



*Shire of*  
**Koorda**

*Drive in, stay awhile*

# AGENDA

## **Audit & Risk Committee Meeting**

To be held in Shire of Koorda Council Chambers

10 Haig Street, Koorda WA 6475

Monday 18 December 2023

Commencing 5.00pm

**NOTICE OF MEETING**

Dear Audit & Risk Committee Members,

The next Audit & Risk Committee Meeting of the Shire of Koorda will be held on Monday 18 December 2023 in the Shire of Koorda Council Chambers, 10 Haig Street, Koorda, commencing at 5.00pm.

Lana Foote  
Acting Chief Executive Officer  
15 December 2023

**DISCLAIMER**

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In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, and statement or intimation of approval made by a member or officer of the Shire of Koorda during the course of any meeting is not intended to be and is not to be taken as notice of approval from the Shire of Koorda.

The Shire of Koorda warns that anyone who has any application lodged with the Shire of Koorda must obtain and should only rely on **written confirmation** of the outcome of the application, and any conditions attaching to the decision made by the Shire of Koorda in respect of the application.

To be read aloud if any member of the public is present.

Signed



Lana Foote  
Acting Chief Executive Officer

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**Shire of Koorda**  
**Audit & Risk Committee Meeting**  
**5.00pm, Monday 18 December 2023**



**1. Declaration of Opening**

The Acting CEO welcomes those in attendance and declares the meeting open at X.XXpm.

**2. Record of Attendance, Apologies and Leave of Absence**

**Committee Members:**

|                 |                   |
|-----------------|-------------------|
| Cr JM Stratford | President & Chair |
| Cr NJ Chandler  | Member            |
| Cr GL Boyne     | Member            |

**Staff:**

|              |                                |
|--------------|--------------------------------|
| Miss L Foote | Acting Chief Executive Officer |
| Mrs K Harrap | Governance Officer             |

**Visitors:**

|                   |                     |
|-------------------|---------------------|
| Cr GW Greaves     | Deputy Member (TBC) |
| Cr KM Burrell     | Councillor (TBC)    |
| Cr KA Fuchsichler | Councillor (TBC)    |
| Cr CL Nairn       | Councillor (TBC)    |

**Apologies:**

**Approved Leave of Absence:**

**3. Election of Presiding Member and Deputy Presiding Member**

The Committee are to elect a Presiding Member and, if desired, Deputy Presiding Member from amongst themselves in accordance with s5.12 of the Local Government Act 1995:

*(1) The members of a committee are to elect a presiding member from amongst themselves in accordance with Schedule 2.3, Division 1 as if the references in that Schedule—*

- (a) to “office” were references to “office of presiding member”; and*
- (b) to “council” were references to “committee”; and*
- (c) to “councillors” were references to “committee members”.*

*(2) The members of a committee may elect a deputy presiding member from amongst themselves but any such election is to be in accordance with Schedule 2.3, Division 2 as if the references in that Schedule—*

- (a) to “office” were references to “office of deputy presiding member”; and*
- (b) to “council” were references to “committee”; and*
- (c) to “councillors” were references to “committee members”; and*
- (d) to “mayor or president” were references to “presiding member”.*

Once the Committee have elected their Presiding Member, the Chief Executive Officer will hand the meeting over to them.

#### 4. Public Question Time

#### 5. Disclosure of Interest

#### 6. Confirmation of Minutes from Previous Meetings

##### 6.1. Audit Committee Meeting held on 13 September 2023

[Click here to view the previous minutes](#)

**Voting Requirements**      ☒ Simple Majority      ☐ Absolute Majority

##### Officer Recommendation

That, in accordance with Sections 5.22(2) and 3.18 of the *Local Government Act 1995*, the Minutes of the Audit Committee Meeting held 13 September 2023, as presented, be confirmed as a true and correct record of proceedings.

#### 7. Presentations

## 8. Officer's Reports

### 8.1. Adoption of Koorda Audit and Risk Committee Terms of Reference

| Governance and Compliance |   |  |
|---------------------------|---|---|
| Date                      | 27 November 2023  |   |
| Location                  | Not Applicable  |   |
| Responsible Officer       | Lana Foote, Acting Chief Executive Officer  |   |
| Author                    | As above  |   |
| Legislation               | Nil   |   |
| Disclosure of Interest    | Nil   |   |
| Purpose of Report         | <input checked="" type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information |   |
| Attachments               | <a href="#">Koorda Audit and Risk Committee Terms of Reference</a>  |   |

#### Background:

The former Koorda Audit Committee was re-established as the Koorda Audit and Risk Committee at the Special Meeting of Council held 23 October 2023 (RES: 191023), following the 2023 Ordinary Local Government Elections.

