

## SHIRE OF BRUCE ROCK

### AUDIT COMMITTEE MINUTES MEETING 18 AUGUST 2022

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## SHIRE OF BRUCE ROCK

### AUDIT COMMITTEE AGENDA MEETING 18 AUGUST 2022

**1. Declaration of Opening**

The Shire President Stephen Strange declared the meeting open at 2.49pm.

**2. Record of Attendance / Apologies / Leave of Absence (Previously Approved)**

President	Cr SA Strange
Councillors	Cr KP Foss
	Cr NC Kilminster
	Cr PG Negri
	Cr R Rajagopalan
	Cr BJ Waight
	Cr AR Crooks
	Cr BJ Waight
	Cr RA Waye
Chief Executive Officer	Mr DRS Mollenoyux
Deputy Chief Executive Officer	Mr A O'Toole
Executive Assistant	Mrs MJ Schilling
Apology	Cr J Verhoogt

**3. Response to Previous Public Questions Taken on Notice**

**4. Public Question Time**

**5. Petitions / Deputations / Presentations / Submissions**

**6. Confirmation of Minutes**

6.1. Audit Committee Meeting – 19 May 2022

**OFFICER RECOMMENDATION AND COUNCIL DECISION**

**Resolution ACM Aug 22 – 6.1**

**Moved: Cr Waye**

**Seconded: Cr Foss**

**That the minutes of the Audit Committee Meeting held 19 May 2022 be confirmed as a true and correct record.**

**Carried 8/0**

## 7. Reports of Officers

### 7.1. Manager of Finance

<b>Agenda Reference and Subject:</b>	<b>7.1.1</b>	Setting Material Variance for Monthly Financial Reports
<b>File Reference:</b>	8.2.6.2	Annual Financial Statements
<b>Reporting Officer:</b>	Jennifer Bow, Manager of Finance	
<b>Author:</b>	Jennifer Bow, Manager of Finance	
<b>Disclosure of Interest</b>	Nil	
<b>Attachments:</b>	Nil	

#### Summary

Each year, the Audit Committee is asked to re-set the material variance levels for the Monthly Financial Statements.

#### Background

The material variance is either a percentage or monetary value that highlights when explanations are to be made as to why there is a variance between the actual amount and the budgeted year to date figure.

#### Comment

Each financial year, the local government is to adopt a percentage or value, calculated in accordance with AAS 5, to be used in the statements of financial activity for reporting materials variances.

#### ***Consideration of Materiality (AAS (Australian Accounting Standard) 5)***

##### ***Paragraph 4.1***

*Information is material if its omission, misstatement, or non-disclosure has the potential to adversely affect:*

- a) decision about the allocation of scarce resources made by users of the financial report; or*
- b) the discharge of accountability by the management or governing body of the entity.*

Council have been using a variance of 10% or an amount of \$5,000.

Staff have also contacted OAG's contract auditors, Robert Hall, Director, Dry Kirkness (the audit team from Butler Settineri has joined Dry Kirkness) for comment to confirm if he is also happy with 10% or \$5,000.

#### **Consultation**

Darren Mollenoyux, Chief Executive Officer  
 Jennifer Bow, Manager of Finance  
 Robert Hall, Director, Dry Kirkness

#### **Statutory Implications**

*Local Government (Financial Management) Regulations 1996, r.34(5), Local Government Act 1995, Local Government (Audit) Regulations 1996*

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

Strategic Community Plan 2017-2027

**Governance**

Goal 12 Council leads the organisation in a strategic flexible manner

10 Year Outcome – We are financially viable whilst meeting all levels of compliance

**Voting Requirements**

Simple Majority

**OFFICER RECOMMENDATION AND COUNCIL DECISION**

**Resolution ACM Aug 22 – 7.1.1**

**Moved: Cr Rajagopalan**

**Seconded: Cr Foss**

**That the Audit Committee recommends that Council adopt a variance of 10% or an amount over \$5,000 to be considered material for highlighting variances between the actual and the year-to-date budget figures in the Monthly Statement of Financial Activity for 2022-23.**

**Carried 8/0**

**Agenda Reference and Subject:**

**7.1.2** Financial Management Systems Review Report

**File Reference:**

8.2.6.1 Annual Audit

**Reporting Officer:**

Jennifer Bow, Manager of Finance

**Disclosure of Interest**

Nil

**Attachment**

*Item 7.1.2 Attachment A – CONFIDENTIAL Financial Management System Review*

**COUNCIL DECISION**

**Resolution ACM Aug 22 – 7.1.2.1**

**Moved:** Cr Rajagopalan

**Seconded:** Cr Kilminster

**That in accordance with Section 5.23(2) of the Local Government Act 1995, the meeting is closed to the members of the public for this item as the following sub-section applied:**

**(e) a matter that if disclosed, could be reasonably expected to –**

**(iii) information about the business, professional, commercial or financial affairs of a person.**

**Carried 8/0**

**COUNCIL DECISION**

**Resolution ACM Aug 22 – 7.1.2.2**

**Moved:** Cr Crooks

**Seconded:** Cr Waight

**That in accordance with Section 5.23(2) of the Local Government Act 1995, Council reopens the meeting to the members of the public.**

**Carried 8/0**

**COUNCIL DECISION**

**Resolution ACM Aug 22 – 7.1.2.2**

**Moved:** Cr Waye

**Seconded:** Cr Waight

**That in accordance with Section 5.23(2) of the Local Government Act 1995, Council reopens the meeting to the members of the public.**

**Carried 8/0**

**8. New Business of an urgent nature introduced by discussion of the meeting.**

**9. Closure of Meeting**

The Shire President Stephen Strange thanked everyone for their attendance and declared the meeting closed at 2.52pm.

