



# **AGENDA**

**Audit Committee Meeting**

**12 December 2023**

**4:00pm**

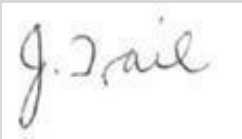
**Via Electronic Means**

**SHIRE OF COOLGARDIE**

**NOTICE OF AUDIT COMMITTEE MEETING**

Dear Elected Member

The next Audit Committee Meeting of the Shire of Coolgardie will be held on Tuesday 12 December 2023 commencing at 4:00pm.

A rectangular box containing a handwritten signature in cursive script that reads "J. Trail".

**JAMES TRAIL  
CHIEF EXECUTIVE OFFICER**

**DISCLAIMER**

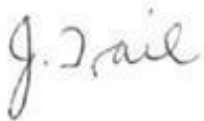
INFORMATION FOR PUBLIC ATTENDING COUNCIL MEETINGS

**PLEASE NOTE:**

**THE RECOMMENDATIONS CONTAINED IN THIS AGENDA ARE OFFICERS RECOMMENDATIONS ONLY AND SHOULD NOT BE ACTED UPON UNTIL COUNCIL HAS RESOLVED TO ADOPT THOSE RECOMMENDATIONS.**

**THE RESOLUTIONS OF COUNCIL SHOULD BE CONFIRMED BY PERUSING THE MINUTES OF THE COUNCIL MEETING AT WHICH THESE RECOMMENDATIONS WERE CONSIDERED.**

**MEMBERS OF THE PUBLIC SHOULD ALSO NOTE THAT THEY ACT AT THEIR OWN RISK IF THEY ENACT ANY RESOLUTION PRIOR TO RECEIVING OFFICIAL WRITTEN NOTIFICATION OF COUNCILS DECISION.**



James Trail  
**CHIEF EXECUTIVE OFFICER**

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- 1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**
- 2 RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE**
- 3 DECLARATIONS OF INTEREST**
  - 3.1 Declarations of Financial Interests – Local Government Act Section 5.60A**
  - 3.2 Declarations of Proximity Interests – Local Government Act Section 5.60B**
  - 3.3 Declarations of Impartiality Interests – Shire of Coolgardie Code of Conduct for Council Members, Committee Members and Candidates for Election, Code of Conduct for Employees**

**4 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

**4.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 14 NOVEMBER 2023**

**Date:** 5 December 2023

**Author:** Kasey Turner, Executive Assistant

**ATTACHMENTS**

Nil

**VOTING REQUIREMENT**

Simple majority

**AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION**

That the Minutes of the Audit Committee Meeting held on 14 November 2023 be confirmed as a true and accurate record.

**5 REPORTS OF OFFICERS****5.1 Executive Services****5.1.1 RISK AREA SUMMARY**

**Location:** All areas

**Applicant:** Nil

**Disclosure of Interest:** Nil

**Date:** 7 December 2023

**Author:** Rebecca Horan, Executive Manager Governance and Administration

**SUMMARY**

That the Audit committee receive the risk area summary reports as attached and recommend that the reports be received by Council.

**BACKGROUND**

Management staff have been trained to use the risk reporting system (PULSE) and are managing their risks through this system. Staff will be able to report to the Audit committee quarterly or as requested.

**COMMENT**

All risks have been entered into the PULSE system and those risk owners are to action them accordingly.

**CONSULTATION**

Management Staff

**STATUTORY ENVIRONMENT**

Local Government (Audit) Regulation 17

**POLICY IMPLICATIONS**

Policy Number 2.12 Occupational Safety and Health

Policy 2.6 Risk Management

**FINANCIAL IMPLICATIONS**

Nil

**STRATEGIC IMPLICATIONS****Accountable and effective leaders**

High quality corporate governance, accountability and compliance

**ATTACHMENTS**

1. Risk Area Summary Report - Completed Actions - Confidential
2. Risk Area Summary Report - Current Risks - Confidential

**VOTING REQUIREMENT**

Simple majority

**AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION**

That Audit Committee **RECEIVE** the Risk Area Summary reports as attached and **RECOMMEND** the report be received by Council.



## 5.2 Operation Services

### 5.2.1 FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

<b>Location:</b>	<b>Shire of Coolgardie</b>
<b>Applicant:</b>	<b>Shire of Coolgardie</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Date:</b>	<b>5 December 2023</b>
<b>Author:</b>	<b>Martin Whitely, Consultant</b>

#### SUMMARY

That the Audit Committee;

- Endorse the Chief Executive Officer response to the Audit Report for the period ending 30 June 2023 and recommend Council receive the Audit Report;
- Endorse the Audit Action Report as attached and recommend the Report be received by Council;
- Recommend Council adopts the Annual Financial Report, inclusive of the OAG Audit Report for the year ended 30 June 2023.

