



04 MARCH 2020

**AUDIT & RISK COMMITTEE
MEETING**

MINUTES

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1. OPENING

The Chairperson declared the meeting open at 9:00am

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Members Present

Cr DC White Chairperson
Cr DW Davis President
Cr DL Brown
Cr P Gogol
Cr CJ Lawlor
Cr SW Martin
Cr TF McLaughlin
Cr TWT Seed

2.2 Staff In Attendance

Mr SP Gollan Chief Executive Officer
Mr SK Marshall Deputy Chief Executive Officer
Mrs A Lewis Executive Assistant

2.3 Observers And Visitors

Nil

2.4 Apologies and Approved Leave of Absence

Cr CJ Pepper Deputy President

3. DECLARATIONS OF INTEREST

Nil

4. CONFIRMATION OF MINUTES

4.1 Minutes Audit and Risk Committee Meeting 11 February 2020

OFFICER'S RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held 11 February 2020 be confirmed.

COMMITTEE RESOLUTION

MAA1/0320

Moved Cr Gogol

Seconded Cr Martin

That the Minutes of the Audit and Risk Committee Meeting held 11 February 2020 be confirmed.

CARRIED 6/0

5. OFFICER REPORTS

5.1 2019/20 Budget Review

SUBMISSION TO: Audit and Risk Committee Meeting 04 March 2020
REPORT DATE: 27 February 2020
APPLICANT: N/A
FILE REFERENCE: ADM 0092
AUTHOR: S.P. Gollan, Chief Executive Officer
ATTACHMENTS: 2019/20 Budget Review Statement of Financial Activity
2019/20 Budget Review Year to Date Details (under
separate cover)

SUMMARY

The Audit and Risk Committee to review the 2019/20 Budget Review and consider recommending to Council that it be received.

BACKGROUND

A Budget Review is conducted annually by comparing actual revenue and expenditure as at 31 December to budget estimates and forecasting predicted revenue and expenditure to 30 June.

The budget review process is a statutory requirement, but also reflects good management practice.

This item was presented to the Audit and Risk Committee at its 11 February 2020 meeting, but the item was deferred until the return of Deputy Chief Executive Officer from leave.

COMMENT

A budget review has been undertaken by staff as per the requirements of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

Any savings realised or over expenditure incurred as at 31 December 2018 has been included in forward projections.

The detailed Budget Review is attached to this report.

In summary, it is forecast that a budget surplus of \$73,759.29 may be realised as at 30 June 2020.

See Budget Review financial report attached to this report for Surplus components.

STATUTORY ENVIRONMENT

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* provides that:

- (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.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Goal 12 - Council leads the organisation and engages with the community in an accountable and professional manner.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Absolute Majority

OFFICER'S RECOMMENDATION & COMMITTEE RESOLUTION

MAA2/0320

Moved Cr Lawlor

Seconded Cr Martin

That the Audit and Risk Committee recommend to Council that the 2019/20 Budget Review be received and forwarded to the Department of Local Government.

