MINUTES
FOR THE
AUDIT AND RISK COMMITTEE
OF COUNCIL MEETING
HELD ON
WEDNESDAY
13 DECEMBER 2023 @ 4.30PM

Shire of Three Springs
PO Box 117, Three Springs
WA 6519

Disclosure of Interest Form

(Elected Members/Committee Members/Employees/Contractors)

Local Government Act 1995 (Section 5.65, 5.70 & 5.71)

To: Chief Executive Officer

- ☐ **Ordinary Council Meeting held on** ____________________
- ☐ **Special Council Meeting held on** ____________________
- ☐ **Committee Meeting held on** ____________________
- ☐ **Other** ____________________

Report No ____________________

Report Title ____________________

Name ____________________

☐ **Elected Member** ☐ **Committee** ☐ **Employee** ☐ **Contractor**

Type of Interest ***(*see overleaf for further information)***

☐ **Proximity** ☐ **Financial** ☐ **Impartiality**

Nature of Interest

____

____

____

Extent of Interest (if intending to seek Council approval to be involved with debate and/or vote)

____

____

Name:____________________ **Signed:**____________________**Date:** ____________________

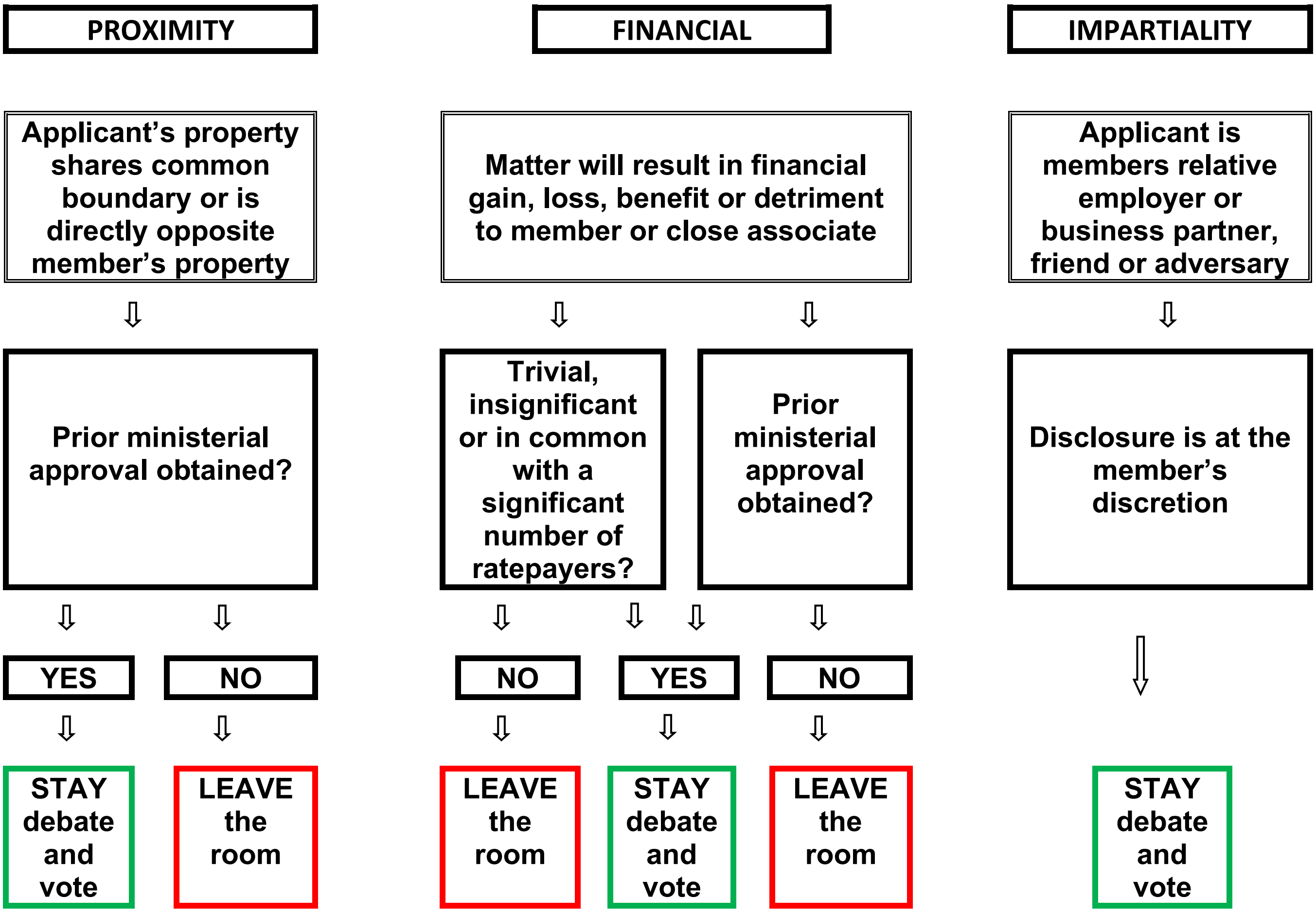
Note 1: For <u>Ordinary meetings of Council</u>, elected members and employees are requested to submit this completed form to the Chief Executive Officer prior to the meeting. Where this is not practicable, disclosure(s) must be given to the Chief Executive Officer prior to the matter being discussed.

