



MINUTES

Audit Committee Meeting

22 November 2023

Shire of Victoria Plains
Council Chambers, Calingiri

AND

via E-Meeting Protocol

Commencing – 12.46PM

DISCLAIMER:

The recommendations contained in this document are officers' recommendations only and should not be acted upon until Council has resolved to adopt those recommendations.

The resolutions of Council should be confirmed by perusing the minutes of the Council meeting at which these recommendations were considered. Resolutions are not considered final until the minutes of the meeting are confirmed or advised in writing by the CEO or authorised person.

Members of the public should also note that they act at their own risk if they enact any resolution prior to receiving official written notification of Council's decision.

Recording of Meeting

Members of the public are advised that meetings of Council are audio recorded to assist with ensuring an accurate record of the meeting is provided for the formal minutes of the meeting. In terms of the Privacy Act 1998 this may involve the recording of personal information provided at the meeting. The provision of any information that is recorded is voluntary, however if any person does not wish to be recorded they should not address or request to address the meeting. By remaining in this meeting, you consent to the recording of the meeting.

You are not permitted to record this meeting with any recording device, unless you have the express authorisation of the Council of the Shire of Victoria Plains.

E – Disclaimer

It is the Presiding Member's responsibility to preserve order in the meeting and this can be more difficult in an eMeeting. Therefore, each Council Member must consistently and respectfully follow the Local Government's Meeting Procedures Local Law, any additional eMeeting guidance provided by the Local Government and support the Presiding Member in their conduct of the eMeeting.

The pace of an eMeeting should be slow and orderly. The following practices will help avoid confusion and support effective eMeetings:

Speak clearly and slowly, as connections may be distorted or delayed;

Always state your name to indicate to the Presiding Member that you wish to speak. Restate your name if the Presiding Member has not heard you at first;

In debate, only speak after the Presiding Member has acknowledged you. Then state your name, so that others know who is speaking;

Follow the Presiding Member's directions and rulings;

If you are unclear about what is happening in an eMeeting, immediately state your name to draw the Presiding Member's attention and enable you to then seek clarification from the Presiding Member;

Avoid looking for opportunities to call Points of Order; instead, politely and respectfully gain the Presiding Member's attention and explain any deviation from your Meeting Procedures, the Local Government Act or any other relevant matter.

Commonly-used abbreviations

AAS / AASB	Australian Accounting Standard / Australian Accounting Standards Board
BF Act	Bush Fire Act 1954
BFB	Bush fire brigade
CEO	Chief Executive Officer
CDO	Community Development Officer
DBCA	Dept of Biodiversity, Conservation and Attractions
DFES	Dept of Fire and Emergency Services
DPLH	Dept of Planning, Lands and Heritage
DWER	Dept of Water and Environmental Regulation
EHO	Environmental Health Officer
EFT	Electronic Funds Transfer
FAM	Finance and Administration Manager
JSCDL	Parliamentary Joint Standing Committee on Delegated Legislation
LEMA	Local Emergency Management Arrangements
LEMC	Local Emergency Management Committee
LG Act	Local Government Act 1995
LGGC	WA Local Government Grant Commission
LPP	Local Planning Policy
LPS	Local Planning Scheme
MOU	Memorandum of Understanding
MRWA	Main Roads WA
NNTT	National Native Title Tribunal
OAG	Office of Auditor General
OCM	Ordinary Council Meeting
PTA	Public Transport Authority
RRG	Regional Roads Group
RTR	Roads to Recovery
SAT	State Administrative Tribunal
SEMC	State Emergency Management Committee
SGC	Superannuation Guarantee Contribution
SJAA	St John Ambulance Association
SWALSC	South West Aboriginal Land and Sea Council
WAEC	WA Electoral Commission
WALGA	WA Local Government Association
WSM	Works and Services Manager