CARRIED BY ABSOLUTE MAJORITY 6/0

SHIRE OF BEVERLEY STATEMENT OF FINANCIAL ACTIVITY FOR THE PERIOD ENDING 31 December 2019					
Description	Budget 2019/20	YTD Actual 2019/20	Forecast Actual 2019/20	Forecast Variance	Notes To Material Variances
Operating Revenue					
General Purpose Funding	3,296,127.00	3,049,134.69	3,321,449.47	25,322.47	Penalty Interest \$11,745, Instalment charges \$2,000 and Financial Assistance grant \$3,647 expected to be greater than anticipated. Rates discount expense \$16,876 lower than anticipated. Interest earnings (\$7,455) expected to be lower than anticipated.
Governance	26,100.00	27,700.45	28,708.42	2,608.42	
Law, Order & Public Safety	210,156.00	59,290.21	217,686.00	7,530.00	
Health	100.00	363.64	363.64	263.64	
Education & Welfare	0.00	0.00	0.00	0.00	
Housing	117,192.00	66,055.65	126,492.00	9,300.00	
Community Amenities	207,073.00	203,713.82	214,602.17	7,529.17	
Recreation & Culture	642,701.00	214,437.32	708,494.79	65,793.79	Cornerstone income \$15,396 and Youth Activity Area grant funding \$48,576 expected to be greater than anticipated.
Transport	1,663,712.00	465,161.16	1,024,351.80	(639,360.20)	WANDRRA funding for AGRN 781 event (\$657,450) and Trail Funding (\$40,000) will not be received and associated capital projects will not proceed this FY. Additional Roads to Recovery funding \$60,752 received.
Economic Activities	208,929.00	55,806.27	208,179.00	(750.00)	
Other Property & Services	43,100.00	23,354.33	71,869.00	28,769.00	Community Bus Shed insurance reimbursement \$26,000 offset by capital project expenditure.
Total Operating Revenue	6,415,190.00	4,165,017.54	5,922,196.29	(492,993.71)	
Operating Expenditure					
General Purpose Funding	(182,995.00)	(67,249.90)	(164,983.74)	18,011.26	Administration Expenses Reallocated \$16,674 estimated to be ~11% lower than anticipated.
Governance	(274,300.00)	(157,831.03)	(255,072.49)	19,227.51	Members Travel Allowance expense \$2,000 expected to be lower than anticipated. members Conference expense \$2,947 savings. Members Other expenses \$7,500 inc Budget printing, general advertising and CEO appraisal expected to be lower than anticipated. Administration Expenses Reallocated \$8,356 estimated to be ~11% lower than anticipated. Administration expenses \$152,465 inc; No Project Officer employed, Less Training undertaken and less Planning projects to proceed, expected to be lower than anticipated offset by lower Admin Costs reallocated to other programs.

SHIRE OF BEVERLEY STATEMENT OF FINANCIAL ACTIVITY FOR THE PERIOD ENDING 31 December 2019					
Description	Budget 2019/20	YTD Actual 2019/20	Forecast Actual 2019/20	Forecast Variance	Notes To Material Variances
Law, Order & Public Safety	(392,971.00)	(215,558.03)	(354,379.08)	38,591.92	Administration Expenses Reallocated \$17,232 estimated to be ~11% lower than anticipated. Loss on Disposal of Backhoe \$35,000 not to be realised as Plant retained. 18/19 Mitigation works expenses (\$14,784) not budgeted.
Health	(170,695.00)	(72,067.55)	(161,951.48)	8,743.52	
Education & Welfare	(92,513.00)	(38,149.49)	(79,849.00)	12,664.00	Community event expenses \$9,000 expected to be lower than anticipated. Administration Expenses Reallocated \$4,164 estimated to be ~11% lower than anticipated. Donations (\$1,500) greater than anticipated due to additional support of BSA Community Christmas Celebration.
Housing	(212,325.00)	(96,767.69)	(206,876.00)	5,449.00	
Community Amenities	(676,208.00)	(308,033.30)	(662,922.91)	13,285.09	Administration Expenses Reallocated \$14,356 estimated to be ~11% lower than anticipated.
Recreation & Culture	(1,575,216.00)	(759,057.31)	(1,551,764.00)	23,452.00	Administration Expenses Reallocated \$22,052 estimated to be ~11% lower than anticipated.
Transport	(2,558,918.00)	(1,348,064.93)	(2,567,322.68)	(8,404.68)	
Economic Activities	(558,586.00)	(214,208.79)	(499,485.00)	59,101.00	Administration Expenses Reallocated \$35,101 estimated to be ~11% lower than anticipated. Avondale cataloguing project \$20,000 expected not to proceed. Promotion initiatives \$4,000 expected to be lower than anticipated.
Other Property & Services	(15,064.00)	79,638.91	(17,433.00)	(2,369.00)	
Total Operating Expenditure	(6,709,791.00)	(3,197,349.11)	(6,522,039.38)	187,751.62	
Net Operating	(294,601.00)	967,668.43	(599,843.09)	(305,242.09)	
Capital Income					
Self Supporting Loan - Principal Repayment	16,270.00	8,011.93	16,270.00	0.00	
Proceeds from Sale of Assets	345,000.00	42,427.27	185,000.00	(160,000.00)	Loader and Backhoe disposals not to proceed.
New Loan Raised	150,000.00	0.00	103,000.00	(47,000.00)	Youth Activity Area loan requirements expected to be lower than anticipated due to higher grant funding.
Total Capital Income	511,270.00	50,439.20	304,270.00	(207,000.00)	
Capital Expenditure					
Land and Buildings	(979,000.00)	(262,066.69)	(1,005,731.12)	(26,731.12)	Community Bus Shed replacement (\$31,000), Medical Centre AC replacement (\$10,000) and Cornerstone Project Close expense \$4,990 not budgeted. Town Hall Kitchen refurbishment cost (\$6,522) greater than anticipated relating to internal labour costs. Recreation ground lighting tower lamp replacement \$3,565 savings. Railway Station painting \$1,853 saving. Hunt Road Village Unit refurbishment \$20,000 not to proceed as complex fully tenanted.

