



Shire of
Katanning
Heart of the Great Southern

'A prosperous, vibrant and diverse community working together.'

**NOTICE OF
SPECIAL COUNCIL MEETING**

Dear Council Member

A Special Council Meeting of the Shire of Katanning will be held on
Monday 29 March 2021 in the Shire of Katanning Council Chambers,
52 Austral Terrace, Katanning, commencing at 5.30 pm.

Julian Murphy
CHIEF EXECUTIVE OFFICER
Thursday 25 March 2021

DISCLAIMER

The Council of the Shire of Katanning hereby
advises that before taking any action on an application or a
decision of the Council, any applicant or members of the
public should wait for written advice from the Council.

PRESIDING MEMBER _____

DATE SIGNED _____



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PLEASE NOTE:

Council Meetings are recorded for accuracy of minute taking.

1. DECLARATION OF OPENING/ ANNOUNCEMENT OF VISTORS

The Presiding Member declared the meeting open at ____ pm.

2. RECORD OF ATTENDANCE**PRESENT**

Presiding Member: Cr Liz Guidera - President

Members: Cr John Goodheart – Deputy President
Cr Danny McGrath
Cr Serena Sandwell
Cr Martin van Koldenhoven
Cr Owen Boxall
Cr Ernie Menghini
Cr Kristy D'Aprile
Cr Mark Stephens

Council Officers: Julian Murphy, Chief Executive Officer
Denise Gobbart, Executive Manager of Corporate & Community
Samuel Bryce, Executive Manager of Infrastructure & Assets

Gallery:

Media:

Apologies:

Leave of Absence:

3. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**4. DISCLOSURE OF FINANCIAL/IMPARTIALITY INTERESTS****5. PUBLIC QUESTION/STATEMENT TIME****6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING****6.1 Audit and Risk Committee Meeting – Tuesday 23 March 2021**
(SEE ATTACHED MINUTES)**MOVED:****SECONDED:****OC/21 That Council receives the minutes of the Audit and Risk Committee Meeting held on Tuesday 23 March 2021.****Voting Requirement:** Simple Majority**CARRIED/LOST:**

7. REPORTS OF COMMITTEES AND OFFICERS**7.1 AUDIT AND RISK COMMITTEE MEETING****7.1.1 Meeting with the Shire of Katanning Auditors**

File Ref: FM.AU.2
Reporting Officer: Denise Gobbart, Executive Manager Finance & Administration
Date Report Prepared: 16 March 2021

Issue:

The Audit & Risk Committee recommends that Council notes the outcomes of the electronic meeting with the Council's Auditors, Nayna Raniga – Director Financial Audit Office of the Auditor General (OAG), Wen-Shien Chai – Partner Moore Australia (WA) and Hayley Platt – Audit Supervisor Moore Australia (WA).

Body/Background:

On appointment of the Audit & Risk Committee, the terms of reference provided the following:

f) Meet with the auditor once in each year and provide a report to Council on the matters discussed and outcomes of those discussions.

The *Local Government Act 1995* does not require the Audit Committee to meet with the Auditor; rather the Local Government is to meet with the Auditor at least once each year.

It should be noted that there would be an additional fee involved for the auditor to visit the Shire of Katanning in person due to travel and time.

An electronic meeting was held at 1pm Thursday 4 March 2021 with Council's Auditors and the Audit and Risk Committee members in attendance. This meeting was intended to meet the requirements of Act.

Officer's Comment:

The comments below are the notes provided by Nayna Rangia – Director Financial Audit OAG to the Chief Executive Officer after the Audit Exit meeting had finished.

Key discussions points were:

- The timing of the audit and expected clearance and issuing of the audit opinion
Once we have received signed financial statements and management representation letters, we will aim to have the opinion issued within 5 working days. Council was keen to have this within the week. There are minor changes as of yesterday and we are hoping to have these cleared and signed by Monday 8 March.

