



# Shire of Menzies

## AUDIT AND RISK COMMITTEE MEETING AGENDA

Notice is hereby given that an Audit and Risk Committee Meeting will be held:

Date : Thursday 29 June 2023  
Time : 9am  
Venue : Council Chambers, 124 Shenton Street Menzies

### SECTION 7.1A LGA 1995

#### Committee Brief:

1. *Provide guidance and assistance to the local government-*
  - a) *as to the carrying out of its functions in relation to audits carried out under Part 7 of the Act; and*
  - b) *as to the development of a process to be used to select and appoint a person to be an auditor; and*
2. *May provide guidance and assistance to the local government as to-*
  - a) *matters to be audited; and*
  - b) *the scope of audits; and*
  - c) *its functions under Part 6 of the Act; and*
  - d) *the carrying out of its functions relating to other audits and other matters related to financial management; and*
3. *Is to review a report given to it by the CEO under Regulation 17(3) (the CEO's report) and is to-*
  - a) *report to the Council the results of that review; and*
  - b) *give a copy of the CEO's report to the Council.*

Rob Stewart  
Acting Chief Executive Officer

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**1 DECLARATION OF OPENING**

The Chairperson declared the meeting open at \_\_\_\_\_.

**2 ANNOUNCEMENT OF VISITORS**

**3 RECORD OF ATTENDANCE**

Councillors: Cr I Baird, Chairperson  
Cr J Dwyer, Deputy Chairperson  
Cr G Dwyer  
Cr S Sudhir

Staff: Mr R Stewart, Acting Chief Executive Officer  
Ms K Van Kuyl, Chief Financial Officer  
Ms M Mertyn, Executive Officer (Minutes)

**4 DISCLOSURES OF INTEREST**

**5 CONFIRMATION OF MINUTES**

*(Provided under Separate Cover)*

**OFFICER RECOMMENDATION:**

That the Minutes of the Audit and Risk Committee Meeting held on 23 March 2023 be confirmed as a true and correct record.

**COMMITTEE DECISION:**

**Committee Resolution Number**

**Moved**  **Seconded**

**Carried**

## 6 REPORTS OF OFFICERS

<b>6.1</b>	<b>Interim Audit 2022/2023</b>
<b>LOCATION</b>	<b>Shire of Menzies</b>
<b>APPLICANT</b>	<b>Internal</b>
<b>DOCUMENT REF</b>	<b>NAM1122</b>
<b>DATE OF REPORT</b>	<b>05 June 2023</b>
<b>AUTHOR</b>	<b>Chief Financial Officer, Kristy Van Kuyl</b>
<b>RESPONSIBLE OFFICER</b>	<b>Acting Chief Executive Officer, Rob Stewart</b>
<b>OFFICER DISCLOSURE OF INTEREST</b>	<b>Council officers contributing to the preparation and approval of this report have no conflicts of interest to declare</b>
<b>ATTACHMENT</b>	<b>Nil</b>

### **SUMMARY:**

To provide the verbal status of the Interim Audit Report, being conducted by RSM Australia for financial year ending 30 June 2023.

### **BACKGROUND:**

RSM Australia has been engaged by the Office of the Auditor General (OAG) Western Australia to perform the Interim Audit and Final Audit of the Shire of Menzies for the year ending 30 June 2023.

RSM Australia presented the Audit Planning Report which outlined the proposed audit strategy including the audit timeline and areas of audit focus at the Ordinary Meeting of the Council on 27 April 2023.

### **COMMENT:**

RSM Australia auditors attended Shire office from 22 to 26 May 2023.

The feedback provided to Shire Staff indicates that the audit progress for this year is going well. Most of the concerns raised from the previous financial year have been resolved, and no new findings have been identified so far. Additionally, the final audit ending on June 30, 2023, will include the Asset Revaluation.

### **CONSULTATION:**

RSM Australia

**STATUTORY AUTHORITY:**

Nil

**POLICY IMPLICATIONS:**

There are no known policy implications arising from this report.

**FINANCIAL IMPLICATIONS:**

Nil

**RISK ASSESSMENT:**

<b>Risk Statement</b>	<b>Level of Risk</b>	<b>Risk Mitigation Strategy</b>
Not Applicable		

**STRATEGIC IMPLICATIONS:**

The Shire's Strategic Community Plan 2021-2031 outlines the following Outcome and Strategy:

Outcome:

4.2 An efficient and effective organisation.

Strategy:

4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

Accordingly, the officer's recommendation aligns with the Strategic Community Plan.

**VOTING REQUIREMENTS:**

Simple Majority

**OFFICER RECOMMENDATION:**

That it be a recommendation to the Council:

That the audit progress status update provided by RSM Australia be noted.

