



MINUTES
AUDIT ADVISORY COMMITTEE MEETING
7 February 2024

Commencing at 4:00 pm
Council Chambers
Shire of Narrogin
89 Earl Street
Narrogin WA 6312

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit Advisory Committee Meeting.

Signed:

.....

Date 8 February 2024

These minutes were confirmed at the Audit Advisory Committee Meeting held on

11/12/24

Signed:

(Presiding Person at the meeting at which minutes were confirmed)

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Please note that meetings may be recorded for minute taking purposes.

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AUDIT ADVISORY COMMITTEE MEETING MINUTES

7 FEBRUARY 2024

1. OFFICIAL OPENING/ANNOUNCEMENT OF VISITORS

Being the inaugural meeting of this Committee post the October 2023 Local Government elections Dale Stewart – Chief Executive Officer presided and opened the meeting at 4:12pm.

The CEO called for nominations for the position of Presiding Person to preside over the committee until October 2025. (NOTE – The Presiding Person must be a Council Member)

President Ballard was elected and declared by the CEO as presiding person of the Committee until October 2025 and took the position of Presiding Person.

2. RECORD OF ATTENDANCE/APOLOGIES/APPROVED LEAVE OF ABSENCE

Committee Members (Voting)

Mr L Ballard – Shire President

Cr G Broad – Deputy Shire President (Via Electronic Communication)

Cr M Fisher

Cr C Bartron

Cr J Pomykala

Cr R McNab (entered the meeting at 4.15pm)

Guests - Office of the Auditor General via Electronic Communication

Regan Lau - Director Financial Audit

Staff

Mr D Stewart – Chief Executive Officer

Mr T Evans – Executive Manager Technical & Rural Services

Mr M Furr – Executive Manager Corporate & Community Services

Mr A Mulenga - Manager Corporate Services

Ms T Walker – Finance Coordinator - Strategic

Ms V Ward – Executive Support Coordinator

Apologies

Cr T Wiese

Mr A Awang – Executive Manager Development & Regulatory Services

**3. DECLARATION OF INTEREST BY ELECTED MEMBERS AND COUNCIL EMPLOYEES
IN MATTERS INCLUDED IN THE MEETING AGENDA**

Nil

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

OFFICER'S RECOMMENDATION

Moved: Cr Fisher

Seconded: Cr Pomykala

That the minutes of the Audit Advisory Committee Meeting held 22 February 2023 be confirmed as an accurate record of the proceedings.

CARRIED 5/0

For: President Ballard, Cr Broad, Cr Fisher, Cr Bartron, Cr Pomykala

Against: Nil

5. ANNOUNCEMENTS BY THE PERSON PRESIDING WITHOUT DISCUSSION

Nil

6. MATTERS WHICH REQUIRE DECISIONS

6.1 ADOPTION OF 2022/23 ANNUAL FINANCIAL REPORT

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| File Reference | 12.2.1, 4.2.6 |
| Disclosure of Interest | Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure. |
| Applicant | Shire of Narrogin |
| Previous Item Numbers | Nil |
| Date | 12 December 2023 |
| Author | Mark Furr – Executive Manager Corporate and Community Services |
| Authorising Officer | Dale Stewart – Chief Executive Officer |
| Attachments | |
| 1. Shire of Narrogin 2022/23 Annual Report – Supplied under separate cover. 2. Independent Audit Report. 3. Management Letter – CONFIDENTIAL – Supplied under separate cover. | |

Summary

The Office of the Auditor General (OAG) conducted the Annual Financial Audit for 2022/23 commencing in early October 2023 and concluded in December 2023.

This item discusses the outcomes of that audit.

Note: A representative from the OAG Mr Reagan Lau (Assistant Director – Financial Audit) will be participating in this item via teleconference.

Background

The Office of Auditor General conducted the Annual Audit with an onsite audit, between 30 October – 17 November 2023, undertaking follow-up work until December 2023. The final report was received on 8 December 2023.

Consultation

Consultation occurred with the following officers:

- Dale Stewart – Chief Executive Officer;
- Mark Furr – Executive Manager Corporate and Community Services;
- Alex Mulenga – Manager Corporate Services; and
- Mr Reagan Lau – Assistant Director Financial Audit OAG.

