

Shire of Cocos (Keeling) Islands

Shire of Cocos (Keeling) Islands

Agenda

Audit and Governance Committee Meeting

Wednesday 29 January 2025, 3:45pm

Council Chambers, Administration Building

Lot 256 Jalan Bunga Melati, Home Island

OUR VALUES

Service

Provide the best service we can.

We serve the community and each other.

Accountability

We take responsibility for our own actions.

We do what we say we will do.

Mistakes are an opportunity to learn.

Support

We support our team and our community.

Look for opportunities to help each other.

Respect

We respect and value others.

Our interactions are always respectful towards others.

Integrity

We will be honest and transparent with all our dealings.

Maintain confidentiality.

Trust each other.

Achievement

Being proactive and enabling the outcomes.

Be creative and think outside the square.

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any member or officer of the Shire during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire. No action should be taken on any item discussed at a Council meeting prior to written advice on the resolution of the Council being received. Any plans or documents contained in this document may be subject to copyright law provisions (Copyright Act 1968, as amended) and the express permission of the copyright owner(s) should be sought prior to the reproduction.

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1. OPENING/ANNOUNCEMENTS OF VISITORS**2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE (PREVIOUSLY APPROVED)****3. DECLARATION OF INTERESTS**

Members of the Committee are bound by the provisions of *the Local Government Act 1995, Section 5.65* with respect to disclosure of financial, impartiality or proximity interests.

Name	Item No	Interest	Nature

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

- 4.1 Audit Committee Meeting held on 31 January 2024
Attachment 4.1

PURSUANT TO SECTIONS 3.18 AND 5.22(2) OF THE LOCAL GOVERNMENT ACT 1995, THE MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE MEETING HELD ON 31 JANUARY 2024, ARE PRESENTED IN ATTACHMENT 4.1 FOR CONSIDERATION BY THE AUDIT AND GOVERNANCE COMMITTEE.

5. PRESENTATIONS**6. OFFICER'S REPORTS**

6.1 PRESENTATION OF THE UPDATED 2023-24 AUDITORS REPORT

Report Information

Date: 19 February 2025
 Location: Cocos (Keeling) Islands
 Applicant: Shire of Cocos (Keeling) Islands
 File Ref:
 Disclosure of Interest:
 Reporting Officer: Manager Finance & Corporate Services
 Island: Shire Wide
 Attachments: 6.1.1 Updated Annual Report 2023-2024
 Financial Statements for the year ended 30 June 2024
 Independent Auditors Report 30 June 2024
 Auditors Management Letter 30 June 2024
 6.1.2 Audit Exit Meeting 16 December 2024

Authority / Discretion

Definition

<input type="checkbox"/>	Advocacy	<i>When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of the Council. E.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input checked="" type="checkbox"/>	Legislative	<i>Includes adopting local laws, town planning schemes and policies. Review when Council reviews decisions made by officers.</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.</i>
<input type="checkbox"/>	Information	<i>Includes items provides to Council for information purposes only that do not require a decision of Council (i.e. – for noting).</i>

Report Purpose

To receive the Independent Audit Report for the 2023-24 financial year and note the related meeting conducted with the Shire's auditors.

Relevant Documents

Available for viewing at the meeting

Nil

Background

The Office of the Auditor General (OAG), via William Buck Accountants, conducted an on-site audit between September and December 2024. Following the conclusion of the audit, an Audit Exit Meeting was held on 16 December 2024 with the following participants:

Council Officers:

- Frank Mills (CEO)
- Dave Tombs (Manager Finance & Corporate Services)
- Ibrahim Macrae (Manager Governance, Risk and Planning)

Office of the Auditor General WA:

- Tim Sanya (Senior Director)

William Buck Accountants:

- Amar Nathwani (Partner)
- Kuan Yin Lau (Manager)

Councillors:

- Isa Minkom (Deputy Shire President)
- Young (President of the Shire Audit and Governance Committee) (*Shire President Minkom was unable to attend*)

The agenda for this meeting is included in the attachments to this report.

Comment

In summary, the auditors advised the following:

1. The audit was completed as required.
2. Four potential accounting adjustments were identified, which were not material and did not require further action.
3. A highly technical accounting issue related to the Shire's Top-Level Domain Agreement required further analysis. This issue was resolved the following week.
4. Three matters were highlighted in the Audit Management Letter.

The critical Audit Opinion states:

In my opinion, the financial report:

- *is based on proper accounts and records*

- *presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2024 and its financial position at the end of that period*
- *is in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.*

This report presents the audited Annual Financial Report, including the Independent Auditor's Report and the Management Letter from the Shire's auditors for the year ended 30 June 2024. A copy of the updated Annual Report for the year ended 30 June 2024 is attached for the Audit and Risk Committee's review.

Following the Audit Committee's review of this report and its attachments, officers intend to seek Council approval of the updated 2023-2024 Annual Report at the Council meeting scheduled for 26 February 2025.

Annual Report Process

Section 5.27 of the *Local Government Act 1995 (WA)(CKI)* requires a general meeting of electors to be held no more than 56 days after the local government accepts the annual report. To set a date for the 2025 Electors' General Meeting (EGM), the Council must:

1. Receive the audit report for the prior period.
2. Accept the updated Annual Report.

Upon Council's acceptance of the updated Annual Report at the next Ordinary Council Meeting, approval will be sought to set the EGM date. Once the date and time are approved, statutory advertising will occur, and the updated Annual Report will be made available both on the Shire's website and during the EGM.

