



Shire of Dardanup

# MINUTES

# AUDIT & RISK COMMITTEE MEETING

Held

8 April 2020

At

Shire of Dardanup  
ADMINISTRATION CENTRE EATON  
1 Council Drive - EATON

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## **VISION STATEMENT**

“Provide effective leadership in encouraging balanced growth and development of the Shire while recognizing the diverse needs of our communities.”

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## COMMITTEE MEMBERSHIP:

- CR. T GARDINER - CHAIRPERSON
- CR M BENNETT – DEPUTY CHAIRPERSON
- CR P ROBINSON
- CR. C BOYCE
- CR. M HUTCHINSON

## TERMS OF REFERENCE

The Terms of Reference for this Committee are located in the Tardis records system – refer to the following link:  
[2019 - ToR - Audit and Risk Committee](#)

### COUNCIL ROLE

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person’s rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

### DISCLAIMER

“Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire’s decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person’s knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request.”

### RISK ASSESSMENT

<b>Inherent Risk</b>	The level of risk in place in order to achieve the objectives of the Council and before actions are taken to alter the risk’s impact or likelihood.
<b>Residual Risk</b>	The remaining level of risk following the development and implementation of Council’s response.
<b>Strategic Context</b>	These risks are associated with achieving Council’s long term objectives.
<b>Operational Context</b>	These risks are associated with the day-to-day activities of the Council.
<b>Project Context</b>	<p>Project risk has two main components:</p> <ul style="list-style-type: none"> <li>• Direct refers to the risks that may arise as a result of project, which may prevent the Council from meeting its objectives.</li> <li>• Indirect refers to the risks which threaten the delivery of project outcomes.</li> </ul>

## RISK CATEGORY CONSEQUENCE TABLE - GUIDELINE

Rating (Level)	Health	Financial Impact	Service Interruption	Legal and Compliance	Reputational	Environment
<b>Insignificant (1)</b>	Near miss Minor first aid injuries	Less than \$10,000	No material service interruption - backlog cleared < 6 hours	<b>Compliance</b> - No noticeable regulatory or statutory impact. <b>Legal</b> - Threat of litigation requiring small compensation. <b>Contract</b> - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item	Contained, reversible impact managed by on site response
<b>Minor (2)</b>	Medical type injuries	\$10,001 - \$50,000	Short term temporary interruption – backlog cleared < 1 day	<b>Compliance</b> - Some temporary non compliances. <b>Legal</b> - Single minor litigation. <b>Contract</b> - Results in meeting between two parties in which one party expresses concern.	Substantiated, low impact, low news item	Contained, reversible impact managed by internal response
<b>Moderate (3)</b>	Lost time injury <30 days	\$50,001 - \$300,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	<b>Compliance</b> - Short term non-compliance but with significant regulatory requirements imposed. <b>Legal</b> - Single moderate litigation or numerous minor litigations. <b>Contract</b> - Receive verbal advice that, if breaches continue, a default notice may be issued.	Substantiated, public embarrassment, moderate impact, moderate news profile	Contained, reversible impact managed by external agencies
<b>Major (4)</b>	Lost time injury >30 days	\$300,001 - \$1.5 million	Prolonged interruption of services – additional resources; performance affected < 1 month	<b>Compliance</b> - Non-compliance results in termination of services or imposed penalties. <b>Legal</b> - Single major litigation or numerous moderate litigations. <b>Contract</b> - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions	Uncontained, reversible impact managed by a coordinated response from external agencies
<b>Catastrophic (5)</b>	Fatality, permanent disability	More than \$1.5 million	Indeterminate prolonged interruption of services – non-performance > 1 month	<b>Compliance</b> - Non-compliance results in litigation, criminal charges or significant damages or penalties. <b>Legal</b> - Numerous major litigations. <b>Contract</b> - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Uncontained, irreversible impact

