

SHIRE OF KENT



AUDIT COMMITTEE MINUTES (UNCONFIRMED)

DATE: Wednesday 21 September 2022

TIME: 3:30pm

VENUE: Council Chambers,
Richmond Street, Nyabing WA 6341

PETER CLARKE
ACTING CHIEF EXECUTIVE OFFICER

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Peter Clarke

ACTING CHIEF EXECUTIVE OFFICER

AUDIT COMMITTEE MINUTES
21 SEPTEMBER 2022

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1. DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The meeting was opened at 3:33pm by the Presiding Member.

2. RECORD OF ATTENDANCE/APOLOGIES AND APPROVED LEAVE OF ABSENCE**ATTENDANCE****Audit Committee Members**

Cr SR Crosby	Shire President
Cr KV Johnston	Deputy Shire President
Cr DP Gray	Member
Cr WD Tapscott	Member
Cr GW Hobley	Member (<i>arrived 3:37pm</i>)
Cr RA Jury	Member

Staff

PR Clarke	Acting Chief Executive Officer
CJ Smith	Manager Corporate

Members of the Public

Nil

Apologies

Cr TD Borgward	Member
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Members of Approved Leave of Absence

Cr JN Germain

3. DISCLOSURES OF INTEREST

Section 5.65 and 5.70 of the *Local Government Act 1995*

- Declaration of Financial Interests:
- Declarations of Proximity Interests:
- Declarations of Impartiality Interests:

4. CONFIRMATION AND RECEIVING OF MINUTES/BUSINESS ARISING**4.1.1 AUDIT COMMITTEE MEETING HELD WEDNESDAY 16 MARCH 2022****COMMITTEE RESOLUTION (Officer Recommendation)**

MOVED Cr WD Tapscott / Cr KV Johnston

That the minutes of the Audit Committee Meeting held at the Council Chambers, on Wednesday 16 March, 2022 be CONFIRMED.

**CARRIED 7/0
By Simple Majority**

5. **ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**
6. **PETITIONS/DEPUTATIONS/PRESENTATIONS/SUBMISSIONS**
7. **OFFICER REPORTS**

7.1.1 2022 AUDIT REGULATION 17 REVIEW AND FINANCIAL MANAGEMENT REVIEW

PROPOSED MEETING DATE:	21 September 2022
PROPONENT:	N/A
LOCATION:	N/A
AUTHOR:	Christie Smith – Manager Corporate
REPORTING OFFICER:	Peter Clarke – A/Chief Executive Officer
FILE NO:	GOV.253
ASSESSMENT NO:	N/A
ATTACHMENTS:	Attachment 1 – FMR and Review of Legislative Compliance, Internal Controls and Risk Management Systems 2022
DISCLOSURE OF INTEREST:	Nil

PURPOSE

To present to the Audit Committee the recently completed Audit Regulation 17 and Financial Management Review 2022 and recommend that the CEO be requested to implement changes to administrative practices in relation to legislative compliance, internal controls and risk management.

BACKGROUND

The Shire of Kent engaged Dominic Carbone & Associates and Darren Long consulting to undertake both the Regulation 17 – Risk Management, Legislative Compliance and Internal Controls Review and the Financial Management Review.

The reviews have been undertaken simultaneously and the results are contained in a single report as attached to this item.

COMMENT

Within the report, the following opinion was provided:

Financial Management Review

The review of the Financial Management Systems and Procedures developed by the Shire of Kent indicates that, except for those matters identified in the findings and recommendations section of this report, they are appropriate and effective for the particular operations and size of the Shire. In addition, the review has concluded that, except where indicated in this report, the Shire has observed the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

Review of Legislative Compliance, Internal Control and Risk Management Systems

The review of the Legislative Compliance, Internal Control and Risk Management mechanisms developed by the Shire of Kent indicates that, except for those matters identified in the findings and recommendations section of this report, they are appropriate and effective for the particular operations and size of the local government.

The review provides 12 recommendations in relation to the Financial Management Review and 32 recommendations on Legislative Compliance, Internal Control and Risk Management

Review. Executive Staff will put together an implementation plan, including risk assessment and timeline for the recommendations.

