



SHIRE
of
DANDARAGAN

MINUTES

for

AUDIT COMMITTEE MEETING

held

JURIEN BAY ADMINISTRATION CENTRE MEETING ROOM

on

THURSDAY 28 FEBRUARY 2019

COMMENCING AT 1.03PM

MINUTES OF AUDIT COMMITTEE MEETING HELD FRIDAY 28 FEBRUARY 2019
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1. DECLARATION OF OPENING

The Presiding Member declared the meeting open at 1.03pm and welcomed those present.

2. RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

Members Councillor K McGlew (Chair)
 Councillor A Eyre
 Councillor P Scharf
 Councillor D Slyn

Staff Mr S Clayton (Executive Manager Corporate & Community Services)
 Mr B Bailey (Chief Executive Officer)

Apologies

Nil

Leave of Absence

Nil

3. CONFIRMATION OF MINUTES

3.1 MINUTES OF THE AUDIT COMMITTEE MEETING HELD 7 DECEMBER 2018

AUDIT COMMITTEE DECISION

Moved Cr Scharf, seconded Cr Eyre

That the Minutes of the Audit Committee Meeting held 7 December 2018 be confirmed.

CARRIED 4 / 0

<p align="center">MINUTES OF AUDIT COMMITTEE MEETING HELD FRIDAY 28 FEBRUARY 2019</p>
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4. MATTERS FOR DISCUSSION

4.1 BUDGET REVIEW 2018 / 2019

Location:	Shire of Dandaragan
Applicant:	N / A
Folder ID:	Business Classification Scheme / Financial Management / Financial Reporting
Disclosure of Interest:	None
Date:	25 February 2019
Author:	Scott Clayton, Executive Manager Corporate and Community Services

PROPOSAL

To recommend to Council that the budget review for the 2018 / 2019 financial year based on the financial statements from 1 July 2018 to 31 December 2019 be adopted.

BACKGROUND

As part of the amendments to the Financial Management Regulations (1996), Regulation 33A - Review of budget has been inserted.

"This requires;

- 1. between 1 January and 31 March in each year, local government is to carry out a review of its' annual budget for that year;*
- 2. it is to be submitted to council within 30 days of the review;*
- 3. Council is to consider the review and determine whether or not to adopt the review, any parts of the review or any recommendations made in the review; and*
- 4. a copy of the review and determination is to be then forwarded to the Department within 30 days."*

COMMENT

Staff have reviewed the 2018 / 2019 budget to identify any significant variances. The financial statements to the 31 December 2018 have been used as the basis for the review, however, where a variance has occurred and is known prior to the completion of the staff component of the review on 22 February 2019, these have been accounted for.

Attached is a detailed summary of the identified variances, the Rates Setting Statement and other statements showing the effect of these variances.

In addition to the listed changes the actual opening surplus carried forward was \$34,454 less than budgeted.

The budget review identifies an amended budget surplus of \$105,555 to 30 June 2019.

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In consultation with the Chief Executive Officer, it has been recommended that this surplus be transferred to the Economic Development Reserve.

CONSULTATION

- Chief Executive Officer
- Acting Executive Manager Infrastructure
- Executive Manager Development Services
- Senior Finance Officer

STATUTORY ENVIRONMENT

- Regulation 33A and 34 of the Local Government Financial Management Regulations (1996)

POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

The adoption of this review will amend the budget with an overall recognition of a surplus of \$105,555. However, the transfer on this amount to the Economic Development Reserve will re-instate the balanced budget.

STRATEGIC IMPLICATIONS

2016 – 2026 Strategic Community Plan

<i>Goal 5 - Proactive and Leading Local Government</i>	
Objectives	How the Shire will Contribute
5.2 High Performing Administration	c) Compliance in all legislative requirements and functions

ATTACHMENTS

Circulated with the agenda is the following item relevant to this report:

- Budget Review identified variances and statements for the period ending 30 June 2019 (Doc Id: 129122)

(Marked 4.1)

VOTING REQUIREMENT

Simple Majority

OFFICER RECOMMENDATION 1 / AUDIT COMMITTEE DECISION

Moved Cr Slyn, seconded Cr McGlew

To recommend to Council that the budget review, as presented with a surplus of \$105,555, be adopted, with the following variances being formally adopted as budget amendments;

