



# MINUTES

## AUDIT & RISK MANAGEMENT COMMITTEE

held on

**Thursday, 15 December 2022 at 5:15pm**

at the

**Shire of Morawa Council Chambers,  
26 Winfield Street, Morawa**



WESTERN AUSTRALIA'S  
WILDFLOWER COUNTRY

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## DISCLOSURE OF FINANCIAL/ IMPARTIALITY/ PROXIMITY INTERESTS

*Local Government Act 1995 – Section 5.65, 5.70 and 5.71 Local Government (Administration) Regulation 34C*

<i>This form is provided to enable members and officers to disclose an Interest in a matter in accordance with the regulations of Section 5.65, 5.70 and 5.71 of the Local Government Act and Local Government (Administration) Regulation 34C</i>			
Name of person declaring the interest			
Position			
Date of Meeting			
Type of Meeting (Please circle one)	Council Meeting/ Committee Meeting/ Special Council Meeting Workshop/ Public Agenda Briefing/ Confidential Briefing		
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality
Interest Disclosed			
Item Number and Title			
Nature of Interest			
Type of Interest (please circle one)	Financial	Proximity	Impartiality

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Important Note:** Should you declare a **Financial** or **Proximity** Interest, in accordance with the Act and Regulations noted above, you are required to leave the room while the item is being considered. For an **Impartiality** Interest, you must state the following prior to the consideration of the item:

*“With regard to agenda item (read item number and title), I disclose that I have an impartiality interest because (read your reason for interest). As a consequence, there may be a perception that my impartiality on the matter may be affected. I declare that I will consider this matter on its merits and vote accordingly.”*

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Item 1	Opening of Meeting .....	6
Item 2	Acknowledgement of Traditional Owners and Dignitaries.....	6
Item 3	Recording of Attendance .....	6
4.1	Attendance .....	6
4.2	Apologies.....	6
4.4	Approved Leave of Absence.....	6
4.5	Disclosure of Interests .....	6
Item 5	Applications for Leave of Absence .....	6
Item 6	Response to Previous Questions .....	6
Item 7	Questions from Members without Notice .....	6
Item 8	Announcements by Presiding Member without Discussion .....	7
Item 9	Declarations of All Members to have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting.....	7
Item 10	Confirmation of Minutes of Previous Meeting .....	7
Item 11	Reports of Officers.....	8
11.1	Acceptance of Annual Financial Statements and Audit Report.....	8
11.2	Financial Management Review 2022 – Status Report Update .....	10
Item 12	Motions of Which Previous Notice Has Been Given .....	12
Item 13	New Business of an Urgent Nature .....	12
Item 14	Closure .....	12

**Item 1 Opening of Meeting**

The Presiding Member declared the meeting open at 5:20pm.

**Item 2 Acknowledgement of Traditional Owners and Dignitaries**

The Presiding Member acknowledges the traditional custodians, the Yamatji people, and recognises the contribution of Yamatji elders past, present and future, in working together for the future of Morawa.

**Item 3 Recording of Attendance****4.1 Attendance****Committee Members**

President Councillor Karen Chappel (Presiding Member)  
Councillor Debbie Collins  
Councillor Yvette Harris  
Councillor Shirley Katona  
Councillor Jane Coaker  
Councillor Mark Coaker

**Staff**

Acting Chief Executive Officer

Paul Devcic

**4.2 Apologies**

Deputy President Councillor Ken Stokes

**4.4 Approved Leave of Absence**

Nil

**4.5 Disclosure of Interests**

Nil

**Item 5 Applications for Leave of Absence**

Nil

**Item 6 Response to Previous Questions**

Nil

**Item 7 Questions from Members without Notice**

Nil

**Item 8 Announcements by Presiding Member without Discussion**

Nil

**Item 9 Declarations of All Members to have Given Due Consideration to All Matters Contained in the Business Paper before the Meeting**

The Elected Members to declare that they had given due consideration to all matters contained in the agenda.

- President Councillor Karen Chappel (Presiding Member)
- Councillor Debbie Collins
- Councillor Yvette Harris
- Councillor Shirley Katona
- Councillor Jane Coaker
- Councillor Mark Coaker

**Item 10 Confirmation of Minutes of Previous Meeting****OFFICER'S RECOMMENDATION/RESOLUTION**

221201

Moved: Cr J Coaker

Seconded: Cr D Collins

That the Audit Committee Meeting Minutes held on Thursday, 6 June 2022 are confirmed to be a true and correct record.

**CARRIED BY SIMPLE MAJORITY 6/0**

*Disclaimer*

*Members of the public are cautioned against taking any action on Council decisions, on items in this agenda in which they may have an interest, until formal notification in writing from the Shire has been received. Decisions made at this meeting can be revoked pursuant to the Local Government Act 1995.*

**Item 11 Reports of Officers****11.1 Acceptance of Annual Financial Statements and Audit Report**

**Author:** Executive Manager Corporate & Community Services

**Authorising Officer:** Chief Executive Officer

**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

**OFFICER'S RECOMMENDATION/RESOLUTION****221202****Moved: Cr D Collins****Seconded: Cr J Coaker**

**That the Audit Committee:**

- 1. Adopts the Shire of Morawa 2021-2022 Annual Report inclusive of audited Annual Financial Statements and final Auditor Opinion.**
- 2. Receives the Auditor's Final Management Letter for the year ended 30 June 2022.**
- 3. Endorses the actions and timeframes as per the audit outcomes, key review risk areas, audit opinion and other recommendations to address the findings identified in the Auditors Final management letter.**

***CARRIED BY ABSOLUTE MAJORITY 6/0***

**PURPOSE**

The Audit Committee (Committee) is to report to Council and provide appropriate advice and recommendations regarding audit reporting.