- **Adverse Trend – operating surplus ration**
Council was concerned high audit fees were impacting on the ability of the Shire to reverse this trend and were unsure what if any actions were available to the Shire. We explained the most significant factor was the inability for the Shire to include Non-operating grant revenue (which is a significant revenue stream for the Shire and other regional LG's) into this calculation. It is a known issue, and the sector has queried the meaningfulness of this ration – particularly regional LG's. There was a discussion around the working group and lobbying the Department of Local Government. It was agreed to park this issue with further updates to be investigated internally on where the working group was at and future possible amendments to the relevant regulation.
- **Discussed the Shire's Landfill provision and the need to raise a provision for contaminated sites where there are any remediation/ rehabilitation obligations residing with the Shire.**
This requirement is driven by the accounting standards. We have raised the need to obtain a formal report or similar from the expert engaged to document the assumptions and inputs used in the calculation as part of our management letter. This will assist the Shire in having a good understanding of the detail behind the provision and prevent any additional cost in reviewing this provision – particularly if an alternate expert is engaged. It will be clear as to the inputs, assumptions and particular remediation, rehabilitation requirements that have been factored into this provision, so this work is not duplicated, and any movements are able to be tracked. These calculations are complex, and the adequacy of the provision should be reviewed annually.
- **Council raised a concern why there was a need to engage experts and if this was required for all contaminated sites.**
If the skills required in assessing the complex inputs are not available in house then external skills are required to assist you – similar to asset valuations. As a note the fair value of the rehabilitation asset should be considered for the year ahead – we understand that the Shire has done further works to the landfill site and that the useful life has been extended beyond the current license.
- **Revised accounting standards**
We suggested that ongoing need to ensure revenue streams are assessed and comply with revenue recognition requirements. Particularly around grant revenue. If there are specific performance obligations embedded within grant agreement that are measurable – revenue should be recognised as and when those obligations are met. We referenced to a recent OAG report around grant administration performed across the State sector – but equally relevant to the LG sector for the Shire to consider.
- **Fair Value of Assets**
We advised that when fair value assessments are performed to ensure valuer's when assessing condition assessment do conduct physical/ site inspections. LG's have encountered issues where condition assessments are restricted to desktop valuations.
- **Appointment of Contract Audit Firm for 30 June 2021**
We are in the process of evaluating and recommending contract audit firms. We hope to inform you as soon as possible who the successful contract audit firm will be and be in touch to organise an audit entrance meeting for the 30 June 2021.

Statutory Environment:*Local Government Act 1995*

Section 7.12A Duties of Local Government with Respect of Audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those matters.
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.
- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

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. 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 2017 – 2027

PRIORITY	LEADERSHIP	
ASPIRATION	L1	An inclusive community, recognised as a great place to live and visit.
OBJECTIVE	L1.1	Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.

Voting Requirement: Simple Majority

Audit & Risk Committee Recommendation/Council Motion:

OC/21 **That Council notes the outcomes of the meeting between the Audit and Risk Committee members and the Auditor held by electronic means on 4 March 2021 and determines that the meeting satisfies the requirement of Section 7.12A(2) of the Local Government Act 1995.**

CARRIED/LOST:

7.1.2 **Shire of Katanning Annual Report 2019/20** **(ATTACHMENTS)**

File Ref: FM.AU.2
Reporting Officer: Denise Gobbart, Executive Manager Finance & Administration
Date Report Prepared: 16 March 2021

Issue:

The Audit & Risk Committee recommends that Council adopts the Annual Report for the year ended 30 June 2020.

Body/Background:

The Annual Financial Report for the year ended 30 June 2020 was presented to the Shire of Katanning's auditor prior to 30 September 2020. The auditors undertook the annual site visit between the 15 and 18 September 2020. The Audit Exit meeting was held Thursday 4 March 2021 with the audit signed off Monday 8 March 2021.

Section 5.54 'Acceptance of Annual Reports' by the *Local Government Act 1995* requires an Annual Report to be accepted by Council by 31 December in each year unless the Auditor's Report is not available in time. The *Local Government Act 1995* Section 5.42(2) requires that if the Annual Report is not accepted by the Local Government by 31 December then it must be presented within two (2) months of the Auditors Report becoming available.

Officer's Comment:

The completion of the audit and the annual financial report confirms the financial data for the 2019/20 year including the carried forward position at the 30 June 2020.

