



TOWN OF

**Bassendean**

## **MINUTES**

### **Audit & Governance Committee Meeting**

**Wednesday 8 February 2023, 5:37 pm**

in the Council Chamber, Administration Building

48 Old Perth Road, Bassendean WA 6054

# Table of Contents

<b>1 Declaration Of Opening; Acknowledgment of Country; Acknowledgment of Visitors; Disclaimer.....</b>	<b>3</b>
<b>2 Announcements by the Presiding Member without Discussion .....</b>	<b>3</b>
<b>3 Attendances, Apologies and Leave of Absence.....</b>	<b>3</b>
<b>4 Declarations of Interest .....</b>	<b>3</b>
<b>5 Presentations or Deputations .....</b>	<b>4</b>
<b>6 Confirmation of Minutes .....</b>	<b>4</b>
6.1 Confirmation of Audit and Governance Committee Minutes 30 November 2022.....	4
<b>7 Business Deferred from Previous Meeting .....</b>	<b>4</b>
<b>8 Reports.....</b>	<b>4</b>
8.1 Audited Financial Statements for the year ended 30 June 2022.....	4
8.2 Report of Serious Misconduct.....	<b>Error! Bookmark not defined.</b>
<b>9 Motions of Which Previous Notice Has Been Given .....</b>	<b>9</b>
<b>11 Closure.....</b>	<b>9</b>

## **1 Declaration Of Opening; Acknowledgment of Country; Acknowledgment of Visitors; Disclaimer**

### **Acknowledgement of Traditional Owners**

The Town of Bassendean acknowledges the past and present traditional owners of the land on which we gather to conduct this meeting, and pays its respects to their Elders, both past and present.

## **2 Announcements by the Presiding Member without Discussion**

## **3 Attendances, Apologies and Leave of Absence**

### **Present**

#### Members

Cr Hilary MacWilliam, Presiding Member  
Cr Kathryn Hamilton  
Cr Paul Poliwka  
Patrick Eijkenboom  
Kim Stewart

#### Apologies

Cr Renee McLennan  
Ron Back, Advisor to the Committee  
Duy Vo, William Buck

#### Staff/Consultants

Paul White, Director Corporate Services  
Raj Malde, Manager Finance  
Jay Teichert, Office of the Auditor General  
Amit Kabra, RSM Australia  
Krushna Hirani, RSM Australia

## **4 Declarations of Interest**

Nil.

## 5 Presentations or Deputations

Nil.

## 6 Confirmation of Minutes

<b>6.1 Confirmation of Audit and Governance Committee Minutes of 30 November 2022</b>	
<b>Attachments</b>	1. Audit and Governance Committee Minutes of 30 November 2022 [6.1.1 - 25 pages]

### Committee/Officer Recommendation – Item 6.1 AGC-1/02/23

MOVED Cr Hamilton, Seconded Cr Poliwka, that the minutes of the Audit and Governance Committee held on 30 November 2022, be received.

CARRIED 5/0

## 7 Business Deferred from Previous Meeting

Nil.

## 8 Reports

<b>8.1 Audited Financial Statements for the year ended 30 June 2022</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	FINM/AUD/7
<b>Directorate</b>	Corporate Services
<b>Previous Reports</b>	
<b>Authority/Discretion</b>	<b>Review</b> When the Council operates as a review authority on decisions made by Officers for appeal purposes.
<b>Attachments</b>	<ol style="list-style-type: none"> <li>1. Annual Financial Statement for the year ended 30 June 2022 [8.1.1 - 54 pages]</li> <li>2. Draft External Audit Opinion to Town of Bassendean 2022 [8.1.2 - 3 pages]</li> <li>3. Audit Planning Memorandum (APM) - Town of Bassendean FY 2022 [8.1.3 - 29 pages]</li> <li>4. CONFIDENTIAL - ToB - ( RSM) Auditor's Closing Report - 30 June 2022 [8.1.4 - 18 pages]</li> <li>5. CONFIDENTIAL - Final Management Letter Attachment A - Town of Bassendean 30 June 2022 [8.1.5 - 8 pages]</li> </ol>

	<p>6. CONFIDENTIAL - Final Management Letter Attachment B - ITGC Town of Bassendean 30 June 2022 [8.1.6 - 13 pages]</p> <p>7. ToB Management Representation letter 30 June 2022 [8.1.7 - 5 pages]</p>
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## Purpose

The purpose of this report was to provide the Audit and Governance Committee with the Draft 2021/22 Annual Financial Statements and the associated attachments for endorsement.

## Background

The Audit and Governance Committee meets at least four times each year in carrying out its functions under the Instrument of Appointment and Delegation (the Instrument). The Instrument specifies the authority, objectives and responsibilities of the Committee and governs its membership and meeting requirements.

This meeting of the Committee has been convened for the Committee to review the draft Audited Annual Financial Statements and the Audit Closing Report for the year ended 30 June 2022.

The draft Independent Auditor's Report has been received from the Office of the Auditor General and is included in the above report to the Committee.

