



Shire of Menzies

AUDIT AND RISK COMMITTEE MEETING MINUTES

SECTION 7.1A LGA 1995

Committee Brief:

1. ***Provide guidance and assistance to the local government-***
 - a) ***as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and***
 - b) ***as to the development of a process to be used to select and appoint a person to be an auditor; and***
2. ***May provide guidance and assistance to the local government as to-***
 - a) ***matters to be audited; and***
 - b) ***the scope of audits; and***
 - c) ***its functions under Part 6 of the Act; and***
 - d) ***the carrying out of its functions relating to other audits and other matters related to financial management; and***
3. ***Is to review a report given to it by the CEO under Regulation 17(3) (the CEO's report) and is to-***
 - a) ***report to the Council the results of that review; and***
 - b) ***give a copy of the CEO's report to the Council.***

A Meeting of the Audit and Risk Committee was held in the Council Chambers, 124 Shenton Street, Menzies WA 6436, at 11.30am on Thursday 29 February 2024.


Glenda Teede
Chief Executive Officer

Resolution Numbers ARC-59 to ARC-62

Committee Members

Cr P Warner, Cr S Sudhir and Cr A Tucker (Council Resolution-163/23)

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6 REPORTS OF OFFICERS

6.1	Mid-Year Budget Review Financial Year 2023/24
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1236
DATE OF REPORT	14 February 2024
AUTHOR	Chief Financial Officer, Kristy Van Kuyl
RESPONSIBLE OFFICER	Chief Executive Officer, Glenda Teede
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. 2023-24 Budget Review Report [6.1.1 - 8 pages]

SUMMARY:

To consider the Shire of Menzies’ financial position as at 31 January 2024 and performance for the period 1 July 2023 to 31 January 2024 in relation to the adopted Annual Budget and projections estimated for the remainder of the Financial Year (FY).

BACKGROUND:

The budget review has been prepared to include information required by the *Local Government Act 1995, Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. The report for the period 1 July 2023 to 31 January 2024 shown in the attachment has been prepared incorporating year to date budget variations and forecasts to 30 June 2024 and is to be presented for the Council's consideration.

Consideration of the status of various projects and programs was undertaken to ensure any anticipated variances were captured within the review document where possible.

The material variance levels reported in the budget review are based upon management judgement where explanations are considered appropriate.

COMMENT:

The budget review report includes at ‘Note 4’ in the attachment, a summary of predicted variances by nature and type activities contained within the statement of budget review.

Features of the budget review include:

Increase in operating revenue of interim rates levied, recreation and culture contribution, fees and charges, interest revenue and other revenue	\$108,000
Increase in operating revenue from fees and charges, recreation and culture contribution and other revenue from insurance claim	\$85,100
Increase from the operating expenditure considered within all reporting programs including adjustment to reclassify expenditure where required. Including employee costs, staff housing minor maintenance, consultant fees, library software system, heritage building maintenance, festivals and events, utilities	(\$132,200)
Reduce finance costs; unlikely external funds to be received until July 2024	\$26,085
Increase other expenditure, insurance expenditure, other expenditure in support to rates write off in progress for 33 properties	(\$22,500)
Reduce on loss on asset disposal and depreciation loss on of asset disposals	\$10,000
Reduction in Regional Road Group Projects capital grant, following unapproved project allocation from Main Road WA	\$380,666
Decrease of major capital projects; unlikely to be undertaken in this reporting period. e.g community building, old post office by increasing capital upgrade, 39 Mercer, 36 Mercer, 12A Walsh and Town Hall upgrade	\$1,090,000
Revision of capital fund allocation by reduce IT system cost and, CEO vehicle replacement and increase CCTV projects and TV/Radio equipment	(\$13,000)
Decrease infrastructure other; unlikely to be undertaken in this reporting period	\$1,000,762
Decrease of new borrowing, anticipated to be received until July 2024	(\$650,000)
Reduction in transfer from reserve for capital projects; e.g CEO vehicle, community building, old post office, niagra dam road, niagra dam and staff house	(\$2,105,265)
Variance in surplus or deficit at the start of the financial year upon receive of audited annual financial statement	\$49,057

Following completion of the budget review and to properly consider the impact of estimated projections at 30 June 2024, some items have been identified as requiring a

budget amendment to properly account for these variances where appropriate. Required budget amendments which are proposed have been included in 'Note 4' of the attached budget review document for information.

