



Shire of  
Peppermint Grove

# **AUDIT GOVERNANCE & RISK MANAGEMENT COMMITTEE MEETING MINUTES**

*This meeting is not open to the public. All recommendations of this committee are referred to council.*

**HELD ON THE  
13<sup>th</sup> December 2022 Commencing  
at 4.00PM**



# Shire of Peppermint Grove

## AUDIT GOVERNANCE AND RISK MANAGEMENT COMMITTEE MEETING MINUTES

13<sup>th</sup> December 2022

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### 1 DECLARATION OF OFFICIAL OPENING

At 4.00pm, the Presiding Member declared the meeting open.

### 2 RECORDING OF ATTENDANCE, APOLOGIES AND LEAVES OF ABSENCE

#### 2.1 ATTENDANCE

Shire President	Cr R Thomas
Deputy Shire President (Presiding member)	Cr C Hohnen
Elected Member	Cr P Macintosh
Elected Member	Cr D Jackson
Chief Executive Officer	Mr D Burnett
Manager Corporate and Community Services	Mr M Costarella

Guest

Office of Audit General	Suraj Karki Assistant Director, Financial Audit
External Auditor	Marius van der Merwe, Dry Kirkness

#### 2.2 APOLOGIES

Elected Member	Cr P Dawkins
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## **2.3 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**

*A declaration under this section 5.60 of the Act requires that the nature of the interest must be disclosed. Consequently, a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.*

*Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.*

### **5.2 PROXIMITY INTEREST**

*A declaration under this section 5.60 of the Act requires that the nature of the interest must be disclosed. Consequently, a member who has made a declaration must not preside, participate in, or be present during any discussion or decision making procedure relating to the matter the subject of the declaration.*

*Other members may allow participation of the declarant if the member further discloses the extent of the interest and the other members decide that the interest is trivial or insignificant or is common to a significant number of electors or ratepayers.*

### **5.3 IMPARTIALITY INTEREST**

*Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member / employee is also encouraged to disclose the nature of the interest. The member / employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member / employee declares that their impartiality will not be affected then they may participate in the decision making process.*

## 5.4 INTEREST THAT MAY CAUSE A CONFLICT

*Councillors and staff are required (Code of Conduct), in addition to declaring any financial interest, to declare any interest that might cause a conflict. The member / employee is also encouraged to disclose the nature of the interest. The member / employee must consider the nature and extent of the interest and whether it will affect their impartiality. If the member / employee declares that their impartiality will not be affected then they may participate in the decision making process.*

## 3.5 STATEMENT OF GIFTS AND HOSPITALITY

*Councillors and staff are required (Code of Conduct), to disclose gifts and acts of hospitality which a reasonable person might claim to be a conflict of interest. Gifts and acts of hospitality which exceed that amount of prescribed by regulation are to be recorded in the Councils Gift Register.*

## 4 ANNOUNCEMENTS BY THE PRESIDING MEMBER (WITHOUT DISCUSSION)

NIL

## 5 CONFIRMATION OF MINUTES

### 5.1 AUDIT COMMITTEE MEETING 9<sup>TH</sup> AUGUST 2022

#### OFFICER RECOMMENDATION – ITEM 5.1

Moved: Cr MacIntosh

Seconded: Cr Jackson

**That the Minutes of the Audit Governance & Risk Management Committee Meeting, of the Shire of Peppermint Grove held in the Council Chambers on 9<sup>th</sup> August 2022 be confirmed as a true and accurate record.**

**CARRIED 4/0**

## 6.OFFICER REPORTS

### 6.1 2021/22 Audit Management Letter – Officer of Auditor General & Dry Kirkness

#### MANAGEMENT/GOVERNANCE/POLICY

#### CONFIDENTIAL ATTACHMENT

<u>Attachment No</u>	<u>Details</u>
1	2021/22 Audit Management Report- OAG

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 for the Committee to receive the Annual Audit Report for the 2021/22 Financial year.

#### SUMMARY AND KEY ISSUES

The Audit was conducted by Dry Kirkness and the office of Auditor General. The following matters were identified and included in the Management Report.:-

- User Restricted access to specific functions in Council First
- Journals
- Fair Value of Infrastructure Assets- frequency of valuations
- Primary Return for Key Management Personnel
- Changes to Supplier and employee master files
- ICT Disaster Recovery Plan
- Excessive Annual Leave Accruals
- Insufficient Quotes

## **BACKGROUND**

The report identifies any issues that need to be reported to the Management and it includes Management comments for the information of the Audit Governance & Risk Management 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.**

Local Government (Financial Management) Regulations 1996

## **FINANCIAL IMPLICATIONS**

There are no Financial Implications identified at this time.

## **OFFICER COMMENT**

Staff have provided comments on the matters raised in the Management Letter and a copy of the questions and management response is included as an attachment.

