

AUDIT COMMITTEE MEETING

MINUTES



For the Audit Committee Meeting held on

16 October 2024

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MINUTES

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chairperson, Cr Johnson declared the meeting open at 1.45pm. The Chairperson alerted 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	Cr RW (Robert) Johnson
Councillors	Cr P (Peter) Denton
	Cr JA (Jen) Quick
	Cr P (Perin) Mulcahy
	Cr DM (Daisy) Egerton-Warburton
	Cr G (George) Pollard
Chief Executive Officer	Ms LA (Linda) Gray
Manager of Finance	Mrs DE (Diana) Marsh
Manager of Works	Mr G (Joe) Duina
Executive Officer	Ms J (Jo) Scott
Members of the Public	Nil

2.2 APOLOGIES

Cr LM (Lee) Casson

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 – 19 June 2024

Moved Cr Denton, seconded Cr Pollard that the minutes from the Audit Committee Meeting held on 19 June 2024, be confirmed as a true and correct record.

CARRIED 6/0

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

AGAINST: Nil

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</u>, <u>MOW</u> <u>Manager of Works, &</u> <u>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/AUDIT COMMITTEE DECISION

Moved Cr Quick, seconded Cr Pollard that the Audit and Risk Committee recommends to the Council that the revised Policy 4.8 Finance – Procurement be adopted.

CARRIED 6/0

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

AGAINST: Nil

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 that the Council adopt the reviewed and amended Policy 2.24 – Workforce Appointment of Acting Chief Executive Officer.

AUDIT COMMITTEE DECISION

Moved Cr Denton, seconded Cr Pollard that the Audit and Risk Committee recommends that the Council adopt the reviewed and amended Policy 2.24 – Workforce Appointment of Acting Chief Executive Officer, with the addition of Manager HR and Administration as a suitably qualified position to Act.

CARRIED 6/0

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

AGAINST: Nil

By Absolute Majority

Reason for Change:

With the addition of the Manager HR and Administration position included in the policy, it will ensure that when the position of CEO is vacant, the Shire has a collection of experienced positions to call upon to act up.

6. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY A DECISION OF THE MEETING

Moved Cr Pollard, seconded Cr Denton that the Audit and Risk Committee discuss Item 6.1 Annual Report 2023-2024 now.

CARRIED 6/0

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

AGAINST: Nil

6.1 ANNUAL REPORT 2023/2024

RESPONSIBLE OFFICER: Diana Marsh – Manager of Finance and Administration

REPORT AUTHOR: Diana Marsh – Manager of Finance and Administration

FILE REFERENCE: AD4/GO4

APPLICANT: N/A

DATE OF REPORT: 16 October 2024

ATTACHMENTS:
1. Report to Audit Committee
2. 2023/2024 Annual Report

Purpose

The purpose of this report is for Council to consider the adoption of the 2023/2024 Shire of Cranbrook Annual Report and to set a date for the Annual Electors Meeting.

Background

The Annual Report has been prepared in accordance with the *Local Government Act 1995*, associated regulations, and is attached to this report.

Officer’s Comment

The final audited financial statements have been received from the auditor and the formal audit exit meeting was held on 16 October 2024. In attendance at this meeting (via virtual meeting) was:

- Ms Subha Gunalan, Director Financial Audit, Office of the Auditor General;
- Mr Chris Martain, Auditor, Lincolns;
- Mr Thomas Warner, Partner, Lincolns;
- Cr George Pollard, Shire President;
- Cr Robert Johnson, Chair of the Audit Committee;
- Ms Linda Gray, Chief Executive Officer;
- Mrs Diana Marsh, Manager of Finance; and
- Ms Chelsea Paterson, Senior Finance Officer.

During this meeting, Mr Warner discussed the report to the audit committee for the year ended 30 June 2024, which included:

- Audit Report – the audit report had an unqualified opinion.
- Management Letter Findings - Nil
- Uncorrected Audit Misstatements – there were two uncorrected audit misstatements that were considered immaterial and did not required correction. These were in relation to the Employee Provisions and the Waste Site Rehabilitation Provisions.
- Corrected Audit Misstatements – Nil
- Issues for next year’s audit – no new accounting standards will have application to the Shire in the 2025 financial year.

Following the formal audit exit meeting, the Office of the Auditor General released the independent auditors' reports (included in the Annual Report document).

When considering the timing requirements to hold the annual electors' meeting described below in Statutory Environment, the meeting needs to be held between 31 October 2024 and 11 December 2024.

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;

2023/2024 Annual Report	Cranbrook
2024/2025 Annual Report	Frankland River
2025/2026 Annual Report	Cranbrook
2026/2027 Annual Report	Frankland River

The previous Annual Electors Meeting was held on 5 February 2024 in Frankland River.

Electors are required to provide the Chief Executive Officer with their questions in writing no later than one week 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 2023/2024, 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
- Failure to fulfil Statutory, Regulatory or Compliance Requirements
- Inadequate Document Management Processes
- Ineffective Employment Practices

The **impacts** of the risk are: Financial, Reputational.

The **consequences** of these risks are considered to be: Extreme.

The **likelihood** is: Unlikely

Hence the **risk rating** for this report is: High.

Risk mitigation includes ensuring staff have appropriate skills, training and security access levels for financial transactions, and by implementing recommendations from the auditor.

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 was not required for this report.

Voting Requirements

Absolute Majority

AUDIT COMMITTEE RECOMMENDATION/COUNCIL DECISION

Moved Cr Denton, seconded Cr Mulcahy that the Audit Committee recommends to the Council that:

1. The attached 2023/2024 Shire of Cranbrook Annual Report be accepted; and
2. The Annual Meeting of Electors be held on Wednesday, 20 November 2024 at 5pm in Cranbrook.

CARRIED 6/0

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

AGAINST: Nil

By Absolute Majority

7. CLOSURE OF MEETING

There being no further business to discuss the Chairperson, Cr Johnson declared the meeting closed at 2.02pm.