



SHIRE OF  
**MERREDIN**  
INNOVATING THE WHEATBELT

# AGENDA

## Audit Committee Meeting

To be held in Council Chambers  
Corner King & Barrack Street's, Merredin  
Monday, 11 December 2023  
Commencing 1:00pm



# Notice of Meeting



Dear President and Councillors,

The next meeting of the Audit Committee of the Shire of Merredin will be held on Monday, 11 December 2023 in the Council Chambers, Corner King & Barrack Streets, Merredin. The format will be:

1:00 pm                      Audit Committee

Lisa Clack  
CHIEF EXECUTIVE OFFICER  
7 December 2023

## DISCLAIMER

### **PLEASE READ THE FOLLOWING IMPORTANT DISCLAIMER BEFORE PROCEEDING:**

Statements or decisions made at this meeting should not be relied or acted on by an applicant or any other person until they have received written notification from the Shire. Notice of all approvals, including planning and building approvals, will be given to applicants in writing. The Shire of Merredin expressly disclaims liability for any loss or damages suffered by a person who relies or acts on statements or decisions made at a Council or Committee meeting before receiving written notification from the Shire.

The advice and information contained herein is given by and to Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

<b>Common Acronyms Used in this Document</b>	
WEROC	Wheatbelt East Regional Organisation of Councils
GECZ	Great Eastern Country Zone
WALGA	Western Australian Local Government Association
CEACA	Central East Aged Care Alliance
CEO	Chief Executive Officer
DCEO	Deputy CEO
EMDS	Executive Manager of Development Services
EMES	Executive Manager of Engineering Services
EMCS	Executive Manager of Corporate Services
EA	Executive Assistant to CEO
LPS	Local Planning Scheme
LGIS	Local Government Insurance Services
SRP	Strategic Resource Plan
CBP	Corporate Business Plan
CSP	Community Strategic Plan
MRCLC	Merredin Regional Community and Leisure Centre
CWVC	Central Wheatbelt Visitors Centre
MoU	Memorandum of Understanding

Shire of Merredin  
Audit Committee Meeting  
1:00pm Monday, 11 December 2023



**1. Official Opening**

**2. Record of Attendance / Apologies and Leave of Absence**

**Councillors:**

Cr M McKenzie	President
Cr R Manning	Deputy President
Cr B Anderson	
Cr D Crook	
Cr M Simmonds	

**Staff:**

L Boehme	EMCS
M Wyatt	EO

<b>Apologies:</b>	L Clack, CEO
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**Approved Leave of Absence:**

**3. Public Question Time**

Members of the public are invited to present questions about matters affecting the Shire of Merredin and its residents.

**4. Disclosure of Interest**

## 5. Confirmation of Minutes of the Previous Meeting

5.1 Audit Committee Meeting held on 15 November 2023  
Attachment 5.1A

### Voting Requirements



Simple Majority



Absolute Majority

### Officers Recommendation

**That the minutes of the Audit Committee Meeting held on 15 November 2023 be confirmed as a true and accurate record of proceedings.**

## 6. Officer's Reports

### 6.1 2022/23 Financial Management Review (FMR) Report

<h1>Corporate Services</h1>		 <b>SHIRE OF MERREDIN</b> INNOVATING THE WHEATBELT
<b>Responsible Officer:</b>	Leah Boehme, EMCS	
<b>Author:</b>	As above	
<b>Legislation:</b>	<i>Local Government Act 1995</i> <i>Local Government (Audit) Regulations 1996</i>	
<b>File Reference:</b>	Nil	
<b>Disclosure of Interest:</b>	Nil	
<b>Attachments:</b>	Attachment 6.1A – 2022/23 Financial Management Review Report – Shire of Merredin Attachment 6.1B – Managements Comments	
<b>Purpose of Report</b>		

Executive Decision

Legislative Requirement

To review and accept the Shire of Merredin (the Shire) Financial Management Review (FMR) Report, as provided by Moore Australia (Moore).

### Background

Section 17 of the *Local Government (Audit) Regulations 1996* states:

“17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.”

