

*A progressive, diverse and caring community,  
with access to modern services and infrastructure,  
in a unique part of the world*

# **MINUTES**

**of the**

**Special Meeting of Council**

**held**

**WEDNESDAY 27<sup>th</sup> FEBRUARY 2019**

Shire of Cuballing  
Council Chambers  
Campbell Street, Cuballing

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## **1. DECLARATION OF OPENING:**

The Shire President, Cr Conley, declared the meeting open at 5.20pm.

## **2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE:**

### **2.1.1 Attendance**

Cr Mark Conley	President
Cr Eliza Dowling	Deputy President
Cr Scott Ballantyne	
Cr Tim Haslam	
Cr Dawson Bradford	

Mrs Bronwyn Dew	Acting Chief Executive Officer
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### **2.1.2 Apologies**

Cr Roger Newman

Mr Gary Sherry	Chief Executive Officer
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### **2.1.3 Leave of Absence**

## **3. STANDING ORDERS:**

### **COUNCIL DECISION 2019/15:**

**That Standing Orders be suspended for the duration of the meeting to allow for greater debate on items.**

**Moved: Cr Bradford**

**Seconded: Cr Dowling**

**Carried 5/0**

## **4. PUBLIC QUESTION TIME:**

### **4.1 RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE:**

Nil.

### **4.2 WRITTEN QUESTIONS PROVIDED IN ADVANCE:**

Nil

**4.3 PUBLIC QUESTIONS FROM THE GALLERY:**

Nil

**5. APPLICATIONS FOR LEAVE OF ABSENCE:**

Nil

**6. CONFIRMATION OF MINUTES:**

Nil

The confirmation of minutes from the last Ordinary Meeting of Council will be included in the Agenda for the next Ordinary Meeting to be held at 2pm, Wednesday 20<sup>th</sup> March 2019.

**7. PETITIONS/DEPUTATIONS/PRESENTATIONS/  
SUBMISSIONS:**

Nil

**8. DISCLOSURE OF FINANCIAL INTEREST:**

**DISCLOSURE OF FINANCIAL INTEREST AND PROXIMITY INTEREST**

Members must disclose the nature of their interest in matters to be discussed at the meeting.

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting.

**DISCLOSURE OF INTEREST AFFECTING IMPARTIALITY**

Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the Member or employee has given or will give advice.

Nil

## **9. REPORTS OF OFFICERS AND COMMITTEES:**

### **9.1 DEPUTY CHIEF EXECUTIVE OFFICER:**

9.1.1	Annual Report 2017/2018
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Applicant:	N/A
File Ref. No:	ADM108
Disclosure of Interest:	Nil
Date:	26 <sup>th</sup> February 2019
Author:	Bronwyn Dew, Deputy CEO
	9.1.1A 2017/2018 Management Report
Attachments:	9.1.1B 2017/2018 Audit Report
	9.1.1C 2017/2018 Annual Report – Included separately

#### **Summary**

**Council is to consider the recommendations of the Audit Committee from their meeting to be held at 5pm on Wednesday 27 February 2019 that will consider the Auditors 2017/2018 Management Report, the 2017/2018 Audit Report and the 2017/2018 Annual Report.**

#### **Background**

The Audit has been conducted in accordance with the Australian Audit Standards to ensure that during the reporting period the Shire of Cuballing complied with all statutory requirements, including the Local Government Act 1995 and associated Regulations. Butler Settineri completed their final Audit of Council's functions and operations for the 2017/2018 Financial Year in February 2019.

The Annual Report has been compiled and is provided for adoption by Council.

#### **Comment**

The Auditor has provided a report of their findings and it is included separately in Councillor information Packs.

#### **Strategic Implications - Nil**

#### **Statutory Environment**

##### Local Government Act 1995

##### 5.27 Electors' general meetings

- (1) A general meeting of the electors of a district is to be held once every financial year.
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.
- (3) The matters to be discussed at general electors' meetings are to be those prescribed.