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GENERAL LEDGER ACCOUNT NAME	SCHEDULE	DESCRIPTION	AMOUNT (DR)/CR \$	AMENDED (SURPLUS) / DEFICIT \$
		Budgeted Surplus / (Deficit) to 30 June 19		0
		Variance of opening surplus budget to actual		34,454
				34,454
Interest on Instalments	Rate Revenue	Increase in Instalment interest income	(6,000)	28,454
Staff Housing	Other Governance	Salary Sacrifice housing rent	29,000	57,454
Staff Housing Rent	Other Governance	Salary Sacrifice housing rent	(29,000)	28,454
General ESL	Fire Prevention	Actual ESL raised from rates was higher	(31,364)	(2,910)
ESL Remittance	Fire Prevention	Actual ESL raised from rates was higher	31,364	28,454
Other Grants	Fire Prevention	17/18 BFB Supplement Operating Grant	(1,199)	27,255
Profit on Sale of Plant & Equipment	Fire Prevention	2 x CBFB vehicles returned to DFES	(36,705)	(9,450)
Profit on Sale of Plant & Equipment	Fire Prevention	2 x CBFB vehicles returned to DFES	(83,409)	(92,859)
Plant & Equipment	Fire Prevention	2 x CBFB vehicles returned to DFES	(118,897)	(211,756)
Plant & Equipment	Fire Prevention	2 x CBFB vehicles returned to DFES	(230,000)	(441,756)
Less Accumulated Depreciation	Fire Prevention	2 x CBFB vehicles returned to DFES	43,602	(398,154)
Less Accumulated Depreciation	Fire Prevention	2 x CBFB vehicles returned to DFES	99,659	(298,495)
Non-reciprocal contributed asset	Fire Prevention	2 x CBFB vehicles returned to DFES	325,750	27,255
Other Contributions	Other Welfare	Education contribution - Youth Traineeship	(1,500)	25,755
Other Reimbursements (No GST)	Sewerage	Water Corporation fees charges error refunded	(46,817)	(21,062)
Other Reimbursements	Town Planning	Shire of Coorow Planning consultancy fees	(5,000)	(26,062)
Insurance	Public Halls and Civic Centres	JB Bowling club water tank insurance claim	(4,870)	(30,932)
Lease Repayments	Public Halls and Civic Centres	Civic Centre water filter lease	7,404	(23,528)
Insurance Claims	Public Halls and Civic Centres	JB Bowling club water tank insurance claim	4,870	(18,658)
Other Non-Operating Grants	Other Recreation and Sport	Shire of Irwin Final Payment for Coastal Nodes	(25,430)	(44,089)
MRWA Direct Grant	Streets Roads Bridges Depots Maint	Direct Grant was higher than budgeted	(81,705)	(125,794)
Grants Commission	Other General Purpose Income	WALGGC grant higher than budgeted	(21,084)	(146,878)
Local Roads	Other General Purpose Income	WALGGC grant higher than budgeted	(24,461)	(171,339)
Sale of Tourism Merchandise	Tourism and Area Promotion	Higher than budgeted sales	(9,000)	(180,339)
Extractive Industry Licences	Other Economic Services	Add budget for extractive industry licences	(1,239)	(181,578)
Private Rental	Unclassified	Private rental income - 31A Dandargan Road	(7,600)	(189,178)
Private Rental	Unclassified	Private rental income - 31B Dandargan Road	(3,600)	(192,778)