Moore conducted the Financial Management Review of the Shire over a period that commenced at the end of September 2023. The report was received 1 December 2023 and

outlines items of note in relation to 1(b) above. Their report is presented as Attachment 6.1A, with comments from the Shire in response to the items highlighted in Attachment 6.1B.

### Comment

The report outlines a number of findings as detailed in Attachment 6.1A. Attachment 6.2A provides managements responses to those findings.

An overview of the findings are listed below:

- Bank Reconciliations processes require review to ensure current practices are documented.
- End of Month checklist to be developed to ensure all processes are completed.
- Appropriate segregation of duties relating to processes for sundry debtors credit notes need to be developed.
- In future, the rates notices / newsletters need to contain a statement of objects and reasons for imposing differential rates, differential minimums and service charges.
- Key reconciliations should be completed prior to the finalisation of the monthly financial reports.
- Segregation of duties relating to procurement related activities need to be reviewed and documented.
- Two samples did not have accompanying purchase orders that could be produced.
- ABA banking files storage location to be reviewed to improve security.
- Monthly payroll reconciliations noted three imbalances, however these imbalances were reported at the time and records were maintained to support the reasons for the imbalances. It is suggested that these controls and practices are continued.
- Two staff members did not sign credit card agreements at the time of receiving their credit cards, however a process was implemented mid-last year that has ensured all card holders since have completed this agreement.
- Credit card reconciliations are not completed prior to the monthly funds direct debit being completed. The recommendation is for staff to check their statements earlier in the billing cycle.
- Fixed asset reconciliations are delayed until the sign off of the annual financials each year, the reviewers suggest that attention be drawn to this in the monthly statement of financial activity.
- A review of the asset register to ensure depreciation details match key accounting information requirements. Ensure updates to the asset register include review and authorisation by an independent officer.
- Regular review of cost reallocations to ensure accuracy and so that administration costs are not being incorrectly capitalised.

- Review of activity based costings to support calculation of rates being applied. Procedures to be developed to ensure regular review and monitoring of these costs.
- The Annual Report requires a statement relating to the process of applying for information under the *Freedom of Information Act 1992*.
- The link to the payment listing attachment from the January 2023 Ordinary Council Meeting is not working on the Shire's website. The payment listing is required by legislation to be published with the meeting minutes.
- Written procedures are required for the reconciliation of borrowings.
- Timely reconciliation of stock (including fuel) is required and controls need to be established.
- Documentation of controls relating to general journal procedures are required. This should include regular audit trails being completed to ensure now unauthorised journals have been completed.
- The investment register is not routinely reviewed by a more senior officer.
- An Information Communication Technology (ICT) Strategic Plan is required to be developed.
- The Business Continuity Plan requires routine testing to ensure validity.
- Update procedures to ensure the tender register includes all necessary information.
- The tender register on the Shire's website was not updated (2023/24 was not uploaded). This has been rectified.
- One primary return was not completed within the legislated timeframe. This was reported in the Shire's 2022 Compliance Audit Return at the March 2023 Audit Committee Meeting.
- Policy 3.5 - Investment Policy requires review and updating. It is suggested that the review timeframe could be amended to align with organisational requirements.

As with the Reg 17 Review findings from December 2022, planned actions to address the FMR findings will be added to the quarterly Risk and Reg 17 Report, and progress on these actions will be reported to the Audit Committee and Council at regular intervals.

It should be noted, that some of the recommendations reflect older processes, which the Administration has already commenced improving as part of it's commitment to continuous improvement.

#### Policy Implications

Nil

#### Statutory Implications

As per the *Local Government Act 1995* and *Local Government (Audit) Regulations 1996*.



### Strategic Implications

#### ∅ Strategic Community Plan

Theme: 4. Communications and Leadership.  
Service Area Objective: 4.2 - Decision Making.  
4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources.  
Priorities and Strategies for Change: Nil

#### ∅ Corporate Business Plan

Theme: Communication and Leadership  
Priority: Nil

### Sustainability Implications

#### ∅ Strategic Resource Plan

Nil

### Risk Implications

Council would be contravening the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996* if this item was not considered by the Audit Committee and Council.