Note 2: Employees or Contractors disclosing an interest in <u>any matter apart from at meetings</u>, where there is a conflict of interest including disclosures required by s5.71 are required to submit this form to the CEO as soon as practicable.

OFFICE USE ONLY

CEO: ____________________ **Signed:** ____________________ **Date:** ____________________

* Declaring an Interest



***Local Government Act 1995* - Extract**

5.65 - Members' interests in matters to be discussed at meetings to be disclosed.

(1) A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest:

(a) in a written notice given to the CEO before the meeting; or (b) at the meeting immediately before the matter is discussed. (Penalties apply).

(2) It is a defence to a prosecution under this section if the member proves that he or she did not know:

(a) that he or she had an interest in the matter; or (b) that the matter in which he or she had an interest would be discussed at the meeting.

(3)This section does not apply to a person who is a member of a committee referred to in section 5.9(2)(f).

5.70 - Employees to disclose interests relating to advice or reports.

(1) In this section: 'employee' includes a person who, under a contract for services with the local government, provides advice or a report on a matter.

(2) An employee who has an interest in any matter in respect of which the employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when giving the advice or report.

(3) An employee who discloses an interest under this section must, if required to do so by the council or committee, as the case may be, disclose the extent of the interest. (Penalties apply).

5.71 - Employees to disclose interests relating to delegated functions.

If, under Division 4, an employee has been delegated a power or duty relating to a matter and the employee has an interest in the matter, the employee must not exercise the power or discharge the duty and:

(a) in the case of the CEO, must disclose to the mayor or president the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter; and (b) in the case of any other employee, must disclose to the CEO the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter. (Penalties apply)

***'Local Government (Administration) Regulations 1996* – Extract**

In this clause and in accordance with Regulation 34C of the Local Government (Administration) Regulations 1996:

"Interest" means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association.

SHIRE OF THREE SPRINGS
AGENDA OF THE AUDIT and RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBERS, THREE SPRINGS
ON WEDNESDAY 13 DECEMBER 2023

MINUTES

1. DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Shire President declared the meeting open at 5.01pm

Acknowledgement of Country:-

The Shire of Three Springs acknowledges the traditional owners of this land – the Southern Yamatji people, and their continuing connection to land, water and community. We pay our respects to them and their cultures, and to elders both past, present and emerging.

2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE

	Attendance	Apologies	Approved Leave of Absences
Councillor Lane	Present		
Councillor Eva	Present		
Councillor Heal	Present		
Councillor Mutter	Present		
Councillor Ennor	Present		
Councillor Connaughton	Present		
Councillor vacant			
Chief Executive Officer	Present		
Deputy Chief Executive Officer	Present		
Risk Coordinator	Present		
Executive Secretary	Present		

3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

4. PUBLIC QUESTION TIME

Nil

5. APPLICATIONS FOR LEAVE OF ABSENCE

Nil

		OCM Month	Moved	Seconded	Vote	Date
5.1	Cr.		Cr.	Cr.		
5.2	Cr.		Cr.	Cr.		
5.3	Cr.		Cr.	Cr.		

