Shire of Koorda

Drive in, stay awhile

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MINUTES

Audit Committee Meeting

Held in Shire of Koorda Council Chambers
10 Haig Street, Koorda WA 6475
Wednesday 13 September 2023
Commencing 4.30pm

NOTICE OF MEETING

Dear Audit Committee Members,

The next Audit Committee Meeting of the Shire of Koorda will be held on Wednesday 13 September 2023 in the Shire of Koorda Council Chambers, 10 Haig Street, Koorda, commencing at 4.30pm.

Lana Foote
Acting Chief Executive Officer
8 September 2023

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No responsibility whatsoever is implied or accepted by the Shire of Koorda for any act, omission or statement or intimation occurring during Council or Committee meetings.

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In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, and statement or intimation of approval made by a member or officer of the Shire of Koorda during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Koorda.

The Shire of Koorda warns that anyone who has any application lodged with the Shire of Koorda must obtain and should only rely on **written confirmation** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Koorda in respect of the application.

To be read aloud if any member of the public is present.

Signed

Lana Foote
Acting Chief Executive Officer

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Shire of Koorda
Audit Committee Meeting
4.30pm, Wednesday 13 September 2023

1. Declaration of Opening

The Chairperson welcomes those in attendance and declares the meeting open at 4.30pm.

2. Record of Attendance, Apologies and Leave of Absence

Committee Members:

Cr JM Stratford	President & Chair
Cr BG Cooper	Deputy Member
Cr LC Smith	Member

Staff:

Miss L Foote	Acting Chief Executive Officer
Mrs K Harrap	Governance Officer

Visitors:

Cr GW Greaves	Councillor
Mrs K Burrell	Councillor Elect

Apologies:

Cr NJ Chandler	Member

Approved Leave of Absence:

3. Public Question Time

Nil.

4. Disclosure of Interest

Nil.

5. Confirmation of Minutes from Previous Meetings

5.1. Audit Committee Meeting held on 28 July 2023

Click here to view the previous minutes

Voting Requirements ☒Simple Majority ☐Absolute Majority

Officer Recommendation/Resolution

Moved Cr LC Smith **Seconded Cr BG Cooper**

That, in accordance with Sections 5.22(2) and 3.18 of the *Local Government Act 1995,* the Minutes of the Audit Committee Meeting held 28 July 2023, as presented, be confirmed as a true and correct record of proceedings.

CARRIED 3/0

FOR: Cr JM Stratford, Cr BG Cooper and Cr LC Smith

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6. Presentations

Nil.

7. Officer's Reports

7.1. Fourth Quarterly Reporting of Integrated Strategic Plan and Workforce Plan

Governance and Compliance	
Date	7 September 2023
Location	Not Applicable
Responsible Officer	Lana Foote, Acting Chief Executive Officer
Author	As above
Legislation	*Local Government Act 1995; Local Government (Administration) Regulations 1996*
Disclosure of Interest	Nil
Purpose of Report	☒Executive Decision ☒Legislative Requirement ☐Information
Attachments	Fourth Quarterly Scorecard July to September 2023

Background:
This report is to inform the Committee and Council of its obligations in relation to the integrated planning and reporting (IPR) requirements under the Local Government Act 1995, the Local Government (Administration) Regulations 1996.

Following the Committee's recommendation of 28 September 2022, the quarterly scorecard reporting document approach was adopted by Council on 26 October 2022.

Comment:
Council adopted its Integrated Strategic Plan and Workforce Plan at its meeting held on 20 April 2022.

To assist Council to meet its IPR requirements under the Local Government Act 1995, the Local Government (Administration) Regulations 1996, Shire staff have prepared draft quarterly reporting documents (provided as confidential attachment) for the Committee to consider and, if appropriate, recommend to Council that the fourth quarterly scorecard be adopted and the Integrated Strategic Plan and Workforce Plan components be endorsed for publication.

Consultation:
Nil.

Statutory Implications:
Local Government Act 1995 and relevant subsidiary legislation.

Policy Implications:
Nil

Strategic Implications:
Shire of Koorda Integrated Strategic Plan 2022
4.1.1 - Ensure the use of resources is effective, efficient and reported regularly. (e.g. Financial Management)

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Financial Implications:
Nil

Voting Requirements: ☒Simple Majority ☐Absolute Majority

Officer Recommendation/Resolution

Moved Cr BG Cooper **Seconded Cr LC Smith**

That the Audit Committee recommends:

That Council:

1. **Adopts the fourth quarterly reporting documents (July to September 2023) as presented to the Audit Committee meeting held on 13 September 2023; and**

2. **Endorses the publication of the Integrated Strategic Plan and Workforce Plan components for community information.**

CARRIED 3/0

FOR: Cr JM Stratford, Cr BG Cooper and Cr LC Smith

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7.2. Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls

Governance and Compliance	
Date	7 September 2023
Location	Not Applicable
Responsible Officer	Lana Foote, Acting Chief Executive Officer
Author	As above
Legislation	*Local Government Act 1995 Section 7.13 (i)* *Local Government (Audit) Regulations 1996 – Reg 13, 14 and 15*
Disclosure of Interest	Nil
Purpose of Report	☐Executive Decision ☒Legislative Requirement ☐Information
Attachments	FMR Action Plan - September 2023

Background:

The Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance.

