



23 FEBRUARY 2021

**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 CJ Pepper	Deputy President
Cr P Gogol	
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 Lawlor	Apologies
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3. DECLARATIONS OF INTEREST

Nil

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4. CONFIRMATION OF MINUTES

4.1 Minutes Audit and Risk Committee Meeting 21 July 2020

OFFICER'S RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held 21 July 2020 be confirmed.

COMMITTEE'S RESOLUTION

MAR1/0221

Moved Cr Martin

Seconded Cr Gogol

That the Minutes of the Audit and Risk Committee Meeting held 21 July 2020 be confirmed.

CARRIED 7/0

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5. OFFICER REPORTS

5.1 Regulation 17 Review

SUBMISSION TO: Audit and Risk Committee Meeting 23 February 2021
REPORT DATE: 21 December 2020
APPLICANT: N/A
FILE REFERENCE: ADM 0163
AUTHOR: S.K. Marshall, Deputy Chief Executive Officer
ATTACHMENTS: 2020 Risk Profile (Under separate cover)

SUMMARY

Council to consider that the Risk Management review conducted by the Chief Executive Officer be received.

BACKGROUND

Under regulation 17 of the *Local Government (Audit) Amendment Regulations 2013*, the Chief Executive Officer is to review the appropriateness and effectiveness of the Shire of Beverley's systems and procedures in relation to risk management, internal control and legislative compliance.

COMMENT

The Chief Executive Officer and Deputy Chief Executive Officer have conducted a review using the Risk Management template provided by Council's Insurers, LGIS.

Attached is the summary of control results covering identified risk areas including:

- Misconduct;
- Business and Community disruption;
- Environmental management;
- Errors, omissions and delays;
- External theft and fraud;
- IT and Communication systems;
- Statutory compliance;
- Safety and security;
- Providing advice and information;
- Employment practices;
- Records management;
- Project/Change management;
- Engagement practices;
- Supplier management;
- Asset sustainability practices; and
- Facility management.

Each identified risk was considered individually with risk ratings being applied based on the following risk matrix:

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		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)

Following the risk determination, improvement initiatives were formulated and enacting timeframes set with the aim of improving overall future risk ratings.

Risk assessment worksheets for each risk category have been provided under separate cover.

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Amendment Regulations 2013* requires that:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

N/A

POLICY IMPLICATIONS

2.3 Risk Management

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommends to Council that the Regulation 17 review conducted by the Chief Executive Officer be received.

COMMITTEE'S RESOLUTION

MAR2/0221

Moved Cr Pepper

Seconded Cr Gogol

That the Audit and Risk Committee recommends to Council that the Regulation 17 review conducted by the Chief Executive Officer be received.

CARRIED 7/0

Moved Cr McLaughlin

Seconded Cr

That the Corporate Business Plan 2013-2017 be reviewed and activated.

Motion Denied

Note: The Chairman ruled that the motion by Cr McLaughlin be put to the Ordinary February Council meeting this afternoon, otherwise it will not be considered by Council until the March Council meeting and the matter is important.

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5.2 2020/21 Budget Review

SUBMISSION TO: Audit and Risk Committee Meeting 23 February 2021
REPORT DATE: 16 February 2021
APPLICANT: N/A
FILE REFERENCE: ADM 0092
AUTHOR: S.K. Marshall, Deputy Chief Executive Officer
ATTACHMENTS: 2020/21 Budget Review Statement of Financial Activity
2020/21 Budget Review Detail (under separate cover)

SUMMARY

The Audit and Risk Committee to review the 2020/21 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.

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 2020 has been included in forward projections.

The detailed Budget Review is attached to this report.

In summary, it is forecast that a budget deficit of (\$137,493) may be realised as at 30 June 2021.

See Budget Review financial report attached to this report for Deficit 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

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the 2020/21 Budget Review be received and forwarded to the Department of Local Government.

COMMITTEE'S RESOLUTION

MAR3/0221

Moved Cr Seed

Seconded Cr Martin

That the Audit and Risk Committee recommend to Council that the 2020/21 Budget Review be received and forwarded to the Department of Local Government.

CARRIED 7/0

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**SHIRE OF BEVERLEY
BUDGET REVIEW
FOR THE PERIOD ENDING
31 December 2020**

