



# MINUTES

## Special Meeting Audit & Risk Committee

**Wednesday, 12 February 2025 at 2:30pm.**

**COUNCIL CHAMBERS, 15 ADAM STREET, NANNUP**

The purpose of the Special meeting is for the Committee to:

1. Confirm the minutes from the Audit and Risk Committee meeting held on 31 January 2025 as a true and correct record, and
2. Receive the Annual Financial Report 2023/2024, Audit Opinion 2023/2024, Final Management Letter 2023/2024 and Interim Audit Management letter for the year ending 30 June 2024 and determine if a report is required to address 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 those matters.
3. To consider the 2024 Compliance Audit Return.

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## MINUTES

### **1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS/ACKNOWLEDGMENT OF COUNTRY:**

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The Presiding Member declared the meeting open at 2.30pm.

The Presiding Member to acknowledged the traditional custodians of the land, the Wardandi and Bibbulmun people, paying respects to Elders past, present, and emerging.

#### **Audio Recording**

The Presiding Member to advised that the meeting is being audio recorded in accordance with the Local Government Act 1995 and will be published on the Shire's website within 14 days.

Members of the public are reminded that no other visual or audio recording of this meeting by any other means is allowed without the permission of the chairperson.

### **2. ATTENDANCE/APOLOGIES:**

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#### **2.1 ATTENDANCE**

Presiding Member/Shire President	Anthony (Tony) Dean
Deputy Shire President	Vicki Hansen
Councillor	Patricia Fraser
Councillor	Cheryle Brown
Councillor	Ian Gibb
Councillor	Timothy Sly
Chief Executive Officer	David Taylor
Executive Manager Corporate Services	Kim Dolzadelli
Executive Support Officer	Lisa Atkinson
Finance Coordinator	Robin Lorkiewicz
Governance Officer	Nicky Barker

#### **2.2 APOLOGIES**

Councillor	Lynette Curtis
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### **3. PUBLIC QUESTION TIME:**

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Nil

### **4. MEMBERS ON LEAVE OF ABSENCE AND APPLICATIONS FOR LEAVE OF ABSENCE:**

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#### **4.1 APPROVED LEAVE OF ABSENCE:**

Nil.

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**4.2 APPLICATION FOR A LEAVE OF ABSENCE:**

Nil.

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**5. CONFIRMATION OF MINUTES:**

5.1 Audit and Risk Committee Minutes – 31 January 2025

**EXECUTIVE RECOMMENDATION:**

That the minutes from the Audit and Risk Committee meeting held on 31 January 2025 be confirmed as a true and correct record (attachment 5.1).

**COMMITTEE RESOLUTION 120225.1****MOVED: CR HANSEN****SECONDED: BROWN**

*That the minutes from the Audit and Risk Committee meeting held on 31 January 2025 be confirmed as a true and correct record (attachment 5.1)*

**CARRIED****TOTAL VOTES FOR: 6**

*Cr Dean, Cr Hansen, Cr Brown, Cr Fraser, Cr Gibb, Cr Sly*

**TOTAL VOTES AGAINST: 0**

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**6. ANNOUNCEMENTS FROM PRESIDING MEMBER:**

Nil.

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**7. DISCLOSURE OF INTEREST:**

Nil.

The Shire of Nannup Disclosure of Interest Register is on our website [here](#).

## 8. REPORTS OF OFFICERS:

AGENDA NUMBER & SUBJECT:	8.1 – Annual Financial Statements and Audit Opinion 2023/2024
LOCATION/ADDRESS:	Shire of Nannup
NAME OF APPLICANT:	N/A
FILE REFERENCE:	FNC1
AUTHOR:	Kim Dolzadelli–Executive Manger Corporate Services
REPORTING OFFICER:	Kim Dolzadelli–Executive Manger Corporate Services
DISCLOSURE OF INTEREST:	Nil
DATE OF REPORT:	31 January 2025
PREVIOUS MEETING REFERENCE	Nil
ATTACHMENTS:	8.1.1 -Shire of Nannup Audited Annual Financial Report - 2023/24 8.1.2 - Audit Opinion 2023/24 8.1.3 - Interim Management Letter 2023/24 8.1.4 - Final Management Letter 2023/24

### BACKGROUND:

The Local Government Act 1995 and the Local Government (Audit) Regulations 1996 stipulate that the Office of the Auditor General (OAG) is to conduct the financial audit of all local governments in Western Australia, noting that approximately 85% of WA local governments annual financial audits are further outsourced by the OAG.

