



Shire of Pingelly

Minutes

Audit Committee Meeting
21 July 2021

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1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairman declared the meeting open at 12.29pm

1.1. ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Noongar people of this area and recognise their continuing connection to land, waters and community. We pay respect to both the Aboriginal and non-Aboriginal people past, present and emerging.

2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

Cr W Mulroney (President)

Cr D Freebairn

Cr B Hotham

Cr P Narducci

Cr K Camilleri

Cr P Wood

STAFF IN ATTENDANCE

Mr P Sheedy Acting Chief Executive Officer

Mrs D Sweeney Executive Manager Corporate Services

Mrs V Ward Executive Assistant

APOLOGIES

Cr A Oliveri

APPROVED LEAVE OF ABSENCE

Cr Jackie McBurney previously approved leave of absence for Wednesday 21 July 2021.

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. PUBLIC QUESTION TIME

5. APPLICATIONS FOR LEAVE OF ABSENCE

6. DISCLOSURES OF INTEREST

The *Local Government Act* (Section 5.60 – 5.62) provides that it is the Councillor's obligation to declare an interest if they believe that they have a financial interest, proximity interest, closely associated persons interest or an interest affecting impartiality in a matter being discussed by Council.

The Act provides that the interest may be declared in writing to the Chief Executive Officer prior to the meeting or declared prior to discussion of the agenda item at the meeting. Forms for this purpose are available to Councillors.

The Act further provides that the extent of the interest needs to be declared if the Councillor seeks to remain in the Chamber during the discussion, debate or voting on the item.

A Councillor declaring a financial or proximity interest must leave the meeting prior to the matter being discussed or voted on (including the question as to whether they are permitted to remain in the Chamber). Councillors remaining in the Chamber may resolve to allow the member to return to the meeting to participate in the proceedings.

7. CONFIRMATION OF MINUTES AND REPORTS

Nil

8. ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION

Nil

9. PETITIONS / DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil

10. BUSINESS

10.1 Office of the Auditor General Interim Management Letter June 2021

File Reference: ADM0074
Location: Shire of Pingelly
Applicant: Office of the Auditor General
Author: Executive Manager Corporate Services
Disclosure of Interest: Nil
Attachments: OAG Interim Management Letter Report for Year ending 30 June 2021
Reference: Nil

Summary

The purpose of this report is for the Audit Committee to receive the Audit Management Letter from the 2021 interim audit.

Background

AMD Accountants on behalf of the Office of the Auditor General visited the Shire of Pingelly on the 31 May and 01 June 2021 to conduct the Interim Audit for the year ending 30 June 2021.

Interim Audit results are presented to the Audit Committee in the attached management letter. The focus of the interim audit was to evaluate Council’s 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 report.

Below is listed the matters raised in the Interim Management Letter Report and the Shire of Pingelly Management Comments.

Comment

There was one minor finding contained within the Interim Audit Management Letter in the current audit.

The finding has been reviewed, controls implemented, and can be marked off as complete.

Consultation:

Acting Chief Executive Officer
 Office of the Auditor General
 AMD Chartered Accountants

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Late lodgment of annual financial report with the Department of Local Government, Sport and Cultural Industries (DLGSCI)			✓

KEY TO RATINGS

The Ratings in this management letter 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. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

Significant - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.

- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

1. LATE LODGEMENT OF ANNUAL FINANCIAL REPORT WITH DLGSCI

Finding

The annual financial report for the year ended 30 June 2020 was not lodged with the Department of Local Government, Sport and Cultural Industries (DLGSCI) within 30 days of the receipt of the auditor's report. The auditor's report was received on 16 December 2020 and the annual financial report was lodged with DLGSCI on 27 January 2021 (42 days).

Regulation 51(2) of the Local Government (Financial Management) Regulations 1996 states that *"a copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report."*

Rating: Minor

Implication

Risk of non-compliance with the reporting and legislative requirements of the Local Government (Financial Management) Regulations.

Recommendation

We recommend that management ensure all key reporting dates are met in compliance with the requirements of the Local Government (Financial Management) Regulations.

