

SHIRE OF KOJONUP



Audit, Risk and Improvement
Committee

Minutes

7 May 2025

TERMS OF REFERENCE

AUDIT, RISK & IMPROVEMENT COMMITTEE (ARIC)

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

Terms of Reference

ARIC is responsible for assisting and independently advising Council in recommending appropriate actions, controls and improvements 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 ARIC is not responsible for the executive management of these functions. The ARIC will engage with management in a constructive and professional manner in discharging its advisory responsibilities and formulating its advice to Council.

The ARIC is an independent Committee of Council, advising Council on required improvements to ensure compliance.

Duties and Responsibilities:

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

Committee members must not use or disclose information obtained through the ARIC except in meeting the ARIC'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.

ARIC 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 ARIC'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.

- Fulfilling responsibilities pertaining to reviewing and advising on service area and process changes (Continuous Improvement) to ensure compliance, by:
 - f) Reviewing reports and reviews by the CEO on key service processes within the Shire;
 - g) Reviewing management’s response to OAG findings and recommendations;
 - h) Monitoring the implementation of recommendations;
 - i) Reviewing results of relevant OAG audit reports and better practice publications on good practice, including any assessments by Management.

Membership

One (1) Independent Chair Role (Presiding Member of Committee);
One (1) Independent Deputy Presiding Member Role;
Four (4) Councillors; and

One (1) Community Member.

The independent roles will be advertised and selected by Council.

Supporting Team Members

Manager Financial and Corporate Services
Governance and Rates Officer
Chief Executive Officer or delegated nominee

Meetings

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

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

Committee Sitting Fees and Reimbursements

The Local Government Amendment Act 2023, assented to on 18 May 2023, changes the Local Government Act 1995 to provide for independent committee members to receive meeting fees. An independent committee member is a committee member who is not an elected member or an employee of the local government.

The Salaries and Allowances Tribunal (SAT) has issued a Determination to allow for the payment of meeting fees to independent committee members. Local governments will have the ability to set appropriate fees, within a specified range as determined by the SAT.

The Council will determine the amount of fees payable for independent members when it considers the budget fees and charges on an annual basis.

At this point in time the meetings fees are \$0 (Zero). However, reimbursement of approved expenses for independent members may be paid to each independent external members in accordance with Section 5.100 of the *Act*.

MINUTES OF AN AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING
HELD ON 7 MAY 2025

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MINUTES

1 DECLARATION OF OPENING

The Chairman will declare the meeting open at 9.10am 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
Cr Mick Mathwin	Member
Cr Kerry Mickle	Member
Cathrine Ivey	Community Member (Chairperson)

STAFF (OBSERVERS)

Grant Thompson	Chief Executive Officer
Tonya Pearce	Governance and Rates Officer

APOLOGIES

Cr Paul Webb	Member
Jill Mathwin	Community Member

3 SUMMARY OF RESPONSE TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4 CONFIRMATION OF MINUTES

Audit, Risk and Improvement Committee Meeting held 5 February 2025 ([Attachment 4.1](#))

OFFICER RECOMMENDATION/COMMITTEE DECISION

AR6/25 Moved Cr Bilney

Seconded Cr Mathwin

That the minutes of the Audit & Risk Committee Meeting held on 5 February 2025 be confirmed as a true and accurate record.

CARRIED 4/0

For: Cr Bilney, Cr Mathwin, Cr Mickle, C. Ivey

5 **BUSINESS ARISING**

Jill Mathwin has formally resigned from the Audit, Risk and Improvement Committee.

6 **DECLARATIONS OF INTEREST**

Nil

Jill Johnson entered the meeting at 9.14am

7 **SENIOR MANAGEMENT TEAM DISCUSSION**

In accordance with the Financial Management Review adopted in February 2019, one senior manager will attend the Audit, Risk and Improvement 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.

Jill Johnson – Manager Finance & Corporate Services

- Cashflow and Audit Update
- ERP – Payroll Module Implementation
- Update on Financial End of Month processes

Jill Johnson briefed the Committee on cashflow, budget variances and the new payroll module. The interim audit will be held the 17 and 18 June 2025

COMMITTEE RECOMMENDATION/DECISION

AR7/25 Moved Cr Bilney

Seconded Cr Mickle

The Audit, Risk and Improvement Committee recommend to Council that the 2025 reserve appropriateness reserve review consider creating a reserve fund specifically to be used for unplanned capital and maintenance expenditure on properties and assets.

CARRIED 4/0

For: Cr Bilney, Cr Mathwin, Cr Mickle, C. Ivey

COMMITTEE RECOMMENDATION/DECISION

AR8/25 Moved Cr Mathwin

Seconded Cr Mickle

The Audit, Risk and Improvement Committee recommend to the Council that it undertakes a review of the leave provision reserve to specifically investigate the total funds required as a percentage of the total employee benefit liability and determine the funding amount required that adequately addresses the Shires fiduciary and regulatory obligations related to employee benefits and provisions.

CARRIED 4/0

For: Cr Bilney, Cr Mathwin, Cr Mickle, C. Ivey

Jill Johnson left the meeting at 10.42am

UNCONFIRMED

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

3rd Quarter (July – September)

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

4th 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.

