

**CONFIRMED MINUTES - AUDIT AND RISK MANAGEMENT COMMITTEE  
MEETING 16 FEBRUARY 2021**



**SHIRE OF ASHBURTON  
AUDIT AND RISK MANAGEMENT  
COMMITTEE MEETING**

**CONFIRMED MINUTES  
(Public Document)**

**Ashburton Hall, Ashburton Avenue  
Paraburdoo  
16 February 2021**

**8.30 am**

UNCONFIRMED PUBLIC MINUTES - ORDINARY MEETING OF COUNCIL  
16 FEBRUARY 2021

SHIRE OF ASHBURTON

ORDINARY MEETING OF COUNCIL

The Chief Executive Officer recommends the endorsement of these minutes at the next Ordinary Meeting of Council.

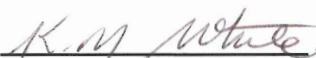


**Mr Kenn Donohoe**  
Chief Executive Officer

Date: 16.02.2021

These minutes were confirmed by Council as a true and correct record of proceedings of the Ordinary Meeting of Council on the 16 February 2021.

Presiding Member:



Date:

16/03/2021

**DISCLAIMER**

*The resolutions contained in the Minutes are subject to confirmation by Council. The Shire of Ashburton warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Ashburton for any act, omission or statement or intimation occurring during a Council meeting.*

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**1. DECLARATION OF OPENING**

The Presiding Member declared the meeting open at 8.34 am.

**1.1 ACKNOWLEDGEMENT OF COUNTRY**

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders both past, present and emerging.

**2. ATTENDANCE**

**2.1 PRESENT**

<b>Members:</b>	Cr K White Cr L Rumble Cr M Lynch Cr D Diver Cr R de Pledge Cr D Dias	Onslow Ward (Presiding Member) Paraburdoo Ward Tom Price Ward Tom Price Ward Ashburton Ward Paraburdoo Ward
<b>Staff:</b>	Mr K Donohoe Mr A Majid Mrs C McGurk Mr M Khosravi Mrs J Fell Mrs M Lewis Mrs A Lennon	Chief Executive Officer Director Development Services Director Projects and Procurement Director Infrastructure Services Acting Director Corporate Services Council Liaison Officer Manager Media and Communication
<b>Guests:</b>	Efthalia Samaras Krushna Hirani David Wall	Office of the Auditor General (Dial in) RSM (Dial in) RSM (Dial in)
<b>Members of Public:</b>	There were no members of the public in attendance at the commencement of the meeting.	
<b>Members of Media:</b>	There were no members of the media in attendance at the commencement of the meeting.	

**2.2 APOLOGIES**

Cr M Gallanagh	Pannawonica Ward
Mr J Bingham	Director Corporate Services
Cr J Richardson	Tablelands Ward

**2.3 APPROVED LEAVE OF ABSENCE**

Cr P Foster	Tom Price Ward
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**3. ANNOUNCEMENT OF VISITORS**

There were no visitors for this meeting.

**4. DECLARATION BY MEMBERS**

## CONFIRMED MINUTES - AUDIT AND RISK MANAGEMENT COMMITTEE MEETING 16 FEBRUARY 2021

### 4.1 DUE CONSIDERATION BY COUNCILLORS TO THE AGENDA

All Councillors noted that they had given due consideration to all matters contained in the Agenda presently before the meeting.

### 4.2 DECLARATIONS OF INTEREST

#### Councillors to Note

A member who has an Impartiality, Proximity or Financial Interest in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (a) Preside at the part of the Meeting, relating to the matter or;
- (b) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

#### **NOTES ON DECLARING INTERESTS (FOR YOUR GUIDANCE)**

The following notes are a basic guide for Councillors when they are considering whether they have an interest in a matter.

These notes are included in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc.), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.

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- 6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
  - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*; or
  - 6.2 Where the Minister allows the Councillor to participate under s.5.69 (3) of the *Local Government Act*, with or without conditions.

