 2020 was considered a major land transaction that was not exempt, therefore a business plan was prepared in accordance with s3.59(2)(b) of the *Local Government Act* and Regulations 7, 8 and 10 of the *Local Government (Functions and General) Regulations 1996*. Compliance with public notice requirements and proceeding by absolute majority has all been met in accordance with s3.59(4)(5).

Delegation of Power / Duty

An investigation was undertaken to ensure that the Shire is meeting statutory obligations regarding Delegated Authority. N/A response has been provided for questions relating to delegation of powers to Committees as there have been no delegations of this type. Regarding delegations from Council to CEO and CEO to staff, processes around administering and recording these delegations are sound, particularly with the in-depth review of Council to CEO delegations and adoption of the new register at the 28 July 2020 Ordinary Council Meeting.

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.

All annual returns were lodged by the 31 August as per Section 5.76 of the *Local Government Act 1995*, however a primary return was not lodged by an employee within three months of their start date. 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 employee 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. To fulfill obligations by the CEO, the matter was also reported to the Crime and Corruption Commission with notification of the outcome advising that no further action will be taken.

It was also reported in the Compliance Audit Return that the Codes of Conduct were reviewed, and new Codes of Conduct adopted at the 20 August 2020 Ordinary Council Meeting in accordance with Regulations 34B and 34C of the *Local Government (Administration) Regulations 1996*.

Disposal of Property

The Shire disposed of a number of vehicles, furniture, equipment & property during 2020 by public auction and other means. Therefore, the Shire is considered to be compliant in all areas relating to disposal of property.

Elections

N/A response was provided for this section as there were no disclosures of electoral gifts received by the CEO during the reporting period.

Finance

This section relates to the Audit & Risk 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 2019/20 audit within 3 months of receiving the audit report. The auditor's report was received 4 February. A Performance Audit Report addressing significant adverse trends will be presented to the Audit Committee in late March / early April 2021.

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, Long Term Financial Plan and Corporate Business Plan. It has been identified previous to completion of the CAR, that a revised 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 2021.

Local Government Employees

This section relates to the recruitment of the Chief Executive Officer (CEO) or designated senior employees. All responses are N/A as there were no appointments of the CEO or senior employees.

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 2020.

Optional Questions

All optional questions were answered in the return with the Shire considered compliant in all areas, including adoption of council policy CP45 Attendance at Events in accordance with s5.90A(2) and council policy CP44 Councillor Training and Continuing Professional Development in accordance with s5.128(1).

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 2021.

COMMITTEE MOTION:

MOVED: Cr _____

SECONDED: Cr _____

That the Shire of Irwin Audit & Risk Committee supports the information provided in the 2020 Compliance Audit Return (CAR) provided as Attachment 4.1.

4.2. 2019/20 Annual Financial Statements and Independent Audit Report

Moore Australia, on behalf of the Office of the Auditor General, has completed the audit of the 2019/20 Annual Financial Statements.

Findings identified during the final audit:

Review of asset residual values and useful lives

The Shire has not documented an assessment of its property, plant and equipment and infrastructure asset useful lives and residual values for the current reporting period. This is considered a **moderate** rating implication. As a requirement of *AASB 116 Property, Plant and Equipment*, this assessment is intended to review the current condition of Shire assets, the remaining useful lives of existing assets and any residual values assigned to the Shire's assets. Failure to perform this assessment may result in potential impairment factors occurring undetected or existing useful lives and residual values do not reflect current market conditions or replacement cost for the Shire's assets. This could lead to accounting misstatements in the financial statements.

The Shire will perform an assessment of its property, plant and equipment and infrastructure assets including assessing the current condition of the Shire's assets, the asset useful lives and depreciation rates, and any residual values applied to relevant assets in preparation for the financial report. Where changes to asset useful lives and residual values are required, the Shire will assess the implications and adjust the asset and depreciation account balances accordingly.

Report on Other Legal and Regulatory Requirements

"In accordance with the Local Government (Audit) Regulations 1996 I report that:

(i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:

a. The Current Ratio as reported in Note 34 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.

b. The Asset Sustainability Ratio as reported in Note 34 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.

c. The Operating Surplus Ratio as reported in Note 34 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.

(ii) All required information and explanations were obtained by me.

(iii) All audit procedures were satisfactorily completed.

(iv) In my 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.

In accordance with section 7.12A(4), a report on the 2019/20 Performance Audit is being prepared for the Minister addressing the three significant adverse trends in the Shire's Current, Asset Sustainability and Operating Surplus Ratios. Once reviewed by the Audit & Risk Committee, the report will be presented to Council for adoption at the 27 April 2021 Ordinary Council Meeting. The report will then be submitted to the Minister within 3 months of receiving the audit report and will be published on the Shire of Irwin website.

COMMITTEE MOTION:

MOVED: Cr _____

SECONDED: Cr _____

That the Shire of Irwin Audit & Risk Committee receives the information provided in the 2019/20 Annual Financial Statement and Independent Audit Report, provided as Attachment 4.2.

5. GENERAL BUSINESS

6. URGENT BUSINESS APPROVED BY CHAIR OR BY COMMITTEE DECISION

7. SETTING OF FUTURE MEETING DATES

8. CLOSURE