

# AUDIT COMMITTEE MEETING

## MINUTES



For the Audit Committee Meeting held

**20 March 2024**

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## CONTENTS

<b>1.</b>	<b>DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS.....</b>	<b>4</b>
<b>2.</b>	<b>ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE .....</b>	<b>4</b>
2.1	ATTENDANCE .....	4
2.2	APOLOGIES.....	4
2.3	APPROVED LEAVE OF ABSENCE .....	4
<b>3.</b>	<b>PUBLIC QUESTION TIME .....</b>	<b>4</b>
3.1	RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE .....	4
3.2	PUBLIC QUESTIONS.....	4
<b>4.</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETING.....</b>	<b>5</b>
4.1	AUDIT COMMITTEE MEETING – 13 December 2023 .....	5
<b>5.</b>	<b>GENERAL BUSINESS.....</b>	<b>6</b>
5.1.1	COMPLIANCE AUDIT RETURN - 2023 .....	6
5.1.2	NEW POLICY – POLICY 4.21 - REGIONAL PRICE PREFERENCE POLICY .....	8
5.1.3	NEW POLICY – POLICY 5.4 – REPLACEMENT OF PLANT AND VEHICLES.....	10
5.1.4	POLICY MANUAL REVIEW.....	12
<b>6.</b>	<b>CLOSURE OF MEETING .....</b>	<b>15</b>

# MINUTES

## 1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairperson, Cr Johnson declared the meeting open at 2.30pm. The Chairperson alerted the meeting to the procedures for emergencies including evacuation, designated exits and muster points.

### SUSPENDING STANDING ORDERS

Moved Cr Denton, seconded Cr Egerton-Warburton that clause 9.1 Members to Rise be temporarily suspended for the duration of today's Council Meeting to facilitate open debate and to assist with the efficient running of the meeting.

**CARRIED 7/0**

**FOR:** Cr G Pollard, Cr J Quick, Cr P Denton, Cr R Johnson,  
Cr L Casson, Cr D Egerton-Warburton, Cr P Mulcahy

**AGAINST:** Nil

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

### 2.1 ATTENDANCE

Chairperson	Cr RW (Robert) Johnson
Councillors	Cr P (Peter) Denton
	Cr LM (Lee) Casson
	Cr P (Perin) Mulcahy
	Cr DM (Daisy) Egerton-Warburton
	Cr G (George) Pollard
	Cr JA (Jen) Quick
Chief Executive Officer	Ms LA (Linda) Gray
Manager of Finance	Mrs DE (Diana) Marsh
A/Manager of Works	Mr G (Joe) Duina
Members of the Public	Nil

### 2.2 APOLOGIES

Customer Service Officer	Miss RL (Renee) Warren
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### 2.3 APPROVED LEAVE OF ABSENCE

Nil

## 3. PUBLIC QUESTION TIME

### 3.1 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

### 3.2 PUBLIC QUESTIONS

Nil

**4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

**4.1 AUDIT COMMITTEE MEETING – 13 December 2023**

**Moved Cr Denton, seconded Cr Pollard that the minutes from the Audit Committee Meeting held on 13 December 2023 be confirmed as a true and correct record.**

**CARRIED 7/0**

**FOR:** Cr G Pollard, Cr J Quick, Cr P Denton, Cr R Johnson,  
Cr L Casson, Cr D Egerton-Warburton, Cr P Mulcahy

**AGAINST:** Nil

## 5. GENERAL BUSINESS

### 5.1.1 COMPLIANCE AUDIT RETURN - 2023

<b>RESPONSIBLE OFFICER:</b>	Linda Gray – Chief Executive Officer
<b>REPORT AUTHOR:</b>	Jo Scott – Executive Officer
<b>FILE REFERENCE:</b>	AD5
<b>APPLICANT:</b>	N/A
<b>DATE OF REPORT:</b>	8 March 2024
<b>ATTACHMENTS:</b>	2023 Compliance Audit Return

#### Purpose

The purpose of this report is for the Audit Committee to consider the Compliance Audit Return (CAR) for the 2023 calendar year as required by the Local Government Act 1995.