Statutory Environment

The following statutory provisions relate:

- Section 6.4 Local Government Act 1995 - Financial report;
- Section 5.54 Local Government Act 1995 - Acceptance of Annual Reports; and
- Regulation 36 Local Government (Financial Management) Regulations 1996 - Annual Financial Report, content of (Act s.6.4(2)).

Policy Implications

There are no known relevant policy implications on this matter.

Financial Implications

There are no substantive financial implications other than noting that the actual audited final surplus for the year ending 30 June 2023 is \$3,444,148, as opposed to the budgeted surplus brought forward being \$3,470,191, some \$26,043 less than predicted. Savings of at least this amount will ideally need to be identified in the Budget Review proposed for the February Council Meeting to retain the Council's proposed Nil budget position forecast for 30 June 2024.

Strategic Implications

| Shire of Narrogin Strategic Community Plan 2017-2027 | | |
|------------------------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------|
| Objective | 4. | Civic Leadership Objective (Continually enhance the Shire's organisational capacity to service the needs of a growing community) |
| Outcome: | 4.1 | An efficient and effective organisation |
| Strategy: | 4.1.1 | Continually improve operational efficiencies and provide effective services |
| Strategy: | 4.1.2 | Continue to enhance communication and transparency |

Comment/Conclusion

Audit Opinion

The OAG has expressed an unqualified audit opinion for 2022/23 Annual Financial Report.

The opinion stated by the auditor was that the financial report was:

- Based on proper accounts and records;
- Presented fairly, in all material respects, the results of the operations of the Shire for the year ending 30 June 2023 and its financial position at the end of that period; and
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Management Letter

It was encouraging to note that the audit identified zero (0) significant findings throughout the audit. A total of two (2) findings were presented in the letter, both were rated moderate.

Finding 1

Rating: Moderate - From our review of the fixed asset register, we identified the following matters:

- Four (4) instances where assets disposed through trade-in did not have the correct disposal date input in the Fixed Asset Register; and
- The corresponding additions from these trade-ins were not commissioned in the Fixed Asset Register with the correct start date.

This has resulted in depreciation and profit/loss on sale of asset being inaccurately recorded. The impact of these errors did not result in a material misstatement in the 2022/23 Financial Statements.

Management Comment

Procedures for timely processing of additions and disposals in the register exist. The Shire acknowledges the importance of effective internal controls and further review will realise improvement opportunities in this matter. It is the view of the Shire that the timing of disposals and /or additions in the asset register would not have any material impact on depreciation or loss/ profit on disposal, as the register will continue depreciating the old asset until it is deleted.

Finding 2

Rating: Moderate - Our testing identified that the number of unused and inactive creditors in the Supplier Masterfile has continued to increase from the prior year. Details of our finding are included in the table below:

| | 2022/23 | 2022/21 |
|------------------------------------------|---------|---------|
| Unused Creditors | 68 | 25 |
| Creditors inactive for more than 3 years | 131 | 53 |

Management Comment

This matter raised by the Auditor has subsequently been addressed and completed. Whilst IT Vision committed to an automated process this was not finalised and so in accordance with recommendations, a periodic review will be undertaken as part of the EOFY process to maintain currency within the Masterfile.

Voting Requirements

Simple Majority

OFFICERS' RECOMMENDATION

Moved: Cr Fisher

Seconded: Cr Pomykala

That with respect to Annual Financial Report for Financial Year 2022/23 the Audit Advisory Committee:

1. Recommend to Council the acceptance of the Annual Financial Report and Independent Audit Report for the 2022/23 Financial Year noting that is 'unqualified' and there are no matters of significance raised by the Auditors; and
2. Note the items discussed in the Confidential Management Letter and Independent Audit Report and the Administration's responses regarding:
 - a. Fixed Asset Management; and
 - b. Supplier Masterfile – Redundant Records.

4.15pm Cr McNab entered meeting.

CARRIED 6/0

For: President Ballard, Cr Broad, Cr Fisher, Cr Bartron, Cr Pomykala, Cr McNab

Against: Nil



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023

Shire of Narrogin

To the Council of the Shire of Narrogin

Opinion

I have audited the financial report of the Shire of Narrogin (Shire) which comprises:

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Narrogin for the year ended 30 June 2023 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Mark Ambrose

Mark Ambrose
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 December 2023

4.22pm Regan Lau left the meeting.

