



"good country for hardy people"

*Audit
Committee
Meeting
Minutes*

*18
February
2021*

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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 2pm

2. ATTENDANCE

Cr W Della Bosca	Member (Chair)
Cr S Shaw	Member
Cr J Cobden	Member
Mrs. J Della Bosca	Community Member
Mr. P Clarke	Chief Executive Officer
Mr. C Watson	Executive Manager Corporate Services
Mr. R Bosenberg	Executive Manager Infrastructure
Mr. N Warren	Executive Manager Regulatory Services
Mrs. N Mwale	Manager of Finance
Mrs. L Della Bosca	Minute Taker
Apologies:	Nil
Observers:	Mrs. Kay Crafter, Cr Bryan Close
Leave of Absence:	Nil

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. PUBLIC QUESTION TIME

Nil

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 17th December 2020

AC1/2021

Moved Cr Cobden/Seconded Cr Shaw

That the minutes of the Audit Committee Meeting held on 17 December, 2020 be confirmed as a true and correct record of proceedings.

CARRIED (4/0)

6. DECLARATIONS BY MEMBERS AND OFFICERS

Members and Officers are to declare Financial, Proximity or Impartiality Interests & submit forms to the Chief Executive Officer at the commencement of the meeting and also prior to the item.

Disclosure of Financial & Proximity Interests

- a. Members must disclose the nature of their interest in matters to be considered at the meeting. (*Sections 5.60B and 5.65 of the Local Government Act 1995*).
- b. Employees must disclose the nature of their interest in reports or advise when giving the report or advice to the meeting. (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

Disclosure of Interest Affecting Impartiality

- a. Members and staff must disclose their interest in matters to be considered at the meeting in respect of which the member or employee has given or will give advice.

7. STATUS OF ACTIONS PREVIOUSLY TABLED

All actions resulting from items previously tabled are complete.

8. RISK DEVELOPMENTS

No change

9. PRESENTATIONS

Nil

10. OFFICERS REPORT - CHIEF EXECUTIVE OFFICER

10.1 2019 Annual Compliance Audit Return

File Reference	1.6.6.4
Disclosure of Interest	None
Voting Requirements	Absolute Majority
Attachments	2020 Annual Compliance Audit Return

Purpose of Report

To present to the Audit Committee the 2020 Annual Compliance Audit Return (CAR) for consideration before presentation to Council for adoption and submission to the Department of Local Government, Sport and Cultural Industries.

Background

Council is required by section 14 of the *Local Government (Audit) Regulations 1996* to complete a CAR each year covering the period 1 January to 31 December. The CAR is to be:-

1. Presented to Council at a meeting of the Council;
2. Adopted by the Council;
3. The adoption recorded in the minutes of the meeting at which it is adopted;
4. Signed by the Shire President and Chief Executive Officer and returned to the Department with a copy of the Council minutes of the meeting at which it was received; and
5. Submitted to the Department of Local Government by 31 March each year.

The CAR must also be reviewed by the Shire of Yilgarn Audit Committee prior to its adoption by Council.

Comment

The 2020 CAR contains 102 questions of which:-

- 79 were complied with
- 23 were not applicable to the Shire of Yilgarn during the year under review

Statutory Environment

Local Government (Audit) Regulations 1996

14. 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.
- (3) After the audit committee has reported to the council under subregulation (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.

Strategic Implications

Nil

Policy Implications

Nil

Financial Implications

Nil.

