



# Shire of Pingelly

## Minutes

Audit and Risk Committee Meeting  
19 August 2020

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## **1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**

The Chairman declared the meeting open at 1.57pm

### **1.1 ACKNOWLEDGEMENT OF COUNTRY**

We acknowledge the Noongar people of this area and recognise their continuing connection to land, waters and community. We pay respect to both the Aboriginal and non-Aboriginal people past and present and emerging.

## **2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE**

### **MEMBERS PRESENT**

Cr J McBurney (Deputy President – Presiding Member)  
Cr D Freebairn  
Cr K Hastings  
Cr B Hotham  
Cr P Narducci  
Cr A Oliveri  
Cr P Wood

### **STAFF IN ATTENDANCE**

Ms J Burton Chief Executive Officer  
Mrs D Sweeney Executive Manager Corporate Services  
Mrs L Boddy Executive Assistant

### **APOLOGIES**

Cr W Mulroney (President)  
Mr D Watkins Executive Manager Technical Services

### **OBSERVERS & VISITORS**

Nil

## **3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

**4. PUBLIC QUESTION TIME**

Nil

**5. APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

**6. DISCLOSURES OF INTEREST**

Nil

**7. CONFIRMATION OF MINUTES AND REPORTS**

Nil

**8. ANNOUNCEMENTS BY THE PRESIDING PERSON WITHOUT DISCUSSION**

Nil

**9. PETITIONS / DEPUTATIONS / PRESENTATIONS / SUBMISSIONS**

Nil

## **10. BUSINESS**

### **10.1 Office of the Auditor General Interim Management Letter**

<b>File Reference:</b>	<b>ADM0074</b>
<b>Location:</b>	<b>Not Applicable</b>
<b>Applicant:</b>	<b>Not Applicable</b>
<b>Author:</b>	<b>Executive Manager Corporate Services</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<b>Interim Audit Management Letter Report</b>

#### **Summary**

The Shire of Pingelly Audit Committee is requested to consider the Interim Audit Management Report from the Office of the Auditor General.

#### **Background**

The Interim Audit has been conducted to ensure that, during the reporting period, the Shire of Pingelly complied with all statutory requirements, including the Local Government Act 1995 and associated Regulations. Due to the impacts of Coronavirus, AMD Accountants on behalf of the Office of the Auditor General, conducted the Interim Audit remotely in March and April for the year ending 30 June 2020.

#### **Comment**

Listed below is the matter raised in the Interim Management Letter Report and the Shire of Pingelly Management Comments.

#### **Payments Testing**

##### **Finding**

We noted the following exceptions during our sample testing of 20 payments made between July 2019 and March 2020:

- Two instances of invoices without purchase orders. The value of each purchases was less than \$3,000.
- One instance where the requisite number of written quotations was not obtained for a purchase valued between \$15,001 and \$50,000.

##### **Rating: Moderate**

##### **Implication**

The absence of purchase orders and the raising of purchase order after the invoice has been received increases the risk of inappropriate purchases. If purchases are made without obtaining sufficient quotes, there is a risk of favouritism of suppliers and not obtaining value for money.

##### **Recommendation**

We recommend that the requirement for full compliance with the Shire's purchasing policy is communicated to all staff, and closely monitored by management to ensure:

- Approved purchase orders are raised prior to purchase being made
- Sufficient quotations are obtained for purchases below the tender threshold, in accordance with the Shire's purchasing policy.

**Management Comment**

The Shire of Pingelly’s purchasing policy is to be reviewed and updated to the new threshold and then communicated to all shire staff with purchase order authority and the creditors officers to monitor future noncompliance with the policy and report all instances to the Executive Manager Corporate Services.

Invoices without purchase orders:

- Councillor training Shire of Wandering \$825 and
- Tol Courier \$56.98

Shire staff in question who did not raise purchase orders for the above-mentioned goods and services have been reminded to raise orders for all purchases in future.

Instance where requisite number of quotations not obtained:

- Kerbside rubbish collection service contract/tender had expired, and a new contract has now been renewed through the WALGA Preferred Supplier Procurement Portal. Great Southern Waste Disposal was appointed for a new contract period. Due to departure of previous Director of Technical Services and previous Chief Executive Officer, the Acting Chief Executive Officer and new Chief Executive Officer extended the rubbish service by raising new periodic purchase orders until the new tender contract could be awarded.

**Responsible Officer:** Executive Manager Corporate Services

**Completion Date:** Completed and ongoing monitoring

**Consultation**

Office of the Auditor General  
AMD Chartered Accountants

**Statutory Environment**

*Local Government Act 1995* and associated regulations.

**Policy Implications**

There are no policy implications arising from this report.

**Financial Implications**

There are no known financial implications upon either the Council’s current budget or long term financial plan.

**Strategic Implications**

Goal 5	Innovation, Leadership and Governance
Outcome	Nil applicable
Strategy	Nil applicable

### Risk Implications

Risk	Failure to undertake interim audits may see Council’s financial transactions at an inadequate level and therefore, data and internal controls could be compromised. This would increase the risk of financial loss to the organisation and result in non-compliance with relevant legislation.
Risk Rating (Prior to Treatment or Control)	Reputational
Principal Risk Theme	Moderate (9)
Risk Action Plan (Controls or Treatment Proposed)	The results of the audit are communicated to staff, and closely monitored by management to ensure future compliance with Shire’s purchasing policy.

Consequence Likelihood		Insignificant 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

### Voting Requirements

Simple Majority

**12879 Moved: Cr Hotham**

**Seconded: Cr Narducci**

### Recommendation and Council Decision:

**That the Audit Committee:**

- **Receives the Interim Audit Report from the Shire’s Auditors; and**
- **Note that there are no further actions required by the Chief Executive Officer to address matters raised in the attached Interim Management Letter Report.**

Carried 7:0

**19. CLOSURE OF MEETING**

The Chairman declared the meeting closed at 2pm.

These minutes were confirmed by Council at the Ordinary Council Meeting held on 16 September 2020.

Signed.....  
Presiding Person at the meeting at which the minutes were confirmed.