



NOTICE OF SPECIAL MEETING OF COUNCIL

For Council to:

- 1. Receive the Annual Financial Report and Audit Report for year ending 30 June 2021.**
 - 2. Receive the 2020-2021 Shire of Donnybrook Balingup Annual Report.**
 - 3. Set the date for the Annual General Meeting of Electors.**
-

To be held on

Monday 14 March 2022

Commencing at 5.00 pm

Shire of Donnybrook Balingup Council Chamber

Ben Rose
Chief Executive Officer

9 March 2022

Disclaimer

Please note the items and recommendations in this document are not final and are subject to change or withdrawal.

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SHIRE OF DONNYBROOK BALINGUP
SPECIAL COUNCIL MEETING

To be held at the Council Chambers
Monday 14 March 2022 at 5.00pm

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

Shire President – Acknowledgment of Country

The Shire President to acknowledge the traditional custodians of the land, the Wardandi People of the Noongar Nation, paying respects to Elders, past, present and emerging.

The Shire President to declare the meeting open and welcome the public gallery.

The Shire President to advise that the meeting is being digitally recorded in accordance with Council Policy EM/CP-2. The Shire President to further state the following:

Members of the public are reminded that no other visual or audio recording of this meeting by any other means is allowed without the permission of the Chairperson.

This Special Meeting of Council is called under provision 5.4(a)(i) by the Shire President for the purposes of:

- 1. Receive the Annual Financial Report and Audit Report for year ending 30 June 2021.*
- 2. Receive the 2020-2021 Shire of Donnybrook Balingup Annual Report.*
- 3. Set the date for the Annual General Meeting of Electors.*

2 ATTENDANCE

MEMBERS PRESENT

COUNCILLORS	STAFF
Cr Leanne Wringe (President)	Ben Rose – Chief Executive Officer
Cr Lisa Glover (Deputy President)	Steve Potter – Director Operations
Cr Shane Atherton	Kim Dolzadelli – Director Corporate and Community
Cr Peter Gubler	Archana Arun – Admin. Officer Executive Services
Cr Phil Jones	
Cr Jackie Massey	
Cr Fred Mills	
Cr Chaz Newman	
Cr Chris Smith	

PUBLIC GALLERY

2.1 APOLOGIES

2.2 APPROVED LEAVE OF ABSENCE

2.3 APPLICATION FOR A LEAVE OF ABSENCE

3 ANNOUNCEMENTS FROM PRESIDING MEMBER

4 DECLARATION OF INTEREST

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Councillors to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the Act.

5 PUBLIC QUESTION TIME

In accordance with the Clause 7(3) of the Local Government (Administration) Regulations, public questions must relate to the stated purpose/s of the Special Meeting of Council.

6 REPORTS OF OFFICERS

6.1 DIRECTOR CORPORATE AND COMMUNITY

6.1.1 ANNUAL FINANCIAL STATEMENTS AND AUDIT OPINION 2020/21

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli, Director Corporate and Community
Responsible Manager	Kim Dolzadelli, Director Corporate and Community
Attachments	6.1.1(1) - Annual Financial Statements 2020/21 6.1.1(2) - Audit Opinion 2020/21 6.1.1(3) – Report on Significant Finding 2020/21 Audit
Voting Requirements	Simple Majority

Audit and Risk Management Committee Recommendation

That Council:

- 1. Receive the Annual Financial Report and Audit Report for the year ending 30 June 2021; and**
- 2. Forward to the Minister for Local Government, Sport and Cultural Industries the report on significant findings as attached for the year ending 30 June 2021, as required by Section 7.12A(4)(b) of the Local Government Act 1995.**

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.3	Monitor and measure organisational performance

EXECUTIVE SUMMARY

The Audit and Risk Management Committee considered the Annual Financial Report and Audit Opinion on Thursday 3 March 2022 resulting in the above recommendation to Council.

BACKGROUND

The Shire of Donnybrook Balingup audit for year ending 30 June 2021 was conducted by the Office of the Auditor (OAG) using a private contractor; Moore Australia.

The Office of the Auditor General (OAG) has completed the Audit of the Annual Financial Report for the year ended 30 June 2021. The audit opinion was issued on 23 February 2022 and is attached to this item for reference.

The audit opinion is unqualified and concludes that the report fairly represents the results of the operations of the Shire for the period ended 30 June 2021.

There is one item included under the heading of 'Report on Other Legal and Regulatory Requirements' which require consideration by the Committee and the Council and relate to a significant adverse trends opinion as follows:

"(a) In my opinion, the following material matters indicates a significant adverse trend in the financial position of the Shire:

- a) The Operating Surplus Ratio as reported in the annual financial report is below the Department of Local Government, Sport and Cultural Industries standard for the past 3 financial years."*

Management Comment

The Shire's Operating Surplus Ratio is being adversely impacted by non-cash depreciation charges. A preliminary review of Depreciation Rates has been undertaken and points to a potential over calculation of depreciation as does the fact that Road Infrastructure Assets are not disaggregated therefore residual values cannot be put in place where appropriate.

