



**Shire of Ashburton**

**Audit and Risk Management Committee Meeting**

**Confirmed Minutes**

**Public**

**Council Chambers, Onslow Shire Complex, Second  
Avenue, Onslow**

**10 May 2022**

**8:30am**



**Shire of Ashburton  
Audit and Risk Management Committee Meeting**

The Chief Executive Officer recommends the endorsement of these minutes at the next Audit and Risk Committee Meeting.

K Donohoe  
Chief Executive Officer  
13 May 2022

These minutes were confirmed by Council as a true and correct records of proceedings of the Audit and Risk management Committee Meeting held on 10 May 2022.

Presiding Member

Date

**Disclaimer**

*The Shire of Ashburton warns anyone who has an application lodged with Council must obtain, and should only rely on, written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by Council in respect of the application. No responsibility whatsoever is implied, or accepted, by the Shire of Ashburton for any act, omission, statement, or intimation occurring during a Council meeting.*

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10 May 2022

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## 1 Declaration of opening

The Presiding Member declared the meeting open at 8:40am.

### 1.1 Acknowledgement of country

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and their elders past, present and emerging.

## 2 Announcement of visitors

Nil.

## 3 Attendance

### 3.1 Present

#### Elected members

Cr K White	Shire President (Presiding Member) Onslow Ward
Cr M Lynch	Deputy Shire President, Tom Price Ward
Cr A Smith	Tom Price Ward
Cr L Rumble	Paraburdoo Ward
Cr A Sullivan	Paraburdoo Ward
Cr J Richardson	Tableland Ward

#### Employees

K Donohoe	Chief Executive Officer
N Cain	Director Corporate Services
T Matson	Director People and Place
M Fanning	Director Infrastructure Services
A Lennon	Manager of Media and Communications
A Heraty	Manager Human Resources
N Jeffery	Executive Assistant Corporate Services
D Walkington	Customer Service Officer - Records

#### Guests

M Shafizadeh	Moore Australia
N Goosen	Moore Australia
I Toure	Moore Australia

### **3.2 Apologies**

Cr M Gallanagh                      Pannawonica Ward  
Cr R de Pledge                      Ashburton Ward

### **3.3 Approved leave of absence**

Cr T Mladenovic                      Tom Price Ward

## **4 Declaration by members**

### **4.1 Due consideration by Councillors to the agenda**

Councillors will be requested to note they have given due consideration to all matters contained in this agenda.

### **4.2 Declarations of interest**

A member who has an Impartiality, Proximity or Financial interest in any matter to be discussed at this meeting must disclose the nature of the interest either in a written notice, given to the Chief Executive Officer, prior to the meeting, or at the meeting immediately before the matter is discussed.

A member who makes a disclosure in respect to an interest must not preside at the part of the meeting which deals with the matter, or participate in, or be present during any discussion or decision-making process relative to the matter, unless the disclosing member is permitted to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

No declarations of interest were submitted.

## **5 Confirmation of minutes**

### **5.1 Confirmation of previous meetings**

Audit and Risk Management Committee Meeting – 8 March 2022

**Attachment 5.1A**

<b>Committee Recommendation</b>	<b>005/2022</b>
<b>Moved</b>	<b>Cr L Rumble</b>
<b>Second</b>	<b>Cr M Lynch</b>
<b>That Council confirm the minutes of the Audit and Risk Committee Meeting held in Ashburton Hall, Ashburton Avenue, Paraburdoo on 8 March 2022 as a true and accurate record, as include in Attachment 5.1A.</b>	
<b>Carried 6/0</b>	

## **6 Terms of Reference**

### **6.1 Purpose**

The Audit Committee's role, in accordance with Regulation 15 of the *Local Government (Audit) Regulations 1996*, is to aid and provide guidance to Council on the discharge of its duties under Part 6 and 7 of the *Local Government Act 1995* (the Act). The Audit Committee assists Council to monitor the integrity of the Shire's financial statements, risk management, internal controls, and compliance with legislative requirements.

