



## Audit & Risk Committee Meeting

1 June 2022

# Minutes

To: Audit & Risk Committee Meeting Members and Councillors.

Here within are the Meeting Minutes of the Audit & Risk Committee Meeting, held on the above-mentioned date in the Shire of Toodyay Council Chambers, 15 Fiennes Street, Toodyay WA 6566.

A handwritten signature in dark blue ink, appearing to read 'Suzie Haslehurst', is located above the printed name.

Suzie Haslehurst

**CHIEF EXECUTIVE OFFICER**



### Preface

When the Chief Executive Officer approves these Minutes for distribution they are in essence "Unconfirmed" until the next Committee Meeting, where the Minutes will be confirmed subject to any amendments made by the Committee.

The "Confirmed" Minutes are then signed off by the Presiding Person.

Attachments that formed part of the Agenda, in addition to those tabled at the Meeting are incorporated into separate attachments to these Minutes.

### Unconfirmed Minutes

These minutes were approved for distribution on 7 June 2022.




Suzie Haslehurst

**CHIEF EXECUTIVE OFFICER**

### Confirmed Minutes

These minutes were confirmed at a meeting held on 7 September 2022.

Signed:  .....

*Note: The Presiding Member at the meeting at which the minutes were confirmed is the person who signs above.*

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**ATTACHMENTS** *with separate index follows Item 7.*

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**1 DECLARATION OF OPENING**

Cr B Ruthven, Chairperson, declared the meeting open at 2.07pm.

**1.1 ANNOUNCEMENT OF VISITORS**

Cr C Duri Councillor/Deputy Council Member

**1.2 RECORD OF ATTENDANCE AND APOLOGIES**

Members

Cr B Ruthven Chairperson  
 Cr P Hart Councillor (via zoom)  
 Cr R Madacsi Shire President  
 H McDonald-Appleby Community Member

Staff

Mrs T Bateman Manager Corporate and Community Services  
 Mrs N Mwale Finance Coordinator  
 Mrs M Rebane Executive Assistant

Apologies

Cr D Wrench Councillor

**1.3 DISCLOSURE OF INTEREST**

The Chairperson advised that no disclosures of interest in the form of a written notice had been received prior to the commencement of the meeting.

**2 MINUTES AND ADDITIONAL INFORMATION**

**2.1 CONFIRMATION OF MINUTES**

**2.1.1. Minutes of Meeting held on 2 March 2022**

OFFICER'S ARC005/06/22	RECOMMENDATION/ARC	RESOLUTION	NO.
<b>MOVED</b>	Cr R Madacsi		
That the Unconfirmed Minutes of the Audit & Risk Committee Meeting held on 2 March 2022 be confirmed.			
			<b>MOTION CARRIED 4/0</b>

**2.2 REVIEW OF STATUS REPORT**

**2.2.1 Review of Status Report**

Attachments:	1. Updated Status Report.
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The Status Report was reviewed. No changes were made.

**2.3 INWARD/OUTWARD CORRESPONDENCE**

Nil.

**3 BUSINESS LEFT OVER FROM PREVIOUS MEETING (IF ADJOURNED)**

Nil.

**4 OFFICER REPORTS**

**4.1 Annual Financial Audit Process Update**

Date of Report:	30 May 2022
Applicant or Proponent:	N/A
File Reference:	COC2/FIN7
Author:	T Bateman – Manager Corporate and Community Services
Responsible Officer:	S Haslehurst – Chief Executive Officer
Previously Before Council:	N/A
Author’s Disclosure of Interest:	Nil
Council’s Role in the matter:	Review
Attachments:	1. Updated Timetable - Financial Audit 2020/21

**PURPOSE OF THE REPORT**

This report provides information regarding the Shire’s transition to Datascape and the effect this has had on the Shire’s annual financial audit process.

**BACKGROUND**

At the Audit and Risk Committee meeting held on 9 December 2021, Officers provided the Committee with an update regarding the annual financial audit process.

Due to ongoing issues with the transition to Datascape and the absence of the Finance Coordinator between September and January, the Shire was unable to submit the balanced accounts and annual financial report within the legislated timeframe. An extension was requested, however this deadline was unable to be met. Since December, officers have been liaising with the Office of the Auditor-General (OAG) and the auditors to keep them informed of the Shire’s progress on the preparation of financial statements

**COMMENTS AND DETAILS**

Officers continue to work through the challenges associated with the Datascape transition. Measures put in place to assist the project included the following actions;

- A dedicated project manager (who is a certified practicing accountant) continues to focus on the Datascape transition.

