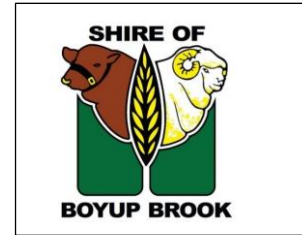


Date: 27 February 2024

To: Shire President
Deputy Shire President
Councillors
Community



MINUTES – AUDIT AND FINANCE COMMITTEE MEETING

26 FEBRUARY 2024

A handwritten signature in black ink, appearing to read "Leonard Long". The signature is written in a cursive style with a large initial "L".

Leonard Long
Chief Executive Officer

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AGENDA

1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 5:02 pm.

Acknowledgement of Traditional Custodians

We acknowledge and pay our respects to the Traditional Custodians of the land on which we meet and work.

Committee Meetings are public meetings.

Committee Members and staff risk being held personally liable if their comments are defamatory, or breach any duty of confidentiality.

Statements made during Committee Meetings are solely those of the person making them. Nothing expressed at a Committee Meeting can be attributed to the Shire, unless it is adopted by a resolution of Council.

The Confirmed Minutes of a Committee Meeting are the official record of that Committee Meeting. Verbatim Minutes are not required.

May I ask everyone here today, to make sure your mobiles are turned off or on silent for the duration of the Meeting.

This meeting will be audio recorded for minute taking purposes.

2. RECORD OF ATTENDANCE

2.1 ATTENDANCE

Councillors

Shire President
Deputy Shire President
Councillors

Cr Richard Walker
Cr Helen O'Connell
Cr Charles Caldwell
Cr Philippe Kaltenrieder
Cr Michael Wright
Cr Darren King

Council Officers

Chief Executive Officer
Executive Officer
Executive Manager Corporate
& Community Services

Leonard Long
Magdalena Le Grange

Carolyn Mallett

Observers / Public Members

Nil

2.2 APOLOGIES

Councillor

Cr Sarah Alexander

2.3 NON - ATTENDANCE

Councillor

Cr David Inglis

3. PUBLIC QUESTIONS TIME**3.1 PUBLIC QUESTION TIME**

Nil

4. DECLARATIONS OF INTEREST**4.1 FINANCIAL AND / OR PROXIMITY INTEREST**

Nil

4.2 DISCLOSURES OF IMPARTIALITY INTEREST THAT MAY CAUSE CONFLICT

Nil

5. PREVIOUS COMMITTEE MEETING MINUTES**5.1 COMMITTEE MEETING MINUTES – 23 MARCH 2023**

Moved: Cr. O'Connell

Seconded: Cr. King

COMMITTEE DECISION AF 24/02/001

That the minutes of the Audit and Finance Committee Meeting held on 23 March 2023 be confirmed as being a true and accurate record.

CARRIED 6/0
For: Cr Walker, Cr O'Connell, Cr Wright, Cr Kaltenrieder, Cr King,
Cr Caldwell
Against: Nil

6. REPORTS OF OFFICERS

6.1 CORPORATE AND COMMUNITY SERVICES

6.1.1 STATUTORY BUDGET REVIEW AS AT 31 DECEMBER 2023	
File Ref:	FM/1/002
Previous Items:	Nil
Applicant:	Nil
Author and Title:	Darren Long, Finance Consultant Carolyn Mallet, Executive Manager Corporate & Community Services
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Attachment Number:	6.1.1A Budget Review Workpaper

Moved: Cr. Caldwell Seconded: Cr. Kaltenrieder

COMMITTEE DECISION AF 24/02/002

That Council move into a Committee of the Whole as per clause 15.6 of the Standing Orders Local Law No.1 to allow free and open discussion on the matter.

CARRIED 6/0
For: Cr Walker, Cr O'Connell, Cr Wright, Cr Kaltenrieder, Cr King,
Cr Caldwell
Against: Nil

Moved: Cr. Caldwell Seconded: Cr. Kaltenrieder

COMMITTEE DECISION AF 24/02/003

That Council move out of a Committee of the Whole as per clause 15.6 of the Standing Orders Local Law No.1.

CARRIED 6/0
For: Cr Walker, Cr O'Connell, Cr Wright, Cr Kaltenrieder, Cr King,
Cr Caldwell
Against: Nil

Moved: Cr. Caldwell Seconded: Cr. Wright

COMMITTEE DECISION AF 24/02/004

That the Audit and Finance Committee recommends Council:

1. Adopt the 2023/2024 Annual Budget Review, as presented in Attachment 6.1.1A, and note that the estimate closing funds are based on current revenue and expenditure trends; and
2. Approve the following budget amendments as authorised expenditure:

ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
092020	Proceeds Sale of Land Asset – Increase in proceeds on sale of land for 57 Cailes Street. Not anticipated in original budget.	(\$0)	(\$51,819)	(\$51,819)	
092600	Written Down Value – Disposal of Assets	\$310,000	\$361,819		\$51,819
031103	Rates Administration Activity costs – Increase in administration allocations – non cash in nature.	\$126,636	\$138,249		\$11,613
032001	General Purpose Grants – Increase in grant from Commonwealth Government	\$0	(\$42,137)	(\$42,137)	
032002	Local Road Grants – Increase in grant from Commonwealth Government	\$0	(\$41,525)	(\$41,525)	
032003	Interest on Municipal Investments – Increase in interest earned on surplus Municipal Funds from higher interest rates	(\$2,100)	(\$152,047)	(\$149,947)	
032004	Interest on Reserve Accounts - Increase in interest earned on Reserve Accounts from higher interest rates	(\$5,000)	(\$101,000)	(\$96,000)	
041100	Members Sitting Fees – Increase	\$76,350	\$87,308		\$10,958

	for additional Councillor sitting fees and deputy president allowance increase				
041101	Members Training Costs – Decrease in training expenses	\$10,800	\$5,800	(\$5,000)	
041105	Members Conference/Seminar Costs – Decrease in conference expenses for Local Government Week	\$23,850	\$13,850	(\$10,000)	
041108	Member Council Chamber Expenses – Decrease in audio recording expense – reallocated to IT expenses for fibre connection to administration centre	\$32,063	\$7,063	(\$25,000)	
041109	Member Refreshments & Receptions – Increase in Australia Day function expenses and for Honorary Freeman function	\$23,940	\$32,440		\$8,500
041150	Members Administration Allocations - Increase in administration allocations – non cash in nature	\$67,516	\$73,323		\$5,807
042100	Other Governance Administration Allocations - Increase in administration allocations – non cash in nature	\$101,274	\$113,791		\$12,517
051106	ESL – Fire Vehicle	\$15,000	\$25,433		\$10,433

