



Shire of Menzies

AUDIT AND RISK COMMITTEE MEETING MINUTES

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.*

A Meeting of the Audit and Risk Committee was held in the Council Chambers, 124 Shenton Street, Menzies WA 6436, at 10.00am Friday 8 December 2023.

Glenda Teede
Chief Executive Officer

Resolution Numbers ARC-55 to ARC-58

Committee Members

Cr P Warner, Cr S Sudhir and Cr A Tucker (Council Resolution-163/23)

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1 DECLARATION OF OPENING

The Chief Executive Officer, as the Presiding Officer, declared the meeting open at 10.01am pursuant to Schedule 2.3(3) of the Local Government Act 1995.

2 ANNOUNCEMENT OF VISITORS

Amit Kabra – RSM Australia (joined electronically at 10.00am)
Sneha Venkatraman – RSM Australia (joined electronically at 10.00am)
Punitha Perumal – Office of the Auditor General (joined electronically at 10.00am)

RSM Australia was engaged by the Office of the Auditor General (OAG) Western Australia to perform the audit of the Shire of Menzies for the year ending 30 June 2023. RSM conducted the exit meeting via electronic means. OAG personnel also participated during the exit meeting.

3 RECORD OF ATTENDANCE

Councillors: Cr P Warner, Presiding Member
Cr S Sudhir, Deputy Presiding Member
Cr A Tucker

Staff: Mr G Teede, Chief Executive Officer
Ms K Van Kuyl, Chief Financial Officer
Ms M Yulo-Uy, Executive Officer (Minutes)

4.1 ELECTION OF PRESIDING MEMBER

The Chief Executive Officer invited nominations for the position of Presiding Member. Cr P Warner nominated himself. There being no further nominations, Cr Warner was declared unopposed to the position of Presiding Member and assumed the Chair.

4.2 ELECTION OF DEPUTY PRESIDING MEMBER

The Presiding Member invited nominations for the position of Deputy Presiding Member. Cr S Sudhir nominated himself. There being no further nominations, Cr Sudhir was declared unopposed to the position of Deputy Presiding Member

4.3 DISCLOSURES OF INTEREST

Nil

6 REPORTS OF OFFICERS

6.1	Audit Financial Report FY 2022/2023
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1218
DATE OF REPORT	01 December 2023
AUTHOR	Chief Financial Officer, Kristy Van Kuyl
RESPONSIBLE OFFICER	Chief Executive Officer, Glenda Teede
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	Tabled

SUMMARY:

To present the Audited Financial Report for the year ending 30 June 2023. (To be tabled)

BACKGROUND:

In May 2023, representatives of RSM Australia attended to the Shire of Menzies to conduct an interim audit and furthermore in October 2023 to conduct final audit for financial year ending 30 June 2023. It should be noted that the audit is designed primarily to enable the auditors to form an opinion on the financial statement and therefore does not extend to all the Council's systems and procedures.

COMMENT:

The Audited Financial Report is presented to the Council upon recommendation of the Audit and Risk Committee. The Audited Financial Report will then be incorporated into the Annual Report to be presented at the Annual Electors Meeting.

CONSULTATION:

Office of the Auditor General
RSM Australia, auditors
Moore Australia, consultants

STATUTORY AUTHORITY:

Local Government Act 1995:

Section 7.9 refers to the audit to be conducted

Section 7.12A. relates to the duties of local government with respect to audits

Local Government (Audit) Regulations 1996:

Regulation 10 relates to reports by auditors to be forwarded within 30 days of completing the audit

POLICY IMPLICATIONS:

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from the recommendation of this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

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

6.2	Audit Findings FY 2022/2023
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1219
DATE OF REPORT	01 December 2023
AUTHOR	Chief Financial Officer, Kristy Van Kuyl
RESPONSIBLE OFFICER	Chief Executive Officer, Glenda Teede
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	Tabled

SUMMARY:

To present the Audit Finding for the year ending 30 June 2023 that is provided by the independent auditors. (To be tabled)

BACKGROUND:

Local governments are subject to annual audits by agents appointed by the Office of the Auditor General (OAG).