The Koorda Audit and Risk Committee's Terms of Reference have been drafted and are presented to the Committee, as attached, for consideration and adoption prior to recommending adoption at the December 2023 Ordinary Council Meeting.

#### Comment:

Appointment of Elected Members to the Koorda Audit and Risk Committee was determined by Council following ordinary local government elections, for a term to expire on the date of the subsequent Ordinary Local Government Elections.

An item will be presented for Council to adopt the terms of reference following this committee meeting.

#### Consultation:

Nil.

#### Statutory Implications:

The Koorda Audit and Risk Committee was re-established by Council (in its current format) under section 5.8 of the Local Government Act 1995 (the Act) (RES: 191023). Part 5, Subdivision 2 of the Act provides for committees including establishment and appointment of members. Part 5, Subdivision 3 of the Act provides for the quorum, voting, decisions and minutes of committees. The Local Government (Administration) Regulations 1996 also make provisions in regards to committees.

#### Policy Implications:

##### **Shire of Koorda Code of Conduct for Council Members, Committee Members and Candidates**

Section 10 of the Shire of Koorda Code of Conduct for Council Members, Committee Members and Candidates provides an expected standard of conduct for council members and committee members appointed to a Committee.

**Strategic Implications:**

Shire of Koorda Integrated Strategic Plan 2022

4.1 - Open and Transparent Leadership.

**Financial Implications:**


Nil

**Voting Requirements:**    ☒ Simple Majority    ☐ Absolute Majority

**Officer Recommendation**

**That the Koorda Audit & Risk Committee Terms of Reference be adopted.**

## 8.2. 2022/2023 Annual Report and Annual Electors Meeting

| Governance and Compliance |  |  |
|---------------------------|--|---|
| Date                      | 12 December 2023   |   |
| Location                  | Not Applicable   |   |
| Responsible Officer       | Lana Foote, Acting Chief Executive Officer   |   |
| Author                    | As above   |   |
| Legislation               | <i>Local Government Act 1995 Section 6.10 &amp; 7.9(1)</i><br><i>Local Government Financial Management Regulation 1996 Part 2</i><br><i>Local Government (Audit) Regulations 1996 – Reg 10</i> |   |
| Disclosure of Interest    | Nil  |   |
| Purpose of Report         | <input checked="" type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information  |   |
| Attachments               | <a href="#">8.2a. 2022/2023 Annual Report</a><br><a href="#">8.2b. 2022/2023 Annual Financial Statements</a><br><a href="#">8.2c. 2022/2023 Independent Auditors Report</a>                    |   |

### Background:

This item presents the 2022/2023 Annual Report and Audited Financial Report to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

The Annual Financial Statements for the year ended 30 June 2023 have been audited by Dry Kirkness, under the Office of the Auditor General (OAG).

The 2022/2023 Annual Report, audited financial report and OAG's Opinion Letter are included as attachments to this item.

### Comment:

Pursuant to its Terms of Reference, it is relevant that the Audit & Risk Committee considers the 2022/2023 Annual Report and where appropriate, makes recommendation(s) in respect of the report.

In accordance with Section 7.9 of the *Local Government Act 1995*, an Auditor is required to examine the accounts and annual financial report submitted by a local government for audit. The Auditor is also required, by 31 December following the financial year to which the accounts and report relate, to prepare a report thereon and forward a copy of that report to:

1. The Mayor or President;
2. The CEO of the local government; and
3. The Minister.

The Opinion Letter included as Attachment 8.2c provides an overview of the audit process and outcomes. A separate management letter has been issued and circulated to Council and the Executive Management Team for findings identified during the audit and recommendations to rectify the findings identified. The findings have been listed under heading "Discussions with the OAG and Auditors" later in this item.

The Financial Report and Draft Audit Opinion were received on 11 December 2023, and Council Members and the Acting CEO met with representatives from Dry Kirkness and the OAG for the Auditors Exit Meeting.

Local governments are required to conduct an Annual Electors Meeting not more than 56 days after adopting the Annual Report. A requirement of setting the date is that 14 days Local Public Notice is required for advertising the meeting. To meet reporting requirements the Annual Electors Meeting should be held before Monday 12 February 2024.