Description	Budget 2020/21	YTD Actual 2020/21	FORECAST 2020/21	YTD Variance	Notes To Material Variances
Operating Revenue					
General Purpose Funding	3,260,334.00	3,035,971.35	3,256,761.00	(3,573.00)	
Governance	1,100.00	5,530.94	15,100.00	14,000.00	LSL contributions from other Shire's for DCEO and PO.
Law, Order & Public Safety	299,857.00	83,826.57	302,235.00	2,378.00	
Health	300.00	1,572.73	300.00	0.00	
Education & Welfare	0.00	0.00	0.00	0.00	
Housing	137,492.00	65,292.21	126,492.00	(11,000.00)	30B Dawson Street to remain vacant; to be used as contractor accommodation.
Community Amenities	206,278.00	203,693.78	208,077.00	1,799.00	
Recreation & Culture	895,083.00	1,084,705.19	1,316,768.00	421,685.00	Drought Communities Program funding for YAA \$420,000.
Transport	2,559,656.00	569,850.76	1,025,534.00	(1,534,122.00)	BBRF funding not expected to be received this FY.
Economic Activities	119,676.00	133,512.86	599,676.00	480,000.00	Drought Communities Program funding for Onsite Accommodation \$480,000.
Other Property & Services	43,100.00	27,632.77	44,258.00	1,158.00	
Total Operating Revenue	7,522,876.00	5,211,589.16	6,895,201.00	(627,675.00)	
Operating Expenditure					
General Purpose Funding	(173,512.00)	(84,136.10)	(184,872.00)	(11,360.00)	Rate discount expense \$9,032 greater than anticipated.
Governance	(254,954.00)	(138,763.66)	(249,615.00)	5,339.00	
Law, Order & Public Safety	(417,800.00)	(186,842.31)	(427,041.00)	(9,241.00)	
Health	(171,727.00)	(84,124.03)	(179,810.00)	(8,083.00)	
Education & Welfare	(98,098.00)	(38,578.81)	(100,406.00)	(2,308.00)	
Housing	(213,750.00)	(105,219.21)	(216,830.00)	(3,080.00)	
Community Amenities	(669,796.00)	(346,491.17)	(677,312.00)	(7,516.00)	
Recreation & Culture	(1,512,753.00)	(740,342.05)	(1,523,647.00)	(10,894.00)	Administration expenses reallocated (\$10,894) expected to be higher than anticipated.
Transport	(2,563,701.00)	(1,255,581.27)	(2,597,516.00)	(33,815.00)	Road Maintenance expense (\$38,064) and Administration expenses reallocated (\$10,751) expected to be higher than anticipated. Asset revaluation expense \$15,000 expected to be lower than anticipated.
Economic Activities	(479,909.00)	(200,401.67)	(494,750.00)	(14,841.00)	Administration expenses reallocated (\$14,841) expected to be higher than anticipated.
Other Property & Services	(15,081.00)	54,788.45	(17,443.00)	(2,362.00)	
Total Operating Expenditure	(6,571,081.00)	(3,125,691.83)	(6,669,242.00)	(98,161.00)	
Net Operating	951,795.00	2,085,897.33	225,959.00	(725,836.00)	
Capital Income					
Self Supporting Loan - Principal Repayment	17,288.00	8,513.06	17,288.00	0.00	
Proceeds from Sale of Assets	267,364.00	64,545.46	207,364.00	(60,000.00)	Truck Trade-In not proceeding.
New Loan Raised	2,000,000.00	0.00	1,250,000.00	(750,000.00)	Reduced loan funding requirements for Youth Activity Area and Caravan Park Accommodation project due to confirmation of Drought funding.

**SHIRE OF BEVERLEY
BUDGET REVIEW
FOR THE PERIOD ENDING
31 December 2020**

Description	Budget 2020/21	YTD Actual 2020/21	FORECAST 2020/21	YTD Variance	Notes To Material Variances
Total Capital Income	2,284,652.00	73,058.52	1,474,652.00	(810,000.00)	
Capital Expenditure					
Land and Buildings	(2,061,000.00)	(1,300,105.46)	(2,018,249.00)	42,751.00	Youth Activity Area \$20,000, Residential Solar System \$21,000 expenditure expected to be lower.
Plant and Equipment	(802,475.00)	(150,004.98)	(581,005.00)	221,470.00	Semi Truck and Trailer purchase not proceeding.
Office Furniture and Equipment	(15,000.00)	0.00	(15,000.00)	0.00	
Road Construction	(4,669,434.00)	(415,197.21)	(2,851,190.00)	1,818,244.00	Civil works portion of Mainstreet Project carried over to 2021/22.
Other Infrastructure	(105,835.00)	(31,500.00)	(70,835.00)	35,000.00	Remaining Footpath budget to be transferred to Reserve for Vincent St Project.
Land Under Control	0.00	0.00	0.00	0.00	
Loans - Principal Repayments	(137,937.00)	(68,299.21)	(137,937.00)	0.00	
Total Capital Expenditure	(7,791,681.00)	(1,965,106.86)	(5,674,216.00)	2,117,465.00	
Net Capital	(5,507,029.00)	(1,892,048.34)	(4,199,564.00)	1,307,465.00	
Adjustments					
Depreciation Written Back	2,313,194.00	1,176,229.71	2,313,194.00	0.00	
Movement in Leave Reserve Cash Balance	0.00	572.53	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	(2,364.00)	17,657.19	22,636.00	25,000.00	No trade-in of BE013 Truck.
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	817,971.00	(8,715.22)	73,849.00	(744,122.00)	
Opening Surplus/(Deficit)	1,426,433.00	1,426,433.44	1,426,433.00	0.00	
Total Adjustments	4,555,234.00	2,612,177.65	3,836,112.00	(719,122.00)	
CLOSING SURPLUS/(DEFICIT)	0.00	2,806,026.64	(137,493.00)	(137,493.00)	

6. OFFICER UPDATE

6.1 2020 Compliance Audit Return

Unfortunately the 2020 Compliance Audit Return has not been presented in this agenda due to issues accessing the DLGSC Smart Hub.

This means another Audit and Risk Committee meeting will need to be called prior to the 23 March 2020 Ordinary Council Meeting.

Tuesday 9 March has tentatively been booked for the meeting.

Noted by Council, meeting date agreed too.

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7. NEW BUSINESS ARISING BY ORDER OF THE MEETING

7.1 Chairs of Audit Committee Forum - Office of Auditor General

Cr White registered for the forum and was advised that due to space limitations he would be required to attend online. Cr White was unable to attend the forum on 18 February 2021 due to OAG technical issues with the forum. He further outlined his attempts to contact the office and was in communication with an employee who advised alternative logons; none of which worked. He advised the office of this failure but to date has not received any communication from the office of the OAG regarding an explanation. He intends to write a complaint to the OAG as he has still not received a recording of the meeting.

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8. CLOSURE

The Chairman declared the meeting closed at 9:58am

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

PRESIDING MEMBER:

DATE:

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