



# Agenda

Audit And Risk Management Committee Meeting

Tuesday, 21 May 2024

Date:	Tuesday 21 May 2024
Time:	8:30am
Location:	Council Chambers, Onslow Shire Complex. Second Avenue, Onslow
Distribution Date:	Thursday 16 May 2024



**Shire of Ashburton**  
**Audit and Risk Management Committee Meeting**

Please be advised Audit And Risk Management Committee Meeting will be held at 8:30am on Tuesday 21 May 2024 at Council Chambers, Onslow Shire Complex. Second Avenue, Onslow.

A handwritten signature in black ink that reads "Kenn Donohoe".

Kenn Donohoe  
Chief Executive Officer  
16 May 2024

**Disclaimer**

*The recommendations contained in the agenda are subject to confirmation by Council. The Shire of Ashburton warns anyone who has an application lodged with Council must obtain, and should only rely on, written confirmation of the outcomes of the application following the Council meeting, and any conditions attaching to the decision made by Council in respect of the application. No responsibility whatsoever is implied, or accepted, by the Shire of Ashburton for any act, omission, statement, or intimation occurring during a Council meeting.*

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# 1 Declaration of Opening

The Presiding Member declared the meeting open at [enter time](#).

## 1.1 Acknowledgement of Country

As representatives of the Shire of Ashburton Council, we respectfully acknowledge the local Indigenous people, the traditional custodians of this land where we are meeting upon today and pay our respects to them and all their elders past, present and emerging.

# 2 Announcement of Visitors

The Presiding Member welcomed members of the public to the gallery.

# 3 Attendance

## 3.1 Present

Elected Members:	SP A Smith Cr K White Cr R De Pledge Cr M Lynch Cr R Kapor	Shire President  Deputy Shire President, Onslow Ward Ashburton-Tablelands Ward Tom Price Ward Tom Price Ward (Deputy Member)
Employees:	K Donohoe J Sangster C McGurk D Kennedy A Johnston J Bray A Furfaro B Van Rensburg	Chief Executive Officer Deputy Chief Executive Officer Director Community Development Director Corporate Services Manager Media and Communications Manager Governance Governance Officer Council Support Officer
Guests:	<a href="#">Enter names</a>	
Members of Public:	There were <a href="#">enter number</a> members of the public in attendance at the commencement of the meeting.	
Members of media:	There were <a href="#">enter number</a> members of the media in attendance at the commencement of the meeting.	

### **3.2 Apologies**

To be informed at the meeting.

### **3.3 Approved Leave of Absence**

Cr Alana Sullivan                      Paraburdoo Ward                      From 21 May 2024 to 21 May 2024

## **4 Declaration by Members**

### **4.1 Due Consideration by Elected Members to the Agenda**

Elected Members will be requested to note they have given due consideration to all matters contained in this agenda.

### **4.2 Declaration of Interest**

A member who has an Impartiality, Proximity or Financial interest in any matter to be discussed at this meeting must disclose the nature of the interest either in a written notice, given to the Chief Executive Officer, prior to the meeting, or at the meeting immediately before the matter is discussed.

A member who makes a disclosure in respect to an interest must not preside at the part of the meeting which deals with the matter, or participate in, or be present during any discussion or decision-making process relative to the matter, unless the disclosing member is permitted to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

The following declarations of interest are disclosed –

*To be advised at the meeting.*

## **5 Confirmation of Minutes**

### **5.1 Confirmation of Previous Minutes**

#### **5.1.1 Minutes of the Audit and Risk Management Committee Meeting Held on 20 February 2024**

##### **Officer Recommendation**

That the Minutes of the Audit And Risk Management Committee Meeting held 20 February 2024 (Item 5.1.1 Attachment 1) be confirmed as a true and accurate record.

## 6 Public Agenda Items

### 6.1 Audit Log Status Update

<b>File Reference</b>	CM52
<b>Applicant or Proponent(s)</b>	Not Applicable
<b>Author</b>	J Bray, Manager Governance
<b>Authorising Officer</b>	J Sangster, Deputy Chief Executive Officer
<b>Previous Meeting Reference</b>	Audit and Risk Management Committee 20 February 2024 - Item 6.1
<b>Disclosure(s) of interest</b>	Author – Nil
	Authorising Officer – Nil
<b>Attachments</b>	1. Audit Log Pending Items - April 2024

#### Report Purpose

Council is required to review the Audit Log actions.

The purpose of this report is to provide Council oversight of the implementation of actions resulting from internal audits and external reviews.

Council is requested to receive the Audit Log status updates.

#### Background

The Chief Executive Officer (CEO) is required to ensure adequate systems and processes are established for the effective management and control of the Shire.

Internal audits and external reviews are examples of methods Council may use to ensure sound management of the Shire is occurring.

