

SHIRE OF KOJONUP

# Kojonup



Audit & Risk Committee

Minutes

7 May 2024

## **TERMS OF REFERENCE**

### **AUDIT & RISK COMMITTEE**

Established under Section 7.1 of the *Local Government Act 1995 (Act)* - every local government must have an Audit and Risk Committee (ARC).

#### **Terms of Reference**

ARC is responsible for assisting and independently advising Council in recommending appropriate actions and controls with regards to audit, risk oversight, governance, finances and systems of internal control.

Its role is to provide oversight related to significant risk exposures and control issues, including fraud risks, governance issues and other matters as necessary or requested by the CEO or Council. This is to ensure the Shire's activities are fully compliant with legislation, regulations, accounting and reporting Standards and that the Shire is executing its responsibility to the community in efficiently utilising their assets.

The ARC is not responsible for the executive management of these functions. The ARC will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to Council.

#### **Duties and Responsibilities:**

Members of the ARC are expected to observe the legal and regulatory obligations of the Local Government.

Committee members must not use or disclose information obtained through the ARC except in meeting the ARC's responsibilities, or unless expressly agreed by the President of the Shire.

Committee Members must adhere to the Code of Conduct for Council Members, Committee Members and Candidates and demonstrate behaviour which reflects the Shire's desired culture.

#### **ARC Members are expected to:**

1. act in the best interests of the Shire as a whole;
2. apply good analytical skills, objectivity and good judgement;
3. express opinions constructively and openly, raise issues that relate to the ARC's responsibilities and pursue lines of enquiry in relation to the "Risk Controls" the Shire has in place;
4. contribute the time required to meet their responsibilities; and
5. exercise due care, diligence and skill when performing their duties.

#### **Member Duties/Responsibilities:**

- Oversee the Shire's risk management, through:
  - a) Biennial review of the Shire's Risk Management Policy;
  - b) Recommending and reviewing the Shire's Risk Appetite Statement in order to recommend the organisation's Risk Tolerance to the Council;
  - c) Reviewing reports on the movement of the Shire's current strategic risks, and the emergence of new strategic risks;
  - d) Overseeing strategic risks which sit outside of the Shire's Risk Appetite ; and
  - e) Monitor and receive reports concerning the development, implementation and on-going management of the Shire's Risk Management Plan and the effectiveness of its Risk Management Framework;
- Overseeing the Shire's processes for managing fraud and corruption, by:
  - a) Performing oversight responsibilities and advising Council;

- b) Enquiring with the CEO and the Office of the Auditor General (OAG) about whether they are aware of any actual, suspected, or alleged fraud or corruption affecting the Shire; and
- c) Reviewing summary reports from the CEO on communication from external parties including regulators that indicate problems in the internal control system or inappropriate management actions.
- Overseeing the Shire's financial management and legislative compliance, by:
  - a) Reviewing the Shire's annual Compliance Audit Return and reporting the results of that review to Council, in accordance with the Local Government (Audit) Regulations 1996;
  - b) Receiving and reviewing reports from the CEO regarding the appropriateness and effectiveness of the Shire's legislative compliance and ensuring any non-compliances are rectified on a timely basis;
  - c) Considering and recommending adoption of the annual financial report to Council;
  - d) Receive and review the biannual reports from the Chief Executive Officer (CEO) regarding the appropriateness and effectiveness of the Shire's risk management, internal controls and legislative compliance and make recommendations to Council; and
  - e) Consider and recommend adoption of the Annual Financial Report to the Council;
- Overseeing the internal audit function, by:
  - a) Assessing and making a recommendation to Council on an Internal Audit Plan to ensure that it comprehensively covers material business risks that may threaten the achievement of strategic objectives and which identifies key risks and control mechanisms;
  - b) Reviewing the quality and timeliness of internal audit reports;
  - c) Monitoring the implementation of internal audit recommendations; and
  - d) Considering the implications of internal audit findings on the organisation, its risks, and controls.
- Fulfilling responsibilities pertaining to external audit, by:
  - a) Reviewing reports from the OAG, including auditor's reports, closing reports and management letters;
  - b) Reviewing management's response to OAG findings and recommendations;
  - c) Monitoring the implementation of recommendations from external audits;
  - d) Reviewing results of relevant OAG audit reports and better practice publications for guidance on good practices, including any assessment by the CEO; and
  - e) Examine the reports of the auditor after receiving a report from the CEO on the matters and:
    - a. determine if any matters raised require action to be taken by the Shire; and
    - b. ensure that appropriate action is taken in respect of those matters.

Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council.

### **Membership**

Four (4) Councillors; and  
Two (2) Community Members

### **Supporting Team Members**

Manager Financial & Corporate Services  
Manager Governance & Administration  
Chief Executive Officer or delegated nominee

### **Meetings**

Quarterly for ordinary meetings and as required related to audit functions.

**Open to Public:** No

**Voting:** Voting is in accordance with Section 5.21 of the *Act*.

**Confidentiality:** All Committee members will be required to adhere to the Shire's confidentiality requirements as per the Code of Conduct for Council Members, Committee Members and Candidates.

**Conduct of Meetings:** ARC Meetings will be held in accordance with the *Act*, subsidiary legislation, and the Shire's Standing Orders.

### **Committee Sitting Fees and Reimbursements**

The Shire is prohibited under Section 5.98-5.99 of the *Act*, and Regulation 30 of the Local Government (Administration) Regulations 1996, to pay a council member a fee for attending the ARC.

Currently, the Shire is prohibited from remunerating independent committee members; however, reimbursement of approved expenses for independent members may be paid to each independent external member in accordance with Section 5.100 of the *Act*.

The rules regarding remuneration for independent committee members are currently under review as part of the Local Government Reforms (2023). These guidelines are subject to any legislation changes.

**MINUTES OF AN AUDIT AND RISK COMMITTEE MEETING**  
**HELD ON 7 MAY 2024**

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## MINUTES

### 1 DECLARATION OF OPENING

The Chairman will declare the meeting open at 9.00am and alert the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

### 2 ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE

#### MEMBERS

Cr Roger Bilney	Member (Chairperson)
Cr Paul Webb	Member
Cr Mick Mathwin	Member
Cr Kerryn Mickle	Member
Cathy Ivey	Community Member
Jill Mathwin	Community Member

#### STAFF (OBSERVERS)

Grant Thompson	Chief Executive Officer
Jill Johnson	Manager Financial and Corporate Services
Judy Stewart	Manager Governance and Administration
Tonya Pearce	Governance and Rates Officer

#### APOLOGIES

### 3 SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

### 4 CONFIRMATION OF MINUTES

Audit & Risk Committee Meeting held 6 February 2024 ([attachment 4.1](#))

#### OFFICER RECOMMENDATION/COMMITTEE DECISION

5AR/24 Moved C Ivey

Seconded Cr Mathwin

That the minutes of the Audit & Risk Committee Meeting held on 6 February 2024 be confirmed as a true and accurate record.

CARRIED 6/0

For: Cr Bilney, Cr Webb, Cr Mathwin, Cr Mickle, C Ivey, J Mathwin

### 5 BUSINESS ARISING

Nil

6 DECLARATIONS OF INTEREST

Nil

7 SENIOR MANAGEMENT TEAM DISCUSSION

In accordance with the Financial Management Review adopted in February 2019, one senior manager will attend the Audit & Risk Committee on a rotational basis to discuss the following:

- Update on Manager's areas of responsibility and current projects/issues;
- Questions on Notice from the Audit and Risk Committee;
- Management's own recommendations for improvement in key areas.

8 COMMITTEE TIMETABLE

As a guide and subject to availability, each Audit & Risk Committee agenda will contain the following (list to be expanded at the suggestion of members):

**1st Quarter (January – March)**

- Committee Status Report
- Compliance Audit Return
- Summary of Risk Management
- Volunteer Management
- Leave Provision Adequacy

**2nd Quarter (April – June)**

- Committee Status Report
- Summary of Risk Management
- Business Continuity Plan Review

**3<sup>rd</sup> Quarter (July – September)**

- Committee Status Report
- Interim Audit Report
- Summary of Risk Management
- Insurance Overview

**4<sup>th</sup> Quarter (October – December)**

- Committee Status Report
- Audit Report & Management Letter
- Annual Financial Report
- Annual Report
- Financial Management Review (each 3 years – 2021, 2024...)
- Risk, Legal Compliance & Internal Controls review (each 3 years – 2021, 2024...)
- Summary of Risk Management

The above list will remain at the commencement of each Committee agenda to act as a timetable and enable members to add to the items to be considered.