**Declarations of Interest provided:**

Item Number/ Name	Type of Interest	Nature/Extent of Interest
There are no Declarations of Interest for this meeting.		

**5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**5.1 AUDIT AND RISK COMMITTEE MEETING HELD ON 8 SEPTEMBER 2020**

**Officers Recommendation**

**Moved: Cr D Diver**

**Seconded: Cr M Lynch**

**That the Unconfirmed Minutes of the Audit and Risk Committee Meeting held on 11 December 2020 (ATTACHMENT 5.1) be confirmed as a true and accurate record.**

**CARRIED 6/0**

**6. TERMS OF REFERENCE**

**Audit and Risk Management Committee**

**Purpose**

The Audit Committee's role in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1995* is to provide assistance and guidance to Council on the discharge of its duties under Part 6 and 7 of the *Local Government Act 1995 (the Act)*. The Audit Committee assists Council to monitor the integrity of the Shire's financial statements, risk management, internal controls and compliance with legislative requirements.

**Responsibilities**

The Audit Committee is responsible for:

- 1.1 Guiding and assisting Council in carrying out its functions under:
  - (a) Part 6 of the *Act* and its functions relating to other audits and other matters related to financial management; and
  - (b) Part 7 of the *Act* in relating to auditing the Shire's financial accounts.
- 1.2 Reviewing the CEO's report required under regulation 17(3).
- 1.3 Monitoring and advising the CEO when the CEO is carrying out functions in relation to a review under:
  - (a) regulation 17 (1); and

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- (b) the *Local Government (Financial Management) Regulations 1996*, regulation 5(2)(c).
- 1.4 Support the Auditor conducting an audit and carrying out the Auditor's other duties under the *Act*.
- 1.5 Oversee the implementation of any action that Council
  - (a) is required to take, has stated it has taken or intends to take in respect to matters raised by the audit report;
  - (b) has accepted should be taken on receipt of the CEO's report of a review under regulation 17(1); and
  - (c) has accepted should be taken on receipt of the CEO's report under regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.
- 1.6 The Audit Committee's duties include;
  - (a) considering the Auditor's interim audit of the Shire's accounting and internal control procedures for the financial year;
  - (b) reviewing the audited financial report for the previous financial year;
  - (c) reviewing the interim and final audit reports for the financial year;
  - (d) reviewing the annual Compliance Audit Return;
  - (e) reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's systems and procedures regarding risk management, internal controls and legislative compliance;
  - (f) reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's financial management systems and procedures; and
  - (g) considering the proposed timeline for Council to adopt the budget and the ten-year financial plan for the following financial year; and providing a report to council on those matters.

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**7. AGENDA ITEMS**

**7.1 REVIEW OF 2019/20 INDEPENDENT FINANCIAL AUDIT REPORT AND  
MANAGEMENT REPORTS**

<b>FILE REFERENCE:</b>	FM09
<b>AUTHOR'S NAME AND POSITION:</b>	Gillian Smith Acting Manager Finance
<b>AUTHORISING OFFICER AND POSITION:</b>	Janelle Fell Acting Director Corporate Services.
<b>NAME OF APPLICANT/ RESPONDENT:</b>	Not Applicable
<b>DATE REPORT WRITTEN:</b>	28 January 2021
<b>DISCLOSURE OF FINANCIAL INTEREST:</b>	The author and the authorising officer have no financial, proximity or impartiality interests in the proposal
<b>PREVIOUS MEETING REFERENCE:</b>	Not Applicable

**Summary**

Auditors RSM Australia conducted the Annual Financial Audit for 2019/20 during October 2020 to January 2021. This report discusses the outcomes of the Audit including the Independent Auditors Report and Management letter.

**Background**

In 2018/19 the Office of the Auditor General (OAG) was appointed as Councils auditor in accordance with the provisions of the *Local Government Amendment (Auditing) Act 2017*. Further to this appointment in February 2019 the OAG went to tender and advised RSM Australia would be the Shires external auditors for 2018/19 which was extended to include 2019/20.