This report presents to the Committee the audited Annual Financial Report, Audit Opinion and Final management letter for the Shire of Morawa for the year ended 30 June 2022.

**DETAIL**

It is a statutory requirement that all Local Governments conduct an independent audit of the accounts and financial statements of the entity at the completion of each financial year.

The Audit Committee must then consider this report and provide endorsement to the actions and strategies as determined by Staff in response to the report and/or Final management letter.

The 2021-2022 Audit report will be issued as an unqualified opinion.

**LEVEL OF SIGNIFICANCE**

High – provides a representation of the financial position of the Shire of Morawa at 30 June 2022.



## CONSULTATION

### *Internal*

Shire President and Deputy Shire President  
Senior Management Team  
Finance Team

### *External*

Nexia  
Office of Auditor General

## LEGISLATION AND POLICY CONSIDERATIONS

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 2011*

### **Strategic Community Plan 2022 to 2032)**

Be future focused in all we do:

1. Ensure the Shire and its assets are well resourced and sustainable.

## FINANCIAL AND RESOURCES IMPLICATIONS

The costs associated with conducting the annual audit are included in the 2021-2022 Budget.

## RISK MANAGEMENT CONSIDERATIONS

The Final management letter presented by Nexia identified two items, both deemed moderate. It should be noted that item 2 had previously been identified in the Financial Management Review that was conducted during February 2022 and has a completion date of June 2023. Staff have responded to these items and these responses can be seen in the attached Final management letter for detail regarding risks identified by Nexia (**Attachment 2**).

The Audit Report is to be accepted by Council no later than 31 December (Section 5.54 of the Local Government Act 1995). Not accepting the report by this time will be a breach of the Local Government Act.

## CONCLUSION

The Annual Report, Annual Financial Report, Audit Opinion and Final management letter are attached for the Audit Committee's review. The Shire of Morawa is continuously working towards improvements in the financial management area and while there has been progress in some areas further work is still required in creating stronger controls and processes.

## ATTACHMENTS

*Attachment 1 – 11.1a Annual Report including the 2021-2022 Annual Financial Report and Audit Opinion*

*Attachment 2 – 11.1b Shire of Morawa – Final Management Letter*

**11.2 Financial Management Review 2022 – Status Report Update**

**Author:** Executive Manager Corporate and Community Services

**Authorising Officer:** Chief Executive Officer

**Disclosure of Interest:** The Author and Authorising Officer declare that they do not have any conflicts of interest in relation to this item.

**OFFICER'S RECOMMENDATION/RESOLUTION**

**221203**                      **Moved: Cr S Katona**                      **Seconded: Cr Y Harris**

**That the Audit Committee:**

- 1. Receive the Financial Management Review 2022 status report update.**
- 2. Direct the CEO to present a further update on the Financial Management Review findings and actions taken in March 2023.**

***CARRIED BY SIMPLE MAJORITY 6/0***

**PURPOSE**

The purpose of this report is to present to the Audit & Risk Management Committee (ARMC) the Financial Management Review 2022 (FMR) status review update.

**DETAIL**

In accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996, local government CEOs are to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government not less than once in every three financial years and report to the local government the results of the reviews.

RSM Australia were engaged to undertake the review in January 2022.

From the FMR report provided management have produced a Status Report (***Attachment 1***) that lists all the issues identified and the planned actions to remedy the issues. This report has been updated with the actions taken to date and is presented to the ARMC for review.

**LEVEL OF SIGNIFICANCE**

Moderate– provides a representation of how effective the current controls that have been implemented at the Shire of Morawa are.

**CONSULTATION**

*Internal*

Chief Executive Officer  
Finance team

**LEGISLATION AND POLICY CONSIDERATIONS**

*Local Government Act 1995*  
*Local Government (Financial Management) Regulations 1996*  
*Local Government (Audit) Regulations 1996*

**FINANCIAL AND RESOURCES IMPLICATIONS**

There are no financial or resource implications

**STRATEGIC AND SUSTAINABILITY IMPLICATIONS**

***Shire of Morawa Community Strategic Plan 2022-2032***

Be future focused in all we do:

1. Ensure the Shire and its assets are well resourced and sustainable.

**RISK MANAGEMENT CONSIDERATIONS**

Findings outlines in the FMR report are assigned a risk rating. These ratings are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. Preparation of a schedule of management actions and reporting progress to the ARMC ensures findings are appropriately addressed.

**CONCLUSION**

Whilst there are several areas where Council's systems and procedures can be improved, there are many areas where the controls in place are of a good standard.

**ATTACHMENTS**

*Attachment 1 – 11.2a Financial Management Review Status Report Update*

**Item 12 Motions of Which Previous Notice Has Been Given**

Nil

**Item 13 New Business of an Urgent Nature**

Nil

**Item 14 Closure**

There being no further business, the Presiding Member declared the meeting closed at 5.31pm.