



## Audit & Risk Committee Meeting

9 December 2021

# Minutes

To: Audit & Risk Committee Members and Councillors

Here within are the Meeting Minutes of the Audit & Risk Committee meeting, held on the abovementioned date in the Council Chambers at the Shire of Toodyay, 15 Fiennes Street, Toodyay.

  
Suzie Haslehurst  
CHIEF EXECUTIVE OFFICER



## Preface

These Minutes will remain "Unconfirmed" until the next Committee Meeting, where the Minutes will be tabled and confirmed subject to any amendments made by the Committee.

The "Confirmed" Minutes are then signed off by the Chairperson.

Attachments that formed part of the Agenda, in addition to those tabled at the Meeting are incorporated into a separate attachment to these Minutes

## Distribution

These minutes were approved for distribution on 9 December 2021.



Suzie Haslehurst  
**CHIEF EXECUTIVE OFFICER**

## Confirmation

These minutes of meeting were confirmed at a meeting held on .....2/3/22.....

Signed: ..........

*Note: The Presiding Member at the meeting at which the minutes were confirmed is the person who signs above.*

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*ATTACHMENTS with separate index follows Item 7.*

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## 1. DECLARATION OF OPENING

S Haslehurst, Chief Executive Officer, declared the meeting open at 2.03pm.

### 1.1. Election of Chairperson and Deputy Chairperson

<b>Date of Report:</b>	17 November 2021
<b>File Reference:</b>	Audit & Risk Committee (COC2)
<b>Author:</b>	M Rebane – Executive Assistant
<b>Responsible Officer:</b>	T Bateman – Manager Corporate and Community Services
<b>Attachments:</b>	Nil

### PURPOSE

To elect the position of Presiding Member of the Committee and if the Committee so chooses a Deputy Presiding Member.

### BACKGROUND

At the Ordinary Council Meeting held on 23 November 2021 Council resolved the appointment of delegates to the Audit & Risk Committee (Resolution No 243/11/21) as follows:

*That Council, in accordance with s.7.1A of the Local Government Act 1995:*

1. *Appoints the following Councillors as Primary Members of the Audit & Risk Committee:*
  - Cr B Ruthven*
  - Cr P Hart*
  - Cr D Wrench*
  - Cr R Madacsi*
2. *Appoints the following Councillors as Deputy Members of the Audit & Risk Committee:*
  - Cr S Pearce*
  - Cr C Duri*
3. *Appoints the following Community Representatives as Members of the Audit & Risk Committee:*
  - *Julie Robertson*
  - *Heather McDonald-Appleby*

At the same meeting Council endorsed a Committee Book for the Shire of Toodyay which is on the Shire website at this link:

<https://www.toodyay.wa.gov.au/Profiles/toodyay/Assets/ClientData/Documents/Committees/Committee Book for Shire 2021 .pdf> .

### **OFFICER COMMENT**

The Manager Corporate and Community Services will act as the Presiding Member over the meeting until the election of the Presiding Member has been completed.

If there is more than one nomination for either position, members are to vote on the matter by secret ballot as if they were electors voting at an election.

#### **DECLARATION 1 – AUDIT & RISK COMMITTEE PRESIDING MEMBER**

The ARC Elects ..... as Presiding Member.

#### **DECLARATION 2 – AUDIT & RISK COMMITTEE DEPUTY PRESIDING MEMBER**

The ARC:

1. Elects ..... as Deputy Presiding Member; OR
2. Elected to nominate a Deputy Presiding Member when the Presiding Member is not available.

Cr Madacsi nominated Cr Ruthven as Presiding Member.

Cr. Ruthven accepted the nomination.

There being no further nominations, Cr Ruthven assumed the Chair at 2.04pm.

#### **DECLARATION 1 – AUDIT & RISK COMMITTEE PRESIDING MEMBER**

The ARC elects Cr B Ruthven as Presiding Member.

H McDonald-Appleby nominated Cr Madacsi as Deputy Presiding Member.

Cr Madacsi accepted the nomination.

There being no further nominations, Cr Madacsi was elected as Deputy Presiding Member.

#### **DECLARATION 2 – AUDIT & RISK COMMITTEE DEPUTY PRESIDING MEMBER**

The ARC elects Cr R Madacsi as Deputy Presiding Member.