Following the finalisation of an internal audit and/or external review, recommendations are included in the Audit Log to ensure progress is monitored and recorded.

#### Comments

This report covers the period 30 January 2024 to 29 April 2024.

No issues have been closed since the last report due to the vacancy in the Shire's Internal Auditor position.

#### Internal Audit

A summary of the progress on the implementation of internal audit recommendations is provided in the following table.

There are 141 issues open across various processes as of 29 April 2024. All actions for the Building Permit Application Process have been completed therefore, ongoing reporting will cease on this topic.

Internal Audit Topics	Not Started		In Progress		Validated		Total Items		Total Open	
	29 Apr	29 Jan	29 Apr	29 Jan	29 Apr	29 Jan	29 Apr	29 Jan	29 Apr	29 Jan
Review of 2019 FMR	0	0	3	3	1	1	4	4	3	3
Procurement	1	1	1	1	18	18	23	23	5	5
Risk Management	3	3	12	12	4	4	19	19	15	15
Grants Management	10	10	0	0	1	1	11	11	10	10
Records Management [21]	2	2	3	3	10	10	15	15	5	5
Records Management [22]	7	7	6	6	19	19	32	32	13	13
Cyber Security	4	4	16	16	3	3	23	23	20	20
Business Continuity, Disaster Recovery and Incident Management	20	20	3	3	3	3	26	26	23	23
<b>Building Permit Application Process</b>	0	0	0	0	26	26	26	26	0	0
Contract Management	0	0	7	7	10	10	17	17	7	7
Fraud and Corruption	9	9	8	8	10	10	27	27	17	17
Payroll & HR	1	1	5	5	2	2	8	8	6	6
Regulation 17-2023	5	5	12	12	12	12	29	29	17	17
<b>Totals</b>	<b>62</b>	<b>62</b>	<b>76</b>	<b>76</b>	<b>119</b>	<b>119</b>	<b>260</b>	<b>260</b>	<b>141</b>	<b>141</b>

No recommendations have been completed since last reported to the Audit and Risk Management Committee on 20 February 2024.

Financial Audits

A summary of the progress on the implementation of financial audit recommendations is provided in the following table.

There are 15 issues open across various processes as of 29 April 2024.

Internal Audit Topics	Not Started		In Progress		Validated		Total Items		Total Open	
	29 Apr	29 Jan	29 Apr	29 Jan	29 Apr	29 Jan	29 Apr	29 Jan	29 Apr	29 Jan
Financial – 30 June 2016/17/18	0	0	0	0	3	3	3	3	0	0
Financial – 30 June 2019	0	0	0	0	4	4	4	4	0	0
Financial – 30 June 2020	0	0	0	0	5	5	5	5	0	0
Financial – 30 June 2021	1	1	0	0	8	8	9	9	1	1
Financial – 30 June 2022	1	1	0	0	5	5	6	6	1	1
Financial – 30 June 2023	5	5	0	0	0	0	5	5	5	5
IT General Controls 2020/2021 & 2021/22	3	3	5	5	2	2	10	10	8	8
<b>Totals</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>27</b>	<b>27</b>	<b>42</b>	<b>42</b>	<b>15</b>	<b>15</b>

No recommendations have been completed since last reported to the Audit and Risk Management Committee on 20 February 2024.

**Note:** Full Audit Log attached (Attachment 1) shows only the actions pending.

**Consultation**

Nil

**Strategic Community Plan**

Shire of Ashburton Strategic Community Plan 2022-2032

- Strategic Objective      4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
- Strategic Outcome      4.6 Visionary community leadership with sound, diligent and accountable governance
- Strategy                    3 Deliver best practice governance and risk management.

**Council Policy**

Nil

**Financial Implications**

Current Financial Year

Nil



Future Financial Year(s)

Nil

**Legislative Implications**

In accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*, the CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:

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

The CEO is to report to the Audit and Risk Management Committee, the results of each review.

**Risk Management**

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	Compliance failures if areas identified for improvement are not addressed.	Possible (3)	Major (4)	High (10-16)	Implement process improvements as a result of internal audits/external reviews and provide regular progress reporting to the Audit and Risk Management Committee.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be high.

**Voting Requirements**

Simple Majority

**Officer Recommendation**

That with respect to Audit Log Status Update, the Audit and Risk Management Committee recommends that Council, receives the updated Audit Log.

## 6.2 Procurement Internal Audit - February 2024

<b>File Reference</b>	CM52
<b>Applicant or Proponent(s)</b>	Not Applicable
<b>Author</b>	D Weerasingha, Internal Auditor
<b>Authorising Officer</b>	J Sangster, Deputy Chief Executive Officer
<b>Previous Meeting Reference</b>	Ordinary Council Meeting 8 August 2023 - Item 6.2-150/2023 – Strategic Internal Audit Plan
<b>Disclosure(s) of interest</b>	Author – Nil
	Authorising Officer – Nil
<b>Attachments</b>	1. Internal Audit over Procurement - February 2024

### Report Purpose

Internal Audit over Procurement (IOAP) February 2024 has been scheduled to conduct per Strategic Internal Audit Plan in 3<sup>rd</sup> Quarter 2023-2024.