6.2 ANNUAL COMPLIANCE AUDIT RETURN 2023

| | |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| File Reference | 14.1.1 |
| Disclosure of Interest | Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure. |
| Applicant | Nil |
| Previous Item Numbers | Nil |
| Date | 16 January 2024 |
| Author | Victoria Anderson – Records Management and Governance Officer |
| Authorising Officer | Dale Stewart – Chief Executive Officer |
| Attachments | |
| 1. Compliance Audit Return 2023 | |

Summary

The completed annual Compliance Audit Return for calendar year 2023 is presented to the Audit Advisory Committee for consideration.

Background

It is a requirement of all Local Governments to complete the annual Compliance Audit Return as part of its regulatory obligations to the Department of Local Government, Sport and Cultural Industries.

Consultation

Consultation has been undertaken with:

- Chief Executive Officer;
- Executive Manager Corporate & Community Services;
- Manager Corporate Services;
- Governance Officer; and
- Executive Support Coordinator.

Statutory Environment

The following statutory provisions apply:

- Local Government (Audit) Regulations – Regulation 14 – Compliance audit return to be reviewed by Audit Committee and report made to Council.
- Local Government (Audit) Regulations – Regulation 15 – once considered by Council, the return is to be signed by President and CEO and lodged with the Department by 31 March.

Policy Implications

There are no known relevant policy implications.

Financial Implications

| Consequence Likelihood | | Insignificant | Minor | Moderate | Major | Catastrophic |
|---------------------------|---|---------------|------------|------------|--------------|--------------|
| | | 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 (20) |
| 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) |

There are no known relevant financial implications.

Strategic Implications

| Shire of Narrogin Strategic Community Plan 2017-2027 | | |
|------------------------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------|
| Objective | 4. | Civic Leadership Objective (Continually enhance the Shire's organisational capacity to service the needs of a growing community) |
| Outcome: | 4.1 | An efficient and effective organisation |
| Strategy: | 4.1.1 | Continually improve operational efficiencies and provide effective services |
| Strategy: | 4.1.2 | Continue to enhance communication and transparency |

Risk Implications

Risk Matrix

| Risk | Risk Likelihood | Risk Impact / Consequence | Risk Rating | Principal Risk Theme | Risk Action Plan (Controls or Treatment proposed) |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------|-------------|-------------------------|---------------------------------------------------|
| Failure to present the Compliance Audit Return would result in the non-compliance with the Local Government (Audit) Regulations – Regulation 14, which may result in a qualified audit. | Rare (1) | Minor (2) | Low (1-4) | Compliance Requirements | Accept Officer Recommendation |

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative or a deviation from the expected and may be related to the following objectives; occupational health and safety, financial, service interruption, compliance, reputation and environment. A risk matrix has been prepared and a risk rating of two (2) has been determined for this item. Any items with a risk rating over 10 or greater (considered to be high or extreme risk) will be added to the Risk Register, and any item with a risk rating of 16 or greater will require a specific risk treatment plan to be developed.

Comment/Conclusion

The Compliance Audit Return has been completed for the 2023 calendar year and is submitted for review. There are no issues of non-compliance identified for further attention.

As per the Local Government (Audit) Regulations, this item will be presented to the Audit Advisory Committee Meeting, scheduled for 7 February 2024. The Return has been recommended to Council by Officers.

Voting Requirements

Simple Majority

OFFICERS' RECOMMENDATION

Moved: Cr Pomykala

Seconded: Cr Broad

That with respect to the Department of Local Government, Sport and Cultural Industries' Compliance Audit Return for Calendar Year 2023, the Audit Advisory Committee recommends its adoption by Council, noting no matters of non-compliance, amongst the ninety-four (94) questions asked for approval to lodge with the Department.

CARRIED 6/0

For: President Ballard, Cr Broad, Cr Fisher, Cr Bartron, Cr Pomykala, Cr McNab

Against: Nil

Narrogin - Compliance Audit Return 2023

| Commercial Enterprises by Local Governments | | | | | |
|---------------------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|-------------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | s3.59(2)(a) F&G Regs 7,9,10 | Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023? | N/A | | Victoria Anderson |
| 2 | s3.59(2)(b) F&G Regs 7,8,10 | Has the local government prepared a business plan for each major land transaction that was not exempt in 2023? | N/A | | Victoria Anderson |
| 3 | s3.59(2)(c) F&G Regs 7,8,10 | Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023? | N/A | | Victoria Anderson |
| 4 | s3.59(4) | Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023? | N/A | | Victoria Anderson |
| 5 | s3.59(5) | During 2023, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority? | N/A | | Victoria Anderson |