**RISK - LIKELIHOOD TABLE**

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	<b>Almost Certain</b>	The event is expected to occur in most circumstances	The event is expected to occur more than once per year
4	<b>Likely</b>	The event will probably occur in most circumstances	The event will probably occur at least once per year
3	<b>Possible</b>	The event should occur at some time	The event should occur at least once in 3 years
2	<b>Unlikely</b>	The event could occur at some time	The event could occur at least once in 10 years
1	<b>Rare</b>	The event may only occur in exceptional circumstances	The event is not expected to occur more than once in 15 years

**LEVEL OF RISK GUIDE**

CONSEQUENCE		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD		1	2	3	4	5
Almost Certain	5	Moderate (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

**SHIRE OF DARDANUP**

**MINUTES OF THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING TO BE HELD ON WEDNESDAY, 8 APRIL 2020, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 1.00PM.**

**1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

The Chairperson, Cr. T G Gardiner declared the meeting open at 1.08pm, welcomed those in attendance, advised and acknowledge that the meeting would be conducted as an electronic meeting in accordance with the Local Government (Administration) Regulations 1996 and referred to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers and

*Acknowledgement of Country*

*The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region by recognising the strength, resilience and capacity of Wardandi people in this land.*

*Affirmation of Civic Duty and Responsibility*

*Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.*

*Committee members acknowledge that only the Chief Executive Officer or a member of the Shire of Dardanup staff appointed by the Chief Executive Officer is to have contact with consultants and suppliers that are appointed under contract to undertake the development and implementation of projects.*

*The exception to this Policy is when there is a meeting of the committee or working group with the consultant and the Chief Executive Officer or the Chief Executive Officer's representative is present.*

*Members of committees acknowledge that a breach of this Policy may result in a request to Council to have them removed from the committee.*

*Emergency Procedure*

*In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, please proceed to the Assembly Area points located to the western side of the front office car park near the skate park and gazebo where we will meet (and complete a roll call).*

<b>2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED</b>
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The Presiding Member asked Committee members and staff to confirm that they are connected and in attendance, with the following attendees so confirmed:

2.1 Attendance

Voting

Cr Tyrrell Gardiner	-	Chairperson
Cr. Michael Bennett	-	Deputy Chairperson
Cr. Peter Robinson	-	Deputy Shire President
Cr. Carmel Boyce	-	Elected Member
Cr. Mark Hutchinson	-	Elected Member

Non-Voting

Mr André Schönfeldt	-	Chief Executive Officer
Mr Phil Anastasakis	-	Deputy Chief Executive Officer
Mrs Natalie Hopkins	-	Manager Financial Services
Mr Ray Pryce	-	Accountant
Mrs Cindy Barbetti	-	Compliance Officer
Mrs Donna Bailye	-	PA – Deputy Chief Executive Officer
Mrs Cathy Lee	-	Manager Governance & HR

Visitors

Mr Marius van der Merwe – Butler Settineri  
Mr Suraj Karki – Office of the Auditor General for WA

2.2 Apologies

Mr Luke Botica	-	Director Infrastructure
Mrs Susan Oosthuizen	-	Director Sustainable Development

<b>3. PRESENTATIONS</b>
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None.



**4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

4.1 Audit & Risk Committee Meeting Held 4 March 2020

**OFFICER RECOMMENDED RESOLUTION &  
AUDIT & RISK COMMITTEE RECOMMENDED RESOLUTION**

AAR 10-20      MOVED -      Cr M Bennett                      SECONDED -                      Cr T Gardiner

**THAT the Minutes of the Audit & Risk Committee Meeting held on 4 March 2020, be confirmed as true and correct subject to no corrections.**

CARRIED  
5/0

**5. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED**

None.

**6. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

None.

**7. DECLARATION OF INTEREST**

“Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences.”

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

The Presiding Member read aloud the following listed disclosures of interest received before the meeting.

The Presiding Member asked if Council Members had any further conflicts of interest to disclose in regard to any item included in the agenda.

