



MINUTES

24th of MARCH 2021

AUDIT MEETING

HELD AT GASCOYNE JUNCTION SHIRE OFFICES ON FRIDAY THE 24TH OF MARCH 2021 at 8:45 AM

DISCLAIMER

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Please note this agenda contains recommendations which have not yet been adopted by Council.

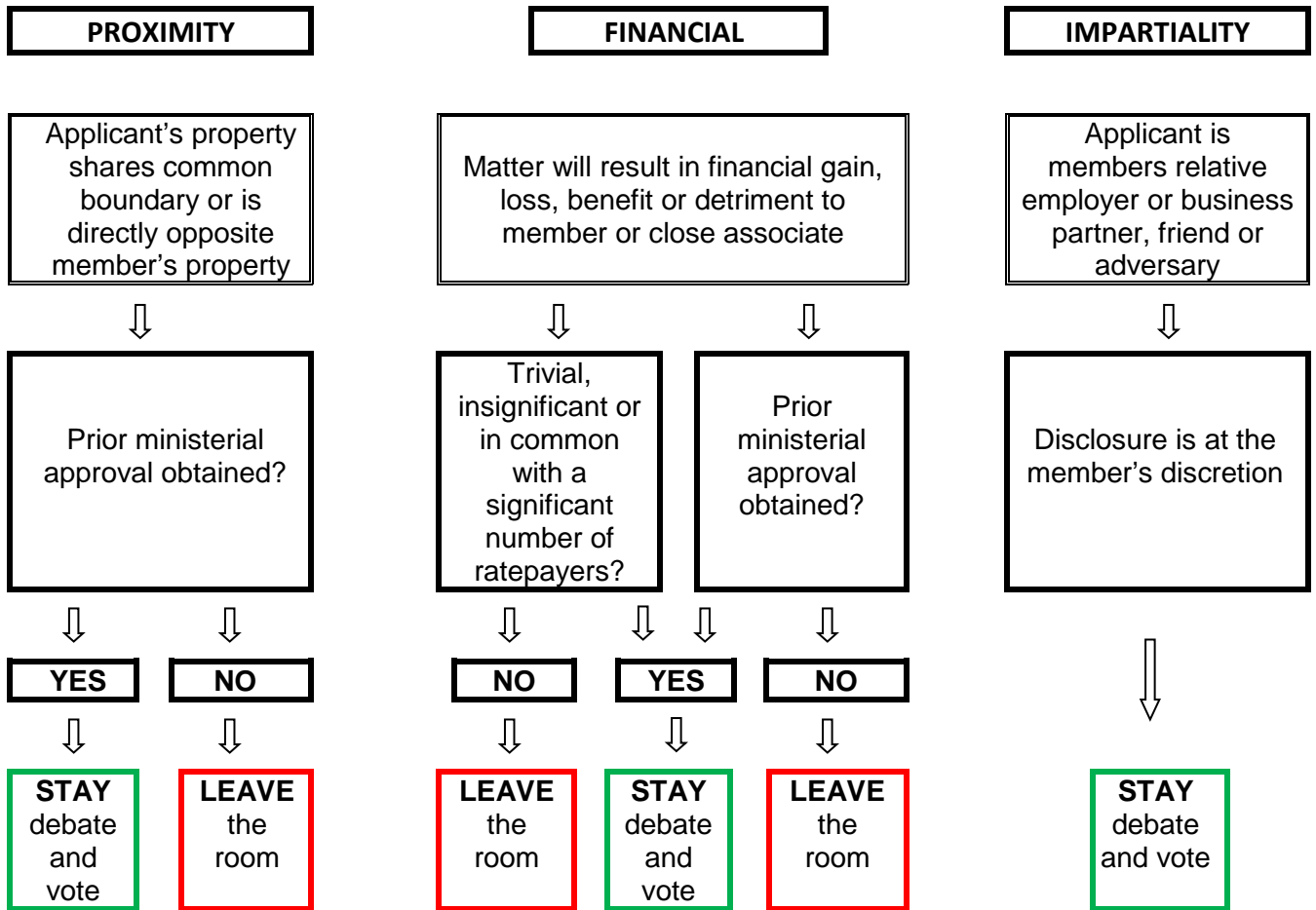
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John McCleary, JP
CHIEF EXECUTIVE OFFICER

* Declaring an Interest



Local Government Act 1995 - Extract

5.65 - Members' interests in matters to be discussed at meetings to be disclosed.

(1) A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest:

(a) in a written notice given to the CEO before the meeting; or (b) at the meeting immediately before the matter is discussed. (Penalties apply).

(2) It is a defense to a prosecution under this section if the member proves that he or she did not know:

(a) that he or she had an interest in the matter; or (b) that the matter in which he or she had an interest would be discussed at the meeting.

(3) This section does not apply to a person who is a member of a committee referred to in section 5.9(2)(f).

5.70 - Employees to disclose interests relating to advice or reports.

(1) In this section: 'employee' includes a person who, under a contract for services with the local government, provides advice or a report on a matter.

