



WAGAIT SHIRE COUNCIL

**MINUTES
AUDIT COMMITTEE MEETING**

**COUNCIL CHAMBERS
LOT 62, WAGAIT TOWER ROAD 9.30AM**

Tuesday 7 June 2022

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1. Present

Committee members:

Chair Clare Milikins
Member Shelley Hewitt
Maureen Newman

Council staff:

CEO, Renita Glencross
Policy Officer, Fiona Carter

2. Opening of Meeting

The Chair declares the meeting open at 9:37am and welcomes all to the meeting.

The A/Chair advises that the meeting will be audio taped for minute taking purposes as authorised by the Chief Executive Officer.

2.1. Apologies

The Chair advises that President Neil White and Councillor Michael Vaughan apologise for this meeting.

Resolution No. 2022/094

That the committee accept the apologies of President White and Cr Vaughan.

Moved: Chair Clare Milikins

Seconded: Maureen Newman

Vote: AIF

3. Conflict of Interest - NIL

4. Movement of In Camera Items

The new Act requires a decision to be made by committee members at the beginning of the meeting as to whether there are Agenda items to be moved into or out of In Camera.

Resolution No. 2022/095

That the committee change the structure of the Agenda to meet the new requirements of the Act.

Moved: Chair Clare Milikins

Seconded: Maureen Newman

Vote: AIF

Are there items on the Agenda to move into In Camera?

AND/OR

Are there In Camera items to move to the general Agenda?

Resolution No. 2022/096

There are no items on the Agenda to move to In Camera.

Moved: Chair Clare Milikins

Seconded: Maureen Newman

Vote: AIF

Resolution No. 2022/097

There are no In Camera items to move to the general Agenda.

Moved: Chair Clare Milikins

Seconded: Maureen Newman

Vote: AIF

Invitation from Chair Clare Milikins for CEO Renita Glencross and Policy Officer Fiona Carter to attend a future Palmerston Council Audit & Risk Committee meeting as an example of well-structured audit and risk management procedures.

5. Confirmation of Previous Minutes for the Audit Committee

The draft Minutes of the Audit Committee Meeting held Friday 1 April 2022 are included as an attachment to the agenda.

If a member of the committee is not physically present at the meeting, a note should be included in the Minutes to indicate their attendance by Video Conferencing.

Shelley Hewitt's conflict of interest is the Department of Infrastructure, Planning & Logistics Risk Management & Audit Committee.

Resolution No. 2022/098

That the Minutes of the Audit Committee Meeting of Tuesday 1 April 2022 with corrections be confirmed by Committee Members as a true and correct record.

Moved: Chair Clare Milikins

Seconded: Shelley Hewitt

Vote: AIF

6. Matters Arising from the Previous Minutes - Nil

7. Action Sheet

Audit Committee Resolution No.		Resolution	Meeting Date	Status
1	None	Half-Yearly Budget Report. The committee requested: a) Future Operating Statement financial report be segregated into Operational and Grant funding streams to enable members to assess the real position of Council operations separate from tied the commitments relating to grants; and b) A report on current grants and their status at its next meeting.	22/01/2020	Action created.
			8/09/2020	Refer Agenda Item 9. Quarterly Financial Report to be separated into into Operational and Grant funding streams. CEO and Chair to work together to refine the reporting and to bring back a more useful report to the next Committee Meeting.
			10/11/2020	Refer Agenda Item 9. Financial Reporting has been separated into Operational and Special Grants Inc/Exp as well as a separate report of Unexpended Special Grants.
			01/02/2021	Refer Agenda Item 8.4 a draft half yearly report has been prepared for consideration.
			06/05/2021	Refer Agenda Item 8.4 Three-Qtr Financial report was prepared and tabled at the Community Meeting on 24 April and the Council Meeting on 27 April 2021.
			01/02/2022	A new Business Snapshot Report generated for quarterly and half-yearly financial tracking was tabled and discussed. An amended report with greater detail will be presented back to the committee at the next meeting.
			07/06/2022	The Business Snapshot has been updated within the capacity of the software program. Council may need to seek alternative app or design options.

Additional Discussion Items to Note

- Business snapshot was discussed at previous meeting. CEO attempted to respond to requested amendments to the snapshot but was limited by the capabilities of Xero.
- Chair Clare Milikins has suggested several add-on programs to Xero which would allow more flexibility in reporting. These include Calxa (highly recommended), Spotlight Reporting, Futrli, and Fathom. Finance Officer, Hanna Park, could look into these. Most offer 1 month’s free trial.
- Unspent Budget Report in Calxa is very useful, particularly towards the end of the financial year.

- Chair Clare Milikins has extended an invitation to Hanna Park to meet and see a practical demonstration of Calxa.

Resolution No. 2022/099

That the Audit Committee accept the Action Sheet.

