

SHIRE OF MOORA
AUDIT COMMITTEE MEETING AGENDA
19 FEBRUARY 2025
TO BE HELD IN THE COUNCIL CHAMBERS, MOORA
COMMENCING AT 3.30PM

TABLE OF CONTENTS

1. DECLARATION OF OPENING	5
2. ATTENDANCE & APOLOGIES	5
3. CONFIRMATION OF MINUTES.....	5
3.1 AUDIT COMMITTEE MEETING - 20 MARCH 2024	5
4. REPORTS OF OFFICERS	5
4.1 ANNUAL COMPLIANCE AUDIT RETURN FOR 2024.....	5
4.2 ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2024.....	9
5. CLOSURE OF MEETING	10

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY.

SHIRE OF MOORA

WRITTEN DECLARATION OF INTEREST IN MATTER BEFORE THE AUDIT COMMITTEE

Chief Executive Officer
Shire of Moora
PO Box 211
MOORA WA 6510

Dear Sir/Madam,

Re: Written Declaration of Interest in Matter Before the Audit Committee

I, ⁽¹⁾ _____ wish to declare an interest in the following item to be considered by the Committee at its meeting to be held on ⁽²⁾ _____.

Agenda Item & Title ⁽³⁾ _____

The type of interest I wish to declare is: ⁽⁴⁾

- Financial pursuant to Section 5.60A of the Local Government Act 1995
- Proximity pursuant to Section 5.60B of the Local Government Act 1995
- Indirect Financial pursuant to Section 5.61 of the Local Government Act 1995
- Shire of Moora Code of Conduct for Council Members, Committee Members and Candidates.

The nature of my interest is ⁽⁵⁾

The extent of my interest is ⁽⁶⁾

I understand that the above information will be recorded in the Minutes of the meeting and recorded by the Chief Executive Officer in an appropriate Register.

Yours faithfully,

Signed

Date

1. Insert your name.
2. Insert the date of the Committee Meeting at which the item is to be considered.
3. Insert the Agenda Item Number and Title.
4. Tick box to indicate type of interest.
5. Describe the nature of your interest.
6. Describe the extent of your interest (if seeking to participate in the matter under S. 5.68 of the Act).

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY.

1. DECLARATION OF OPENING**2. ATTENDANCE & APOLOGIES****3. CONFIRMATION OF MINUTES****3.1 AUDIT COMMITTEE MEETING - 20 MARCH 2024**

That the Minutes of the Audit Committee Meeting held on 20 March 2024 be confirmed as a true and correct record of the meeting.

4. REPORTS OF OFFICERS**4.1 ANNUAL COMPLIANCE AUDIT RETURN FOR 2024**

FILE REFERENCE: GA/SCO1

REPORT DATE: 13 February 2024

APPLICANT/PROPONENT: Department of Local Government, Sport and Cultural Industries

OFFICER DISCLOSURE OF INTEREST: The author has no financial or other interest in this matter.

PREVIOUS MEETING REFERENCES: N/A

AUTHOR: Gavin Robins, Chief Executive Officer

ATTACHMENT: 2024 Compliance Audit Return

PURPOSE OF REPORT:

The 2024 statutory Compliance Audit Return (CAR) has been completed for the 2024 calendar year and is being presented to Council for adoption.

BACKGROUND:

Section 7.13(i) of the Local Government Act 1995 contains provisions for the making of regulations requiring local governments to carry out, in the manner and form prescribed, an audit of compliance whether of a financial nature or not. Local Government (Audit) Regulations prescribe in more detail the requirements of the compliance audit including the requirement for Council to submit a certified copy of the return by 31 March to the Department of Local Government, Sport and Cultural Industries.

The Return is considered a very useful device for local governments to check their level of compliance with the legislative requirements of the Local Government Act 1995 and other relevant legislation. Also, the Return forms an important part of the Shire's monitoring program. There is a legal requirement to annually complete the Return of which the Councils Audit Committee is required to review and report the results to the Council prior to the CAR's adoption by Council and submission to the Department.

COMMENT:

The purpose of the annual CAR is for individual local governments to assess their level of compliance with the Local Government Act 1995 and associated Regulations.

