



Minutes of the Audit Committee Meeting held on
Friday 1 February 2019 at the
Elliston Council Chambers

Present

Chairman P Channon, Mr M O'Neil, Cr K Williams, Cr D May, Cr P Hitchcock

Mr R Mooney (RMBAS)

CEO P Cameron, Manager Financial Services K Quinn, J Leonard (Minute Clerk)

Apologies

Nil.

Welcome

The Chairman opened the Audit Committee Meeting at 1.10pm and welcomed new members and staff to the meeting.

Confirmation of Minutes of Previous Meeting

RECOMMENDATION:

That the minutes of the District Council of Elliston Audit Committee meeting, held on 26 October 2018, as previously circulated to Committee members and attached as Appendix 1 to this Report, be taken as read and confirmed as a true and accurate record of the meeting.

Mr O'Neil moved:

That the minutes of the District Council of Elliston Audit Committee meeting, held on 26 October 2018, as previously circulated to Committee members and attached as Appendix 1 to this Report, be taken as read and confirmed as a true and accurate record of the meeting.

Seconded by Cr Hitchcock

CARRIED

Matters Arising from Previous Minutes

Nil.

Declaration of Interest

Members are reminded of the requirements for disclosure by Members of direct or indirect pecuniary benefit in items listed for consideration on the agenda.

Reports and Items

See next page.

5.1 Work Program

File Reference: 9.14.1/7

Report Author: Manager Financial Services

PURPOSE

To present to the Audit Committee the current Work Program.

BACKGROUND

The Work Program is continuously being updated to ensure that the program has timeframes which are achievable and reasonable.

REPORT

The program reflects the work completed and the timeframe for current and future activities.

The items listed for action have been included in this meeting's agenda as Appendix 2.

OFFICER RECOMMENDATION

That the Audit Committee receives and notes the Work Program.

Mr O'Neil moved:

That the Audit Committee receives and notes the Work Program.

Seconded by Cr May

CARRIED

5.2 Review of Whistleblower Protection Policy

File Reference: 9.63.1/2

Report Author: Manager Financial Services

PURPOSE

To review Council's current Whistleblower Protection Policy.

BACKGROUND

Council approved the Whistleblower Protection Policy at its ordinary meeting held in January 2017. A review of the policy is required every 2 years.

REPORT

One of the purposes of Council's Whistleblower Protection Policy is to fulfil its responsibilities under the *Whistleblowers Protection Act 1993*.

Currently, there is a new Act, *Public Interest Disclosure Act 2018* which is set to replace the *Whistleblower Protection Act 1993*.

The *Whistleblower Protection Act 1993*, although still current, has been repealed.

The *Public Interest Disclosure Act 2018*, is also current, but this legislation has not yet come into operation.

Due to the changes in legislation that will come into effect, the Whistleblowers Protection Policy has been provided for your review with no recommended changes. ([Appendix 3](#))

When the new legislation comes into operation, the policy will be replaced with a policy that meets the requirements of the *Public Interest Disclosure Act 2018*.

OFFICER RECOMMENDATION

That the Audit Committee have reviewed the Whistleblower Protection Policy and recommend no changes.

Cr Williams moved:

That the Audit Committee have reviewed the Whistleblower Protection Policy and recommend no changes.

Seconded by Cr May

CARRIED

5.3 Fraud and Corruption Prevention Policy

File Reference: 9.63.2/1

Report Author: Manager Financial Services

PURPOSE

To present a Fraud and Corruption Prevention Policy.

BACKGROUND

Council's External Auditors, Dean Newbery & Partners conducted an interim audit site visit in March 2018. The focus is on internal controls and substantiation-transaction testing. The Auditors provide us with a report that includes recommendations arising from the audit.

A recommendation by the Auditors is that Council develop and communicate to the Audit Committee a Fraud and Corruption Prevention Policy.

The primary responsibility for the prevention and detection of fraud rests with those charged with governance of the entity and with management. It is therefore important for management to consider proactive steps to prevent fraud.

REPORT

A Fraud and Corruption Prevention Policy has been developed and is included for the Audit Committee to review and provide recommendation to the Council. (Appendix 4)

As the policy makes reference to the Whistleblower Protection Policy and *Whistleblower Protection Act 1993*, this policy will be reviewed and updated when the new legislation comes into operation.

OFFICER RECOMMENDATION

That the Audit Committee have reviewed the Fraud and Corruption Policy and recommend that Council adopt the new policy.

Cr Hitchcock moved:

That the Audit Committee have reviewed the Fraud and Corruption Policy and recommend that Council adopt the new policy.

Seconded by Mr O'Neil

CARRIED

5.4 Review of Finance Policies

File Reference: 7.63.2/1

Report Author: Manager Financial Services

PURPOSE

To provide the updated Schedule of Finance Policies and submit updated policies due for review.

BACKGROUND

A Schedule of Finance Policies was presented to the Audit Committee in June 2017. An updated schedule is appended to this report as Appendix 5. The schedule identifies eight policies that are due to be presented to the Audit Committee.