Policy and Legislative Implications

Local Government Act 1995 (WA) (CKI):

- Section 1.4 Financial Report
- Section 5.27 Electors General Meeting
- Section 5.53 Annual Reports
- Section 5.54 Acceptance of Annual Reports
- Section 5.55 Notice of Annual Reports
- Division 3A Financial Audit

Financial Implications

The related audit fee was budgeted at \$65,000 but increased by \$6,000 due to additional work on the technical accounting matter mentioned above.

Strategic Implications

Strategic Community Plan: Civic Leadership

Risk Implications

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Financial	See Fraud below	See Fraud below	See Fraud below
Reputation	For transparency it is important that the audit report is presented to the audit and governance committee.	Moderate (6)	There is a process in place to ensure the audit report is presented to the audit committee.
Compliance	The report is to be presented to the Audit Committee annually in order to comply with relevant legislation.	Low (3)	There are processes in place to ensure compliance with legislation.
Fraud	That the annual financial statements are materially misstated.	Moderate (8)	Annual statements are audited by the office of the auditor general.

Risk Matrix

Consequence / Likelihood	Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Extreme (5)
Almost Certain (5)	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely (4)	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Voting Requirements

Simple majority

Conclusion

That the Audit and Governance Committee recommends that council receives the 2023-2024 Auditors' Report for the Shire of Cocos (Keeling) Islands and notes the meeting held with the Shire's external auditors.

OFFICER RECOMMENDATION – ITEM NO 6.1

THAT THE AUDIT AND RISK COMMITTEE, BY SIMPLE MAJORITY, RECOMMENDS THAT COUNCIL, IN ACCORDANCE WITH SECTION 5.54 OF THE *LOCAL GOVERNMENT ACT 1995 (WA)(CKI)*, AT ITS NEXT ORDINARY COUNCIL MEETING, RECEIVE:

- A. THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024, INCLUDING THE INDEPENDENT AUDITORS' REPORT;**
- B. THE AUDITORS' MANAGEMENT LETTER;**
- C. THE UPDATED 2023-24 ANNUAL REPORT; AND**
- D. SET THE DATE FOR THE ANNUAL ELECTORS' GENERAL MEETING AS WEDNESDAY, 26 MARCH 2025, AT 3:45 PM AT THE HOME ISLAND COUNCIL CHAMBERS AND AUTHORISE THE CEO TO GIVE PUBLIC NOTICE OF THE MEETING AND THE AVAILABILITY OF THE UPDATED ANNUAL REPORT, AS PER ATTACHMENT NO 6.1.1.**

6.2 PRESENTATION OF THE COMPLIANCE AUDIT RETURN 2024

Report Information

Date: 20 January 2025
 Applicant: Shire of Cocos (Keeling) Islands
 File Ref:
 Location: Cocos (Keeling) Islands
 Disclosure of Interest:
 Reporting Officer: Chief Executive Officer
 Island: Shire Wide
 Attachments: 6.2.1 - Compliance Audit Return 2024

Authority / Discretion

Definition

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<input type="checkbox"/>	Quasi-Judicial	<i>when Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.</i>
<input type="checkbox"/>	Information	<i>Includes items provides to Council for information purposes only that do not require a decision of Council (i.e. – for noting).</i>

Report Purpose

To refer the Shire's responses to the Department of Local Government Compliance Audit Return 2024 to Council for its consideration and adoption.

Relevant Documents

Available for viewing at the meeting

Nil

Background

In accordance with Regulation 14 of the *Local Government (Audit) Regulations 1996* each local government in Western Australia must carry out an annual audit of statutory compliance for the period 1 January to 31 December, in the form of Department of Local Government Compliance Audit Return.

The 2024 Compliance Audit Return focuses on high-risk areas of compliance and statutory reporting as prescribed in regulation 13 of the *Local Government (Audit) Regulations 1996*.

The Audit Committee is required to review the completed CAR and report the results to Council, prior to CAR adoption by Council and submission to the Department of Local Government, Sport and Cultural Industries by 31 March 2025.

Comment

Any reporting of non-compliance in the CAR is a reminder for local government officers to engage with elected members via the audit committee to provide Council with a plan and timeframe within which to address non-compliance.

Policy and Legislative Implications

Local Government (Audit) Regulations 1996

Financial Implications

Nil

Strategic Implications

Shire of Cocos (Keeling) Islands Strategic Community Plan 2022 – 2037

Objective L1: To be involved, respectful and inclusive and to facilitate diversity and representation within the decision-making process.

Risk Implication

Risk Category	Description	Rating (consequence x likelihood)	Mitigation Action
Compliance	It is a Legislative requirement of council which must be adhered to.	Med (1)	A monthly Compliance Calendar assists the Shire to ensure Legislation is adhered to.

Risk Matrix

Consequence / Likelihood	Insignificant (1)	Minor (2)	Medium (3)	Major (4)	Extreme (5)
Almost Certain (5)	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely (4)	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible (3)	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely (2)	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare (1)	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Conclusion

The CAR is a timely reminder of the various areas of compliance required by local governments and is a sound mechanism to test compliance and areas on which to focus improvements.

OFFICER RECOMMENDATION – ITEM NO 6.2

1. THAT THE AUDIT AND GOVERNANCE COMMITTEE, PURSUANT TO *REGULATION 14 OF THE LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996*, RESOLVES TO:
 - a. NOTE THAT IT HAS REVIEWED THE COMPLIANCE AUDIT RETURN 2024 FOR THE SHIRE OF COCOS (KEELING) ISLANDS; AND
 - b. RECOMMEND THAT COUNCIL RECEIVES THE COMPLIANCE AUDIT RETURN 2024 FOR THE SHIRE OF COCOS (KEELING) ISLANDS.

7. MATTERS BEHIND CLOSED DOORS

8. CLOSURE OF BUSINESS