



Shire of Dardanup

A G E N D A

AUDIT & RISK COMMITTEE MEETING

To Be Held

Wednesday, 11th December 2024
Commencing at 2.00pm

At

Shire of Dardanup
ADMINISTRATION CENTRE EATON
1 Council Drive - EATON

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NOTICE OF AN AUDIT & RISK COMMITTEE MEETING

Dear Committee Member

The Audit & Risk Committee Meeting of the Shire of Dardanup will be held on Wednesday 11th December 2024 to be held at the Eaton Administration Centre - commencing at 2.00pm.



MR ANDRÉ SCHÖNFELDT
Chief Executive Officer

Date: 6th December 2024

Note: If interested persons would like to make comment on any items in this agenda, please email records@dardanup.wa.gov.au or hand deliver written comment to the Shire of Dardanup – Administration Centre Eaton, 1 Council Drive, Eaton. To be included in the meeting comments are to be delivered no later than 48 hours prior to the meeting.

The Chief Executive Officer will use his discretion as to whether the written comments are relevant and applicable to the meeting before approving their inclusion in the meeting.

VISION STATEMENT

“Provide effective leadership in encouraging balanced growth and development of the Shire while recognizing the diverse needs of our communities.”

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COMMITTEE MEMBERSHIP:

- CR T GARDINER
- CR. E LILLY
- CR. M HUTCHINSON
- CR. S. GILLESPIE
- CR. J. MANONI

AUDIT & RISK COMMITTEE CHARTER

The Terms of Reference for this Committee are located in the Tardis records system – refer to the following link:
[2023 - ToR - Audit and Risk Committee](#)

COUNCIL ROLE

Advocacy	When Council advocates on its own behalf or on behalf of its community to another level of government / body /agency.
Executive/Strategic	The substantial direction setting and oversight role of the Council eg. Adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.
Legislative	Includes adopting local laws, town planning schemes and policies.
Review	When Council reviews decisions made by Officers.
Quasi-Judicial	<p>When Council determines an application/matter that directly affects a person’s rights and interests. The Judicial character arises from the obligations to abide by the principles of natural justice.</p> <p>Examples of Quasi-Judicial authority include town planning applications, building licences, applications for other permits/licences (eg: under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal.</p>

DISCLAIMER

“Any statement, comment or decision made at a Council or Committee meeting regarding any application for an approval, consent or licence, including a resolution of approval, is not effective as an approval of any application and must not be relied upon as such.

Any person or entity that has an application before the Shire must obtain, and should only rely on, written notice of the Shire’s decision and any conditions attaching to the decision, and cannot treat as an approval anything said or done at a Council or Committee meeting.

Any advice provided by an employee of the Shire on the operation of a written law, or the performance of a function by the Shire, is provided in the capacity of an employee, and to the best of that person’s knowledge and ability. It does not constitute, and should not be relied upon, as a legal advice or representation by the Shire. Any advice on a matter of law, or anything sought to be relied upon as a representation by the Shire should be sought in writing and should make clear the purpose of the request.”

RISK ASSESSMENT

Inherent Risk	The level of risk in place in order to achieve the objectives of the Council and before actions are taken to alter the risk’s impact or likelihood.
Residual Risk	The remaining level of risk following the development and implementation of Council’s response.
Strategic Context	These risks are associated with achieving Council’s long term objectives.
Operational Context	These risks are associated with the day-to-day activities of the Council.
Project Context	<p>Project risk has two main components:</p> <ul style="list-style-type: none"> • Direct refers to the risks that may arise as a result of project, which may prevent the Council from meeting its objectives. • Indirect refers to the risks which threaten the delivery of project outcomes.

RISK CATEGORY CONSEQUENCE TABLE - GUIDELINE

Rating (Level)	Health	Financial Impact	Service Interruption	Legal and Compliance	Reputational	Environmental	Property
Insignificant (1)	Near miss Minor first aid injuries	Less than \$10,000	No material service interruption - backlog cleared < 6 hours	Compliance - No noticeable regulatory or statutory impact. Legal - Threat of litigation requiring small compensation. Contract - No effect on contract performance.	Unsubstantiated, low impact, low profile or 'no news' item. Example: Gossip, Facebook item seen by limited persons.	Contained, reversible impact managed by on site response.	Inconsequential or no damage.
Minor (2)	Medical type injuries	\$10,001 - \$50,000	Short term temporary interruption – backlog cleared < 1 day	Compliance - Some temporary non compliances. Legal - Single minor litigation. Contract - Results in meeting between two parties in which one party expresses concern.	Substantiated, low impact, low news item. Example: Local paper / Industry news article, Facebook item seen by multiple groups.	Contained, reversible impact managed by internal response.	Localised damage rectified by routine internal procedures.
Moderate (3)	Lost time injury <30 days	\$50,001 - \$300,000	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Compliance - Short term non-compliance but with significant regulatory requirements imposed. Legal - Single moderate litigation or numerous minor litigations. Contract - Receive verbal advice that, if breaches continue, a default notice may be issued.	Substantiated, public embarrassment, moderate impact, moderate news profile. Example: State-wide paper, TV News story.	Contained, reversible impact managed by external agencies.	Localised damage requiring external resources to rectify.
Major (4)	Long-term disability/ multiple injuries Lost time injury >30 days	\$300,001 - \$1.5 million	Prolonged interruption of services – additional resources; performance affected < 1 month	Compliance - Non-compliance results in termination of services or imposed penalties. Legal - Single major litigation or numerous moderate litigations. Contract - Receive/issue written notice threatening termination if not rectified.	Substantiated, public embarrassment, high impact, high news profile, third party actions. Example: Australia wide news stories. Regulatory / Political commentary involvement.	Uncontained, reversible impact managed by a coordinated response from external agencies.	Significant damage requiring internal & external resources to rectify.
Catastrophic (5)	Fatality, permanent disability	More than \$1.5 million	Indeterminate prolonged interruption of services – non-performance > 1 month	Compliance - Non-compliance results in litigation, criminal charges or significant damages or penalties. Legal - Numerous major litigations. Contract - Termination of contract for default.	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions. Example: Worldwide news, Focused articles (e.g. 60 minutes). Regulatory / Political oversight and involvement.	Uncontained, irreversible impact.	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment & building.

