



SHIRE
of
DANDARAGAN

AGENDA

for

AUDIT COMMITTEE MEETING

to be held at the

COUNCIL MEETING ROOM, JURIEN BAY

on

THURSDAY 4 JANUARY 2024

COMMENCING AT 5.00PM

AGENDA FOR AUDIT COMMITTEE MEETING TO BE HELD THURSDAY 4 JANUARY 2024
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1. DECLARATION OF OPENING**1.1 ELECTION OF CHAIRPERSON****2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE**

Members Councillor A O’Gorman
 Councillor M McDonald
 Councillor J Clarke

Staff Mr B Bailey (Chief Executive Officer)
 Mr B Waters (Executive Manager Corporate & Community Services)
 Mrs R Pink (Accountant)

Apologies**Leave of Absence****3. CONFIRMATION OF MINUTES****3.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD 23 FEBRUARY 2023****4. MATTERS FOR DISCUSSION****4.1 AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2023**

Location:	N/A
Applicant:	N/A
File Ref:	SODR-2042075298-71253
Disclosure of Interest:	None
Date:	22 December 2023
Author:	Brad Waters, Executive Manager Corporate & Community Services
Senior Officer:	Brent Bailey, Chief Executive Officer

PROPOSAL

That the Independent Audit Report for the 2022 / 2023 financial year be received.

BACKGROUND

Circulated with the agenda is a copy of the Office of the Auditor General Independent Audit Reports. The opinion of Jordan Langford-Smith, Senior Director Financial Audit as to delegate of the Auditor

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General for Western Australia, is as follows;

"I have audited the financial report of the Shire of Dandaragan (Shire) which comprises:

- *the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended*
- *Notes comprising a summary of significant accounting policies and other explanatory information.*

In my opinion, the financial report is:

- *based on proper accounts and records*
- *presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period*
- *in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards."*

COMMENT

The "Independent Auditor's Report" as attached is unqualified. There are no matters that in the auditor's opinion would indicate any significant adverse trends. Therefore, no further action is required in relation to the financial audit of the Shire of Dandaragan for the financial year 30 June 2023.

In addition to the audit report, the transmittal letter from the Office of the Auditor General does identify Management Control Issues. An extract from the letter states;

"While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control."

The matters identified and the "risk rating" assessed by the auditors are as follows;

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INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Annual Leave Discrepancies		✓	
2. Fixed Asset Reconciliation		✓	
3. Annual Leave and Long Service Leave Calculation			✓

The appropriateness and effectiveness of the financial management systems and procedures of the Shire of Dandaragan are the duties of the Chief Executive Officer, therefore, there is no direct responsibility on the audit committee to act on these findings.

They are included here, and in more detail within the attachments of this item, for the committee to review and discuss further should they wish to.

CONSULTATION

- Chief Executive Officer
- Office of the Auditor General

STATUTORY ENVIRONMENT

Local Government Act 1995

7.12A. Duties of local government with respect to audits

- (1) *A local government is to do everything in its power to —*
 - (a) *assist the auditor of the local government to conduct an audit and carry out the auditor's 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 must —*
 - (aa) *examine an audit report received by the local government; and*
 - (a) *determine if any matters raised by the audit report, 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 must —*
 - (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*

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- (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.*

Local Government (Financial Management) Regulations 1996
Part 2 — General financial management — s. 6.10

CEO's duties as to financial management (1) Efficient systems and procedures are to be established by the CEO of a local government — (a) for the proper collection of all money owing to the local government; and (b) for the safe custody and security of all money collected or held by the local government; and (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and (d) to ensure proper accounting for municipal or trust — (i) revenue received or receivable; and (ii) expenses paid or payable; and (iii) assets and liabilities; and (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and (f) for the maintenance of payroll, stock control and costing records; and (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.

The CEO is to — (a) ensure that the resources of the local government are effectively and efficiently managed; and (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and (c) 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

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

There are no strategic implications relevant to this item.

ATTACHMENTS

Circulated with the agenda are the following items relevant to this report:

- Annual Financial Statements (Doc Id: SODR-1743450996-4787)
- Independent Audit Report (Doc Id: SODR-1743450996-4789)
- Transmittal letter from Office of Auditor General for final audit (Doc Id: SODR-1743450996-4785)
- Management Letter (Doc Id: SODR-1743450996-4788)

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(Marked 4.1)

VOTING REQUIREMENT

Simple majority

OFFICER RECOMMENDATION

That the Independent Audit Report and the audited financial statements for the year ended 30 June 2023 are presented to Council for adoption.

5.CLOSURE OF MEETING