At the May 2023 Audit Committee Meeting, the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls was presented for consideration with the below committee recommendation being resolved at the May 2023 Council Meeting.

Committee Recommendation
RESOLUTION 050523

Moved CR GW Greaves **Seconded CR BG Cooper**

That Council:

1. Receives Moore's Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report, dated April 2023 (Attachment A);

2. Directs the CEO to provide a report, on a quarterly basis, to the Audit Committee to enable the Committee to monitor the Shire's progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996; and

3. Directs the CEO at the first quarterly review to provide proposed actions, including expected completion dates, to the recommendations identified in the report.

CARRIED BY ABSOLUTE MAJORITY 6/0

Comment:

This report has been presented to the audit committee as the committee has a role in supporting Council in fulfilling its governance and oversight responsibilities and provide the audit committee with the opportunity to raise any issues that the document has identified or ask any other questions, they may have in relation to our risk management and compliance activities.

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An initial report was tabled at the June 2023 Audit Committee Meeting and the attached Action Plan is an update on actions that have been taken within the past quarter to align with the quarterly reporting on the Integrated Strategic Plan.

Consultation:
Administration Staff

Statutory Implications:
Regulation 16 of the Local Government (Audit) Regulations 1996 prescribes the functions of an Audit Committee which includes;
"16 (c) to review a report given to it by the CEO under regulation 17(3) and is to –
(i) Report to the council the results of that review; and
(ii) Give a copy of the CEO's report to the council."

"16 (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –
(i) Regulations 17 (1); and
(ii) The Local Government (Financial Management) Regulations 1996 regulation 5(2)(c)."

Regulation 17 of the Local Government (Audit) Regulations 1996 reads as follows;
"(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
a) risk management; and
b) internal control; and
c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review."

Regulation 5 (2) (c) of the Local Government (Financial Management) Regulations 1996 states that -
"the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews."

Policy Implications:
The review recommended some potential improvement opportunities to some of the Council's policy. These will be considered separately by the Policy Review Committee and Council at the completion of the review process. Comments made in the FM Review relating to specific Policies and Procedures will be taken on-board as part of the review process.

Strategic Implications:
Shire of Koorda Integrated Strategic Plan 2022
4.1.1 - Ensure the use of resources is effective, efficient and reported regularly. (e.g. Financial Management)
4.1.2 - Identify business improvement opportunities to enhance operational effectiveness.

Financial Implications:
Nil.

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Voting Requirements: ☒Simple Majority ☐Absolute Majority

Officer Recommendation/Resolution

Moved Cr BG Cooper **Seconded Cr LC Smith**

That the Audit Committee recommends;

That Council as per the quarterly report document (to September 2023) as attached to this item, notes and endorses the actions taken to the identified improvements highlighted in the Financial Management, Risk Management, Legislative Compliance and Internal Controls review.

CARRIED 3/0

FOR: Cr JM Stratford, Cr BG Cooper and Cr LC Smith

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8. Urgent Business Approved by the Person Presiding or by Decision

Nil.

9. Date of Next Meeting

Tuesday, 19 December 2023.

10. Closure

The Chairperson thanked everyone for their attendance and closed the meeting at 4.39pm.

Signed: _____

Presiding Person at the meeting at which the minutes were confirmed.

Date: 19 December 2023

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APPENDIX I – Terms of Reference

Audit Committee
Terms of Reference

1. Establishment

The Audit Committee was re-established by the Council at the Special Meeting of Council on 23 March 2020 and this Terms of Reference sets out the membership, responsibilities, authority and operations of the Committee.

The Committee was created in recognition of the importance of, and legislative obligation for, the establishment and maintenance of an effective internal audit function, best practice governance systems, oversight of the risk management and governance frameworks and performance, and maintenance of strong financial management controls and processes.