CONTENTS

1.	DECLARATION OF OPENING.....	5
1.1	Opening	5
1.2	Announcements by the CEO	5
1.2	Announcements by Presiding Member.....	5
3.	RECORD OF ATTENDANCE.....	6
4.	DISCLOSURES OF INTEREST	6
5.	MINUTES OF MEETINGS.....	7
5.1	Confirmation of Audit Committee Meeting Minutes	7
6.	REPORTS REQUIRING DECISION.....	8
6.2	Audited Annual Financial Report 2022-23 Exit Meeting	8
6.3	Asset Valuation and Impairment Consideration 2022-23	12
6.4	Audit Survey Analysis.....	15
6.5	Budget Review as at 30 September 2023	18
7.	MEETING CLOSED TO PUBLIC.....	21
8.	CLOSURE OF MEETING.....	21

CONFIRMED PUBLIC AUDIT MINUTES



MINUTES

Audit Committee Meeting of the Victoria Plains Shire Council
Held in the Calingiri Shire Chambers and via E-meeting Protocol
on 22 November 2023 commencing at 12.46PM

1. DECLARATION OF OPENING

1.1 Opening

The CEO declared the meeting open at 12.46pm, welcoming Residents, Elected Members, and Staff to the Meeting, and commenced the meeting by calling for Nominations for the Position of Presiding Member of the Shire of Victoria Plains Audit Committee.

1.2 Announcements by the CEO

1.2.1 Election of the Audit Committee Presiding Member

The CEO declared the Audit Presiding Member will be elected in accordance with the provision of schedule 2.3 of the Local Government Act 2021.

The CEO advised Committee he had received one written nomination nominating Cr P Bantock for the role. As there were no further nominations forthcoming, the CEO declared Cr Bantock successful as the Audit Committee Presiding Member.

1.2 Announcements by Presiding Member

This meeting is recorded for the purpose of minute taking & to allow public viewing online. The meeting shall be run in accordance with the Shire's *Meeting Procedures Local Law 2018*.

REMOTE ATTENDANCE BY ELECTED MEMBERS

THAT:

- Under regulation 14C (2)(b) of the Admin Regulations, the Shire President can approve Elected Member attendance by electronic means;
- In doing so, under r.14C (5) the Shire President must have regard as to whether the location that the Elected Member intends to attend the meeting, and the equipment intended to be used to attend the meeting, are suitable;
- Electronic means includes, as per r.14CA(2) by telephone or video conference;
- Suitable equipment would include an electronic device that can hold a Teams meeting, and perhaps, the use of headphones;

- In accordance with r.14CA (5) the Elected Member must declare that they are able to maintain confidentiality during the meeting. Under r.14CA(7), the declaration by the Elected Member is recorded in the minutes of the meeting;
- Summarily, according to Departmental guidance, a suitable location is one that is quiet and private e.g. a private room in your house. If there are other people at the location at the time of the meeting, an Elected Member may be required to close a door and wear headphones.

REMOTE ATTENDANCE BY ELECTED MEMBERS

THAT:

Cr D Lovelock has been **APPROVED** to attend the Audit Committee Meeting on 22 November 2023 by electronic means as approved by the Shire President and that a declaration has been received regarding confidentiality and other requirements as noted in Section 2 herewith.

3. RECORD OF ATTENDANCE

Members present	Cr P Bantock – Cr S Woods – Cr D Lovelock – via teleconference Cr R Johnson (observer)
Staff attending	CEO – Mr S Fletcher DCEO – Mr C Ashe Finance Co-Ordinator – Ms G Deocampo Council Support Officer – Ms J Klobas
Apologies	Nil
Approved leave of absence	N/A
Visitors	Auditors - 12.58 pm via teleconference as below: Ms Fatima Padia – Office of the Auditor General Mr Conley Manifis – William Buck Ms Grace Ng – William Buck Mr Travis Bates – RSM, All of whom withdrew from the meeting at 1.27pm and did not return..
Members of the public	Nil

4. DISCLOSURES OF INTEREST

Refer – Local Government Act, Regulations, Code of Conduct, and Declaration Forms in Councillor folders.

Type	Item	Person / Details
3.1	Financial	Nil
3.2	Proximity	Nil
3.3	Impartiality	Nil

5. MINUTES OF MEETINGS

5.1 Confirmation of Audit Committee Meeting Minutes

VOTING REQUIREMENTS

Absolute Majority Required: No

2311-01 Officer Recommendation / Committee Recommendation

Moved: Cr S Woods

Seconded: Cr D Lovelock

That the Minutes of the Audit Committee Meeting held 15 May 2023 as circulated, be **CONFIRMED** as a true and correct record.

