



Shire of
Plantagenet

Mount Barker • Kendenup • Narrikup
Porongurup • Rocky Gully

AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES

**A meeting of the Audit and Risk Management Committee
was held in the Committee Room,
Lowood Road, Mount Barker WA 6324
at 4:00pm on Tuesday 28 January 2025**

**Julian Murphy
CHIEF EXECUTIVE OFFICER**



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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Presiding Member declared the meeting open at 4.00pm.

2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Members Present

Cr L Handasyde (Presiding Member)

Cr A Fraser

Cr J Liebeck

Cr K Clements

Observers

Cr S Etherington (Deputy)

Cr W Sheard (Deputy)

Staff

Mr Julian Murphy Chief Executive Officer

Mr Anthony Middleton - Executive Manager Corporate and Community Services

Ms Kylie Caley – Manager of Finance

Leave of Absence

3 CONFIRMATION OF MINUTES

OFFICER RECOMMENDATION / COMMITTEE DECISION

Moved Cr A Fraser, seconded Cr K Clements:

That the Minutes of the Meeting of the Audit and Risk Management Committee held on 26 November 2024 be confirmed as a true and accurate record.

CARRIED 4-0

4 DISCLOSURE OF INTEREST

Part 5 Division 6 Local Government Act 1995

There were no disclosures of interest.

5 REPORTS OF COMMITTEE MEMBERS AND OFFICERS

5.1 COMMITTEE STATUS REPORT

The status list below captures all issues raised at Committee meetings since 18 June 2024 and will enable Committee members to easily track the actions taken. Once completed, the text will be crossed out and then deleted in the following agenda.

Date	Item	Issue	Comment/Status
18 June 2024	2022/2023 Final Audit 1. Non-Compliance with Local Government (LG) act – Proceeds from sale of property	The Shire should organise payment of these funds as per the Local Government Regulations to the Supreme court as soon as possible to fulfil their obligations.	Funds have been forwarded to our lawyer's trust account. This has removed the 'funds' issue for 2023/2024 and now the expensive process of liaising with the Supreme Court needs to be finalised.
18 June 2024	2022/2023 Final Audit 4. Compliance with local government regulations – Missing annual related party declarations	The shire should review its current related party disclosures collection process and ensure all KMP's complete a disclosure to allow the Shire to complete its financial statement disclosures.	Complete – Attain software has been purchased to manage this and other governance processes.
26 Nov 2024	1. Monthly reconciliation's process	<ul style="list-style-type: none"> • No Reserve term deposit reconciliations er performed. • No Reserve accounts reconciliations were performed. • Creditors reconciliations for this period were not completed in a timely manner • Municipal bank account reconciliations were not performed in a timely manner for the period July 2023 – February 2024. 	<ul style="list-style-type: none"> • Now completed monthly prior to the end of the next month. • Now completed monthly prior to the end of the next month. • This process continues to improve. • Now completed monthly prior to the end of the next month;

26 Nov 2024	2. General journals review process	Authorisation of general journals not adequately documented as having been reviewed by an authorized reviewer.	DocuSign (electronic signing software) has been implemented, and this process is continuing to improve.
26 Nov 2024	3. Non-compliance LG Act – proceeds from sale of property	Refer to item 1 above from 18 June 2024.	
26 Nov 2024	4. Payroll master file review	Lack of evidence of review of the payroll master file being signed off by the reviewing officer.	From 18 June 2024 status report – completed
26 Nov 2024	5. General IT controls – user access & permissions		From 18 June 2024 status report – completed
26 Nov 2024	6. Purchasing policy deviation – purchase orders	Purchase orders had been generated after the invoice was received by the Shire	Ongoing reiteration and staff training required. Procurement training completed by key staff on 12 & 13 December 2024.

5.2 ANNUAL FINANCIAL REPORT 2023/2024

Attachment:	<u>1. Annual Financial Report 2023/2024</u> <u>2. Auditors Management Letter</u>
Responsible Officer:	Julian Murphy Chief Executive Officer
Author:	Anthony Middleton Executive Manager – Corporate & Community
Proposed Meeting Date:	28 January 2025

PURPOSE

The purpose of this report is to consider the 2023/2024 Annual Financial Report, incorporating the Independent Auditors Report.

BACKGROUND

Every local government in WA is required to prepare an annual Financial Report for each financial year. The Local Government (Financial Management) Regulations 1996 define the content and format of the Financial Report.

EXTERNAL CONSULTATION

Nil.

STATUTORY ENVIRONMENT

Relevant sections of the Local Government Act 1995 that apply to this item are:

- Section 5.26 to 5.33 (Electors meetings)
- Section 5.53 & 5.54 (Annual Reports); and
- Part 6 & 7 (Financial Management & Audit)

The *Local Government (Financial Management) Regulations 1996* also apply to this item.

POLICY IMPLICATIONS

Policy implications do not apply for this report and it is the opinion of the author that policy development is not required.

