

SHIRE OF KOJONUP

# Kojonup



One community, many choices

## Audit and Risk Committee

### Minutes

2 May 2023

## TERMS OF REFERENCE

### AUDIT AND RISK COMMITTEE

#### Function:

This Committee is responsible for assisting Council in recommending appropriate actions to Council with regards to audit, risk and governance management to ensure accountability to the community in its responsibilities.

#### Duties and Responsibilities:

- 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;
- Recommend and review the Shire's Risk Appetite Statement in order to set the Risk Tolerance of the Council;
- 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;
- Provide advice and assistance to Council as to the carrying out of its functions in relation to audits and recommend;
  - a) a list of those matters to be audited; and
  - b) the scope of the audit to be undertaken;
- Meet with the auditor yearly and provide a report to Council on the matters discussed and the outcome of the discussions;
- Liaise with the (CEO) to ensure that the Shire does everything in its power to:
  - a) assist the auditor to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
  - b) ensure that audits are conducted successfully and expeditiously;
- 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;
  - c) Review the report prepared by the CEO in respect of any matters raised in the report of the auditor and present the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the auditor is received, whichever is the latest;
- Review the scope of the Audit Plan and its effectiveness;
- Consider and recommend adoption of the Annual Financial Report to the Council;
- 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;
- 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; and
- Review the annual Statutory Compliance Return and make a recommendation on its adoption to Council.

#### Membership

Four (4) Councillors; and

Two (2) Community Members.

**MINUTES OF AN AUDIT AND RISK COMMITTEE MEETING**  
**HELD ON 2 MAY 2023**

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## MINUTES

### 1 DECLARATION OF OPENING

The Chairman declared the meeting open at 10.32am and alerted the meeting of the procedures for emergencies including evacuation, designated exits and muster points.

### 2 ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE

#### **MEMBERS**

Cr Gale	Member (Chair)
Cr P Webb	Member
Cr Egerton-Warburton	Member
Cr Bilney	Member
Roger House	Community Member

#### **OBSERVERS**

Grant Thompson	Chief Executive Officer
Jill Johnson	Senior Finance Officer
Judy Stewart	Senior Administration Officer

Cr Radford	President (from 11.10am)
Cr Wieringa	(from 11.50am)
Cr Singh	(from 11.55am)

#### **APOLOGIES**

James Hope	Community Member
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### 3 PUBLIC QUESTION TIME

Nil

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

Nil

### 5 CONFIRMATION OF MINUTES

Audit and Risk Committee Meeting held 28 February 2023 ([Attachment 5.1](#))

#### **OFFICER RECOMMENDATION/COMMITTEE DECISION**

AR3/23 Moved Cr Bilney

Seconded Cr Egerton-Warburton

That the minutes of an Audit and Risk Committee Meeting held on 28 February 2023 be confirmed as a true and accurate record.

CARRIED UNANIMOUSLY 5/0

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 and Risk Committee (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, Senior Finance Officer (SFO), presented to the Committee. The following items were discussed:

- Rates - Fourth 2022/2023 instalment was due in March 2023.
- Historical outstanding rates have been followed up with reminder notices; this action will be pursued further.

*Cr Bilney left the meeting at 10.45am and returned at 10.46am.*

- IT Systems upgrade

The current software system is still largely paper based – systems improvement has the ability to considerably enhance efficiencies across all areas including finance, human resources, customer service, rates, and payroll. The current payroll system, in particular, is very manual/data entry intensive and contemporary software options being considered within the IT upgrade anticipated for the 2023/2024 financial year offer considerably improved efficiencies in this area.

A Request for Tender will be going out shortly for a managed IT service and replacement of the current server, hardware and software.

Timeframe of six to eight months to implement a new Enterprise Resource Planning (ERP) system that will be an end to end transactional system. The new ERP system is expected to be more effective in reporting and identifying financial trends e.g.; inflation impact, areas of increased expenditure.

- Cashflow – regular reporting

Regular cashflow position reporting is in the early stages of formation to enable better understanding and accuracy relating to money in and money out at any given time.

*Cr Radford entered the meeting at 11.10am as an observer.*

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

- Plant and Equipment  
The Chief Executive Officer (CEO) is requested to research, later in the year, the quantity of/requirement for plant and equipment, looking particularly at productivity/grader use, redundant usage, and back up for maintenance and breakdowns. \$250,000 is being retained in the recently renamed Emergency Plant Repair and Replacement Reserve (previously Plant and Equipment Reserve). It is currently difficult to source trained or experienced grader drivers; training must be conducted by registered training organisations.
- Oversized Vehicles – Blackwood Road (Kojonup District High School precinct)  
The CEO will contact Main Roads WA to ask for solutions to the risk posed by people passing oversized vehicles on Blackwood Road in the Kojonup District High School precinct where kerbing prevents vehicles moving off the road to allow passing to occur safely.
- Local Emergency Management Committee

**COMMITTEE RECOMMENDATION**

AR4/23 Moved Cr Gale

Seconded Cr Bilney

That it be recommended to Council that Council encourages the Local Emergency Management Committee to approach the Shires of Denmark and Jerramungup to share their ideas and advice on community recovery following those Shires' recent bush fire disasters.