### **1.2. Announcement of Visitors**

Welcome to Cr Duri.

### 1.3. Record of Attendance and Apologies

#### Members

Cr B Ruthven	Presiding Member/Council Member
Cr R Madacsi	Council Member
Cr P Hart	Council Member
Mrs H McDonald-Appleby	Community Member

#### Staff

Ms S Haslehurst	Chief Executive Officer
Mrs M Rebane	Executive Assistant

#### Apologies

Cr D Wrench	Council Member
Ms J Robertson	Community Member
Mrs T Bateman	Manager Corporate & Community Services

#### Visitors

Cr C Duri

### 1.3 Disclosure of Interest

Nil.

## 2. MINUTES AND ADDITIONAL INFORMATION

### 2.1. Confirmation of Minutes of Meeting held on 14 October 2021.

#### **OFFICER'S RECOMMENDATION/ARC RES. NO. 19/12/21**

**MOVED** Cr R Madacsi

That the Unconfirmed Minutes of the Audit & Risk Committee Meeting held on 14 October 2021 be confirmed.

**MOTION CARRIED 4/0**

### 2.2. Review of Status Report

The report was reviewed.

### 2.3. Inward/Outward Correspondence

Nil.

## 3. BUSINESS LEFT OVER FROM PREVIOUS MEETING (If adjourned)

Nil

## 4. OFFICER REPORTS

<b>4.1 Risk Management Update</b>
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Date of Report:	30 November 2021
Applicant or Proponent:	Shire of Toodyay
File Reference:	COC2/MAN14
Author:	S Haslehurst – Chief Executive Officer
Responsible Officer:	S Haslehurst – Chief Executive Officer
Previously Before Council:	26/10/21 (Res. No. 218/10/21)
Author's Disclosure of Interest:	Nil
Committee's Role in the matter:	Executive
Attachments:	1. Risk Dashboard

### PURPOSE OF THE REPORT

This report provides an update on the Shire's risk management improvement process.

### BACKGROUND

At the Audit and Risk Committee meeting held on 14 October 2021, the Committee made the following recommendation:

*Requests the Chief Executive Officer to develop a Risk Management Dashboard in consultation with Local Government Insurance Services for presentation to the Audit and Risk Committee in December 2021.*

This recommendation was adopted by Council on 26 October 2021 (Resolution 218/10/21).

The process to implement the above resolution includes:

- Review by LGIS of the Shire's previous risk dashboard.
- Proposed focus areas for update.
- A workshop facilitated by LGIS with managers and relevant officers to update the Shire's risk profile.
- Finalisation of the risk dashboard for presentation to the Audit and Risk Committee and Council.



Several factors have impacted progress since the last meeting of the ARC including local government elections, on-going workload issues associated with the Datascape transition and the availability of LGIS consultants. Therefore, only the first two steps of the process outlined above have been completed.

## **COMMENTS AND DETAILS**

Following a review of the Shire's previous Risk Dashboard (Attachment 1), the Manager – Risk and Governance from LGIS provided the following feedback.

### **Observations**

- *The profiles remain relevant to local government*
- *Action items need to be reviewed to determine close out, they are still listed as 2018.*
- *Some actions are noted as closed out so these need to be moved into key controls*
- *Key controls require refreshing, from an adequacy perspective*
- *Based on the above two, the residual risk ratings need to be reviewed as they may/should have been reduced (subject to actions being closed out).*

### **Recommendation:**

*Run a workshop with the Shire Executive/Management team to review and refresh profiles to ensure they are relevant and up to date. In this workshop, it would be prudent to review the reporting requirements, as well as the key performance indicators to determine if they are being tracked (if not tracked, then I would recommend remove from the profiles). I would also consider linking the residual risk back into your risk acceptance criteria, which will inform the executive whether the risk is accepted, or what further actions are required.*

Officers concur with the above recommendation and have requested a workshop to be held with Managers and relevant officers across the organisation in early February 2022.

## **IMPLICATIONS TO CONSIDER**

### **Consultative:**

Local Government Insurance Services (LGIS).

### **Strategic:**

Governance: The way the Shire leads and operates

Objective 1: Provide accountable and transparent leadership for the community.

Objective 2: Consistently improve our governance practices.

Objective 3: Ensure rigorous organisational systems.

**Policy related:**

A.18 Risk Management.

A.19 Internal Control.