*Discussion:*

*Chairperson, Cr. T Gardiner asked Councillors if there were any Declarations of Interest to be made.*

*There were no Declarations of Interest made.*

**8 REPORTS OF OFFICERS AND COMMITTEES****8.1 Title: Appointment of Auditors**

<i>Reporting Department:</i>	<i>Corporate &amp; Governance Directorate</i>
<i>Reporting Officer:</i>	<i>Mrs Natalie Hopkins - Manager Financial Services Mr Phil Anastasakis –Deputy Chief Executive Officer</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Financial Management) Regulations 1996</i>

**Overview**

As per Section 7.2 of the *Local Government Act 1995* Council is required to have the accounts and annual financial report of a Local Government audited by an auditor appointed by the Local Government.

In March 2020, Council was advised by the Office of the Auditor General (OAG) that the OAG would be responsible for all financial audits of Council from the 2019/20 financial year onwards; and the 2019/20 Audit Contract would be outsourced to Butler Settineri Pty Ltd.

This report is provided to Council to request Council endorse the Office of the Auditor General audit contract, and the subsequent outsourced contract by OAG to Butler Settineri Pty Ltd.

**Background**

In September 2017, the Local Government Amendment (Auditing) Act 2017 was assented giving the Auditor General a mandate to audit local governments, in line with the State Government audits conducted by the Office of the Auditor General (OAG). The Local Government Amendment (Auditing) Act 2017 was proclaimed on the 28 October 2017 thereby giving the OAG the powers to conduct all local government audits on or after 1 July 2017. The Auditor General conducted 46 local government audits in the 2017/18 financial year, with the balance of audits either being outsourced by OAG or completion of the current audit contracts at that time.

In March 2020 Council received confirmation from OAG that it will be responsible for Council's annual financial report audit for the year ending 30 June 2020, and subsequent years (Appendix AAR: 8.1A). The OAG has discretion and control as to which Local Governments it will audit within its own internal audit function, and those that will be outsourced to other audit entities.

In early March 2020 Council received advice from the OAG that the 2019/20 financial year audit will be sub-contracted by the OAG to Butler Settineri Pty Ltd. It should be noted that whilst the contract for Council's audit is directly with the Office of the Auditor General, the majority of communication will be directly between Council staff and Butler Settineri Pty Ltd, noting that the OAG still maintain an active role during (and at the end of) the audit process.

The objective and scope of the audit is set out by the OAG and details Council's responsibilities for the audit of the annual financial statements ensuring compliance to the requirements under the *Local Government Act 1995*.

The objective of the financial statements and accounts audit is to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, and to issue an auditor's report that will include the Auditor General's opinion. The audit will be conducted in the

manner as determined by the OAG and in accordance with the relevant Australian Accounting Standards.

### Legal Implications

Under the provisions of the *Local Government Act 1995*, each Local Government is required to have its accounts and annual financial report audited annually. The appointment of Council's auditors is subject to section 7.3 of the Local Government Act – Appointment of Auditors

#### *Local Government Act 1995*

##### **7.2. Audit**

*The accounts and annual financial report of a local government for each financial year are required to be audited by an auditor appointed by the local government.*

##### **7.3. Appointment of auditors**

- (1) *Subject to subsection (1A), a local government is to, from time to time whenever such an appointment is necessary or expedient, appoint\* a person, on the recommendation of the audit committee, to be its auditor.*

*\* Absolute majority required.*

- (1A) *A local government cannot appoint a person to be its auditor after commencement day.*
- (2) *The local government may appoint one or more persons as its auditor.*
- (3) *The local government's auditor is to be a person who is —*
- (a) *A registered company auditor; or*
- (b) *An approved auditor.*

#### *Local Government (Financial Management) Regulations 1996*

##### **6. Audits and performance review of accounting staff etc., who may conduct**

*A local government is to ensure that an employee to whom is delegated responsibility for the day to day accounting or financial management operations of a local government is not also delegated the responsibility for —*

- (a) *conducting an internal audit; or*
- (b) *reviewing the discharge of duties by that employee,*

*or for managing, directing or supervising a person who carries out a function referred to in paragraph (a) or (b).*

### Strategic Community Plan

Strategy 1.1.1 - To be equitable, inclusive and transparent in decision making. (Service Priority: High)

Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)

Strategy 1.1.3 Maintain best practice governance systems and practices. (Service Priority: Moderate)

Environment - None.