This was the second year the shire was audited by the Office of Auditor General. The process was arduous and extensive. This was compounded by the changes to the *Local Government (Financial Management) Regulations 1996* proclaimed on 6 November 2020 and applied from 1 July 2019.

Regulation 16 was deleted:

- To legitimise the treatment relating to land under roads and other Crown / vested land under control.
- It removed the need to treat certain vested land assets, golf courses, differently. The vested land asset for the Shire of Katanning was the Forrest Hills Golf Course land.

Regulation 17A was amended to:

- Remove the confusion around assets and non-financial assets.
- Define Right-of-use assets and vested improvements.
- Allow Right-of-use assets to be treated as concessionary leases at zero cost on accordance with AASB16. It corrects inconsistency with AASB1051.
- Plant and equipment type assets and other right of use type assets are to revert to measurement at cost.
- It simplifies revaluation period to a maximum of five years.

During the current year the following new standards were applied, AASB15 Revenue from Contracts with Customers, AASB16 Leases and AASB1058 Income of Not-for-Profit Entities.

The 2019/20 end of year surplus of \$2,511,242 varies to the 2020/21 budget surplus estimate of \$2,475,548. The Surplus varied by \$35,694 due to minor adjustments in the treatment of transaction during the audit.

In the Independent Auditor's Report, the following was noted:

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the DLGSCI standard and OAG threshold for the past three years.**
- (ii) The following material matters indicating non-compliance with Part 6 of the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Bank reconciliation for the period 30 June 2020 for the Municipal, Reserve and Trust bank accounts were not prepared and reviewed in a timely manner. In addition, the Municipal bank included uncleared reconciling items in excess of 6 months.*
 - b. We noted 2 of the purchase orders we sampled were dated after the dates of the corresponding supplier invoices. This practice increases the risk of unauthorized purchases occurring.**

Statutory Environment:

Local Government Act 1995

Section 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 5.54 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 5.55 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.

Section 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.

Policy Implications:

There are no policy implications for this report.

Financial Implications:

It is estimated that advertising costs of the availability of the Annual Report and the Annual Electors General meeting will be \$600 which will be charged to account 102140 Advertising & Promotion.

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 2017 – 2027

PRIORITY	LEADERSHIP	
ASPIRATION	L1	An inclusive community, recognised as a great place to live and visit.
OBJECTIVE	L1.1	Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.

Voting Requirement: Absolute Majority

Audit & Risk Committee Recommendation/Council Motion:

OC/21

That Council:

1. In accordance with Sections 5.53 and 5.54 of the Local Government Act 1995, accepts the Annual Report for the 2019/20 financial year; and
2. In accordance with Section 5.55 of the Local Government Act 1995 authorise the Chief Executive Officer to give public notice of the availability of the Annual Report from Wednesday 7 April 2021.

CARRIED/LOST:

Policy Implications:

There are no policy implications for this report.

Financial Implications:

It is estimated that advertising costs of the availability of the Annual Report and the Annual Electors General meeting will be \$600 which will be charged to account 102140 Advertising & Promotion.

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 2017 – 2027

PRIORITY	LEADERSHIP	
ASPIRATION	L1	An inclusive community, recognised as a great place to live and visit.
OBJECTIVE	L1.1	Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.

Voting Requirement: Simple Majority

Officer's Recommendation:

That the Audit & Risk Committee recommends that Council holds the Annual General Meeting of Electors on Tuesday 27 April 2020 at 7.30pm at the Katanning Leisure Centre Pioneer Room.

Audit & Risk Committee Recommendation/Council Motion:

OC/21 That Council holds the Annual General Meeting of Electors on Tuesday 27 April 2021 at 7.00pm at the Katanning Shire Chambers.

CARRIED/LOST:

7.1.4 Compliance Audit Return 2020

File Ref: FM.AU.4
Reporting Officer: Denise Gobbart, Executive Manager Finance & Administration
Date Report Prepared: 16 March 2021

Issue:

The Audit & Risk Committee recommends that Council adopts the Compliance Audit Return (CAR) for the year ending 31 December 2020.

Body/Background:

A Local Government is required to carry out a Compliance Audit for the period 1 January to 31 December each year. The compliance review process provides the CEO and Council with an additional element of accountability through a rigorous check on internal management systems, procedures and record keeping.