Management Comment

Delays experienced in the 2019/20 audit process due to financial management regulations changes has adversely impacted the timelines for the Shire of Pingelly. A combination of contributing factors includes

- audited financial report received 16th December 2020, after the Executive Manager Corporate Services commenced three weeks leave
- office Christmas closure period 24 December 2020 – 04 January 2021
- inaccurate preliminary advice received from the Department in December 2020

this has resulted in the annual financial report not being able to be lodged to the Department of Local Government, Sport and Cultural Industries (DLGSCI) within 30 days of the receipt of the auditor's report.

New procedures have been put into place to ensure all future key reporting dates are met ensuring compliance requirements of the Local Government (Financial Management) Regulations.

Responsible Officer: Executive Manager Corporate Services

Completion Date: 07 July 2021

Statutory Environment

Local Government Act 1995 and associated regulations

Policy Implications

There are no policy implications arising from this report.

Financial Implications

There are no known financial implications upon either the Council’s current budget or long term financial plan.

Strategic Implications

Goal 5	Innovation Leadership and Governance
Outcome	Nil applicable
Strategy	Nil applicable

Risk Implications

Risk	Failure to monitor the Shire’s ongoing internal controls and risks would impact the organisations obligations to achieve legislative compliance.
Risk Rating (Prior to Treatment or Control)	Low (2)
Principal Risk Theme	Reputational / Compliance
Risk Action Plan (Controls or Treatment Proposed)	Nil

Consequence Likelihood		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Voting Requirements:

Simple Majority

13020 Moved: Cr Camilleri

Seconded: Cr Hotham

Recommendation and Council Decision

That the Audit Committee recommends to Council:

1. to receive the Interim Management Letter from the Interim Audit for the Year ended 30 June 2021, as presented; and
2. notes there are no further actions required by the Acting Chief Executive Officer to address matters raised in the attached Interim Management Letter Report.

CARRIED 6/0

11. CLOSURE OF MEETING

The Chairman declared the meeting closed at 12.37pm.

These minutes were confirmed by Council at the Ordinary Council Meeting held on 18 August 2021.

Signed.....
 Presiding Person at the meeting at which the minutes were confirmed.



Our Ref: 8365

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469 Wellington Street, Perth

Mr Paul Sheedy
Acting Chief Executive Officer
Shire of Pingelly
17 Queen Street
PINGELLY WA 6308

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PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Dear Sir

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2021**

We have completed the interim audit for the year ending 30 June 2021. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management Control Issue

I would like to draw your attention to the attached other matter that was identified during the course of the interim audit. The matter has been discussed with management and their comment has been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7509 if you would like to discuss these matters further.

Yours faithfully

ANN ANG
ASSISTANT DIRECTOR
FINANCIAL AUDIT
7 July 2021

Attach

SHIRE OF PINGELLY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Late lodgment of annual financial report with the Department of Local Government, Sport and Cultural Industries			✓

KEY TO RATINGS

The Ratings in this management letter 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. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF PINGELLY**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2021****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT****1. Late lodgment of annual financial report with the Department of Local Government, Sport and Cultural Industries****Finding**

The annual financial report for the year ended 30 June 2020 was not lodged with the Department of Local Government, Sport and Cultural Industries (DLGSCI) within 30 days of the receipt of the auditor's report. The auditor's report was received on 16 December 2020 and the annual financial report was lodged with DLGSCI on 27 January 2021 (42 days).

Regulation 51(2) of the Local Government (Financial Management) Regulations 1996 states that "a copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report."

Rating: Minor**Implication**

Risk of non-compliance with the reporting and legislative requirements of the Local Government (Financial Management) Regulations.

Recommendation

We recommend that management ensure all key reporting dates are met in compliance with the requirements of the Local Government (Financial Management) Regulations.

Management Comment

Delays experienced in the 2019/20 audit process due to financial management regulations changes has adversely impacted the timelines for the Shire of Pingelly. A combination of contributing factors includes

- *audited financial report received 16th December 2020, after the Executive Manager Corporate Services commenced three weeks leave*
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- *inaccurate preliminary advice received from the Department in December 2020*

this has resulted in the annual financial report not being able to be lodged to the Department of Local Government, Sport and Cultural Industries (DLGSCI) within 30 days of the receipt of the auditor's report.

New procedures have been put into place to ensure all future key reporting dates are met ensuring compliance requirements of the Local Government (Financial Management) Regulations.

Responsible Person: Executive Manager Corporate Services

Completion Date: 7 July 2021