##### 5.29 Convening electors' meetings

- (1) The CEO is to convene an electors' meeting by giving —
  - (a) at least 14 days' local public notice; and
  - (b) each council member at least 14 days' notice, of the date, time, place and purpose of the meeting.

- (2) The local public notice referred to in subsection (1)(a) is to be treated as having commenced at the time of publication of the notice under section 1.7(1)(a) and is to continue by way of exhibition under section 1.7(1)(b) and (c) until the meeting has been held.

#### 5.53 Annual reports

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
- (a) a report from the mayor or president;
  - (b) a report from the CEO;
  - [(c), (d) deleted]*
  - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;
  - (f) the financial report for the financial year;
  - (g) such information as may be prescribed in relation to the payments made to employees;
  - (h) the auditor's report for the financial year;
  - (h(a)) a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*;
  - (h(b)) details of entries made under section 5.121 during the financial year in the register of complaints, including —
    - (i) the number of complaints recorded in the register of complaints;
    - (ii) how the recorded complaints were dealt with; and
    - (iii) any other details that the regulations may require; and
  - (i) such other information as may be prescribed.

#### 5.54 Acceptance of annual reports

- (1) Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.

\* Absolute majority required.

- (2) If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

#### 5.55 Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

Policy Implications - Nil

Financial Implications - Nil

Economic Implication - Nil

Environmental Considerations - Nil

Consultation - Nil

#### Options

At this time, it is anticipated that the Audit Committee will adopt the Officer's Recommendation. Any changes in this recommendation will be provided to Council.

The Officer Recommendation to the Audit Committee allows for Council to:

1. Accept the 2017/2018 Management Report
2. Accept the 2017/2018 Audit Report;
3. Accept the 2017/2018 Annual Report;

4. Hold the Annual Electors Meeting at 6.30pm on Wednesday 20<sup>th</sup> March 2019 in the Shire of Cuballing Council Chambers.

Voting Requirements – Absolute Majority

**COUNCIL DECISION 2019/16:**

**That Council:**

1. **Accept the Management Report for the financial year ended 30<sup>th</sup> June 2018;**
2. **Accept the Audit Report for the financial year ended 30<sup>th</sup> June 2018;**
3. **Accept the Annual Report for the financial year ended 30<sup>th</sup> June 2018;**
4. **Hold the Annual Electors Meeting at 6.30pm on Wednesday 20<sup>th</sup> March 2019 in the Shire of Cuballing Council Chambers.**

**Moved: Cr Ballantyne**

**Seconded: Cr Dowling**

**Carried by Absolute Majority 5/0**





MVDM : MJ

26 February 2019

Mr G Sherry  
Chief Executive Officer  
Shire of Cuballing  
PO Box 13  
CUBALLING WA 6311

Dear Gary

**SHIRE OF CUBALLING**

We wish to advise that we have recently completed the audit of the above mentioned Shire for the year ended 30 June 2018.

The Australian Auditing and Assurance Standards Board encourages auditors to issue a management letter on completion of each audit as a means of advising Council of any matters noted during the course of the audit.

Our audit involves the review of only those systems and controls adopted by the Shire upon which we wish to rely for the purposes of determining our audit procedures. Furthermore, our audit should not be relied upon to disclose defalcations or other similar irregularities, although their disclosure, if they exist, may well result from the procedures we undertake. While we have considered the control environment in accordance with Australian Auditing Standards, we have not tested controls and hence do not comment on whether systems and controls are operating effectively.

We advise that we have not encountered any other matters during the course of our audit that we believe should be brought to your attention other than the following:

**Segregation of Duties**

*Finding*

We appreciate that due to the nature and size of the Shire, management oversees all the functions within the Shire, however there is an inherent risk of lack of segregation of duties within the general financial administrative process and we recommend that this should be continually considered by the management in designing compensating controls.

*Management Comment*

Noted.

