

SHIRE OF BRUCE ROCK

AUDIT AND RISK COMMITTEE MEETING MINUTES - 20 JULY 2023

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SHIRE OF BRUCE ROCK

AUDIT AND RISK COMMITTEE MEETING MINUTES - 20 JULY 2023

1. Declaration of Opening

The Shire President Stephen Strange declared the meeting open at 2.54pm.

2. Record of Attendance / Apologies / Leave of Absence (Previously Approved)

President	Cr SA Strange
Councillors	Cr KP Foss
	Cr NC Kilminster
	Cr PG Negri
	Cr Rajagopalan
	Cr J Verhoogt
	Cr BJ Waight
Chief Executive Officer	Mr DRS Mollenoyux
Manager of Governance and Community Services	Ms N Ugarte
Manager of Finance	Mrs M Barthakur
Executive Support Manager	Mrs M Schilling (Minutes)
Leave of Absence	Cr AR Crooks
Apology	Cr RA Waye

3. Response to Previous Public Questions Taken on Notice

4. Public Question Time

5. Petitions / Deputations / Presentations / Submissions

6. Confirmation of Minutes

Audit Committee Meeting held on 15 June 2023.

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 6.1

Moved: Cr Rajagopalan

Seconded: Cr Verhoogt

That the minutes of the Audit Committee Meeting held 15 June 2023 be confirmed as a true and correct record.

Carried 7/0

7. Reports of Officers - Audit

Agenda Reference and Subject:	7.1.1 Acceptance of LRCIP Audited Report (2021-22)
Reporting Officer:	Manisha Barthakur, Manager of Finance
Author:	Manisha Barthakur, Manager of Finance
Disclosure of Interest:	Nil
Attachments:	<i>Item 7.1 Attachment A – Audit Opinion for LRCIP Annual Report and Transmittal Letters</i>

Summary

Recommendation to Council to adopt the Audited Report for Local Roads and Community Infrastructure Projects for the year ended 30 June 2022.

Background

At the end of the financial year, the Office of the Auditor General provides its opinion on the acquittals, appropriate expense of the projects and complete audit for the grants received via Local Roads and Community Infrastructure Projects funding.

A Management Letter with audit opinion has been issued following the completion of the audit.

Comment

The Audit and Risk Committee is provided with the Audited Report for Local Roads and Community Infrastructure Projects (Phases 1, 2 and 3) for the year ending 30 June 2022.

Consultation

Chief Executive Officer

Community Development Officer

Mr Kien Neoh, Financial Audit Director, Office of the Auditor General

Mr Robert Hall, Director, Dry Kirkness (Office of the Auditor General's Contract Auditors)

Statutory Implications

Under the Local Roads and Community Infrastructure Projects program, entities that are eligible for funding must provide the Commonwealth Department of Infrastructure, Transport, Regional Development, Communications and the Arts with an audited annual report. This must be audited by an appropriate auditor.

As defined by the National Land Transport Act 2014, the Western Australian Office of the Auditor General is the appropriate auditor, given the entities' accounts are required by law to be audited by the Auditor General of a State.

Policy Implications

Nil

Risk Implications

Risk: Compliance – Non-compliance with relevant sections and regulations of the Local Government Act 1995.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
This item has been evaluated against the Shire of Bruce Rock’s Risk Management Framework’s Risk Matrix. The perceived level of risk is considered to be “Moderate” and will be managed to mitigate the risks associated with each of the areas of the financial audit.		

Financial Implications

The fee for the audit of 2021-22 Local Roads and Community Infrastructure Projects is \$1,500.

Strategic Implications

Shire of Bruce Rock – Strategic Community Plan 2022-2032

Governance

Goal 4.3 Proactive and well governed Shire

Voting Requirements

Simple Majority

<p>OFFICER RECOMMENDATION AND COMMITTEE DECISION Resolution ACM July 23 – 7.1.1</p> <p>Moved: Cr Negri Seconded: Cr Waight</p> <p>That the Audit and Risk Committee recommends to Council to receive the Audit Report for Local Roads and Community Infrastructure Projects Phases 1, 2 and 3 for the financial year ended 30 June 2022.</p> <p style="text-align: right;">Carried 7/0</p>
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Agenda Reference and Subject:

7.1.2 Setting Material Variance for Monthly Financial Reports

Reporting Officer: Manisha Barthakur, Manager of Finance

Author: Manisha Barthakur, Manager of Finance

Disclosure of Interest: Nil

Attachments: Nil

Summary

Each year, the Shire of Bruce Rock (Shire) is to re-set the material variance levels for the Monthly Financial Statements.