CARRIED BY UNANIMOUS DECISION OF COMMITTEE

Vote For	Vote Against
Cr P Bantock	
Cr S Woods	
Cr D Lovelock	

CONFIRMED PUBLIC AUDIT MINUTES

6. REPORTS REQUIRING DECISION**6.2 Audited Annual Financial Report 2022-23 Exit Meeting**

File reference	12.2.1		
Report date	07 Nov 2023		
Applicant/proponent	Audit Committee		
Officer disclosure of interest	NIL		
Previous meeting references	Audit Committee entry meeting 15 May 23		
Prepared by	Colin Ashe, DCEO		
Authorised by	Sean Fletcher, CEO		
Attachments			
Attachment 1	Page	2	Annual Financial Report 22-23
Attachment 2	Page	42	OAG Correspondence

PURPOSE

This exit meeting is to brief the audit committee on the findings of the audit for 2022-23 financial statements and any matters listed in the management letter.

BACKGROUND

In May 22 the Audit Committee received the Audit Strategy Memorandum which included:

- Audit Approach
- Significant aspects of this years audit
- Audit Strategy Memorandum and key requirements.

During the months of Sep, Oct and Nov 23 William Buck Chartered Accountants has conducted the audit of councils financial statements including acquittals of both Roads to Recovery (R2R) and Local Roads and Community Infrastructure Program (LRCIP). This has occurred both remotely and a site visit during Sep 23.

William Buck are now in a position to undertake the exit meeting, briefing the audit committee on the outcome of the audit.

COMMENT

Under new arrangements William Buck Chartered Accountants were able to directly audit both R2R and LRCIP Phase 2 and 3 without Office of Auditor General (OAG) involvement. Whilst this streamlined the process, it has come at a cost of an additional \$6,000 (ex GST).

The positive was that all audited annual reports for these funding acquittals were issued without qualification and sent to the applicable bodies before the deadline of 31 Oct 23.

The Annual Financial Report 22-23 still requires OAG submission, approval and ultimately their sign off for issue of the audit and management report. The final Annual Financial Report 22-23 was provided to William Buck Chartered Accountants on the 02 Nov 23 and this was forwarded onto OAG on the 03 Nov 23.

It should be noted that OAG is yet to provide comment however at the time of writing this agenda staff have not been provided advice of adverse findings / matters to be addressed. During the audit however the following matters may be raised:

1. The need to split classes of assets currently accounted for and land and buildings. Historically this has been reported in a consolidated way since 2013 and whilst it can be done, will require reconstruction of the accounts and at a cost. This was raised by OAG.
2. Valuations of Land and Buildings – revaluations due to the increase in the housing market. Revaluations was raised as a significant management issue in 21/22 and whilst there are proposed changes, it is anticipated to be effective for the 23/24 financial year.

Should these be raised in the management letter, it is not considered to be fundamental to the integrity of the Annual Financial Report 22/23 but of accounting treatment.

Other Matters:

Cost

For 21/22 the audit fee levied by OAG was \$30,800 and which incorporated William Buck Chartered Accountants costs (i.e. the shire did not receive a separate invoice). Correspondence received from OAG dated 13 Jul 23 advised of the cost for 22-23 audit being \$32,000 at the time, inclusive of R2R and LRCIP audits.

On the 6 Sep 23 advice from OAG was received that pre-accredited audit firms (William Buck Chartered Accountants) to undertake R2R and LRCIP audits, removing the need for OAG certification.

On the 14 Sep 23 email communication with William Buck Chartered Accountants indicated they did not envisage any additional cost but would advise the shire and on the 11 Oct 23 an additional total cost of \$6,000 was advised.

It is not clear whether OAG will be reducing their cost but should it not be, this increase represents a 23.3% increase for essentially the same service.

Audit Process

The shire has a strong relationship with William Buck Chartered Accountants and always welcomes the feedback in conduct of the audit. For the shires part of internally feedback we need to get better at the preparation of the audit file ensuring we have the evidence and samples the auditors have requested or are likely to request. Whilst sampling should always be different, there are standard requirements every year such as bank confirmations which we should expect.