	Maintenance Costs – Increase in vehicle servicing and replacement tyres				
051112	Fire Prevention and Support – Increase in wages allocations reallocated from ranger salary GL # 052110, and increase in electricity expenses	\$15,770	\$104,430		\$88,660
051120	Bushfire Mitigation Activity Expenses – Increase in contractor expenses for on-ground works funded by new grant	\$0	\$186,706		\$186,706
051150	Fire Control Administration Allocations - Increase in administration allocations – non cash in nature	\$67,516	\$73,323		\$5,807
051004	ESL – Operating Grant Income – Increase in Mitigation grant funding for on ground works	(\$120,000)	(\$310,018)	(\$190,018)	
052110	Ranger Services Salary Expenses – Decrease in Ranger salaries – allocated to Fire Prevention and Support. Increase in insurance premium	\$84,262	\$36,715	(\$47,547)	
053152	Other law & Order Costs – Increase in contractor expenses for Aware project –	\$0	\$14,200		\$14,200

	offset by new grant funding				
053103	Emergency Management Coordination Expenses – Increase in wages, superannuation and training expenses	\$0	\$10,007		\$10,007
053002	Other Law Non-Operating Grants – Increase for Disaster Relief grant to establish evacuation centre at Football Clubrooms	\$0	(\$813,000)	(\$813,000)	
053003	Other Law Operating Grants – Increase for new DFES Aware grant project	\$0	(\$14,200)	(\$14,200)	
072100	Health Administration Expenses – Increase in salaries to offset decrease in contract health services	\$65,523	\$46,242	(\$19,281)	
074103	Medical Services Employee Costs – Increase in salaries expenses and housing rental expenses	\$967,957	\$973,021		\$5,064
074113	Medical Centre Superannuation – Increase in superannuation expenses	\$87,485	\$105,514		\$18,029
074150	Medical Services Administration Allocations - Increase in administration allocations – non cash in nature	\$75,913	\$83,172		\$7,259
092105	House Maintenance – 1	\$16,203	\$26,003		\$9,800

	Rogers Ave – Increase in wages, overheads and plant cost allocations. Increase in gutter cleaning and internet services				
092108	Property Selling Expenses – Increase in contractor costs for settlement services to sell lot 57 Cailles St.	\$0	\$9,051		\$9,051
092109	Community Housing Maintenance – Increase in materials expense for purchase of sea container for storage and for removalists costs	\$143,340	\$152,340		\$9,000
092002	Rent 24B Proctor Street – Decrease in rent due to renovations requiring tenant to vacate premise	(\$9,600)	(\$4,226)		\$5,374
101003	Recycling Scheme Income – Increase in recycling fees collected	(\$700)	(\$8,687)	(\$7,987)	
113110/ G206	Townsite Gardens – Decrease in wages, overheads and plant allocations.	\$94,825	\$84,325	(\$10,500)	
113112	Reserves and Parks Operations – Decrease in wages, overheads and plant allocations. Increase in insurance premiums.	\$85,669	\$73,318	(\$12,351)	

113125	Support for Others Expenses – Increase in wages and superannuation expenses	\$40,212	\$47,725		\$7,513
112100	Swimming Pool and Gymnasium Operations – Decrease in contractor expenses for pool leak – reallocated to GL # 146106	\$103,866	\$84,106	(\$19,760)	
112102	Swimming Pool Employee Costs – Decrease in wages. Increase in insurance premiums	\$105,802	\$85,311	(\$20,491)	
115150	Libraries – Administration allocations - Increase in administration allocations – non cash in nature	\$92,878	\$100,137		\$7,259
116103	Other Culture Community Expenses – Increase in wages, overheads and plant cost allocations. Increase in materials expenses for Christmas event	\$0	\$18,681		\$18,681
121001	RRG Project Grants – Increase in RRG grant for Winnejump Road for 21/22, 22/23 and 23/24 sections.	(\$631,700)	(\$1,082,000)	(\$450,300)	
121004	Capital Grants & Other Contributions – Increase in LRCI Phase 4B funding received	(\$636,411)	(\$1,182,581)	(\$546,170)	

122103	Road Maintenance and Repairs – Decrease in wages, overheads and plant allocations. Increase in contractor expenses for plant hire.	\$304,514	\$226,817	(\$77,697)	
122107	Maintenance Grading – Decrease in wages, overheads and plant allocations – reallocated to other works. Increase in contractor expenses for gravel pushing and road line marking.	\$117,055	\$118,750		\$1,695
122109	Verge Pruning – Increase in wages, overheads and plant allocations.	\$130,140	\$148,860		\$18,720
122115	Town Services Tree Pruning – Increase in contractor expenses for tree pruning.	\$23,660	\$30,275		\$6,615
122150	Roads – Administration Allocations - Increase in administration allocations – non cash in nature	\$422,234	\$458,524		\$36,290
125150	Traffic Control - Administration Allocations Increase in administration allocations – non cash in nature	\$126,636	\$136,798		\$10,162
132103	Community Development Officer –	\$22,756	\$85,404		\$62,648

	Increase in salaries allocation.				
132104	Tourist Centre – Decrease in contractor expenses for bus shelter works	\$74,291	\$66,529	(\$7,762)	
133100	Building Control Expenses – Decrease in wages allocation	\$22,347	\$16,396	(\$5,951)	
133001	Building Licence Fees – Decrease in building permits issued	(\$12,000)	(\$6,600)		\$5,400
143100	Supervision – Increase in salaries allocations.	\$181,355	\$310,863		\$129,508
143104	Insurance on Works – Increase in workers compensation insurance premium	\$21,953	\$32,906		\$10,953
143105	Outside Works Superannuation – Increase in superannuation expenses	\$140,525	\$158,155		\$17,630
143109	Training & Meeting Expenses – Decrease in wages allocations and material expenses for training courses	\$61,190	\$46,535	(\$14,655)	
143180	Less Public Works Overheads allocated – Increase in overhead allocations to other programs and projects.	(\$731,902)	(\$881,056)	(\$149,154)	
143001	Workers Compensation Reimbursement	(\$600)	(\$18,373)	(\$17,773)	

	s – Increase in reimbursements for workers compensation insurance claims				
144110	Mechanic Superannuation – Increase in superannuation expenses.	\$0	\$9,836		\$9,836
144001	Diesel Fuel Rebate – Increase in fuel rebate claimed	(\$35,000)	(\$40,000)	(\$5,000)	
145100	Gross Salaries and Wages – Increase in total salaries and wages paid for year.	\$4,016,494	\$4,035,258		\$18,764
145130	Less Salaries and Wages allocation to Programs – Increase in salaries and wages allocated to other programs.	(\$4,016,494)	(\$4,035,258)	(\$18,764)	
146102	Bank Fees – Increase in bank fees.	\$13,500	\$36,260		\$22,760
146105	Administration Staff Employee Costs - Decrease in salaries allocation.	\$867,667	\$848,543	(\$19,124)	
146106	Consultant Expenses – Increase in contractor expenses for architectural services, business case preparation, and fair value reporting	\$182,000	\$267,950		\$85,950
146110	IT System and Operation – Increase in contractor	\$154,680	\$224,363		\$69,683

	expenses for fibre connection				
146124	Superannuation Expenses – Increase in superannuation expenses for unpaid liability on long service leave in 21/22	\$89,590	\$119,590		\$30,000
146128	Administration OHS Expenses – Decrease for WHS position for only 6 months.	\$59,030	\$13,550	(\$45,480)	
146150	Less Administration Allocations – Increase in administration expenses allocated to other programs.	(\$1,713,612)	(\$1,860,167)	(\$146,555)	
146001	Reimbursements Administration – Increase in self-insurance scheme contributions credit	(\$300)	(\$9,618)	(\$9,318)	
149001	Rylington Park Operational Expenses – Increase in material expenses for parts & repairs, hay bailing expenses, wool owner/classer course expenses. Increase in workers compensation insurance premium.	\$804,236	\$848,934		\$44,698
300101	Transfer to Reserves – Increase in transfer to Rylington Park Community Projects Reserve from sale of Lot 57	\$270,000	\$408,787		\$138,787