Moved: Maureen Newman

Seconded: Shelley Hewitt

Vote: AIF

DRAFT

8. Agenda Items

8.1. Policies for Review

The Audit Committee resolution 2021/171 endorsed policies that do not require major content changes to be presented directly for council approval.

At the council meetings in April and May 2022, council adopted the following policies that did not require Audit Committee review:

- P38 Waste Management Policy
- P39 Australia Day Awards Policy
- P41 Asset Disposal Policy
- P42 Stocktake Policy
- P43 Credit Card Policy
- P47 Borrowing Policy
- P44 Travel and Accommodation Policy
- P50 Fraud and Corruption Protection

Policies for review by the Audit Committee are attached and as follows:

- P29 Audit Committee Terms of Reference
 - While the policy matches the Act, the audit committee's ability to adhere to the policy in such a small organisation is highly dependent on management being able to bring them to the committee. This means the committee is really unable to adhere completely to the policy.
 - Policy is very long and could be simplified in future.
 - ACTION: Audit committee could go through the charter again in November when there is no time pressure.
 - Work plan – organisation is too small for internal audit. Audit committee needs to work out how requirements can be met within the scope of the organisation, with particular regards to the internal controls and risk framework. Risk is dealt with differently at different councils.
 - ACTION: JLT insurance offers a free risk workshop. Would be worthwhile for the council members and staff to do this. Audit committee can also be invited to this.
 - Risk can be fully mitigated over a period of time – taking gradual steps towards achieving a target risk mitigation level.
 - Audit committee accepts and endorses the current Audit Committee Terms of Reference, however the committee still needs to do some work around the audit committee charter, risk, and work plan as to how the committee is going to meet its obligations.
- P33 Work Health and Safety Policy
 - Legislation requires the addition of workplace injuries and return to work, and how we communicate in consultation – ACTION: Shelley can send sample wording for these to be added to the policy.
 - ACTION: Reporting around Work, Health Safety. There is a requirement to report ALL incidents to council as well as near misses. A lack of reported near misses probably indicates work, health safety issues are being missed. This reporting requirement needs to be added to the policy.
- P35 Authorisation of Payments Policy
 - Policy update is taken directly from the Act
 - Would be good to avoid job titles wherever possible as a change of title requires a

change to the policy. In this case, the policy needs to be explicit as to who has authority or is required to

- ACTION: Be consistent with wording of CEO and Chief Executive Officer.
- P36 CEO Allowances & Other Benefits
 - New policy created in line with the Act
 - Policy is aligned with the CEO contract
 - ACTION: Wording around the provision of accommodation and utilities is ambiguous. It is recommended that Council revisit this so there is clarity and suitable protection for the CEO. The policy and CEO contract will need to be amended with clarity from council. The policy can't be signed off until council provide this clarity.
 - The CEO contract is in conflict with this policy and the Vehicle Use Policy in regards to Restricted/Unrestricted Private Use. The contract needs to be updated in line with the policies.
- P45 Vehicle Use Policy
 - The CEO contract is in conflict with this policy and the CEO Allowances and Other Benefits policy in regards to Restricted/Unrestricted Private Use. The contract needs to be updated in line with the policies.
 - 4.6 – “If an employee whose position is dependent upon use of a council vehicle has had their access to council’s fleet **withdrawn for any circumstance**.....then the contract may be terminated.” – Concern that this wording is in conflict with Fair Work and/or unfair. Action: rework this in line with Fair Work and the individual employment contracts. Could consider leave, suspension, or alternative duties. Can also refer to earlier wording in 4.6 re: reasons for restricting an employee to council vehicle use.
- P48 Investment Policy
 - This is a long policy, policy could refer to the guidelines rather than including this level of detail in the policy, and therefore shorten the policy.
 - Treasury has sent out information for local government on investment. ACTION: Shelley has a copy of this and will forward to Fiona
 - Risk – reference to general risk 4.1.1 could be removed from the policy.
- P49 Community Support & In-Kind Assistance

Policies will be re-categorised (as discussed previously) so will no longer have P numbers. As long as policy titles are not being changed, numbers can simply be removed without having to gain new approval for all of the policies.

Resolution No. 2022/100

Subject to the changes and suggestion made in this meeting, that the Audit Committee endorses these policies for council, and recommends the following policies be adopted by council:

- **P29 Audit Committee Terms of Reference**
- **P33 Work Health and Safety Policy**
- **P35 Authorisation of Payments Policy**
- **P36 CEO Allowances & Other Benefits**
- **P45 Vehicle Use Policy**
- **P48 Investment Policy**
- **P49 Community Support & In-Kind Assistance**

Moved: Maureen Newman

Seconded: Chair Clare Milikins

Vote: AIF

8.2. 2022-2023 Annual Shire Plan and Budget

At the meeting in May, the council adopted the Annual Shire Plan and Budget for 2022-23 in line with the requirements of the Local Government Act 2019 and Guideline 5.

