



MINUTES

FINANCE & AUDIT COMMITTEE MEETING

Wednesday 17 November 2021



TABLE OF CONTENTS

1. **DECLARATION OF OPENING** 3

2. **ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE** 3

 2.1 **ATTENDANCE** 3

 2.2 **APOLOGIES** 3

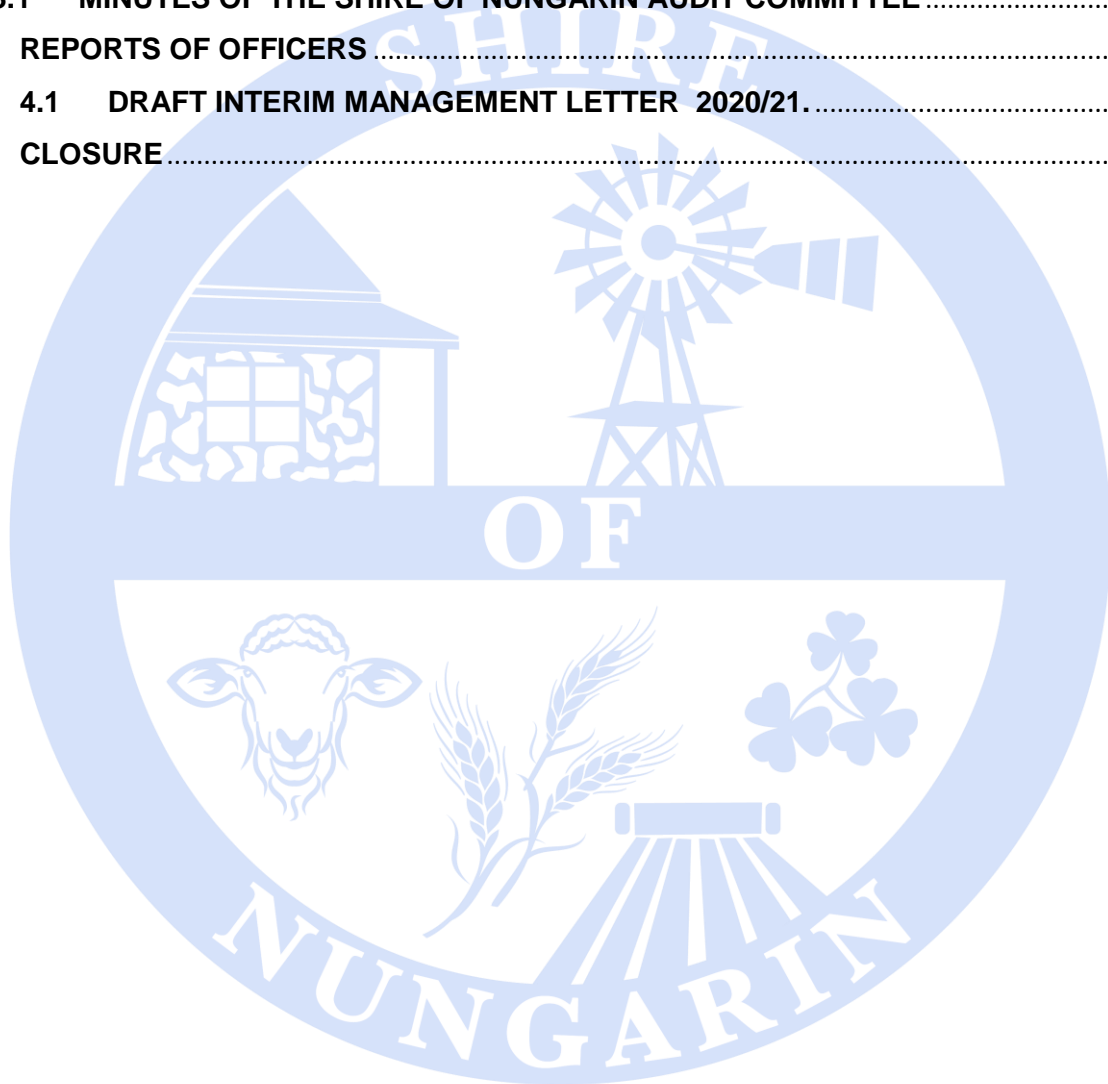
3. **CONFIRMATION OF MINUTES** 3

 3.1 **MINUTES OF THE SHIRE OF NUNGARIN AUDIT COMMITTEE** 3

4. **REPORTS OF OFFICERS** 4

 4.1 **DRAFT INTERIM MANAGEMENT LETTER 2020/21** 4

5. **CLOSURE** 7



AGENDA

1. DECLARATION OF OPENING

The presiding member opened the meeting at 2:36 pm

2. ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

2.1 ATTENDANCE

Shire President (Chairperson)	Cr P de Lacy
Deputy Shire President	Cr G Coumbe
Elected Member	Cr RE O'Connell
Elected Member	Cr K Dayman
Elected Member	Cr W Lee
Elected Member	Cr M Caughey
Elected Member	Cr J Davis
Chief Executive Officer	Mr L Long

2.2 APOLOGIES

Nil

3. CONFIRMATION OF MINUTES

3.1 MINUTES OF THE SHIRE OF NUNGARIN AUDIT COMMITTEE

COMMITTEE RESOLUTION 2021/11/1

That the Minutes of the Audit Committee held on 25 March 2021 (ATTACHMENT 3.1A, be confirmed as a true and correct record.

