



AGENDA

AUDIT COMMITTEE MEETING

WEDNESDAY 14TH OCTOBER 2015

9.00AM

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Signed: Leigh Ashford Chief Executive Officer

AGENDA

INTERNAL AUDIT COMMITTEE

TO BE HELD IN THE COUNCIL CHAMBERS, BATCHELOR
ON WEDNESDAY 14th OCTOBER 2015 AT 9.00AM

The Chairperson Mr Russell Anderson declared the meeting open at 9.00am and welcomed all in attendance.

1 PERSONS PRESENT

MEMBERS PRESENT

Chairperson	Mr Russell Anderson
Councillor	President Andrew Turner
Councillor	Sue Bulmer

STAFF AND OTHERS PRESENT

Chief Executive Officer	Leigh Ashford
Finance Manager	Melissa Kerr

2 APOLOGIES AND LEAVE OF ABSENCE

Applicant:	N/A
Location/Address:	N/A
File Ref:	N/A
Disclosure of Interest:	Nil
Date:	14 th October 2015
Author:	Leigh Ashford, Chief Executive Officer
Attachments:	Nil

SUMMARY

This report is to table any apologies and requests for leave of absence received from Members of the Audit Committee Meeting held 14th October 2015.

BACKGROUND

Not applicable.

COMMENT

The committee can choose to accept the apologies or requests for leave of absence as presented, or not accept them. Apologies or requests for leave of absence that are not accepted by Council will be recorded as absence without notice.

CONSULTATION

Not applicable.

STATUTORY ENVIRONMENT

Not applicable.

POLICY IMPLICATIONS

Not applicable.

FINANCIAL IMPLICATIONS

Not applicable.

VOTING REQUIREMENT

Simple majority

RECOMMENDATION

That Committee receive and notes that there are no apologies of absence for the Audit Committee Meeting held 14th October 2015.

3 DECLARATION OF INTEREST OF MEMBERS

Applicant:	N/A
Location/Address:	N/A
File Ref:	N/A
Disclosure of Interest:	Nil
Date:	14 th October 2015
Author:	Leigh Ashford, Chief Executive Officer
Attachments:	Nil

SUMMARY

Members are required to disclose an interest in a matter under consideration by the Committee at a meeting of a committee by:

- 1) In the case of a matter featured in an officer's report or written agenda item by disclosing the interest to the Council by disclosure as soon as possible after the matter is raised.
- 2) In the case of a matter raised in general debate or by any means other than the printed agenda of the Committee by disclosure as soon as possible after the matter is raised. Under disclosure, the Member must abide by the decision of Committee on whether he/ she shall remain in the meeting and/ or take part in the vote on the issue. The committee may elect to allow the Member to provide further and better particulars of the interest prior to requesting him/ her to leave the Chambers.

BACKGROUND

Not applicable.

COMMENT

Not applicable.

CONSULTATION

Not applicable.

STATUTORY ENVIRONMENT

Not Applicable

POLICY IMPLICATIONS

Conflict of Interest – Code of Conduct.

FINANCIAL IMPLICATIONS

Not applicable.

VOTING REQUIREMENT

Simple majority

RECOMMENDATION

That Council receives and notes there are no declarations of interest as listed for the Audit Meeting held 14th October 2015.

4 CONFIRMATION OF MINUTES

Location/Address:	N/A
File Ref:	N/A
Disclosure of Interest:	Nil
Date:	14 th October 2015
Author:	Leigh Ashford, Chief Executive Officer
Attachments:	Copy of Minutes will be tabled at the meeting

SUMMARY

Minutes from the meeting held 26th May 2015 to be confirmed.

BACKGROUND

Not applicable.

COMMENT

Not applicable.

CONSULTATION

Not applicable.

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Not applicable.

FINANCIAL IMPLICATIONS

Not applicable.

VOTING REQUIREMENT

Simple majority

RECOMMENDATION

That Committee receive and notes the minutes from the meeting held 26th May 2015.

Moved: Clr. Turner

Seconded: Clr. Bulmer

4.1 FRAUD PROTECTION POLICY REVIEW

Applicant:	
Location/Address:	N/A
File Ref:	
Disclosure of Interest:	Nil
Date:	14 th October 2015
Author:	Leigh Ashford, CEO
Attachments:	Nil

SUMMARY

The Audit Committee reviewed the Council's current Fraud Protection Policy at its meeting of 26th May 2015. The Committee requested that the CEO to provide an additional section on the process if an allegation of Fraud is detected.

A review of other policies and procedures has been undertaken and an additional section has been added that reflects Coomalie community Government Council's circumstances.

BACKGROUND

Nil

COMMENT

It is considered that the following section should be added to existing policy;

FRAUD INVESTIGATION PROCEDURES

INITIAL REPORTING

Any employee, contractor or consultant who has reason to suspect that a fraud has occurred should immediately notify the CEO. Should the alleged fraud incident relates to the CEO, the Shire President should be notified.