### **Discussions with the OAG and Auditors:**

Representatives from the OAG and Dry Kirkness conducted the Exit Interview which discussed the Opinion Letter and other relevant matters with the President Jannah Stratford, Deputy President Gary Greaves, Cr Gina Boyne, Cr Kylie Burrell and Acting CEO via Microsoft Teams on Monday 11 December 2023.

There were no significant findings. There were eight moderate findings with regard to Information Systems as listed below:

1. IT Governance, Policies and Procedures;
2. Disaster Recovery Plan Testing;
3. Service Level Agreement with IT Service Provider;
4. Access Management;
5. IT Risk Register;
6. Change Management;
7. Vulnerability Assessment and Penetration Testing (VAPT); and
8. Endpoint Security - Macros.

### **Consultation:**

Marius van der Merwe, Partner, Dry Kirkness

Eoin Condon, Manager, Dry Kirkness

Ann Ang, Director, Office of the Auditor General for WA

Council Members

Local Public Notice is required to be provided on the availability of the Annual Report and the Annual Electors Meeting.

### **Statutory Implications:**

Sections 5.27, 5.29, 5.53 and 5.54 of the Local Government Act 1995 are applicable and state:

#### ***“5.27. Electors’ general meetings***

- (1) A general meeting of the electors of a district is to be held once every financial year.*
- (2) A general meeting is to be held on a day selected by the local government but not more than 56 days after the local government accepts the annual report for the previous financial year.*
- (3) The matters to be discussed at general electors’ meetings are to be those prescribed.*

#### ***5.29. Convening electors’ meetings***

- (1) The CEO is to convene an electors’ meeting by giving —*
  - (a) at least 14 days’ local public notice; and*
  - (b) each council member at least 14 days’ notice,**of the date, time, place and purpose of the meeting.*

#### ***5.53. Annual reports***

- (1) The local government is to prepare an annual report for each financial year.*
- (2) The annual report is to contain —*
  - (a) a report from the mayor or president; and*
  - (b) a report from the CEO; and*
  - [(c), (d) deleted]*
  - (e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and*

- (f) *the financial report for the financial year; and*
- (g) *such information as may be prescribed in relation to the payments made to employees; and*
- (h) *the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and*
- (ha) *a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and*
- (hb) *details of entries made under section 5.121 during the financial year in the register of complaints, including —*
  - (i) *the number of complaints recorded in the register of complaints; and*
  - (ii) *how the recorded complaints were dealt with; and*
  - (iii) *any other details that the regulations may require; and*
- (i) *such other information as may be prescribed.*

#### **5.54. Acceptance of annual reports**

- (1) *Subject to subsection (2), the annual report for a financial year is to be accepted\* by the local government no later than 31 December after that financial year.*
  - \* Absolute majority required.
- (2) *If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.*

Regulation 3A of the *Local Government (Administration) Regulations 1996* stipulates the requirements for providing Local Public Notices and states:

#### **“3A. Requirements for local public notice (Act s. 1.7)**

- (1) *For the purposes of section 1.7(a), notice of a matter must be published on the local government's official website for —*
  - (a) *the period specified in or under the Act in relation to the notice; or*
  - (b) *if no period is specified in relation to the notice — a period of not less than 7 days.*
- (2) *For the purposes of section 1.7(b), each of the following ways of giving notice of a matter is prescribed —*
  - (a) *publication in a newspaper circulating generally in the State;*
  - (b) *publication in a newspaper circulating generally in the district;*
  - (c) *publication in 1 or more newsletters circulating generally in the district;*
  - (d) *publication on the official website of the Department or another State agency, as appropriate having regard to the nature of the matter and the persons likely to be affected by it, for —*
    - (i) *the period specified in or under the Act in relation to the notice; or*
    - (ii) *if no period is specified in relation to the notice — a period of not less than 7 days;*
  - (e) *circulation by the local government by email, text message or similar electronic means, as appropriate having regard to the nature of the matter and the persons likely to be affected by it;*
  - (f) *exhibition on a notice board at the local government offices and each local government library in the district for —*
    - (i) *the period specified in or under the Act in relation to the notice; or*
    - (ii) *if no period is specified in relation to the notice — a period of not less than 7 days;*
  - (g) *posting on a social media account administered by the local government for —*
    - (i) *the period specified in or under the Act in relation to the notice; or*
    - (ii) *if no period is specified in relation to the notice — a period of not less than 7 days.*

The *Local Government (Audit) Regulations 1996* provides the legislative framework for the conduct of audits in local government, and the role of the Audit & Risk Committee in considering the results of those audits.

