



MINUTES SPECIAL COUNCIL MEETING

held on

Wednesday, 27 October 2021

Commenced at 5.30pm

Shire of Boyup Brook Council Chambers, Boyup Brook

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1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

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

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED

PRESENT:	Shire President	Richard F Walker
	Deputy Shire President	Helen C O'Connell
	Councillor	Sarah E G Alexander
		Steele Alexander
		Charles Caldwell
		Darren E King
		Kevin J Moir
		Philippe Kaltenrieder
		Adrian Price

STAFF:	Chief Executive Officer	Mr Dale Putland
	Executive Assistant	Mrs Maria Lane

LEAVE OF ABSENCE: Nil

APOLOGIES: Nil

3. PUBLIC QUESTION TIME

Nil

4. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

5. REPORT

5.1 Annual Report & Annual Financial Report 2019/2020

Location:	<i>N/A</i>
Applicant:	<i>N/A</i>
File:	<i>FM/9/004</i>
Disclosure of Officer Interest:	<i>none</i>
Date:	<i>25 October 2021</i>
Author:	<i>Maria Lane – Executive Assistant</i>
Authorizing Officer:	<i>Dale Putland – Chief Executive Officer</i>
Attachments:	<i>Annual Report 2019/20 including the Annual Financial Report and Audit Report.</i>

SUMMARY

Following receipt of the Independent Audit Report, Annual Report and Management Report from the Office of the Auditor General, the Annual Report including the Annual Financial Report has been prepared in accordance with Section 5.54 of the Local Government Act.

BACKGROUND

The Local Government Act requires a local government to prepare an Annual Report each financial year.

COMMENT

The final audit Report was received on 21 September 2021. Section 5.54(2) of the Local Government Act requires a local government to accept the auditor's report by 31 December with the exception being if the report is not available in time for that date to be met, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

The CEO is required to provide sufficient public notice of the availability of the Auditor's Report and Annual Report, and the date of the Annual General Meeting of Electors.

Section 5.27 of the Local Government Act requires a general meeting to be held on a day selected by the local government not more than 56 days after the local government accepts the annual report as its October meeting the latest date for the AGM would be 21 November 2021.

Taking into account the above it is recommended that the Annual General Meeting of Electors be held at 6.00pm on Wednesday, 21 October 2021.

The audit of the Shire's 2019/20 Financial Statements has been conducted in accordance with Australian Auditing Standards and the Auditor has determined that:

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“In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the annual financial report of the Shire of Boyup Brook:

- (i) is based on proper accounts and records; and*
- (ii) fairly represents, in all material respects, the result of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.*

The Auditor further reported on other legal and regulatory requirements as follows:

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In addition to the effects of the matter described in the Basis for Qualified Opinion section of my report, the following material matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:*
- (ii) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:*
 - a. The Current Ratio as reported in Note 32 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years*
 - b. The Operating Surplus Ratio as reported in Note 32 of the annual financial report is below the DLGSCI standard for the last three years; and*
 - c. The Asset Sustainability Ratio as reported in Note 32 of the annual financial report is below the DLGSCI standard for the last three years.*
- (iii) Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, all required information and explanations were obtained by me.*
- (iv) Except for the effects of the matter described in the Basis for Qualified Opinion section of my report, all audit procedures were satisfactorily completed.*
- (v) In my opinion, the Asset Consumption Ratio included in the annual financial report was supported by verifiable information and reasonable assumptions.*

Four ‘other’ matters were raised by the Auditor in the Management Report as follows:

Verification of Biological Assets – Livestock

Finding Rating: Significant

Finding

We note that the Shire has acquired \$480,894 of biological assets (sheep) as part of transferring the agriculture operations of Rylington Park from the Rylington Park Management Committee Incorporation. We understand that a physical stocktake was completed by the farm manager on 30 June, however there was no independent verification of stock on hand or adequate records to verify these counts at either of the transfer or reporting date.

Implication

Without appropriate and independent evidence to confirm the biological asset count at reporting date, there is an increased risk that the financial report is materially misstated.