The Audit and Risk Committee (ARC) conducted a formal meeting with the Shire’s external Auditor required in accordance with section 7.12(A)(2) of the local government Act 1995 on Friday, 31 January 2025.

During this meeting, the ARC took part in an “Audit Exit” meeting with representatives from the Office of the Auditor General (OAG), the Auditor, and OAG appointed Auditors AMD Chartered Accountants.

The OAG has completed the Audit of the Annual Financial Report for the year ended 30 June 2024. The Independent Auditor’s Opinion was issued on 4 February 2025 and is attached to this item for reference.

No matters were raised in the Audit Report that requires any action to be taken by the local government in accordance with the Local Government Act 1995, Part – 7 Audit.

The Interim and Final Audit Management reports are also attached to this Agenda with Managements responses included as attachments to this agenda.

### COMMENT:

The audit opinion is qualified based on prior year carry values for land, buildings, and infrastructure assets, however, concludes that the report fairly represents the results of the operations of the Shire for the period ended 30 June 2024.

**Excerpt from OAG Opinion:**

*“In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of my report, the financial report:*

- *is based on proper accounts and records.*
- *presents fairly, in all material respects, the results of the operations of the Shire for the year.*
- *ended 30 June 2024 and its financial position at the end of that period.*
- *is in accordance with the Local Government Act 1995 (the Act) and, to the extent that they*
- *are not inconsistent with the Act, Australian Accounting Standards.*

**Basis for qualified opinion****Land and buildings and infrastructure.**

*My opinion in the prior year was qualified because land, buildings, and infrastructure with carrying values of \$1,615,000, \$8,737,435 and \$100,957,611 respectively disclosed in Notes 8(a) and 9(a) of the financial report as at 30 June 2023, had not been revalued as required by the regulations. The Shire was unable to correct these prior year figures in the current year.*

*Consequently, my opinion on the current year financial report is also modified because of the possible effect of this matter on the comparability of the current period’s figures and the corresponding figures.”*

The qualification has been made on the basis of prior year comparisons for land, buildings and infrastructure that had not been revalued as at 30 June 2023, there was and is no action that the Shire could have undertaken to remove this prior year qualification.

Four minor finding were raised in the Interim Management letter and two moderate findings were raised in the Final Management letter from the OAG.

Given no significant findings have been raised, no report to the Minister is required in accordance with 7.12A(4)(b) of the *Local Government Act 1995*.

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT:**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Outdated policy - risk management	No			✓	✓
2. Disaster recovery plan	No			✓	
3. Council minute inconsistency	No			✓	
4. Payment exceptions	No			✓	

### Comments in relation to Interim Audit Findings:

1. Risk Management Policy updated to reference the current Risk Management standard ISO 31000:2018. Adopted at the Ordinary Council meeting held 22 August 2024 Resolution 220824.14,
2. *This will be undertaken in the 2024/25 Financial Year,*
3. *Agree with Auditors observation and recommendation – checks and balances in place, and*
4. Purchase order raised after invoice date, more scrutiny be applied to this issue with any occurrences being reported and explanation sort from officers.

### FINDINGS IDENTIFIED DURING THE FINAL AUDIT

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Assessment of capital grant liabilities	No		✓		✓
2. Information technology framework	No		✓		