### **6.2 Responsibilities**

The Audit Committee is responsible for:

- 1 Guiding and assisting Council in carrying out its functions under:
  - a Part 6 of the Act and its functions relating to other audits and other matters related to financial management, and
  - b Part 7 of the Act in relating to auditing the Shire's financial accounts.
- 2 Reviewing the CEO's report required under regulation 17(3).
- 3 Monitoring and advising the CEO when the CEO is carrying out functions in relation to a review under:
  - a regulation 17 (1), and
  - b the Local Government (Financial Management) Regulations 1996, regulation 5(2)(c).
- 4 Monitoring Support the Auditor conducting an audit and carrying out the Auditor's other duties under the Act.

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- 5     Oversee the implementation of any action that Council
  - a     is required to take, has stated it has taken or intends to take in respect to matters raised by the audit report.
  - b     has accepted should be taken on receipt of the CEO's report of a review under regulation 17(1), and
  - b     has accepted should be taken on receipt of the CEO's report under regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996.
  
- 6     The Audit Committee's duties include,
  - a     considering the Auditor's interim audit of the Shire's accounting and internal control procedures for the financial year,
  - b     reviewing the audited financial report for the previous financial year; (c) reviewing the interim and final audit reports for the financial year.
  - c     reviewing the annual Compliance Audit Return,
  - d     reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's systems and procedures regarding risk management, internal controls, and legislative compliance,
  - e     reviewing the CEO's triennial report on the appropriateness and effectiveness of the Shire's financial management systems and procedures, and
  - f     considering the proposed timeline for Council to adopt the budget and the ten-year financial plan for the following financial year and providing a report to council on those matters.

## 7 Agenda Items

### 7.1 Internal Audit and External Review Status and Process Update

<b>File reference</b>	GR01
<b>Author's name</b>	N Cain
<b>Author's position</b>	Director Corporate Services
<b>Author's interest</b>	Nil
<b>Authorising officer's name</b>	N Cain
<b>Authorising officer's position</b>	Director Corporate Services
<b>Authorising officer's interest</b>	Nil
<b>Name of applicant / respondent</b>	Not Applicable
<b>Date report written</b>	6 May 2022
<b>Previous meeting reference</b>	Not applicable

#### **Summary**

The Shire has previously undertaken Internal Audits and External Reviews of financial and other processes and systems.

This report provides an outline of proposed changes to the reporting and resolution of recommendations associated with those Audits and Reviews, and proposes an independent review and assessment be undertaken of those changes.

Internal Auditors from Moore Australia will provide a brief presentation regarding this item.

Committee is requested to recommend Council endorse the proposed reporting changes and the method proposed to review and assess all recommendation resolutions arising from Internal Audits and External Reviews.

#### **Background**

The Chief Executive Officer is required to ensure adequate systems and processes are established for the effective management and control of the Shire.

Internal Audits and External Reviews are examples of methods Council may use to ensure sound management of the Shire is occurring.



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Recently reports have been prepared by Shire officers, and presented to the Audit and Risk Management Committee, outlining progress on Audits and Reviews, such as –

- Compliance Audit Returns,
- Regulation 17 Review, and
- Internal Audits.

Resourcing issues have prevented satisfactory progress of addressing the recommendations from these Audits and Reviews from occurring, which has prompted a review of the process and reporting.

### **Comment**

The Chief Executive Officer recently met with Auditors from Moore Australia to discuss solutions to progress the recommendations from Audits and Reviews which are currently outstanding, and those which are yet to come from current internal audits, being undertaken by Moore Australia, on the following topics –

- Records Management,
- Fraud and Corruption,
- Payroll and Human Resources,
- Building Licence Application and Approvals Processes,
- Contract Management,
- Cyber Security, and
- Business Continuity, Disaster Recovery, and Incident Management.