Precedents - None.

Budget Implications -

The budget provision for the 2019/20 audit contract expenditure is \$20,000. Audit expenditure for the annual financial statements is likely to extend into the 2020/21 financial year. Although the 2020/21 budget has not yet been adopted, management forecast a budget provision of \$22,130 for the next financial year based on the price submitted by the OAG.

Budget – Whole of Life Cost

Audit Contract expenditure is budgeted in Council's Long Term Financial Plan and the adopted Annual Budget each year.

Council Policy Compliance

CP034 – Procurement Policy

CP128 – Significant Accounting Policies

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.1B) for full assessment document.

Tier 2 – 'Low' or 'Moderate' Inherent Risk.	
Risk Event	Risk that Council will not endorse the Appointment of Auditors.
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Financial</p> <p>Risk that the Appointment of Auditors is not endorsed by Council may result in the audit contract budget provision being under or over budget.</p> <p>Risk of Council breaching the <i>Local Government Act 1995</i> if no annual audit is undertaken. However the appointment of audit contract is under the Officer of the Auditor General control. <i>Council no longer awards a tender contract for Audit Services as changes in legislation mandates that audit services are longer under Councils control.</i></p> <p>Legal and Compliance</p>

Officer Comment

The appointment of the auditor contract is no longer a decision of Council. Prior to a change in the Local Government Act 1995 all audit contracts were awarded through Council's tender process. As detailed in this report, the Office of the Auditor General is now responsible for all annual audits of Local Governments in Western Australia including the Shire of Dardanup from the 2019/20 financial year.

Council is thereby requested to endorse the audit contract with the Office of the Auditor General and the sub-contract with Butler Settineri Pty Ltd.

Council Role - Executive/Strategic.

Voting Requirements - Simple Majority.

Change to Officer Recommendation No Change.

**OFFICER RECOMMENDED RESOLUTION &  
AUDIT & RISK COMMITTEE RESOLUTION**

AAR – 11-20    MOVED -    Cr T Gardiner                      SECONDED -                      Cr M Bennett

**THAT the Audit & Risk Committee recommend that Council:**

- 1. Authorise the Chief Executive Officer and the Shire President to execute the agreement with the Office of the Auditor General outlining the responsibilities for the Audit provided in (Appendix AAR: 8.1A); and**
- 2. Request that Council endorse the audit contract with the Office of the Auditor General for the 2019/20 accounts and audit of the Annual Financial Report; acknowledging that the Office of the Auditor General has outsourced the 2019/20 audit contract to Butler Settineri Pty Ltd.**

CARRIED  
5/0

## 8.2 Title: Audit Entrance Meeting

<i>Reporting Department:</i>	<i>Corporate &amp; Governance Directorate</i>
<i>Reporting Officer:</i>	<i>Mrs Natalie Hopkins - Manager Financial Services</i>
<i>Legislation:</i>	<i>Local Government Act 1995 and Local Government (Financial Management) Regulations 1996</i>

### Overview

This report is to inform Council of its obligation in relation to the audit requirements under the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

### Background

Section 7.12A (2) requires a Local Government to meet with the auditor of the Local Government at least once in every year. A new format for this year's audit, which is strongly supported by the Office of the Auditor General (OAG), requires Council to hold both an Audit Entrance Meeting prior to the commencement of the audit, and an Audit Exit Meeting, which typically occurs at the completion of the audit.