**COMMITTEE STATUS REPORT**

Date	Item Number & Title	Issue	Response	Status
2 November 2022	10.1 – Risk Management Update	Risk Management Framework, Risk Register and Key Organisational Risks Review.	To progress by September 2023	To be commenced
2 November 2022	11.2 – Financial Management Review	The recommendations and observations raised within the Report be reported back to the Audit and Risk Committee for monitoring.	FMR adopted by Council, issues currently being addressed by Manager Financial & Corporate Services	Ongoing
5 September 2023	Information Request	Roger House - Netball Courts costing (1/2 grant funded) figures – CEO/MFCS	CEO Updated Council on the costs	Presentation to Audit & Risk Committee required - <i>any variation processes must go through Council</i>
5 September 2023	Information Request	Cr P Webb – List of vehicles containing trackers – CEO		
5 September 2023	Information Request	Cr Gale – Expenditure – machinery maintenance and repairs – analyse to see if worthwhile upgrading or not – CEO/MFCS	Council to assess purchases and expenditure on an individual purchase basis	Ongoing
5 September 2023	13.1 – Information Request	CEO and MFCS to look into feasibility of reduction in insurance premiums if the Shire was to increase insurance excesses	Requested with Insurer, assessing impact, not a straight correlation. MFCS to update ARC at next meeting	Commenced
5 September 2023	Documentation	New Organisational Workforce Structure – CEO	To be forwarded to Committee members after announcement of same	To be communicated



Date	Item Number & Title	Issue	Response	Status
6 February 2024	10.1 – Risk Dashboard Report	Boscabel Hall	MRS – check if people camping in grounds, arrange Boscabel Hall playground check.	Not started
6 February 2024	11.3 – Volunteers insurance	Volunteers insurance	CEO to research.	Pending
7 May 2024	Budget Request	Maintenance etc at Showgrounds	CEO – see LGIS 2019 Showgrounds Risk Assessment	Pending

**10     SUMMARY OF RISK MANAGEMENT**

**10.1   RISK MANAGEMENT UPDATE**

Please refer to the following attachments:

- 10.1.1         Risk Dashboard Report – May 2024
- 10.1.2         Risk Actions Report – May 2024

**10.2   WORK HEALTH AND SAFETY**

The CEO provided an update on Work Health and Safety matters:

- Three (3) lost time injuries in the return to work process
- Skytrust (Safety System) is operating
- Less injuries in the last three (3) months compared to the past twelve (12) months.

## 11 OFFICER REPORTS

### 11.1 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN – ANNUAL REVIEW

AUTHOR	Judy Stewart – Manager Governance and Administration
DATE	Thursday, 2 May 2024
FILE NO	CM.PLN.1; RM.POL.1
ATTACHMENT(S)	11.1.1 – Business Continuity and Disaster Recovery Plan (BCDRP) May 2024 (showing changes) 11.1.2 – UNDER SEPARATE COVER BCDRP Addendum - Pandemic Response Plan 2024 (showing changes)

‘PLACEMAKING’ STRATEGIC COMMUNITY PLAN JULY 2023 TO JUNE 2033 To be “The Cultural Experience Centre of the Great Southern” STRATEGIC/CORPORATE IMPLICATIONS		
Key Strategic Pillar/s	Community Goal/s	Corporate Objective/s
Performance	12. A High Performing Council	12.2 SoK monitoring and reporting

#### DECLARATION OF INTEREST

Nil

#### SUMMARY

To consider and recommend to Council the reviewed and updated Business Continuity and Disaster Recovery Plan including a Pandemic Response Plan.

#### BACKGROUND

The Council last reviewed its Business Continuity and Disaster Recovery Plan (Plan) in May 2023.

#### COMMENT

A Business Continuity and Disaster Recovery Plan, including a Pandemic Response Plan, provides guidance at a time when an organisation may be under considerable duress following a disaster that has affected, or in the event of a pandemic continues for some time to affect, the ability to provide essential or required services. Such a Plan identifies priorities and the resources required to return services in as quick and efficient manner as possible or to guide the organisation through a sustained event, aiming to minimise negative impact. Due to the upheaval that may be caused by such events, including dealing with the confusion that may accompany them, a well thought out Plan containing current, up to date information is a vital resource.

Changes to the current Plan are tracked and shown in red font in the attachments and relate to changes in personnel roles and contact details.

#### CONSULTATION

Chief Executive Officer

All Managers

Admin/Domestic Coordinator, Springhaven

## STATUTORY REQUIREMENTS

*Local Government Act (1995): s 5.56. Planning for the future*

- (1) A local government is to plan for the future of the district.
- (2) A local government is to ensure that plans made under subsection (1) are in accordance with any regulations made about planning for the future of the district.

## POLICY IMPLICATIONS

The Plan is completed in accordance with Council's Risk Management Policy 2.3.5 and Business Continuity Policy 2.3.6.