2. Objective of the Audit Committee

The primary objective of the Audit Committee (the Committee) is to accept responsibility for the annual external audit, liaise with the Shire's external auditor and provide review and oversight of internal audit process, including performance and independence of internal auditor, so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. The Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

a) the enhancement of the credibility and objectivity of internal and external financial reporting;
b) effective management of financial and other risks and the protection of Council assets;
c) compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
d) the coordination of the internal audit function with the external audit;
e) the provision of an effective means of communication between the external auditor, the CEO and the Council and
f) the reduction of fraud, corruption and misconduct risk as a part of their oversight of financial reporting.

The Committee is to undertake its responsibilities cognisant of:

a) requirements for meetings to fit in with requisites around the planning calendar and decisions at significant times in the Governance cycle (i.e. Compliance Audit Return, Interim Audit, End of year Audit and other reviews);
b) obligations to have oversight of all matters that relate to the risk management framework of the Shire;
c) obligations and good governance practices within the local government environment.

3. Powers of the Audit Committee

a) The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.
b) The committee is a formally appointed committee of council and is responsible to that body.
c) The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.

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d) The committee does not have any management functions and cannot involve itself in management processes or procedures.

4. Responsibilities of the Committee Chair

The Audit Committee Chair has the following responsibilities:

a) Reports to the Council on the actions of the Committee;
b) Encourages broad participation from members in discussion;
c) Summarises decisions and assignments at the conclusion of each meeting; and
d) Signs off on minutes of meetings after they have been received by the Committee.

5. Responsibilities of Audit and Governance Committee Members

Individual Committee members have the following responsibilities:

a) to execute the role, scope, and responsibilities of the Committee;
b) to act on opportunities to communicate positively about the Shire's activities;
c) to actively participate in meetings through attendance, discussion, and review of minutes, papers and Governance documents;
d) to participate in professional development opportunities;
e) To support open discussion and debate and encourage fellow Committee members to voice their insights.

6. Membership

The Committee will consist of three elected members, with a fourth elected member acting as a deputy.

All full members shall have full voting rights.

The CEO and employees are not members of the committee. The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the Committee. The Shire shall provide secretarial and administrative support to the Committee.

7. Quorum

A quorum of two Committee members must be present at a Committee meeting to constitute a meeting.

8. Frequency of Meetings

The Committee shall meet at least twice once per calendar year. Additional meetings shall be convened at the discretion of the presiding person.

9. Reporting

Reports and recommendations of each Committee meeting shall be presented to the next ordinary meeting of the Council.

10. Duties and Responsibilities

The duties and responsibilities of the committee will be to:

a) provide guidance and assistance to Council as to the carrying out the functions of the Shire in relation to audits;
b) meet with the external auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
c) liaise with the CEO to ensure that the Shire does everything in its power to:
    - assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995 and associated Regulations; and
    - ensure that audits are conducted successfully and expeditiously;
d) examine the reports of the auditor after receiving a report from the CEO on the matters to:
    - determine if any matters raised require action to be taken by the Shire; and

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- ensure that appropriate action is taken in respect of those matters;

e) review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;

f) review the Shire's draft annual financial report, focusing on:
- accounting policies and practices;
- changes to accounting policies and practices;
- the process used in making significant accounting estimates; iv. significant adjustments to the financial report (if any) arising from the audit process;
- compliance with accounting standards and other reporting requirements; and
- significant variances from prior years.

g) address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;

h) seek information or obtain expert advice through the CEO on matters of concern within the scope of the committee's terms of reference following authorisation from the Council;

i) Review the annual Compliance Audit Return and report to the council the results of that review,

j) Monitor the progress of the internal audit plan, review findings from internal and external audits, monitor the implementation of the recommendations; and

k) Consider the CEO's triennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to the council the results of those reviews.

11. Agendas, Minutes and Decision Papers

The responsibility for ensuring that Agendas and supporting materials are delivered to members in advance of meetings rests with the Chief Executive Officer. The agenda and associated attachments will be sent to Committee members and attendees at least 72 hours in advance of a Committee meeting.

12. Conflicts of Interest

Committee Members and invited attendees at each meeting must:

a) Declare any conflict of interest, potential conflict of interest or apparent conflict of interest in matters that might potentially be considered or, are proposed to be considered by the Committee;

b) Provide a further declaration should any conflict of interest, potential conflict of interest or apparent conflict of interest arise after making a declaration; and

c) Maintain confidential, all information provided to them in their role as a member or attendee. This includes all matters discussed, formally presented or tabled at meetings of the Committee or such matters associated with dealings of the Committee in carrying out its responsibilities.

13. Review

The Terms of Reference shall be reviewed every two years when Council considers the re-establishment of the Committee to coincide with Local Government elections and any amendment to it require approval of Council.

Version Control

Version No.	Version Date	Prepared by	Reviewed by	Council Resolution No. and Date
1	09/09/2021	Lana Foote	Darren Simmons	RES: 060921 Date:15/09/2021

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