The Audit Entrance Meeting provides an overview on how this year's audit will be undertaken, and provides an opportunity for Councillors and staff to ask questions. The Audit Exit Meeting, which is to be held on completion of the financial statements and audit report, should provide the auditor the opportunity to highlight the key audit issues in a structured manner and provide the Council's Chief Executive Officer adequate opportunity to comment. Butler Settineri Pty Ltd has been engaged by the Office of the Auditor General to perform the audit of Council's accounts and Annual Financial Statement (2019/20).

Effective Audit Entrance and Exit Meetings are essential for good outcomes. In previous audits, the Audit and Risk Committee has typically met with Council's auditors on an annual basis, generally on the presentation of the Annual Financial Report and Audit Report in December. All Local Government audits are now under the control of the OAG. It is anticipated the improved audit process scheduled for the 2019/20 financial year will permit the Audit and Risk Committee to meet with Council auditors twice yearly through the audit entry and exit meetings.

The following timetable is a broad outline of the key deliverables and timing aspects of the audit:

<b>Audit Planning</b>	
Information Request by Auditors	17 March 2020
Required Information (provided by Council)	24 March 2020
Entrance Meeting	8 April 2020
<b>Interim Audit</b>	
Information Request by Auditors	1 April 2020
Financial Information to Auditors (up to 30 April)	11 May 2020
Interim Audit Selections	18 May 2020
Interim Audit Visit	25 to 28 May 2020 (4 days)
OAG Review	19 June 2020
<b>Final Audit</b>	
Bank Confirmation/Audit List of Requirements	1 July 2020
Financial Information to Auditors	7 September 2020
Draft Financial Report to Auditors	7 September 2020
Audit Selections	14 September 2020
Audit Fieldwork Visit	21 to 24 September 2020
Fieldwork & Completion for Review	2 October 2020
Meeting with Management	16 October 2020
OAG Review	6 November 2020

<b>Financial Report</b>	
Draft Audited Financial Report with OAG Comments	6 November 2020
Final Draft approved by CEO	
- Annual Financial Report	25 November 2020
- Management Representation Letter	25 November 2020
Final Audit Package to OAG (Unsigned Documents)	25 November 2020
Audit Exit Meeting	2 December 2020
Documents signed by CEO	2
- Annual Financial Report	2 December 2020
- Management Representation Letter	2 December 2020
Issue of the Auditor's Report	9 December 2020
Ordinary Council Meeting to adopt Annual Financial Report	16 December 2020

An Audit Planning Summary is provided for in (Appendix AAR: 8.2A). Following the Audit Exit Meeting with the Audit and Risk Committee, the Chief Executive Officer signs the declaration on the financial report and thereafter, the OAG issues the auditor's report.

The Audit Entrance Meeting should facilitate informed, respectful and robust exchanges between the auditors, management and the Audit and Risk Committee. The OAG states in their Audit Results Report that:

*'it is best practice for the auditors to highlight and explain the key elements of their entrance or closing report to the audit committee and Management'.*

### Legal Implications

#### Local Government Act 1995

##### 5.53. Annual reports

- (1) *The local government is to prepare an annual report for each financial year.*
- (2) *The annual report is to contain —*
  - (a) *a report from the mayor or president; and*
  - (b) *a report from the CEO; and*
  - [(c), (d) deleted]*
  - (e) *an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and*
  - (f) *the financial report for the financial year; and*
  - (g) *such information as may be prescribed in relation to the payments made to employees; and*
  - (h) *the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and*
  - (ha) *a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and*
  - (hb) *details of entries made under section 5.121 during the financial year in the register of complaints, including —*
    - (i) *the number of complaints recorded in the register of complaints; and*
    - (ii) *how the recorded complaints were dealt with; and*
    - (iii) *any other details that the regulations may require;*

*and*

  - (i) *such other information as may be prescribed.*

##### 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*
  - (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.*