For William Buck Chartered Accountants feedback;

- Advice of shared folder in teams to be able to drop the samples and requests into. There were occasions where the size of the email was blocked on the auditors IT system and other occasions of duplication.
 - Consistent effort or blocks of time where the shire is being attended to. For the 22/23 audit the tempo seemed to be in surges causing disruption to shire staff who had to put to down operational tasks to address audit queries in a timely manner. As late as Nov 23 and after the second draft annual financial statements 22/23 there were still some fundamental audit queries such as bank account balances being asked about.
-

- Clearer timelines and issuing of those standard requirements to be undertaken jointly. The shire could have prepared the R2R and LRCIP requirements relatively early and WB issues the bank confirmation early as that would not change in terms of balances as at 30 Jun 23. At the time of writing there is still some queries awaiting Bendigo Bank advice.

CONSULTATION

Mr Sean Fletcher, Chief Executive Officer

STATUTORY CONTEXT

Local Government Act 1995 Part 7.
Local Government (Audit) Regulations 1996.

CORPORATE CONTEXT

Strategic Business Plan/Corporate Business Plan

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
4. CIVIC LEADERSHIP	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Councilors attend training and feel supported in their role
	Council is supported by a skilled team

Strategic Priority 4.3 will be facilitated through the audit process of which this exit meeting will provide a true and fair view of councils finances and areas as applicable.

Delegation

N/A

Policy Implications

Section 3 – Financial Management

Other Corporate Document

N/A

Risk Analysis

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance	Major (4) Non-compliance results in termination of services or imposed penalties to Shire/Officers	Possible (3) The event should occur at some time	High (12)	Senior Management Team / CEO Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Ensuring any recommendations from the audit are implemented will ensure that the residual risk is low.

FINANCIAL IMPLICATIONS

NIL

VOTING REQUIREMENTS

Absolute majority required: No

2311-02 Officer Recommendation / Committee Recommendation**Moved: Cr D Lovelock****Seconded: Cr S Woods**That the Audit Committee **RECEIVE**:

1. the Annual Financial Report 22/23.
2. the audit and management report and **NOTE** the particular areas requiring attention as applicable.
3. the Annual Financial Report 22/23 be presented to Council for **ADOPTION**.

CARRIED BY UNANIMOUS DECISION OF COMMITTEE

Vote For	Vote Against
Cr P Bantock	
Cr S Woods	
Cr D Lovelock	

Members of the Auditors joined the Audit Committee Meeting at 12.58 pm via teleconference, comprising of:

Ms Fatima Padia – Office of the Auditor General

Mr Conley Manifis – William Buck

Ms Grace Ng – William Buck

Mr Travis Bates – RSM,

All of whom withdrew From the meeting at 1.27pm and did not return..

Cr R Johnson (Observer) withdrew from the meeting at 1.23pm, rejoining the meeting at 1.32pm.

Finance Coordinator withdrew from the meeting at 1.29pm and did not return.

Cr R Johnson rejoined the meeting at 1.32pm.

6.3 Asset Valuation and Impairment Consideration 2022-23

File reference	12.2.1		
Report date	08 Nov 2023		
Applicant/proponent	Audit Committee		
Officer disclosure of interest	NIL		
Previous meeting references	N/A		
Prepared by	Colin Ashe, DCEO		
Authorised by	CEO		
Attachments			
Attachment 1	Page	48	Asset Valuation and Impairment Considerations

PURPOSE

The Asset Valuation and Impairment assessment is to consider if any asset requires revaluation and if any impairment indicators are present as required under relevant accounting standards.

BACKGROUND

Asset valuation for financial report:

Local Government (Financial Management) Regulation 17A (4) requires a local government to revalue an asset of the local government –

- (a) Whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount; and
- (b) In any event, within a period of at least 3 years but no more than 5 years after the day on which the asset was last valued or revalued.

Impairment:

In accordance with AASB136.9, the local government is required to assess at reporting date whether there is an indication that an asset is impaired.