Further budget amendments may be required to be presented to the Council at future meetings as projects are continually reviewed and monitored.

CONSULTATION:

Moore Australia, Consultants

STATUTORY AUTHORITY:

Local Government Act 1995 Section 6.8(1) (b) provides that expenditure can be incurred when not included in the annual budget provided it is authorised in advance by resolution (absolute majority required).

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* requires:

(1) Between 1 January and 31 March in each 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 –

- (1) 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;
- (2) Consider the local government's financial position as at the date of the review;
- (3) Review the outcomes for the end of that financial year that are forecast in the budget.

(2) The review of an annual budget for financial year must be submitted to the council on or before 31 March in that financial year.

(3)

(4) A Council is to consider a review submitted to it and is to determine* whether to adopt the review, any parts of the review or any recommendation made in the review.

*Absolute majority required.

(5) Within 14 days after a council made a determination, a copy of review and determination is to be provided to the Department.

POLICY IMPLICATIONS:

There are no known policy implications arising from this report.

FINANCIAL IMPLICATIONS:

Authorisation of expenditure through budget amendments is recommended. Other specific financial implications are outlined in the body of this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire of Menzies' Risk Management Strategy and Risk Assessment Matrix	The perceived level of risk is high prior to treatment	Adoption of recommendations as presented will reduce the risk to low

STRATEGIC IMPLICATIONS:

The Shire's Strategic Community Plan 2021-2031 outlines the following Outcome and Strategy:

Outcome
4.2 An efficient and effective organisation.

Strategy
4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

Accordingly, the officer's recommendation aligns with the Strategic Community Plan.

VOTING REQUIREMENTS:

Simple Majority

SHIRE OF MENZIES
BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2024
LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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SHIRE OF MENZIES
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 31 JANUARY 2024