The Compliance Audit Return is to be completed with a certified copy signed by the CEO and President and submitted to the Director General, Department of Local Government and Regional Development by 31 March.

The Compliance Audit Return must:

1. initially be presented to the Audit Committee,
2. be presented to Council at the Ordinary Council meeting,
3. be adopted by the Council; and
4. be recorded in the minutes of the meeting at which it is adopted.

The CAR process provides both the CEO and the Council with an additional element of accountability through a check on internal management systems, procedures and record keeping and demonstrates the Shire's emphasis on improving good governance, compliance and best practice.

Officer's Comment:

The CAR was completed internally by the Executive Manager Corporate & Community and reviewed by the Chief Executive Officer.

This year there were eleven (11) categories with a total of one hundred and two (102) questions.

1. Commercial Enterprises (5 questions) – No matters raised.
2. Delegation of Power/Duty (13 questions) – s5.44(2) two employees did not have delegations in writing.
3. Disclosure of Interest (21 questions) – s5.75 and s5.76 an employee with delegation under Division 4 had not completed a Primary or Annual return. S5.89A(6) details were not removed from the gift register when a person ceased to be a person required to make a disclosure.
4. Disposal of Property (2 questions) – No matters raised.
5. Elections (3 questions) – Electoral gift register had not been published on the website.
6. Finance (11 questions) – No matters raised.

7. Integrated Planning and Reporting (3 questions) – Corporate Business Plan has not been reviewed annually.
8. Local Government Employees (6 questions) – no matters raised.
9. Official Conduct (4 questions) – no matters raised.
10. Optional Questions (10 questions) – FM Reg 5 the Financial Management Review had not been reviewed within three (3) years. S5.96A Local laws and committee meeting documents not published on the website.
11. Tenders for Providing Goods and Services (24 questions) – F&G Reg 11A(1) evidence is not available to show we are meeting our record keeping requirements. F&G Regs 15, 16 & 17 adverts and tender register not on website. F&G Reg 24E & 24F Regional Price Preference was advertised, but not presented back to Council for adoption.

There were twelve (12) areas of non-compliance identified in the CAR. They have identified areas where improved record keeping, and awareness of legislative changes is required. Procedures for staff will be enhanced to enable improved awareness to meet our compliance needs.

Statutory Environment:

Local Government Act 1995

Local Government (Administration) Regulations 1996

Local Government (Audit) Regulations 1996

Local Government (Elections) Regulations 1997

Local Government (Functions and General) Regulations 1996

Local Government (Audit) Regulation 1996

13. Prescribed statutory requirements for which compliance audit needed (Act s7.13(1)(i))

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 subregulation (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. 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 2017 – 2027

PRIORITY	LEADERSHIP	
ASPIRATION	L1	An inclusive community, recognised as a great place to live and visit.
OBJECTIVE	L1.1	Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.

Voting Requirement: Simple Majority

Audit & Risk Committee Recommendation/Council Motion:

OC/21

That Council:

- 1. Adopts the Shire of Katanning Compliance Audit Return for the period 1 January 2020 to 31 December 2020; and**
- 2. Authorises the Shire President and Chief Executive Officer to endorse the certification contained within the Compliance Audit Return 2020.**

CARRIED/LOST:

7.2 EXECUTIVE MANAGER CORPORATE AND COMMUNITY**7.2.1 Budget Review 2020/21**
(ATTACHMENT)

File Ref: FM.BU.6
Reporting Officer: Denise Gobbart, Executive Manager Corporate & Community
Date Report Prepared: 24 March 2021

Issue:

For Council to consider and adopt the Budget Review as presented for the period 1 July 2020 to 28 February 2021

Body/Background:

Regulation 33A of the Local Government (Financial Management) Regulations 1996 requires Local Governments to conduct a review of the annual budget between 1 January and 31 March each year.

Regulation 33A (2) requires that within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.

Regulation 33A (3) requires Council to consider the 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.

Regulation 33A (4) requires that within 30 days after Council has adopted the review a copy of the review and determination is to be provided to the Department.

