



MINUTES

Audit and Risk Management Committee Meeting Tuesday, 3 December 2019

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 a 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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**MINUTES OF TOWN OF CLAREMONT
AUDIT AND RISK MANAGEMENT COMMITTEE MEETING
HELD AT THE TOWN OF CLAREMONT, CLAREMONT COUNCIL CHAMBERS, 308 STIRLING
HIGHWAY, CLAREMONT
ON TUESDAY, 3 DECEMBER 2019 AT 8.00AM**

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

Mr Crichton welcomed members of the Audit and Risk Management Committee, representatives of the Office of Auditor General and Moore Stephens, and declared the meeting open at 8.04am.

2 RECORD OF ATTENDANCE / APOLOGIES

PRESENT:

Cr Bruce Haynes

Ms Marguerite Anklesaria (Community Representative)

Mr Aiden Daly (Community Representative)

IN ATTENDANCE:

Les Crichton (Director Corporate and Compliance)

Vicki Cobby (Manager Finance)

Mr Aram Madnack (Director, Office of the Auditor General)

Mr Wen Shien Chai (Partner, Moore Stephens)

Mr James Arthur (Audit Manager, Moore Stephens)

APOLOGIES:

Mayor Jock Barker

Cr Paul Kelly

LEAVE OF ABSENCE:

Cr Peter Telford

3 ELECTION OF CHAIRPERSON

Mr Crichton called for nominations from the floor for presiding member of the Audit and Risk Management Committee.

Cr Haynes nominated himself.

There being no further nominations, Mr Crichton declared Cr Haynes duly elected as presiding member of the Audit and Risk Management Committee for the period expiring at the next ordinary Local Government Election in 2021.

Cr Haynes took the chair.

4 DISCLOSURE OF INTERESTS

Nil

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

COMMITTEE RESOLUTION 011/19

Moved: Ms Marguerite Anklesaria

Seconded: Mr Aiden Daly

That the minutes of the Audit and Risk Management Committee Meeting held on 9 August 2019 be confirmed.

CARRIED

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 Committee required.

COMMITTEE RESOLUTION 012/19

Moved: Ms Marguerite Anklesaria

Seconded: Cr Bruce Haynes

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**

CARRIED

Mr Chai summarised the findings of the audit as outlined in the Audit Concluding Memorandum for the Year ended 30 June 2019 and responded to queries raised by the committee. He confirmed that while evidencing of independent review and approval of accounting journals had been reported in accordance with Reg. 10(3) of the Local Government (Audit) Regulations 1996, all matters raised during the interim audit including this item had been satisfactorily addressed.

Mr Madnack outlined the process and timing to conclude the audit and issue the auditors report and thanked the committee and administration in assisting with the process to date.

8 OTHER BUSINESS

Ms Anklesaria requested the evidencing of accounting journal entries item as identified in the Audit Concluding Memorandum be included in the Town's Risk Register.

Mr Crichton advised the next meeting of the Audit and Risk Management Committee was scheduled for early February 2020 to review the annual Compliance Audit Return for the 2019 calendar year.

Mr Crichton advised that the Director Governance and People will also be attending future meetings as the area recently allocated responsibility for the Town's governance and risk management.

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

Nil

10 FUTURE MEETINGS OF COMMITTEE

Audit and Risk Management Committee meeting - 7 February 2020 at 8.00am.

11 DECLARATION OF CLOSURE OF MEETING

There being no further business, the presiding member declared the meeting closed at 8.26am.

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CHAIRPERSON