



Shire of
Katanning
Heart of the Great Southern

**MINUTES OF THE
AUDIT AND RISK COMMITTEE MEETING**

Minutes of the Shire of Katanning Audit & Risk Committee
held on Wednesday 19 February 2025 at the
Shire of Katanning Conference Room.

DRAFT

PRESIDING MEMBER _____ DATE SIGNED _____



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1. DECLARATION OF OPENING/ACKNOWLEDGEMENT OF COUNTRY

Acknowledgement of Country

The Shire of Katanning acknowledges the Goreng Noongar people as the traditional custodians of the land that we live and work on. We recognise their cultural heritage, beliefs, and continuing relationship with the land, and pay our respects to Elders past and present.

2. ELECTION OF CHAIRPERSON

In the absence of the Chairperson, the CEO opened the meeting at 4:02pm and called for nominations for the position of Chairperson. Cr Totino was nominated, accepted the nomination and was elected to the position of Chairperson unopposed.

3. RECORD OF ATTENDANCE

PRESENT

Members:

Cr Kristy D'Aprile
 Cr Liz Guidera
 Cr Matt Collis
 Cr Ian Hanna
 Cr Paul Totino (Chairperson)
 Alan McFarland – (Independent Member) arrived at 4:12pm

Council Officers:

Peter Klein, Chief Executive Officer
 David Blurton, Executive Manager Corporate Services

Guests:

Apologies:

Patrick Kennedy, Manager of Finance
 Cr John Goodheart
 Cr Michelle Salter

4. DISCLOSURE OF FINANCIAL/IMPARTIALITY INTERESTS

The Executive Manager of Corporate Services, David Blurton disclosed a financial interest in relation to item 1 on page 7 of the Compliance Audit Return as it relates to his appointment to the role.

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**5.1 Audit and Risk Committee Meeting – Wednesday 11 December 2024**
(SEE ATTACHED MINUTES)

Voting Requirement: Simple Majority

MOVED: CR KRISTY D'APRILE

SECONDED: CR IAN HANNA

ARC01/25 That the minutes of the Audit & Risk Committee Meeting held on Wednesday 11 December 2024 be confirmed as a true record of proceedings with an amendment to the to reflect that Cr Guidera was an apology for the meeting.

FOR: CR KRISTY D'APRILE, CR IAN HANNA, CR MATT COLLIS, CR PAUL TOTINO, CR LIZ GUIDERA
AGAINST: NIL

CARRIED: 5/0

Mr. Alan McFarland arrived at 4:12pm.

6. REPORTS

6.1 Compliance Audit Return 2024 (ATTACHMENT)

File Ref: FM.AU.2
Reporting Officer: David Blurton, Executive Manager Corporate Services
Date Report Prepared: 4 February 2025
Disclosure of Interest: No Interest to disclose.

Issue:

For the Audit Committee to consider the Compliance Audit Return (CAR) for the year ending 31 December 2024.

Body/Background:

The Compliance Audit Return questionnaire is issued annually by the Department of Local Government and Communities and comprises a number of questions aimed at testing each authority's compliance with various section of the Local Government Act and Regulations.

The CAR is based on calendar years and is to be completed and formally endorsed by the Council by 31 March 2025. A certified copy is then signed by the CEO and President and submitted to the Director General, Department of Local Government and Communities.

The CAR It is not a full assessment of compliance with the Act, but more a sample test of compliance questions with the aim of improving governance standards across the sector.

Officer's Comment:

The CAR was completed by the Governance Officer and Executive Manager of Corporate Services and then reviewed by the Chief Executive Officer.

This year there were eleven (11) categories with a total of ninety-four (94) questions. No matters of non-compliance have been identified in this year's return.

Statutory Environment:

Local Government (Audit) Regulation 1996;

14. Compliance audits by local governments

- (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 sub regulation (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.

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO

- (1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —
- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and
 - (b) any additional information explaining or qualifying the compliance audit, is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.
- (2) In this regulation — certified in relation to a compliance audit return means signed by —
- (a) the mayor or president; and
 - (b) the CEO.

Policy Implications:

There are no policy implications for this report.

Financial Implications:

There are no financial implications for this report.

Risk Implications:

This item has been evaluated against the Shire of Katanning's Risk Assessment and Acceptance Criteria and the level of risk is low and can be managed by routine procedures and with current resources.

Strategic Implications: Shire of Katanning Strategic Community Plan 2022 - 2032

Focus Area	Leadership
Aspiration	Katanning is an inclusive and respectful community.
Objective	To ensure that Shire's resources are utilised in a manner that represents the best interest of the whole community.