		Budget v Actual			Estimated	Predicted	
		Adopted	Updated Budget	Year to Date	Year at End	Variance	
Note		Budget	Estimates	Actual	Amount	(a) - (b)	
		\$	\$	\$	\$	\$	
OPERATING ACTIVITIES							
Revenue from operating activities							
	General rates	4,141,746	4,141,746	4,233,049	4,241,746	100,000	▲
4.1	Rates excluding general rates	194,064	194,064	191,155	194,064	0	
	Grants, subsidies and contributions	558,417	558,417	364,257	575,417	17,000	▲
4.2	Fees and charges	240,205	240,205	166,366	300,805	60,600	▲
4.3	Interest revenue	301,000	301,000	169,584	309,000	8,000	▲
4.4	Other revenue	30,450	30,450	17,686	37,950	7,500	▲
4.5	Profit on asset disposals	43,894	43,894	0	43,894	0	
		5,509,776	5,509,776	5,142,097	5,702,876	193,100	
Expenditure from operating activities							
	Employee costs	(2,896,464)	(2,896,464)	(1,308,824)	(2,922,964)	(26,500)	▼
4.6	Materials and contracts	(2,627,425)	(2,627,425)	(1,086,587)	(2,728,125)	(100,700)	▼
4.7	Utility charges	(110,200)	(110,200)	(59,992)	(115,200)	(5,000)	▼
4.8	Depreciation	(2,140,427)	(2,140,427)	(1,124,406)	(2,150,427)	(10,000)	▼
4.9	Finance costs	(26,085)	(26,085)	0	0	26,085	▲
4.10	Insurance	(163,583)	(163,583)	(174,934)	(166,083)	(2,500)	▼
4.11	Other expenditure	(601,711)	(601,711)	(108,971)	(621,711)	(20,000)	▼
4.12	Loss on asset disposals	0	0	(2,730)	(2,730)	(2,730)	▼
4.13		(8,565,895)	(8,565,895)	(3,866,444)	(8,707,240)	(141,345)	
	Non-cash amounts excluded from operating activities	2,093,989	2,093,989	1,127,136	2,106,719	12,730	▲
4.14							
	Amount attributable to operating activities	(962,130)	(962,130)	2,402,789	(897,645)	64,485	
INVESTING ACTIVITIES							
Inflows from investing activities							
	Capital grants, subsidies and contributions	6,986,077	6,986,077	2,464,988	6,605,411	(380,666)	▼
4.15	Proceeds from disposal of assets	80,000	80,000	3,500	80,000	0	
		7,066,077	7,066,077	2,468,488	6,685,411	(380,666)	
Outflows from investing activities							
	Purchase of land and buildings	(4,213,177)	(4,213,177)	(1,209,337)	(3,123,177)	1,090,000	▲
4.16	Purchase of plant and equipment	(800,000)	(800,000)	(116,839)	(813,000)	(13,000)	▼
4.17	Purchase and construction of infrastructure-roads	(7,574,541)	(7,574,541)	(2,925,398)	(6,703,541)	871,000	▲
4.18	Purchase and construction of infrastructure-other	(2,373,287)	(2,373,287)	(19,195)	(1,372,525)	1,000,762	▲
4.19		(14,961,005)	(14,961,005)	(4,270,769)	(12,012,243)	2,948,762	
	Amount attributable to investing activities	(7,894,928)	(7,894,928)	(1,802,281)	(5,326,832)	2,568,096	
FINANCING ACTIVITIES							
Cash inflows from financing activities							
	Proceeds from new borrowings	650,000	650,000	0	0	(650,000)	▼
4.20	Transfers from reserve accounts	4,640,924	4,640,924	0	2,535,659	(2,105,265)	▼
4.21		5,290,924	5,290,924	0	2,535,659	(2,755,265)	
Cash outflows from financing activities							
	Repayment of borrowings	(53,627)	(53,627)	0	0	53,627	▲
4.22	Transfers to reserve accounts	(2,510,699)	(2,510,699)	(2,381,376)	(2,490,699)	20,000	▲
4.23		(2,564,326)	(2,564,326)	(2,381,376)	(2,490,699)	73,627	
	Amount attributable to financing activities	2,726,598	2,726,598	(2,381,376)	44,960	(2,681,638)	
MOVEMENT IN SURPLUS OR DEFICIT							
	Surplus or deficit at the start of the financial year	6,130,460	6,130,460	6,179,517	6,179,517	49,057	▲
4.24	Amount attributable to operating activities	(962,130)	(962,130)	2,402,789	(897,645)	64,485	
	Amount attributable to investing activities	(7,894,928)	(7,894,928)	(1,802,281)	(5,326,832)	2,568,096	
	Amount attributable to financing activities	2,726,598	2,726,598	(2,381,376)	44,960	(2,681,638)	
	Surplus or deficit after imposition of general rates	0	0	4,398,649	0	0	

**SHIRE OF MENZIES
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2024**

1. BASIS OF PREPARATION

This budget review has been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996*, prescribe that the budget review be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 Leases which would have required the Shire of Menzies to measure any vested improvements at zero cost.

Local Government (Financial Management) Regulations 1996, regulation 33A prescribes contents of the budget review.

Accounting policies which have been adopted in the preparation of this budget review have been consistently applied unless stated otherwise. Except for cash flow and statement of financial activity, the budget review has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Menzies controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements.

Judgements and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

SIGNIFICANT ACCOUNTING POLICES

Significant accounting policies utilised in the preparation of these statements are as described within the 2023-24 Annual Budget. Please refer to the adopted budget document for details of these policies.

**SHIRE OF MENZIES
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED 31 JANUARY 2024**

2. SUMMARY GRAPHS - BUDGET REVIEW



This information is to be read in conjunction with the accompanying financial statements and notes.

