



# AGENDA

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# AUDIT COMMITTEE

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04 NOVEMBER 2021



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The Shire of Wagin advises that anyone who has any application lodged with the Shire of Wagin shall 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 Wagin in respect of the application.

**Bill Atkinson**  
CHIEF EXECUTIVE OFFICER

## GIFTS DISCLOSURE INFORMATION

**The Gifts Register contains the disclosures of gifts that have been made by Elected Members, the Chief Executive Officer and Employees in their official capacity.**

To adhere with the changes to gift disclosure regulations in the *Local Government Legislation Amendment Act 2019*, passed by Parliament on 27 June 2019, the Shire of Wagin provides gift disclosure information in the interests of accountability and transparency.

Elected Members and the Chief Executive Officer are required to disclose gifts which are valued over \$300 or are two or more gifts with a cumulative value over \$300 (where the gifts are received from the same donor in a 12 month period) within 10 days of receipt [Sections 5.87A & 5.87B *Local Government Act 1995*].

The Act and Regulations require the Chief Executive Officer to publish an up to date version of the Gifts Register on the Shire's website after a disclosure is made. To protect the privacy of individuals, the register published on the website does not include the address disclosed by an individual donor and will instead include the town or suburb.



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## SHIRE OF WAGIN

Agenda for the Audit Committee meeting to be held in the Council Chambers, Wagin on  
Thursday 4 November 2021 commencing at 2pm

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## 1. OFFICIAL OPENING

The Presiding Member, Cr Phil Blight opened the meeting at \_\_\_\_pm.

## 2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

### 2.1 ATTENDANCE

Cr Phillip Blight  
Cr Greg Ball  
Cr Sherryl Chilcott  
Cr Bryan Kilpatrick  
Bill Atkinson  
Brian Roderick  
Tegan Hall  
Emily Edwards

Shire President  
Deputy Shire President  
  
Chief Executive Officer  
Deputy Chief Executive Officer  
Manager of Finance  
Executive Assistant

### 2.2 APOLOGIES

Cr Bronwyn Hegarty

### 2.3 VISITORS

Tim Partridge (via video conference)  
Aram Madnack (in person)

AMD Chartered Accountants – Director  
Office of the Auditor General – Director

## 3. ELECTION OF CHAIRPERSON

## 4. PETITIONS/DEPUTATIONS/PRESENTATIONS

## 5. DISCLOSURE OF FINANCIAL AND OTHER INTERESTS

**5.1 DISCLOSURE OF FINANCIAL INTEREST – Local Government Act Section 5.60a**

**5.2 DISCLOSURE OF PROXIMITY INTEREST – Local Government Act Section 5.6**

**5.3 DISCLOSURE OF IMPARTIALITY INTEREST – Administration Regulation Section 34c**



## 6. CONFIRMATION OF PREVIOUS MEETING MINUTES

### 6.1 MINUTES FROM THE AUDIT COMMITTEE MEETING HELD 15 FEBRUARY 2021

#### COUNCIL DECISION

Moved Cr

Seconded Cr

That the minutes of the Audit Committee meeting held on Monday 15 February 2021 and circulated to all Councillors, be confirmed as a true and accurate record.

Carried 0/0

## 7. CORRESPONDENCE AND REPORTS

### 7.1 2020/2021 DRAFT INDEPENDENT AUDITOR'S REPORT

PROPONENT:	N/A
OWNER:	N/A
LOCATION/ADDRESS:	N/A
AUTHOR OF REPORT:	Manager of Finance
SENIOR OFFICER:	Chief Executive Officer
DATE OF REPORT:	1 November 2021
PREVIOUS REPORT(S):	12 February 2021
DISCLOSURE OF INTEREST:	Nil
FILE REFERENCE:	FM.AD.2
ATTACHMENTS:	<ul style="list-style-type: none"><li>• Draft Independent Auditor's Report 2020/2021</li><li>• Draft Annual Financial Report 2020/2021</li></ul>

#### OFFICER RECOMMENDATION

Moved Cr

Seconded Cr

That the Audit Committee receives and accepts the 2020/2021 Draft Audit Findings.