Voting Requirement: Simple Majority

Audit and Risk Committee Recommendation/Council Motion:

MOVED: CR KRISTY D'APRILE

SECONDED: CR MATT COLLIS

ARC02/25 That Council:

1. **Adopts the Shire of Katanning Compliance Audit Return for the period 1 January 2024 to 31 December 2024; and**
2. **Authorises the Shire President and Chief Executive Officer to endorse the certification contained within the Compliance Audit Return 2024.**

CARRIED:6/0

**FOR: CR KRISTY D'APRILE, CR IAN HANNA, CR MATT COLLIS, CR PAUL TOTINO, CR LIZ GUIDERA,
MR ALAN MCFARLAND**

AGAINST:NIL

6.2 Budget Review 2024/2025 (ATTACHMENT)

File Ref: FM.BU.6
Reporting Officer: David Blurton, Acting Executive Manager of Corporate Services
Reviewed by: Peter Klein, CEO
Date Report Prepared: 7 February 2025

Matter for Consideration

To consider the 2024/2025 Budget Review as presented for the period ending 31 December 2024.

Background

The *Local Government (Financial Management) Regulations 1996*, regulation 33A, requires that local governments conduct a budget review between 1 January and the last day in February in each financial year. A copy of the review and determination is to be provided to the Department of Local Government within 14 days of the adoption of the review.

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. Council adopted a 10% or a \$10,000 minimum for the reporting of material variances to be used in the statements of financial activity and the annual budget review.

The Shire of Katanning 2024/2025 Budget Review Report is contained in the attachment.

Comment

Please note the comments contained in the Budget Variation Summary below.

Consultation

Belinda Knight, Financial Services Consultant

Statutory Implications

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

- (1) *Between 1 January and the last day of February in each financial 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*
 - a) *Consideration the local government's financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and*
 - b) *Consider the local government's financial position as at the date of the review; and*
 - c) *Review the outcomes for the end of that financial year that are forecast in the budget; and*
 - d) *Include the following-*
 - (i) *the annual budget adopted by the local government;*
 - (ii) *an update of each of the estimates included in the annual budget;*
 - (iii) *the actual amounts of expenditure, revenue and income as at the date of the review;*
 - (iv) *adjacent to each item in the annual budget adopted by the local government that stated an amount, the estimated end-of-year amount for the item.*
- (2) *The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that financial year.*

(3) A Council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

***Absolute majority required.**

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

Policy Implications

There is no Council Policy relevant to this item.

Financial Implications

A budget review has been undertaken by staff as per the requirements of the *Local Government Act 1995 and Local Government (Financial Management) Regulations 1996*. The following table summarises the proposed amendments, further details are available on Page 3 of the Budget Review document.

Budget Variation Summary

Income/Expenditure Type	Description	Positive Outcome	Negative Outcome
Opening Surplus / Deficit	Adjustment following the finalisation of the 2023/2024 Audit. The majority of this relates to the prepayment of General Purpose and United grants prior to June 2024 totalling \$2,442,467	\$2,576,376	
OPERATING EXPENSES			
Employee Costs	<p>Employee costs are tracking at 48% of budget to 31/12/2024. Anticipated amendments are:</p> <ul style="list-style-type: none"> (various) Employee Superannuation + \$48,901. Collectively, superannuation expense is expected to be below budget at 30/6/25 (GL0802) Salary Costs (OTG) – (\$26,299) reflect changes in salary packaging CEO vehicle made after budget was adopted. Also refer to FBT and CEO vehicle expense account changes. (GL2082) Health Salaries +\$66,000 savings from not replacing position, however reverting to outsourcing arrangement – refer item in materials and contracts. (GL8542) Workers Compensation (matched by income) – payments for staff on Workers Compensation (\$25,000) more than budgeted. 	\$138,630	

