

Shire of Esperance

AUDIT COMMITTEE

MONDAY 9 AUGUST 2021

MINUTES

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ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST

Council is committed to a code of conduct and all decisions are based on an honest assessment of the issue, ethical decision-making and personal integrity. Councillors and staff adhere to the statutory requirements to declare financial, proximity and impartiality interests and once declared follow the legislation as required.

ATTACHMENTS

Please be advised that in order to save printing and paper costs, all attachments referenced in this paper are available in the original Agenda document for this meeting.

RECORDINGS

The Meeting will be video recorded. The recording will be made publicly available as soon as practical following the meeting.

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SHIRE OF ESPERANCE

MINUTES

**AUDIT COMMITTEE MEETING HELD IN COUNCIL MEETING ROOM ON
9 August 2021
COMMENCING AT 4.00PM**

1. OFFICIAL OPENING

The Presiding Member declared the meeting open at 4:00pm.

2. ATTENDANCE

Members

Cr I Mickel	Shire of Esperance	Presiding Member
Cr J O'Donnell	Shire of Esperance	
Cr J Obourne	Shire of Esperance	
Mr K Mills	Community Representative	

Shire Officers

Mr S Burge	Chief Executive Officer
Mrs F Baxter	Director Corporate & Community Services

Members of the Public & Press

3. APOLOGIES & NOTIFICATION OF GRANTED LEAVE OF ABSENCE

Mrs B O'Callaghan	Manager Financial Services	Apology
Cr S McMullen	Shire of Esperance	Apology

4. PUBLIC QUESTION TIME

Nil

5. DEPUTATIONS, PRESENTATIONS, INSPECTIONS, PETITIONS

Nil

6. DECLARATION OF MEMBERS INTERESTS

6.1 Declarations of Financial Interests – Local Government Act Section 5.60a
Nil

6.2 Declarations of Proximity Interests – Local Government Act Section 5.60b
Nil

6.3 Declarations of Impartiality Interests – Admin Regulations Section 34c
Nil

7. CONFIRMATION OF MINUTES

Moved: Cr Obourne
Seconded: Cr O'Donnell

AU0821-123

That the Minutes of the Audit Committee Meeting of the 4 May 2021 be confirmed as a true and correct record.

CARRIED

8. NEW BUSINESS OF AN URGENT NATURE

Nil

9. MATTERS REQUIRING A DETERMINATION OF COMMITTEE

Item: 9.1

Interim Audit Management Letter

Author/s	Beth O'Callaghan	Manager Financial Services
Authorisator/s	Felicity Baxter	Director Corporate & Community Services

File Ref: D21/26500

Applicant

Internal

Location/Address

Shire of Esperance

Executive Summary

For the Audit Committee to consider the Interim Audit Management Letter.

Recommendation in Brief

That the Audit Committee note the matters raised in the Interim Audit Management Letter and the recommendations to reduce the risk.

Background

Moore Australia (Auditors) on behalf of the Office of the Auditor General (OAG) recently undertook the interim audit in preparation of the 30 June 2021 annual financial audit. During the interim audit a number of systems and controls were tested that the Auditor relies upon for the audit process.

During the course of the audit, they noted four matters that needed to be brought to the attention of the Shire. This resulted in the attached management letter.

Officer's Comment

The four matters raised by the Auditor were as follows:

- Revenue has not been recognised in accordance with AASB 15 or AASB 1058 – considered moderate risk

The Auditors findings noted that waste collection fees had not been recognised per week as the service delivery is met. Their concern is purely a timing difference that affects the monthly financial reporting in accordance with the above accounting standards. However, on an annual basis it is correct.

The majority Waste fees are levied annually, and historically revenue has been recognised in August. Revisions to accounting standard AASB 1058 came into effect 30 June 2020. Since this update the advice is to apportion this kind of revenue equally over the financial year. With weekly/fortnightly bin collections, we will now spread the recognition of this revenue over the full year as and when the performance obligation has been met i.e. picking up the rubbish. The effect of doing this won't change the annual effect on Financial Reporting but will effect monthly reporting.

- Monthly Payroll Reconciliation Not Performed – considered a moderate risk

In this instance, the auditor's findings noted that payroll reconciliations were not being performed monthly. It is current practice to perform the payroll reconciliation annually. To improve the process the Manager Financial Services of the Assistant accountant will process reconciliations on at least a quarterly basis.

- Missing Employment Contract– considered a moderate risk

During payroll testing the Auditors noted that one employee did not have a formal letter for a level increase, or updated employment contract. This was a one off occurrence, for which an email authorising the change was the governing document which related to a level change for an existing employee in 2012. Procedural checklists have been updated to ensure all changes to contracts are communicated by letter or update to the contract.

- No Credit Card Agreements Signed with Card holder – considered a minor risk

In the review of credit card policies and procedures, it was noted that the Shire lacked a user agreement between the officer and the Shire. Currently the card holder and relevant Shire executive sign authorisation forms issued by the bank. Shire Policy COR 007: Procurement will be updated to formally include a separate agreement between the credit card holder and the Shire.

Consultation

Moore Australia (Auditors) – on behalf of the Office of the Auditor General

Financial Implications

Nil

Asset Management Implications

Nil

Statutory Implications

Nil

Policy Implications

Nil

Strategic Implications

Strategic Community Plan 2017 - 2027

Leadership

A financially sustainable and supportive organisation achieving operational excellence

Provide responsible resource and planning management for now and the future.

Corporate Business Plan 2021/22 – 2024/25

L.2.6 Manage Finance

Environmental Considerations

Nil

Attachments

Nil

RECOMMENDATION AND DECISION

Moved: Mr Mills

Seconded: Cr Obourne

AU0821-124

That the Audit Committee note the matters raised in the Interim Audit Management Letter and the recommendations to reduce the risk.

That the Audit Committee note the matters raised in the Interim Audit Management Letter and endorse the recommendations to reduce the risk.

CARRIED

Reason: The Committee wanted to correct the grammatical error in the resolution.

10. CLOSURE

The Presiding Member declared the meeting closed at 4:29pm.

These Minutes were confirmed at a meeting held on _____

Signed _____

Presiding Member at the meeting at which the Minutes were confirmed.

Dated _____