



Minutes

of the Shire of Cranbrook
Audit Committee
held on Wednesday 21 February 2018
At 9:00am in the Cranbrook Council Chambers

Scope of Committee

Regulation 16 of the Local Government (Audit) Regulations 1996 define the functions of the audit committee as follows:

“An audit committee –

- (a) is to provide guidance and assistance to the local government –
 - (i) as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and
 - (ii) as to the development of a process to be used to select and appoint a person to be an auditor; and
- (b) may provide guidance and assistance to the local government as to –
 - (i) matters to be audited;
 - (ii) the scope of audits;
 - (iii) its functions under Part 6 of the Act; and
 - (iv) the carrying out of its functions relating to other audits and other matters related to financial management.”
- (c) is 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.”

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AGENDA

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairperson, Cr Adams declared the meeting open at 9.05am.

2. RECORDS OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

ATTENDANCE

Chairperson

Cr DJ (David) Adams

Councillors

Cr P (Peter) Denton

Cr ER (Ruth) Bigwood

Cr CY (Colin) Egerton-Warburton

Cr PM (Peter) Beech

Cr PL (Phil) Horrocks

Cr PW (Peter) Slater

Cr VN (Vanessa) Fiegert

Cr DS (David) Carey

Chief Executive Officer

Mr PB (Peter) Northover

Manager of Finance & Administration

Mrs PA (Trish) Standish

Manager of Works

Mr JE (Jeff) Alderton

Members of the Public

Nil

LEAVE OF ABSENCE

Nil

APOLOGIES

Nil

3. PUBLIC QUESTION TIME

3.1 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

3.2 PUBLIC QUESTION TIME

Nil

4. DISCLOSURE OF INTEREST

Nil

5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

5.2 AUDIT COMMITTEE MEETING – 12 FEBRUARY 2018

Moved Cr Denton, seconded Cr Egerton-Warburton that the minutes from the Shire of Cranbrook Audit Committee meeting held on 12 February 2018, be confirmed as a true and correct record.

Carried 9/0

6. GENERAL BUSINESS

6.1 PLANNING AUDIT FOR THE YEAR ENDED 30 JUNE 2017 – AUDIT FINDINGS

RESPONSIBLE OFFICER:	Trish Standish – Manager of Finance and Administration
REPORT AUTHOR:	Trish Standish – Manager of Finance and Administration
FILE REFERENCE:	FM9
APPLICANT:	N/A
DATE OF REPORT:	31 January 2018
ATTACHMENTS:	Planning Audit Findings for the Year Ended 30 June 2017

Purpose

The purpose of this report is to report the findings from the 2016/2017 planning audit conducted in March 2017 to the Audit Committee.

Background

Lincolns conducted a planning audit in March 2017, the findings from this audit are listed on the attachment.

Officers Comment

The planning audit testing assesses risk and checks control systems and data entry procedures. This is an essential process confirming ultimate reliance on financial reports.

Statutory Environment

There is no specific legislation applicable to this item.

Policy Applicable – Implications

There is no Council policy applicable to this item.

Financial Implications

There are no financial implications for this report.

Risk Implications

The risks associated with matters in this report are:

- Misconduct
- Errors, Omissions and Delays
- Failure of IT and or Communication Systems and Infrastructure
- Providing inaccurate advice/information
- Inadequate document management processes
- Ineffective employment practices

The impact of the risk is Financial and Reputational

The consequences of these risks are considered to be Catastrophic

The likelihood is Unlikely

Hence the **risk rating** for this item is High

Risk mitigation includes ensuring staff have the appropriate security access levels for financial transactions and by the use of professional qualified auditors.

Strategic Community Plan Reference

The 2017-2027 Shire of Cranbrook, Strategic Community Plan states that:

Objective 4: Leadership - Demonstrate strong governance, leadership and organisational growth

Outcome 4.1: Excellence in governance, compliance, regulation and reporting

Strategy 4.1.1: Maintain a high level of corporate governance, responsibility and accountability

Consultation

Consultation was not required for this report.

VROC Implications

There are no strategic VROC implications for this report.

Voting Requirements

Simple Majority

OFFICERS RECOMMENDATION/COMMITTEE RESOLUTION

Moved Cr Slater, seconded Cr Egerton-Warburton that the attached Planning Audit Findings for the Year Ended 30 June 2017 are noted by the Audit Committee.

Carried 9/0

6.2	CONTROLS OVER CREDIT CARDS AUDIT BY THE OFFICE OF THE AUDITOR GENERAL – AUDIT FINDINGS
RESPONSIBLE OFFICER:	Trish Standish – Manager of Finance and Administration
REPORT AUTHOR:	Trish Standish – Manager of Finance and Administration
FILE REFERENCE:	FM9
APPLICANT:	N/A
DATE OF REPORT:	31 January 2018
ATTACHMENTS:	Controls over Credit Cards Audit Findings

Purpose

The purpose of this report is to report on the findings from the controls over credit cards audit that was conducted in December 2017 by the Office of the Auditor General to the Audit Committee.

Background

As discussed during the Council briefing session in December 2017, the Shire of Cranbrook was one of eight local governments selected as part of the Office of the Auditor General (OAG) focus area audits looking at controls over credit card usage. The aggregated results of this audit will be summarised and tabled in Parliament in April 2018.

Officers Comment

Two auditors from the OAG attended the Shire office on Monday 11 and Tuesday 12 December 2017 to undertake this audit.

One hundred credit card transactions were selected between 1 January and 30 September 2017 with the findings from the audit listed on the attachment.