	Cailes St and additional interest earned.				
300102	Transfer from Reserves – Increase in transfer from Building Reserve and Rylington Park Community Projects Reserve to fund Councils contribution to the Evacuation Centre.	(\$138,000)	(\$1,032,000)	(\$894,000)	
000000	Surplus/Deficit – Carried Forward – Increase in closing surplus due to end of year audit adjustments.	(\$3,490,312)	(\$3,820,598)	(\$330,286)	
000000	Book value of Assets Sold Written Back – Increase in non-cash write-back value of assets disposed.	(\$310,000)	(\$361,819)	(\$51,819)	
053401	Evacuation Centre Construction – Increase in capital expenditure to construct evacuation centre. Offset by grant funding and transfers from Building Reserve and Rylington Park Community Projects Reserve	\$0	\$1,707,000		\$1,707,000
081400	CRC Building Capital Expenditure – Decrease in internal and external painting expenses	\$40,000	\$17,000	(\$23,000)	
091400	CEO House Capital Expenditure – Decrease in contractor	\$30,000	\$17,045	(\$12,955)	

	expenses for fence replacement				
092403	24B Proctor St Residence Capital Expenditure – Increase in contractor expenses for replacement fence.	\$0	\$12,955		\$12,955
111403/LRC 017	Town Hall Refurbishment – Increase in contractor expenses for hall refurbishment	\$217,377	\$353,244		\$135,867
132400	Tourist Centre Capital Expenditure – Increase in wages, overheads and plant costs, and decrease in contractor expenses to fix septic system.	\$90,000	\$107,572		\$17,572
149503	Rylington Park House Capital Expenditure – Decrease in contractor costs for gutter repairs.	\$53,000	\$43,000	(\$10,000)	
123609	Light Plant Capital Expenditure – Decrease in purchase cost of portable traffic lights	\$22,000	\$12,322	(\$9,678)	
123610	Heavy Plant Capital Expenditure – Decrease in purchase cost of forklift and tip truck	\$738,000	\$707,500	(\$30,500)	
123619	Minor Small Plant Capital Expenditure – Increase materials expense for purchase of new pressure cleaner	\$0	\$9,015		\$9,015

146500	Administration Plant & Equipment Capital Expenditure – Decrease in materials cost for purchase of CEO vehicle and removal of pool vehicle purchase.	\$110,000	\$58,375	(\$51,625)	
121404/RRG148	RRG Boyup Brook-Cranbrook Road – Decrease in contractor expenses.	\$377,283	\$368,550	(\$8,733)	
121404/RGG210	RRG Boyup Brook-Arthur River Road – Increase in wages, overheads and plant allocations.	\$589,118	\$658,687		\$69,569
121404/RRG004	RRG Winnejup Road – Increase in project costs as clearing permits obtained allowing 23/24 project to proceed	\$0	\$259,034		\$259,034
121404/RGA004	RRG Winnejup road - Increase in project costs as clearing permits obtained allowing 21/22 project to proceed	\$0	\$212,169		\$212,169
121404/RGB004	RRG Winnejup road - Increase in project costs as clearing permits obtained allowing 22/23 project to proceed	\$0	\$234,304		\$234,304
121401	Gravel Sheeting Road Projects – Projects deleted as unable to complete by 30 June.	\$54,000	\$0	(\$54,000)	
121410	Municipal Fund – Winter Grading – Increase in	\$337,000	\$444,136		\$107,136

	wages, overheads and plant cost allocations.				
121700	Footpath Construction – Increase in contractor expenses to extend scope of work. Offset by LRCI 4B grant funding	\$75,075	\$263,914		\$188,839
111800/ LRC024	Drainage Town Hall – Increase in wages, overheads and plant cost allocations. Increase in contractor expenses	\$58,866	\$70,799		\$11,933
107900	Cemetery Capital Expenditure – Increase in contractor expenses. Offset by LRCI 4A grant funding	\$0	\$357,331		\$357,331
135403	Access Path to Blackwood River – Decrease in contractor expenses – reallocated to GL 146106.	\$50,000	\$20,000	(\$30,000)	
	Other minor variations below the \$10,000 threshold			(\$59,348)	\$99,330
	TOTAL			(\$4,656,210)	\$4,656,210
	Net Adjustment to 2023/24 Budget			\$0	
<p>CARRIED BY ABSOLUTE MAJORITY 6/0 For: Cr Walker, Cr O’Connell, Cr Wright, Cr Kaltenrieder, Cr King, Cr Caldwell Against: Nil</p>					

SUMMARY

The purpose of this report is for the Audit and Finance Committee to consider and recommend to Council to adopt the Budget Review Report, and authorise amendments to the Adopted Budget, based on projection outcomes to 30 June 2024.

BACKGROUND

The Local Government Act provides for local governments, including regional local governments, to prepare an annual budget.

6.2. Local government to prepare annual budget.

- (1) During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.

***Absolute majority required.**

The *Local Government (Financial Management) Regulations 1996* require local governments to undertake a review of the Annual Budget.

33A. Review of Budget

- (1) Between 1 January and the last day of February in each financial year a local government is to carry out a review of its annual budget for that year.
 - (2A) The review of an annual budget for a financial year must —
 - (a) consider the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
 - (b) consider the local government's financial position as at the date of the review; and
 - (c) review the outcomes for the end of that financial year that are forecast in the budget; and
 - (d) Include the following-
 - (i) the annual budget adopted by the local government;
 - (ii) an update of each of the estimates included in the annual budget;
 - (iii) the actual amounts of expenditure, revenue and income as at the date of the review;
 - (iv) adjacent to each item in the annual budget adopted by the local government that stated an amount, the estimated end-of-year amount for the item.
 - (2) The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that financial year.
-

- (3) A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

***Absolute majority required.**

- (4) Within 14 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

A detailed analysis at account level incorporating year to date actual results and budget projections to 30 June 2024, for the period ending 31 December 2023, is presented for consideration. A Statement of Financial Activity, at program level and nature/type level, has been prepared to provide a summarisation of the budget review results, as well as a Statement of Closing Funds detailing the projected surplus as at 30 June 2024.

REPORT DETAIL

The budget review has been prepared to include the information required by the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996*, and the Australian Accounting Standards. Council adopted a 10% or \$10,000 threshold minimum for the reporting of material variances to be used in the Statement of Financial Activity and the annual Budget Review Report.

