



Shire of Cunderdin

Audit Committee Meeting Minutes

Dear Council Member,

A Meeting of the Shire of Cunderdin Audit Committee was held **Tuesday 27th August 2024** in the Cunderdin Shire Council Chambers, Lundy Ave, Cunderdin WA 6407, **at 4:30pm.**

Stuart Hobley
Chief Executive Officer
27th August 2024

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MINUTES

1. Declaration of opening

The Shire President declared the meeting open at 4:30 pm.

The Shire of Cunderdin disclaimer was read aloud.

The *Local Government Act 1995* Part 5 Division 2 Section 5.25 and *Local Government (Administration) Regulations 1996* Regulation 13

“No responsibility whatsoever is implied or accepted by the Shire of Cunderdin for any act, omission or statement or intimation occurring during this meeting. It is strongly advised that persons do not act on what is heard at this Meeting and should only rely on written confirmation of Council’s decisions, which will be provided within ten working days of this meeting”.

2. Record of Attendance, Apologies and Approved Leave of Absence

Record of attendances

Councillors

Cr AE (Alison) Harris	Shire President
Cr A (Anthony) Smith	Deputy Shire President
Cr N (Natalie) Snooke	
Cr TE (Todd) Harris	

Apologies

Cr HN (Holly) Godfrey
Cr B (Bernie) Daly

On Leave of Absence

Cr NW (Norm) Jenzen

Staff

Stuart Hobley	Chief Executive Officer
Hayley Byrnes	Deputy Chief Executive Officer
Samantha Pimlott	Governance and Administration Officer

Guests of Council

Nil.

Members of the Public

Nil.

3. Public Question Time

Nil.

4. Confirmation of the Minutes of Previous Meetings

4.1 Confirmation of Minutes of Previous Meetings

Location:	Cunderdin
Applicant:	Chief Executive Officer
Date:	23 rd August 2024
Author:	Hayley Byrnes
Item Approved by:	Stuart Hobley, Chief Executive Officer
Disclosure of Interest:	Nil
File Reference:	Nil
Attachment/s:	<u>Attachment 4.1.1 - Audit Committee Minutes</u> <u>- 26th June 2024</u>

Proposal

To confirm the minutes of the meeting held on Wednesday 26th June 2024.

Background

The minutes have been circulated to all Committee members.

Statutory Environment

Section 5.22 (2) of the *Local Government Act 1995* Section 5.22 (2) requires minutes of all council and committee meetings to be submitted to the next meeting of the council or the committee, as the case requires, for confirmation.

Financial Implications

Nil.

Resolution 4.1 Audit Committee Meeting August 2024

That the minutes of the Audit Committee Meeting held on Wednesday 26th June 2024 be confirmed as a true and correct record.

Moved: Cr N (Natalie) Snooke

Seconded: Cr A (Tony) Smith

Vote – Simple Majority

Carried: 4/0

5. Finance and Administration

5.1 Interim Audit Results for the Year ended 30 June 2024

Location:	Cunderdin
Applicant:	Chief Executive Officer
Date:	23 rd August 2024
Author:	Hayley Byrnes
Item Approved by:	Stuart Hobley, Chief Executive Officer
Disclosure of Interest:	Nil
File Reference:	Nil
Attachment/s:	Attachment 5.1.1- Interim Audit Findings

Proposal/Summary

The Audit Committee is to note the annual financial report interim audit results for the year ended 30 June 2024.

Background

The Shires auditor, Moore WA recently completed the Councils interim audit for the period ending 30 June 2024. The auditors spent three days at the Shire Offices on the 12th, 13th and 14th of June 2024 conducting the interim audit.

The purpose of the audit is to evaluate the overall control environment and to obtain an understanding of the key business processes, risks, and internal controls relevant to the audit of the annual financial statements.

The Auditor General signed off on the interim audit on the 24 July 2024.

Comment

The interim audit has identified three findings that are required to be addressed. The full report including the findings and management comments are included in the attachment.

