

Date: Friday, 31 January 2025

To: Shire President
Deputy Shire President
Councillors
Community



Minutes – Audit, Risk and Improvement Committee Meeting

30 January 2025

A handwritten signature in black ink, appearing to read "Long", is written in a cursive style.

Leonard Long
Chief Executive Officer

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Agenda

1. Declaration of Opening

The Presiding Member declared the meeting open at 4:04pm.

Acknowledgement of Traditional Custodians

We acknowledge and pay our respects to the Traditional Custodians of the land on which we meet and work.

Committee Meetings are public meetings.

Committee Members and staff risk being held personally liable if their comments are defamatory, or breach any duty of confidentiality.

Statements made during Committee Meetings are solely those of the person making them. Nothing expressed at a Committee Meeting can be attributed to the Shire, unless it is adopted by a resolution of Council.

The Confirmed Minutes of a Committee Meeting are the official record of that Committee Meeting. Verbatim Minutes are not required.

May I ask everyone here today, to make sure your mobiles are turned off or on silent for the duration of the Meeting.

This meeting will be audio recorded and made available for public access on the Shire Website.

2. Record of Attendance

2.1 Attendance

Councillors

Shire President
Deputy Shire President
Councillors

Cr Richard Walker
Cr Helen O'Connell
Cr Sarah Alexander
Cr Charles Caldwell
Cr Michael Wright
Cr Darren King
Cr David Inglis

Chief Executive Officer
Manager Financial Services

Leonard Long
Malcolm Armstrong

Observers / Public Members

Nil

2.2 Apologies

Councillors

Cr Philippe Kaltenrieder

Council Officers

Executive Manager Corporate Services Carolyn Mallett

3. Public Question Time

3.1 Public Question Time

Nil

4. Declaration of Interest

4.1 Financial and / or Proximity Interest

Nil

4.2 Disclosure of Impartiality Interest that may cause conflict

Nil

5. Previous Committee Meeting Minutes

5.1 Committee Meeting Minutes – 15 May 2024

Moved: Cr. Alexander Seconded: Cr. O'Connell

Committee Decision ARI 25/01/001

That the minutes of the Audit and Finance Committee Meeting held on 15 May 2024 be confirmed as being a true and accurate record (Attachment 5.1A).

CARRIED 7/0

**For: Cr Walker, Cr O'Connell, Cr Alexander, Cr Inglis, Cr King, Cr Caldwell, Cr Wright
Against: Nil**

6. Reports of Officers

6.1 Corporate Services

6.1.1 Annual Report and Annual Financial Report for 2023/2024	
File Ref:	FM/9/004
Previous Items:	Nil
Applicant:	Nil
Author and Title:	Leonard Long, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Attachment Number:	6.1.1A Annual Report 6.1.1B Financial Report 6.1.1C Independent Auditors Report

Moved: Cr. O'Connell Seconded: Cr. Wright

Committee Decision ARI 25/01/002

That the Audit, Risk and Improvement Committee recommends Council:

- 1. Adopt the 2023/2024 Annual Report including the Annual Financial Report as per attachments 6.1.1A to 6.1.1C, subject to the amendments / corrections identified by Cr O'Connell.**

CARRIED 7/0

**For: Cr Walker, Cr O'Connell, Cr Alexander, Cr Inglis, Cr King, Cr Caldwell, Cr Wright
Against: Nil**

Summary

The purpose of this report is to accept the Shire of Boyup Brook 2023/2024 Annual Report.

The statutory Annual Report is prepared to advise the Community on the activities of the local government. It also contains the audited Annual Financial Report.

Background

The Local Government Act 1995 requires a local government to prepare an Annual Report each financial year.

Following receipt of the Independent Audit Report, Annual Report and Management Report from the Office of the Auditor General, the Annual

Report including the Annual Financial Report has been prepared in accordance with Section 5.54 of the *Local Government Act 1995*.

Report Detail

The Annual Report is an account of the Shire's activities throughout the 2023/2024 financial year and highlights the progression and achievements towards the strategic objective detailed in the Council's Strategic Community Plan 2021 -2031.