**Policy Implications:**

Nil

**Strategic Implications:**

Shire of Koorda Integrated Strategic Plan 2022

4.1.1 - Ensure the use of resources is effective, efficient and reported regularly.

**Financial Implications:**

Nil

**Voting Requirements:**

☐ Simple Majority

☒ Absolute Majority

**Officer Recommendation**

That, by Absolute Majority, in accordance with Sections 5.27, 5.29, 5.53 and 5.54 of the *Local Government Act 1995*, the Audit & Risk Committee:

1. Accepts the 2022/2023 Annual Report and Annual Financial Statements, as presented and attached to this item;

2. Recommends to Council that it adopts the 2022/2023 Annual Report and Annual Financial Statements, as presented and attached to this item; and

3. Recommends to Council that it conducts its Annual Electors Meeting on \_\_\_\_\_, at the Shire of Koorda Council Chambers, 10 Haig Street Koorda, commencing at \_\_\_\_\_pm.

### 8.3. Quarterly Reporting of Integrated Strategic Plan and Workforce Plan

| Governance and Compliance |   |  |
|---------------------------|---|---|
| Date                      | 12 December 2023  |   |
| Location                  | Not Applicable  |   |
| Responsible Officer       | Lana Foote, Acting Chief Executive Officer  |   |
| Author                    | As above  |   |
| Legislation               | <i>Local Government Act 1995; Local Government (Administration) Regulations 1996</i>  |   |
| Disclosure of Interest    | Nil   |   |
| Purpose of Report         | <input checked="" type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information |   |
| Attachments               | <a href="#">Quarterly Scorecard October to December 2023</a>  |   |

#### Background:

This report is to inform the Committee and Council of its obligations in relation to the integrated planning and reporting (IPR) requirements under the Local Government Act 1995, the Local Government (Administration) Regulations 1996.

Following the Committee's recommendation of 28 September 2022, the quarterly scorecard reporting document approach was adopted by Council on 26 October 2022.

#### Comment:

Council adopted its Integrated Strategic Plan and Workforce Plan at its meeting held on 20 April 2022.

To assist Council to meet its IPR requirements under the Local Government Act 1995, the Local Government (Administration) Regulations 1996, Shire staff have prepared draft quarterly reporting documents (provided as confidential attachment) for the Committee to consider and, if appropriate, recommend to Council that the forth quarterly scorecard be adopted and the Integrated Strategic Plan and Workforce Plan components be endorsed for publication.

#### Consultation:

Nil.

#### Statutory Implications:

Local Government Act 1995 and relevant subsidiary legislation.

#### Policy Implications:

Nil

#### Strategic Implications:

Shire of Koorda Integrated Strategic Plan 2022

4.1.1 - Ensure the use of resources is effective, efficient and reported regularly. (e.g. Financial Management)

#### Financial Implications:

Nil

**Voting Requirements:**    ☒ Simple Majority    ☐ Absolute Majority


### Officer Recommendation

**That the Audit Committee recommends:**

**That Council:**

- 1.      Adopts the fourth quarterly reporting documents (October to December 2023) as attached to this item; and**
- 2.      Endorses the publication of the Integrated Strategic Plan and Workforce Plan components for community information.**

## 8.4. Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls

| Governance and Compliance |  |  |
|---------------------------|--|---|
| Date                      | 11 December 2023   |   |
| Location                  | Not Applicable   |   |
| Responsible Officer       | Lana Foote, Acting Chief Executive Officer   |   |
| Author                    | As above   |   |
| Legislation               | <i>Local Government Act 1995 Section 7.13 (i)</i><br><i>Local Government (Audit) Regulations 1996 – Reg 13, 14 and 15</i>                    |   |
| Disclosure of Interest    | Nil  |   |
| Purpose of Report         | <input type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information |   |
| Attachments               | <a href="#">FMR Action Plan - December 2023</a>  |   |

### Background:

The Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance.

At the May 2023 Audit Committee Meeting, the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls was presented for consideration with the below committee recommendation being resolved at the May 2023 Council Meeting.