The three matters identified have been allocated a moderate rating:

1. Grant revenue has not been recognised in accordance with AASB 15

2. Sundry creditor reconciling item not cleared promptly

3. Fixed assets reconciliation not performed correctly

Management comments have been provided in response to each of the findings and this is contained within the report.

While the audit findings have identified several areas requiring improvement, management is proactively addressing these issues to enhance compliance, accuracy, and control over the Shire's financial processes. The steps being taken demonstrate a commitment to maintaining the highest standards of financial management and transparency. Management will continue to monitor these areas closely, implementing the necessary adjustments and controls to ensure that the Shire's financial reporting remains accurate and reliable, thereby upholding the trust placed in the Shire by its community members.

Consultation

Moore WA
Office of the Auditor General

Statutory Implications

Nil.

Policy Implications

Nil.

Financial Implications

Nil.

Strategic Implications

Nil.

Resolution 5.1 Audit Committee Meeting August 2024

That the Audit Committee receive the Interim Audit Results for the year ended 30 June 2024.

Moved: Cr TE (Todd) Harris

Seconded: Cr A (Tony) Smith

Vote: Simple majority

Carried/Lost: 4/0

5.2 Concerns Regarding the Indicative Audit Fee Increase for 2023-24

Location:	Cunderdin
Applicant:	Chief Executive Officer
Date:	23 rd August 2024
Author:	Hayley Byrnes
Item Approved by:	Stuart Hobley, Chief Executive Officer
Disclosure of Interest:	Nil
File Reference:	Nil
Attachment/s:	<u>Attachment 5.2.1 – Audit Fee 2024- Shire of Cunderdin</u> <u>Attachment 5.2.2 – Draft Letter to all parties</u>

Proposal/Summary

To discuss and seek Council's endorsement on concerns regarding a significant increase in the indicative audit fee for the 2023-24 financial report as notified by the Office of the Auditor General (OAG). Seek Council's approval to send formal letters to Minister for Local Government, LG Professionals WA, WALGA, Rick Wilson MP and the Auditor General addressing these concerns.

Background

The Office of the Auditor General has notified the Shire of an indicative audit fee of \$48,500 (excl. GST) for the 2023-24 financial report. This represents a substantial increase compared to the previous year's fee of \$30,340. The OAG has cited various factors for this increase, including cost recovery for their expenses, changes in auditing standards, and issues identified in prior audits.

As a small regional council with limited resources, this increase poses a significant financial burden. The Shire must consider the impact of this fee on our budget and operational capacity.

Comment

The Shire's financial constraints and limited staff resources make it challenging to accommodate such a substantial increase in audit fees. While the need for maintaining high audit standards is acknowledged, the expectations placed on smaller councils must be balanced with their capacity to meet these requirements.

In response to this notification, a letter has been drafted outlining our concerns regarding the audit fee increase. The letter requests reconsideration of the fee, as well as additional support and flexibility for small regional councils.

In addition, it is proposed that the Council formally communicate these concerns to the Minister for Local Government, LG Professionals WA, WALGA, and Rick Wilson MP, providing awareness, seeking advocacy, and requesting additional support for small regional councils.

Draft versions of letters to all parties have been attached for councils' consideration.

Consultation

Stuart Hobley, Chief Executive Officer
Deputy CEO Network Members

Statutory Implications

Nil.

Policy Implications

Nil.

Financial Implications

The proposed audit fee increase will have a significant impact on the Shire's future budgets. It is important to address these concerns to mitigate the financial strain on the Shire's resources.

Strategic Implications

Nil.

Resolution 5.2 Audit Committee Meeting August 2024

That the Council:

1. Endorse the concerns regarding the indicative audit fee increase for 2023-24 as outlined in the correspondence from the Office of the Auditor General.
2. Authorise the DCEO to send the letters to the Minister for Local Government, LG Professionals WA, WALGA, Rick Wilson MP and the Auditor General on behalf of the Council.

Moved: Cr N (Natalie) Snooke

Seconded: Cr A (Tony) Smith

Vote: Simple majority

Carried/Lost: 4/0

6. Closure of meeting

There being no further business the Shire President declared the meeting closed at 4.45pm.