Officers note that the Department of Local Government, Sport and Cultural Industries (DLGSC), under direction from the Minister, has recently released its draft Model Financial Statements as part of the broader Local Government Reform currently being undertaken.

The following is contained in the current draft which if progressed would remove the current Ratio calculations:

- *"Prescribed financial ratios have been removed. Consequently, it should be assumed that financial data required to report useful financial ratios will be prescribed in the model accounts."*

The methodologies of calculating the operating surplus ratio are generally recognized, within the Local Government sector, as being inappropriate to be used to determine a significant adverse trend.

Pending the final outcome of the Local Government Reform Officers will undertake a full review of Depreciation calculation and methodology.

There are two items included under the heading of 'Report on Other Legal and Regulatory Requirements' which requires consideration by the Committee and the Council and relates to statutory compliance as follows:

"(ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:

- a) Accounting journal adjustments were processed with no evidence of independent review and approval. Accounting journals can represent significant adjustments to previously*

approved accounting transactions, and therefore should be appropriately reviewed and approved.

- b) *The Shire has not reported the Asset Renewal Funding Ratio for 2021, 2020 and 2019 in the annual financial report as required by Section 50(1) of the Local Government (Financial Management) Regulations 1996, as the long-term financial plan adopted by the Shire does not include the required information to calculate the ratio.”*

Management Comment

Accounting Journals:

Management acknowledges this finding and notes that the above recommendation is in operational practice.

The Director of Corporate and Community has personally reviewed the 1148 general journals processed in the 2020/21 Financial Year and has found a total of 6 that had no evidence of review by a senior staff member. This equates to a failure rate in the process of 0.52% with compliance standing at 99.48%. The 6 journals were also checked for legitimacy and supporting documentation with no adverse findings.

Staff appreciate the importance and significance of the process and will continue to strive for 100% compliance.

Asset Renewal Funding Ratio:

The Shire adopted its Long Term Financial Plan (LTFP) 2020-2040 on 22 December 2020 however this plan was not considered by the OAG as it does not categorise Capital expenditure into type; that being New, Upgrade or Renewal, for this ratio to be calculated the Renewal component needs to be itemised in the LTFP.

All the necessary asset management planning is complete to a sufficient level to inform the development of the calculation of the asset renewal funding ratio, this however needs to be imbedded into the LTFP.

Officers note that the Department of Local Government, Sport and Cultural Industries (DLGSC), under direction from the Minister, has recently released its draft Model Financial Statements as part of the broader Local Government Reform currently being undertaken.

The following is contained in the current draft which if progressed would remove the current Ratio calculations:

- *“Prescribed financial ratios have been removed. Consequently, it should be assumed that financial data required to report useful financial ratios will be prescribed in the model accounts.*
- *Asset ratios requiring audit attestation have been removed from audit scope. This will require amendment to regulation 10 (3) (e) and 4A of the Local Government (Audit) Regulations 1996.”*

Pending the final outcome of the Local Government Reform Officers will work to ensure that the appropriate data is compiled in the LTFP which is currently under review to allow for this ratio to be calculated if required.

FINANCIAL IMPLICATIONS

Nil

POLICY COMPLIANCE

Not Applicable.

STATUTORY COMPLIANCE

Local Government Act 1995 Part – 7 Audit

7.12A. Duties of local government with respect to audits

- (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.*

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 —*
 - (in) *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.*

CONSULTATION

Not Applicable.

OFFICER CONCLUSION

The matters raised in the Audit Opinion have been considered by Council officers and members of the Audit committee and actions are to be put in place addressing issues raised.

6.1.2 2020-2021 ANNUAL REPORT

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	NA
Author	Kim Dolzadelli, Director Corporate and Community
Responsible Manager	Ben Rose, Chief Executive Officer
Attachments	6.1.2(1) - 2020-2021 Annual Report
Voting Requirements	Absolute Majority

Recommendation
That Council approve the Annual Report for the year ending 30 June 2021 as attached.

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.2	A respected, professional and trusted organisation
Strategy	4.2.1	Effective and efficient operations and service provision
Action	4.2.1.2	Seek a high level of legislative compliance and effective internal controls

EXECUTIVE SUMMARY

The annual report seeks to provide a record of the events and operations of the Shire for the past financial year. The minimum content is prescribed and includes a full copy of the Annual Financial Report and a copy of the Auditor's report.

The Annual Report is required to be accepted by the Council prior to making it publicly available to the community by posting it on the Shire's website and presenting it to the Annual General Meeting of Electors.

BACKGROUND

The Annual Financial Statements and Auditors Report were reviewed by the Audit and Risk Management Committee on the 3 March 2021 and are being received at this Council Meeting.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Not applicable.