6. CONFIRMATION OF PREVIOUS MEETING MINUTES

That the Minutes of the Audit Committee Meeting are confirmed as true and accurate record of proceedings.					
		Date	Moved	Seconded	Vote
6.1					

7. ANNOUNCEMENTS BY PRESIDING PERSON WITHOUT DISCUSSION

Nil

8. ANNOUNCEMENTS/REPORTS OF ELECTED MEMBERS

Councillor	Activity
Cr. Lane	
Cr. Eva	
Cr. Heal	
Cr. Mutter	
Cr. Ennor	
Cr. Connaughton	

9. PETITIONS / DEPUTATIONS / PRESENTATIONS / SUBMISSIONS

Nil

10. REPORTS OF OFFICERS

Corporate Services	
10.1. Annual Financial Report 2022-23	
Agenda Reference:	DCEO
Location/Address:	Shire of Three Springs
Name of Applicant:	Shire of Three Springs
File Reference:	ADM0081
Disclosure of Interest:	Nil
Date:	13 December 2023
Author:	Krys East - Deputy Chief Executive Officer
Attachment (s):	10.4.1 Audited Annual Financial Report 2022-2023 10.4.2 Auditors Opinion 10.4.3 Transmittal Letter to CEO - Shire of Three Springs - 30 June 2023

Council Role:

☐	Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
■	Executive	The substantial direction setting and oversight role of the Council e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
☐	Legislative	Includes adopting local laws, local planning schemes and policies.
☐	Review	When Council reviews decisions made by Officers.
☐	Quasi-judicial	When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice e.g. local planning applications, building permits, other permits/licences (e.g. under Health Act, Dog Act or local laws) and other decisions that may be appealable to the State Administrative Tribunal (SAT).

Report Purpose:
The Audit and Risk Committee recommends that the Council accepts the Annual Financial Statements, Audit Report and Management Report for 2022-2023 and set the date for the Annual Electors Meeting.

Background:
Section 5.54 "Acceptance of Annual Reports" of the Local Government Act 1995, requires an Annual Report to be accepted by Council by 31 December in each year unless the Auditors Report is not available in time. The Local Government Act 1995 Section 5.54(2) requires that if the Annual Report is not accepted by the Local Government by 31 December then it must be presented within two (2) months of the Auditors Report becoming available.

Following the proclamation of the Local Government Amendment (Auditing) Act 2017, the Auditor General was made responsible for the financial and performance auditing of local governments.

Officer's Comment:
On the 16th of November 2023, Dry Kirkness (formerly Butler Settineri) and the Office of the Auditor General for Western Australia conducted an audit exit meeting with the Shire President, Deputy Shire President, Chief Executive Officer and Deputy Chief Executive Officer.

As per the Local Government Act 1995 Council is required to accept the Audit Report, Management Report and set the date for the Annual Electors Meeting.

There was one moderate finding relating to Fair Value assessments of Land and Buildings and Infrastructure assets not being performed in 2022/23.

The auditor's comment is clearly identified below (the black text being the finding from the audit, and the blue text being the Shire's Management comment).

1. Fair Value of Land and Building and Infrastructure Assets - Frequency of Valuations

Finding:
The Shire has not performed an assessment to determine whether its Land and Buildings and Infrastructure assets represent fair value.

Rating: Moderate
Implication
Without a robust assessment of fair value of the Shire's Land and Buildings and Infrastructure assets there is a risk that the fair value of Land and Buildings and Infrastructure assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

Recommendation
The Shire considers implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist annually, that would trigger a requirement to perform a formal revaluation of Land and Buildings and Infrastructure assets. Where indicators exist a robust fair value assessment should be performed capturing the requirements of AASB 13 Fair Value Movements. This process is to ensure that the Shire's Land and Buildings and Infrastructure assets are recorded at fair value in compliance with AASB 13 Fair Value Measurement and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair values of relevant assets are likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally the Shire may consider having this assessment peer reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.

Management comment
The 2023/24 Budget of the Shire of Three Springs incorporates a provision for conducting an independent Fair Value assessment of the Shire's Land & Building and Infrastructure Assets, as of June 30, 2024. The Shire plans to engage the same Valuer annually for

consultation, seeking guidance on the continued relevance of the stated fair values or determining if a revaluation is necessary.

Responsible person: *Deputy Chief Executive Officer*
Completion date: *30th June 2024*

According to Local Government (Financial Management) Regulation 17A(4)(b), a revaluation of a non-financial asset is mandated when the local government believes the fair value significantly differs from its carrying amount. This reassessment must occur within a maximum of 5 years after the asset's last valuation or revaluation.