	<ul style="list-style-type: none"> • (GL8333) Plant Repairs + \$66,028 savings form not appointed mechanic, although costs are outweighed by outsourcing arrangement. – refer materials and contracts. • (GL5952) – Fringe Benefits Tax +\$9,000 saving from change in CEO vehicle packaging 		
<p>Materials & Contracts</p>	<p>Materials & Contracts are tracking at 41% of budget to 31/12/2024. Anticipated amendments are:</p> <ul style="list-style-type: none"> • (GL 0953) CEO vehicle costs – savings from packaging arrangement +\$8,054 • (G2081) Consultants Health Fees – reflects midyear change from employee to contractor position – (\$45,275) • (GL4703) Ranger Services – reflects additional costs expected to year end with current ranger services levels provided – (\$15,000) • (Z108) – Statues Memorials / Street Towers – represents unbudgeted restoration works carried out Prosser Park memorial – (\$9,500) • (GL6603) Amherst Contract Management – reflects annual management fee for outsourcing Amherst Village operation – (\$54,084) • (GL8332) – Plants, Parts and Repair – reflects increase maintenance being carried out to the Shires fleets (\$66,500) • (GL8333) Contract mechanic – change required to reflect outsourced Mechanic arrangement (\$118,000) 		<p>\$300,305</p>
<p>Insurance</p>	<p>Insurance costs are tracking at 89% of budget, with all invoices having been paid. Anticipated amendments are:</p>	<p>\$28,045</p>	

	<ul style="list-style-type: none"> Decrease in replacement value for Plant fleet. Realizing \$28,405 in savings 		
Utilities	As a result of a refund on water costs which were overcharged at Amherst Village a change in budget is recommended.	\$15,120	
Depreciation	Depreciation costs are significantly different to budget, as a result of revaluation of Infrastructure Assets at 30 June 2024.		\$1,813,565
Other Expenditure	An increase of \$10,000 is recommended recognising the commitment towards the Great Southern Treasures group of \$20,000 annually.		\$10,000
OPERATING REVENUES			
Rates	An increase in budget is recommended of \$65,000 to recognise interim rates which were raised after the annual rates were levied.	\$65,000	
Operating Grants	An additional \$32,460 has been received in excess of budget relating to Direct Grants from Main Roads WA	\$32,460	
Fees & Charges	<p>Fees and charges are tracking at 78% of budget. Anticipated amendments are:</p> <ul style="list-style-type: none"> (GL2613) – Refuse Site disposal charges increase in revenue due to receiving refuse from outside of Shire - \$60,000. Fees collected from the Shire of Kojonup total \$45,624 to 31/12/24. (GL2893) - Town Planning Fees are \$30,000 more than anticipated. This includes over \$25,000 relating to WAMMCO planning applications. (GL4801) – rental Income – Key Worker Housing will be (\$12,600) less than anticipated as unit 3/5 Kaatanup Loop was vacant for longer than anticipated. (GL5773) Sheep Yarding Fees is expected to be greater than budget 	\$192,400	

	<p>by \$100,000 by 30 June 2025. Offers recommend transfer of this to Saleyards Reserve.</p> <ul style="list-style-type: none"> (GL8873) rental income from Property Leases will be \$15,000 more than expected, mainly due to the Shire invoicing DPRID for five years rent at the Shires Police Pools Road property. 		
Other Revenue	<p>Other Revenue is tracking at 45% of budget. Anticipated amendments are:</p> <ul style="list-style-type: none"> (GL2224) EHO Reimbursements will be less than budgeted as the Shire has reverted to outsourcing arrangement rather than a shared employee agreement. (\$36,347) (GL2063) Insurance Claim Reimbursement – Administration are greater than expected \$10,175 relating to the Administration Centre Air conditioning system. (GL8553) - Workers Compensation reimbursements (see also Employee Costs) - \$25,000 		\$1,172
CAPITAL PROJECTS			
	<p>Capital Grants are well below budget at 3.7%, however it is expected that the majority of grants will be received by 30 June 2025. The following represents expected amendments.</p> <ul style="list-style-type: none"> (GL2680 and GL2679) University Hub Expenditure and Grant. It was anticipated that the Council would receive \$325,000 from Regional Development Australia to upgrade and fit out the old hotel units at Austral terrace for the project, however with the agreed change in venue to the old Council Administration, responsibilities for fit out changed to Great Southern University requiring an amendment to project income and expense. 	306,330	306,330