Roger House advised that the Kojonup brigades met with Katanning brigades, for learning purposes, following the last big fire in the Shire of Katanning.

## 8 COMMITTEE TIMETABLE

As a guide and subject to availability, each Audit and 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
- Shire President's Vehicle Log Book

### 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 – 2018, 2021...)
- 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 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 with new SFO.	Ongoing
2 November 2022	12 - Other	Shire officers to investigate and report to the committee how the Complex Playground expenditure item was missed in the budget process.	<i>It has been established that this is likely to have been a reconciliation issue associated with end-of-year process. The CEO will put controls into place to assist in preventing this occurrence in the future.</i>	Ongoing
28 February 2023	Comment	Council to adopt and publish a policy dealing with attendance of Council members and the Chief Executive Officer at events.	To progress by July 2023	To be commenced

10 **SUMMARY OF RISK MANAGEMENT**

10.1 **RISK MANAGEMENT UPDATE**

Please refer to the following attachments:

- 10.1.1 Risk Dashboard Report – May 2023
- 10.1.2 Risk Actions Report – May 2023

*Cr Wieringa entered the meeting at 11.50am as an observer.*

*Cr Singh entered the meeting at 11.55am as an observer.*

UNCONFIRMED

## 11 OFFICER REPORTS

### 11.1 ANNUAL FINANCIAL REPORT 2021/2022 AND GENERAL MEETING OF ELECTORS

<b>AUTHOR</b>	Jill Johnson – Senior Finance Officer
<b>DATE</b>	Wednesday, 26 April 2023
<b>FILE NO</b>	FM.AUD.2/FM.FNR.1
<b>ATTACHMENT(S)</b>	<a href="#">11.1.1 - Annual Financial Report 2021/2022</a> <a href="#">11.1.2 - Auditor’s Management Letter</a>

STRATEGIC/CORPORATE IMPLICATIONS		
“Smart Possibilities – Kojonup 2027+”		“Smart Implementation – Kojonup 2021 +”
Key Pillar	Community Outcomes	Corporate Actions
KP – 3 Performance	3.4 – Be organised and transparent with our financial management.	3.4.1 - Increase regularity of readable financial reporting to the community. 3.4.2 – Act with sound long-term and transparent financial management and deliver residents considered value for money.

#### DECLARATION OF INTEREST

Nil

#### SUMMARY

The purpose of this report is to consider the 2021/2022 Annual Financial Report, incorporating the Audit Report, and make recommendation to the Council.

#### BACKGROUND

Each local government is to prepare an annual report for each financial year. The report is a record of the Shire of Kojonup’s (Shire) activities for the financial year and is an integral part of the accountability principles established for local governments in Western Australia.

#### COMMENT

The Audit Report and Annual Financial Report both form part of the Annual Report which will be considered by the Council at its 20 June 2023 Ordinary Meeting. The Auditor’s Management Letter is provided as additional information to the Committee and Council for transparency and full disclosure.

The Annual Electors Meeting must be held within 56 days of accepting the Annual Financial Report, with appropriate time being allowed after adoption to give notice of the meeting, say 14 days. This effectively means that the Annual Electors Meeting needs to be held between 20 June 2023 and 8 August 2023. In previous years, the Annual Electors Meeting has been held in the evening following the Council Ordinary Meeting so it is, therefore, recommended that the meeting be held on Tuesday, 25 July 2023. It is also proposed to hold the meeting at the Sporting Complex.

The Annual Electors Meeting will be publicised in the Great Southern Herald, on the Shire website and Shire Facebook page as soon as possible after the date is set, and in the next available Kojonup News and Shire E-News.

Significant Matters Raised:

Nil

Moderate Matters Raised:

Contained within the 2021/2022 Audit Report were three matters identified as minor by the Auditor. These matters raised by the Auditor were as follows:

1. Review of Payroll Processing and Reporting
2. General Journal Review
3. Purchasing Policy – Tenders

Minor Matters Raised:

Contained within the 2021/2022 Audit Report were two matters identified as minor by the Auditor. These matters raised by the Auditor were as follows:

1. Pool Receipts Reconciliation
2. Related Party Declarations

**The Asset Renewal Funding Ratio was not reported.**

The Asset Renewal Funding Ratio for the year ended 30 June 2022 has not been included in the financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996.

**CONSULTATION**

Auditors – Lincolns Accountants, Albany  
The Office of the Auditor General

**STATUTORY REQUIREMENTS**

Section 5.26 to 5.33; 5.53 & 5.54 of the *Local Government Act 1995*  
Regulation 50(1) (c) of the Local Government (Financial Management) Regulations 1996  
Section 4 of the Local Government (COVID-19 Response) Order 2020

**POLICY IMPLICATIONS**

There are no policy implications for this report.

**FINANCIAL IMPLICATIONS**

This item reports on the financial position of the Shire as at 30 June 2022. The recommendation does not in itself have a financial implication.

**RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications for this report.

**ASSET MANAGEMENT IMPLICATIONS**

There are no asset management implications for this report.

**SOUTHERN LINK VROC (VOLUNTARY REGIONAL ORGANISATION OF COUNCILS) IMPLICATIONS**  
Nil

**VOTING REQUIREMENTS**

Simple Majority

**OFFICER RECOMMENDATION**

That the Audit and Risk Committee recommends to Council that:

- 1) the 2021/2022 Annual Financial Report be adopted; and
- 2) the Chief Executive Officer forward a copy of this Audit and Risk Committee and the Council agenda items to the Minister for Local Government and places them on the Shire of Kojonup website in accordance with Section 7.12A (Duties of local government with respect to audits) of the *Local Government Act 1995*.

**OFFICER RECOMMENDATION/COMMITTEE RECOMMENDATION**

AR5/23 Moved Cr Bilney

Seconded Roger House

That the Audit and Risk Committee recommends to Council that:

- 1) the 2021/2022 Annual Financial Report be adopted;
- 2) the Chief Executive Officer forward a copy of this Audit and Risk Committee and the Council agenda items to the Minister for Local Government and places them on the Shire of Kojonup website in accordance with Section 7.12A (Duties of local government with respect to audits) of the *Local Government Act 1995*; and
- 3) That Council conducts its Annual Electors Meeting for the 2021/2022 financial year on 25 July 2023.

CARRIED 5/0

**COMMITTEE RECOMMENDATION**

AR6/23 Moved Cr Bilney

Seconded Roger House

That the Audit and Risk Committee recommends to Council that Council forwards correspondence to the Office of the Auditor General (OAG) highlighting that the timeframe of management audit response from the OAG is not enabling legislated requirements to be met by the Shire of Kojonup.

CARRIED 5/0

10 SUMMARY OF RISK MANAGEMENT cont...

10.2 **WORK HEALTH AND SAFETY**

- Work Health and Safety representatives have been re-elected as required.
- The CEO is progressing the improvement and development of safety values across the organisation.

11 OFFICER REPORTS cont...

11.2 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN – ANNUAL REVIEW

AUTHOR	Judy Stewart – Senior Administration Officer
DATE	Wednesday, 26 April 2023
FILE NO	CM.PLN.1; RM.POL.1
ATTACHMENT(S)	<p>11.2.1 – Business Continuity and Disaster Recovery Plan (BCDRP) September 2021 (showing changes)</p> <p>11.2.2 – BCDRP May 2023 (clean copy)</p> <p>11.2.3 – <b>UNDER SEPARATE COVER</b> BCDRP Addendum - COVID-19 Pandemic Response Plan 2021 (showing changes)</p> <p>11.2.4 – BCDRP Addendum – Pandemic Response Plan 2023 (clean copy)</p>

STRATEGIC/CORPORATE IMPLICATIONS		
“Smart Possibilities – Kojonup 2027+”		“Smart Implementation – Kojonup 2021 +”
Key Pillar	Community Outcomes	Corporate Actions
KP3 - 3 Performance	<p>3.1 – Be a continually engaged and strategic community which leads and organises throughout the entire stakeholder group</p> <p>3.4 – Be organised and transparent in our financial management</p>	Delivered Activity – Provision of Risk Management processes and systems

**DECLARATION OF INTEREST**

Nil

**SUMMARY**

To seek Committee comment of a 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 September 2021.

**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 existing Plan are tracked and shown in red font in the first attachment.

#### **CONSULTATION**

Chief Executive Officer  
Manager Works and Services  
Manager Regulatory Services  
Manager Springhaven Lodge  
Regulatory Services Administration Officer

#### **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**

AR7/23 Moved Cr Bilney

Seconded Roger House

That it be recommended to Council that the updated Business Continuity and Disaster Recovery Plan April 2023, including the Pandemic Response Plan 2023, as presented, be adopted.

CARRIED UNANIMOUSLY 5/0

**13**    **NEXT MEETING**

The next meeting of the Audit and Risk Committee is scheduled to be held Tuesday, 1 August 2023 at 9:00am.

**14**    **CLOSURE**

There being no further business to discuss, the Chairman thanked members for their attendance and declared the meeting closed at 12.02pm.

UNCONFIRMED

**15**    **ATTACHMENTS (SEPARATE)**

5.1 - Audit and Risk Committee Minutes 28 February 2023

10.1.1 - Risk Dashboard Report – May 2023

10.1.2 - Risk Actions Report – May 2023

11.1.1 – Annual Financial Report 2021/2022

11.1.2 – Auditor’s Management Letter

11.2.1 – Business Continuity and Disaster Recovery Plan (BCDRP) September 2021 (showing changes)

11.2.2 - BCDRP May 2023 (clean copy)

**UNDER SEPARATE COVER**

11.2.3 - BCDRP Addendum - COVID-19 Pandemic Response Plan 2021 (showing changes)

11.2.4 – BCDRP Addendum – Pandemic Response Plan 2023 (clean copy)

UNCONFIRMED