### Committee Recommendation RESOLUTION 050523

Moved CR GW Greaves

Seconded CR BG Cooper

That Council:

1. Receives Moore's Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls report, dated April 2023 (Attachment A);
2. Directs the CEO to provide a report, on a quarterly basis, to the Audit Committee to enable the Committee to monitor the Shire's progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996; and
3. Directs the CEO at the first quarterly review to provide proposed actions, including expected completion dates, to the recommendations identified in the report.

**CARRIED BY ABSOLUTE MAJORITY 6/0**

### Comment:

This report has been presented to the Audit & Risk committee as the committee has a role in supporting Council in fulfilling its governance and oversight responsibilities and provide the audit committee with the opportunity to raise any issues that the document has identified or ask any other questions, they may have in relation to our risk management and compliance activities.

An initial report was tabled at the June 2023 Audit Committee Meeting and the attached Action Plan is an update on actions that have been taken within the past quarter to align with the quarterly reporting on the Integrated Strategic Plan.

### **Consultation:**

Administration Staff

### **Statutory Implications:**

Regulation 16 of the Local Government (Audit) Regulations 1996 prescribes the functions of an Audit Committee which includes;

*“16 (c) to review a report given to it by the CEO under regulation 17(3) and is to –*

- (i) Report to the council the results of that review; and*
- (ii) Give a copy of the CEO’s report to the council.”*

*“16 (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –*

- (i) Regulations 17 (1); and*
- (ii) The Local Government (Financial Management) Regulations 1996 regulation 5(2)(c).”*

Regulation 17 of the Local Government (Audit) Regulations 1996 reads as follows;

*“(1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —*

- a) risk management; and*
- b) internal control; and*
- c) legislative compliance.*

*(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*

*(3) The CEO is to report to the audit committee the results of that review.”*

Regulation 5 (2) (c) of the Local Government (Financial Management) Regulations 1996 states that -  
*“the CEO is to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.”*

### **Policy Implications:**

The review recommended some potential improvement opportunities to some of the Council’s policy. These will be considered separately by the Policy Review Committee and Council at the completion of the review process. Comments made in the FM Review relating to specific Policies and Procedures will be taken on-board as part of the review process.

### **Strategic Implications:**

Shire of Koorda Integrated Strategic Plan 2022

4.1.1 - Ensure the use of resources is effective, efficient and reported regularly. (e.g. Financial Management)

4.1.2 - Identify business improvement opportunities to enhance operational effectiveness.

### **Financial Implications:**

Nil.


**Voting Requirements:**    ☒ Simple Majority    ☐ Absolute Majority

### Officer Recommendation

That the Audit Committee recommends;

That Council as per the quarterly report document (to December 2023) as attached to this item, notes and endorses the actions taken to the identified improvements highlighted in the Financial Management, Risk Management, Legislative Compliance and Internal Controls review.

## 8.5. Shire of Koorda Risk Management Framework

| Governance and Compliance |   |  |
|---------------------------|---|---|
| Date                      | 13 December 2023  |   |
| Location                  | Not Applicable  |   |
| Responsible Officer       | Lana Foote, Acting Chief Executive Officer  |   |
| Author                    | As above  |   |
| Legislation               | <i>Local Government Act 1995; Local Government (Audit) Regulations 1996, AS/NZS ISO 31000:2018</i>  |   |
| Disclosure of Interest    | Nil   |   |
| Purpose of Report         | <input checked="" type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information |   |
| Attachments               | <a href="#">Draft Risk Management Framework</a>   |   |

### Background:

Council is responsible for determining the strategic direction of the Shire. The Audit & Risk Committee is responsible for advising Council on matters relating to risk management.

Following the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls undertaken in May 2023 by Moore and the adoption of updated Risk Management Policy at the Ordinary Council Meeting held 28 March 2023 as per Resolution: 120623, Shire Staff met with Ben Galvin, Head of Strategic Risk at LGIS and undertook a thorough review of the Shire's risk management systems.

Following the Risk Profile workshop undertaken in October 2023, the attached Risk Management Framework is proposed for endorsement to align to the Shire of Koorda Risk Management Policy, the Audit & Risk Committee Terms of Reference, and tie together the Risk Management facets.

Page 14 of the attached Risk Management Framework outlines to process for the Risk Profiling undertaken by the Executive Management Team and Governance Officer, as per following Item 8.6 *Shire of Koorda Risk Profile*.

### Comment:

The proposed risk management framework is as attached to this item.

The framework, provided by LGIS, sets out the Shire's approach to the identification, assessment, management, reporting and monitoring of risks. All components of the documents are based on AS/NZS ISO 31000:2019 Risk Management - Guidelines.