RISK - LIKELIHOOD TABLE

LEVEL	RATING	DESCRIPTION	FREQUENCY
5	Almost Certain	The event is expected to occur in most circumstances	The event is expected to occur more than once per year
4	Likely	The event will probably occur in most circumstances	The event will probably occur at least once per year
3	Possible	The event should occur at some time	The event should occur at least once in 3 years
2	Unlikely	The event could occur at some time	The event could occur at least once in 10 years
1	Rare	The event may only occur in exceptional circumstances	The event is not expected to occur more than once in 15 years

LEVEL OF RISK GUIDE

CONSEQUENCE		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD		1	2	3	4	5
Almost Certain	5	Moderate (5)	Moderate (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	Moderate (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

SHIRE OF DARDANUP

AGENDA FOR THE SHIRE OF DARDANUP AUDIT & RISK COMMITTEE MEETING TO BE HELD ON WEDNESDAY, 11TH DECEMBER 2024, AT SHIRE OF DARDANUP – EATON ADMINISTRATION CENTRE, COMMENCING AT 2.00PM.

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairperson to declare the meeting open, welcome those in attendance and refer to the Acknowledgement of Country; Emergency Procedures; and the Disclaimer and Affirmation of Civic Duty and Responsibility on behalf of Councillors and Officers:

Acknowledgement of Country

The Shire of Dardanup wishes to acknowledge that this meeting is being held on the traditional lands of the Noongar people. In doing this, we recognise and respect their continuing culture and the contribution they make to the life of this region and pay our respects to their elders, past, present and emerging. The Shire of Dardanup also respects and celebrates all cultures of all our residents and those visitors to our Shire.

Emergency Procedure

In the event of an emergency, please follow the instructions of the Chairperson who will direct you to the safest exit route. Once outside, you will be directed to an appropriate Assembly Area where we will meet (and complete a roll call).

Affirmation of Civic Duty and Responsibility

Councillors and Officers of the Shire of Dardanup collectively declare that we will duly, faithfully, honestly and with integrity fulfil the duties of our respective office and positions for all the people in the district according to the best of our judgement and ability. We will observe the Shire's Code of Conduct and Standing Orders to ensure efficient, effective and orderly decision making within this forum.

2. RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE PREVIOUSLY APPROVED**2.1 Attendance****2.2 Apologies**

3 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

None.

4. PUBLIC QUESTION TIME

None.

5. PETITIONS/DEPUTATIONS/PRESENTATIONS

None.

6. CONFIRMATION OF MINUTES OF PREVIOUS MEETING**6.1 [Minutes - Audit Exit Meeting - November 2024](#)****OFFICER RECOMMENDED RESOLUTION**

THAT the Minutes of the Audit & Risk Committee Meeting held on 13th of November 2024, be confirmed as true and correct subject to no / the following corrections:

7. ANNOUNCEMENTS OF MATTERS FOR WHICH MEETING MAY BE CLOSED**7.1 [Title: Information Systems Security Report](#)**

It is recommended that the Committee go behind closed doors toward the end of the meeting in accordance with Shire of Dardanup Standing Orders & *Local Government Act 1995 Section 5.23 (2) - Matters for Which Meeting May Be Closed*:

Standing Order and the *Local Government Act 1995* provides for the Committee to resolve to close the meeting to the public and proceed behind closed doors for matters:

- S 5.23 (1) Subject to subsection (2), the following are to be open to members of the public-
- (a) all Council meetings; and
 - (b) all meetings of any committee to which a local government power or duty has been delegated.
- (2) If a meeting is being held by a Council or by a committee referred to in subsection (1) (b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following -
- (a) a matter affecting an employee or employees;
 - (b) the personal affairs of any person;
 - (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;
 - (d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;
 - (e) a matter that if disclosed, would reveal -
 - (i) a trade secret;
 - (ii) information that has a commercial value to a person; or
 - (iii) information about the business, professional, commercial or financial affairs of a person,
 where the trade secret or information is held by, or is about, a person other than the local government;
 - (f) a matter that if disclosed, could be reasonably expected to -
 - (i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;
 - (ii) endanger the security of the local government's property; or
 - (iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety;
 - (g) information which is the subject of a direction given under section 23 (1a) of the Parliamentary Commissioner Act 1971; and
 - (h) such other matters as may be prescribed.
- (3) A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.