RSM completed their fieldwork during a visit to Tom Price in October. At a de-brief meeting prior to departure, the Auditors confirmed there were no compliance issues nor detected any occurrences of fraud in relation to the *Local Government Act 1995* ("the Act") and the *Local Government (Financial Management) Regulations 2011* ("the Financial Regulations").

A list of outstanding information required by the Auditors plus completion of work papers by Finance Officers was finalised in January resulting in the Financial Report for the year ended 30 June 2020 being completed in the week beginning 8 February 2021.

**Comment**

This year the audit process has been more extensive than prior years due to significant changes to Australian Accounting Standards, COVID-19 implications and changes to *Local Government (Financial Management) Regulations 1996*, some of which were only introduced in November 2020 and being back dated to the 1 July 2019.



## CONFIRMED MINUTES - AUDIT AND RISK MANAGEMENT COMMITTEE MEETING 16 FEBRUARY 2021

Key deliverables were:

- **Annual financial statements audit report** - an Independent Audit Report issuing Council with an *unqualified audit opinion* on the 2019/20 Financial Reports i.e. the financial statements are free from material misstatement whether due to fraud or error;

The Annual Financial Report includes a Statement of Financial Position as at 30 June 2020, a Statement of Comprehensive Income, a Statement of Changes in Equity, a Statement of Cash-flows and a Statement of Rate Setting Statement for the year ended 30 June 2020 inclusive of accounting policies and other explanatory notes and statements.

- **Other legal and regulatory requirements audit** - a report on compliance with requirements of the *Local Government Act 1995* ("the Act") or *Local Government (Financial Management) Regulations 1996* ("the Financial Management Regulations"). The auditors noted two material matters indicating non-compliance with part 6 of the Act, the *Financial Management Regulations* or applicable financial controls of any other written law;

### Management Letters

Two control weaknesses were identified during the Final Audit of the Shire:

1. Excess Leave Management
2. Related Party Declarations

These control weaknesses were identified during the Interim Audit of the Shire:

1. Incorrect Capitalisation of Minor Assets
2. Procurement Controls
3. Petty Cash Controls

Following on from this the Office of Auditor General made available on 12 February 2021 the 2019/20 Independent Audit Report, Management Letter and Financial Statements.

**ATTACHMENT 7.1A**  
**ATTACHMENT 7.1B**  
**ATTACHMENT 7.1C**  
**ATTACHMENT 7.1D**

The Audit and Risk Committee will be provided the opportunity to meet and discuss the Audit Report and Management Reports with the Auditor at the meeting.

### Consultation

Executive Leadership Team  
Finance Team and Manager  
RSM Australia (Auditor)

### Statutory Environment

The Shire is required to prepare an Annual Report for each financial year in accordance with Part 5 Division 5 of *the Act*. The Report is to be accepted no later than 31 December by an absolute majority in accordance with section 5.54 of *the Act*. Section 7.12 of the *Act* also applies:

7.12A. *Duties of local government with respect to audits*

(1) *A local government is to do everything in its power to —*

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- (a) *assist the auditor of the local government to conduct an audit and carry out his or her other duties under this Act in respect of the local government; and*
- (b) *ensure that audits are conducted successfully and expeditiously.*
- (2) *Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.*
- (3) *A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —*
  - (a) *determine if any matters raised by the report, or reports, require action to be taken by the local government; and*
  - (b) *ensure that appropriate action is taken in respect of those matters.*
- (4) *A local government is to —*
  - (a) *prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and*
  - (b) *forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time*

**Financial Implications**

Outcomes of the Report will influence the current Budget as well as the Long Term Financial Plan.

**Strategic Implications**

Shire of Ashburton 10 Year Strategic Community Plan 2017-2027 (Desktop Review 2019)

Goal 05 Inspiring Governance

Objective 3 Council leadership

**Risk Management**

Risk has been assessed on the basis of the Officers Recommendation.