The Department of Chief Minister and Cabinet (Local Government Compliance Unit) reviewed the documents and provided advice to council, which were accepted, and amendments made to the plan and budget as appropriate. A copy of the advice is also attached.

There are some discrepancies between linked pages, eg. Table 3 on first page says \$850, in Table 3 the same amount is \$880. This has come about because leases are required to be shown as capital, which has meant this line has been moved in the budget.

ACTION: Nexia be asked to provide their calculations to bring out of leases and into capital.

ACTION: references across the document need to be checked and make sure they match.

Insurance in the next few years is going to skyrocket, potentially 30% on workers compensation and 20% on other areas of insurance – need to be prepared for this. This also means that it is likely to be difficult to meet budget targets for insurance.

Building Better Roads has informed council not to expect the \$2.9 million until 2024/25.

The Annual Report includes outcomes against the previous year's plan. This will be available around October (draft earlier).

Plan states a KPI of growing revenue (fees & charges) by 10% each year but the financial tables are not showing a 10% increase. The budget needs to support the written plan.

Resolution No. 2022/101

That the Audit Committee note the information provided.

Moved: Shelley Hewitt

Seconded: Maureen Newman

Vote: AIF

8.3. Monthly Reporting Changes

The content of Local Government Act 2019 Guideline 5 is not intended to cover all the budgeting requirements set out in the Local Government Act 2019 but provides for a standard reporting format all councils must apply as a minimum requirement. Councils must incorporate all mandatory items required under legislation, along with any other additional information as it deems necessary, into its final budget papers. The Monthly Financial Report Form also provides the minimum content for council monthly reports and councils are free to include any additional information as required.

The Monthly Financial Report form will become mandatory from 1 July 2022 and a draft is presented to the audit committee for consideration and approval.

Operating grant revenue – we have received payments forward for next year. The Accounting Standard requires this grant to be shown in the P&L because it is for operational costs and therefore shouldn't be carried forward. Last year Nexia allowed the grant to be carried forward in Liabilities. **ACTION: Put this advance payment in liabilities now** and ensure the grant is clearly tagged to expenditure in next year (eg. salaries). Draw this grant down monthly.

Resolution No. 2022/102

That the Audit Committee note the draft monthly financial reporting template and approve for it to be used for financial reports going forward.

Moved: Chair Clare Milikins

Seconded: Shelly Hewitt

Vote: AIF

9. Financial Reports

9.1. May 2022 Reports

- Accrual Income and Expenditure Report for May 2022
- Balance Sheet including Financial Report and Notes for May 2022
- Statement of Cash Flows for May 2022
- Special Purpose Grants Report for May 2022

Make sure trade creditors are being paid as this amount is still sitting high. Leave provisions have been investigated as it was found the accruals were incorrect. These have now been corrected. As a result the provision for long service leave has increased.

Resolution No: 2022/103**That the Audit Committee notes the Financial Reports provided for May 2022.****Moved:** Chair Clare Milikins**Seconded:** Shelley Hewitt**Vote:** AIF**10. General Business****10.1. Schedule of Financial Statutory Responsibilities**

The schedule of Local Government compliance responsibilities is provided below. Council has commenced working with the auditors, Nexia Edwards Marshall, for the 2021-22 financial year.

Item	Audit Committee	Council Meeting	NTG Due Date
2022 Financial Audit - Draft	August	September	-
2022 Annual Report - Draft	September	September	-
Adopt 2022 Financial Audit	October	October	15 November
Adopt 2022 Annual Report	October	October	15 November

10.2. Current Tenders and Procurement

Since February 2021 Council has published procurement requests for Tender/Quote (RFT/RFQ) on the Local Buy portal and on the Council website as well as directly to known contractors. Procurement assessment panels are formed as soon as practicable after closing to facilitate a transparent selection process, which may include Audit Committee members.

Item	Funding	RFQ/RFT Dates	Status	Value
Waste Management Services	Operational	May-June 2022	In progress	\$ 80,000
Repurpose existing caretaker compound into a centre for recycling, second-hand goods and community trade.	WaRM-2(NTG)	Jan-Jun 2022	In progress	\$ 75,000
Auditor Services for 3 years 2022-2025	Operational	Feb-Mar 2022	Completed	\$ 12,000

A council member has resigned and there will be a by-election in August to replace this member. Rubbish collections have gone out for quotes as the contract is under \$100,000. The contract is for 1 year only as there is a new waste strategy in process so this will allow council more flexibility once this strategy is put in place.

The Audit Committee notes Renita Glencross's report on General Business.

11. In Camera Items - NIL

12. Closure of Meeting

The next meeting of the Wagait Shire Council Audit Committee will be held in the Wagait Shire Council Chambers at 9.30am, Tuesday 10 May 2022.

The Chair declared the meeting closed at 10.59 am.

DRAFT