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GENERAL LEDGER ACCOUNT NAME	SCHEDULE	DESCRIPTION	AMOUNT (DR)/CR \$	AMENDED (SURPLUS) / DEFICIT \$
Private Rental	Unclassified	Private rental income - 31C Dandargan Road	(4,800)	(197,578)
Profit on Sale of Land	Unclassified	Correct Sale of Lot 96 Bashford Street Jurien Bay	(200,648)	(398,226)
Land	Unclassified	Correct Sale of Lot 96 Bashford Street Jurien Bay	200,000	(198,226)
Buildings & Improvements	Unclassified	Correct Sale of Lot 96 Bashford Street Jurien Bay	(63,000)	(261,226)
Less Accumulated Depreciation	Unclassified	Correct Sale of Lot 96 Bashford Street Jurien Bay	(232,128)	(493,354)
Less Accumulated Depreciation	Unclassified	Correct Sale of Lot 96 Bashford Street Jurien Bay	295,776	(197,578)
Lions Club of Jurien Bay - SSL 133	Unclassified	SSL to Jurien Bay Lion Club for Storage Shed	50,000	(147,578)
Self Supporting Loans Non-Current	Unclassified	SSL to Jurien Bay Lion Club for Storage Shed	(50,000)	(197,578)
Other Recreation Plan	Recreation and Sport	JB Golf Club CSRFF grant - bore	50,000	(147,578)
Sport and Recreation Reserve	Equity	JB Golf Club CSRFF grant - bore	(50,000)	(197,578)
Plant & Equipment	Road Plant Purchase	Replacement Tandem Dolly trailer from Lombardi	27,091	(170,487)
Plant Reserve	Equity	Replacement Tandem Dolly trailer from Lombardi	(12,053)	(182,540)
Other Reimbursements	Other Health	Health services performed for the Shire of Moora	(22,000)	(204,540)
Plant & Equipment	Plant Operations	Dispose tandem dolly insurance write off	(14,000)	(218,540)
Less Accumulated Depreciation	Plant Operations	Dispose tandem dolly insurance write off	2,572	(215,968)
Profit on Sale of Plant & Equipment	Plant Operations	Dispose tandem dolly insurance write off	(2,519)	(218,487)
Furniture & Equipment	Other Recreation and Sport	Design & Installation of new Cervantes Playground	25,845	(192,642)
Infrastructure Renewal Reserve	Equity	Design & Installation of new Cervantes Playground	(25,845)	(218,487)
Utilities	Other Health	Wellness Centre utilities in their name	(5,000)	(223,487)
Contributions & Donations	Heritage	Memorial Service-RSLJB in budget twice	(5,000)	(228,487)
Tourism Expenses	Tourism and Area Promotion	Transfer funds for St Johns Transport Vehicle	(15,000)	(243,487)
Contributions & Donations	Aged and Disabled - other	Contribution-St Johns Community Transport Vehicle	15,000	(228,487)
Tourism Merchandise	Tourism and Area Promotion	Higher tourism merchandise sales than predicted	9,000	(219,487)
Development Application Fees	Town Planning	Less development application fees than projected	60,000	(159,487)
Building Licences	Building Control	Less building license fees than projected	16,000	(143,487)
Consultancy	Swimming Areas and Beaches	Transfer funds to short term environmental project	(25,000)	(168,487)
Materials and Contracts (ALL)	Swimming Areas and Beaches	Transfer funds to short term environmental project	25,000	(143,487)
Salaries	Other Recreation and Sport	Internal salary re-allocation	(40,514)	(184,001)

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GENERAL LEDGER ACCOUNT NAME	SCHEDULE	DESCRIPTION	AMOUNT (DR)/CR \$	AMENDED (SURPLUS) / DEFICIT \$
Public Works Overheads Expense	Other Recreation and Sport Plant	Internal salary re-allocation	(43,257)	(227,258)
Salaries	Operations Plant	Internal salary re-allocation	40,514	(186,744)
Public Works Overheads Expense	Operations Plant	Internal salary re-allocation	43,257	(143,487)
Infrastructure - Footpaths	Streets Roads Bridges Depots Maint	Completed over budget - Turquoise Way Replacement	2,914	(140,573)
Infrastructure - Footpaths	Streets Roads Bridges Depots Maint	Completed over budget - Bashford St Path	7,000	(133,573)
Infrastructure - Footpaths	Streets Roads Bridges Depots Maint	Completed over budget - Bashford St Path	6,000	(127,573)
Infrastructure - Other	Waste Management - Household	Completed under budget - Cerv Entry Statement	(1,145)	(128,718)
Infrastructure - Parks & Reserves	Waste Management - Household	Completed over budget - Fautleroy Park Lights	2,225	(126,493)
Infrastructure - Parks & Reserves	Waste Management - Household	Completed under budget-Catalonia Tank Replacement	(2,885)	(129,378)
Infrastructure - Roads	Streets Roads Bridges Depots Maint	Completed under budget - Waddi Rd Gravel Resheet	(4,355)	(133,733)
Infrastructure - Roads	Streets Roads Bridges Depots Maint	Completed under budget-Cantabilling Rd Resheet	(1,856)	(135,589)
Infrastructure - Roads	Streets Roads Bridges Depots Maint	Completed job under budget - Airstrip Road Seal	(3,915)	(139,504)
Infrastructure - Roads	Streets Roads Bridges Depots Maint	Completed job over budget - Jurien East Road RRG	36,840	(102,664)
Less Accumulated Depreciation (P&E)	Various	Net Change on budgeted depreciation due to reval	(266,986)	(369,650)
Depreciation (various expense accounts)	Various	Net Change on budgeted depreciation due to reval	266,986	(102,664)
Less Accumulated Depreciation	Various	Net Change on bud v Act P & E changeovers	9,998	(92,666)
Profit on disposal	Various	Net Change on bud v Act P & E changeovers	(305)	(92,971)
Loss on disposal	Various	Net Change on bud v Act P & E changeovers	(12,284)	(105,255)
Sale of Goods	Various	Net Change on bud v Act P & E changeovers	(300)	(105,555)
			Total (Surplus) / Deficit	(105,555)

