



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 10.20am on Thursday 27 June 2024.

Glenda Teede
Chief Executive Officer

Committee Members:

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

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6 REPORTS OF OFFICERS

6.1	Risk Management Update - May 2024
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1316
DATE OF REPORT	21 June 2024
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 - Draft Risk Updates Summary May 2024 [6.1.1 - 3 pages] 2. CONFIDENTIAL - Draft Risk Register May 2024 [6.1.2 - 3 pages]

SUMMARY:

To present the summary of organisational risk management activities from February to May 2024.

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 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.

Workshops held onsite to date with Shire of Menzies staff have occurred in November 2022 and August 2023 to review risk profiles, controls, consider emerging or new risks as well as to set out planned control assurance activities for the year. Following these workshops, updates to the risk profiles were made, and the risk register populated with updated information to be reported to the Audit and Risk Committee. Further site visits were undertaken in February 2023, November 2023, January 2024 and May 2024 (and an offsite workshop in November 2023) where risk management activities were 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:

An onsite workshop was held on 29 May 2024 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.

This report provides a summary of the changes to the risk profiles and risk register following the workshop and 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 Committee information and consideration. The risk summary report highlighting risk changes identified against each profile, including actions and treatments in place for high level risks has been circulated to Committee members separately.

A quarterly dashboard report has been prepared for committee 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 (May 2024)	No. of Risks Closed (May 2024)
Performance	3	1	0	0
Environmental	2	1	0	0
Reputational Damage	2	1	0	0
Financial	4	1	0	0
Legislative / Regulatory / Policy/ Occupational Safety and Health	4	3	1	0
Service Delivery / Business Interruption	4	3	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.

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, Consultants
Shire of Menzies Executive Team

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 in regard to risk management, internal control 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 2023-24 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 may reduce the risk to low.

STRATEGIC IMPLICATIONS:

One of Council’s responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve the Shire’s strategic objectives, as well as to support the allocation of funds / resources to treat risks as required.

The Chief Executive Officer and senior staff play a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the strategic planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the audit committee is to monitor identified strategic high-level risks and treatment solutions to ensure the community receives the services delivered effectively as outlined within the Plan for the Future.

Monitoring and review activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures regarding risk management, internal control, and legislative compliance, as required by the *Local Government (Audit) Regulations 1996*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

The Shire’s Strategic Community Plan 2021-2031 outlines the following Outcomes and Strategies:

Outcome

4.1 A strategically focused Council., leading our community

Strategy:

4.1.1 Provide strategic leadership and governance

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-64
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Moved **Cr A Tucker** **Seconded** **Cr S Sudhir**

That:

- 1. The attached drafts of Risk Register and Risk Updates Summary updated as of May 2024 be received**
- 2. The above report updating the Risk Management activities be received.**

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

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 19 September 2024 at the Council Chambers in Menzies, commencing at 11:30am.

11 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 10.23am.