SHIRE OF MENZIES
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2024

3 NET CURRENT FUNDING POSITION
EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	17,795,819	0	0	2,611,924	444,313
Financial assets	0	9,644,611	9,644,611	14,156,212	11,551,496
Trade and other receivables	434,055	381,131	381,131	2,726,997	434,055
Inventories	17,234	16,438	16,438	17,234	17,234
Contract assets	813,398	0	0	302,771	0
	19,060,506	10,042,180	10,042,180	19,815,138	12,447,098
Less: current liabilities					
Trade and other payables	(237,659)	(397,569)	(397,569)	(361,067)	(237,659)
Contract liabilities	0	0	0	(110,944)	(50,000)
Capital grant/contribution liability	(868,495)	0	0	(788,265)	(654,587)
Borrowings	0	(53,627)	(53,627)	0	0
Employee related provisions	(161,180)	(207,824)	(207,824)	(161,180)	(161,180)
	(1,267,334)	(659,020)	(659,020)	(1,421,456)	(1,103,426)
Net current assets	17,793,172	9,383,160	9,383,160	18,393,682	11,343,672
Less: Total adjustments to net current assets	(11,613,655)	(9,383,160)	(9,383,160)	(13,995,032)	(11,343,672)
Closing funding surplus / (deficit)	6,179,517	0	0	4,398,650	0

(b) Non-cash amounts excluded from operating activities

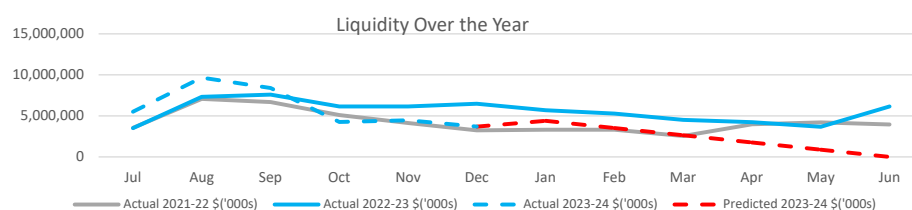
The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	0	(43,894)	(43,894)	0	(43,894)
Less: Movement in liabilities associated with restricted cash	(44,927)	(2,544)	(2,544)	0	(2,544)
Add: Loss on disposal of assets	92,083	0	0	2,730	2,730
Add: Loss on revaluation of fixed assets	31,053	0	0	0	0
Add: Depreciation on assets	2,260,053	2,140,427	2,140,427	1,124,406	2,150,427
Non-cash movements in non-current assets and liabilities:					
Pensioner deferred rates	(506)	0	0	0	0
Employee benefit provisions	26,627	0	0	0	0
Non-cash amounts excluded from operating activities	2,364,383	2,093,989	2,093,989	1,127,136	2,106,719

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(11,774,835)	(9,644,611)	(9,644,611)	(14,156,212)	(11,551,496)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	0	53,627	53,627	0	0
- Employee benefit provisions	161,180	207,824	207,824	161,180	207,824
Total adjustments to net current assets	(11,613,655)	(9,383,160)	(9,383,160)	(13,995,032)	(11,343,672)



**SHIRE OF MENZIES
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2024**

3 COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities.

FINANCIAL ASSETS AT AMORTISED COST

The Shire of Menzies classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire of Menzies applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

INVENTORIES

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CONTRACT ASSETS

Contract assets primarily relate to the Shire of Menzies's right to consideration for work completed but not billed at the end of the period.

CONTRACT LIABILITIES

Contract liabilities represent the Shire of Menzies's obligation to transfer goods or services to a customer for which the Shire of Menzies has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

PROVISIONS

Provisions are recognised when the Shire of Menzies has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Menzies's operational cycle. In the case of liabilities where the Shire of Menzies does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire of Menzies's intentions to release for sale.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of Menzies prior to the end of the financial year that are unpaid and arise when the Shire of Menzies becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire of Menzies recognises revenue for the prepaid rates that have not been refunded.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

Provision is made for the Shire of Menzies's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire of Menzies's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the net current funding position. Shire of Menzies's current obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the net current funding position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire of Menzies's obligations for long-term employee benefits where the Shire of Menzies does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, are presented as current provisions in the net current funding position.