<b>Risk</b>	<b>Risk Likelihood</b>	<b>Risk Impact / Consequence</b>	<b>Risk Rating</b>	<b>Principal Risk Theme</b>	<b>Risk Action Plan (Controls or Treatment proposed)</b>
Compliance	Rare (1)	Moderate (4)	Low (3)	Short term non-compliance with significant regulatory requirements imposed	Accept Officer Recommendation

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The following risk matrix has been applied.

Risk Matrix						
Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix. The perceived level of risk is considered to be low due to the legislative requirements for this to occur in a timely manner, which can be managed by routine procedures.

**Policy Implications**

There are no known policy implications for this matter.

**Voting Requirement**

Simple Majority Required

Committee Recommendation

That with respect to the Review of the 2019/20 Independent Financial Audit Report and Management Reports, that the Audit and Risk Committee note receipt of the Management Report for the year ended 30 June 2020 and recommend Council:

1. Note the presentation by the Auditor to the Committee;
2. Accept the 2019/20 Annual Financial Report ATTACHMENT 7.1A; and
3. Accept the Independent Auditors Report ATTACHMENT 7.1B and Final Audit Management Letter to the Electors of the Shire of Ashburton for the year ended 30 June 2020 ATTACHMENT 7.1C.

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**Motion**

**MINUTE:** 1/2021

**Moved:** Cr M Lynch

**Seconded:** Cr D Diver

**That with respect to the Review of the 2019/20 Independent Financial Audit Report and Management Reports, that the Audit and Risk Committee note receipt of the Management Report for the year ended 30 June 2020 and recommend Council:**

- 1. Note the presentation by the Auditor to the Committee;**
- 2. Accept the 2019/20 Annual Financial Report ATTACHMENT 7.1A; and**
- 3. Accept the Independent Auditors Report ATTACHMENT 7.1B and Final Audit Management Letter ATTACHMENT 7.1C and the Independent Audit Management Letter ATTACHMENT 7.1D to the Electors of the Shire of Ashburton for the year ended 30 June 2020.**

**CARRIED 6/0**

Danielle Hurstfield and Nicole Jeffery (Shire staff members) and Russell Barnes (Moore Australia) entered the meeting at 8.37 am.

Ben Witkowski (Shire staff member) entered the meeting at 8.45 am.

Alison Lennon (Shire staff member) entered the meeting at 8.50am.

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**8. CONFIDENTIAL MATTERS**

There were no Confidential Matters for this meeting.

*Under the Local Government Act 1995, Part 5, and Section 5.23, states in part:*

- (2) *If a meeting is being held by a council or by a committee referred to in subsection (1)(b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following —***
- (a) *a matter affecting an employee or employees; and***
  - (b) *the personal affairs of any person; and***
  - (c) *a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;***
  - (d) *legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting; and***
  - (e) *a matter that if disclosed, would reveal —***
    - (i) *a trade secret; or***
    - (ii) *information that has a commercial value to a person; or***
    - (iii) *information about the business, professional, commercial or financial affairs of a person, where the trade secret or information is held by, or is about, a person other than the local government; and***
  - (f) *a matter that if disclosed, could be reasonably expected to —***
    - (i) *impair the effectiveness of any lawful method or procedure for preventing,***
      - detecting, investigating or dealing with any contravention or possible contravention of the law; or***
    - (ii) *endanger the security of the local government’s property; or***
    - (iii) *prejudice the maintenance or enforcement of a lawful measure for protecting public safety;***
  - (g) *information which is the subject of a direction given under section 23(1a) of the Parliamentary Commissioner Act 1971; and***
  - (h) *such other matters as may be prescribed.***

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**9. NEXT MEETING**

The next Audit and Risk Management Committee Meeting will be held on Tuesday 16 March 2021 at the Onslow Sports Club, Third Avenue, Onslow at a time to be advised.

**10. CLOSURE OF MEETING**

The Presiding Member closed the meeting at 8.58 am.