A.20 Legislative Compliance.

**Financial:**

There are no financial implications as a result of the Officer's recommendation. However, it is anticipated that development of a risk register may identify risks and therefore the need for mitigation. In the event unbudgeted funds are required, Officers will prepare a report for budget amendment for Council's consideration.

**Legal and Statutory:**

*Local Government Act 1995, Part 7.*

*Local Government (Audit) Regulations 1996.*

**Risk related:**

Section 7.1A of the Act requires that all local governments establish an audit committee. The audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, risk management systems, legislative compliance and the external audit functions. Failure to have an audit committee in place exposes Shire officers and Councillors to significant risk. This report assists in mitigating these risks.

**VOTING REQUIREMENTS**

Simple Majority

**OFFICER'S RECOMMENDATION/ARC RES. NO. 20/12/21**

**MOVED** Cr R Madacsi

That the Audit & Risk Committee recommends to Council the following:

That Council notes the risk management update as provided in this report to the Audit & Risk Committee.

**MOTION CARRIED 4/0**

<b>4.2 Annual Financial Audit Process Update</b>
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Date of Report:	6 December 2021
Applicant or Proponent:	Shire of Toodyay
File Reference:	COC2/FIN7
Author:	S Haslehurst – Chief Executive Officer
Responsible Officer:	S Haslehurst – Chief Executive Officer
Previously Before Council:	N/A
Author's Disclosure of Interest:	Nil
Committee's Role in the matter:	Executive
Attachments:	Nil

**PURPOSE OF THE REPORT**

This report provides an update on the Shire's annual financial audit process.

**BACKGROUND**

At the Audit and Risk Committee meeting held on 10 June 2021, representatives from the Office of the Auditor-General and Butler Settineri (the Shire's auditors) addressed the Committee regarding the annual financial audit process.

Section 6.4(3) of the *Local Government Act 1995* requires a local government to submit to its auditor by 30 September following each financial year;

- (a) *the accounts of the local government, balanced up to the last day of the preceding financial year; and*
- (b) *the annual financial report of the local government for the preceding financial year.*

Due to on-going issues with the transition of Datascape and the absence of the Finance Coordinator during September and October, officers applied for an extension to 31 October 2021 to submit the balanced accounts and annual financial report. However, this deadline was unable to be met for the same reasons. Officers have been liaising with the Office of the Auditor-General and the auditors to keep them informed of progress.



## **COMMENTS AND DETAILS**

Officers continue to work through the challenges associated with the Datascape transition with the following measures in place to achieve the requirements of the annual financial audit:

- 4.1.1. A dedicated project manager (who is a certified practicing accountant) continues to focus on the Datascape transition.
- 4.1.2. Due to the absence and subsequent resignation of the Finance Coordinator, officers have engaged the services of a financial consultant to prepare the annual financial statements once the accounts can be balanced in Datascape.
- 4.1.3. Officers continue to liaise regularly with the Office of the Auditor-General and Butler Settineri to keep them informed.
- 4.1.4. The Office of the Auditor-General has indicated that an audit of the transition to Datascape will take place prior to the audit of the accounts and financial report.

In light of the above, it is envisaged that the annual financial audit for 2020/21 will be finalised in February 2022. Officers will provide a report to the Committee, should further delays be anticipated.

## **IMPLICATIONS TO CONSIDER**

### **Consultative:**

Office of the Auditor-General

Buttler Settineri

### **Strategic:**

*Governance: The way the Shire leads and operates*

Objective 1: Provide accountable and transparent leadership for the community.

Objective 2: Consistently improve our governance practices.

Objective 3: Ensure rigorous organisational systems.

### **Policy related:**

A.20 Legislative Compliance.

### **Financial:**

There are no financial implications as a result of the Officer's recommendation. However, it is anticipated that there may be additional costs for the auditors to undertake the audit of the transition to Datascape. Officers will provide further information as it becomes available which will need to be considered as part of the mid-year Budget Review.

### **Legal and Statutory:**

#### *Local Government Act 1995*

Part 5.54(1) prescribes that the annual report (including the auditor's report) should be accepted by 31 December each year. However, part 5.5.4(2) states that if the auditor's report is not ready, then the annual report should be accepted no later than 2 months after the auditor's report becomes available.