## FINANCIAL IMPLICATIONS

Nil

## RISK MANAGEMENT IMPLICATIONS

The Plan represents part of the Shire's Risk Management documentation. It is vital, from a business continuity and disaster recovery perspective, that details within such a Plan are as current as possible and regular reviews are undertaken.

## ASSET MANAGEMENT IMPLICATIONS

Nil

## SOUTHERN LINK VROC (VOLUNTARY REGIONAL ORGANISATION OF COUNCILS) IMPLICATIONS

Nil

## VOTING REQUIREMENTS

Simple Majority

## OFFICER RECOMMENDATION/COMMITTEE RECOMMENDATION

6AR/24 Moved C Ivey

Seconded Cr Mathwin

That the Audit and Risk Committee recommend to the Council that the updated Business Continuity and Disaster Recovery Plan May 2024, including the Pandemic Response Plan 2024, as presented, be adopted.

CARRIED 6/0

For: Cr Bilney, Cr Webb, Cr Mathwin, Cr Mickle, C Ivey, J Mathwin

## 12 CEO UPDATES

### 12.1 SPRINGHAVEN UPDATE (Under Separate Cover slideshow – attachment 12.1.1)

Clinical Performance as planned

Transition to Hall & Prior under advisement

### 12.2 RISK REVIEW

#### 12.2.1 Discussion on LGIS Risk Assessment of Showgrounds (Under Separate Cover - attachment 12.2.1.1)

**13     OTHER ITEMS FOR DISCUSSION OR FURTHER RESEARCH AS RAISED BY MEMBERS**

**13.1    NETBALL COURT PROJECT INTERNAL REVIEW**

The Audit and Risk Committee discussed the process for approving the netball court project and variations related to that specific project.

**COMMITTEE RECOMMENDATION**

7AR/24 Moved Cr Mathwin

Seconded Cr Mickle

That the Audit and Risk Committee recommend to Council that Council request the Chief Executive Officer complete a post project review of the Netball Court Project, specifically reviewing the source funding for the project and the decision making governance.

**CARRIED 6/0**

For: Cr Bilney, Cr Webb, Cr Mathwin, Cr Mickle, C Ivey, J Mathwin

**13.2    KOJONUP PASTORAL & AGRICULTURAL SOCIETY INC – SHOWGROUNDS REVIEW**

In light of the LGIS risk report on the Showgrounds ([Under Separate Cover attachment 12.2.1.1](#)), discussion in this meeting, and key areas requiring action, the Audit and Risk Committee discussed a requirement to plan for the improvements and commence internal planning for the future of the Showgrounds.

**COMMITTEE RECOMMENDATION**

8AR/24 Moved J Mathwin

Seconded Cr Mickle

That the Audit and Risk Committee recommend to Council that Council engages with the Kojonup Pastoral and Agricultural Society Inc. to investigate a five to ten (5 to 10) year Master Plan for the Kojonup Showgrounds.

**CARRIED 6/0**

For: Cr Bilney, Cr Webb, Cr Mathwin, Cr Mickle, C Ivey, J Mathwin

**14     NEXT MEETING**

The next meeting of the Audit and Risk Committee is scheduled to be held Wednesday, 7 August 2024 at 9:00am.

**15     CLOSURE**

There being no further business to discuss, the Chairperson thanked members for their attendance and declared the meeting closed at 10.21am.

**ATTACHMENTS (SEPARATE)**

4.1 – Unconfirmed minutes of an Audit & Risk Committee Meeting held 6 February 2024

10.1.1 - Risk Dashboard Report – May 2024

10.1.2 - Risk Actions Report – May 2024

11.1.1 – Business Continuity and Disaster Recovery Plan (BCDRP) May 2024 (showing changes)

**UNDER SEPARATE COVER**

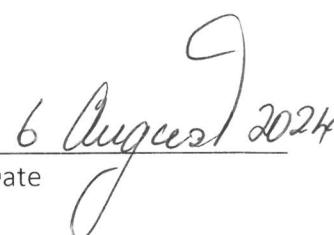
11.1.2 - BCDRP Addendum - Pandemic Response Plan 2024 (showing changes)

12.1.1 – Draft Heads of Agreement with Fresh Fields Aged Care

12.2.1.1 – LGIS Risk report on Showgrounds

Confirmed on 7 August 2024 as a true record –

  
\_\_\_\_\_  
Presiding Member

  
\_\_\_\_\_  
Date