SHIRE OF MENZIES
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 JANUARY 2024

4 PREDICTED VARIANCES

	Variance
	\$
Revenue from operating activities	
4.1 General rates Increase in interim rates levied.	100,000 ▲
4.2 Grants, subsidies and contributions Increase in revenue for recreation and culture contributions.	17,000 ▲
4.3 Fees and charges Increase in revenue for animal registration fees, staff housing rental, domestic refuse collection and caravan park fees.	60,600 ▲
4.4 Interest revenue Increase in revenue for ratepayers opting to pay by instalments.	8,000 ▲
4.5 Other revenue Insurance claim reimbursements, property sale enquiry fees.	7,500 ▲
Expenditure from operating activities	
4.6 Employee costs Rates salaries, caravan park general maintenance salaries, depot salaries.	(26,500) ▼
4.7 Materials and contracts Increase budget for rates consultancy fees, public functions, plant and equipment maintenance, staff housing minor asset purchases, new library software system, heritage building maintenance, festivals and events, community bus expenses, consultancy fees. Decrease budget for recruitment fees, sport and recreation minor asset purchases, community arts, governance vehicle expenses.	(100,700) ▼
4.8 Utility charges Town Halls and Public Building operations.	(5,000) ▼
4.9 Depreciation Works depot asset items.	(10,000) ▼
4.10 Finance costs New borrowings anticipated to be received in July 2024.	26,085 ▲
4.11 Insurance Insurance expenses (Other than Building and Workers Compensation)	(2,500) ▼
4.12 Other expenditure Write off rates in progress for 33 properties, estimate of 38 properties \$274k	(20,000) ▼
4.13 Loss on asset disposals Disposal of asset 541 Auto Tyre Changer	(2,730) ▼
Non-cash amounts excluded from operating activities Depreciation and loss on asset disposals	12,730 ▲
Inflows from investing activities	
4.15 Capital grants, subsidies and contributions RRG Projects: Evanston - Menzies Road and Riverina - Snake Hill Road, projects not approved by Main Roads WA.	(380,666) ▼

SHIRE OF MENZIES
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 JANUARY 2024

4 PREDICTED VARIANCES	<u>Variance</u>
	\$
Outflows from investing activities	
4.16 Purchase of land and buildings	1,090,000 ▲
Budgets decreased as projects on hold for the Community Building and Old Post Office House. Increase to budgets for the expenditure of upgrades to CEO House, 36 Mercer Street solar panels, duplex 12A Walsh Street and Town Hall upgrades.	
4.17 Purchase of plant and equipment	(13,000) ▼
Budget decrease for software and IT systems and a reduction in the purchase of the CEO vehicle replacement. Increase to budgets for the projects Menzies CCTV (LRCI) and TV/Radio equipment.	
4.18 Purchase and construction of infrastructure-roads	871,000 ▲
A decrease in budgets for Grids, Niagara Dam Road and RRG Projects: Evanston - Menzies Road and Riverina - Snake Hill Road.	
4.19 Purchase and construction of infrastructure-other	1,000,762 ▲
A decrease in budgets for footpath general construction, bores to support road works, Main Street streetscaping and the Niagara Dam project is on hold.	
Cash inflows from financing activities	
4.20 Proceeds from new borrowings	(650,000) ▼
New borrowings anticipated to be received in July 2024.	
4.21 Transfers from reserve accounts	(2,105,265) ▼
A reduction in reserve transfers for projects CEO vehicle replacement, community building, Old Post Office house, Niagara Dam Road, Niagara Dam and new 2x1 staff house.	
Cash outflows from financing activities	
4.22 Repayment of borrowings	53,627 ▲
New borrowings anticipated to be received in July 2024.	
4.23 Transfers to reserve accounts	20,000 ▲
A decrease in budget for reserve interest earned.	
4.24 Surplus or deficit at the start of the financial year	49,057 ▲
Difference between adopted 2023/24 budget and the closing balance of the 2022/23 audited statements.	