Officer's Comment:

After the adoption of the 2020/21 Annual Budget, it was noted that there were several matters that had not been addressed correctly in the budget. The most significant was not having carried forward outstanding commitments that were in place, particularly in relation to the plant replacement program.

Issues addressed in the Budget Review:**Plant Replacement**

- It provided only the net expense of each plant purchase, instead of the required total purchase cost and the proceeds on sale.
- The budget allocations were created in Schedule 14 under Plant Operation Costs when the majority should have been in Schedule 12 under Plant Purchases. Plant Operation Costs is generally only used for operating expenses and revenues.
- The committed plant purchases of \$659,437 from the 2019/20 budget had not been carried forward.

Classification of Projects between Capital and Operating

- Tourism Business Promotion included as Capital – transferred to Operating.
- Katanning Art Prize included as Capital – transferred to Operating.

- KLC Feasibility Study included as Capital – transferred to Operating.
- Bushfire Mitigation Works Near Roundabout included as Capital – transferred to Operating.
- Katanning Creek Project included as Capital – transferred to Operating.
- KLC air conditioner Server Room included as Capital – transferred to Operating as under the \$5,000 asset threshold.
- Library Counter Gate, Paving Repair, Courtyard Reticulation included as Capital - transferred to Operating as under the \$5,000 asset threshold.
- BFB Trailer and Weather Stations included as Capital - transferred to Operating as under the \$5,000 asset threshold.
- Gallery Black Out Curtains & Storage air conditioner included as Capital - transferred to Operating as under the \$5,000 asset threshold.
- Gallery Regional Venues Grant funding included as Operating – transferred to Capital.

Transfer of Expenses between Programs

- KLC CCTV project was completed in 19/20, funds should have been allocated in the 20/21 budget to the Saleyards CCTV project.
- Works Program – Training & Staff Meetings from Transport Sub Program 38 to Other Property and Services Sub Program 52 - Public Works Overheads.

Incorrect Nature and Type Allocation

- Levied Waste Rate was classified in the budget as Other Revenue, it should have been Fees & Charges.

Grant Funded Projects

- Local Roads & Community Infrastructure Phase 1 Funding reallocated to sub-projects of Austral Terrace and Clive Street Footpaths.
- Local Roads & Community Infrastructure Extension Grant included with offset expense accounts.
- RADS Grant Funding adjusted, and offset expense accounts adjusted.
- Welcome Precinct Project expenditure amended following finalisation of Annual Report.
- Piesse Lake Development Project expenditure amended following finalisation of Annual Report.
- Heritage Centre Project Funding reduced to match awarded grant.
- Great Southern Aged Accommodation expense increase to reflect total project budget less 2019/20 expenditure.
- Great Southern Aged Accommodation proposed transfer from Reserve was not included in the 2020/21 budget.
- Destination Development expenditure increased to reflect total project cost – offset by funds from Tourism Business Promotion.
- Balance of Community Safe Speed Promise Grant allocated to offset Driver Reviver Signage Grant – Variable Message Signs.
- Medical Centre Upgrade – Increased funding from the Land and Buildings Facilities for Seniors Reserve.

Reduction in Revenue

- Water Corporation reimbursement Piesse Park – funds accrued in prior year.
- Great Southern Aged Accommodation revenue reduced to reflect funds received in 2019/20.

- Interest on Reserves – lower than anticipated Interest rates.
- Interest on Municipal funds – lower than anticipated Interest rates.
- Fuel Rebates – budget estimate not reduced to consider the one-off review undertaken in 2019/20.
- Write-off of rates approved by resolution of Council.

Increase in Revenue

- Paid Parental Leave – offset by matching expenditure.
- Workers Compensation – offset by increased expenditure.
- Financial Assistance Grant Funding higher than anticipated.
- Rate penalty interest higher than anticipated.
- Contribution to Rotary Wheel installation not included in the budget.
- ATO refund not anticipated from overpayment in prior years.
- Planning & Building Fees – higher than anticipated.
- KLC Entry Fees & Kiosk revenue – higher than anticipated.
- MRWA Direct Grant higher than anticipated.