**COMMITTEE RECOMMENDATION:**

<b>Committee Resolution Number</b>	
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<b>Moved</b>		<b>Seconded</b>	
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<b>Carried</b>	
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<b>6.2</b>	<b>Risk Management Updates</b>
<b>LOCATION</b>	<b>Not Applicable</b>
<b>APPLICANT</b>	<b>Internal</b>
<b>DOCUMENT REF</b>	<b>NAM1123</b>
<b>DATE OF REPORT</b>	<b>7 June 2023</b>
<b>AUTHOR</b>	<b>Moore Australia, Tanya Browning</b>
<b>RESPONSIBLE OFFICER</b>	<b>Acting Chief Executive Officer, Rob Stewart</b>
<b>OFFICER DISCLOSURE OF INTEREST</b>	<b>Nil</b>
<b>ATTACHMENT</b>	<ol style="list-style-type: none"> <li>1. CONFIDENTIAL REDACTED - Shire of Menzies - Draft Risk Profiles May 2023 [6.2.1 - 6 pages]</li> <li>2. CONFIDENTIAL REDACTED - Shire of Menzies - Draft Risk Register May 2023 [6.2.2 - 2 pages]</li> </ol>

#### **SUMMARY:**

To present the summary of Organisational Risk Management activities from February 2023 to May 2023.

#### **BACKGROUND:**

From 1 July 2022, the Shire of Menzies sought proposals through Vendor Panel from external consultants for compliance and governance services, which included risk management support services. Moore Australia (WA) were successful with their proposal and have been engaged to provide compliance and risk management support services for 2022, 2023 & 2024.

The Shire's Risk Management Strategy, as previously reviewed by the Audit and Risk Committee, and the Shire's risk management policy (previously adopted by the Council) align to AS/NZS ISO 31000:2018 Risk Management Guidelines. The Risk Management Strategy is prepared utilising the Principles, Framework and Process as defined within the standard, considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its Risk Management activities, aligned to the Risk Management policy.

The guidance and direction within the Risk Management Strategy includes the assessment, prioritisation and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The reporting of risk management activities historically occurred through quarterly 'dashboard reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop', which will continue through the Shire's current engagement with Moore Australia.

A workshop with the Senior Staff was held onsite on 9-10 November 2022 to review risk profiles, controls, consider emerging or new risks as well as setting out planned control assurance activities for the year. Following the workshop, updates to the risk profiles were made, and the risk register populated with updated information to be reported to the Audit and Risk Committee. A further site visit was undertaken in February 2023 for general governance and compliance services, and in early June 2023 to commence review of the Corporate Business Plan, where risk management activities were also considered and reviewed.

These activities continue to form the foundation for risk management activities to be reported and monitored through the Audit and Risk Committee.

**COMMENT:**

A summary of updates to the risk profiles, the risk register and risk profiles up to May 2023 are marked as confidential documents. These documents include the controls to be implemented/actioned by the Shire in an effort to reduce risk levels. Publication of such information may adversely impact on risk management activities.

A risk summary report is to be provided bi-annually to the Audit and Risk Committee. This report enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for the Committee. The risk summary report highlighting risk changes identified against each profile, including actions and treatments in place for high level risks, is also attached as a confidential document.

A quarterly dashboard report has been prepared for the Committee’s information to summarise the current number of reportable risks, unaddressed high-level risks, total new risks etc. The table below highlights the progress risk movements this quarter.

<b>Risk Category</b>	<b>No. of High or Extreme Rated Risks Identified</b>	<b>No. of High or Extreme Rated Risks after Treatment</b>	<b>No. of New Risks Identified (May 2023)</b>	<b>No. of Risks Closed (May 2023)</b>
Performance	2	1	0	0
Environmental	2	1	0	0
Reputational Damage	2	1	0	0
Financial	4	1	0	0
Service Delivery / Business Interruption	5	2	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	3	2	0	0

Discussions with Moore Australia as well as future site visits will be undertaken to further update risk profiles, actions and treatments for the next reporting period. These reports will be updated for the next meeting for committee information.



**CONSULTATION:**

Moore Australia

**STATUTORY AUTHORITY:**

Regulation 17.1 of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures regarding risk management, internal controls and legislative compliance.

**POLICY IMPLICATIONS:**

The Risk Management Policy outlines the Shire’s commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

**FINANCIAL IMPLICATIONS:**

Provision is included in the Financial Year 2022/23 Adopted Budget for Moore Australia to deliver compliance and governance services, including risk management support, in line with the awarded Vendor Panel RFQ.

**RISK ASSESSMENT:**

Risk Statement	Level of Risk	Risk Mitigation Strategy
This item has been evaluated against the Shire of Menzies’ Risk Management Strategy and Risk Assessment Matrix	The perceived level of risk is high prior to treatment	The progression of risk management activities aligned with the Risk Management Strategy will reduce the risk to low

**STRATEGIC IMPLICATIONS:**

The Shire’s Strategic Community Plan 2021-2031 outlines the following Outcome and Strategy:

Outcome  
4.2 An efficient and effective organisation.

Strategy  
4.2.1 Maintain a high level of corporate governance, responsibility and accountability.

Accordingly, the officer’s recommendation aligns with the Strategic Community Plan.

**VOTING REQUIREMENTS:**

Simple Majority

**OFFICER RECOMMENDATION:**

That the Draft Risk Profiles report dated May 2023 as attached be noted.

**COMMITTEE DECISION:**

<b>Committee Resolution Number</b>	
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<b>Moved</b>		<b>Seconded</b>	
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<b>Carried</b>	
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## **7 INFORMATION REPORTS**

## **8 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

## **9 NEW BUSINESS OF AN URGENT NATURE**

## **10 NEXT MEETING**

The next meeting is to be held on 21 September 2023 at the Shire Offices in Menzies commencing at 11am.

## **11 CLOSURE OF MEETING**

The Chairperson declared the meeting closed at \_\_\_\_\_.