STATUTORY IMPLICATIONS

Local Government Act 1995

Local Government (Audit) Regulations 1996 Regulation 17

Local Government (Financial Management) Regulations 1996 Regulation 5(2)(c)

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Possible expenses in future financial years may be required if consultants are engaged to assist in completing action items.

STRATEGIC IMPLICATIONS

Community Strategic Plan 2017-2027

Civic Leadership Objective - Continually enhance the Shire's organisational capacity to service the needs of a growing community.

RISK IMPLICATIONS

N/A

VOTING REQUIREMENT

Simple Majority

COMMITTEE RESOLUTION (Officer Recommendation)
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MOVED Cr KV Johnston / Cr RA Jury

3:37pm – Cr GW Hobley entered the meeting

1. That the Audit Committee accepts the recommendations and management comments relating to the Audit Regulation 17 Review and Financial Management Review 2022 completed by Dominic Carbone & Associates and Darren Long Consulting. In accepting the review, the Audit Committee recommends to Council endorse the recommendations and management comments therein to meet the required financial and risk management obligations.
2. That Executive Staff develop an implementation plan, including risk assessment and timeline for the recommendations.

**CARRIED 6/0
By Simple Majority**

7.1.2 ADOPTION OF AUDIT COMMITTEE TERMS OF REFERENCE

PROPOSED MEETING DATE:	21 September 2022
PROPONENT:	N/A
LOCATION:	N/A
AUTHOR:	Christie Smith – Manager Corporate
REPORTING OFFICER:	Peter Clarke – A/Chief Executive Officer
FILE NO:	GOV.109
ASSESSMENT NO:	N/A
ATTACHMENTS:	Attachment 1 – Proposed Terms of Reference
DISCLOSURE OF INTEREST:	Nil

PURPOSE

For the Shire of Kent Audit Committee to consider adoption of the attached proposed Terms of Reference.

BACKGROUND

Under the *Local Government Act 1995*, all local governments are required to establish an audit committee consisting of three or more persons. Members of the committee are to be appointed by an Absolute Majority.

The committee may consist of elected members, external members or the whole Council however at least three members are to be elected members. Department of Local Government and Communities, Local Government Operational Guidelines Number 09, Audit in Local Government, recommends that one or more external persons with requisite knowledge and skills should be appointed to the audit committee. The CEO may not be or nominate a person to be on the audit committee, an employee of the local government is also not to be a member of the audit committee.

Roles of audit committees is to review the audit function, which includes legislative compliance requirements from a financial perspective, and monitoring the Shire's financial risks. It is a recommendation that audit committees meet on a quarterly basis.

COMMENT

Currently Council's Audit Committee consists of all elected members with no external members and does not have an adopted Terms of Reference. The adoption of a Terms of Reference is a recommendation from the Audit Regulation 17 Review and Financial Management Review 2022 completed by Dominic Carbone & Associates and Darren Long Consulting.

The Terms of Reference are designed to clearly establish objectives, membership, roles and responsibilities of the audit committee.

The current Audit Committee should take into consideration that the Local Government Reform proposals which would require at least one external independent member and would allow the independent members to receive remuneration within Salaries and Allowances Tribunal limits. Proposed Terms of Reference for the Shire of Kent Audit Committee are included as an attachment and proposes membership of three elected members and one external independent member with the committee meeting at least once per annum.

STATUTORY IMPLICATIONS

Local Government Act 1995

Local Government (Audit) Regulations 1996 Regulation 17

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Community Strategic Plan 2017-2027

Civic Leadership Objective - Continually enhance the Shire's organisational capacity to service the needs of a growing community.

RISK IMPLICATIONS

N/A

VOTING REQUIREMENT

Simple Majority

COMMITTEE RESOLUTION (Officer Recommendation)
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MOVED Cr DP Gray / Cr RA Jury

That the Shire of Kent Audit Committee adopt the attached proposed Terms of Reference for the Shire of Kent Audit Committee and recommend to Council to endorse the Terms of Reference.

CARRIED 6/0
By Simple Majority

8. MEETING CLOSED

There being no further business the Chairperson, Cr Scott Crosby, closed the meeting at 3:45pm