Council is requested to receive the Internal Audit over Procurement (IOAP February 2024 report (refer to Attachment 1).

### Background

The *Local Government (Function and General) Regulation 1996* provides guidelines for local governments in relation to procurement activities. Purchasing activities should align to general principles of transparency, probity, good governance, and compliance.

Last such internal audit had been carried out in 2021 by M/S Moore Australia and issued the report on 22 April 2021.

Objective of IAOP is to assess the adequacy and effectiveness of established controls and compliance with applicable regulations.

### Comments

This report presents the findings of the IAOP of the Shire for the period of 1 July 2021 to 30 November 2023 (referred to as the "engagement period").

The assessment of the adequacy and effectiveness of internal controls were conducted against the procurement control matrix developed by the Department of Local Government, Sport and Cultural Industries. The assessment results are showing under Annexure 1 to the report from page 13 to 25.

Significant findings are listed under finding sections as summarised in below table. Details of findings are showing from page 8 to 13.

The effectiveness of internal controls was evaluated for each finding based on the control's effectiveness matrix provided in the Shire adopted risk management framework showing on page 26.

S/N	Finding	Control Effectiveness	Target Date of Completion
1	Inadequate procurement risk assessment	Adequate	Dec 2024
2	Inadequate quotations	Adequate	June 2024
3	No previous experience records maintained/ considered in evaluation	Adequate	Dec 2024
4	Inadequate financial evaluation in RFT	Adequate	Dec 2024
5	Frequent variations requests	Adequate	Aug 2024
6	Untraceable RFT exemptions	Adequate	Aug 2024
7	Inadequate refresher training	Adequate	Feb 2025

All actions are pending to be completed and target dates to complete are shown above.

Please see the attached full report for complete details on findings, implications, recommendations, agreed corrective actions and target completion date.

**Consultation**

As per the adopted Strategic Internal Audit Plan, the consultation framework is shown below:

Output	IIA Standard	Council	Audit and Risk Management Committee	CEO/ ELT	Audit Sponsor/ Director	Internal Audit
Internal Audit Charter	1000	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Strategic Internal Audit Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Annual Internal Audit Service Delivery Plan	2010	Adopt	Review / Recommend	Consult / Inform	Consult / Inform	Develop
Internal Audit Manual	2040	Adopt	Review / Recommend	Consult / Inform	Inform	Develop
Quality Assurance and Improvement Plan	1300, 1320	Adopt	Review / Recommend	Consult / Inform	N/A	Develop
Annual Internal Audit Status Report	2060	Receive	Review / Recommend	Inform	Inform	Develop / Approve
<b>Audit Engagements</b>						
Planning Memorandum	2200	N/A	N/A	Consult/ Approve	Consult	Develop / Approve
Draft Report	2400	N/A	N/A	N/A	Consult	Develop
Final Report	2400, 2440	Receive	Review / Recommend	Inform	Inform	Develop / Approve

## Strategic Community Plan

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

## Council Policy

[Council Policies » Shire of Ashburton](#)

Nil

## Financial Implications

Current Financial Year

Nil

Future Financial Year(s)

Nil

## Legislative Implications

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* states:

*“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 with the results of those reviews.”*

## Risk Management

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	Compliance failures if areas identified for improvement are not addressed.	Possible (3)	Major (4)	High (10-16)	Implement process improvements as a result internal/external reviews and provide regular progress reporting to the Audit and Risk Management Committee.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be high.

**Voting Requirements**

Simple Majority

**Officer Recommendation**

That with respect to the Procurement Internal Audit – February 2024, the Audit and Risk Management Committee recommends that, Council, receives the report, as detailed in Attachment 1.

### 6.3 Review of Council Policy - Risk Management

<b>File Reference</b>	GV20
<b>Applicant or Proponent(s)</b>	Not Applicable
<b>Author</b>	J Bray, Manager Governance
<b>Authorising Officer</b>	D Kennedy, Director Corporate Services
<b>Previous Meeting Reference</b>	Ordinary Council Meeting 13 December 2022 - Item 12.5 – 171/2022 Ordinary Council Meeting 18 July 2017 – Item 13.6
<b>Disclosure(s) of interest</b>	Author – Nil
	Authorising Officer – Nil
<b>Attachments</b>	1. Council Policy - Risk Management (proposed) 2. Council Policy - Risk Management (current)

#### Report Purpose

It is good governance for Council to regularly review its policies.

