



UNCONFIRMED MINUTES
OF THE AUDIT COMMITTEE MEETING
HELD IN THE
COUNCIL CHAMBERS, YALGOO
ON FRIDAY, 22 MARCH 2019
COMMENCING AT 10.00 AM





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Minutes of the Audit Committee Meeting
to be held in the Council Chambers, 37 Gibbons Street, Yalgoo
on Friday 22 March 2019, commencing at 10:00 am.

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

At the Audit Committee Meeting held on 14 December 2017 Cr Gregory Payne was elected Presiding Member and Cr Gail Trenfield as Deputy Presiding Member.

Presiding Member Cr Gregory Payne declared the Audit Committee Meeting open at 10.02 am

2. RECORD OF ATTENDANCE/APOLOGIES

MEMBERS	Cr Gregory Payne, Presiding Member Cr Joanne Kanny Cr Tamisha Hodder Cr Percy Lawson Cr Gail Trenfield, Deputy Presiding Member
STAFF	Silvio Brenzi, Chief Executive Officer Elisha Hodder, Executive Assistant
GUESTS	Nil
OBSERVERS	Nil
APOLOGIES	Nil

3. DISCLOSURE OF INTERESTS

Disclosures of interest made before the Meeting

Nil

4. CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE

Background

Minutes of the Audit Committee meeting held on 30 November 2018 were previously distributed to members.

Voting Requirements

Simple majority

COMMITTEE RECOMMENDATION / COMMITTEE DECISION

A2019-0301 Minutes of the Audit Committee Meeting

That the minutes of the Audit Committee meeting held on 30 November 2018, as circulated, be confirmed as a true and correct record of proceedings.

Moved: Cr Joanne Kanny

Seconded: Cr Percy Lawson

Motion put and carried: 5/0

5. BUSINESS AS NOTIFIED

5.1 Report on Compliance Audit Return 2018

Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	14 March 2019
Attachments :	2018 Compliance Audit Return

Matter for Consideration

That the Committee give consideration to the Compliance Audit Return 2018 and recommend to Council that the Compliance Audit Return be adopted and certified by the President and Chief Executive Officer and a copy to be forwarded to the Department of Local Government Sport and Culture Industries by 31st March 2019.

Background

Regulation 14 and 15 of the Local Government (Audit) Regulations 1996 requires that the Council carry out a Compliance Audit for the period 1st January to the 31st December in each year and be submitted to the Executive Director by the 31st March of the following year.

Statutory Environment

Local Government Act 1995

7.13. Regulations as to audits

- (i) requiring local governments to carry out, in the prescribed manner and in a form approved by the Minister, an audit of compliance with such statutory requirements as are prescribed whether those requirements are —
 - (i) of a financial nature or not; or
 - (ii) under this Act or another written law.

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

15. Compliance audit return, certified copy of etc. to be given to Executive Director

(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 Executive Director 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.

Business Implications

Nil

Consultation

Nil

Comment

The Shire of Yalgoo is required to carry out an Annual Compliance Audit for the period 1st January 2018 to 31st of December 2018. The Compliance Return for 2018 has been completed online on the Department of Local Government Sport and Culture Industries website and is attached for consideration.

The Compliance Return is to be adopted by Council and certified by the President and the Chief Executive Officer along with a copy of the relevant section of the Minutes be forwarded to the Director General by the 31st March 2019.

Voting Requirements

Simple Majority

CEO Silvio Brenzi explained the audit compliance return in further detail.

COMMITTEE RECOMMENDATION / COMMITTEE DECISION

A2019-0302 Report on Compliance Audit Return 2018

That the Audit Committee recommends to Council that the 2018 Compliance Audit Return be adopted and certified by the President and Chief Executive Officer and forwarded to the Department of Local Government along with the relevant section of the Minutes.

Moved: Cr Gail Trenfield

Seconded: Cr Joanne Kanny

Motion put and carried: 5/0

5.2 Report on 2018-19 Annual Budget Review

Author:	Dominic Carbone
Interest Declared:	No interest to disclose
Date:	14 March 2019
Attachments :	Statement of Financial Activities , Statement of Surplus/ Deficit, Statement of Closing Funds, Budget Analysis Worksheets

Matter for Consideration

That council review the 2018-19 Annual Budget Review

Background

Regulation 33A of the Local Government Act (Financial Management) Regulations 1996 requires that a Local Government between 1st February and 31st March in each year carry out a review of its Annual Budget for that year. A copy of the review and the determination is to be provided to the Department of Local Government within 30 days of the adoption of the review.

Council adopted a 10% or \$10,000.00 variance or whatever is the greater for the reporting of material variances identified in the annual budget review

Statutory Environment

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.

6.8. Expenditure from municipal fund not included in annual budget

(1) A local government is not to incur expenditure from its municipal fund for an additional purpose except where the expenditure —

(a) is incurred in a financial year before the adoption of the annual budget by the local government; or

(b) is authorised in advance by resolution*; or

(c) is authorised in advance by the mayor or president in an emergency.