REPORT

All policies have been reformatted to be consistent with other new or updated Council policies.

General Ledger Policy (Appendix 6)

Council last reviewed and adopted its General Ledger Policy in April 2017. Management have reviewed the policy and propose one change:

- Item 3.2 Dot point 1 has been updated to reflect that Council now has a Business Continuity Plan.

Internal Financial Controls Policy (Appendix 7)

Council last reviewed and adopted its Internal Financial Controls Policy in April 2017. Management have reviewed the policy and propose no changes.

Community Group Loan Policy (Appendix 8)

Council last reviewed and adopted its Community Group Loan Policy in November 2015. Management have reviewed the policy and propose no changes.

Debt Recovery Policy (Appendix 9)

Council last reviewed and adopted its Debt Recovery Policy in November 2015. Management have reviewed the policy and the proposed changes are:

- Under 'Disputing a Sundry Debt' and 'Sale of Land for Non-Payment of Rate Debts', officer's titles have been updated.

External Grant Funding Policy (Appendix 10)

Council last reviewed and adopted its External Grant Funding Policy in November 2015. Management have reviewed the policy and propose no changes.

Petty Cash Policy and Procedure (Appendix 11)

Council last reviewed and adopted its Petty Cash Policy and Procedure in November 2015. Management have reviewed the policy and propose no changes.

Treasury Management Policy (Appendix 12)

Council last reviewed and adopted its Treasury Management Policy in November 2015. Management have reviewed the policy and the proposed changes are:

- 'Fixed Interest Rate Borrowings', first paragraph, change from:

To ensure an adequate mix of interest rate exposures, Council will restructure its portfolio of borrowings as old borrowings mature and new ones are raised to progressively achieve and thereafter maintain on average in any one year, not less than 20% of its gross debt in the form of fixed interest rate borrowings.

Proposed:

To ensure an adequate mix of interest rate exposures, Council will maintain on average in any one year, not less than 30% of its gross debt in the form of fixed interest rate borrowings.

- 'Variable Interest Rate Borrowings', first paragraph, change from:

Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve, and then maintain, not less than 30% of its gross debt on average in any year in the form of variable interest rate borrowings.

Proposed:

Council will maintain not less than 30% of its gross debt on average in any year in the form of variable interest rate borrowings.

Credit Card Policy (Appendix 13)

Council last reviewed and adopted its Credit Card Policy in October 2015. Management have reviewed the policy and propose no changes.

OFFICER RECOMMENDATION

That the Audit Committee:

- 1. Receive and note the Schedule of Finance Policies**
- 2. Recommend to Council to adopt the updated General Ledger Policy**
- 3. Recommend to Council to adopt the updated Internal Financial Controls Policy**
- 4. Recommend to Council to adopt the updated Community Group Loan Policy**
- 5. Recommend to Council to adopt the updated Debt Recovery Policy**
- 6. Recommend to Council to adopt the updated External Grant Funding Policy**
- 7. Recommend to Council to adopt the updated Petty Cash Policy and Procedure**
- 8. Recommend to Council to adopt the updated Treasury Management Policy**
- 9. Recommend to Council to adopt the updated Credit Card Policy**

Mr O'Neil moved:

That the Audit Committee:

1. Receive and note the Schedule of Finance Policies
2. Recommend to Council to adopt the updated General Ledger Policy
3. Recommend to Council to adopt the updated Internal Financial Controls Policy
4. Recommend to Council to adopt the updated Community Group Loan Policy
5. Recommend to Council to adopt the updated Debt Recovery Policy
6. Recommend to Council to adopt the updated External Grant Funding Policy
7. Recommend to Council to adopt the updated Petty Cash Policy and Procedure
8. Recommend to Council to adopt the updated Treasury Management Policy
9. Recommend to Council to adopt the updated Credit Card Policy

Seconded by Cr May

CARRIED

5.5 Audit Committee Work Program for 2019

File Reference: 9.14.1.24

Report Author: Manager Financial Services

PURPOSE

To present to the Audit Committee the new Work Program for the 2019 calendar year.

BACKGROUND

At the beginning of each year, the Work Program for the Audit Committee is renewed to reflect the work scheduled and the timeframes for completion for the year ahead.

REPORT

Generally, the Work Program for the next calendar year is presented to the Audit Committee at a meeting held in December. Due to the Council elections, the meeting was held over until now, therefore, the current Work Program is presented in Item 5.1 and the proposed Work Program for 2019 is also being presented to the Audit Committee. (Appendix 14)

OFFICER RECOMMENDATION

That the Audit Committee receives and notes the Audit Committee Work Program 2019.

Mr O'Neil moved:

That the Audit Committee receives and notes the Audit Committee Work Program 2019.

Seconded by Cr Williams

CARRIED

6. Meeting Close and Next Meeting

Meeting closed at 2.20pm.

Next meeting 5 April 2019