## Proposal

For the Committee to:

- Endorse the Draft 2021/22 Annual Financial Statements (**Attachment 1**);
- Note the matters identified in the Draft Independent Auditor's Report (**Attachment 2**);
- Review the matters noted in the Draft Audit Closing Report (**Attachment 4**);
- Note the findings identified during the Audit (Management Letter) (**Confidential Attachment 5 and 6**); and
- Note the un-adjusted items in item 14 of the Management Representation Letter (**Attachment 7**).

## Communication and Engagement

The Town and its auditors, RSM Australia, engaged in regular communication during the conduct of the audit.

The status of the audit and the reasons for the delay in finalising the financial statements mainly related to the Asset Revaluation exercise which was discussed with at the Committee meeting held on 30 November 2022.

## Strategic Implications

Priority Area 4: Driving Financial Suitability

4.1 Ensure there is sufficient, effective and sustainable use of assets

### Comment

At the time of preparing this report, the Auditors have advised that there were no significant findings from the final audit on the financial information. Matters related to the previous financial statements audit have all been resolved.

Findings identified during the Audit are detailed further in the confidential **Attachment 5**, with management comments to the auditor. Management has accepted the findings and has or will introduce measures to address those findings.

In relation to the specific findings of the Information System, the Auditor has issued a final management letter, contained as confidential **Attachment 6**. There were 11 matters from the previous year of which six were closed, leaving five open and a new one identified in 2021/22, leaving a total of seven outstanding matters, which shows the significant improvements being made in this area by the Town.

A key change in the reporting for 2021/22 is that the Town no longer has to calculate and report on the seven ratios relating to liquidity, debt, financial performance and asset management with the removal of Regulation 50 from the *Local Government (Financial Management) Regulations Act 1986*.

Once adopted by Council, the CEO will provide a certified copy of the Annual Financial Statements to the Auditor General's Office by way of the draft Management Representation Letter contained as **Attachment 7**.

## Statutory Requirements

Local Government (Audit) Regulations 1996, Regulation 16, states:

*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);
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a);
  - (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.

Local Government (Audit) Regulations 1996, Regulation 17, states:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
  - (a) risk management; and
  - (b) internal control; and
  - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in sub regulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years; and.
- (3) The CEO is to report to the audit committee the results of that review.

Once endorsed, the CEO and Auditor General will sign their respective parts to the report and a final report will be released for acceptance by the Council on the 21 February 2023.

### **Financial Considerations**

The Independent Audit has been budgeted to cost \$45,000. As a result of the extra due diligence work undertaken on the divestment of the Town's former aged care services and the asset revaluations, RSM has advised that they are seeking extra costs estimated at \$9,000 through the OAG. The adjustment will be identified in the mid-year budget review.

## Risk Management Implications

Financial Risk - Medium

## Declaration of Conflicts of Interest

All officers involved in the preparation of this report have considered and determined that they do not have a conflict of interest in the matter.

### **Committee/Officer Recommendation – Item 8.1**

#### **AGC-2/02/23**

MOVED Mr Eijkenboom, Seconded Cr Poliwka, that the Audit and Governance Committee endorses the Draft 2021/22 Annual Financial Statements, as attached to this report, for adoption by Council.

CARRIED 5/0

### **Committee Resolution – Item 8.2(a)**

#### **AGC-3/02/23**

MOVED Cr Hamilton, Seconded Cr Poliwka, that the meeting go behind closed doors, in accordance with Section 5.23 of the Local Government Act 1995, the time being 5:54 pm.

CARRIED UNANIMOUSLY 5/0

<b>8.2 Report of Serious Misconduct</b>	
<b>Property Address</b>	N/A
<b>Landowner/Applicant</b>	N/A
<b>File Reference</b>	HR/GRIEV
<b>Directorate</b>	Corporate Services
<b>Previous Reports</b>	Nil.
<b>Authority/Discretion</b>	<b>Information</b> For the Council/Committee to note.
<b>Attachments</b>	Nil

### **Reason for this Item to be discussed behind closed doors:**

*This matter was to be considered with members of the public excluded from the Chamber under Clause 5.23(a) of the Local Government Act as the officer report discusses a matter affecting an employee or employees.*

**Officer Recommendation – Item 8.2(b)**

The Audit and Governance Committee note this report and the action the Town has taken to resolve the matter

**Committee Recommendation – Item 8.2(b)**

**AGC-4/02/23**

MOVED Cr Hamilton, Seconded Cr MacWilliam that:

1. The Audit and Governance Committee note this report and the action the Town has taken to resolve the matter; and
2. Requests the CEO report to the Committee on the effectiveness of the processes introduced to support officers in recognising their compliance obligations.

CARRIED 5/0

**Council Resolution – Item 8.2(c)**

**AGC-5/02/23**

MOVED Cr Hamilton, Seconded Ms Stewart, that the meeting come from behind closed doors, the time being 6:21 pm.

CARRIED UNANIMOUSLY 5/0

**9 Motions of Which Previous Notice Has Been Given**

Nil.

**10 Announcements of Notices of Motion for the Next Meeting**

Nil.

**11 Closure**

There being no further business, the meeting closed at 6:22 pm.

The next Audit and Governance Committee will be held on Wednesday 9 March 2023 commencing at 5.30pm.