PRELIMINARY INVESTIGATION

The CEO shall carry out a preliminary investigation to determine the validity of the alleged fraud. The CEO will determine if appropriate that the matter should be investigated internally, referred to an independent investigator or if it is considered a criminal offence has occurred referred to the police.

A crime may be:

- Theft*
- Obtaining benefit by deception*
- Embezzlement and misappropriation of Money*
- Bribery of a public official or employee.*

If the allegation is against the CEO the Shire President will carry out the preliminary investigation.

INVESTIGATION

If the Preliminary investigator finds evidence of fraud, the matter should initially be referred to an external investigator (forensic auditor). At any stage during the investigation that it is considered a crime has been committed, then the matter should be reported to the Police.

FINDINGS

The findings of the investigation will be detailed in a final report. The report will be tabled to Council for consideration.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

The Local Government (Accounting) Regulations 10 (2) (a)

2.7 Fraud Protection Plan

VOTING REQUIREMENT

Simple majority

2.7 FRAUD PROTECTION PLAN

Policy Number	2.7	Date Commenced	17/07/2013
Date Adopted	16/07/2013	Resolution Number	16/07/2013/006
Review Timeframe	4 years		
Last Review Date		Next Scheduled Review Date	April 2016
Policy Responsibility	Finance Manager		

Document History

Version	Date Amended	Details Comments e.g. Resolution Number

INTRODUCTION

Pursuant to the Local Government (Accounting) Regulations 10 (2) (a) The Coomalie Community Government Council (Council) is committed to protecting its revenue, expenditure and property from any attempt, either by members of the public, contractors, elected members or its own employees, to gain by deceit, financial or other benefits.

OBJECTIVE

To protect public funds and other assets, protect the integrity, security and reputation of the Council and its employees and assist in maintaining high levels of services to the community.

The Council's aims of this plan are to:

1. Reduce losses through fraud by developing and implementing an Asset Protection Plan within a working environment which promotes honesty and integrity
2. Be committed to detecting, investigating and prosecuting individual cases of criminal behaviour, including fraud.

POLICY STATEMENT

1. Council Expectations

Council expects its elected members and staff to maintain a high standard of ethical

conduct in all activities, in particular with respect to Council resources, information and authority. The community rightly expects Council to conduct its business in a fair and honest manner.

Council management (including Chief Executive Officer, Managers and Team Leaders) is responsible for fostering an environment within their areas of responsibility which makes asset protection a responsibility of all staff, for issuing clear standards and developing and implanting procedures to minimise the potential for fraud.

All staff are expected to develop, encourage, insist upon and implement sound financial, legal and ethical decision making within their responsibility levels.

Measures to prevent fraud will be continually monitored, reviewed and developed.

Council expects all staff to be familiar with and act in accordance with Council's Code of Conduct. Unacceptable behaviours and guidelines for appropriate behaviour for staff are contained in the Code. Council expects similar standards from the people, agencies or organisations that do business with Council.

The President and Elected members are expected to comply with the Code of Conduct for Elected Members.

Decision making processes are to be as open and public as possible.

Fraudulent conduct breeds in an environment where systems, standards and procedures are open to exploitation. It is in the best interest of asset protection for decision making to be visible and unambiguous to staff, elected members and the community as a whole. Visibility is the corner stone of public accountability.

Asset protection is concerned ultimately with the effective use of resources and minimizing waste, mismanagement and fraud. Effective accountability for the use of Council resources helps strengthen the asset protection environment of the Council.

2. Asset Protection Plan

All staff are to be involved in developing and implementing asset protection procedures for activities within their areas which will form part of Council's Asset Protection Plan.

The promotion of this Plan will include activities such as:

- Training awareness seminars
- Regular review and promotion of Council's Code of Conduct(s).
- Articles in staff newsletters and information bulletins

3 Ethics

Ethics is defined as:

"A system of moral principles by which human actions and proposals may be judged good or bad or right or wrong."

Council's Code of Conduct guides members and staff in what is accepted practice and behaviour and sets out ethical standards at a level above the law.

Asset protection goes beyond monitoring the effectiveness of financial controls. It also requires maintaining an ethical climate which encourages all staff to be active in protecting Council's funds and assets, and in reporting any breaches of accepted standards.

Management must be mindful of their responsibility to foster and develop the high standards of ethical behaviour and commitment to a highly ethical workforce culture.

3. Definition of Fraud

For the purpose of this Plan, fraud against Council is described as:

"The wilful misuse of Council's resources or using one's position and power for personal gain."

A basic test for fraud could include the following questions.

- Was deceit used?
- Was the action unlawful?
- Did it result in money or other benefits being received to which the person was not entitled?
- Was an attempt made to do this?

1. Fraud Prevention

Fraud flourishes in an administrative environment where opportunities exist for waste, abuse and mismanagement. Council believes that an emphasis on fraud prevention rather than fraud investigation will lead to a reduction of these opportunities.

The underlying thrust of Council's Plan on fraud prevention is to encourage the public and staff to understand that fraudulent acts against Council are unacceptable, may constitute a criminal offence and may be prosecuted.