The purpose of this report is to provide details of the review of Council Policy – Risk Management that has been undertaken.

Council is requested to adopt the new Council Policy – Risk Management (Attachment 1) which replaces the current policy (Attachment 2) for the reasons set out in this report.

#### Background

Effective risk management is fundamental to the organisation achieving its strategic and operational objectives, and it plays an integral role in day-to-day management and decision making at all levels.

Council's current Risk Management Policy was last reviewed on 13 December 2022.

#### Comments

Effective risk management is integral to shaping the strategic direction of the Shire of Ashburton (the Shire) and contributes to evidence-based decision-making and successful objective attainment. Effective risk management can:

- Safeguard the Shire from strategic threats
- Prevent loss of life or injury
- Safeguard the Shire's reputation
- Protect assets and resources
- Ensure delivery of community services meeting expectations
- Minimise legal liabilities
- Prevent disruption to Shire operations
- Prevent financial losses, including theft and fraud
- Ensure timely, budgeted, and quality project delivery.

Risk management enhances the Shire's performance by identifying and mitigating events/incidents hindering objective achievement. Managing and communicating risks should seamlessly integrate into existing processes and procedures to maximize benefits.

The new Risk Management Policy was developed by the Shire's risk management consultant, Paladin Risk Management Services. The policy has been formatted into the Shire's policy template however, is significantly different from the current policy therefore, no track changes are marked up.

The new policy provides comprehensive overarching guidance to Council and staff and is complemented by Risk Management Procedures (under development), collectively forming the Shire's new Risk Management Framework, which aligns with the AS/NZS ISO 31000:2018 standard. It outlines the role of the Audit and Risk Management Committee and Council in risk management at the Shire.

The adoption of this new Risk Management Policy is one step in the risk management project to implement an effective risk management function at the Shire. Actions to date and next steps are detailed in the table below.

Date	Action
8 April 2024	Draft Risk Management Policy and plans circulated to Executive Leadership Team (ELT) and Middle Management Group (MMG)
16 April 2024	Risk management training session with Council
17 April 2024	Risk management training session with staff
16 May 2024	Risk Management Policy review considered by the Audit and Risk Management Committee and Council
July 2024 (TBC)	Strategic Risk Workshop – ELT
July 2024 (TBC)	Strategic Risk Workshop – Council
July 2024 (TBC)	Enterprise/Operational Risk Workshop/s – ELT, MMG and key staff
20 August 2024	Strategic Risk Plan and Register to be considered by the Audit and Risk Management Committee and Council
September 2024 (TBC)	Enterprise/Operational Risk Plan and Register to be considered by the Chief Executive Officer/ELT

By ingraining risk management principles into the organisation's culture and decision-making processes, the Shire will be better positioned to anticipate, assess, and respond to risks, ensuring its long-term success.

### Consultation

The proposed policy was circulated to the Executive Leadership Team and Middle Management Group for comment.

The policy was also considered by the Shire's (Audit, Risk and Compliance Improvement Technical Advisory Group).

**Strategic Community Plan**

Shire of Ashburton Strategic Community Plan 2022-2032

Strategic Objective	4. Performance - We will lead the organisation, and create the culture, to deliver demonstrated performance excellence to the community.
Strategic Outcome	4.6 Visionary community leadership with sound, diligent and accountable governance
Strategy	3 Deliver best practice governance and risk management.

**Council Policy**

[Council Policies » Shire of Ashburton](#)

The proposed Council Policy – Risk Management will replace the current policy.

**Financial Implications**

Current Financial Year

Nil

Future Financial Year(s)

Nil

**Legislative Implications**

In accordance with section 2.7 of the *Local Government Act 1995*, the Council is responsible for determining the local government’s policies.

**Risk Management**

Risk has been assessed against the Shire of Ashburton Risk Management Framework.

Theme	Risk	Likelihood	Consequence	Inherent Risk Rating	Risk Treatment
Compliance	Policy doesn’t provide sufficient detail to guide staff.	Possible (3)	Minor (2)	Moderate (5-9)	Adopt the proposed policy.

Based on the inherent risk rating and risk treatments, the residual risk to the Shire is considered to be low.

**Voting Requirements**

Simple Majority

**Officer Recommendation**

That with respect to the review of Council Policy – Risk Management, Council, adopts the new Council Policy – Risk Management as detailed in Attachment 1, which replaces the current policy detailed in Attachment 2.



**7 New Business of an Urgent Nature Introduced by Council Decision**

Nil

**8 Confidential Agenda Items**

Nil

**9 Next Meeting**

The next Audit And Risk Management Committee will be held at 8:30am on Tuesday 20 August 2024 at Council Chambers, Onslow Shire Complex, Second Avenue, Onslow.

**10 Closure of Meeting**

There being no further business, the Presiding Member closed the meeting at [enter time](#).