(2) An employee who has an interest in any matter in respect of which the employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when giving the advice or report.

(3) An employee who discloses an interest under this section must, if required to do so by the council or committee, as the case may be, disclose the extent of the interest. (Penalties apply).

5.71 - Employees to disclose interests relating to delegated functions.

If, under Division 4, an employee has been delegated a power or duty relating to a matter and the employee has an interest in the matter, the employee must not exercise the power or discharge the duty and:

(a) in the case of the CEO, must disclose to the mayor or president the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter; and (b) in the case of any other employee, must disclose to the CEO the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter. (Penalties apply).

'Local Government (Administration) Regulations 1996 – Extract

In this clause and in accordance with Regulation 34C of the Local Government (Administration) Regulations 1996:

"Interest" means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an interest arising from kinship, friendship or membership of an association



SHIRE OF UPPER GASCOYNE
MINUTES FOR THE AUDIT MEETING OF COUNCIL HELD AT GASCOYNE JUNCTION SHIRE
OFFICES ON WEDNESDAY THE 24TH OF MARCH 2021 at 8:45 AM

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**SHIRE OF UPPER GASCOYNE
MINUTES FOR THE AUDIT MEETING OF COUNCIL HELD AT GASCOYNE JUNCTION
SHIRE OFFICES ON WEDNESDAY THE 24TH OF MARCH 2021 at 8:45 AM**

1. DECLARATION OF OPENING / ANNOUNCEMENTS OF VISITORS

The President welcomed those present and declared the meeting open at 8.45am

2. APOLOGIES AND APPROVED LEAVE OF ABSENCE

2.1 Councillors

Cr D. Hammarquist OAM JP	Shire President
Cr A. McKeough	Councillor
Cr B. Walker	Councillor

Staff

John McCleary JP	Chief Executive Officer
Sa Toomalatai	Manager of Finance and Corporate Services

Visitors

Travis Bate	RSM – Shires Contract Accountant
Cr H. McTaggart	
Cr G. Watters	
Cr R. Hoseason-Smith	
Cr J. Caunt	
Richard Nixon	Global Groundwater
Aleshia Dynan	RSM Accountant

2.2 Absentees

Nil

2.3 Leave of Absence previously approved

Nil

3. APPLICATION FOR LEAVE OF ABSENCE

Nil

4. PUBLIC QUESTION TIME

4.1 Questions on Notice

Nil

4.2 Questions without Notice

Nil

5. DISCLOSURE OF INTEREST

Nil

6. PETITIONS/DEPUTATIONS/PRESENTATIONS

Nil

7. ANNOUNCEMENTS BY THE PERSON PRESCIDING WITHOUT DISCUSSION

Nil

8. MATTERS FOR WHICH THE MEETING MAY GO BEHIND CLOSED DOORS

Nil

9. CONFIRMATION OF MINUTES FROM PREVIOUS MEETINGS

Committee Resolution No: AC 01032021

MOVED: CR A. MCKEOUGH

SECONDED: CR B. WALKER

That the minutes from previous Audit Meeting held on 5th of February 2021 are a true and correct record.

F/A 3 /O

10. REPORTS OF OFFICERS

10.1 2020 FINANCIAL MANAGEMENT REVIEW REPORT	
Applicant:	Shire of Upper Gascoyne
Disclosure of Interest:	Nil
Author:	John McCleary – Chief Executive Officer
Date:	22 February 2021
Matters for Consideration:	To provide a Financial Management Review report to the Audit Committee for their consideration of the appropriateness and effectiveness of the financial management systems and procedures of the Shire of Upper Gascoyne.
Background:	The objective was to test the financial management system of the Shire of Upper Gascoyne and report on the appropriateness and effectiveness of the control environment within, as required by the Local Government (Financial Management) Regulation 5(2)(c).

	<p>The Shire engaged the services of RSM Australia to carry out the review and provide a report on their findings, please refer to Appendix 1 (Financial Management Review Report) to the agenda.</p>
<p>Comments:</p>	<p>The primary objective of our Financial Management System Review (FMSR) was to assess the adequacy and effectiveness of systems and controls in place within the Shire focusing on accounts payable, accounts receivable, human resources and payroll procedures; in accordance with the Financial Management System Review Services Request for Quotation (the “Review”).</p> <p>The responsibility of determining the adequacy of the procedures undertaken by us is that of the Chief Executive Officer (CEO). The procedures were performed solely to assist the CEO in satisfying his duty under Section 6.10 of the <i>Local Government Act 1995</i> and Regulation 5(1) of the <i>Local Government (Financial Management) Regulations 1996</i>.</p> <p>The procedures performed and our findings on each of the focus areas are detailed in the following sections of the report:</p> <ul style="list-style-type: none"> • Section 2 – Collection of money; • Section 3 - Custody and security of money; • Section 4 - Maintenance and security of the financial records; • Section 5 - Accounting for municipal or trust transactions; • Section 6 - Authorisation for incurring liabilities and making payments; • Section 7 - Maintenance of payroll, stock control and costing records; and • Section 8 - Preparation of budgets, budget reviews, accounts and reports required by the <i>Local Government Act 1995</i> or the <i>Local Government (Financial Management) Regulations 1996</i>. <p>Following the completion of our review and subject to the recommendations outlined within sections 2 to 8, we are pleased to report that in context of <u>the Shire’s overall internal control environment, policies, procedures and processes in place are appropriate, and have been operating effectively at the time of the review.</u></p> <p>The following tables provide a summary of the findings raised in this report:</p>