Risk Implications

Risk Category	Description	Rating (Consequence x Likelihood)	Mitigation Action
Health/People	Internal review by senior management to Audit Committee and Council on an annual basis	Moderate (6)	Internal CAR review ensures Council and staff are meeting statutory requirements
Financial Impact	Nil	Nil	Nil
Service Interruption	Nil	Nil	Nil
Compliance	Section 14 of the <i>Local Government (Audit) Regulations 1996</i>	Moderate (6)	Annual Compliance Audit Return
Reputational	Not meeting statutory obligations could give rise to adverse response from DLGSC	High (15)	Annual review and Reporting process to DLGSC
Property	Nil	Nil	Nil
Environment	Nil	Nil	Nil

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

Officer Recommendation and Committee Decision

AC2/2021

Moved Cr Cobden/Seconded Cr Shaw

That the Audit Committee recommends to Council that it adopts the Local Government Compliance Audit Return (CAR) for the Shire of Yilgarn for the period 1 January 2020 to 31 December 2020 noting compliance in all areas assessed and that Council in accepting the CAR, authorises the Shire President and CEO to sign and submit same to the Department of Local Government, Sport and Cultural Industries as required.

CARRIED BY ABSOLUTE MAJORITY (4/0)

10 Reporting Officer– Executive Manager Corporate Services

10.2 2020/21 – 2024/25 Corporate Business Plan

File Reference	1.1.12.4
Disclosure of Interest	Nil
Voting Requirements	Absolute Majority
Attachments	2020/21 – 2024/25 Corporate Business Plan

Purpose of Report

To consider the modified Shire of Yilgarn 2021/21 – 2024/25 Corporate Business.

Background

The 2020/21 – 2024/25 Corporate Business Plan (CBP) includes a service delivery plan comprising 35 key services provided by Council. Each of these key services includes links to Councils Strategic Community Plan, a background on the service to be provided, expected service level and any anticipated issues that may impact the service being provided and any significant actions necessary to provide/maintain the expected service level or required due to statutory obligations.

The CBP also includes the projected operational income / expenditure necessary to provide the service for the current budget year and estimates for the next four years. Finally, the CBP included an extract of the first five years of the Forward Capital Works Plan (FCWP) including the current budget year and the next four years.

Comment

The CBP is based on the current year's budget figures and a long-term historical average (adjusted for any anomalous instances) for the subsequent four years. An anticipated year on year CPI increase is then factored in. For the presented CBP the CPI rate used is 1.7%

Statutory Environment

Local Government (Administration) Regulations 1996

19DA. Corporate business plans, requirements for (Act s. 5.56)

- (1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- (2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- (3) A corporate business plan for a district is to —

- (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
 - (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
 - (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- (4) A local government is to review the current corporate business plan for its district every year.
- (5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- (6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine* whether or not to adopt the plan or the modifications.
- *Absolute majority required.
- (7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.

Strategic Implications

Contained within the Corporate Business Plan

Policy Implications

Nil

Financial Implications

The Corporate Business Plan is an informing document for current and future budgets.

Risk Implications

Risk Category	Description	Rating (Consequence x Likelihood)	Mitigation Action
Health/People	Service delivery benefits the residents of the district.	Moderate (6)	Nil
Financial Impact	Funding deficit leads to cuts in service level provision.	Moderate (9)	Maintain adequate reserve funds for high-risk services such as sewers and waste disposal sites.
Service Interruption	Variable from minor inconvenience to significant health issue.	High (12)	For high-risk services such as sewerage and transport infrastructure, continue to maintain to a suitable standard.
Compliance	Local Government (Administration) Regulations 1996	Low (1)	Nil
Reputational	Service delivery not meeting community expectations.	Moderate (9)	Ensure services are adequately resourced.
Property	Various significant community buildings identified.	Moderate (6)	Ensure buildings are adequately maintained and resourced.
Environment	Effluent and putrescible waste treatment/disposal.	Moderate (6)	Well managed effluent treatment systems and waste management sites.

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

Officer Recommendation and Committee Decision

AC3/2021

Moved Cr Shaw/Seconded Cr Cobden

That the Audit Committee:

- 1. Endorses the 2020/21 – 2024/25 Corporate Business Plan as presented; and*
- 2. Recommends Council adopts the 2020/21 – 2024/25 Corporate Business Plan as presented.*

CARRIED BY ABSOLUTE MAJORITY (4/0)

10.3 Reporting Officer– Executive Manager Corporate Services

10.3 2020/2021 Budget Review

File Reference	8.2.5.3
Disclosure of Interest	Nil
Voting Requirements	Absolute Majority
Attachments	2020/2021 Budget Review

Purpose of Report

The Audit Committee is requested to endorse the 2020/2021 Budget Review and recommend its presentation to Council.