### Financial Implications

Nil

### Voting Requirements

Simple Majority

Absolute Majority

### Officers Recommendation

**That the Audit Committee:**

- 1. RECEIVE the 2022/23 Financial Management Review Report for the Shire of Merredin, as presented in Attachment 6.1A;**
- 2. NOTES the Shire of Merredin response to the Financial Management Review Report findings, as presented in Attachment 6.1B; and**
- 3. RECOMMEND Council ENDORSE the 2022/23 Financial Management Review Report for the Shire of Merredin, as presented in Attachment 6.1A.**

## 6.2 Shire of Merredin Annual Report 2022/23

### Corporate Services



<b>Responsible Officer:</b>	Leah Boehme, EMCS
<b>Author:</b>	As above
<b>Legislation:</b>	<i>Local Government Act 1995</i>
<b>File Reference:</b>	Nil
<b>Disclosure of Interest:</b>	Nil
<b>Attachments:</b>	Attachment 6.2A - Annual Report for the Shire of Merredin 2022/23.

#### Purpose of Report

Executive Decision

Legislative Requirement

To review and accept the Shire of Merredin Annual Report 2022/23 and set the date for the Annual Electors Meeting.

#### Background

Section 5.53 of the *Local Government Act 1995* (the Act) states:

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

Section 5.54 of the Act states:

- (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.

As the audited financials for 2022/23 have been adopted, the Annual Report can now be finalised and a date for the Annual Electors Meeting can be set.

#### Comment

Local governments are required to adopt the Annual Report prior to 31 December each year and conduct an Annual Electors Meeting (AEM) no more than 56 days after adopting that report.

Considering the above legislative timeline, if the 2022/23 Annual Report is adopted at Council's 4 December 2023 meeting, the AEM must be held on or prior to Monday, 29 January 2024.

It is therefore proposed to conduct the AEM on the evening of Council's January 2024 meeting (Tuesday, 23 January 2024).

### Policy Implications

Nil

### Statutory Implications

As per the *Local Government Act 1995*.

#### Division 5 — Annual reports and planning

##### 5.53. Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
  - (a) a report from the mayor or president; and
  - (b) a report from the CEO; and
  - [(c), (d) *deleted*]
  - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
  - (f) the financial report for the financial year; and
  - (g) such information as may be prescribed in relation to the payments made to employees; and
  - (h) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
  - (ha) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*; and
  - (hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
    - (i) the number of complaints recorded in the register of complaints; and
    - (ii) how the recorded complaints were dealt with; and
    - (iii) any other details that the regulations may require; and
  - (i) such other information as may be prescribed.

*[Section 5.53 amended: No. 44 of 1999 s. 28(3); No. 49 of 2004 s. 42(4) and (5); No. 1 of 2007 s. 6; No. 5 of 2017 s. 7(1).]*

##### 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.

*[Section 5.54 amended: No. 49 of 2004 s. 49.]*

#### 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.

*[Section 5.55A inserted: No. 5 of 2017 s. 8.]*

### Strategic Implications

#### Ø Strategic Community Plan

Theme:	4. Communications and Leadership.
Service Area Objective:	4.2 - Decision Making. 4.2.2 – The Shire is progressive while exercising responsible stewardship of its built, natural and financial resources.
Priorities and Strategies for Change:	Nil

#### Ø Corporate Business Plan

Theme:	Communication and Leadership
Priority:	Nil

### Sustainability Implications

#### Ø Strategic Resource Plan

Nil

### Risk Implications

Council would be contravening the *Local Government Act 1995* if this item was not considered by the Audit Committee and Council.

### Financial Implications

Nil

### Voting Requirements

Simple Majority

Absolute Majority

### Officers Recommendation

That the Audit Committee:

1. **RECEIVE** the draft Shire of Merredin Annual Report 2022/23, presented as Attachment 6.2A;
2. **RECOMMEND** Council **ADOPT** the Shire of Merredin Annual Report 2022/23 (Attachment 6.2A), subject to design amendments, and **AUTHORISE** the Chief Executive Officer to approve any minor changes that may be required before the document is finalised for publishing; and
3. **RECOMMEND** to Council that it resolves to hold its Annual General Meeting of Electors on Tuesday 23 January 2024, commencing at 6.00pm in the Council Chambers.

## 7. Closure

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