However, on October 18, 2023, Subsidiary Legislation 2023/158 r.41 revised Regulation 17A, eliminating the necessity to evaluate whether the fair value differs materially from the carrying amount. The obligation remains to revalue the asset after the 5-year period from its last valuation date.

Given the Shire conducted a valuation of its Land, Building, and Infrastructure assets on June 30, 2021, the next mandatory revaluation is not required until June 30, 2026. The shire has the option of revaluing its assets earlier than this if it chooses to do so.

Consultation:
Bob Waddell & Associates, Finance Officer and Admin Officer, Dry Kirkness audit staff and OAG Director Financial Audit.

Statutory Environment:
Local Government Act 1995 sections 5.27 (2), 5.53 (1), 5.54, 5.55, 5.55A and 6.4

"5.27. Electors' general meetings

(2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year."

"5.53. Annual reports

(1) The local government is to prepare an annual report for each financial year."

"5.54. Acceptance of annual reports

(1) Subject to subsection (2), the annual report for a financial year is to be accepted by the local government no later than 31 December after that financial year.*

** Absolute majority required.*

(2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available."

"5.55. Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government."

"5.55A. Publication of annual reports

The CEO is to publish the annual report on the local government's official website within 14 days after the report has been accepted by the local government."

"6.4. Financial report

(1) A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.

(2) The financial report is to —

(a) be prepared and presented in the manner and form prescribed; and

(b) contain the prescribed information.

(3) By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —

(a) the accounts of the local government, balanced up to the last day of the preceding financial year; and

(b) the annual financial report of the local government for the preceding financial year."

Local Government (Financial Management) Regs 1996, regulation 51

"51. Annual financial report to be signed etc. by CEO and given to Department

(1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.

(2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report."

Local Government Act 1995 Section 7.9(1)

"7.9. Audit to be conducted

(1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —

(a) the mayor or president; and

(b) the CEO of the local government; and

(c) the Minister."

Local Government Financial Management Regulation 1996 Part 2
Local Government (Audit) Regulations 1996 – Reg 10

“10. Report by auditor

(1) An auditor’s report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.

(2) The report is to give the auditor’s opinion on —

(a) the financial position of the local government; and

(b) the results of the operations of the local government.

(3) The report must include a report on the conduct of the audit.

[(4A) deleted]

(4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor’s report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor’s report.”

Policy Implications:
Nil

Financial/Resources Implications:
Nil

Strategic Implications:
This item is relevant to the Council’s approved ‘Strategic Community Plan 2018-2028’

Strategic Community Plan 2018-2028	
Council Objectives:	**Outcome:**
Nil	Nil

This item is relevant to the Council’s approved ‘Corporate Business Plan 2020 – 2024

Corporate Business Plan 2020– 2024	
Scope Statement:	**Project Outputs:**
Nil	Nil

Voting Requirements:
Absolute Majority

Officer’s Recommendation:

105/2023 AUDIT AND RISK COMMITTEE’S RECOMMENDATION: 10.1

MOVED: Cr. Eva
SECONDED: Cr. Connaughton

That Council:

1. Accepts the 2022/2023 Annual Report incorporating the audited Financial Statements and auditors report;

2. Acknowledges receipt of the Management letter;

3. Instruct the CEO to give local public notice as soon as practicable that the 2022/2023 Annual Report is available for public inspection;

4. Instruct the CEO to publish the 2022/2023 Annual Report on the Shire of Three Spring's official website within 14 days;

5. Schedule the Annual Electors meeting for Monday 5 February 2024 commencing at 5:00 pm in Council Chambers. Local public notice to be given at least 14 days prior to the meeting date;

6. Instructs that the 2022/2023 Annual Report is to be sent to the Department of Local Government by 21 December 2023, which is within 30 days of acceptance of the auditor's report by the CEO.

	FOR	AGAINST
Cr Chris Lane (President)	✓	
Cr Nadine Eva (Deputy President)	✓	
Cr. Jim Heal	✓	
Cr Jenny Mutter	✓	
Cr Julia Ennor	✓	
Cr Chris Connaughton	✓	

CARRIED:
VOTED: 6/0
By Absolute Majority

11. TIME AND DATE OF NEXT MEETING

The date and time of the next Audit Committee are to be confirmed.

MEETING CLOSURE
There being no further business the Presiding Officer closed the meeting at pm.

I confirm these Minutes to be a true and accurate record of the proceedings of this Council.

Signed: ______________________________
Presiding Officer

Date: 28 February 2024