



SHIRE OF CARNARVON

MINUTES

SPECIAL COUNCIL MEETING

FRIDAY 14 OCTOBER 2022

CONFIRMATION OF MINUTES

These minutes were confirmed by the Council on

.....
as a true and accurate record

..... Chairman

Council Chambers, Stuart Street
CARNARVON, West Australia
Phone: (08) 9941 0000
Fax: ((08) 9941 1099
Website – www.carnarvon.wa.gov.au

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee Meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.

To be noted that, in accordance with Regulation 11 of the Local Government (Administration) Regulations 1996, the minutes of the Council Meeting are a record of the decisions of the Council, any additional officers' advice, and explanatory notes as required. The minutes contain a **summary** of questions asked by members of the public and the answers given. The minutes **are not** a transcript of the proceedings of the meetings.

INFORMATION ON PUBLIC QUESTION TIME

The following information is provided should you wish to ask a question of Council at the Ordinary Meetings held on a monthly basis.

Please note that questions that have not been filled out on the Submission Form will not be accepted.

- The Local Government Act 1995 allows members of the public to ask questions in regard to any issue relating to the Shire.
- A maximum of 15 minutes will be allowed for public question time and the Presiding Member will allow a maximum of three (3) verbal/written questions per person.
- Prior to asking a question, the speaker must state his/her name and address.
- Members of the public are discouraged from asking questions which contain defamatory remarks, offensive language or questioning the competency of staff or Council members.
- The Presiding Member may nominate a member or officer to answer the question and may also determine that any complex questions requiring research be taken on notice and answered in writing.
- No debate or discussion is allowed to take place on any question or answer.
- A summary of each question asked and the response given will be included in the minutes of the meeting –

Local Government (Administration) Regulations 1996 – Pt 2, r.11 – (in part reads -)

11. Minutes, content of (Act s.5.25(1)(f))

The content of minutes of a meeting of a council or a committee is to include –

(e) a summary of each question raised by members of the public at the meeting and a summary of the response to the question.

Responses to questions that are taken on notice will be responded to as soon as possible.

- If you wish to ask a question, please complete the Public Question Time Submission Form at the back of this information sheet. Alternatively, questions can be submitted in writing to the Shire of Carnarvon 3 days prior to the meeting.

SPECIAL MEETINGS OF COUNCIL

Members of the public are welcome to attend a Special Meeting of Council if open, and ask questions of the Council within the allotted public question time ***subject to the questions being asked only relating to the purpose of the Special Meeting*** (s5.23 of the Act and regulation 12 (4) of the Local Government (Administration) Regulations 1996, the Department of Local Government and Communities Guide to Meetings and Governance Bulletin April 2014 and Guideline No. 3 Managing Public Question Time.)

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1.0 ATTENDANCES , APOLOGIES & APPROVED LEAVE OF ABSENCE

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

2.0 PUBLIC QUESTION TIME

(In accordance with Section 5.24 of the Local Government Act 1995, a 15 minute public question time is made available to allow members of the public the opportunity of questioning Council on matters concerning them. All questions are to be provided on the Public Question Time Submission Form.)

3.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

4.0 ITEMS FOR DISCUSSION

- 4.1 Annual Report, Financial Statements for the Year Ended 30 June 2021 and Electors Meeting6

5.0 MATTERS FOR WHICH MEETING TO BE CLOSED TO MEMBERS OF THE PUBLIC

6.0 CLOSURE



**MINUTES OF THE SPECIAL MEETING OF COUNCIL HELD IN THE COUNCIL CHAMBERS, STUART STREET,
CARNARVON ON FRIDAY 14 OCTOBER 2022**

The meeting was declared open by the Presiding Member at 8.30am

The Shire of Carnarvon acknowledges the Yinggarda people as the Traditional Custodians of this land which we work and live on. We pay our respects to their Elders past, present and future and extend this respect to all Aboriginal people and their ongoing connection to this Country.

1.0 ATTENDANCES, APOLOGIES AND APPROVED LEAVE OF ABSENCE

Cr E Smith.....	Presiding Member/Shire President
Cr B Maslen.....	Councillor, Gascoyne/Minilya Ward
Cr L Skender.....	Councillor, Town Ward
Cr T Langley.....	Councillor, Town Ward
Cr A Fullarton.....	Councillor, Town Ward
Cr L Vandeleur.....	Councillor, Town Ward
Cr M Ferreirinha.....	Councillor, Plantation Ward
Mrs A Selvey.....	Chief Executive Officer
Mrs D Hill.....	Senior Executive Officer

Apologies

Cr A Cottrell..... Councillor, Coral Bay Ward

Leave of Absence Nil

Observers Nil

2.0 PUBLIC QUESTION TIME

(In accordance with Section 5.24 of the Local Government Act 1995, a 15minute public question time is made available to allow members of the public the opportunity of questioning Council on matters concerning them. All questions are to be provided on the Public Question Time Submission Form.)