(1a) In subsection (1) —

additional purpose means a purpose for which no expenditure estimate is included in the local government’s annual budget.

- (2) Where expenditure has been incurred by a local government —
 - (a) pursuant to subsection (1)(a), it is to be included in the annual budget for that financial year; and
 - (b) pursuant to subsection (1)(c), it is to be reported to the next ordinary meeting of the council.

Business Implications

Nil

Consultation

Dominic Carbone

Comment

A review of the Shire’s 2018-19 Annual Budget has been undertaken in accordance with the Financial Management Regulations and the following worksheets have been prepared;

Statement of Financial Activities	(refer attachments)
Statement of Surplus/ Defecate	(refer attachments)
Statement of Closing Funds	(refer attachments)
Budget analysis Worksheets	(refer attachments)

The review of the 2018-19 Annual Budget revealed:

- 1) An increase in operating revenue amounting to \$226,492 comprising of:

REVENUE

Increase in rates levied	\$99,993
Decrease in intermin rating	(\$32,526)
Increase in financial assistance grants	\$83,696
Increase in FESA grant received	\$7,000
Increase in caravan park fees and charges	\$20,000
Decrease in private works charges	(\$3,950)
Increase in commission vehicle licencing	\$2,000
Increase in workers compensation reimbursements	\$60,000
Decrease other minor variances	(\$9,721)
	\$226,492

- 2) An increase in operating expenditure amounting to \$100,345 comprising of:

EXPENDITURE

Increase in debt collection costs	(\$4,000)
Increase in rates refunds	(\$12,500)
Increase in members meeting fees	(\$7,708)
Decrease in Members travel claims	\$8,000

Decrease in Members conference expenses	\$7,000
Decrease in election expenses	\$10,000
Increase in EHO consulting	(\$3,000)
Decrease in staff housing insurance expenses	\$3,516
Decrease in staff housing utilities	\$15,000
Decrease in EHO consulting - Planning	\$4,000
Decrease in public conveniences maintenance	\$4,962
Decrease in community bus expenses	\$2,800
Decrease in community park maintenance	\$3,358
Decrease in shamrock park maintenance	\$8,625
Decrease in railway station building and ground maintenance	\$17,914
Increase in paynes find complex maintenance	(\$2,733)
Increase in water park maintenance	(\$4,618)
Increase in chapel maintenance	(\$2,110)
Increase in art centre operations and maintenance	(\$9,153)
Increase in town street maintenance	(\$20,000)
Increase in signs repairs and replacements	(\$12,434)
Increase in rural road maintenance	(\$150,000)
Decrease in caravan park operations	\$7,413
Decrease in emu cup event	\$22,527
Decrease in banners in the terrace	\$3,500
Decrease in private works expenses	\$3,950
Decrease other minor variances	\$5,346
	<u>(\$100,345)</u>
3) Gain or loss on sale of assets:	
Decrease in proceeds from sale of assets	<u>(\$12,706)</u>
Increase in net loss on sale of assets	<u>(\$12,706)</u>
4) Furniture and Equipment	
Additional expenditure- replace washing machine and dryer	<u>(\$3,040)</u>
	<u>(\$3,040)</u>
5) Land and Buildings	
Savings- machinery shed depot	\$1,163
Savings -flood control fuel station	\$401
	<u>\$1,564</u>
6) Plant and Equipment	
Over expenditure - CEO vehicle	(\$5,487)
Savings - Admin vehicle	\$5,662
Over expenditure - works foreman vehicle	(\$8,001)
	<u>(\$7,826)</u>
7) Roads Infrastructure	

	<u>\$0</u>
8) Infrastructure Recreation Facilities	
	<u>\$0</u>
9) Infrastructure Other	
	<u>\$0</u>
10) Reserve Funds	
	<u>\$0</u>
10) Book Value Of Assets Sold Written Back	
	<u>\$0</u>
11) Surplus Brought Forward	
Minor Variance	<u>\$380</u>
Net Estimated Variance (Surplus)	<u><u>\$104,519</u></u>

Council is requested to authorise the following expenditure in accordance with Section 6.8 of the Local Government Act 1995.

- Air conditioner Replacement – Administration Building	\$15,000
- Road safety Audit – Paynes Find – Thundelarra Road	\$7,715
- Car Trailer	\$14,000
- Yalgoo Races Contribution	\$10,000
- Furniture and Equipment Sports Complex.	
Reduce grant funding to \$0.00 and increase by from Core Business sponsorship	\$15,000

Council is requested to give consideration to and adopt the Annual Budget Review

Voting Requirements

Absolute Majority

Presiding Member Cr Gregory Payne advised report item 5.2 - Report on 2018-19 Annual Budget Review had been amended to include Furniture and Equipment Sports Complex (Core Stadium) - Reduce grant funding to \$0.00 and increase by \$15,000 from Core Business sponsorship. A replacement hardcopy of the report had been distributed to all elected member present.