Background

Financial Management Regulation 33A – Review of Budget, requires a Local Government to review its annual budget between the 1st of January and the 31st of March in any given financial year. The outcome of this review is to be submitted to the Audit Committee for consideration and referral to Council.

Comment

The budget review document, including budget amendment recommendations, for the 2020/2021 financial year is attached for Councils consideration.

There are two significant areas to note, these are:

1. When formulating the “Net current assets at start of financial year” an error was made in that a manual adjustment was made to the Creditors Control Account within the budget spreadsheet to allow for the June progress invoice for the construction of the Southern Cross Aquatic Centre, approximately \$818,000. Once this invoice was received and processed, the manual adjustment was not removed causing the start of year balance to be understated in Councils favour.
2. Due to significant Federal stimulus grant funding (Local Roads and Community Infrastructure grants) and the funding’s restricted timeframes, the Roads to Recoveries funded road project allocated to Cramphorne Rd (Job: R2R22) is not expected to be fully completed in the current financial year.

Discussions with a representative of the Federal Department of Infrastructure, Transport, Regional Development and Communications has indicated that the full Roads to Recoveries grant allocation need to be claimed in the current financial year with the works being completed in 2021/22. This will result in estimated unspent grants for this project of \$200,000.

Currently, it is projected that a surplus of \$1.033m will be achieved as at 30 June 2021. Approximately \$200,000 of this will be restricted surplus due to the amount being unspent grants which will leave an anticipated \$833,000 in unrestricted surplus funds. The majority of this unrestricted surplus has been accounted for with the following transfers to reserve included in the review:

1. \$ 50,000 to the Airport Reserve to replace runway lighting.
2. \$250,000 to the Building Reserve (additional to existing \$200,000 transfer) to construct new executive style housing and potentially a replacement house for a future Chemist.
3. \$200,000 to the Recreation Facility Reserve (additional to existing \$100,000 transfer) to rebuild this reserve in anticipation of projects such as reflooring the Community Centre.
4. \$100,000 to the Sewerage Reserve to allow for the construction of larger sewerage evaporation ponds at the Marvel Loch and Southern Cross sewerage systems.
5. \$ 50,000 to the Tourism Reserve to fund outcomes from the Tourism Strategy currently being developed.

Statutory Environment

Local Government (Financial Management) Regulations 1996

33A. Review of budget

- (1) Between 1 January and 31 March 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.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (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 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

Strategic Implications

There are no strategic implications as a result of this report.

Policy Implications

There are no policy implications as a result of this report.

Financial Implications

The presented review includes several budget amendments.

Risk Implications

Risk Category	Description	Rating (Consequence x Likelihood)	Mitigation Action
Health/People	Nil	Nil	Nil
Financial Impact	Review of Councils Annual Budget	Moderate (6)	Ongoing monitoring
Service Interruption	Nil	Nil	Nil
Compliance	Local Government (Financial Management) Regulations 1996	Low (3)	Nil
Reputational	Nil	Nil	Nil
Property	Nil	Nil	Nil
Environment	Nil	Nil	Nil

Risk Matrix						
Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
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Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Officer Recommendation and Council Decision

AC4/2021

Moved Cr Codben/Seconded Cr Shaw

That the Audit Committee:

- 1. *accepts the budget review for the period 1st June 2020 to 31st January 2021 inclusive of the recommended budget amendments as indicated in Note 4 of the report; and***
- 2. *recommends its adoption by Council as presented.***

CARRIED BY ABSOLUTE MAJORITY (4/0)

11. CLOSURE OF MEETING

As there was no further business to discuss the Presiding member declared the meeting closed at 2.08pm

Cr Wayne Della Bosca
Shire President