

SHIRE OF KOJONUP

Kojonup



One community, many choices

Audit & Risk Committee Agenda

2 May 2023

TO: AUDIT & RISK COMMITTEE MEMBERS

NOTICE is given that a meeting of the Audit & Risk Committee will be held in the Reception Lounge, Shire Administration Building, 93 Albany Highway, Kojonup on Tuesday, 2 May 2023 commencing at 10.30am.

Your attendance is respectfully requested.

GRANT THOMPSON
CHIEF EXECUTIVE OFFICER

27 April 2023

TERMS OF REFERENCE

AUDIT & 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 Shires risk management, internal controls and legislative compliance and make recommendations to Council;
- Recommend and review the Shires 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 Shires 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.

AGENDA FOR THE AUDIT AND RISK COMMITTEE MEETING
TO BE HELD ON 2 MAY 2023

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AGENDA

1 **DECLARATION OF OPENING**

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

2 **ATTENDANCE, APOLOGIES & LEAVE OF ABSENCE**

MEMBERS

Cr Kevin Gale	Member (Chair)
Cr Paul Webb	Member
Cr A Egerton-Warburton	Member
Cr R Bilney	Member
James Hope	Community Member
Roger House	Community Member

STAFF (OBSERVERS)

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

APOLOGIES

3 **PUBLIC QUESTION TIME**

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

Nil

5 **CONFIRMATION OF MINUTES**

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

OFFICER RECOMMENDATION

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

6 **DECLARATIONS OF INTEREST**

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.

Jill Johnson, Senior Finance Officer, will be presenting at this meeting.

Questions on Notice can be submitted via email to ceo@kojonup.wa.gov.au.

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
- Shire President's Vehicle Log Book

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 – 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.	Ongoing WIP issue - WIP to be reviewed	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

10.2 WORK HEALTH AND SAFETY

The CEO will provide an update on Work Health and Safety matters.

11 OFFICER REPORTS

11.1 ANNUAL FINANCIAL REPORT 2021/2022 & GENERAL MEETING OF ELECTORS

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

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*.

11.2 BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN – ANNUAL REVIEW

AUTHOR	Judy Stewart – Senior Administration Officer
DATE	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 – UNDER SEPARATE COVER 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

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

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

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 _____am.

15 **ATTACHMENTS (SEPARATE)**

5.1 - Audit & 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)