



## NOTICE OF MEETING

Councillors: Please be advised that the next meeting of the

### **KULIN SHIRE COUNCIL**

Audit & Risk Committee Meeting

**will be held on  
Wednesday 19 June 2024  
commencing at 1:00pm**

A handwritten signature in black ink, appearing to read 'Alan Leeson'.

Alan Leeson  
Chief Executive Officer  
13 June 2024

#### **DISCLAIMER**

The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

Please note this agenda contains recommendations, which have not yet been adopted by Council.

## **ORDER OF BUSINESS**

- 1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**
- 2 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE**
- 3 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**
  - 3.1 Audit & Risk Committee Meeting Minutes – 20 March 2024
- 4 MATTERS REQUIRING DECISION**
  - 4.1 Financial Management Review Attachment 1
- 5 NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING**
- 6 DATE AND TIME OF NEXT MEETING**
- 7 CLOSURE OF MEETING**

## 4.1 Financial Management Review

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**RESPONSIBLE OFFICER:** CEO  
**FILE REFERENCE:** 12.03  
**STRATEGIC REFERENCE/S:**  
**AUTHOR:** EMFS  
**DISCLOSURE OF INTEREST:** Nil

### **SUMMARY:**

It is recommended that the Audit and Risk Committee receives the Financial Management Review Report Shire of Kulin May 2024.

### **BACKGROUND & COMMENT:**

Between February and May 2024, Moore Australia completed a Financial Management Review to assess the appropriateness and effectiveness of the Shire of Kulin's financial management systems. The Financial Management Review was conducted to assist the CEO to discharge his responsibilities under Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

As outlined in the attached Financial Management Review Report, Moore Australia conducted a risk-based assessment of the Shire's financial management systems examining the following three key areas:

- Financial management framework;
- Implementation of financial management framework; and
- Evaluation of financial management

The scope of the Financial Management Review included, but was not limited to, the following areas of the Shire's financial systems:

- Collection of money owed;
- Custody and security of money and investments held;
- Rates;
- Maintenance and security of financial records;
- Accounting and controls for revenue and expenses;
- Accounting and controls for assets and liabilities;
- Accounting and controls for trust transactions;
- Authorisation of purchases;
- Authorisation of payments;
- Borrowings;
- Maintenance and processing of payroll;
- Stock controls and costing records;
- Record keeping for financial records;
- Preparation of budgets and budget reviews; and
- Preparation of financial reports.

The Financial Management Review Report identified many matters where there are opportunities for the Shire to improve its financial management systems. Management agrees with all the suggested improvements outlined in the Financial Management Review Report. Management will implement improvements to existing policies and procedures within the Shire to address each of the matters identified by December 2024.

### **STATUTORY AND PLANNING IMPLICATIONS:**

*Local Government (Financial Management) Regulations 1996*

Regulation 5 (2) The CEO is to -

- (c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

*Local Government (Audit) Regulations 1996*

#### 16. **Functions of audit committee**

An audit committee has the following functions —

- (a) to guide and assist the local government in carrying out —
  - (i) its functions under Part 6 of the Act; and
  - (ii) its functions relating to other audits and other matters related to financial management;

- (b) to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under Part 7 of the Act;
- (c) to review a report given to it by the CEO under regulation 17(3) (the **CEO's report**) and is to —
  - (i) report to the council the results of that review; and
  - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
  - (i) regulation 17(1); and
  - (ii) the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (e) to support the auditor of the local government to conduct an audit and carry out the auditor's other duties under the Act in respect of the local government;
- (f) to oversee the implementation of any action that the local government —
  - (i) is required to take by section 7.12A(3); and
  - (ii) has stated it has taken or intends to take in a report prepared under section 7.12A(4)(a); and
  - (iii) has accepted should be taken following receipt of a report of a review conducted under regulation 17(1); and
  - (iv) has accepted should be taken following receipt of a report of a review conducted under the *Local Government (Financial Management) Regulations 1996* regulation 5(2)(c);
- (g) to perform any other function conferred on the audit committee by these regulations or another written law.

**FINANCIAL IMPLICATIONS:**

Nil

**POLICY IMPLICATIONS:**

Several policies and procedures will be reviewed and improved in the coming months as recommended by the Financial Management Review.

**COMMUNITY CONSULTATION:**

Nil

**WORKFORCE IMPLICATIONS:**

Nil

**OFFICER'S RECOMMENDATION:**

That the Audit and Risk Committee:

1. Receive and accept the Financial Management Review Report Shire of Kulin May 2024
2. Recommends that Council receive the Financial Management Review Report Shire of Kulin May 2024
3. Notes that Management will report to the Audit and Risk Committee improvements made to existing policies and procedures as recommended in the Financial Management Review Report Shire of Kulin May 2024 by December 2024.

**VOTING REQUIREMENTS:**

Simple Majority.