#### Background

The CAR is one of the tools that allow the Council to monitor how the organisation is functioning. Each Local Government is required to carry out a compliance audit for the period 1 January – 31 December 2023 against the requirements included in the Local Government (Audit) Regulations. This had in previous years been completed by internal staff members or via consultant, The 2023 CAR was completed by an external consultant, Mr S Tweedie with assistance from the Chief Executive Officer, Ms Linda Gray. Varying the assessment of the controls each year should give a more independent analysis of the compliance of the organisation.

#### Officer's Comment

The current structure of the CAR is restricted to the areas of compliance of those considered high risk. The Audit Committee is required to review the CAR and report the results of that review to the Council prior to adoption by the full Council and submission to the Department of Local Government Sport and Cultural Industries. After the CAR has been presented to the Council, a certified copy of the return together with the relevant section of the minutes and any additional information explaining or qualifying the Compliance Audit is to be submitted to the Executive Director of the Department of Local Government Sport and Cultural Industries by 31 March 2024.

The Compliance Audit Return is attached and there were nil findings this year being a total of 1/94, it should be noted that the Shire did not complete any tender processes during 2023:

Commercial Trading Activities	0 out of 5
Delegations of Power	0 out of 13
Disclosure of Interest	0 out of 21
Disposal of Property	0 out of 2
Elections	0 out of 3
Finance	0 out of 7
Integrated Planning and Reporting	0 out of 3
LG Employees	1 out of 5
Official Conduct	0 out of 4
Optional Questions	0 out of 9
Tenders for Providing Goods and Services	0 out of 22

#### Statutory Environment

The Local Government (Audit) regulations define the process and requirements for the compliance audit return.

### **Policy Applicable – Implications**

There is no Council policy 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:

- Failure to fulfil Statutory, Regulatory or Compliance Requirements

The **impact** of the risk is Non-Compliance

The **consequences** of these risks are considered to be Insignificant

The **likelihood** is Rare

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

Risk mitigation includes ensuring the CAR is completed on time each year and any errors identified are rectified immediately and processes put in place to ensure the sustainability of the corrections. By employing a consultant on occasions also ensures that fresh eyes can refresh the process.

### **Strategic Community Plan Reference**

The 2021-2031 Shire of Cranbrook, Strategic Community Plan states that:

**Outcome 16 – High Performing Shire:** An accountable and respected Shire, investing in its people and structures.

**Deliverable 16.1:** A Shire and supporting entities are well-governed with delineated roles and accountabilities.

### **Consultation**

Ms Jo Scott, Executive Officer

Steven Tweedie, Consultant

Ms Linda Gray, Chief Executive Officer

### **Voting Requirements**

Simple Majority

### **OFFICER'S RECOMMENDATION/COMMITTEE DECISION**

**Moved Cr Casson, seconded Cr Pollard that the Audit Committee adopt the Shire of Cranbrook's Compliance Audit Return for the period 1 January to 31 December 2023, as attached.**

**CARRIED 7/0**

**FOR:** Cr G Pollard, Cr J Quick, Cr P Denton, Cr R Johnson,  
Cr L Casson, Cr D Egerton-Warburton, Cr P Mulcahy

**AGAINST:** Nil

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<b>5.1.2</b>	<b>NEW POLICY – POLICY 4.21 - REGIONAL PRICE PREFERENCE POLICY</b>
<b>RESPONSIBLE OFFICER:</b>	Diana Marsh – Manager of Finance and Administration
<b>REPORT AUTHOR:</b>	Diana Marsh – Manager of Finance and Administration
<b>FILE REFERENCE:</b>	GO17 – Council Policies
<b>APPLICANT:</b>	N/A
<b>DATE OF REPORT:</b>	13 March 2024
<b>ATTACHMENTS:</b>	Draft Policy 4.21 Finance – Regional Price Preference

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### **Purpose**

For the Audit Committee to consider adopting a Regional Price Preference Policy.

### **Background**

The management team have developed a Regional Price Preference Policy to establish guidelines for the promotion of business partnerships within the Great Southern Region and the Shire of Cranbrook by giving preference to regional suppliers in the procurement of goods or services.

### **Officer's Comment**

The Local Government Act 1995, and the Local Government (Functions and General) Regulations have been considered in forming this policy.

The attached policy provides detail on eligibility, price level preferences, as well as association roles and responsibilities, and statewide public notice of the intention to have a regional price preference policy is required for four weeks.