### **Risk related:**

Section 7.1A of the Act requires that all local governments establish an audit committee. The audit committee plays a key role in assisting a local government to fulfil its governance and oversight responsibilities in relation to financial reporting, risk management systems, legislative compliance and the external audit functions. Failure to have an audit committee in place exposes Shire officers and Councillors to significant risk. This report assists in mitigating these risks.

### **VOTING REQUIREMENTS**

Simple Majority

#### **OFFICER'S RECOMMENDATION**

That the Audit & Risk Committee recommends to Council the following:

That Council notes the annual financial audit process update as provided in this report to the Audit & Risk Committee.

Cr P Hart moved the Officer's Recommendation.

Clarification was sought.

The motion was put.

#### **OFFICER'S RECOMMENDATION/ARC RES. NO. 21/12/21**

**MOVED** Cr P Hart

That the Audit & Risk Committee recommends to Council the following:

That Council notes the annual financial audit process update as provided in this report to the Audit & Risk Committee.

**MOTION CARRIED 4/0**

**5. OTHER BUSINESS / NEW BUSINESS OF AN URGENT NATURE**

**5.1. Toodyay Community Awake and Aware**

Cr Madacsi updated members of her visit to their recent meeting.

**6. CONFIRMATION OF NEXT MEETING**

The 2022 Schedule of meetings to be held on Wednesdays commencing at 2.00pm are below:

- 2 March 2022
- 1 June 2022
- 7 September 2022
- 7 December 2022

**7. CLOSURE OF MEETING**

The Presiding Member closed the meeting at 2.38pm.



# Attachments to Minutes

**Audit & Risk Committee**

**9 December 2021**

## **MINUTES AND ADDITIONAL INFORMATION**

**2.2 Review of Status Report** **1**

## **OFFICER REPORTS**

**4.1 Risk Management Update** **3**

Risk Dashboard **3**

**4.2 Annual Financial Audit Process Update**

No attachments



**ARC STATUS REPORT**  
**Audit & Risk Committee**

*Supporting Officer*  
*Manager Corporate & Community Services*



Meeting Date	Purpose	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary / Comments made
9/12/2021	4.1 Risk Management Update	That Council notes the risk management update as provided in this report to the Audit & Risk Committee.	ASAP	MCCS	t.b.a.	
9/12/2021	4.2 Annual Financial Audit Process Update	That Council notes the annual financial audit process update as provided in this report to the Audit & Risk Committee.	ASAP	MCCS	t.b.a.	
14/10/2021	7.1 Risk Management Update and Policy Review	That Council: 1. Adopts Policy A.18 Risk Management as attached to this report. 2. Requests the Chief Executive Officer to develop a Risk Management Dashboard in consultation with Local Government Insurance Services for presentation to the Audit and Risk Committee in December 2021.	October 2021	MCCS	26/10/21	COUNCIL RESOLUTION NO. 218/10/21
14/10/2021	7.2. Budget Amendments	That Council adopts the proposed budget amendments as detailed within Attachment 1 and requests the CEO to implement the changes. Resolution No. 219/10/21: That Council adopts the proposed 2021/2022 budget amendments referring to the water expenses at the Toodyay Recreation Centre and capital plant and equipment as detailed within Attachment 1 and requests the CEO to implement the changes.	October 2021	MCCS	26/10/21	COUNCIL RESOLUTION NO. 219/10/21



**ARC STATUS REPORT**  
**Audit & Risk Committee**

*Supporting Officer*  
*Manager Corporate & Community Services*



Meeting Date	Purpose	Resolution	Target date for completion	Actioned by	Completion Date	Meeting Commentary / Comments made
14/10/2021	7.3. Datascape update	That Council notes the update on the transition of the Shire's Enterprise Resource Planning system.	October 2021	MCCS	26/10/21	COUNCIL RESOLUTION NO. 220/10/21
14/10/2021	Meetings in 2022	That Council conduct its Audit & Risk Committee quarterly on the first Tuesday every three months from March to December, commencing at 2.00pm; unless otherwise determined by the Chairperson of the Committee.	Nov 2021	MCCS	23/11/2021	COUNCIL RESOLUTION NO. 240/11/21

## Shire of Toodyay Risk Dashboard Report February 2017

<u>Asset Sustainability practices</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Review and update asset mgt system.</i>	<i>Jun-17</i>	<i>MCS</i>	