Recommend to Council that the Audit Action Report be forwarded to the Minister in accordance with s 7.12A (4) of the Local Government Act 1995.

#### BACKGROUND

Pursuant to Section 7.9 of the *Local Government Act 1995* ("LGA"), an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, prepare a report thereon and forward a copy of that report to:

- (a) Mayor or President; and
- (b) The Chief Executive Officer; and
- (c) The Minister.

Furthermore, in accordance with Regulation 10(4) of the *Local Government (Audit) Regulations 1996* ("Audit Regulations"), where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report, which is also to be forwarded to the persons specified in Section 7.9 of the LGA.

Attached for discussion is the Auditors Closing Report and Final Management Letter.

In addition to the two matters raised in the Management Letter, the Auditors Closing Report identified some internal control findings tabled on page 12 of the report.

The Audit Committee is required to examine the reports of the auditor after receiving a report from the Chief Executive Officer ("CEO") on the matters reported and:

- Determine if any matters raised require action to be taken by the local government; and
- Ensure that appropriate action is taken in respect of those matters.

The Audit Committee is also required to review a report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and present the report to Council for adoption.

Matters identified as significant by the auditor in the audit report (of which there was one raised) must state what action the local government has taken or intends to take with respect to each of those matters.

In addition, a copy of that report is to be forwarded to the Minister within 3 months after the audit report is received by the local government and 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.

Under section 24(1) of the *Auditor General Act 2006*, the Auditor General is required to report on matters arising out of the performance of the Auditor General's functions that are, in the opinion of the Auditor General, of such significance as to require reporting. There were no such matters raised.

Finally, the Audit Committee is requested to consider and recommend adoption of the 2022-23 Annual Financial Report to Council.

## **COMMENT**

There were two matters raised in the Final Management Letter;

1. Inappropriate use of restricted funds; and
2. Fair value assessment of land, building and infrastructure assets.

The first matter raised has been classed as significant, as such the following steps are required;

1. It must be stated what action the local government has taken or intends to take with respect to the matter raised;
2. A copy the report is to be forwarded to the Minister within 3 months of the audit report being received by the local government; and
3. A copy of the report must be published on the local government's official website.

There were also two other matters raised in the Auditors Closing Report;

1. Inadequate monitoring of portable and attractive assets; and
2. Insufficient quotes obtained as per Shire's purchasing policy.

The OAG Audit Report does include an Emphasis of Matter relating to Note 30 of the financial report that discloses the restatements to amounts reported in the previously issued 30 June 2022 financial report, which are disclosed as comparatives in the current year's financial report. The audit opinion is not modified in respect of this matter and no further action is required on the matter.

Following is the CEO's report to the Audit Committee on matters arising from both the Final Management Letter and the Auditors Closing Report.

## **CONSULTATION**

RSM

Office Auditor General

Shire Staff

## **STATUTORY ENVIRONMENT**

**Local Government Act 1995**

**6.4. Financial report**

- (1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.
- (2) The financial report is to —
  - (a) be prepared and presented in the manner and form prescribed; and
  - (b) contain the prescribed information.
- (3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —
  - (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
  - (b) the annual financial report of the local government for the preceding financial year.

**7.9. Audit to be conducted**

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
  - (a) the mayor or president; and
  - (b) the CEO of the local government; and
  - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that —
  - (a) there is any error or deficiency in an account or financial report submitted for audit; or
  - (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
  - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government,details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
  - (a) prepare a report thereon; and
  - (b) forward a copy of that report to the Minister,and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government.

**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.

#### 5.54. Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.

\* Absolute majority required.

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

#### Local Government (Audit) Regulations 1996

#### 10. Report by auditor

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
  - (a) the financial position of the local government; and
  - (b) the results of the operations of the local government.
- (3) The report must include a report on the conduct of the audit.