Narrogin - Compliance Audit Return 2023

| Delegation of Power/Duty | | | | | |
|--------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | s5.16 | Were all delegations to committees resolved by absolute majority? | N/A | | Victoria Anderson |
| 2 | s5.16 | Were all delegations to committees in writing? | N/A | | Victoria Anderson |
| 3 | s5.17 | Were all delegations to committees within the limits specified in section 5.17? | N/A | | Victoria Anderson |
| 4 | s5.18 | Were all delegations to committees recorded in a register of delegations? | N/A | | Victoria Anderson |
| 5 | s5.18 | Has council reviewed delegations to its committees in the 2022/2023 financial year? | N/A | No Delegations to Committees | Victoria Anderson |
| 6 | s5.42(1) & s5.43 Admin Reg 18G | Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act? | Yes | | Victoria Anderson |
| 7 | s5.42(1) | Were all delegations to the CEO resolved by an absolute majority? | Yes | Resolved OCM 26 April 2023 | Victoria Anderson |
| 8 | s5.42(2) | Were all delegations to the CEO in writing? | Yes | | Victoria Anderson |
| 9 | s5.44(2) | Were all delegations by the CEO to any employee in writing? | Yes | | Victoria Anderson |
| 10 | s5.16(3)(b) & s5.45(1)(b) | Were all decisions by the council to amend or revoke a delegation made by absolute majority? | Yes | | Victoria Anderson |
| 11 | s5.46(1) | Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees? | Yes | https://www.narrogin.wa.gov.au/documents/520/delegations-register | Victoria Anderson |
| 12 | s5.46(2) | Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year? | Yes | | Victoria Anderson |
| 13 | s5.46(3) Admin Reg 19 | Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19? | Yes | | Victoria Anderson |

Narrogin - Compliance Audit Return 2023

| Disclosure of Interest | | | | | |
|------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------|--------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | s5.67 | Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? | Yes | | Vanessa Ward |
| 2 | s5.68(2) & s5.69(5) Admin Reg 21A | Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting? | N/A | | Vanessa Ward |
| 3 | s5.73 | Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made? | Yes | | Vanessa Ward |
| 4 | s5.75 Admin Reg 22, Form 2 | Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? | Yes | See files in Governance Office | Vanessa Ward |
| 5 | s5.76 Admin Reg 23, Form 3 | Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023? | Yes | See files in Governance Office | Vanessa Ward |
| 6 | s5.77 | On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return? | Yes | See files in Governance Office | Vanessa Ward |
| 7 | s5.88(1) & (2)(a) | Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76? | Yes | Registers » Shire of Narrogin | Vanessa Ward |
| 8 | s5.88(1) & (2)(b) Admin Reg 28 | Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28? | Yes | Registers » Shire of Narrogin | Vanessa Ward |
| 9 | s5.88(3) | When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person? | Yes | See files in Governance Office | Vanessa Ward |
| 10 | s5.88(4) | Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? | Yes | See files in Governance Office | Vanessa Ward |
| 11 | s5.89A(1), (2) & (3) Admin Reg 28A | Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A? | Yes | Registers » Shire of Narrogin | Vanessa Ward |

| | | | | | |
|----|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|--------------------------------------------------------------|--------------|
| 12 | s5.89A(5) & (5A) | Did the CEO publish an up-to-date version of the gift register on the local government's website? | Yes | Registers » Shire of Narrogin | Vanessa Ward |
| 13 | s5.89A(6) | When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person? | Yes | | Vanessa Ward |
| 14 | s5.89A(7) | Have copies of all records removed from the register under section 5.89A(6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? | Yes | See files in Governance Office | Vanessa Ward |
| 15 | s5.70(2) & (3) | Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? | Yes | Registers » Shire of Narrogin | Vanessa Ward |
| 16 | s5.71A & s5.71B(5) | Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? | N/A | | Vanessa Ward |
| 17 | s5.71B(6) & s5.71B(7) | Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered? | N/A | | Vanessa Ward |
| 18 | s5.104(1) | Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)? | Yes | | Vanessa Ward |
| 19 | s5.104(3) & (4) | Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995? | No | | Vanessa Ward |
| 20 | s5.104(7) | Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? | Yes | Adopted Codes of Conduct » Shire of Narrogin | Vanessa Ward |

| | | | | | |
|----|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------|--------------|
| 21 | s5.51A(1) & (3) | Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? | Yes | Adopted Code of Conduct » Shire of Narrogin | Vanessa Ward |
|----|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------------------------------------|--------------|