### Comments in relation to Final Audit Findings:

1. Framework now in place and part of end of moth procedures, and
2. To be completed by 30 June 2025.

### STATUTORY ENVIRONMENT:

#### Local Government Act 1995

#### *Division 4*

#### 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.

## **Local Government (Audit) Regulations 1996**

### **Regulation 16.**

#### *16. Functions of audit committee*

*An audit committee has the following functions —*

- (a) *to guide and assist the local government in carrying out —*
  - (i) *its functions under Part 6 of the Act; and*
  - (ii) *its functions relating to other audits and other matters related to financial management;*
- (b) *to guide and assist the local government in carrying out the local government’s functions in relation to audits conducted under Part 7 of the Act;*
- (c) *to review a report given to it by the CEO under regulation 17(3) (the **CEO’s report**) and is to —*
  - (i) *report to the council the results of that review; and*
  - (ii) *give a copy of the CEO’s report to the council;*
- (d) *to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —*
  - (i) *regulation 17(1); and*
  - (ii) *the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (e) *to support the auditor of the local government to conduct an audit and carry out the auditor’s other duties under the Act in respect of the local government;*
- (f) *to oversee the implementation of any action that the local government —*
  - (i) *is required to take by section 7.12A(3); and*
  - (ii) *has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and*
  - (iii) *has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and*
  - (iv) *has accepted should be taken following receipt of a report of a review conducted under the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);*
- (g) *to perform any other function conferred on the audit committee by these regulations or another written law.*

### **POLICY IMPLICATIONS:**

Nil

**FINANCIAL IMPLICATIONS:**

Nil

**RISK MANAGEMENT MATRIX:**

The Shire, through its adopted Risk Management Framework, has identified a number of risk areas that need to be assessed and where necessary treated, like, but not limited to:

Audit risks	Financial and credit risks
Operational risks	Technological and IT risks
Compliance and regulatory risks	Environmental risks
Legal risks	Strategic risks
Political risks	Sustainability and security risks

Officers have undertaken a Risk Assessment with respect to the item before the Committee and advise that no risks have been identified in relation to the recommendation before the Committee.

**STRATEGIC IMPLICATIONS:**

Nil.

**VOTING REQUIREMENT:**

Simple majority.

**OFFICER RECOMMENDATION:**

That the Audit and Risk Committee recommend to Council that it:

1. Receive the Annual Financial Report, Audit Opinion, Final Management Letter, and Interim Audit Management letter for the year ending 30 June 2024 as attached; and
2. Note that a report on significant findings in accordance with Section 7.12A(4)(b) of the *Local Government Act 1995*, for the year ending 30 June 2024, is not required.

**COMMITTEE RESOLUTION 120225.2**

**MOVED: CR BROWN**

**SECONDED: CR GIBB**

**Procedural Motion: Standing Orders be suspended to allow for discussion on the item.**

**CARRIED**

**TOTAL VOTES FOR: 6**

**Cr Dean, Cr Hansen, Cr Brown, Cr Fraser, Cr Gibb, Cr Sly**

**TOTAL VOTES AGAINST: 0**

**COMMITTEE RESOLUTION 120225.3****MOVED: CR BROWN****SECONDED: CR FRASER*****Procedural Motion: Standing Orders to be resumed to allow for voting.*****CARRIED****TOTAL VOTES FOR: 6*****Cr Dean, Cr Hansen, Cr Brown, Cr Fraser, Cr Gibb, Cr Sly*****TOTAL VOTES AGAINST: 0****COMMITTEE RESOLUTION 120225.4****MOVED: CR SLY****SECONDED: CR FRASER*****That the Audit and Risk Committee recommend to Council that it***

- 1. Receive the Annual Financial Report, Audit Opinion, Financial Management Letter, and Interim Audit Management Letter for the year ending 30 June 2024 as attached; and***
- 2 Note that a report on significant findings in accordance with Section 7.12A(4)(b) of the Local Government Act 1995, for the year ending 30 June 2024, is not required.***

**CARRIED****TOTAL VOTES FOR: 6*****Cr Dean, Cr Hansen, Cr Brown, Cr Fraser, Cr Gibb, Cr Sly*****TOTAL VOTES AGAINST: 0**

AGENDA NUMBER & SUBJECT:	8.2– 2024 Compliance Audit Return
LOCATION/ADDRESS:	N/A
NAME OF APPLICANT:	N/A
FILE REFERENCE:	ADM 14
AUTHOR:	Nicky Barker–Governance Officer
REPORTING OFFICER:	Kim Dolzadelli - Executive Manager Corporate Services
DISCLOSURE OF INTEREST:	N/A
DATE OF REPORT:	7 February 2025
PREVIOUS MEETING REFERENCE	Nil
ATTACHMENT:	8.2.1 – 2024 Compliance Audit Return

#### **PURPOSE OF REPORT:**

The Audit and Risk Committee to consider the Shire of Nannup's (Shire) legislative compliance audit and completion of the 2024 Compliance Audit Return (CAR) for the period 1 January 2024 to 31 December 2024.

