



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 on Thursday, 31 October 2024.

Kristy Van Kuyl
Acting Chief Executive Officer

Committee Members:

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

TABLE OF CONTENTS

1	DECLARATION OF OPENING	3
2	ANNOUNCEMENT OF VISITORS	3
3	RECORD OF ATTENDANCE	3
4	DISCLOSURES OF INTEREST	3
5	CONFIRMATION OF MINUTES	3
6	REPORTS OF OFFICERS	4
	6.1 Audit Report and Annual Financial Report 2023/2024	4
	6.2 Work Health and Safety Report – August 2024	7
	6.3 Risk Management Update - September 2024	10
7	INFORMATION REPORTS	15
8	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	15
9	NEW BUSINESS OF AN URGENT NATURE	15
10	NEXT MEETING	15
11	CLOSURE OF MEETING	15

1 DECLARATION OF OPENING

The Presiding Member declared the meeting open at 10.05am.

2 ANNOUNCEMENT OF VISITORS

Punitha Perumal, Office of the Auditor General (joined electronically at 10.05am)
Amit Kabra, RSM Australia (joined electronically at 10.05am)
Thanushan Sriskantharaja, RSM Australia (joined electronically at 10.05am)
Sneha Venkatraman, RSM Australia (joined electronically at 10.05am)

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 2024. RSM conducted the exit meeting electronically, with an OAG representative also in attendance.

3 RECORD OF ATTENDANCE

Councillors: Cr P Warner, Presiding Member
Cr S Sudhir, Deputy Presiding Member
Cr A Tucker
Staff: Ms K Van Kuyl, Acting Chief Executive Officer
Ms M Yulo-Uy, Executive Officer (Minutes)

4 DISCLOSURES OF INTEREST

Nil

5 CONFIRMATION OF MINUTES

(Provided under Separate Cover)

COMMITTEE DECISION:

Committee Resolution Number:	ARC-65
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Moved: Cr S Sudhir Seconded: Cr A Tucker

That the Minutes of the Audit & Risk Committee meeting held on 27 June 2024 be confirmed as a true and correct record.

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

6 REPORTS OF OFFICERS

6.1	Audit Report and Annual Financial Report 2023/2024
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1361
DATE OF REPORT	22 October 2024
AUTHOR	Acting Chief Executive Officer, Kristy Van Kuyl
RESPONSIBLE OFFICER	Acting Chief Executive Officer, Kristy Van Kuyl
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	Tabled

SUMMARY:

To present the Audit Report and Annual Financial Report 2023/2024 for the year ending 30 June 2024.

BACKGROUND:

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

In May 2024, representatives of RSM Australia attended to the Shire of Menzies to conduct an interim audit and furthermore in October 2024 to conduct final audit for financial year ending 30 June 2024. 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:

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.

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. relate 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

OFFICER RECOMMENDATION/COMMITTEE DECISION:

Committee Resolution Number:	ARC-66
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Moved: Cr A Tucker **Seconded:** Cr S Sudhir

That it be a recommendation to the Council:

That:

- 1. the attached Audited Financial Report and Management Report for the year ending 30 June 2024; and**
- 2. the attached Audit Findings for the year ending 30 June 2024**

be received.

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

Against: Nil

6.2	Work Health and Safety Report – August 2024
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1362
DATE OF REPORT	16 September 2024
AUTHOR	Chief Financial Officer, Kristy Van Kuyl
RESPONSIBLE OFFICER	Chief Executive Officer, Glenda Teede
OFFICER DISCLOSURE OF INTEREST	Nil
ATTACHMENT	1. CONFIDENTIAL - Work Health and Safety (WHS) Progress Report - August 2024 [6.2.1 - 11 pages]

SUMMARY:

To present the summary of the Work Health and Safety (WHS) Progress Report for the month of August 2024.

BACKGROUND:

Core Business Australia provides Work Health and Safety (WHS) support services through the WHS Monitor software system. This includes preparing and conducting WHS workshops, evaluating existing WHS processes, assisting with policy and procedure information, and offering guidance on WHS procedures and processes.

COMMENT:

An onsite review took place from 26 August 2024 to 29 August 2024 with Core Business and the Shire Staff.

The progress of WHS activities for the month of August 2024 is summarised as follows:

- Purchase, delivered, and provided training on the Take 5 safety books
- Installation of the Alco Measure Breathalyser on the Depot wall
- Provide WHS Monitor training to staff
- Conducted a workshop on current procedures
- Developed a comprehensive Fleet Management Policy
- Held morning prestart meetings
- Organised the update of the defibrillator

The Shire has placed significant emphasis on improving its processes and structures to enhance effectiveness and accountability in managing its daily functions. The next

priorities are organising the scheduled electrical testing and tagging, as well as updating the outstanding procedures and policies.

CONSULTATION:

Robert Hubbard, Core Business Australia
Shire of Menzies Executive Team

STATUTORY AUTHORITY:

Work Health and Safety Act 2020

POLICY IMPLICATIONS:

Policy 6.1 Work Health and Safety

FINANCIAL IMPLICATIONS:

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

RISK ASSESSMENT:

Nil

STRATEGIC IMPLICATIONS:

The Council's Community Strategic Plan 2021 – 2031 outlines the following outcome and strategies:

Outcome:

4.2 An efficient and effective organisation

Strategies:

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

4.2.3 Provide a positive and safe workplace.

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

VOTING REQUIREMENTS:

Simple Majority

6.3	Risk Management Update - September 2024
LOCATION	Not applicable
APPLICANT	Internal
DOCUMENT REF	NAM1373
DATE OF REPORT	16 September 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 September 2024 [6.3.1 - 3 pages] 2. CONFIDENTIAL - Draft Risk Register- September 2024 [6.3.2 - 3 pages]

SUMMARY:

To present the summary of organisational risk management activities from May 2024 to September 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, August 2023 and May 2024 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, May 2024, and September 2024 (as well as 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 9 September 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 (September 2024)	No. of Risks Closed (September 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	0	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. This includes new and/or emerging risks noted in the workshop held in May 2024. 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 in an effort 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 2024-25 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

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 27 February 2025 at the Council Chambers in Menzies, commencing at 10:00am.

11 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 10.31am.