<u>External theft &amp; fraud (Inc. Cyber Crime)</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Upgrade to CCTV system</i>	<i>Jun-18</i>	<i>MPD</i>	
<i>Upgrade to Master Key System</i>	<i>Jun-18</i>	<i>MPD</i>	

<u>Business Continuity</u>		Risk	Control
		High	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Continued development of management plans for all Shire reserves</i>	<i>Dec-18</i>	<i>MWS/RMO</i>	
<i>Develop a Inspection Documentation System for Buildings</i>	<i>Jun-17</i>	<i>MPD/BMO</i>	

<u>Management of Facilities / Venues / Events</u>		Risk	Control
		Low	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility	

<u>Failure to fulfil Compliance requirements (statutory, regulatory)</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Compliance calendar</i>	<i>Mar-17</i>	<i>MCS</i>	
<i>Development of intranet</i>	<i>Jun-17</i>	<i>MCS</i>	

<u>IT or communication systems and infrastructure</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Ongoing training for staff including new IT training room</i>	<i>Jun-17</i>	<i>AMCS</i>	
<i>Review of password protocols</i>	<i>Jun-17</i>	<i>AMCS</i>	
<i>Review of spam and malware filtering</i>	<i>Jun-17</i>	<i>AMCS</i>	

<u>Document Management processes</u>		Risk	Control
		High	Inadequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Investigate new electronic document management system</i>	<i>Jun-17</i>	<i>CEO</i>	

<u>Misconduct</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Develop Communications Framework Strategy including Social Media Policy</i>	<i>Jun-17</i>	<i>CEO</i>	

<u>Employment practices</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Complete review of structure, positions descriptions and HR processes including metrics</i>	<i>Jun-17</i>	<i>AMCS</i>	

<u>Project / Change management</u>		Risk	Control
		Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility	
<i>Community Engagement Strategy Plan</i>	<i>Dec-17</i>	<i>MCD</i>	

## Shire of Toodyay Risk Dashboard Report February 2017

<i>Review annual performance appraisal system</i>	<i>Mar-17</i>	<i>AMCS</i>	<i>Adopt a formal project management template/methodology</i>	<i>Jun-17</i>	<i>CEO</i>
<i>Employee relations strategy</i>	<i>Jun-17</i>	<i>AMCS</i>			

<b>Engagement practices</b>		<b>Risk</b>	<b>Control</b>
		<b>High</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	
<i>Develop communications Strategy including social media</i>	<i>Jun-17</i>	<i>CEO</i>	
<i>Media training for senior staff and Councillors</i>	<i>Feb-17</i>	<i>CEO</i>	
<i>Develop new websites for Shire and Visitor Centre</i>	<i>Jun-17</i>	<i>CEO</i>	

<b>Safety and Security practices</b>		<b>Risk</b>	<b>Control</b>
		<b>Moderate</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	
<i>Follow up duress alarms for Library, VC and Museum</i>	<i>Dec-17</i>	<i>MPD</i>	

<b>Environment management</b>		<b>Risk</b>	<b>Control</b>
		<b>Low</b>	<b>Effective</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	
<i>New planning strategy and new local planning scheme</i>	<i>Dec-17</i>	<i>MPD</i>	
<i>Revised heritage policies</i>	<i>Dec-17</i>	<i>MPD</i>	
<i>Revise pest plants local law</i>	<i>Jun-18</i>	<i>MPD</i>	

<b>Supplier / Contract management</b>		<b>Risk</b>	<b>Control</b>
		<b>Moderate</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	
<i>Staff training in Tenderlink</i>	<i>Sep-17</i>	<i>CEO</i>	

<b>Errors, omissions &amp; delays</b>		<b>Risk</b>	<b>Control</b>
		<b>Moderate</b>	<b>Adequate</b>
<b>Current Issues / Actions / Treatments</b>	<b>Due Date</b>	<b>Responsibility</b>	
<i>Development of new communication framework</i>	<i>Feb-17</i>	<i>AMCS</i>	
<i>Launch of new website</i>	<i>Apr-17</i>	<i>CEO</i>	
<i>Review of Policy Manual</i>	<i>Jun-17</i>	<i>AMCS</i>	

To add additional Issues / Actions / Treatments cells, insert a new line, click in the last of the existing cells above and drag down. This will bring the formulas into the new cells.



