



Shire of Murray

Minutes

Audit Committee Meeting

Tuesday 2 March 2021

Audit Committee – 2 March 2021

Table of Contents

1.	DECLARATION OF OPENING	1
2.	ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE	1
3.	CONFIRMATION OF MINUTES	2
	3.1 Confirmation of Previous Minutes – 11 February 2021	2
4.	DEPUTATIONS	2
5.	REPORTS	2
	5.1 2019/20 Audited Annual Financial Statements	2
6.	CLOSURE OF MEETING	5



Minutes of the Audit Committee Meeting held at the Murray Shire Council, 1915 Pinjarra Road, Pinjarra on Tuesday 2 March 2021.

Important Note

It should be noted that decisions of this Committee are only recommendations to and not decisions of the Council. Committee recommendations should therefore not be acted on or otherwise relied upon until Council has formally considered and decided on the Committee recommendations.

1. DECLARATION OF OPENING

The Presiding Member, Cr D Bolt declared the meeting open the time being 6.00pm.

2. ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Cr D Bolt	President
Cr D McLarty	Deputy President
Cr B Cardilini	Councillor
Cr S Kirkham	Councillor
Cr C Rose	Councillor
Cr S Lee	Councillor
Cr G Black	Councillor
Cr B Beacham	Councillor
Cr A Rogers	Councillor
Mr D Unsworth	Chief Executive Officer
Mr R Peake	Director Planning and Sustainability
Mrs T Unsworth	Director Corporate Services
Mrs F Hide	Coordinator Executive Services

APOLOGIES

Mr A Smith, Director Infrastructure Services
Mrs L McQuirk, Director Place and Community Development

There were two (2) members of staff in attendance at this time.

3. CONFIRMATION OF MINUTES

3.1 Confirmation of Previous Minutes – 11 February 2021

Recommendation/Audit Committee Decision

AC21/003

Moved: Cr B Beacham

Seconded: Cr A Rogers

That the Minutes of the Shire of Murray Audit Committee meeting held on Thursday 11 February 2021 be confirmed as a true and correct record.

CARRIED UNANIMOUSLY 9:0

4. DEPUTATIONS

Nil

5. REPORTS

5.1 2019/20 Audited Annual Financial Statements

File Ref: 8010
Previous Items: Nil
Author and Title: Nicole Bryant, Manager Finance
Declaration of Interest: Nil
Voting Requirements: Simple Majority

Appendices 1, 2 and 3

Recommendation/Audit Committee Decision

AC21/004

Moved: Cr S Lee

Seconded: Cr B Beacham

That the Audit Committee:

- 1. receive and accept the Shire of Murray 2019/20 Annual Financial Statements and Audit Report from the Auditor General of Western Australia as detailed in Appendix 1 and 2; and**
- 2. receive and accept the Shire of Murray 2019/20 Significant Adverse Trend Report as detailed in Appendix 3.**

CARRIED UNANIMOUSLY 9:0

NOTE: The Committee Recommendation will only be a recommendation to and not a decision of Council. Council will consider this recommendation at the Ordinary Council Meeting on Thursday 25 March 2021.

In Brief

This report is presented to the Audit Committee to consider the receipt of the audit report for the year ended 30 June 2020. The Audit Committee is required to consider any compliance issues or other matters raised in the report.

Background

Section 6.4 of the *Local Government Act 1995* requires local governments to prepare an annual financial report and to submit both the report and its accounts to its auditor by 30 September each year. Furthermore, in accordance with Regulation 10(4) of the Local Government (Audit) Regulations 1996, where it is considered appropriate to do so, the Auditor may prepare a Management Report to accompany the Auditor's Report.

The Auditor General of Western Australia has completed their audit of the Shire's financial statements and associated controls for the financial year ending 30 June 2020. The 2019/20 Annual Financial Statement and associated Audit Report are attached at **Appendix 1 and 2**.