#### **7.12AD. Reporting on a financial audit**

- (1) *The auditor must prepare and sign a report on a financial audit.*
- (2) *The auditor must give the report to —*
  - (a) *the mayor, president or chairperson of the local government; and*
  - (b) *the CEO of the local government; and*
  - (c) *the Minister.*

#### ***Australian Auditing Standard ASA 260 – Communication With Those Charged With Governance***

*ASA 260 requires the auditor to discuss certain key aspects of the audit planning and the audit results with those charged with governance.*

As a committee of Council, the Audit and Risk Committee is Council's preferred forum to enable effective audit communication.

#### **Strategic Community Plan**

- Strategy 1.1.1- To be equitable, inclusive and transparent in decision-making. (Service Priority: High)
- Strategy 1.1.2 - Monitor and ensure compliance with the regulatory framework for local government governance and operations. (Service Priority: High)
- Strategy 1.1.3 - Maintain best practice governance systems and practices. (Service Priority: Moderate)

**Environment** - None.

**Precedents** - None.

**Budget Implications** - None.

**Budget – Whole of Life Cost** - None.



Council Policy Compliance - None.

Risk Assessment -

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 8.2B) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Audit Entrance Meeting
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance Risk that Council is non-compliant in providing information as requested by the Office of the Auditor General, as detailed in the Responsibilities of the Audit.

Officer Comment

The Audit Entrance Meeting is an important phase of the audit planning process. It details the audit scope and approach in summary format and aims to promote effective communication between the auditor and those charged with governance at a local government. The Audit and Risk Committee members are encouraged to participate in the Audit Entrance Meeting.

Council Role - Executive/Strategic.

Voting Requirements - Simple Majority.

Change to Officer Recommendation No Change.

Discussion:

*Mr Marius van der Merwe (Butler Settineri) and Mr Suraj Karki (Office of the Auditor General for WA) both spoke to the report that was presented to the Committee in (Appendix AAR: 8.2A).*

**OFFICER RECOMMENDED RESOLUTION &  
AUDIT & RISK COMMITTEE RESOLUTION**

AAR 12-20      MOVED -      Cr M Bennett                      SECONDED -                      Cr C Boyce

**THAT the Audit & Risk Committee recommend that Council:**

- 1. Acknowledge the Audit Entrance Meeting, held on 8 April 2020; and**
- 2. Acknowledge the summarised audit scope and strategy to be undertaken by the Office of the Auditor General, and OAG’s sub-contractors Butler Settineri Pty Ltd, for the 2019/20 annual financial report and accounts.**

CARRIED  
5/0

<b>9. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN</b>
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None.

<b>10. NEW BUSINESS OF AN URGENT NATURE</b>
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None.

<b>11. MATTERS BEHIND CLOSED DOORS</b>
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None.

<b>12. CLOSURE OF MEETING</b>
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The date of the next Audit & Risk Committee Meeting will be Wednesday, 3 June 2020.

Prior to closure of the meeting the Presiding Member undertook a final 'roll call' of attendees at the meeting.

*12.1 Attendance*

Cr Tyrrell Gardiner	-	Chairperson
Cr. Michael Bennett	-	Deputy Chairperson
Cr. Peter Robinson	-	Deputy Shire President
Cr. Carmel Boyce	-	Elected Member
Cr. Mark Hutchinson	-	Elected Member
Mr André Schönfeldt	-	Chief Executive Officer
Mr Phil Anastasakis	-	Deputy Chief Executive Officer
Mrs Natalie Hopkins	-	Manager Financial Services
Mr Ray Pryce	-	Accountant
Mrs Cindy Barbetti	-	Compliance Officer
Mrs Donna Bailye	-	PA – Deputy Chief Executive Officer
Mr Marius van der Merwe	-	Butler Settineri
Mr Suraj Karki	-	Office of the Auditor General for WA

There being no further business the Chairperson declared the meeting closed at 1.50pm.