Impairment is considered to be an asset that has carrying amount which exceeds its recoverable amount. AASB136 defines the carrying amount an assets as “the amount which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon” and defines the recoverable amount of an asset as “the higher of its fair value less costs to sell and its value of use.”

There are a number of impairment indicators as provided in the preamble of attachment 1 but simply put, impairment is an assessment of ‘*is the asset is doing what it should be doing (relative to age, wear and tear etc)*’.

COMMENT

As part of managements assessment there was only one potential issue and that was the valuation of land and buildings.

The audit management letter from 21/22 noted a significant finding of *‘the shire has not performed an assessment to determine whether its infrastructure assets represented fair value’*.

The cycle of revaluations had land and buildings revalued in 21/22 and infrastructure assets in 22/23.

Based on the same criteria and regulations - AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations) there is a possibility OAG will have a similar finding due to the increase in property values in 22/23, despite it being officially valued in 21/22.

This has been noted in the assessment but qualified that the financial statement asset values should not be changed but if required, a disclosure note included in the financial statements for the following reasons;

- Increases in property prices whilst generally experienced across Australia may not apply to rural areas.
- It is difficult to quantify without expert valuations.
- There has only been one property listed for sale during the period.
- Advice from the valuers also noted this is not simple process as factors such as cost to rebuild would need to be taken into account and can only be ascertained at minimum through a desktop valuation, at a cost of \$7,200.
- This would then also delay the financial statements.

This assessment was provided to William Buck Chartered Accountants and currently they have advised no audit or management findings indicating they have accepted this (OAG still pending though).

CONSULTATION

Mr Sean Fletcher, Chief Executive Officer

STATUTORY CONTEXT

Local Government (Financial Management) Regulation 17A (4).

CORPORATE CONTEXT

Strategic Business Plan/Corporate Business Plan

STRATEGIC PRIORITIES		WE KNOW WE ARE SUCCEEDING WHEN	
4. CIVIC LEADERSHIP			
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance		
	We have sound financial management policies and attract external funding to help achieve our goals		
	Councilors attend training and feel supported in their role		
	Council is supported by a skilled team		

Strategic Priority 4.3 will be facilitated through the audit process of which this will provide a true and fair view of councils finances and areas as applicable.

Delegation

N/A

Policy Implications

Section 3 – Financial Management

Other Corporate Document

N/A

Risk Analysis

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance	Major (4) Non-compliance results in termination of services or imposed penalties to Shire/Officers	Possible (3) The event should occur at some time	High (12)	Senior Management Team / CEO Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Ensuring any recommendations from the audit are implemented will ensure that the residual risk is low.

FINANCIAL IMPLICATIONS

NIL

VOTING REQUIREMENTS

Absolute majority required: No

2311-03 Officer Recommendation / Committee Recommendation

Moved: Cr D Lovelock

Seconded: Cr S Woods

That the Audit Committee **RECEIVE** the Asset Valuation and Impairment Report 22/23.

CARRIED BY UNANIMOUS DECISION OF COMMITTEE

Vote For	Vote Against
Cr P Bantock	
Cr S Woods	
Cr D Lovelock	

6.4 Audit Survey Analysis

File reference	12.2.1		
Report date	08 Nov 2023		
Applicant/proponent	Audit Committee		
Officer disclosure of interest	NIL		
Previous meeting references	N/A		
Prepared by	Colin Ashe, DCEO		
Authorised by	CEO		
Attachments			
Attachment 1	Page	66	Audit Survey Analysis

PURPOSE

To inform the Audit Committee of Audit Survey results that was received in Jun 23 from surveys conducted as part of the 21-22 audit process.

BACKGROUND

The Office of the Auditor General took over responsibility for Local Government Auditing in 2017. The transition has generated a range of comments and concerns, including timing delays, workload imposition and not least of all, cost increases.

Much of this comment is anecdotal, so in order to establish some clarity on exactly what the sector is experiencing, Local Government Professionals WA partnered with WALGA during April 23 to conduct a survey to better understand the current issues and attitudes associated with the annual local government audit process.

Attachment 1 is a copy of the survey report which not only explores the sector's response but distills that response into five core issues.