- A financial consultant was initially engaged to prepare the annual financial statements in the absence of a Finance Coordinator. This arrangement ended however, when it was determined that further resources had to be allocated to the transition process as it was clear that the Shire was not in a position to produce the financial statements.
- Officers continue to liaise regularly with the Office of the Auditor-General and Butler Settineri to keep them informed.
- The audit timetable was reviewed and updated by Butler Settineri's auditors in consultation with the OAG – see Attachment 1.

Officers continue to work through specific issues with Datacom in relation to key financial reporting. Whilst financial information can be collected and stored in Datascape, there is limited capability to produce financial reports. It is for this reason that the preparation of the financials is proving so difficult, necessitating a review of the audit process.

Key Dates proposed for the Financial Audit 2020/21;

Draft Financial Report to be provided to Butler Settineri – 1 June 2022

Audit fieldwork visit – 13-17 June 2022

Audited financial statements for review by Butler Settineri – 8 July 2022

Presentation of financials to OAG – 22 July 2022

Exit Meeting with Audit and Risk Committee – 19 August 2022

Issue of Auditors report for presentation to Council – 28 September 2022.

Officers are concerned about the impact the significant audit delays will have on other financial requirements of the Shire, including the 2021/22 interim audit and financial audit, the Annual Electors' Meeting and 2022/23 budget process.

It should be noted that the interim audit for 2021/22, which would usually take place in the fourth quarter of the financial year, is yet to be undertaken. Arrangements for the 2021/22 audit will be managed in tandem with the proposed timeline for the 2020/21 audit. Officers will provide an update on this process as details are confirmed with Butler Settineri's audit team.

## IMPLICATIONS TO CONSIDER

### Consultative:

Office of the Auditor-General

Butler Settineri

Department of Local Government, Sport & Cultural Industries

### Strategic:

The way the Shire leads and operates:

- 1: Provide accountable and transparent leadership for the community.
- 2: Consistently improve our governance practices.
- 3: Ensure rigorous organisational systems

### Policy related:

F6 Significant Accounting Policy

**Financial:**

The indicative cost of the 2020/21 audit was based on a cost recovery model. There is a risk that should the audit take longer than expected, this cost will be greater than \$40,000 included in the 2021/22 budget. It is also highly unlikely that fees will be paid prior to 30 June 2022. As a result, this budget will need to be carried forward to the 2022/23 financial year.

**Legal and Statutory:****Local Government Act 1995**

Part 5.54(1) prescribes that the annual report (including the auditor's report) should be accepted by 31 December each year. However, part 5.5.4(2) states that if the auditor's report is not ready, then the annual report should be accepted no later than 2 months after the auditor's report becomes available.

**Risk related:**

Section 7.1A of the Act requires that all local governments establish an audit committee. The audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, risk management systems, legislative compliance and the external audit functions. Failure to have an audit committee in place exposes Shire officers and Councillors to significant risk. This report assists in mitigating these risks.

**Workforce related:**

As this is the first year that a financial audit has been undertaken since the implementation of Datascape, the process is anticipated to impact on the finance team more than in previous years. It is expected that this impact will be managed within existing resources.

**VOTING REQUIREMENTS**

Simple Majority

**OFFICER'S RECOMMENDATION/ARC RESOLUTION NO. ARC006/06/22****MOVED** Cr R Madacsi

That the Audit & Risk Committee recommends that Council notes the annual financial audit process update as provided in this report to the Audit & Risk Committee and receives the revised Audit Timetable as attached to this report subject to an amendment to the target date in the first line of the Final Audit to be changed to 1 June 2022.

**MOTION CARRIED 4/0**

**5 OTHER BUSINESS / NEW BUSINESS OF AN URGENT NATURE****5.1 EOI FOR AUDIT COMMITTEE**

An expression of interest was emailed to the Committee Members at 2.24pm.

The submission had been sent in from a Mr S Hefferon who recently moved to Toodyay and was interested in making a positive contribution in the community.

**OFFICER'S RECOMMENDATION/ARC RESOLUTION NO. ARC007/06/22**

**MOVED** Cr R Madacsi

That the Audit and Risk Committee recommends the following:

That Council accepts the expression of interest from Mr Sean Hefferon, and appoints him as a Community Representative on the Audit & Risk Committee.

**MOTION CARRIED 4/0**

**Attachments**

- 1 Expression of Interest Tabled.