There was no public in attendance.

3.0 DECLARATIONS OF INTEREST

(Councillors and Staff are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

Nil

4.0 ITEMS FOR DISCUSSION

4.1 ANNUAL REPORT, FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021 AND ELECTORS MEETING

Date of Meeting: 14 October 2022
Location/Address: N/A
Name of Applicant: Shire of Carnarvon
Name of Owner: N/A
Author/s: A. Selvey, Chief Executive Officer
Declaration of Interest: Nil
Schedules: Schedule 4.1 - Annual Report and Financial Statements 2020/2021
Previous Reports: Nil

Authority / Discretion

	Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
X	Executive	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
	Legislative	Includes adopting local laws, town planning schemes and policies.
	Quasi-Judicial	When Council determines an application / matter that directly affects a person's right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses.
	Information	Includes items provides to Council for information purposes only that do not require a decision of Council (i.e. – for noting).

Summary of Item:

This report formally presents the Shire of Carnarvon 2020/2021 Annual Report (the Annual Report), inclusive of the 2020/2021 Financial Report, Auditor's Report and Auditors Management Report to Council. The officer's recommendation is that Council adopts the Shire of Carnarvon 2020/2021 Annual Report as presented *refer Schedule 4.1*

Background:

Section 5.53 of the *Local Government Act 1995* requires the preparation of an Annual Report and details the contents required within that report. Section 5.54 requires that the Annual Report for a financial year be accepted no later than 31 December after that financial year or within 2 months of receiving the auditor's report. In this instance, the finalization of the Annual Report has been delayed due to delays with finalising the financial statements and obtaining the Auditor's Report. This is due to several factors, including changes in key finance staff at the Shire and processes to changes to accounting standards.

The *Local Government Act 1995* requires that an Electors' General Meeting is to be held within 56 days of acceptance of the Annual Report. Pending adoption of the Annual Report, the Electors' General Meeting will be scheduled for 12noon on Tuesday 8 November 2022, at the Shire of Carnarvon, Council Chambers.

Consultation:

The Office of the Auditor General
The Shire of Carnarvon Audit and Risk Committee

Statutory Environment:

Sections 5.53, and 5.27 of the *Local Government Act 1995* provide the statutory framework for the Annual Report and Electors' General Meeting. While the Shire of Carnarvon has not met statutory timeframes in this matter, other aspects of the process are compliant with the requirements of the legislation.

Relevant Plans and Policy:

N/A

Financial Implications:

There are no direct financial implications from the officer's recommendation to receive the Annual Report and to set the date for the Electors' General Meeting. However, the financial implications of the content of the financial statements are the very basis of this report. The Auditor's Report provides further detail and is provided under the Risk Assessment section of this report – see below.

Risk Assessment:

		STEP 3 – Risk Tolerance Chart Used to Determine Risk				
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating (Consequence x likelihood)	Mitigating Action/s
Financial	A significant adverse trend in the financial position of the Shire is noted by the Auditor with specific note of the Asset Sustainability Ratio and the Operating Surplus Ratio below the Dept of Local Government standard for the past three years.	Extreme	The draft Long-Term Financial Plan which will be finalised in 2022/2023 and Corporate Business Plan review will take this into account and will include a review of services and will identify any asset replacement funding needs.
Health & Safety	N/A		
Reputation	The delay in calling an Electors' General Meeting (Annual Electors' Meeting) has	Moderate	Open and transparent reporting of the reason for the delay in this report which is made publicly available.

	the potential to raise concerns about the Shire's financial management and cause reputational damage.		
Service disruption	N/A		
Compliance	The Shire has not reported the Asset Renewal Funding Ratio as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996 as information on planned capital renewals and required capital expenditure over a 10-year period was not available.	Extreme	This will be addressed with the update of the Long Term Financial Plan which will inform and update the Asset Management Plan during 2022/2023.
Property	N/A		
Environment	N/A		
Fraud	Fraudulent reports	High	The objective of the audit is to obtain reasonable assurance that the financial report is free from material misstatement, either by fraud or error. This is expressed in the Auditor's Report.

Community & Strategic Objectives:

Improving Trust Between Citizens and the Shire

- Facilitate and provide transparency.

Comment:

The Audit opinion is expressed in the Independent Auditor's Report 2021. Items to note are as follows:

1. The Asset Sustainability Ratio and Operating Surplus Ratio have been below the Department of Local Government, Sport and Cultural Industries' standard for the past 3 years. The financial ratios are reported at Note 34 to the financial report. The Shire has not reported the Asset Renewal Funding Ratio for 2021 as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as planned capital renewals and required capital expenditure were not estimated in a long-term financial plan and asset management plan.
The Shire first needed to update its Strategic Community Plan. This has been completed and the Corporate Business Plan is currently being updated. The Long Term Financial Plan and Asset Management Plans will be updated in 2023. It should be noted that ratios will not be required to be reported from 2022.
2. Accounting journal entries were mostly prepared and posted by the same officer, with no evidence of independent review and approval by a senior officer. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.

