



AGENDA

Audit and Risk Management Committee Meeting Tuesday, 3 December 2019

I hereby give notice that an Audit and Risk Management Committee Meeting will be held on:

Date: Tuesday, 3 December 2019

Time: 8.00am

**Location: Town of Claremont
Claremont Council Chambers
308 Stirling Highway, Claremont**

**Liz Ledger
Chief Executive Officer**

DISCLAIMER

Persons present at this meeting are cautioned against taking any action as a result of any Committee recommendations until such time as those recommendations have been considered by Council and the minutes of that Council meeting confirmed.

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**2 RECORD OF ATTENDANCE / APOLOGIES****3 ELECTION OF CHAIRPERSON**

Section 5.12 of the Local Government Act 1995 provides that the Committee is to *'elect a presiding member from amongst themselves in accordance with Schedule 2.3, Division 1 of the Act'*. Schedule 2.3, Division 1 of the Act provides the means by which such elections will take place.

As with the election of the Mayor or President of a Council, the CEO or her delegate is to *'preside at the meeting until the office is filled'*.

The CEO or her delegate will call for nominations for the position of Chairperson and conduct any election that might arise.

4 DISCLOSURE OF INTERESTS**5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

That the minutes of the Audit and Risk Management Committee Meeting held on August 2019 be confirmed.

6 PRESENTATION

Nil

7 REPORTS OF THE CEO

7.1 2018-19 ANNUAL FINANCIAL REPORT - AUDIT CONCLUDING (EXIT) MEETING

File Number: FIM/00070-05, D-19-41969
Author: Vicki Cobby, Manager Finance
Authoriser: Liz Ledger, Chief Executive Officer
Attachments: Nil

PURPOSE

As part of the annual audit program, the Office of the Auditor General (OAG) and our Audit Partner from Moore Stephens will present an overview of the audit for the 2018-19 year including the 2018-19 Annual Financial Statements. The purpose of this report is to outline the circumstances relating to the urgent timing to the financial auditing process and present the Office of Auditor General's overview of the audit finding for the year ended 30 June 2019.

BACKGROUND

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on 28 October 2017, giving the Auditor General the mandate to audit all Western Australian local government entities.

The Act allowed the OAG to begin performance audits straight away, while responsibility for financial audits to transition over 4 years, as local government's existing audit contracts expire. By the financial year 2020-21, all local government entities will be audited by the OAG.

The Town's audit contract with Moore Stephens expired on conclusion of the 2017-18 audit, which resulted in the OAG becoming responsible for all future financial audits, beginning with the 2018-19 financial year.

In February 2019, the OAG confirmed this arrangement with the Town, outlining our respective responsibilities, together with the audit objective and scope. They expanded on this and their methodology at the meeting of the ARMC held on 1 May 2019.

The objective of the audit is to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the Auditor General's opinion.

Prior to finalising this report, the OAG conduct a Concluding (Exit) Audit meeting with the Audit and Risk Management Committee to provide opportunity to present an overview of their findings and receive feedback.

While their review is not yet complete, the OAG have advised they will provide 2018-19 Annual Financial Report Audit Concluding Memo for distribution to meeting attendees on or before Monday, 2 December 2019.

PAST RESOLUTIONS

Audit and Risk Management Committee Meeting 9 August 2019, Resolution 9/19:

That the Audit and Risk Management Committee -

- *Receives the Office of Auditor General's Annual Financial Report – Interim Audit results for the Year Ended 30 June 2019, and*
- *Notes the recommendations and management comments/actions within the Report.*

CARRIED

FINANCIAL AND STAFF IMPLICATIONS

Nil

POLICY AND STATUTORY IMPLICATIONS

Local Government Act 1995: Part 5, Division 5 – Annual Reports and planning; Part 7 – Audit

Local Government (Financial Management) Regulations 1996: cl.s 36-51 – Financial Reports

Local Government (Audit) Regulations 1996: Cl. 9 - Performance of Audit; cl. 10 – Report by Auditor

COMMUNICATION / CONSULTATION

Nil

STRATEGIC COMMUNITY PLAN**Leadership and Governance**

We are an open and accountable local government; a leader in community service standards.

- Demonstrate a high standard of governance, accountability, management and strategic planning.
- Manage our finances responsibly and improve financial sustainability.

URGENCY

It is the Town's practice to present its Annual Report, including the Annual Financial Statements and Auditor Report, to the Annual Meeting of Electors prior to the Christmas closure. *The Local Government Act 1995 (Act)* requires the annual report for a financial year to be accepted by the local government no later than 31 December after that financial year, unless the auditor's report is not available in time for the annual report to be accepted. If it is not available the report is to be accepted by the local government no later than two months after the auditor's report becomes available.

As anticipated with the introduction of the OAG audit taking over the audit function, delays in finalising the audit are the result of a number of factors including requirement for the WMRC audit to be finalised prior to including our equity in our financials and the additional layer of oversight. A change in finance staff during the year-end period also contributed.

Council is unable to accept the annual report until the Auditors Report is received, which the OAG advise will be approximately a week following the Concluding Meeting i.e. 10 December 2019.

With Council's final ordinary meeting for the year to be held on 17 December 2019, requiring the agenda to be finalised and issued by the 11 or 12 December 2019, the Annual Report can be received providing there are no delays.

VOTING REQUIREMENTS

Simple majority decision of Council required.

OFFICER RECOMMENDATION

That the Audit and Risk Management Committee -

- **receives the Office of Auditor General's overview of the audit finding for the year ended 30 June 2019 (as summarised in the Concluding Memo to be received prior to the meeting), and**
- **provide feedback to the Office of the Auditor General on the findings and any other matter relating to the audit.**

8 OTHER BUSINESS

9 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE PRESIDING PERSON OR BY DECISION OF MEETING

10 FUTURE MEETINGS OF COMMITTEE

7 February 2020 at 8.00am – To be confirmed.

11 DECLARATION OF CLOSURE OF MEETING