Narrogin - Compliance Audit Return 2023

| Disposal of Property | | | | | |
|----------------------|-----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------|-------------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | s3.58(3) | Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)? | Yes | Lease of Shire property – Narrogin Jetsprint Club Inc | Victoria Anderson |
| 2 | s3.58(4) | Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property? | Yes | Lease of Shire Property as stated above | Victoria Anderson |

Narrogin - Compliance Audit Return 2023

| Elections | | | | | |
|-----------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------|--------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | Elect Regs 30G(1) & (2) | Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate? | Yes | Election held 21 October 2023, however no disclosures made | Vanessa Ward |
| 2 | Elect Regs 30G(3) & (4) | Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years? | N/A | Election Held 21 October 2023 | Vanessa Ward |
| 3 | Elect Regs 30G(5) & (6) | Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with Elect Reg 30G(6)? | Yes | Registers » Shire of Narrogin | Vanessa Ward |

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| Finance | | | | | |
|---------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | s7.1A | Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act? | Yes | OCM Minutes 25 October 2023 | Alex Mulenga |
| 2 | s7.1B | Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority? | N/A | | Alex Mulenga |
| 3 | s7.3(1) | Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023? | Yes | | Alex Mulenga |
| 4 | s7.12A(3) | Where the local government determined that matters raised in the auditor's report prepared under s7.9(1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? | N/A | | Alex Mulenga |
| 5 | s7.12A(4)(a) & (4)(b) | Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? | N/A | | Alex Mulenga |
| 6 | s7.12A(5) | Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website? | Yes | https://www.narrogin.wa.gov.au/documents/1410/shire-of-narrogin-annual-report-2021-22 | Vanessa Ward |
| 7 | Audit Reg 10(1) | Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit? | Yes | | Vanessa Ward |

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| Integrated Planning and Reporting | | | | | |
|-----------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------|------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | Admin Reg 19C | Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | Reviewed 22 May 2019 | Mark Furr |
| 2 | Admin Reg 19DA(1) & (4) | Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? | Yes | Reviewed OCM 24 May 2023 | Mark Furr |
| 3 | Admin Reg 19DA(2) & (3) | Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)? | Yes | Corporate Business Plan 2023 - 2027 narrogin.wa.gov.au | Mark Furr |

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| Local Government Employees | | | | | |
|----------------------------|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|-------------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | s5.36(4) & s5.37(3) Admin Reg 18A | Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A? | N/A | | Victoria Anderson |
| 2 | Admin Reg 18E | Was all information provided in applications for the position of CEO true and accurate? | N/A | | Victoria Anderson |
| 3 | Admin Reg 18F | Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)? | N/A | | Victoria Anderson |
| 4 | s5.37(2) | Did the CEO inform council of each proposal to employ or dismiss senior employee? | N/A | | Victoria Anderson |
| 5 | s5.37(2) | Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? | N/A | | Victoria Anderson |

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| Official Conduct | | | | | |
|------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------|-------------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | s5.120 | Has the local government designated as defined by section 5.37 who is to be its complaints officer? | Yes | Appointed by CEO as per s.5.120 LGA | Victoria Anderson |
| 2 | s5.121(1) | Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)? | Yes | Registers » Shire of Narrogin | Victoria Anderson |
| 3 | s5.121(2) | Does the complaints register include all information required by section 5.121(2)? | Yes | Registers » Shire of Narrogin | Victoria Anderson |
| 4 | s5.121(3) | Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? | Yes | Registers » Shire of Narrogin | Victoria Anderson |