## **OFFICER/COMMITTEE RECOMMENDATION – ITEM NO 6.1**

**Moved: Cr MacIntosh**

**Seconded: Cr Thomas**

**That Council receives the audit report for the 2021/22 financial year performed by Dry Kirkness and the Office of Auditor General and noting actions to address the matters.**

**CARRIED 4/0**

## 6.2 2021/22 Audited Annual Financial Report – Officer of Auditor General & Dry Kirkness

### **ATTACHMENT DETAILS**

<b><u>Attachment No</u></b>	<b><u>Details</u></b>
<b>Attachment 1</b>	Audited 2021/22 Annual Financial Statements

Voting Requirement : Simple Majority  
 Subject Index : 2021/22 Financial Statements  
 Responsible Officer : Michael Costarella, Manager Corporate & Community Services

### **PURPOSE OF REPORT**

The purpose of this report is to receive the Audited Annual Financial Statements for the year ended 30 June 2022.

### **SUMMARY AND KEY ISSUES**

The 2021/22 Audited Annual Financial Statements have been completed and the Council is requested to adopt the document.

### **BACKGROUND**

The financial statements for the year ended the 30 June 2022, were presented to the Auditor for audit purposes and following a number of amendments were presented to the Office of Auditor General (OAG) for final endorsement.

### **CONSULTATION**

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

### **STRATEGIC IMPLICATIONS**

Strategic Priority 5- Governance

*Item 5.1- Continue to monitor the financial sustainability of the Shire's resources*

### **POLICY IMPLICATIONS**

Financial Management Policies

**STATUTORY IMPLICATIONS.**

Section 6.4 of the Local Government Act

**FINANCIAL IMPLICATIONS**

Nil.

**ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications at this time

**SOCIAL IMPLICATIONS**

There are no Social Implications identified at this time.

**OFFICER COMMENT**

The audit for the 2021/22 financial year has been completed and provides an overview of the financial activities for the 2021/22 year.

**2021/22 Closing Surplus**

The estimated closing budget surplus as at 30 June 2022 was anticipated to be \$291,287, however following the audit, this was reviewed and adjusted to \$343,554.

The additional surplus of some \$50,000 related to cash funding of the Leave Accruals from the Employee Leave Reserve Fund.

**OFFICER/ COMMITTEE RECOMMENDATION – ITEM NO 6.2**

**Moved: Cr Thomas**

**Seconded: Cr MacIntosh**

**That Council receives the audited 2021/22 Annual Financial Statements and Audit Report and Completion Report.**

**CARRIED 4/0**



### 6.3 Matters for Information and Noting

<b>Attachment No</b>	<b>Details</b>
<b>Attachment refers to</b>	Joint Venture Interpretation- The Grove Library 2020/21 Financial Audit Results for Local Government

Voting Requirement	Simple Majority
Subject Index	Financial management Audit
Disclosure of any Interest	Nil
Responsible Officer	Don Burnett Chief Executive Officer

#### **PURPOSE OF REPORT**

The Shire of Peppermint Grove regularly receives and produces information for receipt by the Elected Members. The purpose of this item is to keep Elected Members informed on items for information received by the Shire.

The Matters of information report includes the following matters:-

- Joint Venture Interpretation- The Grove Library
- 2020/21 Financial Audit Results for Local Government

#### **SUMMARY AND KEY ISSUES**

- Joint Venture Interpretation- The Grove Library

The CEO has sent an email to the Auditor General's Office seeking clarification on the requirements to report the Grove Library as a Joint Venture following the implementation of a new Library Management Group Agreement effective from the 1 January 2022.

A copy of the email is attached.

- 2020/21 Financial Audit Results for Local Government

The Auditor General's Office has tabled its Report on the annual financial audits for the 2020/21 financial year. The report identifies and signification issues and makes recommendations.

#### **CONSULTATION**

The matters were either discussed with the Office of Auditor General and the Library Management Group.

## **STRATEGIC IMPLICATIONS**

Strategic Priority 5- Governance

*Item 5.1- Continue to monitor the financial sustainability of the Shire's resources*

## **POLICY IMPLICATIONS**

Financial Management Policies

## **STATUTORY IMPLICATIONS.**

Nil.

## **FINANCIAL IMPLICATIONS**

Nil.

## **ENVIRONMENTAL IMPLICATIONS**

There are no environmental implications at this time

## **SOCIAL IMPLICATIONS**

There are no Social Implications identified at this time.

## **OFFICER COMMENT**

The reports are provided for discussion and noting by the Committee.

## **OFFICER/COMMITTEE RECOMMENDATION/S – ITEM NO 6.3**

**Moved: Cr Thomas**

**Seconded: Cr Jackson**

**That Council receives the information in this report.**

**CARRIED 4/0**

## **CLOSURE**

**There being no further business the Chairperson declared the meeting closed at 4.55pm.**