6.2	Compliance Audit Return 2023
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1237
DATE OF REPORT	14 February 2024
AUTHOR	Chief Financial Officer, Kristy Van Kuyl
RESPONSIBLE OFFICER	Chief Executive Officer, Glenda Teede
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. Compliance Audit Return 2023 [6.2.1 - 12 pages]

SUMMARY:

Each year, the Council is required to complete an Annual Compliance Audit Return (CAR) for the calendar year immediately preceding (1 January to 31 December) as published by the Department of Local Government Sport and Cultural Industries (DLGSCI). The Compliance Audit Return is then to be reviewed by the Audit and Risk Committee and a report presented to Council prior to the adoption of the CAR.

BACKGROUND:

This year, the CAR was reviewed and completed by Moore Australia. Tanya Browning, Director, and Jessica Spark, Senior Project Officer, Local Government Services from Moore Australia attended the Shire offices from 22 to 24 January 2024, during which time the CAR was completed through interviews with senior staff and the inspection of various documents and records including:

- Minute Books
- Tender Register
- Financial Interest and Return Register
- Complaints Register
- Delegations Register
- Council's Website

The CAR is one of the tools that allow the Council to monitor how the organisation is functioning regarding compliance with the *Local Government Act 1995* and provides the Audit and Risk Committee the opportunity to report to the Council any cases of non-compliance or where full compliance was not achieved.

This process also provides an opportunity for the Audit and Risk Committee to consider matters that may require further review within ongoing risk framework assessments and actions.

COMMENT:

The Audit and Risk Committee reviewed the Compliance Audit Return at its meeting held on 29 February 2024, and resolved to recommend the adoption of the report to the Council and that the Shire President and Chief Executive Officer be authorised to sign the Compliance Audit Return for submission to the Department for Local Government Sport and Cultural Industries (DLGSCI).

Through the completion of the 2023 Compliance Audit Return there was an instance of non-compliance noted, relating to procurement under \$250,000. It was noted with management that it is very difficult to declare during the review period the appropriate number of quotations had been obtained for every purchase (particularly low value purchases) in accordance with the purchasing policy and some minor non compliances were noted in the 2023 audit management letter. Whilst systems and processes are in place to maintain compliance with the purchasing policy, it is impossible to certify compliance in every instance without a complete examination of all purchases.

A summary of matters noted during the completion of the 2023 Compliance Audit Return (CAR) is attached for information. The attached summary also notes general improvement opportunities to systems and processes identified through the completion of the Compliance Audit Return (CAR). These improvements may assist the Shire in its risk management activities and continual improvement of administrative and compliance functions.

CONSULTATION:

Moore Australia, Consultants

STATUTORY AUTHORITY:

Regulation 14 of the *Local Government (Audit) Regulations 1996* provides:

(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.

(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.

(3) After the audit committee has reported to the council under subregulation (3A), the compliance audit return is to be —

(a) presented to the council at a meeting of the council; and

- (b) adopted by the council; and
- (c) recorded in the minutes of the meeting at which it is adopted

Regulation 14 of the *Local Government (Audit) Regulations 1996* details the requirements with regard to certifying the CAR and issuing to the Departmental CEO

Section 7.13(1)(i) of the *Local Government Act 1995* refers to the provisions within regulations with regard to audits.

POLICY IMPLICATIONS:

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from the recommendation of this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire’s Risk Management Strategy, Risk Assessment Matrix.	The perceived level of risk is medium prior to treatment.	Implementation of improvements as noted in attached summary.

STRATEGIC IMPLICATIONS:

The Shire’s Strategic Community Plan 2021-2031 outlines the following Outcome and Strategy:

The Shire’s Strategic Community Plan 2021-2031 outlines the following Outcomes and Strategies:

Outcomes

- 4.1 A strategically focused Council., leading our community
- 4.2 An efficient and effective organisation.