Increase in Expenditure

- Art Collection Storage Enclosure offset by savings Art Gallery Exhibitions.
- Increase in Building Salaries offset by savings in Consultants Fees.
- Courtyard Project expenditure increased to offset matching reserve transfer allowed in the adopted budget.
- Loan 158 – New Admin Building budget did not include the Loan Guarantee Fee.
- KLC Kiosk Expenses offset by increased revenue.
- Ranger relief additional funds required for leave coverage.

Decrease in Expenditure

- Principal and Interest savings on new loan borrowings – Housing and Plant.
- Admin Cleaning expenses doubled up as they were included in budget within Building Program – Admin.
- Relief CEO expenses lower than anticipated.

Projects Not Included in the Budget

- Early Childhood Hub – funded by the Land and Buildings Reserve.
- Disposal of 77 (Lot 684) Piesse Street.
- Saleyards Replacement Storage Server and CCTV Maintenance – Funded by transfers from the New Saleyards Reserve.
- Replacement Mower.
- Gallery Activators for Art on the Move exhibition – Fully grant funded.
- LCDC Vehicle Lease Expenses – offset revenue included in the budget.
- SynergySoft Infringements Module.
- Altus Bank Reconciliation Module.

Salaries and Wages

It is projected that Salaries and Wages will be \$225,000 over the adopted budget. The following breakdown identifies how this is partially funded:

Amount	Description
\$225,000	Over Budget Estimate
-\$23,000	Building Salaries from Consultants
-\$6,272	Gallery Activators - Grant Funded
-\$20,000	Casual Hires to cover Workers Compensation leave
-\$9,144	Relief CEO Salaries from Consultants
-\$82,499	Final Pays which have an offset liability
\$84,085	Over Budget Allocation

When the budget was adopted the Gross Salaries and Wages accounts reflected \$50,000 less than the Salaries & Wages Calculation Sheet. If the Salaries and Wages had been recorded correctly in the budget it would leave an estimated budget over run of \$34,000.

The \$84,000 is partially offset by estimated saving in Workers Compensation Insurance premiums of \$40,000.

With the completion of the Annual Audit there was an increase in the opening surplus of \$35,695.

Statutory Environment:

Local Government Act

s 6.2 Local government to prepare annual budget.

Local Government (Financial Management) Regulations 1996

Reg 33A Review of Budget

- (1) Between 1 January and 31 March 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) consider 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.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (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 30 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 are no policy implications for this report.

Financial Implications:

The Budget Review incorporates proposed amendments to the Annual Budget. The cumulative effect of the proposed amendments retains a balanced budget.

Additional funds have been drawn from the following reserves:

Waste Management Reserve - \$161,980 to fund the Loader purchase.

Land & Buildings Facilities for Seniors Reserve - \$115,000 to assist with funding the Medical Centre Upgrade.

Land & Buildings Reserve - \$1,865,067 to fund the Early Childhood Hub and the contribution to the Great Southern Aged Accommodation project.

Amherst Village Refundable Deposits Reserve - \$190,040 to refund deposits

New Saleyard Reserve - \$111,451 to fund Skid Steer, CCTV Network and Paving Works.

Additional funds to be transferred to reserves:

Plant Replacement Reserve - \$201,353 to fund future plant and equipment.

Amherst Village Refundable Deposits Reserve - \$370,000 deposits from new residents.

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 2017 – 2027

PRIORITY	LEADERSHIP	
ASPIRATION	L1	An inclusive community, recognised as a great place to live and visit.
OBJECTIVE	L1.1	Operate with high ethical and professional standards, being open, transparent and responsive to the community and other stakeholders.
ASPIRATION	L2	A collaborative, progressive and resilient local government which is sustainably resourced.
OBJECTIVE	L2.1	Optimise use of shire resources – improve organisational systems.

Officer's Recommendation/Council Motion:

OC/21

That Council:

(1) Adopts the Budget Review conducted for the eight (8) months ended 28 February 2021; and

(2) Authorises the Chief Executive Officer to amend the 2020/21 Budget in accordance with the attached report Budget Review as at 28 February 2021.

Voting Requirement: Absolute Majority

CARRIED/LOST:

8. CLOSURE OF MEETING

The Presiding Member declared the meeting closed at ____ pm.