It was agreed Moore Australia would undertake oversight of the progress of works towards outstanding recommendations and aid Shire officers, if required.

Additionally, a report will be provided to the Chief Executive Officer each week and discussed with the Shire's Executive Team soon thereafter.

Measurement of progress and assessment of suitability of works towards resolving the recommendations will be reported and monitored to each Audit and Risk Committee Meeting.

Auditors from Moore Australia will be attending this Audit and Risk Committee Meeting to outline the arrangement further and field any questions Council Members may have.

A sample of the report from Moore Australia is attached.

**Attachment 7.1A**

### **Consultation**

Executive Leadership Team  
Middle Management Group  
Moore Australia

### **Statutory environment**

*Local Government (Audit) Regulations 1996*

*Regulation 17 CEO to review certain systems and processes*

The Chief Executive Officer is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to –

- Risk management,
- Internal control, and
- Legislative compliance.

The Chief Executive Officer is to report to the Audit and Risk Management Committee the results of each review.

### **Financial implications**

The costs and length of time this process will be undertaken for is not fully known as Moore Australia are being engaged on a month-to-month basis.

Included within the organisational structure is an Internal Auditor who, depending on other resourcing commitments, may take over from Moore Australia in assisting to address outstanding matters.

Funds currently allocated for this vacant position are assisting to fund the monthly arrangement.

Moore Australia has already been engaged to undertake internal audits in 2021-2022 and 2022-2023, which has been allowed for in future budget estimates.

### **Strategic implications**

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	Performance – We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	Visionary community leadership with sound, diligent and accountable governance
Strategy	Provide, and lead in the development of, meaningful policies and processes to ensure sound and compliant delivery of services to the community.

## Risk management

Risk has been assessed based on the Officer Recommendation.

Risk	Risk Likelihood	Risk Impact / Consequence	Risk Rating	Principal Risk Theme	Risk Action Plan
Compliance failures if areas identified for improvement are not addressed	Possible (3)	Major (4)	High (12)	<u>Reputation</u> Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions.  <u>Compliance</u> Non-compliance results in litigation, criminal charges or significant damages or penalties to Shire / Officers.	Improve processes to monitor, report and progress Audit and Review recommendations.

The following Risk Matrix has been applied:

		Risk Matrix				
Consequence Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Adoption of this item has been evaluated against the Shire of Ashburton's Risk Management Policy CORP5 Risk Matrix.

The perceived level of risk is "High" as Council and the Shire may be at risk from theft, fraud, or corruption if inadequate controls and processes are not improved.

## Policy implications

There are no known policy implications for this item.

**Voting requirement**

Simple majority

**Councillor interest declarations**

Nil

**Officer recommendation**

That, with respect to the Internal Audit and External Review Status and Process Update, Committee recommends Council,

- a Endorse the actions of the Chief Executive Officer in engaging Moore Australia to assist in resolving outstanding Internal Audit and External Review matters, and
- b Accepts the revised process of reporting on the progress of resolving outstanding Internal Audit and External Review matters.

<b>Committee Recommendation</b>	<b>006/2022</b>
<b>Moved</b>	<b>Cr L Rumble</b>
<b>Second</b>	<b>Cr M Lynch</b>
<b>That, with respect to the Internal Audit and External Review Status and Process Update, Committee recommends Council,</b>	
<b>a</b>	<b>Endorse the actions of the Chief Executive Officer in engaging Moore Australia to assist in resolving outstanding Internal Audit and External Review matters, and</b>
<b>b</b>	<b>Accepts the revised process of reporting on the progress of resolving outstanding Internal Audit and External Review matters.</b>
<b>Carried 6/0</b>	

## **8 Next meeting**

The next Audit and Risk Management Committee will be held at 8:30am on Tuesday 14 June 2022 at Ashburton Hall, Ashburton Avenue, Paraburdoo.

## **9 Closure of meeting**

There being no further business, the Presiding Member closed the meeting at 8:42am.