Strategies:

- 4.1.1 Provide strategic leadership and governance
- 4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

Accordingly, the officer’s recommendation aligns with the Strategic Community Plan.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION:

Council Resolution Number:	ARC-61
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Moved: Cr A Tucker Seconded: Cr S Sudhir

That it be a recommendation to the Council:

That:

- 1. The attached Compliance Audit Return for 2023 be adopted**
- 2. The Shire President and Chief Executive Officer be authorised to sign the Compliance Audit Return 2023 for submission to the Department of Local Government, Sport and Cultural Industries.**

Carried	3 / 0
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For: Cr P Warner, Cr S Sudhir and Cr A Tucker

Against: Nil

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



Menzies – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	Committees have no delegated authority
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	N/A	
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Item 13.2.1 OMC 24/11/2022 res. CM-366. 6/0
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	N/A	
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	Item 13.2.1 OMC 24/11/2022 res. CM-366. 6/0
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	No occurrences noted of participants remaining for item where interest declared.
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	N/A	
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	N/A	
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	Item 13.2.3 OMC 29/06/2023 resolution 070/23
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	N/A	
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Item 13.2.4 OMC 29/06/2023 resolution 071/23

Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	N/A	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	N/A	
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	N/A	

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	Item 14.2.1 OMC 3 November 2023 resolution 163/23
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	Audit Committee has no delegated authority
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	Item 13.1 OMC 15 December 2023 resolution 205/23

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	Matters reported in audit management letter were reported to the audit committee and Council December 2023. No significant audit findings were noted in the audit report.
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	As per question 4.
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	N/A	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	Item 13.2.5 OMC 25 May 2023 resolution 069/23
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	N/A	
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	No	Cannot guarantee compliance has occurred with all purchasing activities below \$250,000. Minor non-compliances noted through audit management letter. Systems updated to minimise risk of non compliance.
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	N/A	
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes	
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	Yes	
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	Policy 4.3 provides

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	25/02/2021 Item 12.5.4 OMC 25/02/2021 resolution 2105
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27/07/2023 Item 13.1.1 SMC 27/07/2023 resolution 088/23
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	21/12/2021 Item 6.3 ARC Meeting decision ARC-15 & Item 12.1.3 OMC 21/12/2021 resolution CM-121
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	21/12/2021 Item 6.3 ARC Meeting decision ARC-15 & Item 12.1.3 OMC 21/12/2021 resolution CM-121
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt	N/A	No gifts recorded.

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



		of the gift? Did the disclosure include the information required by section 5.87C of the Act?		
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Item 14.2.9 OMC 3 November 2023 resolution 182/23
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Item 14.2.10 OMC 3 November 2023 resolution 183/23
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	26 September 2023
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	

 Chief Executive Officer

 Date

 Mayor/President

 Date

Department of Local Government, Sport and Cultural Industries - Compliance Audit Return - Menzies



Department of
**Local Government, Sport
and Cultural Industries**

6.3	Risk Management Update - January 2024
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1238
DATE OF REPORT	14 February 2024
AUTHOR	Chief Financial Officer, Kristy Van Kuyl
RESPONSIBLE OFFICER	Chief Executive Officer, Glenda Teede
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	<ol style="list-style-type: none"> 1. CONFIDENTIAL - Draft Risk Updates January 2024 -Summary [6.3.1 - 2 pages] 2. CONFIDENTIAL - Draft Risk Register January 2024 [6.3.2 - 3 pages]

SUMMARY:

To present the summary of organisational risk management activities from December 2023 to January 2024.

BACKGROUND:

From 1 July 2022, the Shire of Menzies sought proposals through Vendor Panel from external consultants for compliance and governance services, which included risk management support services. Moore Australia (WA) were successful with their proposal and have been engaged to provide compliance and risk management support services for 2022, 2023 and 2024.

The Shire's Risk Management Strategy, as previously reviewed by the Audit and Risk Committee, and the Shire's risk management policy (previously adopted by Council) align to AS/NZS ISO 31000:2018 Risk Management Guidelines. The Risk Management Strategy is prepared utilising the Principles, Framework and Process as defined within the standard, considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, aligned to the risk management policy.

The guidance and direction within the Risk Management Strategy includes the assessment, prioritisation and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The reporting of risk management activities historically occurred through quarterly 'dashboard reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop', which will continue through the Shire's current engagement with Moore Australia.