STATUTORY COMPLIANCE

Local Government Act 1995, sections:

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.*

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 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.

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.

CONSULTATION

The Annual Report 2020-21 is presented for acceptance prior to calling the Annual General Meeting of Electors.

6.1.3 ANNUAL GENERAL MEETING OF ELECTORS

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	Not Applicable
Author	Kim Dolzadelli, Director Corporate and Community
Responsible Manager	Ben Rose, Chief Executive Officer
Attachments	Nil
Voting Requirements	Simple Majority

Recommendation
<p>That Council</p> <ol style="list-style-type: none"> Schedules the Annual General Meeting of Electors for Wednesday 30 March 2022 commencing at 6:00pm at Station Square; Instruct the Chief Executive Officer undertake all statutory advertising.

STRATEGIC ALIGNMENT

The following outcomes from the Corporate Business Plan relate to this proposal:

Outcome	4.1	A strategically focused, open and accountable local government
Strategy	4.1.2	Continue to enhance communication and transparency
Action	4.1.2.1	Ongoing meaningful communication and engagement with residents, ratepayers and stakeholders.

EXECUTIVE SUMMARY

The purpose of this report is for Council to confirm a date for the Annual General Meeting of Electors.

BACKGROUND

In accordance with the provisions of section 5.27 of the *Local Government Act 1995*, a general meeting of electors of a district is to be held once every financial year, but not more than 56 days after the local government accepts the annual report for the previous financial year.

In addition, section 5.29(1) of the Act requires a minimum 14-day notice period of the annual meeting of electors be given via local public notice.

FINANCIAL IMPLICATIONS

Not applicable.

POLICY COMPLIANCE

Not applicable.

STATUTORY COMPLIANCE

Section 5.27 of the Local Government Act 1995.

5.27. Electors' general meetings

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (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.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

Local Government (Administration) Regulations 1996 regulation 15:

15. Matters to be discussed at general meeting (Act s. 5.27(3))

For the purposes of section 5.27(3), the matters to be discussed at a general electors' meeting are, firstly, the contents of the annual report for the previous financial year and then any other general business.

Section 1.7 of the Local Government act 1995:

1.7. Local public notice

Where under this Act local public notice of a matter is required to be given, notice of the matter must be —

- (a) published on the official website of the local government concerned in accordance with the regulations; and
- (b) given in at least 3 of the ways prescribed for the purposes of this section.

Local Government (Administration) Regulations 1996 regulation 3A:

3A. Requirements for local public notice (Act s. 1.7)

- (1) For the purposes of section 1.7(a), notice of a matter must be published on the local government's official website for —
 - (a) the period specified in or under the Act in relation to the notice; or
 - (b) if no period is specified in relation to the notice — a period of not less than 7 days.

- (2) For the purposes of section 1.7(b), each of the following ways of giving notice of a matter is prescribed —
- (a) publication in a newspaper circulating generally in the State;
 - (b) publication in a newspaper circulating generally in the district;
 - (c) publication in 1 or more newsletters circulating generally in the district;
 - (d) publication on the official website of the Department or another State agency, as appropriate having regard to the nature of the matter and the persons likely to be affected by it, for —
 - (i) the period specified in or under the Act in relation to the notice; or
 - (ii) if no period is specified in relation to the notice — a period of not less than 7 days;
 - (e) circulation by the local government by email, text message or similar electronic means, as appropriate having regard to the nature of the matter and the persons likely to be affected by it;
 - (f) exhibition on a notice board at the local government offices and each local government library in the district for —
 - (i) the period specified in or under the Act in relation to the notice; or
 - (ii) if no period is specified in relation to the notice — a period of not less than 7 days;
 - (g) posting on a social media account administered by the local government for —
 - (i) the period specified in or under the Act in relation to the notice; or
 - (ii) if no period is specified in relation to the notice — a period of not less than 7 days.

CONSULTATION

Advertisement via South Western Times, Shire Website and Social Media.

OFFICER COMMENT/CONCLUSION

Giving consideration to the requisite statutory timeframes (in particular the 14 day notice period), the lead time required to lodge a notice in any of the local newspaper publications as necessary for a “local public notice”, it is suggested that Council hold this Annual Meeting of Electors Wednesday, 30 March 2022 commencing at 6:00pm.

Given the evolving COVID-19 situation and challenges with indoor venues, it is recommended that the meeting take place in Station Square, Donnybrook.

7 MEETING CLOSED TO THE PUBLIC

7.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

7.2 PUBLIC READING OF RESOLUTIONS THAT MAY BE MADE PUBLIC

8 CLOSURE

The Shire President to advise that the next Ordinary Council Meeting will be held on Wednesday, 23 March 2022 commencing at 5.00pm at the Shire of Donnybrook Balingup Council Chamber.