In summary, based on current trends, it is anticipated that a balanced budget can be achieved as at 30 June 2024.

The following table details the proposed budget amendments:

ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
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ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
032004	Interest on Reserve Accounts - Increase in interest earned on Reserve Accounts from higher interest rates	(\$5,000)	(\$101,000)	(\$96,000)	
041100	Members Sitting Fees – Increase for additional Councillor sitting fees and deputy president allowance increase	\$76,350	\$87,308		\$10,958
041101	Members Training Costs – Decrease in training expenses	\$10,800	\$5,800	(\$5,000)	
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ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
053103	Emergency Management Coordination Expenses – Increase in wages, superannuation and training expenses	\$0	\$10,007		\$10,007
053002	Other Law Non-Operating Grants – Increase for Disaster Relief grant to establish evacuation centre at Football Clubrooms	\$0	(\$813,000)	(\$813,000)	
053003	Other Law Operating Grants – Increase for new DFES Aware grant project	\$0	(\$14,200)	(\$14,200)	
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092109	Community Housing Maintenance – Increase in materials expense for purchase of sea container for storage and for removalists costs	\$143,340	\$152,340		\$9,000
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113110/ G206	Townsite Gardens – Decrease in wages, overheads and plant allocations.	\$94,825	\$84,325	(\$10,500)	
113112	Reserves and Parks Operations – Decrease in wages, overheads and plant allocations. Increase in insurance premiums.	\$85,669	\$73,318	(\$12,351)	
113125	Support for Others Expenses – Increase in wages and superannuation expenses	\$40,212	\$47,725		\$7,513

ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
112100	Swimming Pool and Gymnasium Operations – Decrease in contractor expenses for pool leak – reallocated to GL # 146106	\$103,866	\$84,106	(\$19,760)	
112102	Swimming Pool Employee Costs – Decrease in wages. Increase in insurance premiums	\$105,802	\$85,311	(\$20,491)	
115150	Libraries – Administration allocations - Increase in administration allocations – non cash in nature	\$92,878	\$100,137		\$7,259
116103	Other Culture Community Expenses – Increase in wages, overheads and plant cost allocations. Increase in materials expenses for Christmas event	\$0	\$18,681		\$18,681
121001	RRG Project Grants – Increase in RRG grant for Winnejup Road for 21/22, 22/23 and 23/24 sections.	(\$631,700)	(\$1,082,000)	(\$450,300)	
121004	Capital Grants & Other Contributions – Increase in LRCI Phase 4B funding received	(\$636,411)	(\$1,182,581)	(\$546,170)	
122103	Road Maintenance and Repairs – Decrease in wages, overheads and plant allocations. Increase in contractor expenses for plant hire.	\$304,514	\$226,817	(\$77,697)	
122107	Maintenance Grading – Decrease in wages, overheads and plant allocations – reallocated to other works. Increase in contractor expenses for gravel pushing and road line marking.	\$117,055	\$118,750		\$1,695
122109	Verge Pruning – Increase in wages, overheads and plant allocations.	\$130,140	\$148,860		\$18,720
122115	Town Services Tree Pruning – Increase in contractor expenses for tree pruning.	\$23,660	\$30,275		\$6,615
122150	Roads – Administration Allocations - Increase in administration allocations – non cash in nature	\$422,234	\$458,524		\$36,290
125150	Traffic Control - Administration Allocations Increase in administration allocations – non cash in nature	\$126,636	\$136,798		\$10,162
132103	Community Development Officer – Increase in salaries allocation.	\$22,756	\$85,404		\$62,648
132104	Tourist Centre –Decrease in contractor expenses for bus shelter works	\$74,291	\$66,529	(\$7,762)	
133100	Building Control Expenses – Decrease in wages allocation	\$22,347	\$16,396	(\$5,951)	
133001	Building Licence Fees – Decrease in building permits issued	(\$12,000)	(\$6,600)		\$5,400
143100	Supervision – Increase in salaries allocations.	\$181,355	\$310,863		\$129,508

ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
143104	Insurance on Works – Increase in workers compensation insurance premium	\$21,953	\$32,906		\$10,953
143105	Outside Works Superannuation – Increase in superannuation expenses	\$140,525	\$158,155		\$17,630
143109	Training & Meeting Expenses – Decrease in wagers allocations and material expenses for training courses	\$61,190	\$46,535	(\$14,655)	
143180	Less Public Works Overheads allocated – Increase in overhead allocations to other programs and projects.	(\$731,902)	(\$881,056)	(\$149,154)	
143001	Workers Compensation Reimbursements – Increase in reimbursements for workers compensation insurance claims	(\$600)	(\$18,373)	(\$17,773)	
144110	Mechanic Superannuation – Increase in superannuation expenses.	\$0	\$9,836		\$9,836
144001	Diesel Fuel Rebate – Increase in fuel rebate claimed	(\$35,000)	(\$40,000)	(\$5,000)	
145100	Gross Salaries and Wages – Increase in total salaries and wages paid for year.	\$4,016,494	\$4,035,258		\$18,764
145130	Less Salaries and Wages allocation to Programs – Increase in salaries and wages allocated to other programs.	(\$4,016,494)	(\$4,035,258)	(\$18,764)	
146102	Bank Fees – Increase in bank fees.	\$13,500	\$36,260		\$22,760
146105	Administration Staff Employee Costs - Decrease in salaries allocation.	\$867,667	\$848,543	(\$19,124)	
146106	Consultant Expenses – Increase in contractor expenses for architectural services, business case preparation, and fair value reporting	\$182,000	\$267,950		\$85,950
146110	IT System and Operation – Increase in contractor expenses for fibre connection	\$154,680	\$224,363		\$69,683
146124	Superannuation Expenses – Increase in superannuation expenses for unpaid liability on long service leave in 21/22	\$89,590	\$119,590		\$30,000
146128	Administration OHS Expenses – Decrease for WHS position for only 6 months	\$59,030	\$13,550	(\$45,480)	
146150	Less Administration Allocations – Increase in administration expenses allocated to other programs.	(\$1,713,612)	(\$1,860,167)	(\$146,555)	
146001	Reimbursements Administration – Increase in self-insurance scheme contributions credit	(\$300)	(\$9,618)	(\$9,318)	
149001	Rylington Park Operational Expenses – Increase in material expenses for parts & repairs, hay	\$804,236	\$848,934		\$44,698

ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
	bailing expenses, wool owner/classer course expenses. Increase in workers compensation insurance premium.				
300101	Transfer to Reserves – Increase in transfer to Rylington Park Community Projects Reserve from sale of Lot 57 Cailles St and additional interest earned.	\$270,000	\$408,787		\$138,787
300102	Transfer from Reserves – Increase in transfer from Building Reserve and Rylington Park Community Projects Reserve to fund Councils contribution to the Evacuation Centre.	(\$138,000)	(\$1,032,000)	(\$894,000)	
000000	Surplus/Deficit – Carried Forward – Increase in closing surplus due to end of year audit adjustments.	(\$3,490,312)	(\$3,820,598)	(\$330,286)	
000000	Book value of Assets Sold Written Back – Increase in non-cash write-back value of assets disposed.	(\$310,000)	(\$361,819)	(\$51,819)	
053401	Evacuation Centre Construction – Increase in capital expenditure to construct evacuation centre. Offset by grant funding and transfers from Building Reserve and Rylington Park Community Projects Reserve	\$0	\$1,707,000		\$1,707,000
081400	CRC Building Capital Expenditure – Decrease in internal and external painting expenses	\$40,000	\$17,000	(\$23,000)	
091400	CEO House Capital Expenditure – Decrease in contractor expenses for fence replacement	\$30,000	\$17,045	(\$12,955)	
092403	24B Proctor St Residence Capital Expenditure – Increase in contractor expenses for replacement fence.	\$0	\$12,955		\$12,955
111403/LR C017	Town Hall Refurbishment – Increase in contractor expenses for hall refurbishment	\$217,377	\$353,244		\$135,867
132400	Tourist Centre Capital Expenditure – Increase in wages, overheads and plant costs, and decrease in contractor expenses to fix septic system.	\$90,000	\$107,572		\$17,572
149503	Rylington Park House Capital Expenditure – Decrease in contractor costs for gutter repairs.	\$53,000	\$43,000	(\$10,000)	
123609	Light Plant Capital Expenditure – Decrease in purchase cost of portable traffic lights	\$22,000	\$12,322	(\$9,678)	
123610	Heavy Plant Capital Expenditure – Decrease in purchase cost of forklift and tip truck	\$738,000	\$707,500	(\$30,500)	

ACCOUNT/ JOB	DESCRIPTION	ORIGINAL BUDGET AMOUNT	REVISED BUDGET AMOUNT	POSITIVE OUTCOME	NEGATIVE OUTCOME
123619	Minor Small Plant Capital Expenditure – Increase materials expense for purchase of new pressure cleaner	\$0	\$9,015		\$9,015
146500	Administration Plant & Equipment Capital Expenditure – Decrease in materials cost for purchase of CEO vehicle and removal of pool vehicle purchase.	\$110,000	\$58,375	(\$51,625)	
121404/ RRG148	RRG Boyup Brook-Cranbrook Road – Decrease in contractor expenses.	\$377,283	\$368,550	(\$8,733)	
121404/ RGG210	RRG Boyup Brook-Arthur River Road – Increase in wages, overheads and plant allocations.	\$589,118	\$658,687		\$69,569
121404/ RRG004	RRG Winnejupe Road – Increase in project costs as clearing permits obtained allowing 23/24 project to proceed	\$0	\$259,034		\$259,034
121404/ RGA004	RRG Winnejupe road - Increase in project costs as clearing permits obtained allowing 21/22 project to proceed	\$0	\$212,169		\$212,169
121404/ RGB004	RRG Winnejupe road - Increase in project costs as clearing permits obtained allowing 22/23 project to proceed	\$0	\$234,304		\$234,304
121401	Gravel Sheeting Road Projects – Projects deleted as unable to complete by 30 June.	\$54,000	\$0	(\$54,000)	
121410	Municipal Fund – Winter Grading – Increase in wages, overheads and plant cost allocations.	\$337,000	\$444,136		\$107,136
121700	Footpath Construction – Increase in contractor expenses to extend scope of work. Offset by LRCI 4B grant funding	\$75,075	\$263,914		\$188,839
111800/ LRC024	Drainage Town Hall – Increase in wages, overheads and plant cost allocations. Increase in contractor expenses	\$58,866	\$70,799		\$11,933
107900	Cemetery Capital Expenditure – Increase in contractor expenses. Offset by LRCI 4A grant funding	\$0	\$357,331		\$357,331
135403	Access Path to Blackwood River – Decrease in contractor expenses – reallocated to GL 146106.	\$50,000	\$20,000	(\$30,000)	
	Other minor variations below the \$10,000 threshold			(\$59,348)	\$99,330
TOTAL				(\$4,656,210)	\$4,656,210
Net Adjustment to 2023/24 Budget				\$0	

Estimated closing funds in 2023-24 Adopted Budget	\$0
Plus, net savings as detailed in table above	\$0
Net Estimated Closing Funds	\$0

Based on current revenue and expenditure trends, and projections as at 31 December 2023, it is estimated that a balanced budget can be achieved as at 30 June 2024.

SHIRE OF BOYUP BROOK STRATEGIC COMMUNITY PLAN 2021 – 2031

Key Imperatives	Governance and Organisation
Outcome	Demonstrate effective leadership, advocacy, and governance
Objective	Provide transparent decision making that meets our legal and regulatory obligations, reflects the level of associated risk, and is adequately explained to the community.

OTHER STRATEGIC LINKS

Nil

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996, Regulation 33A

SUSTAINABILITY AND RISK CONSIDERATION

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

Nil

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

Nil

POLICY IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

Shire of Boyup Brook's commitment to the identification and management of risk that may impact on the achievement of its business objectives.

Risk Level	Comment
Medium	The budget review is required to be presented to Council in terms of the relevant legislation. Not presenting this information to Council would be a breach of the <i>Local Government Act 1995</i> .

CONSULTATION

Senior Executives

RESOURCE IMPLICATIONS**Financial**

The financial implications of this report are detailed in the commentary section. Based on current trends, the budget review analysis predicts:

- | | | |
|----|---|---------------|
| 1. | an overall increase in operating revenue of | \$107,385; |
| 2. | an overall increase in operating expenditure of | \$425,723; |
| 3. | an overall decrease in capital expenditure on assets of | \$534,166; |
| 4. | an overall decrease in non-operating revenue of | \$102,714; |
| 5. | an overall increase in Proceeds on Sale of Assets of | \$105,545; |
| 6. | an overall increase in Lease Principal repayments of | \$143; |
| 7. | an overall increase in Transfers to Reserve of | \$93,000; |
| 8. | an overall decrease in Transfers from Reserve of | \$64,100; and |
| 9. | a decrease in the Opening Surplus of | \$38,415. |

Workforce

Nil

End

6.2 CHIEF EXECUTIVE OFFICER

6.2.1 COMPLIANCE AUDIT RETURN FOR 2023	
File Ref:	FM/9/004
Previous Items:	Nil
Applicant:	Nil
Author and Title:	Maria Lane, Records and Governance Officer
Declaration of Interest:	Nil
Voting Requirements:	Simple Majority
Attachment Number:	6.2.1A – Compliance Audit Return 2023

Moved: Cr. O'Connell

Seconded: Cr. Wright

COMMITTEE DECISION AF 24/02/005

That the Audit and Finance Committee recommends Council:

- 1. Adopts the Compliance Audit Return for the Shire of Boyup Brook for 2023 as per attachment 6.2.1A**
- 2. Authorises the Shire President and Chief Executive Officer to certify the Compliance Audit Return for 2023.**
- 3. Requests the Chief Executive Officer to forward the certified Compliance Audit Return for 2023 along with any documents required in accordance with regulation 14(3) and regulation 15 of the *Local Government (Audit) Regulations 1996* to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.**

CARRIED 6/0

**For: Cr Walker, Cr O'Connell, Cr Wright, Cr Kaltenrieder, Cr King,
Cr Caldwell
Against: Nil**

SUMMARY

The Audit and Finance Committee is required to consider for adoption the annual Compliance Audit Return (CAR) and to forward a completed, certified copy to the Department of Local Government, Sport and Cultural Industries.

