

**12.3 ADOPTION OF 2023-2024 ANNUAL REPORT**

<b>File Reference:</b>	<b>ADM133</b>
<b>Location:</b>	<b>N/A</b>
<b>Applicant:</b>	<b>N/A</b>
<b>Author:</b>	<b>Rajinder Sunner, Manager Corporate Services</b>
<b>Authorising Officer:</b>	<b>Vin Fordham Lamont, Chief Executive Officer</b>
<b>Date:</b>	<b>7/12/2024</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<ol style="list-style-type: none"><li><b>2023-2024 Annual Report</b></li><li><b>Independent Auditor's Report</b></li><li><b>Interim Management Letter - Confidential</b></li><li><b>Final Management Letter - Confidential</b></li></ol>

**SUMMARY:**

Council is requested to consider adopting the Shire of West Arthur 2023-2024 Annual Report, which includes the Annual Financial Report and Independent Auditors Report, and to set the date for the corresponding Annual Electors Meeting.

**BACKGROUND:**

Section 5.54 of the *Local Government Act 1995* (LGA), requires an Annual Report to be accepted by the Council by 31 December each year unless the Auditor's Report is not available in time. Section 5.54(2) of the LGA requires that if the Local Government does not accept the Annual Report by 31 December, then it must be presented within two (2) months of the Auditor's Report becoming available.

Section 6.4 of the LGA states, "A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed."

The annual financial report is incorporated into the annual report and presented to the council for adoption.

**COMMENT:**

The Interim Audit was conducted in May 2024. The Interim Audit Management Letter is attached to this item for information purposes. The Annual Audit was conducted in November 2024. The Final Audit Management Letter is attached to this item for information purposes.

On 4 December 2024, AMD and the OAG conducted an audit exit meeting with the Audit and Risk Committee comprising Cr Morrell (Shire President), Cr Harrington (Deputy Shire President) and Cr Peirce, together with the Chief Executive Officer, Manager Corporate Services and Manager Financial Reporting.

At the exit meeting, the auditors confirmed that the Shire of West Arthur had received an unqualified audit opinion for the review period. This means that no significant issues were found during the audit. Note that the attached Independent Auditor's Report does not mention any significant issues.

The annual financial report is incorporated into the annual report and then presented to the Council for adoption.

Please refer to the attached Management Letters for details of the issues that the auditors raised but did not consider significant.

The auditor's report was received on 6 December 2023. The Audit and Risk Committee met on Friday, 13 December 2024, and recommended that the Council accept the Annual Financial Report and Auditors Report.

**CONSULTATION:**

AMD Chartered Accountants  
Office of Auditor General  
Chief Executive Officer  
Manager Corporate Services  
Manager Financial Reporting

**STATUTORY ENVIRONMENT:**

*Local Government Act 1995*

*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 inform the local public 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 the CEO and given to the 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 IMPLICATIONS:**

Nil

#### **STRATEGIC IMPLICATIONS:**

Shire of West Arthur Community Strategic Plan 2021-2031

Theme: Leadership and Management – Inspirational, dynamic, transparent.

Outcome: Establish and maintain a sound business and governance structure.

Strategy: Comply with regulations and best practice standards to drive good decision-making by Council and Staff.

#### **RISK IMPLICATIONS:**

***Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it.*** The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the

need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

**Risk Themes:**

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management.
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

**Risk Matrix:**

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (25)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Failing to comply with legislation and regulations may result in penalties and reputational damages.
Risk Likelihood (based on history and with existing controls)	Possible (3)
Risk Consequence	Moderate (3)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Medium (9)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Adopt the annual report incorporating the audited annual financial report and the independent auditor's report.

**VOTING REQUIREMENTS:**

Simple and Absolute Majority

**RESOLUTION CO-2024-136**

Moved: Cr Duncan South

Seconded: Cr Robyn Lubcke

That Council, by simple majority:

1. Note the actions and strategies that management has provided in response to the matters raised in the Confidential Interim and Final Management Letters.

In Favour: Crs Neil Morrell, Karen Harrington, Graeme Peirce, Robyn Lubcke, Duncan South and Russell Prowse

Against: Nil

**CARRIED 6/0****RESOLUTION CO-2024-137**

Moved: Cr Duncan South

Seconded: Cr Robyn Lubcke

That Council, by absolute majority:

2. Accept the Annual Report, which includes the Annual Financial Report and Independent Auditor's Report, for the 2023-2024 financial year.
3. In accordance with s5.27 (2) of the *Local Government Act 1995*, endorse the date of Monday, 10 February 2025, at 7:00 pm for the Annual Electors Meeting. (The venue will be advised by the end of January 2025.)
4. Publish the Annual Report, Independent Auditors Report and Notice of Meeting, and give public notice(s) to the above effect, pursuant to the *Local Government Act 1995*, sections 5.29, 5.55 and 5.55A, on the Shire's Website, Official Notice Boards, in the Public Library, Community Newsletter and on the Shire's Facebook page.

In Favour: Crs Neil Morrell, Karen Harrington, Graeme Peirce, Robyn Lubcke, Duncan South and Russell Prowse

Against: Nil

**CARRIED 6/0 BY ABSOLUTE MAJORITY**