Moved: Cr RE O'Connell

Seconded: Cr G Coumbe

CARRIED 7/0

4. REPORTS OF OFFICERS

4.1 DRAFT INTERIM MANAGEMENT LETTER 2020/21.	
File Ref:	
Previous Item Ref:	Nil
Applicant:	Nil
Author and Title:	Leonard Long, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirements	Simple Majority
Attachment Number:	4.1A – Draft Interim Management Letter 2020/21

COMMITTEE RESOLUTION 2021/11/2	
The Audit Committee:	
1. Acknowledges the Draft Interim Management Letter 2020/21 attached as Attachment 4.1A.	
Moved:	Cr K Dayman
Seconded:	Cr J Davis
CARRIED 7/0	

IN BRIEF

The Audit Committee is required to acknowledge the Draft Interim Management Letter (ATTACHMENT 4.1A) prepared by the auditors for submission to the Auditor General.

BACKGROUND

The annual Council audits are done in two components, the interim audit in August / September and the main final audit in October / November each year.

REPORT DETAIL

During the interim audit a number of issues which occurred prior to November 2020 were identified, these are listed and categorised as follows:

- Minor
Those findings that are not of primary concern but still warrant action being taken.
- 1. *Employment Contract - employment contract for a recently departed staff member could not be located.*

Resolution:

The personal file missing is that of the previous CEO, staff have searched for the file but could not be located. To prevent this from happening again all personal files are now locked away with only the Snr Finance Officer and CEO having access. In addition, with the introduction of an electronic records keeping system all documents including contracts will be saved both electronically and in hard copy.

The scanning of documents will be one of the duties for the new Part-Time Administration Officer.

- Moderate

Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

1. *Purchase Orders - During sample testing of payments made during the year, the following was identified:*

- *2 supplier invoices where we could not obtain evidence of a purchase order being raised*
- *1 invoice where the Purchase Order raised did not include an amount and*
- *1 purchase where the purchase order was raised after the invoice was received.*

Resolution:

A procedure has been implemented and all staff with authority to sign purchase orders made aware that purchase orders are required to be issued prior to invoices being received. Although allowances are made for purchase order values to be amended should the quoted amount be different to the purchase order. An example of this is where legal advice is requested a purchase order is created at the time of requesting the advice and would be amended to align with the invoice once received, as there is no way of knowing how long the advice would take to prepare and subsequently invoice amount.

2. *Changes to Employee Masterfiles - During sample testing, it was noted the employee master file changes report was not generated for the pay period ending 19 August 2020 and no reports were generated for the period from 3 September 2020 until 11 November 2020.*

Resolution:

The employee masterfiles for the above-mentioned period and prior to the above-mentioned date were not maintained. This has been rectified from 12 November 2020 and employee masterfiles have since been maintained each pay period.

- Significant

Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.

1. *Financial Management System (Synergy) - Based on our review of user access levels in the financial management system (Synergy), we noted all users have super user access.*

Resolution:

The list of staff on the synergy system include past staff, while they are still listed they have been made inactive. The Shire's IT consultant has advised the names cannot be deleted as that will result in files allocated to individuals no longer being accessible.

Currently the only active staff (x4) are super users

2. *Quotations – Minimum Number not obtained - Based on purchase testing, it was noted approximately 11% of purchase transactions sampled did not have a sufficient numbers of supplier quotes as required under the Shire's purchasing policy. In addition. there was no documentation to explain why other quotes were not sought.*

These instances were for the period between July – November 2020. We note that a quote declaration form was implemented from December 2020 onwards.

Resolution:

A process has now been implemented that requires quotes or proof of quotes requested or an explanation why quotes were not requested to be placed on the quotation register.

SHIRE OF NUNGARIN COMMUNITY STRATEGIC PLAN 2023

Focus Area	Civic Leadership
Aspiration	A strong local democracy with an actively engaged community and effective partnership.
Objective	16.7 Annually review compliance methods.

OTHER STRATEGIC LINKS

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995, Section 7.9:

Requires the Auditor to examine the accounts and annual financial report by 31 December following the end of the financial year.

Local Government Act 1995, Section 7.12A:

Sets out the requirements for local governments in respect to audits. This includes the need to prepare a report to the Minister within 3 months of receiving the audit report if the auditor identifies any items it considers significant.

Local Government (Audit) Regulations 1996, section 10:

Requires the audit report to be forwarded to the Audit Committee within 30 days of completing the audit.

Local Government (Audit) Regulations 1996, section 16:

Describes the functions of the audit committee.

SUSTAINABILITY AND RISK CONSIDERATIONS

Economic – (Impact on the Economy of the Shire and Region)

Nil

Social – (Quality of life to community and / or affected land owners)

Nil

Policy Implications

Nil

Risk Management Implications

Risk Level	Comment
High	It is imperative to ensure all legislative requirements are being met to avoid the Shire being report to the Auditor General as non-compliant.

CONSULTATION

Throughout the preparation of the interim and Annual Financial Report the Shire's Audit Partners Australia consulted with Shire officers as well as the Shires' Financial Consultant Darren Long.

RESOURCE IMPLICATIONS

Financial

Nil

Workforce

Nil

CONCLUSION

The interim audit provides the Shire with an opportunity to rectify issues identified, however, these may still be noted on the Annual Report. Shire officers have worked together with the Shire's Finance Consultant to rectify the issues identified and are confident they will not be repeated.

5. CLOSURE

The being no further business the meeting closed at 2:44pm

Presiding Member

Date