BACKGROUND

The Committee is required to review the annual CAR and consider its adoption. The CAR, if recommended for adoption by the Committee, will be forwarded to Council for final adoption and approval for the Shire President and the Chief Executive Officer to certify the document and forward it to the Director General of the relevant department.

REPORT DETAIL

The CAR consists of several categories and questions, where an issue has been identified, an explanation is provided, the complete CAR attached as Attachment 6.2.1A.

- Commercial Enterprises by Local Governments.
Nil
- Delegation of Power / Duty.
Nil
- Disclosure of Interest.

Question 19. Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the *Local Government Act 1995*? – No

- CEO – Additional requirements were not required.

- Disposal of Property.
Nil
- Elections.
Nil
- Finance.

Question 3. Was the auditor's report for the financial year ended June 2023 received by the local government by 31 December 2023? – No

- Executive Manager Corporate and Community Services – The auditor's report was not received by the LG by 31 December 2023. The Shire have been in communication with the auditors and OAG advising that the Other Infrastructure Asset valuation reports would be available by 19 December 2023 at earliest.

The other Infrastructure Road, Drainage and Footpath assets valuation report has been delayed, available end of February 2024. Our Financial Consultant will then need to reconcile the assets, then update the financial system and statements.

Valuations were delayed due to many LG's requiring re-valuation in a similar timeframe and therefore challenges in procuring these services within the industry.

- Integrated Planning and Reporting.

Question 2. Has the local government adopted, by absolute majority, a corporate business plan? – No.

- CEO, the Corporate Business Plan is currently being reviewed for finalisation by the end of the current financial year.
- Local Government Employees.
Nil
- Official Conduct.
Nil
- Optional Questions.

Question 2. Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in relation to risk management, internal control, and legislative compliance in accordance with the *Local Government (Audit) Regulations 1996* regulation 17 within the three financial years prior to December 2023? – No.

- CEO, a consultant was appointed in 2023. However, due to the consultant's pre-commitments the regulation 17 review will only be completed during the first quarter of 2024.

Question 9. By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023? – No.

- Executive Manager Corporate and Community Services –
 - Additional preparation required from the business unit for the support and reconciliation of the biological asset's methodology.
 - Finalising last year's audit certificate in April 2023, caused delays in rolling over the Shire's financial software, which impacted processing timeline for 2022/2023.
 - Conducting a robust assessment of asset classes under the Fair Value model that are not being revalued this year for fair value.
 - Delays in seeking organisations available to re-value the Shire's Infrastructure assets due to high demand by LG's for this service.
 - The Shire has experienced continuing and significant resource challenges this financial year.
- Tenders for Providing Goods and Services.

Question 15. Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with *Local Government (Function and General) Regulations 1996*, Regulation 24AD(4) and 24AE? – No.

- CEO, the Shire does not have a panel of pre-qualified suppliers.

SHIRE OF BOYUP BROOK STRATEGIC COMMUNITY PLAN 2021 – 2031

Key Imperatives	Governance and Organisation
Outcome	Demonstrate effective leadership, advocacy and governance
Objective	Strengthen leadership, advocacy and governance capabilities

OTHER STRATEGIC LINKS

Nil

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996

r14. Compliance audits by local governments –

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.

- (1) After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be —
 - (a) presented to the council at a meeting of the council; and
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

R15. Certified copy of compliance audit return and other documents to be given to Departmental CEO –

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
 - (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- (2) In this regulation — certified in relation to a compliance audit return means signed by —
 - (a) the mayor or president; and
 - (b) the CEO.

SUSTAINABILITY AND RISK CONSIDERATION**Economic** – (Impact on the Economy of the Shire and Region)

Nil

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

Nil

POLICY IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

Shire of Boyup Brook's commitment to the identification and management of risk that may impact on the achievement of its business objectives.

Risk Level	Comment
High	Council is required by the <i>Local Government Act 1995</i> , to provide a certified CAR, not providing this would be a breach of the Act

CONSULTATION

Nil

RESOURCE IMPLICATIONS**Financial**

Nil

Workforce

Nil

End

6.2.2 REGULATION 5 – FINANCIAL MANAGEMENT SYSTEM REVIEW 2023	
File Ref:	FM/9/004
Previous Items:	Nil
Applicant:	Nil
Author and Title:	Leonard Long, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirements:	Simple Majority
Attachment Number:	6.2.2A Financial Management System Review 2023

Moved: Cr. Kaltenrieder

Seconded: Cr. Caldwell

COMMITTEE DECISION AF 24/02/006

That the Audit and Finance Committee recommends Council:

- 1. Accepts the results of the 2023 Regulation 5 Financial Management System Review as per attachment 6.2.2A.**

CARRIED 6/0

**For: Cr Walker, Cr O’Connell, Cr Wright, Cr Kaltenrieder, Cr King,
Cr Caldwell
Against: Nil**

SUMMARY

The Audit and Finance Committee is requested to review and accept the 2023 Financial Management Systems Review.

BACKGROUND

A local government is required to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures of the local government not less than once in every three financial years.

The last review was undertaken in March 2019. The current review has been undertaken within the 2023/24 financial year with the next review due in in the 2026/27 financial year.

REPORT DETAIL

As a result of the review, no ‘Significant Risk’ has been identified, however, a number of ‘Moderate Risks’ have been identified and are elaborated upon below.

Detailed findings and recommendations:

1. Key Security

- Keys at the Administration Office are kept in an open key cabinet throughout the day with any employee physically able to access these; and
- Keys at the Depot are kept on an open board where the keys could be accessed by anyone having access to the building.

Implications/Risks

Risk of unauthorised access to Council assets.

Management Comment:

- Administration Building:

A lockable key cabinet has been purchased and all keys will now be kept in the key cabinet which will be locked at all times.

Responsible Officer: Executive Manager Corporate and Community Services

- Depot Building:

The keys are now kept in a locked key box in the workshop.

Responsible Officer: Executive Manager Operational Services

2. ICT Continuity Strategy and Disposal of IT Equipment Policy

- The Shire of Boyup Brook's ICT Continuity Strategy adoption date is recorded as July 2017 and does not address how often the document should be reviewed.
- The Shire does not have a Business Continuity Plan and/or IT Disaster Recovery Plan; and
- The Shire does not have a documented IT policy for the disposal of IT equipment.

Implication/Risks

- Without a Business Continuity Plan and/or an IT Disaster Recovery Plan which includes regular reviewing and testing of the Plans, the Shire may fail to identify and rectify any deficiencies in the plan, and in the event of an unforeseen circumstance, the Shire may experience significant delays and business disruptions.
 - Without a disposal of IT equipment policy there is a risk of misappropriation of the Shire's assets, or access to sensitive Shire information where the assets have not been disposed of securely and safely.
-

Management Comment:

The finding is noted, with the below plans to be implemented;

- The Shire's ICT Continuity Strategy will be reviewed.
- A consultant is to be engaged to draft a Business Continuity Plan.
- The Shire's IT Consultant has been engaged to draft an IT Disaster Recovery Plan.
- The Shire will draft a Disposal of IT Equipment Policy.