9 COMMITTEE ISSUES/ACTION STATUS REPORT

3	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	MFCS	1/04/2025	Insurance	LOW	Urgent - 2 months	NO	LOW	Commenced, requested status verification from LGIS in writing. Ongoing risk assessment	In Process	1/05/2025	50%
4	Boscabel Hall	MPS – check if people camping in grounds, arrange Boscabel Hall playground check.	MPS	1/01/2025	Asset	VERY HIGH	Urgent - 2 months	YES	HIGH	Referred to Police.	Closed	1/03/2025	100%
5	Volunteers insurance	CEO to research.	CEO	1/04/2025	Insurance	LOW	Urgent - 2 months	NO	LOW	Ongoing assessment of the value proposition versus the risk, discussion with LGIS	In Process	1/05/2024	50%
6	DFES & LGIS Coverage	As a result of unfavourable Yalgoo Media the Shire to determine its asset insurance cover for disaster or minor disaster damage particularly on road damage.	MFCS	30/05/2025	Insurance	HIGH	Urgent - 2 months	YES	HIGH		Closed	30/05/2025	100%
7	WATC Schedule	Provide the Audit Committee with visibility over the WATC Schedule	MFCS	30/05/2025	Financial Reporting	MEDIUM	Must Have - 6 months	YES	LOW		In Process	30/05/2025	5%
8	Darren Long	Clarity on Labour Overheads	MFCS	6/08/2025	Financial Reporting	MEDIUM	Must Have - 6 months	NO	MEDIUM		Not Started		0%
9	Volunteer Bushfire Brigade Insurance	Are volunteer BFB's covered under the Shire of Kojonup insurance, if they are fighting a fire in another Shire? Or people coming from other Shires to Kojonup, are they covered by Kojonup?	MFCS	6/08/2025	Insurance	LOW	Must Have - 6 months	NO	LOW		Not Started		0%
10	Review Reserves	All reserves to be reviewed	MFCS	5/11/2025	Financial Reporting	MEDIUM	Must Have - 6 months	NO	MEDIUM		Not Started		0%

10 SUMMARY OF RISK MANAGEMENT

10.1 RISK MANAGEMENT UPDATE

Please refer to the following attachments:

10.1.1 Risk Control Register

- EBA negotiations are close to finalisation, a draft Agreement is being written up and the main points have been agreed in principle. The agreement is for a term of three (3) years.

10.2 WORK HEALTH AND SAFETY

10.2.2 CEO Safety update - WHS

- Lost time injury frequency rate (LTIFR) rate is improving and trending downward.
- Ad hoc drug testing is being implemented.

UNCONFIRMED

11 OFFICER REPORTS**11.1 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN – ANNUAL REVIEW**

AUTHOR	Tonya Pearce – Governance and Rates Officer
DATE	Monday, 28 April 2025
FILE NO	CM.PLN.1; RM.POL.1
ATTACHMENT(S)	11.1.1 – Business Continuity and Disaster Recovery Plan (BCDRP) May 2025 (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.

BACKGROUND

The Council last reviewed its Business Continuity and Disaster Recovery Plan (Plan) in May 2024.

COMMENT

A Business Continuity and Disaster Recovery 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 coloured font in the attachments and relate to changes in personnel roles and contact details.

CONSULTATION

Chief Executive Officer
All Managers

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 2.3.4.

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 DECISION

AR9/25 Moved Cr Mickle

Seconded Cr Mathwin

That it be recommended to the Council that the updated Business Continuity and Disaster Recovery Plan May 2025, as presented, be adopted.

CARRIED 4/0

For: Cr Bilney, Cr Mathwin, Cr Mickle, C. Ivey

12 CEO UPDATES

12.1 Springhaven Hall & Prior Lease Assignment Update

COMMITTEE RECOMMENDATION/DECISION

AR10/25 Moved Cr Mathwin

Seconded Cr Mickle

That the Audit, Risk and Improvement Committee recommends to Council it supports the request from Fresh Fields Management (NSM) No 2 Pty Ltd to reassign the 'Springhaven' lease and the Residential tenancy Leases to Fresh Fields Aged Care Pty Ltd, as part of its group re-structure to streamline its corporate entities.

CARRIED 4/0

For: Cr Bilney, Cr Mathwin, Cr Mickle, C. Ivey

12.2 Summary of Risk Management Updates

- Risk and Policy Framework Plan to be reviewed at the 6 August 2025 Committee Meeting.
- Enterprise Bargaining Agreement Outcome Update (with the Australian Services Union)
- Cyber Hygiene Report Update

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

- Kojonup Landfill – Department of Primary Industries and Regional Development advised that they have not started with the cancellation of the Memorandum on the current Landfill.
- A reminder sent to the Office of the Commissioner of Soil and Land Conservation.
- Solar Battery Storage and the impact on planning and the subsequent development of policies was discussed by the ARIC.

COMMITTEE RECOMMENDATION/DECISION

AR11/25 Moved Cr Mickle

Seconded Cr Mathwin

That the Audit & Risk Committee recommend to Council that a separate land use policy is created for renewable energy to include Solar and Battery storage facilities.

CARRIED 4/0

For: Cr Bilney, Cr Mathwin, Cr Mickle, C. Ivey

14 NEXT MEETING

The next meeting of the Audit and Risk Committee is scheduled to be held Wednesday, 6 August 2025 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 11.20am.

ATTACHMENTS (SEPARATE)

4.1 - Unconfirmed Audit & Risk Committee Minutes 5 February 2025

10.1.1 - Risk Control Register

11.1.1 - Business Continuity and Disaster Recovery Plan May 2025 (showing changes)

12.1.1 - Springhaven Hall & Prior Lease Assignment Update

12.4.1 - Cyber Hygiene Report Update