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| Optional Questions | | | | | |
|--------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------|--------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | Financial Management Reg 5(2)(c) | Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report. | Yes | Financial Management Reg 5 Review & Audit Regulation 17 Completed 19/09/2022 | Mark Furr |
| 2 | Audit Reg 17 | Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report. | Yes | Financial Management Reg 5 Review & Audit Regulation 17 Completed 19/09/2022 | Mark Furr |
| 3 | s5.87C | Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act? | Yes | Registers » Shire of Narrogin | Vanessa Ward |
| 4 | s5.90A(2) & (5) | Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events? | Yes | Council Policy 1.15. Reviewed 25/10/23 | Vanessa Ward |
| 5 | s5.96A(1), (2), (3) & (4) | Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ? | Yes | www.narrogin.wa.gov.au | Vanessa Ward |
| 6 | s5.128(1) | Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members? | Yes | Council Policy 1.17 Reviewed 25/10/2023 | Vanessa Ward |
| 7 | s5.127 | Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022? | Yes | Registers » Shire of Narrogin | Vanessa Ward |
| 8 | s6.4(3) | By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022? | Yes | | Alex Mulenga |
| 9 | s.6.2(3) | When adopting the annual budget, did the local government take into account all its expenditure, revenue and income? | Yes | Adoption of Budget OCM 26 July 2023 | Alex Mulenga |
| Shire of Narrogin | | Audit Advisory Committee Minutes 7 February 2024 | | | Page 27 |

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| Tenders for Providing Goods and Services | | | | | |
|------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------|-------------------|
| No | Reference | Question | Response | Comments | Respondent |
| 1 | F&G Reg 11A(1) & (3) | Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? | Yes | Council Policy 3.1 (a)(b)(c) | Victoria Anderson |
| 2 | s3.57 F&G Reg 11 | Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? | Yes | Caravan Park – Tender advertised Oct 22 – finalised 2023. Library Extension Tender advertised Dec 22 Tender not finalised. | Victoria Anderson |
| 3 | F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4) | When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? | YES | Both Caravan Park and Library Extension Tenders advertised in the West Australian and Shire of Narrogin Website | Victoria Anderson |
| 4 | F&G Reg 12 | Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? | N/A | | Victoria Anderson |
| 5 | F&G Reg 14(5) | If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation? | N/A | | Victoria Anderson |
| 6 | F&G Regs 15 & 16 | Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? | Yes | | Victoria Anderson |
| 7 | F&G Reg 17 | Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? | Yes | Registers » Shire of Narrogin | Victoria Anderson |

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| 8 | F&G Reg 18(1) | Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? | N/A | Victoria Anderson |
| 9 | F&G Reg 18(4) | Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? | N/A | Victoria Anderson |
| 10 | F&G Reg 19 | Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? | N/A | Victoria Anderson |
| 11 | F&G Regs 21 & 22 | Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22? | N/A | Victoria Anderson |
| 12 | F&G Reg 23(1) & (2) | Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? | N/A | Victoria Anderson |
| 13 | F&G Reg 23(3) & (4) | Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? | N/A | Victoria Anderson |
| 14 | F&G Reg 24 | Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24? | N/A | Victoria Anderson |
| 15 | F&G Regs 24AD(2) & (4) and 24AE | Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE? | N/A | Victoria Anderson |
| 16 | F&G Reg 24AD(6) | If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? | N/A | Victoria Anderson |
| 17 | F&G Reg 24AF | Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? | N/A | Victoria Anderson |
| 18 | F&G Reg 24AG | Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG? | N/A | Victoria Anderson |
| 19 | F&G Reg 24AH(1) | Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? | N/A | Victoria Anderson |

| | | | | |
|----|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------|
| 20 | F&G Reg 24AH(3) | Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? | N/A | Victoria Anderson |
| 21 | F&G Reg 24AI | Did the CEO send each applicant written notice advising them of the outcome of their application? | N/A | Victoria Anderson |
| 22 | F&G Regs 24E & 24F | Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F? | Yes | Victoria Anderson |

I certify this Compliance Audit return has been adopted by Council at its meeting on _____

Signed Mayor/ President, Narrogin

Signed CEO, Narrogin

7. NEW BUSINESS OF URGENT NATURE

7.1 FINANCIAL ASSISTANCE GRANTS OVER PAYMENT

The Chief Executive Officer requested permission to advise the Audit Committee of two risks exceeding a score of 15 on the Council's adopted Enterprise Risk Management Policy, that warrant referral to this Committee.

The Chief Executive Officer advised that the Shire of Narrogin confronts a substantial financial risk due to an overpayment of \$197,411 by the Department of Local Government Sport & Cultural Industries (DLGSC). The lack of clarity regarding the recovery of this amount poses a threat to the Shire's budget, impacting financial years 2023/24 and 2024/25. Anticipating a \$200k deficit, this could potentially escalate to \$400k, contingent on the DLGSC's response. Urgent clarification on overpayment recovery, preventative measures against future errors, and details on grant allocation impacts are crucial for effective risk management, considering the extensive financial implications involved. Risk Exposure: If possible exposure is \$400k – 3x4 = 12 (High Risk) ...If almost certain is \$200k – 5x4=20 Risk Rating (Extreme).