The framework aims to balance a documented, structured and systematic process with the current size and complexity of the Shire.

The Shire has adopted a "Three Lines of Defence" model for management of risk. All operational areas of the Shire are considered "1<sup>st</sup> Line," the executive team as the "2<sup>nd</sup> Line" and internal and external audit are the "3<sup>rd</sup> line" of defence.

The framework clearly defines the roles of each body within the lines of defence.

The Shire has quantified its broad risk appetite through the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Framework.

All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. These assessments will be incorporated into the December 2023 Council Agenda under the "Risk Implication" heading within each item.

**Consultation:**

Ben Galvin, Divisional Manager - Risk Services, LGIS

Darren West, Works Supervisor

Kristyn Harrap, Governance Officer

Upon the Committee's recommendation, the framework will be presented to Council for adoption.

Once adopted the framework will be placed on the Shire's website.

**Statutory Implications:**

Local Government Act 1995

Local Government (Audit) Regulations 1996

AS/NZS ISO 31000:2018

**Policy Implications:**

Policy "G - Risk Management" states;

**Risk Assessment and Acceptance Criteria**

*The Shire quantified its broad risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Framework and as a component of this policy.*

*All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.*

**Strategic Implications:**

Shire of Koorda Integrated Strategic Plan 2022

4.1.1 - Ensure the use of resources is effective, efficient and reported regularly.

4.1.2 - Identify business improvement opportunities to enhance operational effectiveness.

**Financial Implications:**

Nil


**Voting Requirements:**    ☒ Simple Majority    ☐ Absolute Majority

**Officer Recommendation**

**That the Audit & Risk Committee endorses and recommends:**

**That Council adopts the Shire of Koorda Risk Management Framework, as attached to this item.**

## 8.6. Shire of Koorda Risk Profile Report

| Governance and Compliance |   |  |
|---------------------------|---|---|
| Date                      | 13 December 2023  |   |
| Location                  | Not Applicable  |   |
| Responsible Officer       | Lana Foote, Acting Chief Executive Officer  |   |
| Author                    | As above  |   |
| Legislation               | Local Government Act 1995; Local Government (Audit) Regulations 1996, AS/NZS ISO 31000:2018   |   |
| Disclosure of Interest    | Nil   |   |
| Purpose of Report         | <input checked="" type="checkbox"/> Executive Decision <input checked="" type="checkbox"/> Legislative Requirement <input type="checkbox"/> Information |   |
| Attachments               | <a href="#">Shire of Koorda Risk Profile - October to December 2023</a>   |   |

### Background:

The Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance.

At the May 2023 Audit Committee Meeting, the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls was presented for consideration with the below committee recommendation being resolved at the May 2023 Council Meeting.

This item is an addition to the “Risk Management” facet of the Financial Management, Risk Management, Legislative Compliance and Internal Controls Review as tabled in Item 8.4 of this agenda, and is an outcome of the Risk Management Strategy attached for endorsement in previous Item 8.5.

### Comment:

This report has been presented to the Audit & Risk committee as the committee has a role in supporting Council in fulfilling its governance and oversight responsibilities and provide the audit committee with the opportunity to raise any issues that the document has identified or ask any other questions, they may have in relation to our risk management and compliance activities.

The Risk Profile workshop was facilitated by LGIS in October 2023, and Shire Staff worked through 15 risk themes to identify what is the risk of this occurring at the Shire, both with and without controls, and what controls are, or should be in place.

Under the Risk Management Framework, the Shire utilises risk profiles to capture its operational and strategic risks. The profiles assessed are:

- Asset Sustainability
- Business and Community Disruption
- Community Engagement
- Compliance Obligations
- Document Management
- Employment Practices
- Environment Management
- Errors, Omissions and Delays
- External Theft and Fraud
- IT, Communication Systems and Infrastructure
- Management of Facilities, Venues and Events
- Misconduct
- Project / Change Management
- Purchasing and Supply
- WHS

For each category, the profile contains the following:

- Objective.
- Risk Event.
- Potential Causes.
- Key Controls / Control Type.
- Control Adequacy.
- Control owner.
- Risk Rating.
- Actions and Responsibility.

The attachment includes the initial report, and the updated register to December 2023 with any changes and additional comments included. It should be noted, since the initial report was released in October, the Regional Risk Coordinator and Staff have undertaken significant works in the “WHS” risk theme to move the control effectiveness from “Inadequate” to “Adequate.”