Recommendation

We recommend a stocktake be performed for all livestock on hand each year and stock count sheets be independently verified to support stock on hand at year end.

Management Comment

The 2019/2020 financial year was the first year the Shire assumed controlling ownership over Rylington Park Agricultural Operations, which brought with it the introduction of two new accounting standards, AASB 3 and AASB141 that Shire Staff were unfamiliar with. The application of these standards require different approaches to accounting for stock as to the application of other standards. Now that Shire staff are familiar with the new standard requirements, processes are currently being put in place to ensure all compliance requirements will be met at year end.

Shire staff will organise for accurate and verifiable counts to be made of biological assets on Rylington Park at mutually acceptable times that meet the OAG auditing requirements without jeopardising key farm operations or putting livestock to unnecessary risk of harm.

Submission of Annual Financial Report

Finding Rating: Moderate

Finding

The Annual Financial Report was not submitted to the Local Government's auditors by 30 September or by the approved extension date (submitted 23 March 2021), which is contrary to Division 3 of the *Local Government Act 1995*.

Implication

Non-compliance with Division 3 of the *Local Government Act 1995*.

Recommendation

We recommend, in accordance with Division 3 of the Local Government Act 1995, the draft Annual Financial Report be submitted to the Local Government's Auditors by 30 September each year.

Management Comment

Sufficient resources and appropriate mechanisms have been put in place to ensure Council meets this requirement in future years.

Bank Access

Finding Rating: Moderate

Implication

Where employee bank access is not removed on a timely basis upon termination, there is an increased risk of unauthorised access that could result in a financial loss to the Shire.

Recommendation

We recommend the bank be contacted and the list of authorities be updated to ensure they are current, and reflect authorities approved by Council and / or the CEO.

Management Comment

The Shire has reviewed and implemented a staff exit procedure to ensure that all appropriate actions are taken upon the termination and exit of senior employees from the organization, including bank access.

Excessive Leave Balances

Finding Rating: Minor

Implication

The cost to the Shire is greater if annual leave is not paid out on a regular basis due to:

- The cumulative effect of salary increases over a period of time;
- Recreational leave enhances employee performance; and
- It is fundamental principle of good internal control that all employees take regular leave.

Recommendation

We recommend employees take regular leave through ongoing management of leave scheduling and leave liabilities.

Management Comment

The Shire Executive Management Team is aware of the excessive leave balances held by certain employees. Limited staff resources have impacted on the ability of these staff to take leave over the last couple of financial year periods. The Senior Executive Team will review and continue to monitor leave balances, with a view to keeping them within acceptable levels.

CONSULTATION

AMD
Office of the Auditor General

STATUTORY OBLIGATIONS

Local Government (Audit) Regulations 1996

POLICY IMPLICATIONS

Nil

BUDGET/FINANCIAL IMPLICATIONS

Council's 'Advertising of the Annual General Meeting of Electors'.

STRATEGIC IMPLICATIONS

The Shire to improve the governance and administration services.
The Shire to provide strong collaborative leadership and display a commitment to progress.

SUSTAINABILITY IMPLICATIONS

N/A

VOTING REQUIREMENTS

Absolute Majority

COUNCIL DECISION & OFFICER RECOMMENDATION – Item 5.1

MOVED: Cr Steele Alexander

SECONDED: Cr Helen C O’Connell

That Council:

1. Approves the Annual Report including the Annual Financial Report and Audit Report for the 2019/2020 financial year and gives local public notice of its availability.
2. Note that the Annual General Meeting of Electors meeting will be held on Wednesday, 27th October 2021 in the Council Chambers, commencing at 6pm.
3. Note the Auditor’s report includes findings identified during the final audit (*please refer to attachment*)
4. Note Management comments in relation to the matter raised in the Auditor’s Report.

CARRIED BY ABSOLUTE MAJORITY 9/0

Res 21/10/147

6. CLOSURE OF MEETING

There being no further business the Shire President, thanked all for attending and declared the meeting closed at 5.32pm.