[(4A) *deleted*]

- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

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

#### 17A. Valuation of certain assets for financial reports

- (1) In this regulation —

**carrying amount**, in relation to a non-financial asset, means the carrying amount of the non-financial asset determined in accordance with the AAS;

**fair value**, in relation to a non-financial asset, means the fair value of the non-financial asset measured in accordance with the AAS;

**last valuation date**, in relation to a non-financial asset of a local government, means —

- (a) if the asset has been revalued by the local government — the date of the last revaluation;
- (b) otherwise — the date of acquisition by the local government;

**reportable value** — see subregulation (4);

**right-of-use asset**, of a local government, includes the local government's right to use —

- (a) Crown land; or
- (b) other land that is not owned by the local government,

that is vested in the local government at nil or nominal cost for an indefinite period for the purpose of roads or for any other purpose;

**vested improvement**, in relation to a local government, means a pre-existing improvement on land of which the care, control or management is vested in the local government at nil or nominal cost for an indefinite period.

- (2) A local government must show in each financial report for a financial year ending on or after 30 June 2020 —

- (a) the reportable value of all of the non-financial assets of the local government that are —
  - (i) land and buildings that are classified as property, plant and equipment; or
  - (ii) investment properties; or
  - (iii) infrastructure; or
  - (iv) vested improvements that the local government controls;

and

- (b) the carrying amount of all of the non-financial assets of the local government that are plant and equipment type assets measured using the cost model in accordance with the AAS; and

- (c) the carrying amount of all of the right-of-use assets of the local government (other than vested improvements referred to in paragraph (a)(iv)) measured using the cost model in accordance with the AAS.

[(3) *deleted*]

- (4) For the purposes of subregulation (2)(a), the **reportable value** of a non-financial asset of a local government is the fair value of the asset as at its last valuation date minus the following (to the extent applicable) —

- (a) the accumulated depreciation in respect of the asset subsequent to its last valuation date;
- (b) the accumulated impairment losses in respect of the asset subsequent to its last valuation date.

- (4A) A local government must revalue a non-financial asset of the local government referred to in subregulation (2)(a) as follows —

- (a) if the asset is an investment property —
  - (i) whenever required under the AAS known as AASB 140; and
  - (ii) in any event, on the day after the period of 5 years beginning on the asset's last valuation date;
- (b) otherwise — on the day after the period of 5 years beginning on the asset's last valuation date.

- (4B) A local government —

- (a) is not required to revalue a non-financial asset of the local government referred to in subregulation (2)(a) otherwise than as required under subregulation (4A); but

- (b) may revalue the asset earlier than is required under subregulation (4A) if the local government chooses to do so.
- (4C) A local government is not required to comply with the AAS known as AASB 136 to determine the recoverable amounts of its non-financial assets referred to in subregulation (2)(a) for an impairment indicator of a general decrease in asset values.
- (5) A non-financial asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5 000.

**17B. CEO to take steps to protect excluded portable and attractive assets**

A CEO must take all reasonable steps to prevent the theft or loss of —

- (a) a non-consumable asset that is susceptible to theft or loss due to its portable nature and attractiveness for personal use or resale; and
- (b) an asset referred to in regulation 17A(5).

**POLICY IMPLICATIONS**

Nil

**FINANCIAL IMPLICATIONS**

Nil

**STRATEGIC IMPLICATIONS**

**Accountable and effective leaders**

Demonstrating sound financial management and plans for the Shire's long term financial sustainability

High quality corporate governance, accountability and compliance

Ensuring the Shire of Coolgardie is well positioned to meet future needs

**ATTACHMENTS**

1. **2022/23 Annual Financial Statements**
2. **OAG Audit Opinion**
3. **Auditors Closing Report - Confidential**
4. **Final Management Letter**
5. **Transmittal Letter - Confidential**
6. **Audit Representation Letter - Confidential**

**VOTING REQUIREMENT**

Simple majority

**AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION**

**That the Audit Committee;**

- 1. Receive the Auditor's Closing Report and Final Management Letter;**
- 2. Receive the Audit Action Report;**
- 3. Recommend the Audit Action Report be received by Council;**
- 4. Recommend Council adopts the Annual Financial Report, inclusive of the OAG Audit Report for the year ended 30 June 2023;**
- 5. Recommend to Council that the Audit Action Report be forwarded to the Minister in accordance with s 7.12A(4) of the Local Government Act 1995; and**
- 6. Recommends to Council that a copy of the Audit Action Report is published on the Shire's website in accordance with s 7.12A(5) of the Local Government Act 1995**

**5.2.2 2022/23 ANNUAL REPORT**

**Location:** Shire of Coolgardie  
**Applicant:** Shire of Coolgardie  
**Disclosure of Interest:** Nil  
**Date:** 5 December 2023  
**Author:** Martin Whitely, Consultant

**SUMMARY**

The purpose of this report is for the Audit Committee to recommend to Council to adopt the Annual Report for the year ended 30 June 2023 and set the date of the Annual Meeting of Electors.