COMMENT

91 local government contributed to the survey including the Shire of Victoria Plains and broadly the results were positive but some of fundamental issues raised by this shires' management team was similar to many others;

Positives:

- Preparation advice from the auditors.
- Timeframes for preparing information.
- Local Government staff prepared for audit queries.
- Audit preparation.
- Audit staff had adequate local government knowledge.
- Audit staff professionalism.
- Consistent advice from Auditors and OAG.
- Presentation of final audit results.

- Audit results easily reported to the community.
- Significant findings were given appropriate supporting evidence.

Negatives

- Audit costs.
- Additional workload placed on staff.
- Audit completed in the scheduled timeframes.

Audit costs are function in the D/CEO’s opinion of the duplication of overhead and relatively limited value add. Whilst there is broadly no issues with William Buck Chartered Accountants output this cannot be said for OAG. Whilst it may propositioned that OAG look at the macro level, if William Buck Chartered Accountants are preferred suppliers and gone through the tender process, they should be across this in any event to ensure they are providing this information directly to their local government clients.

Further, with the additional cost for R2R and LRCIP audit costs, if OAG do not reduce their costs, this will amount to a 23% increase from 21/22.

Whilst it is expected there will be additional workload on staff, the Shire of Victoria Plains experience for 22/23 was that this could be minimised with a more efficiency in timelines, preparation and one or two blocks of time and effort.

Audit completed on time is a function of planning and preparation (as per the above paragraph) from both the shire and auditors. Whilst the shires audits were completed on time, there were a number of changes required (R2R and LRCIP) and just before the deadline for submission.

CONSULTATION

Mr Sean Fletcher, Chief Executive Officer

STATUTORY CONTEXT

Local Government Act 1995 Part 7.
Local Government (Audit) Regulations 1996.

CORPORATE CONTEXT

Strategic Business Plan/Corporate Business Plan

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
4. CIVIC LEADERSHIP	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals

	Councillors attend training and feel supported in their role
	Council is supported by a skilled team

Strategic Priority 4.3 is governed by local government regulations and this survey will improve outcomes flowing into strategic planning.

Delegation

N/A

Policy Implications

Section 3 – Financial Management

Other Corporate Document

N/A

Risk Analysis

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance	Major (4) Non-compliance results in termination of services or imposed penalties to Shire/Officers	Possible (3) The event should occur at some time	High (12)	Senior Management Team / CEO Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Ensuring any recommendations from the audit are implemented will ensure that the residual risk is low.

FINANCIAL IMPLICATIONS

NIL

VOTING REQUIREMENTS

Absolute majority required: No

2311-04 Officer Recommendation / Committee Recommendation

Moved: Cr S Woods

Seconded: Cr D Lovelock

That the Audit Committee **RECEIVE** Audit Survey Analysis.

CARRIED BY UNANIMOUS DECISION OF COMMITTEE

Vote For	Vote Against
Cr P Bantock	
Cr S Woods	
Cr D Lovelock	

6.5 Budget Review as at 30 September 2023

File reference	12.2.1		
Report date	14 Nov 2023		
Applicant/proponent	Audit Committee		
Officer disclosure of interest	NIL		
Previous meeting references	N/A		
Prepared by	Colin Ashe, DCEO		
Authorised by	Sean Fletcher, CEO		
Attachments			
Attachment 1	Page	76	Monthly Financial Statements – 30 Sep 23
Attachment 2	Page	112	Budget Amendments No. 1 – Sep 23

PURPOSE

To conduct the first budget review for 2023-24 based on Sep 23 financial statements for the Audit Committee approval.

BACKGROUND

Council approved the 2023-24 budget that forecast a deficit of (\$58,888) at year end and this was based on an estimated actual closing balance deficit of (\$12,763) from 22/23. During monthly financial reporting in 23/24 it has been noted that funds from the Grants Commission received on 30 Jun 23 has somewhat clouded the actual closing balance and accordingly impacted on the budget 23/24.

Now that the Annual Financial Report 22/23 has been completed, the audited financial position and surplus /deficit can now be factored into the 23/24 financial reporting and budget 23/24.

The first budget review has now been completed utilising Sep 23 data for the audit committee to review.