Carried 0/0

#### BRIEF SUMMARY

The Annual Independent Auditor's Report for the 2020/2021 financial year is attached for discussion with Council's auditors and for adoption.

#### BACKGROUND/COMMENT

In accordance with the Local Government Act 1995, Council's external auditor – The Office of the Auditor General (OAG) have conducted an audit of the Shire of Wagin's finances for the



2020/2021 financial year. The OAG engaged AMD Chartered Accountants to carry out the audit on their behalf.

The Draft Annual Financial Report 2020/2021 is enclosed under separate cover and the Draft Independent Auditor's Report is attached for the Committee and Council to receive and adopt.

The Auditors opinion is as below:

*In accordance with the Local Government (Audit) Regulations 1996 we report that:*

- i. In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a) The Asset Sustainability Ratio as reported in Note 26 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' basic standard for the part two financial years and the current year is below last year; and*
  - b) The Operating Surplus Ratio as reported in Note 26 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' basic 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 financial report were supported by verifiable information and reasonable assumptions.*

As per previous financial years, depreciation expense is a significant factor in the Operating Surplus Ratio as it is included in operating expenses as is with the Asset Sustainability Ratio. The requirement to revalue road assets on a regular basis, and attribute an appropriate level of depreciation, has been a challenge for local governments. Council's road infrastructure assets has increased some \$47,000,000 through the revaluation process, this has significantly increased Council's operating expenses, albeit on a non-cash basis. Unfortunately, this non-cash expense is still factored in these ratio calculations and is the major reason for the declining trend.

#### **CONSULTATION/COMMUNICATION**

- Deputy Chief Executive Officer
- Manager of Finance

#### **STATUTORY/LEGAL IMPLICATIONS**

- Local Government Act 1995
- Local Government (Financial Management) Regulations 1996.

#### **POLICY IMPLICATIONS**

Nil

#### **FINANCIAL IMPLICATIONS**

Nil

#### **STRATEGIC IMPLICATIONS**

Nil

#### **VOTING REQUIREMENTS**

Simple Majority



## 7.2 2020/2021 DRAFT INTERIM AUDIT MANAGEMENT LETTER

PROPONENT:	N/A
OWNER:	N/A
LOCATION/ADDRESS:	N/A
AUTHOR OF REPORT:	Manager of Finance
SENIOR OFFICER:	Chief Executive Officer
DATE OF REPORT:	1 November 2021
PREVIOUS REPORT(S):	12 February 2021
DISCLOSURE OF INTEREST:	Nil
FILE REFERENCE:	FM.AD.2
ATTACHMENTS:	<ul style="list-style-type: none"><li>2020/2021 Draft Interim Audit Management Letter with Management Responses</li></ul>

### OFFICER RECOMMENDATION

**Moved Cr                      Seconded Cr**

**That the 2020/2021 Draft Interim Audit Management Letter and management responses to the findings be received.**

**Carried 0/0**

### BRIEF SUMMARY

The 2020/2021 Draft Interim Audit Management Letter with Management's response is attached for discussion and to be received by the Audit Committee.

### BACKGROUND/COMMENT

Accounting firm AMD Chartered Accountants, on behalf of Council's Auditors – the Office of The Auditor General, finalised the interim audit of the 2020/2021 financial year in July 2021.

As part of the audit process the auditors have issued a Draft Interim Audit Management Letter on their findings from the interim audit, the auditor's have also requested management to respond on each finding. The responses are attached for the Committee's information, these responses have already been sent back to AMD Chartered Accountants.

The Draft Interim Audit Management Letter and management responses are attached for the Committee and Council to receive.

### CONSULTATION/COMMUNICATION

- Deputy Chief Executive Officer
- Manager of Finance

### STATUTORY/LEGAL IMPLICATIONS

- Local Government Act 1995
- Local Government (Financial Management) Regulations 1996.

### POLICY IMPLICATIONS

Nil



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## **FINANCIAL IMPLICATIONS**

Nil

## **STRATEGIC IMPLICATIONS**

Nil

## **VOTING REQUIREMENTS**

Simple Majority





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## 8. GENERAL BUSINESS

## 9 CLOSURE

There being no further business the Chairperson thanked those in attendance and closed the meeting at \_\_\_\_pm.