The 11 specific category areas addressed by the CAR are:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning & Reporting
- Local Government Employees
- Official Conduct
- Other (Optional Questions)
- Tenders for Providing Goods and Services

The Compliance Audit Return has been undertaken as an internal audit, sourcing evidence of compliance through the Shire's own records.

The review noted 6 areas of non-compliance, of which 2 areas were optional questions. In the interests of fullness, the Shire responded to these 2 items. It should be noted that the Shire is currently engaged in the review of the Shire's Strategic Community Plan and Corporate Business Plan, which will ensure compliance with the 2024 CAR.

A summary of the 6 areas of non-compliance is set out below;

Finance

Q5. Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?

No.

The Shire was unable to comply with this requirement as the statutory revaluation of assets had not been completed. Therefore, the Shire's final accounts could not be finalised for the year. The Shire sought, and was granted, Ministerial approval to submit its final accounts upon completion, inclusive of the asset revaluation data and necessary adjustments.

Q6. Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?

No.

The Shire has not submitted a report per se to the Minister relating to the two significant issues raised by the audit. The first issue in respect of rates requires the Shire to seek Ministerial approval to vary the rate in the dollar of rates levied on a particular category of properties. On this basis, the letter seeking Ministerial consent replaces the report as the action required by the Shire can only be implemented upon consent of the Minister.

The second issue in respect of financial controls relating to assets received as capital contributions for no consideration (in this instance, a DFES fire appliance) are recognised as assets at the fair value on acquisition date and capital contribution recognised as income. The Shire is consulting with DFES

to identify mechanisms to address the accounting for these capital contributions. The Minister will be advised when the remedial steps have been agreed.

Integrated Planning and Reporting

Q1. Has the local government adopted by absolute majority a strategic community plan?

No.

Council is currently reviewing the Shire's Strategic Community Plan and working to integrate the impact of renewable energy developments in the region. This has added complexity due to the absence of government direction or frameworks to guide local government authorities in their interactions and relationships with renewable energy developers. The current work will ensure compliance with the 2024 Compliance Audit Return.

Q2. Has the local government adopted by absolute majority a corporate business plan?

No.

Council is currently reviewing the Shire's Corporate Business Plan, which along with the Shire's Strategic Community Plan, is affected by common elements arising from the expanding demands of renewable energy developments, will ensure compliance with the 2024 Compliance Audit Return.

Other (Optional Questions)

Q1. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2024?

No – the Review was in the process of being undertaken by AMD Chartered Accountants.

Q2. Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2024?

No – the Review was in the process of being undertaken by AMD Chartered Accountants.

POLICY REQUIREMENTS:

Nil

LEGISLATIVE REQUIREMENTS:

Local Government Act 1995, s. 7.13(1)(i) and r. 14 and 15 of the Local Government (Audit) Regulations 1996 as set out below.

14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government's audit committee is to review the compliance audit return and is to report to the council the results of that review.

- (3) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be —
- (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit,
- is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- (2) In this regulation —
- certified* in relation to a compliance audit return means signed by —
- (a) the mayor or president; and
 - (b) the CEO.

STRATEGIC IMPLICATIONS:

There are no known strategic implications associated with this proposal.

SUSTAINABILITY IMPLICATIONS:

- **Environment**
There are no known significant environmental implications associated with this proposal.
- **Economic**
There are no known significant economic implications associated with this proposal.
- **Social**
There are no known significant social implications associated with this proposal.

FINANCIAL IMPLICATIONS:

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION

That it is recommended Council adopts the 2024 Compliance Audit Return for the period 1 January 2024 to 31 December 2024, and forward with the duly signed Joint Certification by the President and Chief Executive Officer, to the Department of Local Government, Sport and Cultural Industries.