Following the Ordinary Meeting of Council held 13 December 2023, the draft policy was advertised in accordance with Part 4A r.24E of the Local Government (Functions and General) Regulations 1996 with public submissions closing 2 March 2024. No submissions were received, so the policy is being presented again to Council for adoption.

### **Statutory Environment**

Section 3.57 of the Local Government Act 1995

Part 4 of Local Government (Functions and General) Regulations 1996

### **Policy Applicable**

New policy.

### **Financial Implications**

There are no financial implications for this report that have not been considered in the current budget.

### **Risk Implications**

The risks associated with matters in this report are:

- Misconduct
- Errors, Omissions and Delays
- Failure to fulfil Statutory, Regulatory or Compliance Requirements
- Inadequate Document Management Processes

The **impacts** of the risk are: Financial, Non-Compliance, Reputational

The **consequences** of these risks are considered to be: Major

The **likelihood** is: Possible



Hence the **risk rating** for this report is: Medium

Risk mitigation includes staff training and ongoing monitoring for compliance with policy

**Strategic Community Plan Reference**

The 2021-2031 Shire of Cranbrook, Strategic Community Plan states that:

**Outcome 16 – High Performing Shire:** An accountable and respected Shire, investing in its people and structures.

**Deliverable 16.1:** A Shire and supporting entities are well-governed with delineated roles and accountabilities.

**Consultation**

Consultation for this report included the Chief Executive Officer and management team.

**Voting Requirements**

Simple Majority

**OFFICER'S RECOMMENDATION/COMMITTEE DECISION**

**Moved Cr Pollard, seconded Cr Quick that the Audit Committee adopt Policy 4.21 Finance – Regional Price Preference for implementation in the Policy Manual.**

**CARRIED 7/0**

**FOR:** Cr G Pollard, Cr J Quick, Cr P Denton, Cr R Johnson,  
Cr L Casson, Cr D Egerton-Warburton, Cr P Mulcahy

**AGAINST:** Nil

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<b>5.1.3</b>	<b>NEW POLICY – POLICY 5.4 REPLACEMENT OF PLANT AND VEHICLES</b>
<b>RESPONSIBLE OFFICER:</b>	Linda Gray – Chief Executive Officer
<b>REPORT AUTHOR:</b>	Diana Marsh – Manager of Finance
<b>FILE REFERENCE:</b>	GO17 – Council Policies
<b>APPLICANT:</b>	N/A
<b>DATE OF REPORT:</b>	8 March 2024
<b>ATTACHMENTS:</b>	Draft Policy 5.4 Works – Replacement of Plant and Vehicles

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### **Purpose**

The purpose of this report is for the Audit Committee to consider adopting the attached Policy 5.4 Works – Replacement of Plant and Vehicles.

### **Background**

The Shire of Cranbrook has a 10 Year Plant Replacement Program which is reviewed annually as part of the preparation for the annual budget to ensure that plant is renewed at a rate that maintains plant safety while meeting the organisation’s ongoing construction and maintenance needs. This information has been presented to Council during informal workshops or briefing sessions until now.

The 10 Year Plant Replacement Program lists all of the Shire’s major plant and vehicle items with forecast changeover costs. It identifies items to be included in the upcoming budget with budgeted purchase costs and sale values, and the expected number of years it will be held before changeover. The document also aims to maintain consistent annual expenditure by evening out years of higher or lower changeover costs through the use of the Plant Replacement Reserve.

### **Officer’s Comment**

The attached policy directs Council and Shire staff to the 10 Year Plant Replacement Program. It will serve to provide clear guidance to the replacement of Council’s plant and vehicle fleet and will ensure that the Shire maintains a fleet that is efficient and safe, with replacement occurring at time intervals delivering the lowest whole of life cost.

While the focus of this policy is the replacement of plant and vehicles, the whole of life costs includes ongoing servicing, maintenance and repairs. The Shire of Cranbrook runs a comprehensive maintenance budget for its plant and vehicle fleet, undertaken by competent and fully qualified providers. When items are held longer, maintenance costs increase, and the risk of costly, major repairs increases. In the event of a major repair, it is not only the cost of repair that needs to be considered, but also the cost of delays and the hiring of plant needed to keep work going on the construction and maintenance programs.

Furthermore, holding fleet items longer will not only reduce the resale value of those items, but in time lead to a reduction in the value of the fleet overall.

Experience over time has shown the recommended changeover times in the attached policy to be appropriate for the Shire of Cranbrook’s construction and maintenance program and are in line with the experience of other local governments.

The purpose of the Plant Replacement Reserve is for the purchase or replacement of capital plant and equipment. The 10 Plant Replacement Program uses this reserve to even out fluctuations in annual expenditure, all the while maintaining a base sufficient to cover the purchase of a major plant item in the event of an emergency. The attached policy confirms this existing practice.

## **Statutory Environment**

Local Government Act 1995

### 6.11. Reserve accounts

- (1) Subject to subsection (5), where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.

## **Policy Applicable – Implications**

New policy.

## **Financial Implications**

This policy and associated 10 Year Plant Replacement Program will inform the Annual Budget each year.

## **Risk Implications**

The risks associated with matters in this report are:

- Business and Community Disruption
- Inadequate Asset Sustainability Practices
- Inadequate Safety and Security Practices
- Inadequate Project/Change Management

The **impacts** of the risk are: People, Financial, Service Interruption, Reputational, Property

The **consequences** of these risks are considered to be: Moderate

The **likelihood** is: Possible

Hence the **risk rating** for this report is: Medium

Risk mitigation includes adherence to Policy 5.4 Works – Replacement of Plant and Vehicles if adopted.

## **Strategic Community Plan Reference**

The 2021-2031 Shire of Cranbrook, Strategic Community Plan states that:

### **Key Pillar: Connect**

**Outcome 16 – High Performing Shire:** An accountable and respected Shire, investing in its people and structures.

**Deliverable 16.1:** A Shire and supporting entities are well-governed with delineated roles and accountabilities.

## **Consultation**

Consultation for this report included the Chief Executive Officer, Linda Gray and Acting Manager of Works, Joe Duina.

## **Voting Requirements**

Simple Majority

## **OFFICER'S RECOMMENDATION/COMMITTEE DECISION**

**Moved Cr Denton, seconded Cr Mulcahy that the Audit Committee adopt the attached Policy 5.4 Works – Replacement of Plant and Vehicles.**

**CARRIED 7/0**

**FOR:** Cr G Pollard, Cr J Quick, Cr P Denton, Cr R Johnson,  
Cr L Casson, Cr D Egerton-Warburton, Cr P Mulcahy

**AGAINST:** Nil

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<b>5.1.4</b>	<b>POLICY MANUAL REVIEW</b>
<b>RESPONSIBLE OFFICER:</b>	Jo Scott – Executive Officer
<b>REPORT AUTHOR:</b>	Jo Scott – Executive Officer
<b>FILE REFERENCE:</b>	GO17
<b>APPLICANT:</b>	Nil
<b>DATE OF REPORT:</b>	11 March 2024
<b>ATTACHMENTS:</b>	1. Policy Manual 2. Public Question Time procedure

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**Purpose**

The purpose of this report is for the Audit Committee to consider the adoption of the revised Policy Manual.

**Background**

Under Section 2.7(2b) of the *Local Government Act 1995* (the Act), the Council is to determine the Local Government’s policies. Each year the Policy Manual is presented to Council for review with minor amendments. Where amendments are significant, or the policy is new then the policy will be included as an individual agenda item. These policies will guide the decision-making and actions of the Council, Executive Management Team and staff throughout the year.

**Officer’s Comment**

The Executive Management Team and staff have reviewed the current policy manual and as a result some amendments and improvements to existing policies are recommended this year, to reflect current practice, staff titles and to align better with legislation.

The following list includes a summary of noteworthy amendments made:

**GOVERNANCE:**

- **Policy 1.3 Public Question Time** – Reviewed and updated the procedure associated with this policy, attachment 2. This includes relevant points from the Standing Orders Local Law, including the rules of recording of proceedings.
- **Policy 1.5 Elected Member Induction and Continued Professional Development** – Reviewed and updated, WALGA’s training course names have changed and new courses for Elected Members have been included, these are now reflected in the policy.
- **Policy 1.10 Internet and Email Access** – Updated **3. Email Usage** to include the reporting of cyber security breaches.

**WORKFORCE:**

- **Policy 2.4 Managing Unacceptable Behaviour** – Updated to include the amendment to the Fair Work Act regarding sexual harassment.
- **Policy 2.5 Grievance Policy** – Updated definitions section to better capture definitions of a ‘grievance’ and ‘workplace bullying’, Industrial Relations Act referenced.
- **Policy 2.18 Uniforms, Allowance, Personal Protective Equipment** – Reviewed and updated to include provisions for all staff and Elected Members to receive an ACE polo shirt at the beginning of their employment or term. An increase to the price of work boots to reflect price increases of PPE.
- **Policy 2.25 Working from Home** – Added points under PRINCIPALS outlining internet specifications when determining a WFH application.

**ADMINISTRATION:**

- **Policy 3.0 Visitors to the Administration Centre** – Removed section referring to COVID-19 protocols and social distancing measures.

**FINANCE:**

- **Policy 4.1 Budget – Defining Material Variances** – Updated title of Rate Setting Statement to Statement of Financial Activity and added the words “whichever is the greater” to provide more clarity.
- **Policy 4.4 Investments** - Added a dot point to allow management to transfer interest earned on reserves at actual figure rather than the budgeted figure.
- **Policy 4.12 Fees and Charges - Application** – Update donation amount to \$500 to align with policy 4.7.

**EMERGENCY SERVICES:**

- **Policy 6.0 Bushfire Control** – Updated the PURPOSE to include prevention, preparedness, response and recovery.  
Amended **3.** Updated to reflect the new Fire Danger Ratings.  
Under **11. a.** increased the water capacity to 600 litres to align with the Shire’s Annual Fire Break Notice.  
Added section **22. Emergency Services Bushfire Control Public Information** to outline the Shire’s ongoing commitment to informing the community with emergency notifications for the Shire of Cranbrook area.  
Under **24. Training** – there is now a requirement that a Work Health and Safety Induction is included in the training for all volunteers.

**Statutory Environment**

Section 2.7(2b) of the Local Government Act 1995, states that:  
*The Council is to determine the Local Government’s policies.*

**Policy Applicable – Implications**

This report proposes adoption of the revised Council Policy Manual that includes amendments to current policies as defined above.

**Financial Implications**

There are no financial implications for this report.

**Risk Implications**

The risks associated with matters in this report are varied and include:

- Misconduct
- Business and Community Disruption
- External Theft and Fraud
- Errors, Omissions and Delays
- Failure of IT and or Communication Systems and Infrastructure
- Failure to fulfil Statutory, Regulatory or Compliance Requirements
- Inadequate Document Management Processes
- Inadequate Engagement Practices
- Inadequate Asset Sustainability Practices
- Inadequate Safety and Security Practices
- Ineffective Employment Practices
- Inadequate Project/Change Management
- Inadequate Supplier/Contract Management

- Ineffective Management of Facilities/Venues/Events

The **impact** of the risk is People, Financial, Service Interruption, Non-Compliance, Reputational, Property and Natural Environment

The **consequences** of these risks are considered to be Moderate

The **likelihood** is Likely

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

Risk mitigation includes:

- Councillors having a clear understanding of the content of the policies in the attached policy manual; and
- The successful execution of the policies by the Management Team and staff.
- Reviewing the Policy Manual annually.

### **Strategic Community Plan Reference**

The 2021-2031 Shire of Cranbrook, Strategic Community Plan states that:

**Outcome 16 – High Performing Shire:** An accountable and respected Shire, investing in its people and structures.

**Deliverable 16.1:** A Shire and supporting entities are well-governed with delineated roles and accountabilities.

### **Consultation**

Consultation for this report included the Management Team, Executive Officer and Shire staff.

### **Voting Requirements**

Simple Majority

### **OFFICER'S RECOMMENDATION/COMMITTEE DECISION**

**Moved Cr Quick, seconded Cr Pollard that the Audit Committee adopt the revised Shire of Cranbrook Policy Manual 2024, as attached.**

**CARRIED 7/0**

**FOR:** Cr G Pollard, Cr J Quick, Cr P Denton, Cr R Johnson,  
Cr L Casson, Cr D Egerton-Warburton, Cr P Mulcahy

**AGAINST:** Nil

**6. CLOSURE OF MEETING**

There being no further business to discuss the Chairperson, Cr Johnson declared the meeting closed at 2.50pm.