#### **BACKGROUND:**

Western Australian local government authorities are required to complete an Annual Compliance Audit Return (CAR) in accordance with the provisions of the *Local Government (Audit) Regulations 1996* (the Regulations).

The CAR is to be submitted to the Department of Local Government, Sport and Cultural Industries (Department) by 31 March 2024.

The completed return is required to be –

- Reviewed by the Audit and Risk Committee;
- Considered and adopted by Council;
- Certified by the Shire President and Chief Executive Officer following Council adoption; and
- Submitted together with a copy of the Council Minutes to the Department by 31 March 2025.

The CAR assists the Shire in monitoring legislative compliance by examining a range of prescribed requirements under Regulation 13 of the Regulations.

The draft 2024 Compliance Audit Return is attached. Following review by the Audit and Risk Committee, the CAR will be submitted to Council for final endorsement before submission to the Department.

#### **COMMENT:**

CAR questions were assigned to relevant officers who were expected to review their processes to determine compliance and provide evidence to support their response, where required. Responses were collated and provided to the Chief Executive Officer for review.

Where non-compliance was identified, officers were requested to provide comments relating to corrective actions. In some cases, an immediate response has been applied to resolve the non-compliance and for others, processes are being reviewed to support effective future regulatory compliance.

The 2024 CAR comprised 94 questions, grouped into 11 categories of which the option is a Yes, No or Not Applicable response.

The attached CAR includes comments and references to documents to support the response provided and is being presented to the Committee to assist with their review.

To note, there are two instances in the CAR where a 'no' response has been given however the Shire is still compliant in these areas. The comments provide clarification.

**STATUTORY ENVIRONMENT:**

Section 7.13(1)(i) of the *Local Government Act 1995* requires local governments to carry out an audit of compliance with statutory requirements prescribed in the *Local Government (Audit) Regulations 1996*.

**POLICY IMPLICATIONS:**

Policies, procedures and processes will be reviewed or developed to support legislative compliance in the future.

**FINANCIAL IMPLICATIONS:**

Nil.

**STRATEGIC IMPLICATIONS:**

The review of the Shire's legislative compliance obligations through the completion of the CAR aligns with the Shire's Strategic Community Plan strategy to provide a stable, consistent and honest government.

**VOTING REQUIREMENTS:**

Simple Majority.

**OFFICER RECOMMENDATION:**

That the Audit and Risk Committee recommend that Council endorse the 2024 Compliance Audit Return as shown at Attachment 8.2.1

**COMMITTEE RESOLUTION 120225.5****MOVED: CR HANSEN****SECONDED: CR SLY**

***That the Audit and Risk Committee recommend that Council endorse the 2024 Compliance Audit Return as shown at Attachment 8.2.1***

**CARRIED****TOTAL VOTES FOR: 5*****Cr Dean, Cr Hansen, Cr Brown, Cr Fraser, Cr Gibb, Cr Sly*****TOTAL VOTES AGAINST: 0****12 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN:**

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Nil.

**13. MEETING MAY BE CLOSED:**

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Nil.

**14. CLOSURE OF MEETING:**

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Shire President declared the meeting closed at 2.40pm.

**Attachments**

<b>Item</b>	<b>Attachment</b>	<b>Title</b>
5.1	1	Audit and Risk Committee Meeting held on 31 January 2025
8.1.1	1	Shire of Nannup Audited Annual Financial Report -2023/24
8.1.2	1	Audit Opinion 2023/24
8.1.3	1	Interim Management Letter 2023/24
8.1.4	1	Final Management Letter 2023/24
8.2.1	1	2024 Compliance Audit Return