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### **Financial information provided to audit**

#### *Findings*

We have been auditing the Shire of Cuballing for a number of years and we have always been presented with accurate and complete financial information for audit, except for this financial year. When we started the final audit in August 2018 we found that the draft financial report provided for audit was not accurate as the following balances did not agree to the accounting records and the accounting records were not complete:

- Property, Plant and Equipment
- Infrastructure
- Trade Payables
- Payroll
- Non Operating Grants

After the above had been correctly adjusted there were a number of differences in the figures and this required us to perform additional audit procedures.

The adjustments to the financial statements resulted in the deficit for the year changing from \$311,747 to \$80,427.

#### *Recommendation*

Due to the nature and size of the Shire one person oversees the financial reporting process, we recommend that the Shire should be careful not to place total reliance of this function on one person and have sufficient oversight and monitoring controls in place to ensure that the financial reports are current and maintained accurately.

#### *Management Comment*

Noted.

### **Financial ratios**

#### *Finding*

Under note 25 of the financial report, we note that the asset sustainability ratio and operating surplus ratio do not meet the benchmark as set out by the Department of Local Government.

#### *Recommendation*

We would like to remind you of the compliance requirements to meet the above ratios. Regular monitoring of the above ratios is recommended.

#### *Management Comment*

Noted.

### **Excessive Annual leave balance**

#### *Finding*

During our audit we found that the Chief Executive Officer had 540 hours of annual leave owing to him at 30 June 2018.

*Recommendation*

Council should have internal controls in place to ensure that employees take leave regularly to maintain a good control environment and prevent a huge cash payout should employees leave the employment of the Shire.

*Management Comment*

Noted.

**Fixed Asset Register**

*Finding*

We note that the fixed asset register was not updated with the valuation of infrastructure and bridges and therefore did not agree to the financial report.

*Recommendation*

Management should ensure that the fixed asset register is updated, agrees to the financial statements and is kept current.

*Management Comment*

Noted.

**Disposal of Property**

*Finding*

During the year the Shire disposed of a Multi Tyre Roller by trading it in for the purchase of a new asset. The Shire did not comply with the Local Government Act 1995, Section 3.58 as the asset was not disposed of at a public auction or public tender and the Shire did not publish the disposal to the public.

*Recommendation*

The Shire should have processes in place to ensure compliance with legislation when disposing of assets.

*Management Comment*

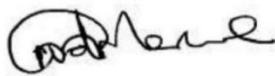
Noted.

We wish to thank the Shire of Cuballing staff for their assistance during the audit.

Should you have any questions please do not hesitate to contact me.

Yours sincerely

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE SHIRE OF CUBALLING**

**Report on the Financial Report**

**Opinion**

We have audited the financial report of the Shire of Cuballing, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Cuballing is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**Basis for Opinion**

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Shire in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Shire's Responsibility for the Financial Report**

Shire is responsible for the preparation of the financial report which gives a true and fair view in accordance with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as the Shire determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 25 of the financial report "Financial Ratios", which describes ratio information relating to the financial report. Management's calculation of the certain of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on ratios with these assumptions.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

#### **Reporting on Other Legal and Regulatory Requirements**

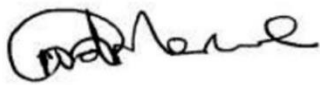
We did not, during the course of our audit, become aware of any instances where the Shire did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

In accordance with the Local Government (audit) Regulations 1996, we also report that:

- a) Apart from the asset sustainability ratio and operating surplus ratio that do not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.

- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 26 February 2019

**9.2 CHIEF EXECUTIVE OFFICER:**

Nil

**9.3 MANAGER OF WORKS REPORT:**

Nil

**10. ELECTED MEMBERS' MOTION OF WHICH PREVIOUS MOTION HAS BEEN GIVEN:**

Nil

**11. URGENT BUSINESS WITHOUT NOTICE WITH THE APPROVAL OF THE PRESIDENT OR MEETING:**

Nil

**12. CONFIDENTIAL ITEM:**

Nil

**13. NEXT MEETING**

Ordinary Meeting of Council to be held on Wednesday 20<sup>th</sup> March 2019

**14. CLOSURE OF MEETING:**

There being no further business, the Shire President, Cr Conley, closed the meeting at 5.24pm.