	<ul style="list-style-type: none"> • (jobCC17 and GL3556)) Quartermaine Oval Upgrade. The project is tracking well, however as the Council is aware (resolution OC111/24) quotes received were over the initial \$2m budget by \$67,317. The resolution of Council was to accept the quotes and negotiate any savings that could be identified, of which only \$7,246 in savings was able to be achieved. There have been some minor variations arise during the project (totalling \$4,677 at time of writing) and the project has required water to be transported from the depot standpipe to site to sure up water supplies in readiness for turf laying at an estimated additional cost of \$12,500 (excluding plant and labour) which was not included in the initial project budget. Department of Sport and Recreation have advised that 1/3 of these additional costs can be claimed in the CSRFF grant agreement. • (GL4631) Regional Road Group Income (RRG). Pemble Street RRG job was incomplete at year end 30/6/24 and this was not included in 24/25 budget so an adjustment to both RRG expense and income is required. There is also a final adjustment to the RRG grant for the Clive Street project from 23/24 that needs to be made. • (GL5051 and job C138) Roads to Recovery Income and Expense (R2R). Kelly Road upgrade was also not carried forward to the 24/25 budget so an adjustment is needed which can be full claimed by the R2R program • (GL1sys010 and job C981) Saleyards Ear Tagging System. The 24/25 budget had reflected that \$878,199 would be spent on this project which 	<p>\$46,055</p> <p>\$69,406</p> <p>\$20,000</p> <p>\$108,795</p>	<p>\$80,859</p> <p>\$87,788</p> <p>\$20,000</p> <p>\$108,795</p> <p>\$27,585</p>
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	<p>was to be fully funded from a grant. Officers have been advised that the grant will be less (\$769,404) with 50% likely to be received in 25/26 following audit acquittal. An adjustment is therefore recommended to recognise this.</p> <ul style="list-style-type: none"> • (jobC403) Cemetery Upgrade. Council considered this at its meeting September 2024 and resolved to increase the project budget to \$127,585 with additional \$27,585 to be accessed from Reserve. Officers recommend accessing surplus funds rather than reserve funds as part of the budget review process. • (GL2676) Noongar public artworks project – requires an adjustment of \$19,002 as design work for the Kaarl Yarning project undertaken in 22/23 and 23/24 has been incorrectly allocated to this project. • (CC18) Kaarl Yarning Project – requires budget reduction of \$21,002 as design work has previously been incorrectly allocated to GL2676 plus a \$2,000 GST accounting error. • JobAC047 Generator 60KVA purchase. This transaction was budgeted in 23/24 but delivered and paid in 24/25 requiring budget amendment. • JobAC094 Isuzu NPR purchase. Quote received for vehicle replacement were well in excess of available budget, so management recommend not replacing this item in 24/25 • New budget allocations recommended. <p>1. Housing Development Project – to reflect proposed agreement with Evoke Housing</p> <p>Housing Capital expense</p>	<p>\$19,002</p> <p>21,002</p> <p>25,595</p> <p>79,000</p> <p>80,000</p> <p>280,000</p> <p>100,000</p> <p>70,000</p> <p>632,500</p> <p>117,500</p> <p>515,000</p>	
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	<p>Sale of Land</p> <p>Land and Buildings reserve transfer</p> <p>2. Transfer to Saleyards Reserve – representing additional fees collected.</p> <p>3. Forest Hills golf club demolition – proposal to demolish old clubrooms which are on Council reserve.</p> <p>4. Amherst Units</p> <p>Lease for life deposits - 4 new tenancies</p> <p>Less shared profit previous tenant arrangement</p> <p>Transfer to Amherst reserve</p>		
	TOTALS (incl non-cash item)	4,691,479	3,963,496
	<p>Estimated 24-25 End of Year Surplus</p> <p>Note – Federal Assistance Grants have not been adjusted as it is assumed that the WA Grants Commission will continue to prepay 70% of the Council’s 25-26 grant allocation in the 24-25 financial year.</p>	\$2,541,549	

Risk Implications:

This item has been evaluated against the Shire of Katanning’s Risk Assessment and Acceptance Criteria. The perceived level of risk is considered to be “Low” risk and can be managed by routine procedures and with current resources.

Strategic Implications:

Shire of Katanning Strategic Community Plan 2022 - 2032

Focus Area Leadership

Aspiration Katanning is an inclusive and respectful community.

Objective To ensure that Shire resources are utilised in a manner that represents the best interest of the whole community.

Voting Requirement: Absolute Majority

Officer's Recommendation/Council Motion:

MOVED: CR KRISTY D'APRILE

SECONDED: CR LIZ GUIDERA

ARC03/25 That Council:

- 1. Receives the Budget Review conducted for the period ended 31 December 2024; and**
- 2. Authorises the Chief Executive Officer to amend the 2024/2025 Budget in accordance with the attached Report with the following amendment;**
 - a. Removal of the Housing development project Income and Expense**

CARRIED:6/0

**FOR: CR KRISTY D'APRILE, CR IAN HANNA, CR MATT COLLIS, CR PAUL TOTINO, CR LIZ GUIDERA,
MR ALAN MCFARLAND
AGAINST:NIL**

7. CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 4:42pm.