

6 December 2021

Hon John Carey BA(Hons) MLA
Minister for Local Government
Level 7, Dumas House, 2 Havelock Street,
WEST PERTH WA 6005

Via email: Minister.Carey@dpc.wa.gov.au

Dear Minister

Re: LGAct, S7.12A - report addressing any matters identified as significant by the auditor in the audit report

At Council's Special Meeting of 1 December 2021, Council resolved the following:

Officers Recommendation and Council Resolution

Moved: Cr D Frazer Seconded: Cr A Benning

That Council:

- 1. Accepts the tabled Independent Auditors Report and Annual Financial Report and actions contained in the reports in respect of the 2020/21 audit conducted;**
- 2. Notes progress made on addressing material matters raised in the Audit Report and other matters in the Management Report;**
- 3. Requests the Chief Executive Officer to prepare a report to the Minister for Local Government addressing matters identified as significant by the auditor in the audit report and stating as above what action the local government has taken or intends to take with respect to each of those matters; and**
- 4. Within 14 days after giving the above report to the Minister the Chief Executive Officer must publish a copy of the report on the local government's official website.**

Carried: 7/0

Matters raised by the Auditor are as follows:

A - Matters indicating significant adverse trends in the financial position from the Management Report are as follows:

1 The own source revenue coverage ratio as reported in Note 29 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for 2021, 2020 and 2019 financial years.

Shire comment - Given the level of disability of the shire due to population, size and geographical location and that all housing is owned by the State Government who are exempt from paying rates or service charges it is difficult to raise the Shires Ratio to that of the benchmark ratio of 40%. The Shire is currently negotiating with the State Government on a range of matters to address the Shire's Long-Term Financial Sustainability.



Shire of Ngaanyatjaraku
ON A JOURNEY

Tjulyuru Cultural and Civic Centre
Warburton Community

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Western Australia 6431

Telephone: (08) 8956 7966
Facsimile: (08) 8956 7959

Email: mail@ngaanyatjaraku.wa.gov.au
Website: www.ngaanyatjaraku.wa.gov.au

B - Matters indicating non-compliance:

1. A review of the appropriateness and effectiveness of the Shire's financial management systems and procedures was not completed by the Chief Executive Officer (CEO) at least once every three financial years, as required by section 5(2)(c) of the Local Government (Financial Management) Regulations 1996. The last review took place in 2016.

Shire Action - The Financial Management Review was commenced earlier this year and was received first by the Audit & Risk Committee and then the Ordinary Council Meeting (Agenda item 10.5) on 24 November 2021.

2. A review of the appropriateness and effectiveness of the Shire's systems and procedures in relation to risk management, internal control and legislative compliance was not completed by the CEO at least once every three financial years, as required by paragraph 17 of the Local Government (Audit) Regulations 1996. The last review took place in 2017.

Shire Action - The Review of Systems and Procedures was commenced earlier this year and was received first by the Audit & Risk Committee and then the Ordinary Council Meeting (Agenda item 10.5) on 24 November 2021.

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Hannagan', with a stylized flourish at the end.

Kevin Hannagan
Chief Executive Officer