Like the FRM Action Plan, the Risk Register report will be tabled at the quarterly Audit & Risk Committee workshops as a tracking tool to determine progress made against the key themes and improvements towards any identified areas of improvement.

### **Consultation:**

Ben Galvin, Divisional Manager - Risk Services, LGIS

Chris Gilmour, Regional Risk Coordinator, LGIS

Darren West, Works Supervisor

Kristyn Harrap, Governance Officer

### **Statutory Implications:**

*Local Government Act 1995*

*AS/NZS ISO 31000:2018*

Regulation 16 of the Local Government (Audit) Regulations 1996 prescribes the functions of an Audit Committee which includes;

*“16 (c) to review a report given to it by the CEO under regulation 17(3) and is to –*

- (i) Report to the council the results of that review; and*
- (ii) Give a copy of the CEO’s report to the council.”*

*“16 (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under –*

- (i) Regulations 17 (1); and*
- (ii) The Local Government (Financial Management) Regulations 1996 regulation 5(2)(c).”*

Regulation 17 of the Local Government (Audit) Regulations 1996 reads as follows;

*“(1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —*

- a) risk management; and*
- b) internal control; and*
- c) legislative compliance.*

*(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*

*(3) The CEO is to report to the audit committee the results of that review.”*

**Policy Implications:**

Policy “G - Risk Management” states;

**Risk Assessment and Acceptance Criteria**

*The Shire quantified its broad risk appetite through the development and endorsement of the Shire's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Framework and as a component of this policy.*

*All organisational risks are to be assessed according to the Shire's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisations appetite and are to be noted within the individual risk assessment.*

**Strategic Implications:**

Shire of Koorda Integrated Strategic Plan 2022

4.1.1 - Ensure the use of resources is effective, efficient and reported regularly.

4.1.2 - Identify business improvement opportunities to enhance operational effectiveness

**Financial Implications:**

Resource requirements are in accordance with existing budgetary allocation.

**Voting Requirements:**    ☒ Simple Majority    ☐ Absolute Majority

**Officer Recommendation**

**That the Audit Committee recommends;**

**That Council:**

**1. Receives the Risk Profile report, as attached to this item; and**

**2. Directs the Acting CEO to provide a report, on a quarterly basis, to the Audit & Risk Committee to enable the Committee to monitor the Shire's progress in addressing the recommendations, pursuant to Regulation 16 (d) of the Local Government (Audit) Regulations 1996.**

## **9. Urgent Business Approved by the Person Presiding or by Decision**

## **10. Date of Next Meeting**

TBC - March 2024.

## **11. Closure**

The Chairperson thanked everyone for their attendance and closed the meeting at x.xxpm.

## APPENDIX I – Terms of Reference

### Audit Committee Terms of Reference

#### 1. Establishment

The Audit Committee was re-established by the Council at the Special Meeting of Council on 23 March 2020 and this Terms of Reference sets out the membership, responsibilities, authority and operations of the Committee.

The Committee was created in recognition of the importance of, and legislative obligation for, the establishment and maintenance of an effective internal audit function, best practice governance systems, oversight of the risk management and governance frameworks and performance, and maintenance of strong financial management controls and processes.

#### 2. Objective of the Audit Committee

The primary objective of the Audit Committee (the Committee) is to accept responsibility for the annual external audit, liaise with the Shire's external auditor and provide review and oversight of internal audit process, including performance and independence of internal auditor, so that Council can be satisfied with the performance of the Shire in managing its financial affairs.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies and overseeing the allocation of the Shire's finances and resources. The Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the effective and efficient management of the Shire's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- a) the enhancement of the credibility and objectivity of internal and external financial reporting;
- b) effective management of financial and other risks and the protection of Council assets;
- c) compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- d) the coordination of the internal audit function with the external audit;
- e) the provision of an effective means of communication between the external auditor, the CEO and the Council and
- f) the reduction of fraud, corruption and misconduct risk as a part of their oversight of financial reporting.

The Committee is to undertake its responsibilities cognisant of:

- a) requirements for meetings to fit in with requisites around the planning calendar and decisions at significant times in the Governance cycle (i.e. Compliance Audit Return, Interim Audit, End of year Audit and other reviews);
- b) obligations to have oversight of all matters that relate to the risk management framework of the Shire;
- c) obligations and good governance practices within the local government environment.