As part of this audit it is the responsibility for the auditor to identify any financial trends which it considers adverse and of concern. For the 30 June 2020 year, the Auditor General has identified that the Shire of Murray has an adverse trend in the Operating Surplus Ratio, which is discussed in **Appendix 3**.

The Audit Committee has a responsibility under its terms of reference, to review the external auditors report, determine if any matters raised require action to be taken by the local government, and ensure that appropriate action is taken in respect of those matters.

Report Detail

The audit report for 30 June 2020 is unqualified with the opinion stating the financial report presents fairly the financial position of the Shire of Murray, as at and for the year ended 30 June 2020. All internal procedures and controls were noted to be adequate and maintained to a high standard throughout the financial year.

Incorporated within the audit report is commentary on one financial performance ratio that is currently below the Department of Local Government, Sport and Cultural Industries' benchmarks. The relevant extract from the audit report is:

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

In my opinion, the following matter indicates a significant adverse trend in the financial position of the Shire:

- a) *The Operating Surplus Ratio as reported in Note 34 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of zero for the last three years.*

A key indicator of a local government's financial performance is measured by the 'Operating Surplus Ratio'. This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes. This ratio is discussed further in **Appendix 3**.

Murray 2030 Strategic Community Plan

Focus Area	Capable and Accountable
Aspiration	To develop strong leadership through good governance, effective communication and ensuring value for money.
Strategy	Establish a strong corporate governance framework to ensure high standards of integrity, ethics and accountability.

Murray 2020-2024 Corporate Business Plan

Focus Area	Capable and Accountable
Objective	Murray has a sustainable future.
Strategy	Maintain Long-Term Financial Sustainability.
Project and Actions	Review the Long-Term Financial Plan.

Other Strategic Links

The Shire of Murray 2020/21 Annual Budget.

Statutory Environment

Local Government Act 1995 Part 6 and 7

Local Government (Financial Management Regulations) 1996

Local Government (Audit Regulations) 1996

Sustainability & Risk Considerations

Economic - (Impact on the Economy of the Shire and Region)

Sound management of the Shire's finances is critical to ensure funding is available for the ongoing provision of services to the Community.

Social - (Quality of life to community and/or affected landowners)

Nil

Environment – (Impact on environment's sustainability)

Nil

Policy Implications

A local government is required to examine the report of its auditor and determine if any matters raised by the report require action to be taken by the local government. The local government is to ensure that the action is taken in respect of those matters.

Risk Management Implications

<i>Risk Level</i>	<i>Comment</i>
Moderate	The audited Annual Financial Report is a key control measure used to report to Council and its stakeholders to provide assurance that all systems, processes and controls are in place to minimise the risk of any material misstatement or loss caused by fraud or error. The regular audit of financial matters and associated controls minimises risk exposure for Council both in operational, reputational and compliance areas.

Consultation

There is no legislative requirement to consult on the receipt of the Audit Report, or the preparation of the Annual Financial Report, but the *Local Government Act 1995* requires a General Meeting of Electors to be held, and the Shire's Annual Report, incorporating the Financial Report, to be made available to the public.

Resource Implications

Financial

Nil

Workforce

Nil

Options

1. Receiving the Annual Financial Report and Significant Adverse Trends Report for the year ended 30 June 2020.
2. Not receiving the Annual Financial Report and Significant Adverse Trends Report for the year ended 30 June 2020.

Conclusion

The 2019/20 Financial Audit Report reflects the ongoing high standards in financial management that are in place. Staff will continue to review existing processes to ensure best practice financial management continues to be implemented to meet the needs of the Shire's future growth and to ensure compliance is maintained.

In order for the Shire to meet its legislative requirements, it is recommended that the Audit Committee accepts the Annual Financial Report and Significant Adverse Trends Report associated with the 2019/20 financial year.

6. CLOSURE OF MEETING

There being no further business the Presiding Member declared the meeting closed the time being 6.02pm.