**BACKGROUND**

The Audit Exit Meeting was held at 10am on Tuesday 5 December 2023 and a copy of the final OAG audit report was received shortly afterwards. Unless otherwise agreed under section 5.54 of the Local Government Act 1995 ("the Act"), it is a requirement for the Annual Report in any financial year to be accepted by the local government no later than 31 December after that financial year is completed.

As stated under section 5.27 of the Act, a local government must then hold an Electors General Meeting within 56 days of accepting the Annual Report. Based on the Annual Report being tabled at the Ordinary Council Meeting on Tuesday 19 December 2023, this would mean the very latest the Annual Electors General Meeting could be held is Saturday 10 February 2024.

If Council were like minded, the Annual Electors General Meeting could be held on Tuesday 30 January 2024 at the Kambalda Recreation Centre commencing at 6.30pm.

Copies of the Annual Report will be made available to the public at the Administration Office and the Library, Barnes Drive Kambalda, and the Library in the Recreation Centre, Sylvester Street Coolgardie.

**COMMENT**

The year ended 30 June 2023 resulted in the Shire's having a net operating surplus of \$439,691 (21/22 Deficit - \$1,257,027) – see Note 27(b) of the Annual Financial Report.

Net Cash from operating activities at year ended 30 June 2022 was \$2,165,669 – see Statement of Cash Flows Note of the Annual Financial Report. This was a significant decrease of \$1,230,101 from the year ended 30 June 2022 largely the result of timing relating to an increase in Trade & Other Receivables and reduction in Trade & Other Payables at 30 June 2023.

The Shire had a Total Operating Revenue of \$24.30m (including operating and capital grants) for the 2022/23 financial year. This was a significant increase from the Total Operating Revenue of \$16.54m in 2021/22 and was as a direct result from additional fees & charges generated from the workers accommodation, waste & aerodrome facilities.

Fees & Charges represented 36% of the Shire's total revenue which was up from the previous financial year (2021/22: 21%). This percentage is expected to increase further in the coming years as revenue is consolidated from the above mentioned facilities.



Total Operating Expenditure for the year ended 30 June 2023 of \$19.25m (excluding depreciation) was up from \$12.44m in the previous year. This was predominately related to expenditure in conjunction with the operations of the workers accommodation, waste & aerodrome facilities.

Total expenditure on capital projects for the year was \$13.80m (excludes non-cash items). Meaning that cumulatively in the past two years the Shire has made a significant investment in infrastructure projects of approximately \$25m. Importantly, much of this investment in infrastructure is expected to produce significant revenue from the fees and charges generated by the facilities implemented.

## CONSULTATION

Auditor – RSM

Auditor General

Council Staff

## STATUTORY ENVIRONMENT

### LOCAL GOVERNMENT ACT 1995

#### 5.27. Electors' general meetings

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

### Division 5 — Annual reports and planning

#### 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.

#### **5.54. Acceptance of annual reports**

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.

*\* Absolute majority required.*

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

*[Section 5.54 amended: No. 49 of 2004 s. 49.]*

#### **5.55. Notice of annual reports**

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

#### **5.55A. Publication of annual reports**

The CEO is to publish the annual report on the local government's official website within 14 days after the report has been accepted by the local government.

*[Section 5.55A inserted: No. 5 of 2017 s. 8.]*

#### **5.56. Planning for the future**

- (1) A local government is to plan for the future of the district.
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

### **POLICY IMPLICATIONS**

Nil

### **FINANCIAL IMPLICATIONS**

Nil

### **STRATEGIC IMPLICATIONS**

#### **Accountable and effective leaders**

High quality corporate governance, accountability and compliance

Demonstrating sound financial management and plans for the Shire's long term financial sustainability

Ensuring the Shire of Coolgardie is well positioned to meet future needs

### **ATTACHMENTS**

- 1. **2022/23 Annual Report**

**VOTING REQUIREMENT**

Simple majority

**AUDIT COMMITTEE RESOLUTION AND OFFICER RECOMMENDATION**

**That the Audit Committee,**

- 1. Recommend to Council to adopt the Annual Report for the year ended 30 June 2023 in accordance with Section 5.54 of the Local Government Act 1995,**
- 2. Recommend to Council to set the date for the Annual meeting of Electors to be Tuesday 30 January 2024 at 6.30pm at the Kambalda Recreation Centre.**

- 6 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING**
- 6.1 Elected Members**
- 6.2 Council Officers**
- 7 CLOSURE OF MEETING**