	Extreme Risk	High Risk	Medium Risk	Low Risk																																																										
Number of new issues reported	0	0	4	6																																																										
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The Financial Interest Register did not include interests declared at various Council meetings. Medium</td> </tr> <tr> <td colspan="2">Perfect Computer Solutions</td> </tr> <tr> <td>4.2.3</td> <td>At the time of the review there was no documented agreement in place with IT service provider, PCS. Low</td> </tr> <tr> <td colspan="2">Key Register Policies and Procedures</td> </tr> <tr> <td>4.2.4</td> <td>No documented records to identify the number of keys allocated to staff members. Low</td> </tr> <tr> <td colspan="2">4. Accounting for municipal or trust transactions</td> </tr> <tr> <td colspan="2">Review of BAS Returns and Supporting Calculation</td> </tr> <tr> <td>5.2.1</td> <td>Business Activity Statement Returns and supporting documentation not consistently signed off by both the preparer and independent reviewer. 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	<p>7. Preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations</p> <p>We have no findings to raise in respect to the preparation of budgets, budget reviews, accounts and reports required by the Act or the Regulations.</p> <p>AMD made recommendations in regards to the above and have sought comments from Management of how we propose to deal with these issues identified. These are detailed in the report provided in Appendix 1.</p>
<p>Statutory Environment:</p>	<p>Local Government (Financial Management) Regulations 1996</p> <p>5. CEO's duties as to financial management</p> <p>(1) Efficient systems and procedures are to be established by the CEO of a local government —</p> <p>(a) for the proper collection of all money owing to the local government; and</p> <p>(b) for the safe custody and security of all money collected or held by the local government; and</p> <p>(c) for the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process); and</p> <p>(d) to ensure proper accounting for municipal or trust —</p> <p>(i) revenue received or receivable; and</p> <p>(ii) expenses paid or payable; and</p> <p>(iii) assets and liabilities;</p> <p>and</p> <p>(e) to ensure proper authorisation for the incurring of liabilities and the making of payments; and</p> <p>(f) for the maintenance of payroll, stock control and costing records; and</p> <p>(g) to assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.</p> <p>(2) The CEO is to —</p> <p>(a) ensure that the resources of the local government are effectively and efficiently managed; and</p> <p>(b) assist the council to undertake reviews of fees and charges regularly (and not less than once in every financial year); and</p> <p>(c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (<u>and not less than once in every 3 financial years</u>) and report to the local government the results of those reviews.</p>
<p>Policy Implications:</p>	<p>Nil</p>

Financial Implications:	Nil				
Strategic Implications:	<p><i>To provide Good Governance to the Upper Gascoyne Shire area through:</i></p> <ul style="list-style-type: none"> <i>Detailed and professional administration;</i> <i>High levels of accountability;</i> <i>Compliance with statutory requirements;</i> <i>High-quality forward planning, particularly for assets and finances;</i> <i>Openness and transparency and enhanced consultations and public participation;</i> <i>Provision of quality customer services, good financial management and pursuit of excellence in professional administration and communication.</i> 				
Risk:					
Risk	Risk Likelihood (based on history and with existing controls)	Risk Impact / Consequence	Risk Rating (Prior to Treatment or Control)	Principal Risk	Risk Action Plan (Controls or Treatment proposed)
Not meeting Statutory Compliance	Rare (1)	Moderate (3)	Low (1-4)	Failure to meet Statutory, Regulatory or Compliance Requirements	Accept Officer Recommendation
Consultation:	AMD Chartered Accountants				
Voting requirement:	Simple Majority				
Officer's Recommendation:	<p>That the Committee:</p> <ol style="list-style-type: none"> 1. Receive the 2020 Financial Management Report prepared by AMD; 2. Note the recommendations and managements comments contained within the report; and 3. Recommend that Council receive the 2020 Financial Management Report with accompanying recommendations and management comments. 				
Committee Resolution No:AC02032021					

MOVED:	CR B. WALKER	SECONDED:	CR A. MCKEOUGH
<p>That the Committee:</p> <ol style="list-style-type: none"> 1. Receive the 2020 Financial Management Report prepared by AMD; 2. Note the recommendations and managements comments contained within the report; and 3. Recommend that Council receive the 2020 Financial Management Report with accompanying recommendations and management comments. <p>F/A: 3/0</p>			

11. MEETING CLOSURE

The Shire President closed the meeting at 9.00am.

To be confirmed at the Ordinary Meeting on the 21st April 2021.

Signed.....*Dr Hammarquist OAM JP*.....

Presiding member at the meeting at which time the minutes were confirmed.