Workshops held onsite to date with Shire of Menzies staff have occurred in November 2022 and August 2023 to review risk profiles, controls, consider emerging or new risks as well as to set out planned control assurance activities for the year. Following these workshops, updates to the risk profiles were made, and the risk register populated with

updated information to be reported to the Audit and Risk Committee. Further site visits were undertaken in February 2023, November 2023 and January 2024 (and an offsite workshop in November 2023) where risk management activities were considered and reviewed.

These activities continue to form the foundation for risk management activities to be reported and monitored through the Audit and Risk Committee.

COMMENT:

An onsite workshop was held on 23 January 2024 with Moore Australia and available Shire staff to review and update the risk profiles and controls, and to document updates since the last workshop to report on the progress of planned control assurance activities for the year. Following the workshop, updates to the risk profile documents were made, and the risk register populated with updated information to be reported to the Audit and Risk Committee.

This report provides a summary of the changes to the risk profiles and risk register following the workshop and enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for Committee information and consideration. The risk summary report highlighting risk changes identified against each profile, including actions and treatments in place for high level risks has been circulated to Committee members separately.

A quarterly dashboard report has been prepared for committee information to summarise the current number of reportable risks, unaddressed high-level risks, total new risks etc. The table below highlights the progress risk movements this quarter.

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment	No. of New Risks Identified (January 2024)	No. of Risks Closed (January 2024)
Performance	3	1	0	0
Environmental	2	1	0	0
Reputational Damage	2	1	0	0
Financial	4	1	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	3	2	0	0
Service Delivery / Business Interruption	4	2	0	0

The actions identified through the risk workshops and assessment of the controls and treatments in place for identified risks outline the progress the Shire has made to address the risks identified.

Discussions with Moore Australia as well as future site visits will be undertaken to further update risk profiles, actions and treatments for the next reporting period. These reports will be updated for the next meeting for Committee information.

CONSULTATION:

Moore Australia, Consultants

STATUTORY AUTHORITY:

Regulation 17.1 of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance.

POLICY IMPLICATIONS:

The Risk Management Policy outlines the Shire’s commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

FINANCIAL IMPLICATIONS:

Provision is included in the 2023-24 Adopted Budget for Moore Australia to deliver compliance and governance services, including risk management support, in line with the awarded Vendor Panel RFQ.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire of Menzies’ Risk Management Strategy and Risk Assessment Matrix.	The perceived level of risk is high prior to treatment.	The progression of risk management activities aligned with the Risk Management Strategy may reduce the risk to low.

STRATEGIC IMPLICATIONS:

One of Council's responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve the Shire's strategic objectives, as well as to support the allocation of funds / resources to treat risks as required.

The Chief Executive Officer and senior staff play a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the strategic planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the audit committee is to monitor identified strategic high-level risks and treatment solutions to ensure the community receives the services delivered effectively as outlined within the Plan for the Future.

Monitoring and review activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures regarding risk management, internal control, and legislative compliance, as required by the *Local Government (Audit) Regulations 1996*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

The Shire's Strategic Community Plan 2021-2031 outlines the following Outcomes and Strategies:

Outcome

4.1 A strategically focused Council., leading our community

Strategy:

4.1.1 Provide strategic leadership and governance

Outcome

4.2 An efficient and effective organisation.

Strategy:

4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

Accordingly, the officer's recommendation aligns with the Strategic Community Plan.

VOTING REQUIREMENTS:

Simple Majority

OFFICER RECOMMENDATION/COMMITTEE DECISION:

Committee Resolution Number:	ARC-62
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Moved: Cr S Sudhir Seconded: Cr A Tucker

That:

- 1. The attached drafts of Risk Register and Risk Updates Summary updated as of January 2024 be received**
- 2. The above report updating the Risk Management activities be received.**

Carried	3 / 0
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For: Cr P Warner, Cr S Sudhir and Cr A Tucker
Against: Nil

7 INFORMATION REPORTS

Nil

8 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

9 NEW BUSINESS OF AN URGENT NATURE

Nil

10 NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on 27 June 2024 at the Shire Offices in Menzies, commencing at 11:30am.

11 CLOSURE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at 11.44am.