CARRIED 4 / 0

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OFFICER RECOMMENDATION 2 / AUDIT COMMITTEE DECISION

Moved Cr Eyre, seconded Cr Scharf

To recommend to Council that the surplus identified by the 2018 / 19 budget review of \$105,555 be transferred to the Economic Development Reserve.

CARRIED 4 / 0

4.2 BUSINESS CONTINUITY PLAN

Location:	Shire of Dandaragan
Applicant:	N / A
Folder ID:	Business Classification Scheme / Risk Management / Procedures / Procedures Manual
Disclosure of Interest:	None
Date:	25 February 2019
Author:	Scott Clayton, Executive Manager Corporate and Community Services

PROPOSAL

For the Audit Committee to receive the Business Continuity Plan for the Shire of Dandaragan.

BACKGROUND

Regulation 17 of the Local Government (Audit) Regulations 1996 requires that the Chief Executive Officer "is to review the appropriateness and effectiveness of a local government's systems and procedures."

As part of this process the requirement of the Shire of Dandaragan to develop a Business Continuity Plan (Plan) had been identified as a necessary tool to mitigate risk within the Shire administration.

COMMENT

The Shire contracted Michael Sparks from Local Government Insurance Services to workshop and develop an appropriate Plan for the Shire of Dandaragan.

The timeline for the development of the plan was as follows;

29 November 2018	Pre-Workshop Desktop Activity – Initial Ranking of activities
7 December 2018	Half Day Workshop with Michael Sparks to develop Plan
8 December 2018	Second Half Day Workshop with Michael Sparks to further develop and finalise the Shire's Plan
12 December 2018	Plan and Procedures Manual finalised and circulated to the Shire's Executive Management Team
8 February 2018	Plan and Procedures Manual rolled out to all staff following last review of finalised document.

The Plan has been developed to ensure a standardised, consistent approach to business continuity whilst providing a best practice

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methodology that fits within the Shire's overarching Risk Management Framework.

The Plan is a collection of checklists developed and maintained in readiness for use during an incident, particularly if the incident results in a disruption to business-as-usual activities.

The term 'Incident' can also be used to indicate a 'Disruption', 'Crisis', 'Disaster' or 'Emergency'.

The Plan's main purpose is to offer guidance in restoring the Shire to an acceptable level of operation and ensure continuity of time-critical business activities following disruption.

CONSULTATION

- Michael Sparks, Local Government Insurance Services

STATUTORY ENVIRONMENT

Local Government (Audit) Regulations 1996 – Reg 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 sub-regulation (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.*

POLICY IMPLICATIONS

There are no policy implications relevant to this item.

FINANCIAL IMPLICATIONS

There are no financial implications relevant to this item.

STRATEGIC IMPLICATIONS

2016 – 2026 Strategic Community Plan

<i>Goal 5 - Proactive and Leading Local Government</i>	
Objectives	How the Shire will Contribute
5.2 High Performing Administration	c) Compliance in all legislative requirements and functions

ATTACHMENTS

Circulated with the agenda is the following item relevant to this report:

- Incident Management / Business Continuity Response Plan (Doc Id:129138)

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- Business Continuity Management Procedures Manual (Doc Id: 129137)
(Marked 4.2)

VOTING REQUIREMENT

Simple Majority

OFFICER RECOMMENDATION / AUDIT COMMITTEE DECISION

Moved Cr Eyre, seconded Cr Scharf

That the Audit Committee receive the Shire of Dandaragan's;

- 1. Incident Management / Business Continuity Response Plan, and;**
- 2. Business Continuity Management Procedures Manual**

CARRIED 4 / 0

5 CLOSURE OF MEETING

The Presiding Member declared the Meeting closed at 1.26pm.

These Minutes were confirmed at a Meeting on... 28th March 2019

Signed... [Signature]

Presiding Person at the Meeting at which the Minutes were confirmed

Date... 28th March 2019