Section 5.27 of the Local Government Act requires a general meeting to be held on a day selected by the local government not more than 56 days after the local government accepts the annual report.

The financial report of the Shire for the year ending 30 June 2024, including statements of financial position, comprehensive income, equity changes, cash flows, and financial activity, has been audited and a qualified audit has been provided. The qualified audit has been received for the following reason:

"The Shire did not provide adequate information regarding its biological assets (valued at \$158,702), including year-end stocktake details or movement records. As alternative verification methods were not possible, adjustments to these assets or the net result could not be determined."

Notwithstanding the above the Auditor General was satisfied that the audit was conducted according to Australian Auditing Standards, with sufficient evidence obtained to support the opinion. Further, the audit was based on proper accounts and records and fairly presents the Shire's financial operations and position as at 30 June 2024.

Shire of Boyup Brook Strategic Community Plan 2021 - 2031

	Key Imperatives	Governance and Organisation
	Objective	Demonstrate effective leadership, advocacy and governance
	Outcome	Provide transparent decision making that meets our legal and regulatory obligations, reflects the level of associated risk, and is adequately explained to the community

Other Strategic Links

Nil

Statutory Environment

Local Government Act 1995

Section 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) [Deleted]
 - (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 1994, and
 - (hb) details of entries made under section 5.21 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
 - (iv) Such other information as may be prescribed.

Section 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.

Section 5.55 Notice of annual reports

The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government.

Section 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 a general electors' meeting are to be those prescribed.

Local Government (administration) Regulations 1996

Regulation 15 Matters to be discussed at a general meeting (Act s5.27(3))

For the purpose of section 5.27(3), the matters to be discussed at a general electors' meeting are, firstly, the contents of the annual report for the previous financial year and then any other general business.

Sustainability and Risk Consideration

Economic – (Impact on the Economy of the Shire and Region)

The Annual Report demonstrates to the community sound management of the Shire's resources during the financial year.

Social – (Quality of life to community and / or affected landowners)

Nil

Policy Implications

Nil

Risk Management Implications

Shire of Boyup Brook's commitment to the identification and management of risk that may impact on the achievement of its business objectives.

Risk Level	Comment
High	The preparation and acceptance of an Annual Report is a requirement of the Act, failure to provide an accepted Annual Report will be in direct breach of the Act.

Consultation

- AMD Chartered Accountants
- Office of the Auditor General

Resource Implications

Financial

Nil

Workforce

Nil

End

6.1.2 Audit, Risk and Improvement Committee - Terms of Reference	
File Ref:	FM/9/004
Previous Items:	Nil
Applicant:	Nil
Author and Title:	Carolyn Mallett, Executive Manager Corporate Services
Declaration of Interest:	Nil
Voting Requirements:	Absolute Majority
Attachment Number:	6.1.2A Draft Terms of Reference

Moved: Cr. Caldwell Seconded: Cr. Alexander

Committee Decision ARI 25/01/003

That the Audit, Risk and Improvement Committee recommends Council:

- 1. Adopt the Audit, Risk and Improvement Committee 'Terms of Reference' as present in Attachment 6.1.2A.**

CARRIED 7/0

**For: Cr Walker, Cr O'Connell, Cr Alexander, Cr Inglis, Cr King, Cr Caldwell, Cr Wright
Against: Nil**

Summary

To present the proposed Terms of Reference for the Audit, Risk, and make a recommendation to Council, ensuring compliance with the *Local Government Amendment Act 2024*.

Background

The *Local Government Amendment Act 2024* introduced reforms to the *Local Government Act 1995* requiring all local governments to transition their Audit Committees into Audit, Risk, and Improvement Committees. Key amendments include:

- Expanding the scope of the Committee to include risk management and continuous improvement.
- Mandating an independent chairperson for the Committee.
- Requiring alignment with enhanced governance and accountability measures.

These changes necessitate the establishment of updated Terms of Reference (TOR) to guide the Committee's operations.