COMMENT

As to be expected, the 1st quarter of the financial year is relatively quiet on a transactional basis as budget adoption, rates income and other grant funding is received. Whilst planning for major expenditure occurs during this period, actual expenditure is not reflected in the financial reports until generally the 2nd quarter.

Attachment 1 provides the previously received 30 Sep 23 monthly financial report which will be discussed in detail and now with the addition of the 1st budget review provided in attachment 2.

1ST Quarter Budget Review 23/24:

The main variation is the treatment of Grants Commission funding received last financial year which based on the final audited Annual Financial Report 22/23 has resulted in an actual surplus of \$890,296 and therefore the opening position of 23/24, compared to the budget forecast of (\$12,763) deficit.

This has been somewhat offset by a budgeted Grants Commission funding in 23/24 of \$456,616, of which advise is \$65,782 will actually be provided.

With the other variations the current forecast at 30 Jun 24 is a \$373,268 surplus however this figure should be taken cautiously as;

- This is only the 1st quarter of the FY and there are a number of projects currently underway that could see an escalation in costs.
- The RFQ cost for the Calingiri – New Norcia Rd intersection has yet to be finalised and more importantly, the funding aspect not yet crystalised. There is a high probability that the shire will need to contribute in excess of \$200,000 in lieu of a budgeted MRWA funding line yet to be confirmed.
- Due to some personnel absences, management is aware there was a delay in vendor invoices being entered into the system until Oct 23 resulting in Sep 23 financials being slightly skewed.

Overall, a conservative approach has been undertaken to this first review given its timing however the initial results is particularly pleasing. Should this financial outcome continue during the FY, excess funds will be placed into Reserves to assist in budget deliberations into 24/25.

CONSULTATION

Mr Sean Fletcher, Chief Executive Officer

STATUTORY CONTEXT

Local Government Act 1995 and associated regulations in particular;

Local Government (Financial Management) Regulations 1996; regulation 33A requires a budget review to be undertaken between 01 Jan and 31 Mar of its financial performance from 01 Jul to 31 Dec.

Whilst this review is not the formal requirement as above because of the timeframes, there is no restriction on early and more frequent reviews.

CORPORATE CONTEXT

Strategic Business Plan/Corporate Business Plan

STRATEGIC PRIORITIES	WE KNOW WE ARE SUCCEEDING WHEN
4. CIVIC LEADERSHIP	
4.3 Proactive and well governed Shire	External audits and reviews confirm compliance
	We have sound financial management policies and attract external funding to help achieve our goals
	Council is supported by a skilled team

Strategic Priority 4.3 - Management considers budget reviews in addition to statutory requirements as good governance allowing early intervention to identify any significant issues.

Delegation

NIL

Policy Implications

Section 3 – Financial Management

Other Corporate Document

NIL

Risk Analysis

Consequence	Consequence Rating:	Likelihood Rating:	Risk Rating	Risk Acceptance/ Controls	Mitigation and Outcome
Compliance	Moderate (3) Short term non-compliance but with significant regulatory requirements imposed	Unlikely (2) The event could occur at some time	Moderate (6)	Operational Manager Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Ensuring frequent budget reviews in excess of statutory requirements will ensure that the residual risk is low.

FINANCIAL IMPLICATIONS

Amendments to the budget will provide better forecasting and therefore management of councils finances.

VOTING REQUIREMENTS

Absolute majority required: No

2311-05 Officer Recommendation / Committee Recommendation

Moved: Cr D Lovelock

Seconded: Cr S Woods

That the Audit Committee recommends that council **APPROVES**:

1. the budget review and **ENDORSES** the budget amendments and set out in attachment 2.

CARRIED BY UNANIMOUS DECISION OF COMMITTEE

7. MEETING CLOSED TO PUBLIC

Matters for which the meeting may be closed in accordance with the Local Government Act 1995 s.5.23(2).

8. CLOSURE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at 1.36 pm.

CERTIFICATION

These Committee minutes were confirmed at the Audit Committee Meeting held on 28 February 2024.

Signed JABainstock
(Presiding member at the meeting which confirmed the minutes)

Date 28 February 2024

Committee Minutes are unconfirmed until they have been adopted at the following meeting of Committee.

CONFIRMED PUBLIC AUDIT MINUTES