Background

"Subject: Clarification and Resolution of Overpayment and Letter Non-Receipt Issues

Dear Leah and Tim,

I am writing in response to the recent letter from the DLGSC, dated 11 September 2023, which we received only yesterday, five months after its intended dispatch. I understand Kathryn may have been reassigned, so I'm addressing this letter to both of you.

Firstly, concerning the overpayment of \$197,411 to the Shire of Narrogin, we urgently seek clarification on the DLGSC's intentions regarding the recovery of this amount. This overpayment has been factored into our budget as income for the financial years 2022/23 and 2023/24. While we anticipate a reduction of the same amount in the 2024/25 financial year (now), the specific details of whether there will be a recoup of the 22/23 - 23/24 overpayment will be addressed remain unclear. Your prompt response to this matter is crucial, given the impact on our ongoing budget planning. We are currently facing a \$200k deficit next year, which, depending on the Department's response, could potentially escalate to \$400k. I want to emphasise that the Shire takes an error of this magnitude, attributed to the Department, very seriously.

Secondly, like our counterparts in the Shire of Wickepin, we did not receive the letter sent in September 2023 until yesterday. Our awareness of its existence was only triggered by an email acknowledging the receipt of our information return. This situation raises concerns about the distribution process and underscores the seriousness of the error on the part of the DLGSC. We seek an explanation for the non-receipt of the letter and request information on whether other local governments experienced similar issues. Additionally, we are interested in understanding the steps being implemented to prevent such errors in the accounting procedures from occurring again. In my 38 years of experience in local government, errors of this magnitude have been unprecedented.

Furthermore, Tim Clynn's letter suggests a potential reduction in the Shire of Wickepin's 2024/25 FA grant allocation due to the overpayment in the 2023/24 financial year. We share

similar concerns about the potential impacts on our 2024/25 FA grant allocation and request clarification on how this matter will be addressed.

Given the gravity of this error affecting 107 local governments, we are eager to understand the measures DLGSC is implementing to prevent such occurrences in the future. It is essential for the integrity of the financial assistance grant system that steps are taken to avoid a repeat of this situation.

We appreciate your immediate attention to these matters and look forward to receiving a comprehensive response at the highest levels urgently."

Outcomes:

The Chief Executive Officer to investigate the following options as part of mitigation and management measures:

1. Budget Review February 2024 – additional income received of \$111k in 2023/24 not budgeted etc. to contribute towards funding the necessary \$200k.
2. Letter to Minister and Commission and WALGA if required to clarify and minimise exposure to \$200k and not \$400k.
3. Request of option of repaying the overpayment back over 4 years i.e \$50k each year.
4. Chief Executive Officer to monitor the risk and report to the Elected Members via Monthly Briefing Forums as appropriate.

7.2 NARROGIN LANDFILL - POWER POLES

The Shire of Narrogin faces a financial exposure risk related to the potential incorrect receipt of Western Power poles at the Narrogin Refuse Site over several years up until about 2016. This risk carries a significant extent, with potential costs reaching up to \$378,000 (one quote received). Timely and precise relocation (or burial in-situ) efforts are necessary to prevent any adverse impact on the Shire's financial resources. This risk adds complexity to the overall financial landscape, emphasising the importance of meticulous planning and execution in the relocation or licensing process. If exposure is \$378k – 4x4=16 Risk Rating (High)

Outcomes:

The Chief Executive Officer to investigate the following options as part of mitigation and management measures:

1. Refuse Reserve has \$747k predicted in it at 30/6/24.
2. Make submission to DWER that it can be left and buried and was per licence at the time (hopefully).
3. Reduce extent of liability (to be relocated to then appropriate class refuse facility) by removing treated / contaminated section only and burying / burning non contaminated sections thus reducing extent of financial exposure to \$ 50% or less.
4. Seek alternate quotes and or quotes in-house for carting etc.
5. Investigate other options.
6. Chief Executive Officer to monitor the risk and report to the Elected Members via Monthly Briefing Forums as appropriate.

8. CLOSURE OF MEETING

There being no further business to discuss, the Presiding Member declared the meeting closed at 4.57 pm.