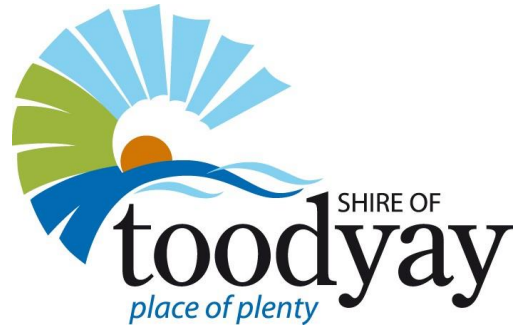
**6 CONFIRMATION OF NEXT MEETING**

The next meeting of the Audit & Risk Committee is scheduled to be held on 7 September 2022 commencing at 2.00pm.

**7 CLOSURE OF MEETING**

The Chairperson closed the meeting at 2.28pm.





# **ATTACHMENTS MINUTES**

**Audit & Risk Committee Meeting**

**Wednesday, 1 June 2022**



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## **Expression of Interest: ARC**

### **Relevant experience/Qualifications**

#### **1. Experience in governance, risk management, compliance-related matters:**

- Currently on the Board of [Bluebird Mental Health](#). This role has given me experience in corporate governance and oversight functions, liability of directors and risk management;
- Convenor for the South Fremantle Precinct group (linked to the City of Fremantle) for two years. In this voluntary role I was responsible for the administration of the group and ensuring that Council guidelines were adhered to in relation to, for example: chairing of meetings; organising and managing community events;
- in my HR consulting role I provide guidance to companies in relation to a range of matters including: compliance with employment related legislation; code of conduct; fair treatment; risk management

#### **2. Experience in business management:**

- I run my own HR consulting business ([JumpHR](#)) and am fully aware of the necessity to ensure compliance with laws and regulations

#### **3. Qualifications include:**

- a Master of Business Administration;
- Change Management qualifications;
- Organisational Psychology

More background at:

[Sean Hefferon | LinkedIn](#)

**ARC STATUS REPORT**  
**Audit & Risk Committee**

*Supporting Officer*  
*Manager Corporate & Community Services*



Meeting Date	Purpose	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary / Comments made
9/12/2021	4.1 Risk Management Update	That Council notes the risk management update as provided in this report to the Audit & Risk Committee.	ASAP	MCCS	21/12/2021	Council Resolution No. 270/12/21
9/12/2021	4.2 Annual Financial Audit Process Update	That Council notes the annual financial audit process update as provided in this report to the Audit & Risk Committee.	ASAP	MCCS	21/12/2021	Council Resolution No. 271/12/21
02/03/2022	Review of Audit Report	Datascape to be included in the Status Report as a matter reported on.	Ongoing	MCCS	Ongoing	1.6.22 Noted.



AUDIT CLIENT:	Shire of Toodyay		
AUDIT AREA:	Final Audit timetable		
PREPARED BY:	BSA	DATE:	10/05/2021

Our audit timetable for the financial year ended 30 June 2021 is as follows:

Key area	Target date	Person responsible
<b>Final Audit</b>		
Bank confirmation letters for the year ended 2021 and 2022	1 June 2022	BSA & SOT
Final audit list of requirements to SOT	20 May 2022	BSA
Reconciled financial information ready for audit	1 June 2022	SOT
<ul style="list-style-type: none"> <li>- Trial Balance</li> <li>- Balance Sheet Reconciliations</li> <li>- Final audit list of requirements</li> </ul>		
Draft Financial Report received	1 June 2022	SOT
Audit selections to SOT	3 June 2022	BSA
Audit fieldwork visit (week of)	13 – 17 June 2022	BSA
Fieldwork & Completion for review	24 June 2022	BSA
Review of financial statements	30 June 2022	BSA
Audit Director review by	8 July 2022	
Meeting with Management	15 July 2022	SOT, BSA
File presented to OAG for review	22 July 2022	BSA
<b>Financial Report</b>		
Draft Audited Financial Report to SOT with OAG comments	29 July 2022	OAG
Draft Audited Financial Report ready for Internal Agenda - Review	12 August 2022	BSA, SOT
Approval by the CEO	12 August 2022	SOT
<ul style="list-style-type: none"> <li>• Draft Annual Financial Report</li> <li>• Management Representation Letter</li> </ul>		
Final package to OAG for signing	22 August 2022	BSA
<b>Completion and Exit</b>		
Meeting with Audit Committee (Audit Exit Meeting)	19 August 2022	SOT, BSA, OAG
Issue of Auditor's Report	25 August 2022	OAG
Council Meeting to adopt AFR	28 Sept 2022	SOT

**Key:**

SOT = Tabitha Bateman (Manager Corporate & Community Services) and Team  
 BSA = Butler Settineri Audit Marcia Johnson (Director) and Team  
 OAG = Mona Loo (Director)