

## SHIRE OF BRUCE ROCK

### AUDIT COMMITTEE AGENDA MEETING 18 JULY 2024

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## SHIRE OF BRUCE ROCK

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*Disclaimer*

*The recommendations in the Agenda are subject to confirmation by Council. The Shire of Bruce Rock warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council Committee meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Bruce Rock for any act, omission or statement or intimation occurring during a Council Committee meeting.*

- 1. Declaration of Opening**
- 2. Record of Attendance / Apologies / Leave of Absence (Previously Approved)**
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- 6. Confirmation of Minutes**

Audit Committee Meeting held on 21 March 2024.

**7. Reports of Officers**

<b>Agenda Reference and Subject:</b>	7.1	Setting Material Variance for Monthly Financial Reports
<b>Reporting Officer:</b>		Manisha Barthakur, Manager of Corporate services
<b>Author:</b>		Manisha Barthakur, Manager of Corporate services
<b>Disclosure of Interest</b>		
<b>Attachments</b>		Nil

**Summary**

Each year, the Audit and Risk Committee is to recommend to Council the material variance levels for the Monthly Financial Statements.

**Background**

The material variance is either a percentage or monetary value that highlights when explanations are to be made as to why there is a variance between the 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 AASB 1031, each financial year, the Local Government is to adopt a percentage or value, calculated in accordance with Australian Accounting Standard AAS 5, which is then to be used in the statements of financial activity for reporting material variances.

Council 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 been effective in the financial analysis.

**Consultation**

Mr John Merrick, Acting Chief Executive Officer

**Statutory Implications**

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

**Risk Implications**

<b>Risk:</b> That the adopted variance is not appropriate to measure material variances in the financial reports.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Unlikely	Major	Moderate
<b>Action / Strategy</b>		
Audit and Risk Committee to monitor the appropriateness of the material variances adopted.		

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Shire of Bruce Rock – Strategic Community Plan 2022-2032

Governance

4.3 Our organisation is well positioned and has capacity for the future

**Voting Requirements**

Simple Majority

**Officer Recommendation**

**That the Audit and Risk Committee recommends to Council that it adopts 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 2024-25.**

**8. Confidential Items**

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

**10. Closure of Meeting.**

Shire President Cr R Rajagopalan closed the meeting at pm.