Statutory Environment

There is no specific legislation applicable to this report.

Policy Applicable – Implications

Council Policy 4.13 Corporate Credit Card is applicable to this report.

Financial Implications

There are no financial implications for this report.

Risk Implications

The risks associated with matters in this report are:

- Misconduct
- Errors, Omissions and Delays
- Failure of IT and or Communication Systems and Infrastructure
- Providing inaccurate advice/information
- Inadequate document management processes
- Ineffective employment practices

The impact of the risk is Financial and Reputational

The consequences of these risks are considered to be Catastrophic

The likelihood is Unlikely

Hence the **risk rating** for this item is High

Risk mitigation includes:

- Ensuring staff abide by the corporate credit card policy; and
- Ensuring the credit card is reconciled on a monthly basis.

Strategic Community Plan Reference

The 2017-2027 Shire of Cranbrook, Strategic Community Plan states that:

Objective 4: Leadership - Demonstrate strong governance, leadership and organisational growth

Outcome 4.1: Excellence in governance, compliance, regulation and reporting

Strategy 4.1.1: Maintain a high level of corporate governance, responsibility and accountability

Consultation

Consultation was not required for this report.

VROC Implications

There are no strategic VROC implications for this report.

Voting Requirements

Simple Majority

OFFICERS RECOMMENDATION/COMMITTEE RESOLUTION

Moved Cr Carey, seconded Cr Beech that the attached Audit Findings from the Controls over Credit Cards audit conducted by the Office of the Auditor General are noted by the Audit Committee.

Carried 9/0

6.3	ANNUAL REPORT 2016/2017
RESPONSIBLE OFFICER:	Trish Standish – Manager of Finance and Administration
REPORT AUTHOR:	Trish Standish – Manager of Finance and Administration
FILE REFERENCE:	AD4/GO4
APPLICANT:	N/A
DATE OF REPORT:	31 January 2018
ATTACHMENTS:	1. 2016/2017 Annual Report 2. Management Letter – Lincolns

Purpose

The purpose of this report is for the Audit Committee to recommend to the Council to adopt the 2016/2017 Shire of Cranbrook Annual Report and to set a date for the annual electors meeting.

Background

The Councils annual report has been prepared in accordance with the Local Government Act 1995 and associated regulations and is attached (separate to the agenda document).

Officers Comment

It should be noted that whilst every effort was made to have the annual report presented to the Council prior to 31 December 2017, the auditors were unable to finalise the report by this date due to their other commitments. Shire staff had all required documents to the auditor as per regulations. The final audit report was received on 8 February 2018 and was discussed when the Audit Committee met with the Auditor on 12 February 2018.

When considering the timing requirements to hold the annual electors' meeting described below in Statutory Environment, the meeting needs to be held between 13 March 2018 and 18 April 2018.

Statutory Environment

The Local Government Act 1995 requires the Council to accept the Annual Report by 31 December each year unless the audit report is not available. If unable to be accepted by 31 December in any given year then Council must accept the report within two (2) months of the audit report becoming available. The annual meeting of electors must then be held within fifty-six (56) days of Council accepting the Annual Report. A minimum of fourteen days local public notice is required of the date, time, place and purpose of the meeting.

Policy Applicable - Implications

Council Policy 1.1 'Electors Meeting' states:

'The Annual Electors' meeting will be held within 56 days of receiving the Annual Financial Report. The Annual Electors' meeting venue will alternate between the Cranbrook and Frankland River town-sites as follows:

2016/2017	Frankland River
2017/2018	Cranbrook
2018/2019	Frankland River

The previous annual electors' meeting was held on 21 December 2016 in Cranbrook.

Electors are requested to provide the Chief Executive Officer with their questions in writing no later than seven days prior to the Annual Electors Meeting to enable staff to research the matter if required.

Financial Implications

There are no financial implications for this report. The Annual Report contains the annual financial statements for 2016/2017, illustrating the Council's financial performance for this period.

Risk Implications

The risks associated with matters in this report are:

- Misconduct
- Errors, Omissions and Delays
- Failure of IT and or Communication Systems and Infrastructure
- Providing inaccurate advice/information
- Inadequate document management processes
- Ineffective employment practices

The impact of the risk is Financial and Reputational

The consequences of these risks are considered to be Catastrophic

The likelihood is Unlikely

Hence the **risk rating** for this item is High

Risk mitigation includes ensuring staff have the appropriate security access levels for financial transactions and by the use of professional qualified auditors.

Strategic Community Plan Reference

The 2017-2027 Shire of Cranbrook, Strategic Community Plan states that:

Objective 4: Leadership - Demonstrate strong governance, leadership and organisational growth

Outcome 4.1: Excellence in governance, compliance, regulation and reporting

Strategy 4.1.1: Maintain a high level of corporate governance, responsibility and accountability

Consultation

Consultation was not required for this report.

VROC Implications

There are no strategic VROC implications for this report.

Voting Requirements

Simple Majority

OFFICERS RECOMMENDATION/COMMITTEE RESOLUTION

Moved Cr Bigwood, seconded Cr Slater that the Audit Committee recommends to the Council that:

- 1. The attached 2016/2017 Shire of Cranbrook Annual Report be accepted; and**
- 2. The annual meeting of Electors be held on Wednesday 21 March 2018 at 5.00pm in the Frankland River Community Centre.**

Carried 9/0

7. CLOSURE OF MEETING

There being no further business to discuss the Chairperson, Cr Adams declared the meeting closed at 9.36am.