SHIRE OF BEVERLEY STATEMENT OF FINANCIAL ACTIVITY FOR THE PERIOD ENDING 31 December 2019					
Description	Budget 2019/20	YTD Actual 2019/20	Forecast Actual 2019/20	Forecast Variance	Notes To Material Variances
Plant and Equipment	(867,000.00)	(52,206.37)	(665,913.37)	201,086.63	Backhoe retained \$180,000. Loader outright purchase \$24,770 saving. CEO vehicle purchase \$4,349 saving. Water Truck purchase \$4,080 saving. Cherry Picker modification (\$12,557) unbudgeted.
Office Furniture and Equipment	0.00	0.00	0.00	0.00	
Road Construction	(2,441,722.00)	(475,728.75)	(1,858,128.33)	583,593.67	Disaster Recovery works relating to AGRN781 \$596,758 not to proceed. Corberding Road Gravel Sheet works \$56,899 lower than anticipated due to less contractor use. Morbinning Road failure repair (\$66,106) unbudgeted.
Other Infrastructure	(259,067.00)	(64,591.75)	(219,463.96)	39,603.04	Trail Projects \$39,603 not to proceed due to lack of grant funding.
Land Under Control	0.00	0.00	0.00	0.00	
Loans - Principal Repayments	(153,429.00)	(86,441.03)	(153,429.00)	0.00	
Total Capital Expenditure	(4,700,218.00)	(941,034.59)	(3,902,665.78)	797,552.22	
Net Capital	(4,188,948.00)	(890,595.39)	(3,598,395.78)	590,552.22	
Adjustments					
Depreciation Written Back	2,306,734.00	1,163,078.84	2,306,734.00	0.00	
Movement in Leave Reserve Cash Balance	0.00	0.00	0.00	0.00	
Movement in Non-Current Loan Repayments	0.00	0.00	0.00	0.00	
Movement in Non-Current SSL Income	0.00	0.00	0.00	0.00	
Movement in Non-Current Investments	0.00	0.00	0.00	0.00	
Movement in Non-Current LSL Provision	0.00	0.00	0.00	0.00	
Movement in Non-Current Deferred Pensioner Rates	0.00	0.00	0.00	0.00	
(Profit)/Loss on Disposal of Assets Written Back	25,000.00	10,655.47	11,655.00	(13,345.00)	Loader and Backhoe retained.
Loss on Revaluation of Non-Current Assets Written Back	0.00	0.00	0.00	0.00	
Rounding	0.00	0.00	0.00	0.00	
Add Funding From					
Transfer (To)/From Reserves	427,171.00	0.00	228,963.00	(198,208.00)	Transfer to Reserves (\$34,208) expected to be higher. Transfer from Reserves (\$164,000) expected to be lower.
Opening Surplus/(Deficit)	1,724,644.00	1,724,644.16	1,724,644.16	0.16	
Total Adjustments	4,483,549.00	2,898,378.47	4,271,996.16	(211,552.84)	
CLOSING SURPLUS/(DEFICIT)	0.00	2,975,451.51	73,757.29	73,757.29	Estimated closing Surplus.

6. NEW BUSINESS ARISING BY ORDER OF THE MEETING

New Business of an urgent matter only arising by order of the meeting.

7. CLOSURE

The Chairman declared the meeting closed at 9:06am

I hereby certify these Minutes as being confirmed in accordance with Section 5.22 of the Local Government Act 1995.

PRESIDING MEMBER:

DATE: