

AUDIT COMMITTEE MEETING

AGENDA



For the Audit Committee Meeting to be held on

16 October 2024

Dear Audit Committee Member,

The next Audit Committee Meeting of the Shire of Cranbrook will be held on Wednesday 16 October 2024 at the Cranbrook Council Chambers commencing at 1.30pm.

A handwritten signature in black ink, appearing to read 'L. Gray', written in a cursive style.

Linda Gray
Chief Executive Officer

DISCLAIMER

This agenda has yet to be dealt with by the Audit Committee. The recommendations shown at the foot of each item have yet to be considered by the Audit Committee and are not to be interpreted as being the position of the Audit Committee. The minutes of the meeting held to discuss this agenda should be read to ascertain the decision of the Audit Committee.

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Scope of Audit 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 Johnson will declare the meeting open at _____pm. The Chairperson will alert the meeting to the procedures for emergencies including evacuation, designated exits and muster points.

2. ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE

2.1 ATTENDANCE

Chairperson
Councillors

Cr RW (Robert) Johnson
Cr P (Peter) Denton
Cr JA (Jen) Quick
Cr LM (Lee) Casson
Cr P (Perin) Mulcahy
Cr DM (Daisy) Egerton-Warburton
Cr G (George) Pollard

Chief Executive Officer
Manager of Finance
Manager of Works
Executive Officer

Ms LA (Linda) Gray
Mrs DE (Diana) Marsh
Mr G (Joe) Duina
Ms J (Jo) Scott

Members of the Public

2.2 APOLOGIES

3. PUBLIC QUESTION TIME

3.1 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

3.2 PUBLIC QUESTIONS

4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

4.1 AUDIT COMMITTEE MEETING – 19 June 2024

That the minutes from the Audit Committee Meeting held on 19 June 2024, be confirmed as a true and correct record.

5. GENERAL BUSINESS

5.1 POLICY REVIEW - POLICY 4.8 FINANCE - PURCHASING

RESPONSIBLE OFFICER: Diana Marsh – Manager of Finance
REPORT AUTHOR: Diana Marsh – Manager of Finance
FILE REFERENCE: GO17
APPLICANT: N/A
DATE OF REPORT: 7 October 2024
ATTACHMENTS: Policy 4.8 Finance – Purchasing

Purpose

The purpose of this report is for the Audit and Risk Committee to consider amendments to Policy 4.8 Finance – Purchasing updating authorised purchasing officers.

Background

The management team within the Shire of Cranbrook has undergone a number of changes in recent months and it is proposed to include purchasing authority for two additional positions, those being the Manager of Human Resources and Administration, and Engineer.

Officer’s Comment

The intent and the content of the draft policy attached remains the same as earlier versions. The only changes proposed at this time are within the authorised officers for purchases up to the value of \$25,000. The inclusion of these officers will better facilitate their ability to manage the budget areas and projects they are responsible for. The proposed changes are as follows:

Purchase Value Threshold	Purchasing Practice	Authorised Officers
Over \$100 and up to and including \$5,000	<p>Direct purchase from suppliers using a Purchase Order or Corporate Credit Card issued by the Shire of Cranbrook, obtaining at least one (1) verbal or written quotation from a suitable supplier, either from:</p> <ul style="list-style-type: none"> • The open market; • An existing panel of pre-qualified suppliers administered by the Shire of Cranbrook; or <p>A pre-qualified supplier on the WALGA Preferred Supply Program or the State Government Common Use Arrangement (CUA)</p>	<p>CEO, <u>Manager of Finance,</u> <u>Manager of Works, Manager of Community Development,</u> <u>Manager HR & Administration & Engineer</u> MOF, MOW, MCD & Delegated Purchasing Officers</p>

<p>Over \$5,000 and up to and including \$25,000</p>	<p>Obtain at least two (2) verbal or written quotations from suppliers either from:</p> <ul style="list-style-type: none"> • The open market; • An existing panel of pre-qualified suppliers administered by the Shire of Cranbrook; or • A pre-qualified supplier on the WALGA Preferred Supply Program or the State Government Common Use Arrangement (CUA) 	<p>CEO, <u>MOF</u> <u>Manager of Finance, MOW</u> <u>Manager of Works, & MCD</u> <u>Manager of Community Development,</u> <u>Manager HR & Administration & Engineer</u></p>
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Statutory Environment

Local Government (Functions and General) Regulations 1996

Policy Applicable – Implications

Nil

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 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

There is no reference to this report in the Council’s Strategic Community Plan.

Consultation

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

Voting Requirements

Simple Majority

OFFICER’S RECOMMENDATION

That the Audit and Risk Committee recommends to the Council that the revised Policy 4.8 Finance – Procurement be adopted.

5.2	POLICY REVIEW – POLICY 2.24 WORKFORCE APPOINTMENT OF ACTING CHIEF EXECUTIVE OFFICER
RESPONSIBLE OFFICER:	Linda Gray – Chief Executive Officer
REPORT AUTHOR:	Jo Scott – Executive Officer
FILE REFERENCE:	GO17
APPLICANT:	N/A
DATE OF REPORT:	9 October 2024
ATTACHMENTS:	Updated Policy 2.24 Workforce Appointment of Acting Chief Executive Officer

Purpose

The purpose of this report is for the Audit and Risk Committee to consider adopting the reviewed and amended policy, Policy 2.24 Workforce Appointment of Acting Chief Executive Officer.

Background

Where the role of Chief Executive Officer (CEO) is not fulfilled for a significant period, this leads to increased risk to the operations and governance of the local government. Therefore, local governments are required to develop and implement a policy that outlines the arrangements to temporarily replace a CEO for any period less than twelve months, for example, when a CEO is on planned or unplanned leave. Currently the Shire has the positions of Manager of Finance (MOF), and Manager of Works (MOW) are outlined in the policy to fill the A/CEO position.

Officer's Comment

To increase the opportunity for professional development and experience in the role of CEO it is important to give suitably experienced employees the chance to Act should the occasion present itself. For this reason, the positions of Community Development Manager and Shire Engineer shall be added into the policy to allow for growth of experience.

The Policy still includes a section referring to Policy 2.6 Senior Employees which was deleted in April 2023. This section will be removed from the policy.

The Policy currently states:

Section 5.36(2) of the *Local Government Act 1995*, the Council has determined that employees that are appointed to the role of MOF and MOW are suitably qualified and experienced to be appointed as Acting CEO by the CEO, from time to time, when the CEO is on periods of leave, subject to the following conditions;

- The CEO appointing is not an interim CEO or Acting in the position;
- The term of appointment is no longer than 20 consecutive working days; and
- The employee's employment conditions are not varied other than the employee is entitled, at the CEO's discretion, no greater than the salary equivalent to that of the CEO during the acting period.

Statutory Environment

Section 5.36(2) and 5.39C of the *Local Government Act 1995*

Policy Applicable – Implications

Council Policy 2.24 – Workforce Appointment of Acting Chief Executive Officer.

Financial Implications

There are no financial implications for this report.

Risk Implications

The risks associated with matters in this report are:

- Errors, Omissions and Delays
- Failure to fulfil Statutory, Regulatory or Compliance Requirements

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

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

The **likelihood** is: Rare

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

Risk mitigation includes ensuring Council policies are reviewed and updated as necessary to keep up to date with changing legislation, policies and procedures.

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

No consultation was required for this report.

Voting Requirements

Absolute Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommends to the Council adopt the reviewed and amended Policy 2.24 – Workforce Appointment of Acting Chief Executive Officer.

6. CLOSURE OF MEETING

There being no further business to discuss the Chairperson, Cr Johnson will declare the meeting closed at _____pm.