#### 3. Powers of the Audit Committee

- a) The Audit committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its term of reference. This is in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the local government that have not been delegated to the CEO.
- b) The committee is a formally appointed committee of council and is responsible to that body.
- c) The committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility.

- d) The committee does not have any management functions and cannot involve itself in management processes or procedures.

#### **4. Responsibilities of the Committee Chair**

The Audit Committee Chair has the following responsibilities:

- a) Reports to the Council on the actions of the Committee;
- b) Encourages broad participation from members in discussion;
- c) Summarises decisions and assignments at the conclusion of each meeting; and
- d) Signs off on minutes of meetings after they have been received by the Committee.

#### **5. Responsibilities of Audit and Governance Committee Members**

Individual Committee members have the following responsibilities:

- a) to execute the role, scope, and responsibilities of the Committee;
- b) to act on opportunities to communicate positively about the Shire's activities;
- c) to actively participate in meetings through attendance, discussion, and review of minutes, papers and Governance documents;
- d) to participate in professional development opportunities;
- e) To support open discussion and debate and encourage fellow Committee members to voice their insights.

#### **6. Membership**

The Committee will consist of three elected members, with a fourth elected member acting as a deputy.

All full members shall have full voting rights.

The CEO and employees are not members of the committee. The CEO or his/her nominee is to be available to attend meetings to provide advice and guidance to the Committee. The Shire shall provide secretarial and administrative support to the Committee.

#### **7. Quorum**

A quorum of two Committee members must be present at a Committee meeting to constitute a meeting.

#### **8. Frequency of Meetings**

The Committee shall meet at least twice once per calendar year. Additional meetings shall be convened at the discretion of the presiding person.

#### **9. Reporting**

Reports and recommendations of each Committee meeting shall be presented to the next ordinary meeting of the Council.

#### **10. Duties and Responsibilities**

The duties and responsibilities of the committee will be to:

- a) provide guidance and assistance to Council as to the carrying out the functions of the Shire in relation to audits;
- b) meet with the external auditor once in each year and provide a report to Council on the matters discussed and outcome of those discussions;
- c) liaise with the CEO to ensure that the Shire does everything in its power to:
  - assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995 and associated Regulations; and
  - ensure that audits are conducted successfully and expeditiously;
- d) examine the reports of the auditor after receiving a report from the CEO on the matters to:
  - determine if any matters raised require action to be taken by the Shire; and

- ensure that appropriate action is taken in respect of those matters;
- e) review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and presenting the report to Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditor is received, whichever is the latest in time;
- f) review the Shire's draft annual financial report, focusing on:
  - accounting policies and practices;
  - changes to accounting policies and practices;
  - the process used in making significant accounting estimates; iv. significant adjustments to the financial report (if any) arising from the audit process;
  - compliance with accounting standards and other reporting requirements; and
  - significant variances from prior years.
- g) address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the committee's terms of reference;
- h) 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;
- i) Review the annual Compliance Audit Return and report to the council the results of that review,
- j) Monitor the progress of the internal audit plan, review findings from internal and external audits, monitor the implementation of the recommendations; and
- k) Consider the CEO's triennial reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to the council the results of those reviews.

#### 11. Agendas, Minutes and Decision Papers

The responsibility for ensuring that Agendas and supporting materials are delivered to members in advance of meetings rests with the Chief Executive Officer. The agenda and associated attachments will be sent to Committee members and attendees at least 72 hours in advance of a Committee meeting.

#### 12. Conflicts of Interest

Committee Members and invited attendees at each meeting must:

- a) Declare any conflict of interest, potential conflict of interest or apparent conflict of interest in matters that might potentially be considered or, are proposed to be considered by the Committee;
- b) Provide a further declaration should any conflict of interest, potential conflict of interest or apparent conflict of interest arise after making a declaration; and
- c) Maintain confidential, all information provided to them in their role as a member or attendee. This includes all matters discussed, formally presented or tabled at meetings of the Committee or such matters associated with dealings of the Committee in carrying out its responsibilities.

#### 13. Review

The Terms of Reference shall be reviewed every two years when Council considers the re-establishment of the Committee to coincide with Local Government elections and any amendment to it require approval of Council.

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#### Version Control

| Version No. | Version Date | Prepared by | Reviewed by    | Council Resolution No. and Date |
|-------------|--------------|-------------|----------------|---------------------------------|
| 1           | 09/09/2021   | Lana Foote  | Darren Simmons | RES: 060921<br>Date:15/09/2021  |
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