These minutes were confirmed at a meeting on

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Cr Stephen Strange  
Shire President

## SHIRE OF BRUCE ROCK

### AUDIT COMMITTEE AGENDA MEETING 18 AUGUST 2022

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## SHIRE OF BRUCE ROCK

### AUDIT COMMITTEE AGENDA MEETING 18 AUGUST 2022

*Disclaimer*

*The recommendations in the Agenda are subject to confirmation by Council. The Shire of Bruce Rock warns that anyone who has any application lodged with Council must obtain and should only rely on written confirmation of the outcomes of the application following the Council Committee meeting, and any conditions attaching to the decision made by the Council in respect of the application. No responsibility whatsoever is implied or accepted by the Shire of Bruce Rock for any act, omission or statement or intimation occurring during a Council Committee meeting.*

- 1. Declaration of Opening**
- 2. Record of Attendance / Apologies / Leave of Absence (Previously Approved)**
- 3. Response to Previous Public Questions Taken on Notice**
- 4. Public Question Time**
- 5. Petitions / Deputations / Presentations / Submissions**
- 6. Confirmation of Minutes**

6.1. Audit Committee Meeting – 19 May 2022

**That the minutes of the Audit Committee Meeting held 19 May 2022 be confirmed as a true and correct record.**



## 7. Reports of Officers

### 7.1. Manager of Finance

<b>Agenda Reference and Subject:</b>	<b>7.1.1</b>	Setting Material Variance for Monthly Financial Reports
<b>File Reference:</b>	8.2.6.2	Annual Financial Statements
<b>Reporting Officer:</b>	Jennifer Bow, Manager of Finance	
<b>Author:</b>	Jennifer Bow, Manager of Finance	
<b>Disclosure of Interest</b>		
<b>Attachments:</b>	Nil	

#### Summary

Each year, the Audit Committee is asked to re-set the material variance levels for the Monthly Financial Statements.

#### Background

The material variance is either a percentage or monetary value that highlights when explanations are to be made as to why there is a variance between the actual amount and the budgeted year to date figure.

#### Comment

Each financial year, the local government is to adopt a percentage or value, calculated in accordance with AAS 5, to be used in the statements of financial activity for reporting materials variances.

#### ***Consideration of Materiality (AAS (Australian Accounting Standard) 5)***

##### ***Paragraph 4.1***

*Information is material if its omission, misstatement, or non-disclosure has the potential to adversely affect:*

- a) decision about the allocation of scarce resources made by users of the financial report; or*
- b) the discharge of accountability by the management or governing body of the entity.*

Council have been using a variance of 10% or an amount of \$5,000.

Staff have also contacted OAG's contract auditors, Robert Hall, Director, Dry Kirkness (the audit team from Butler Settineri has joined Dry Kirkness) for comment to confirm if he is also happy with 10% or \$5,000.

#### **Consultation**

Darren Mollenoyux, Chief Executive Officer  
Jennifer Bow, Manager of Finance  
Robert Hall, Director, Dry Kirkness

#### **Statutory Implications**

*Local Government (Financial Management) Regulations 1996, r.34(5), Local Government Act 1995, Local Government (Audit) Regulations 1996*

**Policy Implications**

Nil

**Financial Implications**

Nil

**Strategic Implications**

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**Governance**

Goal 12 Council leads the organisation in a strategic flexible manner

10 Year Outcome – We are financially viable whilst meeting all levels of compliance

**Voting Requirements**

Simple Majority

**Officer Recommendation:**

**That the Audit Committee recommends that Council adopt a variance of 10% or an amount over \$5,000 to be considered material for highlighting variances between the actual and the year-to-date budget figures in the Monthly Statement of Financial Activity for 2022-23.**

**Agenda Reference and Subject:**

**7.1.2** Financial Management Systems Review Report

**File Reference:**

8.2.6.1 Annual Audit

**Reporting Officer:**

Jennifer Bow, Manager of Finance

**Disclosure of Interest**

**Attachment**

*Item 7.1.2 Attachment A – CONFIDENTIAL Financial Management System Review*

**Officer Recommendation**

That in accordance with Section 5.23(2) of the Local Government Act 1995, the meeting is closed to the members of the public for this item as the following sub-section applied:

(e) a matter that if disclosed, could be reasonably expected to –

(iii) information about the business, professional, commercial or financial affairs of a person.

**Officer Recommendation**

That in accordance with Section 5.23(2) of the Local Government Act 1995, Council reopens the meeting to the members of the public.

**Officers Recommendation**

That the Audit Committee receives Financial Management Systems Review by AMD and recommendations from management.

- 8. New Business of an urgent nature introduced by discussion of the meeting.**
- 9. Closure of Meeting.**