Report Detail

The proposed TOR outlines the Committee's objectives, authority, membership structure, roles, responsibilities, and reporting mechanisms. Key elements include:

- Objectives: Oversight of financial reporting, audits, risk management, and continuous improvement initiatives.
- Membership: A minimum of three members, including an independent chairperson in compliance with legislation.
- Responsibilities: Covering financial reporting, risk management, compliance, and governance improvements.
- Meetings: To be held quarterly or as required, with clear requirements for agendas, minutes, and attendance.

The TOR has been drafted to ensure alignment with the legislative changes and to promote best practices in local government governance.

Shire of Boyup Brook Strategic Community Plan 2021 - 2031

	Key Imperatives	Governance and Organisation
	Objective	Demonstrate effective leadership, advocacy and governance
	Outcome	Provide transparent decision making that meets our legal and regulatory obligations, reflects the level of associated risk, and is adequately explained to the community

Other Strategic Links

Nil

Statutory Environment

- *Local Government Act 1995 (as amended by the Local Government Amendment Act 2024)*
- *Local Government (Audit) Regulations 1996*

Sustainability and Risk Consideration

Economic – (Impact on the Economy of the Shire and Region)

Nil

Social – (Quality of life to community and / or affected landowners)

Nil

Policy Implications

Nil

Risk Management Implications

Shire of Boyup Brook's commitment to the identification and management of risk that may impact on the achievement of its business objectives.

Risk Level	Comment
High	Failure to adopt updated TOR risks non-compliance with the legislative requirements.

Consultation

Nil

Resource Implications**Financial**

The appointment of an independent chairperson may incur additional costs, which will be accounted for in the annual budget preparations.

Workforce

Nil

End

6.1.3 Regulation 17 Review	
File Ref:	GO/37/001
Previous Items:	
Applicant:	Nil
Author and Title:	Leonard Long, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirements:	Simple Majority
Attachment Number:	6.1.3A Draft Regulation 17 Review Report

Moved: Cr. King Seconded: Cr. Caldwell

Committee Decision ARI 25/01/004

That Council:

- 1. Receive the Regulation 17 Review Report as presented (Attachment 6.3.1A).**

CARRIED 7/0

For: Cr Walker, Cr O'Connell, Cr Alexander, Cr Inglis, Cr King, Cr Caldwell, Cr Wright
Against: Nil

Summary

This report presents the findings of the Regulation 17 review as required under Regulation 17 of the *Local Government (Audit) Regulations 1996*. The review evaluates the effectiveness of risk management, internal controls, and legislative compliance within the Shire.

Background

In accordance with Regulation 17, the Chief Executive Officer (CEO) is required to conduct a review of the Shire's systems and procedures relating to:

- Risk management.
- Internal control.
- Legislative compliance.

This review assists in ensuring that the Shire operates effectively and in compliance with relevant laws and standards. The review was carried out by DL Consulting and focused on key areas outlined in the regulation

Report Detail

The review assessed the Shire's practices against the framework provided by the Department of Local Government, Sport and Cultural Industries. Key recommendations are summarised below.


Recommendation	Action
(1) That the CEO consider the implementation of a compliance checklist detailing the statutory obligations to be met for complex compliance items identified on the Annual Compliance Calendar	Outstanding
(2) That the CEO implement a process where Government Gazette's are monitored for legislative changes	Outstanding
(3) That the CEO prepare draft Terms of Reference for all Committees of Council for Council to consider	Draft TOR are currently being developed for the various Committees of Council which will be presented to Council for consideration over the coming months.
(4) That the CEO place a priority on the preparation of a Workforce Plan	WF Plan major review commenced 2 years ago. With staff turnover and concurrent review of the LTFP, the WF Plan has not been finalised. IR consultation has taken place. Business Unit Managers are currently re-reviewing each position in line with Workforce Plan and LTFP. WP then to be further developed for finalisation.
(5) That the CEO place a priority on the review of the Long Term Financial Plan	A draft LTFP has been completed, staff are currently working through the document prior to presenting to Council.
(6) That the CEO place a priority on the review of Asset Management Plan(s).	Finance Asset Mgmt - IT Replacement Plan has been discussed with Focus. To be progressed Feb/Mar and developed from recommendations.
(7) That the CEO consider implementing an Internal Control Policy	Policy G16 Internal Control was adopted by Council in October 2024, Res24/10/227