FINANCIAL IMPLICATIONS

This item reports on the financial position of the Shire as at 30 June 2024. The recommendation does not in itself have a financial implication.

BUDGET IMPLICATIONS

There are no budget implications for this report.

LEGAL IMPLICATIONS

There are no legal implications for this report.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications as no assets are being created or acquired.

STRATEGIC IMPLICATIONS

The Shire of Plantagenet Corporate Business Plan 2022/23 – 2025/26 provides:

At *Outcome 4 Performance & Leadership* the following Strategies:

Strategy 4.1.3:

‘A Shire that is open and transparent with its community.’

Accordingly, the recommended outcome for this report aligns with the Corporate Business Plan.

STRATEGIC RISK IMPLICATIONS

A key element of the Strategic Risk Register relates to ‘Failure to Fulfil Compliance Requirements (Statutory, Regulatory)’. Currently, the overall control rating is assessed as adequate.

REGIONAL IMPLICATIONS

There are no regional implications for this report.

OFFICER COMMENT

The Annual Report provides an overview of the Shire’s operations, activities and major projects undertaken during the 2023/2024 financial year. The annual Financial Report, which is incorporated into the attached Annual Report, can be summarised through the following highlights:

- Net Operating Result of \$11m loss, due primarily to an increase in depreciation of \$9.7m (page 3);
- The year resulted in a positive cash flow of \$404,613 (page 6);
- The Shire is in a surplus position at 30 June 2024 of \$4.46m (page7);
- Current rate receivables at 30 June 2024 were \$537,996, or 6.8% of 2023/2024 rates revenue (page 13);
- Rates raised for the year totalled \$7.8m (page 34);
- Loan borrowings for the year reduced from \$1.65m to \$1.26m (page 36); and
- Reserve accounts (money saved for a future financial year) increased from \$5.0m to \$6.1m (page 38).

The Auditors Management Letter is attached for transparency and full disclosure. The three (3) issues raised in the management letter are as follows:

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. Credit card transactions not reported to council	No	✓			
2. Review of monthly reconciliation – Debtors & Creditors	No		✓		
3. Asset Register	No		✓		

Further information on the above issues are as follows:

1. Credit Card Transactions.

This was a new legislative requirement effective September 2023. All transactions since 1 July 2024 have now been presented to the Council and processes updated to ensure this is part of the normal monthly list of accounts for payment Council agenda item. Status - Completed

2. Review of monthly reconciliation – Debtors & Creditors.

Since the commencement of a new Manager of Finance in October 2024, these monthly reconciliations are now being independently reviewed. Status - Completed

3. Asset Register

The three assets mentioned will be removed from the register. Status - Ongoing

Item 3 above will be added to the Committee's status report (agenda item 5.1) to ensure that Committee members can monitor staff progress in addressing each item.

VOTING REQUIREMENTS

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION

Moved Cr J Liebeck, seconded Cr K Clements:

That it be recommended that the Council:

1. Adopts the 2023/2024 Annual Financial Report; and
2. Note the three (3) matters raised in the Auditor's Management Letter and include item 3 in the Committee's Status Report.

CARRIED 4-0

5.3 IMPENDING CHANGES TO COMMITTEE STRUCTURE

Responsible Officer:	Julian Murphy Chief Executive Officer
Author:	Anthony Middleton Executive Manager – Corporate & Community
Proposed Meeting Date:	28 January 2025

PURPOSE

The purpose of this report is to update the Committee on legislative changes that will affect the name, membership and function of the Committee.

BACKGROUND

The *Local Government Amendment Act 2024*, which advances a range of reforms to the *Local Government Act 1995* and associated regulations, became law on 6 December 2024. This new legislation affects local government audit committees as follows:

- a. A local government must establish a committee of its council to be called the Audit, Risk and Improvement Committee (ARIC);
- b. An employee of the local government is not to be a member of the ARIC, nor is a member to be nominated by, or is to be appointed to represent, any employee of the local government;
- c. The presiding member of the ARIC cannot be a council member of the local government or of any other local government.
- d. Any deputy presiding member of the ARIC cannot be a council member of the local government or of any other local government.
- e. Two or more local governments may agree to establish a single committee to be the audit, risk and improvement committee of each of their councils (a ***shared committee***).

The legislation, while in force since 6 December 2024, has transitional provisions relating to the establishment of ARIC's and will be implemented over 2025. A separate agenda item will be completed for the Council to appoint a community presiding and deputy presiding member to the Committee and amend its name and functions.

For the Committee's information only.

6 GENERAL BUSINESS

Nil

7 NEXT MEETING

13 May 2025 (propose to be held quarterly on Council Forum days, subject to Committee member availability).

8 CLOSURE OF MEETING

There being no further business to discuss, the Presiding Member declared the meeting closed at 4.18pm.

CONFIRMED: PRESIDING MEMBER _____ DATE: ____/____/____