Background

The material variance is either a percentage or a monetary value that determines when explanations are to be given as to why there is a variance between an actual amount and the budgeted year-to-date figure.

Comment

Pursuant to Regulation 34(5) of the Local Government (Financial Management) Regulations 1996 and Australian Accountings Standard (AAS) AASB 1031, each financial year, the Local Government is to adopt a percentage or value, calculated in accordance with AAS 5, which is then to be used in the statements of financial activity for reporting material variances.

The Shire has been using a variance of 10% or an amount of \$5,000. This is a common variance used in Band 4 Local Governments, and has always been effective in financial analysis.

Consultation

Chief Executive Officer
Manager of Finance

Statutory Implications

Local Government (Financial Management) Regulations 1996, r.34(5), Local Government Act 1995, Local Government (Audit) Regulations 1996

Risk Implications

Risk: That the adopted variance is not appropriate to measure material variances in the financial reports.		
Likelihood	Consequence	Rating
Unlikely	Moderate	Moderate
Action / Strategy		
This item has been evaluated against the Shire’s Risk Management Framework’s Risk Matrix. The perceived level of risk is considered to be “Moderate”. As a Moderate Risk, the Manager of Finance will be monitoring progress regularly.		

Policy Implications

Nil

Financial Implications

Nil

Strategic Implications

Strategic Community Plan 2022-2032

Governance

Goal 12 Council leads the organisation in a strategic and flexible manner
10 Year Outcome We are financially viable whilst meeting all levels of compliance

Voting Requirements

Simple Majority

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 7.1.2

Moved: Cr Verhoogt

Seconded: Cr Rajagopalan

That the Audit and Risk Committee recommends to Council to adopt a variance of 10% or an amount over \$5,000 (whichever is the lowest, for each category of Nature, for both revenue and expenditure) to be considered material for highlighting variances between the actual and the year-to-date budget figures in the Monthly Statement of Financial Activity for 2023-24.

Carried 7/0

8. Report of Officers – Risk Management

9. Confidential Items

Agenda Reference and Subject:

9.1.1 Interim Audit Management Letter

Reporting Officer:

Manisha Barthakur, Manager of Finance

Author:

Manisha Barthakur, Manager of Finance

Disclosure of Interest

Nil

Attachment

Nil

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 9.1.1.1

Moved: Cr Rajagopalan

Seconded: Cr Kilminster

That in accordance with Section 5.23(2) of the Local Government Act 1995, the meeting is closed to the members of the public for this item, as the following sub-section applied:

- (f) a matter that if disclosed, could be reasonably expected to –
 - (ii) endanger the security of the local government’s property.

Carried 7/0

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 9.1.1.2

Moved: Cr Rajagopalan

Seconded: Cr Verhoogt

That the meeting is reopened to the members of the public.

Carried 7/0

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 9.1.1.3

Moved: Cr Rajagopalan

Seconded: Cr Waight

That the Audit and Risk Committee recommends to Council to receive the Interim Audit Management Letter for the financial year ended 30 June 2023.

Carried 7/0

10. New Business of an urgent nature introduced by discussion of the meeting.

Agenda Reference and Subject:

10.1.1 Operational Risk Register

Reporting Officer:

Nerea Ugarte, Manager of Governance and Community Services

Author:

Nerea Ugarte, Manager of Governance and Community Services

Disclosure of Interest

Nil

Attachments

Item 10.1.1 Attachment A - Operational Risk Register

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 10.1.1.1

Moved: Cr Rajagopalan

Seconded: Cr Kilminster

That in accordance with Section 5.23(2) of the Local Government Act 1995, the meeting is closed to the members of the public for this item, as the following sub-section applied:

- (f) a matter that if disclosed, could be reasonably expected to –
(ii) endanger the security of the local government's property.

Carried 7/0

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 10.1.1.2

Moved: Cr Rajagopalan

Seconded: Cr Foss

That the meeting is reopened to the members of the public.

Carried 7/0

OFFICER RECOMMENDATION AND COMMITTEE DECISION

Resolution ACM July 23 – 10.1.1.3

Moved: Cr Rajagopalan

Seconded: Cr Waight

That the Audit and Risk Committee recommends that Council approve the Operational Risk Register, as attached.

Carried 7/0

11. Closure of Meeting.

The Shire President Stephen Strange thanked everyone for their attendance and declared the meeting closed at pm.

These minutes were confirmed at a meeting on 3.05pm.

Cr Stephen Strange
Shire President