Responsible Officer: Executive Manager Corporate and Community Services

3. Accounting for municipal or trust transactions

- Municipal bank reconciliation was manually prepared rather than being prepared within the SynergySoft accounting system;
- Outstanding items older than one month were included in the municipal bank reconciliation;
- Supporting documentation for unrepresented items not attached to the municipal, investment and Early Learning Centre bank reconciliations;
- Bendigo bank statement was not attached to the reserves bank reconciliation;
- Bank reconciliations had not been prepared within ten days of the end of month; and
- Bank reconciliations had not been completed for bank accounts with a nil balance.

Implication/Risks

Risk of material misstatement, errors or imbalances not being detected on a timely basis.

Management Comment:

The finding is noted, with the below plans implemented;

- Municipal bank reconciliations have been prepared manually as the SynergySoft accounting system experienced errors which prevented reconciliation. Due to the volume of monthly transactions and to avoid delays in reconciling, we continue to prepare this reconciliation manually. Preparation of the Municipal bank reconciliation using the SynergySoft accounting system will be re-implemented in the next financial year on a trial basis.
- All outstanding items have now been reconciled and processes have been reviewed to ensure these are addressed on a monthly basis.
- Bank reconciliation procedures, including reviewing process of reconciliations, have been revised, ensuring supporting documentation is attached for any unrepresented items.
- Bank reconciliation procedures, including reviewing process of reconciliations, have been revised, ensuring bank statements are attached to all reconciliations.

- With improved resource availability and implementation of a Smartsheets Compliance Calendar, bank reconciliations are now prepared within ten days of the end of month.
- Bank reconciliation processes have been reviewed, with bank accounts with a nil balance now being reconciled on a monthly basis.

Responsible Officer: Executive Manager Corporate and Community Services

4. Sundry Debtors

Review of sundry debtors identified \$152,796 out of a total of \$197,636 at 31 October 2023 were greater than 30+ days old. Of these balances, \$81,427 of sundry debtors had been outstanding for 60 days or more.

Implication/Risks

Risk of debtors not being collected on a timely basis increases the risk of the debt becoming uncollectable.

Management Comment:

The finding is noted, with the below comment on progress;

- The majority of the sundry debtors outstanding for more than 30 days as at 31 October 2023 is represented by Boyup Brook Medical Services, totalling \$118,461. Boyup Brook Medical Services team continue to work diligently with WA Country Health Services to review outstanding Doctors Billing Invoice queries to progress Invoice payments.

Debt Collection has also been prioritised over the past 6 months, with additional resources being allocated to perform these duties. This concerted effort has seen the sundry debtors outstanding for 30 days or more for Medical Services, reduced to \$35,281 out of a total of \$82,985 as at 31 January 2024. Total sundry debtors outstanding for greater than 30+days as at 31 January 2024 was \$90,258 out of a total of \$155,690, with \$47,783 outstanding for 60 days or more.

Responsible Officer: Executive Manager Corporate and Community Services

5. Rates Debtors and Rateable Valuations Reconciliations

Review of October 2023 monthly reconciliations, identified the following:

- Rates debtor reconciliation had not been completed since 30 June 2023; and
- The rateable valuations reconciliation provided had not been signed by the preparer, and was not signed to evidence a review.

Implication/Risks

Risk of material misstatement or error not detected on a timely basis.

Management Comment:

The finding is noted, with the below plans implemented;

- Rates debtor reconciliation processes have been reviewed, with reconciliations now being prepared on a monthly basis.
- Rates debtor reconciliation procedures have been reviewed, including reviewing process of reconciliations to ensure records are evidenced with preparation and review information.

Responsible Officer: Executive Manager Corporate and Community Services.

6. Authorisation for incurring liabilities and making payments

Review of tender management we found the Shire does not maintain a tender register recording the information set out in Section 17 of the *Local Government (Functions and General) Regulations 1996*.

Implications/Risks

Risk of non-compliance with Section 17 of the *Local Government (Functions and General) Regulations 1996*

Management Comment:

The finding is noted, and an updated Tender Register is being prepared to ensure all information required by s.17 of the *Local Government (Functions and General) Regulations 1996* is captured in the register.

Responsible Officer: Chief Executive Officer

7. Credit Card

Review of credit cards for the months August 2023 and October 2023 the following was noted:

- For the month of August 2023 one cardholder's credit card statement had not been signed by the credit card holder and had not been signed to evidence independent review had been completed; and
- For the month of October 2023, the credit card statements had been signed by the cardholder however has not been signed to evidence independent review.

Implications/Risks

Risk of material misstatement or error not detected on a timely basis.

Management Comment:

The finding is noted, with the below plans implemented;

- The Shire previously determined that the process of recording the credit card transactions into the SynergySoft financial system, which includes preparation and independent review and signing of each credit card transaction, sufficiently satisfied financial management protocols. We have now reviewed our processes and include the independent review and signing of credit card statements.
- The August 2023 credit card statement has been signed by the credit card holder and independently reviewed and signed.
- The October 2023 credit card statement has been independently reviewed and signed.

Responsible Officer: Executive Manager Corporate and Community Services

8. Business Activity Statements and 2023 Fringe Benefits Tax Return

The Business Activity Statements for the quarters ended 30 June 2023 and 30 September 2023, and the 2023 Fringe Benefits Tax (FBT) Return had not been lodged by the due dates.

Implications/Risks

Risk of non-compliance with the Australian Taxation lodgement and payment due dates, subjecting the Shire to late lodgement and late payment penalties, along with interest accruing on outstanding balances.

Management Comment:

The finding is noted, with the below plans implemented;

- With improved resource availability and implementation of a Smartsheets Compliance Calendar, Business Activity Statements are now prepared and lodged prior to the due date.
- With improved resource availability and implementation of a Smartsheets Compliance Calendar, the Fringe Benefits tax Return will be prepared and lodged prior to the due date.

Responsible Officer: Executive Manager Corporate and Community Services

9. Maintenance of payroll, stock control and costing

Payroll testing identified the following exceptions:

- There was no letter of offer signed by the CEO at the time of an employee commencing employment;
- There was no documentation to support the pay rate of an employee; and
- The termination checklist was not used following an employee's resignation.

Implications/Risks

- Increased risk of fraud or error relating to the payroll process; and
- Risk tasks required to be undertaken following an employee's departure may not be completed on a timely basis.

Management Comment:

The finding is noted, with the below plans to be implemented;

- Additional hours are planned to be allocated to the Payroll/HR department to ensure all employment documentation is recorded in personnel files. The employment checklist will be reviewed and updated to incorporate the letter of offer and pay rate.
- Whilst the processes listed on the termination checklist are carried out when employees are terminated, resource limitations have meant that the checklist is not always completed. The additional hours proposed above will assist with ensuring the checklist is completed.