We recognise this matter and acknowledge that this is likely to have also occurred in 2021/22 and at the commencement of the 2022/23 financial year. However, management practices have been reviewed and general journals are now independently reviewed.

3. Funds totaling \$1.2 million were transferred from a cash backed reserve account to unrestricted cash in the Municipal account on 2 occasions without prior approval from the Council. This is also in breach of section 6.11(2)(b) of the Local Government Act 1995, which requires the Shire to give one month's local public notice if the money in a reserve account is proposed to be used for another purpose. These transfers were subsequently reversed.

This matter was recognised and the funds totalling \$1.2 million were returned to the reserve account. A report disclosing the error and the correction was presented to Council. Staff involved in that matter no longer work at the Shire of Carnarvon.

4. There were inadequate internal controls around the processing of employee termination payments. Inadequate or ineffective controls increases the risk of under or over payments to terminated employees.

These payments were made in mid to late 2020 at a time when the Shire had an Acting Finance Manager and Acting Senior Finance Officer. At this time, there were also a larger number of terminations being processed due to an organisational restructure. A new HR Manager has commenced since and made significant improvements to process.

5. Monthly bank reconciliations for the financial year ended 30 June 2021 were only prepared in June 2021. Errors were noted in the preparation of the bank reconciliations. In addition, the reconciliations included a large number of reconciling items that had not been cleared in a timely manner, with some reconciling items outstanding since August 2020. This increases the risk of misstatements, fraud and errors not being detected in a timely manner.

Bank reconciliations are now being carried out for the Municipal Bank Account in a timely manner. They are now reconciled to June 2022 with July 2022 reconciliations underway. Process is for all reconciliations to be completed within first week of the following month. There are still issues with the Synergy Bank Rec Module which have caused some issues. The Shire has repeatedly flagged this with ITVision.

It is a requirement (S7.12A of the *Local Government Act 1995*) of the that Local Government prepares a report on any matters identified as significant by the auditor in the audit report and submit the report to the Minister within three months of the audit report being received by the Local Government. The report is required to include an action plan to address these matters and must be published on the Shire's website.

OFFICER'S RECOMMENDATION

That Council, by Absolute Majority, pursuant to Section 5.54 of the Local Government Act 1995, resolves to:

1. *Accept the Shire of Carnarvon Annual Report for the 2020/2021 Financial Year, incorporating the Shire President's Report, CEO's Report, Financial Statements and Auditors Report, presented at Schedule 4.1 and make the Annual Report publicly available via the Shire website, at the Shire Administration Centre and at the Carnarvon Regional Library;*
2. *Set the date for the Annual Electors' General Meeting as Tuesday 8 November 2022 at 12noon at the Shire of Carnarvon Council Chambers, Stuart Street, Carnarvon; and*
3. *Give Public Notice of the meeting via local print and social media platforms and notices in public venues in Carnarvon and Coral Bay.*

SCM 1/10/22

COUNCIL RESOLUTION

Cr Maslen/Cr Vandeleur

That Meeting Procedures Local Law Pt 17.1 be suspended at 8.32am to further seek clarification in regard to measures that can be taken to improve the management of the system processes.

CARRIED
F7/A0

SCM 2/10/22

COUNCIL RESOLUTION

Cr Vandeleur/Cr Maslen

That Meeting Procedures Local Law Pt 17.1 be resumed at 8.53am.

CARRIED
F7/A0

SCM 3/10/22

COUNCIL RESOLUTION

Cr Maslen/Cr Vandeleur

That Council, by Absolute Majority, pursuant to Section 5.54 of the Local Government Act 1995, resolves to:

- 1. Accept the Shire of Carnarvon Annual Report for the 2020/2021 Financial Year, incorporating the Shire President's Report, CEO's Report, Financial Statements and Auditors Report, presented at Schedule 4.1 and make the Annual Report publicly available via the Shire website, at the Shire Administration Centre and at the Carnarvon Regional Library;*
- 2. Set the date for the Annual Electors' General Meeting as Tuesday 8 November 2022 at 12noon at the Shire of Carnarvon Council Chambers, Stuart Street, Carnarvon;*
- 3. Give Public Notice of the Meeting via local print and social media platforms and notices in public venues in Carnarvon and Coral Bay; and*
- 4. Review the financial management system and processes to improve compliance and build in resilience and that the CEO provide a report to the Ordinary Council Meeting in March 2023.*

CARRIED BY ABSOLUTE MAJORITY
F7/A0

(Note to Minute – Part 4 was added to the resolution and is self explanatory.)

5.0 MATTERS FOR WHICH MEETING TO BE CLOSED TO MEMBERS OF THE PUBLIC

Nil

6.0 CLOSURE:

The Presiding Member declared the meeting closed at 8.53am.