(9) That the CEO consider implementing a Fraud, Corruption and Misconduct Policy	Policy G12 – Fraud and Corruption Control was adopted by Council in March 2024: Res24/03/041
(10) That the CEO consider implementing a Complaints Handling Policy	Outstanding
(11) That the CEO consider implementing a complaints work procedure, which also addresses internal complaints, grievances, confidential and anonymous employee complaints	Outstanding
(12) That the CEO consider implementing a Grievance Policy/Procedure.	Outstanding
(13) That the CEO consider implementing a procedure that relates to Public Interest Disclosures	Outstanding
(14) That the CEO consider implementing a procedure that details the process of handling complaints about elected members under the Official Conduct Rules	Outstanding
(15) That the CEO consider implementing an Elected Members Induction Manual	Completed in 2023
(16) That the CEO consider implementing a Governance Manual that provides guidance on the corporate governance framework that applies to the local government for Elected Members and Staff	In progress
(17) That the CEO consider implementing an internal control requiring the certification of the Monthly Reconciliations Checklist by a relevant line manager	Checklist has been re-drafted, will be reviewed and implemented Feb 2025
(18) That the CEO consider implementing an IT Security Policy and/or an IT Security Procedure.	Focus was engaged to prepare draft IT Security Policy and Procedure. Draft document received 15/01/25. To be reviewed and presented to Council.

(19) That the CEO consider reviewing the security of and access to keys for buildings and plant and equipment	Matter has been corrected by the installation of secure key lockboxes
(20) That the CEO consider undertaking a review of the monthly fuel reconciliation process to ensure the stores system in SynergySoft has been implemented correctly so that fuel issues and receipts are costed to the correct balance sheet accounts, which will ensure fuel stock is reported appropriately	To be implemented in new software on migration to MagiQ which has a dedicated module to record stock. To be implemented May/Jun2025.
(21) That the CEO consider developing a Risk Management System that includes policies, operational procedures and key risk profiles	Outstanding
(22) That the CEO consider developing risk profiles for strategic and operational risks	Outstanding
(23) That the CEO consider the implementation of a Risk Management Framework/Manual that articulates the local governments' risk policies, procedures, profiles appetite and tolerance in a single document	Outstanding
(24) That the CEO consider reviewing the Business Continuity Plan	Review commenced by a consultant previously, however require LTFP to finalise.
(25) That the CEO consider developing a schedule for the Business Continuity Plan testing methods to be undertaken, including IT disaster recovery, and the frequency they are to be performed	BCP testing methods will be undertaken on completion of document. ITDR testing has been operational during 2024 and is scheduled with Focus (IT Consultants) (scheduling is reviewed during Qtly IT Meeting) and is carried out per schedule.
(26) That the CEO evaluate whether there is a need for the Audit Committee to meet more frequently than twice per year	The Terms of Reference now require a AR&IC to meet at a minimum quarterly.

(27) That the CEO consider developing a risk profile for Procurement, Asset Disposal, and Tender Practices	Risk profile to be developed next financial year.
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Shire of Boyup Brook Strategic Community Plan 2021 – 2031

	Key Imperatives	Social and Community
	Outcome	Promote quality education, health, childcare, aged care and youth services.
	Objective	Develop and maintain partnerships with schools and improve support for youth and youth activities.

Other Strategic Links

Nil

Statutory Environment

- *Local Government Act 1995*
- *Local Government (Audit) Regulations 1996*

Sustainability and Risk Considerations

Economic – (Impact on the Economy of the Shire and Region)

Nil

Social – (Quality of life to community and / or affected landowners)

Nil

Policy Implications

Nil

Risk Management Implications

Shire of Boyup Brook's commitment to the identification and management of risk that may impact on the achievement of its business objectives.

Risk Level	Comment
Moderate	The Regulation 17 review report exposes the Shire to significant risks in compliance, governance, financial stability, and community trust.

Consultation

- Audit, Risk and Improvement Committee

Resource Implications

Financial

Nil

Workforce

Nil

End

7. Closure

There being no further business the meeting closed at 4:08pm.

Presiding Member

Date