4.2 ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDIT REPORT FOR THE YEAR ENDED 30 JUNE 2024

FILE REFERENCE: F/AUDI-3

REPORT DATE: 12 February 2025

OFFICER DISCLOSURE OF INTEREST: Nil

PREVIOUS MEETING REFERENCES: Nil

AUTHOR: Gavin Robins, Chief Executive Officer & Travis Bate, RSM Australia

ATTACHMENTS: Annual Financial Report for the Year Ended 30 June 2024 (Attachment A)
Independent Audit Report for the Year Ended 30 June 2024 (Attachment B)
Audit Completion Summary 30 June 2024 (Attachment C)
Interim Management Letter 2024 (Attachment D)
Final Management Letter 2024 (Attachment E)

PURPOSE OF REPORT:

The Audit Committee is requested to examine the Annual Financial Report for the year ending 30 June 2024 and recommend its adoption by Council.

BACKGROUND:

The purpose and responsibilities of the Audit Committee is outlined in Part 7 of the Local Government Act 1995. One of the Audit Committee's responsibilities is to examine the reports of the auditor. The committee would then determine if any matters raised in the reports require action to be taken by the local government and to ensure that appropriate action is implemented. The Audit Committee is to receive and authorise a report relating to the audit prepared by the Chief Executive Officer that is subsequently to be sent to the Minister.

COMMENT:

The Annual Financial Report for the Year Ended 30 June 2024 forms part of the 2023/24 Annual Report.

The Independent Audit Report to the Electors (Attachment B) of the Shire of Moora is provided as a separate attachment to this agenda and is included in the 2023/24 Annual Report and Annual Financial Statements (Attachment A) as required under the Act.

As part of the audit process considering the Annual Financial Report under s.6.4 of the *Local Government Act 1995*, the Auditor and the Office of the Auditor General normally meet with the Chief Executive Officer and Shire President and discuss the Audit Completion Summary (Attachment C), the purpose of which is to brief the Shire on the results of the substantially completed audit.

The Audit Completion Summary, discussed at an Audit Exit Meeting via Teams with the CEO and Shire President on 18 December 2024, describes in detail the substance of the findings in the meetings and discussions undertaken throughout with the Office of the Auditor General.

It should be noted that the Audit Report contains an Emphasis of Matter paragraph in relation to the restatement of comparative balances. This paragraph refers to adjustments made to the 2023 balances in relation to the Shire's acquisition of the Tennis Clubhouse and a Fire Truck. Details of the adjustment are outlined in Note 29 of the Annual Financial Report.

The Management Letters received from the OAG (Attachments D and E), noted the annual audit was generally satisfactory. However, there were 9 Findings identified during the Interim and Final Audit as areas for improvement within the internal controls domain and these are listed in the

attachments along with comments from the responsible officer. Six of these findings were rated as significant. These findings relate to the year ended 30 June 2024 and have either been rectified or are in the process of rectification and procedures updated to reflect best practice.

It should be noted that this is an improvement from the 21 findings noted in the 2023 audit.

A report on the six significant matters will be prepared and tabled at the next Audit Committee meeting.

POLICY REQUIREMENTS:

There are no known policy requirements related to this matter.

LEGISLATIVE REQUIREMENTS:

Local Government Act 1995 – Part 7 Division 3 – Conduct of Audit, Part 4 section 6.4
Local Government (Financial Management) Regulations 1996.

STRATEGIC IMPLICATIONS:

Presentation of the audit report to the Audit Committee assists to improve the governance role of Council.

SUSTAINABILITY IMPLICATIONS:

➤ **Environment**

There are no known significant environmental implications associated with this proposal.

➤ **Economic**

There are no known significant economic implications associated with this proposal.

➤ **Social**

There are no known significant social implications associated with this proposal.

FINANCIAL IMPLICATIONS:

Nil

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATIONS

That the Audit Committee:

- 1. Receive the audited and signed Annual Financial Report for the year ended 30 June 2024 as contained in Appendix A.*
- 2. Recommends that a copy of the audited and signed Annual Financial Report for the year ended 30 June 2024 be presented and received at the next Ordinary Meeting of Council to be held on the 19th of February 2025.*
- 3. Receive the Shire of Moora Audit Completion Summary 30 June 2024, Interim Management Letter 2024 and Final Management Letter 2024.*
- 4. Notes that a report on the Significant Audit Matters will be prepared and presented to the 19th of March 2025 Audit Committee Meeting.*

5. CLOSURE OF MEETING