Any effective asset protection strategy must recognise that prompt action needs to be taken when fraud is detected, both to bring the fraud to an end and to discourage others who may be inclined to commit similar conduct.

2. Reporting Fraud

Council supports and upholds the Whistleblower Legislation and principles.

This provides protection to people reporting "public interest information" to the appropriate authority in accordance with the *Public Interest Disclosure Act 2008*.

RECOMMENDATION

That the Audit Committee recommends to Council that it add the additional sections on Fraud investigation Procedures to the existing Policy 2.7 Fraud Protection Plan.

Moved: Clr. Turner

Seconded: Clr. Bulmer

4.2 ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

Applicant:	Melissa Kerr
Location/Address:	N/A
File Ref:	CC81
Disclosure of Interest:	Nil
Date:	14 th October 2015
Author:	Melissa Kerr, Finance Manager
Attachments:	Annual Report and Audited Financial Statements 2014/15 – Attached Separately

SUMMARY

The annual report and financial statements for Council are complete. The annual audit was completed with an unqualified audit report.

BACKGROUND

Council's financial statements are audited every year. The audited financial statements and annual report are due to the Dept of Local Government and Regions by 15th November each year.

COMMENT

No additional comments are provided to this report.

CONSULTATION

There is no consultation that applies to this report.

STATUTORY ENVIRONMENT

131 Annual financial statement

- (1) A council must prepare a financial statement for each financial year.
- (2) The annual financial statement must give a true and fair view of:
 - (a) the council's revenue and expenditure for the financial year; and
 - (b) the council's assets and liabilities as at the end of the financial year.
- (3) The annual financial statement must conform with the accounting standards and other requirements stipulated in the regulations and any guidelines that the Minister may make.

132 Reference of annual financial statement for audit

The annual financial statement must be prepared, and referred to the council's auditor for audit:

- (a) as soon as reasonably practicable after the end of the relevant financial year; and
- (b) in any event, in time to ensure that the audited statement will be available no later than 15 November in the calendar year in which the financial year ends.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENT

Simple majority

RECOMMENDATION

That the Audit Committee noted that Council receive the annual report and audited financial statements for 2014/15 year and forward to the Department of Local Government and Community Services.

Moved: Clr.

Seconded: Clr.

4.3 QUARTERLY REVIEW – SEPTEMBER 2015

Applicant: Melissa Kerr

Location/Address: N/A

File Ref: CC81

Disclosure of Interest: Nil

Date: 14th October 2015

Author: Melissa Kerr, Finance Manager

Attachments: Quarterly Review – September 2015

SUMMARY

The Quarterly Review for September 2015 is due.

BACKGROUND

Council reviews in detail the Actual to Budget each quarter during the year.

COMMENT

No additional comments are provided to this report.

CONSULTATION

There is no consultation that applies to this report.

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENT

Simple majority

RECOMMENDATION

That the Audit Committee recommend Council receive and note the September 2015 Quarterly Review.

Moved: Clr. Bulmer

Seconded: Clr. Turner

4.4 GENERAL BUSINESS

Applicant:	Russell Anderson
Location/Address:	N/A
File Ref:	
Disclosure of Interest:	Nil
Date:	14 th October 2015
Author:	Melissa Kerr, Finance Manager
Attachments:	Nil

SUMMARY

The Audit Committee Annual Work Plan is to be discussed for the 2015/16 financial year.

BACKGROUND

An Audit Committee Annual Work Plan will assist the committee in work flow and dates for the coming financial year.

COMMENT

No additional comments are provided to this report.

CONSULTATION

There is no consultation that applies to this report.

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENT

Simple majority

AUDIT COMMITTEE ANNUAL WORK PLAN

AUGUST (last week)

Review annual report, financial statements, audit recommendations and meet with auditors.

OCTOBER (second week)

Quarterly budget review, review shire plan annually with updated risk assessment and audit committee plan.

FEBRUARY (second week)

Amended budget review, policy review, governance, risk assessment, procedures.

MAY (second week)

Recommendations to the Draft Strategic Plan, Annual Plan and Draft budget for the following year.

RECOMMENDATION

That the Audit Committee note the Audit Committee Annual Work Plan and direct the CEO and Finance Manager to put forward a proposed plan and costing on risk assessment to the February 2016 meeting.

Moved: **Clr. Bulmer**

Seconded: **Clr. Turner**

5 NEXT MEETING

The next Audit Committee meeting will be held at Batchelor at 9am on Wednesday 10th February 2016.

Meeting Closed at 10.00am.

6 ACTIONS ARISING LIST TO 14TH OCTOBER 2015

Item No	Date	Details	Responsible	Status	Action	Comment
001	26/05/2015	Delegations Register review	CEO	In Progress		Oct 15 – present to Feb meeting
002	14/10/2015	Proposed plan and costing on risk assessment	CEO, FM			Oct 15 – present to Feb meeting
003	14/10/2015	Add % column to quarterly review report	FM	Completed		Completed