The 2022/23 audit was conducted by RSM with site visits and external means.

The *Local Government Act 1995* section 7.12A. specifies certain duties of Local Government with respect to Audits:

- (3) *A local government must -*
 - (aa) *examine an audit report received by the local government; and*
 - (a) *determine if any matters raised by the audit report, require action taken by the local government; and*
 - (b) *ensure that appropriate action is taken in respect of those matters.*
- (4) *A local government must -*
 - (a) *prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and*
 - (b) *give a copy of that report to the Minister within 3 months after the audit report is received by the local government.*
- (5) *Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.*

COMMENT:

A copy of RSM Australia Draft Audit Finding has been enclosed. This report provides the Audit Committee with the significant findings from the Audit and planned actions to rectify the issues identified.

CONSULTATION:

Office of the Auditor General
RSM Australia, auditors
Moore Australia, consultants

STATUTORY AUTHORITY:

Local Government Act 1995:

Section 7.9 specifies the audit requirement

Section 7.12A specifies the duties of local government with respect to audits

POLICY IMPLICATIONS:

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS:

There are no financial implications resulting from the recommendation of this report.

RISK ASSESSMENT:

Risk Statement	Level of Risk	Risk Mitigation Strategy
N/A		

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/COMMITTEE DECISION:

Committee Resolution Number	ARC-57
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Moved Cr S Sudhir Seconded Cr A Tucker

That it be a recommendation to the Council:

That the Draft Audit Finding for the year ending 30 June 2023, as attached be received.

Carried	3/0
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**For: Cr P Warner, Cr S Sudhir and Cr A Tucker
Against: Nil**

6.3	Risk Management Updates - November 2023
LOCATION	Not Applicable
APPLICANT	Internal
DOCUMENT REF	NAM1220
DATE OF REPORT	01 December 2023
AUTHOR	Moore Australia, Tanya Browning
RESPONSIBLE OFFICER	Chief Executive Officer, Glenda Teede
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	<ol style="list-style-type: none"> 1. CONFIDENTIAL - Shire of Menzies - Draft Risk Updates Summary November 2023 [6.3.1 - 2 pages] 2. CONFIDENTIAL - Shire of Menzies - Risk Register Draft November 2023 Committee Register [6.3.2 - 3 pages]

SUMMARY:

To present the summary of Organisational Risk Management activities from August 2023 to November 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 and 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 held onsite with the Shire Senior Staff occurred in November 2022 and August 2023 to review risk profiles, controls, consider emerging or new risks and set 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 offsite workshop in November 2023, where risk management activities were considered and reviewed where staff were available.

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

COMMENT:

An offsite workshop was held on 30 November 2023 with Moore Australia and available Shire staff to review and update the risk profiles and controls, and to document updates since the last workshop to report on the progress of planned control assurance activities for the year. Following the workshop, updates to the risk profile documents were made, and the risk register populated with updated information to be reported to the Audit and Risk Committee

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.

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

The actions identified through the risk workshops and assessment of the controls and treatments in place for identified risks outline the progress the Shire has made to address the risks identified. One new environmental risk has been identified. This relates to the use of reclaimed water at some Shire properties and requires consideration. One risk relating to required action during the pandemic has been closed out.

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.

The supporting documents are not circulated with agenda documents, as they include the controls to be implemented/actioned by the Shire to reduce risk levels. Publication of such information may adversely impact on risk management activities.

CONSULTATION:

Moore Australia

STATUTORY AUTHORITY:

Local Government (Audit) Regulations 1996:
Regulation 17.1 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	The perceived level of risk is high prior to	The progression of risk management activities aligned with the Risk

7 INFORMATION REPORTS

Nil

8 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

9 NEW BUSINESS OF AN URGENT NATURE

Nil

10 NEXT MEETING

The next meeting of the Audit and Risk Committee will be held on 28 March 2024 in Kookynie, commencing at 11:00am.

11 CLOSURE OF MEETING

There being no further business, the Presiding Member declared the meeting closed at 10.34am.