Responsible Officer: Executive Manager Corporate and Community Services

10. Fuel Reconciliations

While testing the September 2023 fuel reconciliation, we noted a variance of 1,288 litres when comparing the actual fuel balance on hand of 5,000 litres to the calculated closing balance of 3,772 litres.

Implications/Risks

Risks of error or fraudulent transactions.

Management Comment:

There was an issue with the original dip stick being hard to read. This issue has been rectified by replacing the dip stick with one that is easier to read. The accuracy has been improved since using the new dip stick.

Responsible Officer: Executive Manager Operational Services

11. Chemicals stored at the depot

- Chemicals at the depot were stored in a shed that is left open during the day; and
- There is no register of chemicals used.

Implications/Risks

Risk of unauthorised access to Council property

Management Comment

- The Chemical store is now kept locked at all times; and

- A register of chemical is now kept in both the Supervisors Office and the Depot Crew common room.

Responsible Officer: Executive Manager Operational Services

12. Preparation of budgets, budget reviews, accounts and reports required by the Act or Regulations

Shire does not have a Fraud Management Policy in place.

Implications/Risks

In the absence of a documented Fraud Management Policy and Framework, the risk of fraud related events being undetected increases.

Management Comment:

The finding is noted, a Fraud and Corruption Policy is currently being prepared and it will be presented to Council for adoption together with the overall policy manual at either the March or April Ordinary Council Meeting.

Responsible Officer: Chief Executive Officer

13. Risk Management Framework, Register and Risk Management Policy

Review of Risk Management documentation we found:

- The Shire does not have a Risk Management Framework or risk register in place; and
- The Risk Management Policy due to be reviewed in June 2020 had not been subsequently reviewed.

Implications/Risks

Without a Risk Management Framework, updated policies and procedures, and a risk register staff may be unaware of Council and management's expectations regarding how they manage Shire risks. This can lead to errors, fraud and/or non-compliance.

Management Comment:

The finding is noted, the Risk Management Policy is currently being reviewed and will be presented to Council for adoption together with the overall policy manual at either the March or April Ordinary Council Meeting. Once this has been done, a Risk Management Framework and risk register will be developed.

Responsible Officer: Chief Executive Officer

14. Risk Management Policies and Procedures

A review of the Shire's internal risk management policies and procedures, we noted:

A. Further Enhancement Required

The following policies and/or procedures required further enhancements:

- Long Term Financial Plan
- Contract Management Procedure.

B. No Policy or Procedure

No formal documented policies or procedures are in place in respect to:

- Petty Cash
- Staff Training
- Performance Appraisal.

C. Potential Out of Date Documents

The following policies, procedures and/or plans are potentially out of date and may require review:

Document	Due for review
Complaints Policy	June 2020
Investments and Surplus Funds Policy	June 2020
Financial Hardship Policy	June 2020
Sundry Debts	June 2020
Rating Strategy	June 2020
Use of Credit Card Policy	June 2020
Purchasing Policy	June 2020
Authority to Make Payments	June 2020
Private Works Policy	June 2020
Information and Communication Asset Management Plan	November 2018
Document	Implementation date
Asset Management Plan	November 2012
Roads and Bridges Asset Management Plan	2018
Plant Asset Management Plan	2018
Recruitment Policy	August 2020
ICT Strategic Plan 2016 – 2020	2016
IT Usage and Security	July 2015
ICT Guideline – Access	April 2017
ICT Guideline – Passwords	December 2016
ICT Data Backup and Recovery Guideline	December 2015

Implications/Risks

Lack of policies and/or procedures evidencing specific risks to the Shire. In addition, outdated policies and procedures may not reflect the actual practices followed by Shire representatives.

Management Comment:

The finding is noted, the various section Executive Managers will be updating / creating the required policies / procedures with the aim to have all documentation up to date by the end of the current financial year.

Responsible Officer: Chief Executive Officer

15. Reviews required by Local Government Regulations

Shire had not completed the following reviews within the required three-year timeframe:

- Regulation 5 Review. The last review was completed in March 2019; and
- Regulation 17 Review. The last review was completed in December 2017.

Implications/Risks

- Non-compliance with *Local Government (Financial Management) Regulations 1996*.
- Non-compliance with *Local Government (Audit) Regulations 1996*.

Management Comment:

The finding is noted, the required reviews have now been included in the compliance calendar to ensure they are prepared within the required three-year cycle.

Responsible Officer: Chief Executive Officer

16. Compliance with Local Government Regulations

- The annual report for the year ended 30 June 2023 had not been submitted to the Department within 30 days after the audit report was provided; and
- The budget for the 2023/24 year had not been uploaded to the website at the commencement of our review.

Implications/Risks**Non-compliance with Local Government Regulations****Management Comment:**

The finding is noted, with the below comments;

- It is anticipated that the audit report will be finalised and provided to us in March 2024. The Annual Report for the year ended 30 June 2023 will
-

then be submitted to the Department within 30 days, ensuring compliance with Local Government Regulations.

- The adopted Budget 2023/24 has now been uploaded to the Shire website. The Smartsheets Compliance Calendar will assist in ensuring that this is done in a timely manner moving forward.

Responsible Officer: Executive Manager Corporate and Community Services

SHIRE OF BOYUP BROOK STRATEGIC COMMUNITY PLAN 2021 – 2031

Key Imperatives	Governance and Organisation
Outcome	Demonstrate effective leadership, advocacy and governance
Objective	Strengthen leadership, advocacy and governance capabilities

OTHER STRATEGIC LINKS

Nil

STATUTORY ENVIRONMENT

Local Government (Financial Management) Regulations 1996

5. CEO's duties as to financial management
 - (1) Efficient systems and procedures are to be established by the CEO of a local government —
 - (a) for the proper collection of all money owing to the local government; and
 - (b) for the safe custody and security of all money collected or held by the local government; and
 - (c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and
 - (d) to ensure proper accounting for municipal or trust —
 - (i) revenue received or receivable; and
 - (ii) expenses paid or payable; and
 - (iii) assets and liabilities; and
 - (e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and
 - (f) for the maintenance of payroll, stock control and costing records; and
 - (g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.
 - (2) The CEO is to —
 - (a) ensure that the resources of the local government are effectively and efficiently managed; and

- (b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and
- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

SUSTAINABILITY AND RISK CONSIDERATION

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

Nil

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

Nil

POLICY IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

Shire of Boyup Brook's commitment to the identification and management of risk that may impact on the achievement of its business objectives.

Risk Level	Comment
Medium	As identified by the review report the items identified are of a moderate concern. Notwithstanding this non-compliance with the items could have a high risk to Council if not addressed.

CONSULTATION

Nil

RESOURCE IMPLICATIONS

Financial

Some of the items listed would require funds to be allocated in the 2024/25 budget to be able to bring the item into compliance.

Workforce

Nil

End

7. CLOSURE

There being no further business the meeting closed at 6:06pm.

Presiding Member

Date