



Shire of
Peppermint Grove

**AUDIT GOVERNMENT AND RISK
MANAGEMENT COMMITTEE
MEETING**

MINUTES

HELD ON THE

20 DECEMBER 2021 AT 10.00AM



Shire of Peppermint Grove

AUDIT GOVERNANCE AND RISK MANAGEMENT COMMITTEE MEETING MINUTES

20 December 2021

1 DECLARATION OF OFFICIAL OPENING

At 10.00am, the Acting Chief Executive Officer declared the meeting open.

2 RECORDING OF ATTENDANCE, APOLOGIES AND LEAVES OF ABSENCE

2.1 ATTENDANCE

Shire President
Deputy Shire President
Elected Member

Cr R Thomas
Cr C Hohnen
Cr P Dawkins

Acting Chief Executive Officer
Manager Corporate and Community Services
Senior Finance Officer

Mr. D Norgard
Mr M Costarella
Mr. K Viskovich

2.2 GUESTS

Office of Audit General
Internal Auditor
External Auditor

Suraj Karki Assistant Director, Financial Audit
Santo Casilli, AdvantEdge Consulting
Marius van der Merwe, Butler Settineri

2.3 ELECTION OF PRESIDING MEMBER

The Committee is required to elect a Presiding Member of the Audit Governance and Risk Management Committee for the period ended October 2023.

The Acting CEO called for nomination for the position of Presiding Member of the Audit Risk and Governance Committee

Cr Rachel Thomas nominated Cr Charles Hohnen; Cr Dawkins seconded the nomination.

Cr Charles Hohnen accepted the nomination.

The Acting CEO asked for any further nominations. As there were no other nominations, Cr Charles Hohnen was declared elected Presiding Member of the Audit Risk and Governance Committee for the period ended October 2023.

Cr Hohnen took the Chair.

2.4 APOLOGIES

Elected Member
Elected Member
Chief Executive Officer

Cr P Macintosh
Cr D Jackson
Mr D Burnett

2.5 LEAVES OF ABSENCE

NIL

3 DECLARATIONS OF INTEREST

Councillors / Staff are reminded of the requirements of section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting when the matter is discussed, and also of the requirement to disclose an interest affecting impartiality under the Shire's Code of Conduct. Councillors / staff are required to submit declarations of interest in writing on the prescribed form.

5.1 FINANCIAL INTEREST

NIL

5.2 PROXIMITY INTEREST

NIL

5.3 IMPARTIALITY INTEREST

NIL

5.4 INTEREST THAT MAY CAUSE A CONFLICT

NIL

3.5 STATEMENT OF GIFTS AND HOSPITALITY

NIL

4 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

NIL

5 CONFIRMATION OF MINUTES

**5.1.1.1 AUDIT GOVERNANCE AND RISK MANAGEMENT COMMITTEE MEETING 20
DECEMBER 2020**

OFFICER RECOMMENDATION/COMMITTEE DECISION – ITEM 7.1

Moved: Cr Thomas

Seconded: Cr Dawkins

That the Minutes of the Audit, Governance and Risk Management Committee Meeting, held in the Council Chambers on 20 December 2020 be confirmed as a true and accurate record of the meeting.

CARRIED 3/0

6.OFFICER REPORTS

6.1 2020/21 Internal Audit Report – AdvantEdge Consulting

MANAGEMENT/GOVERNANCE/POLICY

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
CONFIDENTIAL Attachment 1 – Item refers:	2020/21 Internal Audit Reports- List of Low Risk Items • General Ledger – Reconciliation & Application Controls • Accounts Payable • Human Resources inc Payroll and OHS • Information Technology General Controls

Voting Requirement	:	Simple Majority
Subject Index	:	Financial management Audit
Disclosure of any Interest	:	Nil
Responsible Officer	:	Michael Costarella, Manager Corporate & Community Services

PURPOSE OF REPORT

The purpose of this report is to present to Council the 2020/21 Internal Audit report for information

SUMMARY AND KEY ISSUES

The Internal Auditor undertook an audit of the internal control and processes for various administrative function and has provided a report on the actions to be undertaken. Staff have included Management comments which have been agreed to by the Internal Audit.

BACKGROUND

The CEO is required to provide the Audit Committee with a report on the internal procedures and processes in accordance with the Financial Management regulations. Our Internal Auditor has been engaged to undertake a review of a number of functions including:-

- General Ledger – Reconciliation & Application Controls
- Accounts Payable
- Human Resources including Payroll and OHS
- Information Technology General Controls Environment

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC IMPLICATIONS

There are no Strategic Implications identified at this time.

POLICY IMPLICATIONS

Financial Management Policies

STATUTORY IMPLICATIONS.

Local Government (Financial Management) Regulations 1996

5. 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.*
- (2) *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.*

Local Government (Audit Regulations) 1996

17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*
- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

FINANCIAL IMPLICATIONS

There are no Financial Implications identified at this time.

ENVIRONMENTAL IMPLICATIONS

There are no Environmental Implications identified at this time.

SOCIAL IMPLICATIONS

There are no Social Implications identified at this time.

OFFICER COMMENT

In June 2021, Council received a number of reports on the various administrative function which highlighted the need to develop written procedures. All matter were consider low risk and could be resolved by the development of written procedures.

OFFICER RECOMMENDATION/S – ITEM NO 6.1

Moved: Cr Thomas

Seconded: Cr Dawkins

That the Committee recommends to Council that it notes the reports on the Internal Audit 2020/21 attached to the Audit Governance and Risk Management Committee Agenda.

ATTACHMENT DETAILS

<u>Attachment No</u>	<u>Details</u>
Attachment 2 – Item refers	Correspondence from Butler Settineri (Auditor)

Voting Requirement	Simple Majority
Subject Index	Financial management Audit
Disclosure of any Interest	Nil
Responsible Officer	Michael Costarella, Manager Corporate & Community Services

PURPOSE OF REPORT

To provide information to Council regarding the annual audit report undertaken by Council’s Auditor in November/ December 2021.

SUMMARY AND KEY ISSUES

For the Committee to endorse the Draft 2020/21 Annual Financial Statements (Attachment 1) and note the matters identified in the Draft Independent Auditor’s Report

BACKGROUND

This meeting of the Committee has been convened for the Committee to review the draft Audited Annual Financial Statements and the Audit Closing Report for the year ended 30 June 2021.

The draft Independent Auditor’s Report has since been received from the Office of the Auditor General and is included in the above report to the Committee.

CONSULTATION

There has been no specific consultation undertaken in respect to this matter.

STRATEGIC IMPLICATIONS

There are no Strategic Implications identified at this time.

POLICY IMPLICATIONS

Financial Management Policies

STATUTORY IMPLICATIONS.

Part 7 of the Local Government Act 1995

FINANCIAL IMPLICATIONS

There are no Financial Implications identified at this time.

OFFICER COMMENT

The Auditors have advised at the time of writing this report that there were no significant findings from the final audit on the financial information.

The Management Letter contains the outstanding matters as well as Management comments.

OFFICER RECOMMENDATION/S – ITEM NO 6.2

Moved: Cr Thomas

Seconded: Cr Dawkins

That the Audit Governance and Risk Management Committee recommends to Council that it notes 2020/21 audit report and management comments.

7. CLOSURE

There being no further business, the meeting closed at 10.40am