Note: The Chairperson to advise that the meeting will go behind closed doors toward the end of the meeting to discuss S.5.23 section (2)(f)(ii) a matter that if disclosed, could be reasonably expected to endanger the security of the local government's property.

8. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

None.

9. DECLARATION OF INTEREST

"Members should fill in Disclosure of Interest forms for items in which they have a financial, proximity or impartiality interest and forward these to the Presiding Member before the meeting commences."

Key Management Personnel (which includes Elected Members, CEO and Directors) are reminded of their requirement to disclose biannually transactions between Council and related parties in accordance with Council Policy CP039.

10. REPORTS OF OFFICERS AND COMMITTEES

[10.1 Title: Regulation 17 Triennial Review – December 2024 Update Report](#)

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mrs Natalie Hopkins – Director Corporate & Governance</i>
Reporting Officers	<i>Mrs Donna Bailye – Manager Governance Ms Chantal Shorter – Acting Corporate Excellence & Compliance Officer</i>
Legislation	<i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i>
Council Role	<i>Legislative.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>Confidential Attachment A – Under Separate Cover - 2023/2024 Regulation 17 Review Report Appendix AAR: 10.1 - Risk Assessment</i>

Overview

The purpose of this report is to provide the Audit and Risk Committee with an update on the findings from the audit undertaken in February 2024 pursuant to Regulation 17 of the *Local Government (Audit) Regulations 1996*.

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee recommend that Council:

- 1. Receive the December 2024 update report on the implementation of actions required from the findings of the 2023/2024 Regulation 17 Review.**
- 2. Note that finding 2.2.1 and 2.2.2 will not be completed by the target date of 31st of December 2024 and grant an extension until 30th of April 2025.**

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Background

Local Government (Audit) Regulations 1996, Regulation 17 prescribes a number of matters that are to be reviewed by a local governments audit committee. These matters are in relation to:

- a) Risk management,
- b) Internal control; and
- c) Legislative compliance.

In February 2024, AMD Chartered Accountants (AMD) conducted an external Regulation 17 Review (the ‘review’) with the scope of work based on the [Local Government Operational Guidelines - Number 09](#) (refer pages 17-19 of the guideline). In addition, management included in the review an audit of the preparedness of the local government in terms of mitigating cyber security risks, with particular focus on the recently adopted Cyber Security Framework.

The review was for the 3-year period ended 31st of December 2023.

A copy of the audit report from AMD (refer Confidential Attachment A under separate cover) was presented to the Audit and Risk Committee on the 13th of March 2024. The audit report contained four (4) minor findings and one (1) moderate finding for consideration, together with management’s response on how these findings will be actioned.

The committee through Council endorsement, requested an update of the actions from the findings to be presented to each future committee meeting until resolved [OCM 94-24].

In addition, the endorsed 2024 Annual Audit Work Plan for the committee, provides the following schedule for the Regulation 17 Triennial Review:

AUDIT AND RISK COMMITTEE – 2024 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	13 Mar 24	* Apr/ May 24	12 Jun 24	11 Sep 24	11 Dec 24
7. Regulation 17 Triennial Review (report Due: March 2024)					
To consider the CEO’s triennial review on risk management, internal control, and legislative compliance.	● <i>Completed</i>				
Set the action plan arising from auditor recommendations from the Regulation 17 review.	● <i>Completed</i>				
Receive an update on the action plan arising from auditor recommendations from the 2023-2024 Regulation 17 review (until all action items are completed).			● <i>Completed</i>	● <i>Completed</i>	● <i>This meeting</i>

This report has been compiled in direct response to Council resolution [OCM 94-24], together with the above schedule, to provide members of the committee with an update on the progression of the actions required from the findings of the AMD audit report.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996 (as Amended):

Reg 17. CEO to review certain systems and procedures

- (1) *The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —*
 - (a) *risk management; and*
 - (b) *internal control; and*
 - (c) *legislative compliance.*

- (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
- (3) *The CEO is to report to the audit committee the results of that review.*

Reg 16. Functions of audit committee

An audit committee has the following functions —

- (c) *to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to*
- (i) report to the council the results of that review; and*
 - (ii) give a copy of the CEO's report to the council;*

Council Plan

13.1 - Adopt best practice governance.

13.2 - Manage the Shire's resources responsibly.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

This is the third 'update' report to be received by the Audit and Risk Committee on the progress of the findings resulting from the Regulation 17 Review undertaken in February 2024.

Budget Implications

Staff time is the only resource requirement needed to implement the findings from the Regulation 17 Review. This remains in accordance with existing staff budgetary allocation.

Future Regulation 17 Reviews will be provided for as an expenditure allocation under Audit Fees in the annual budget relating to the financial year of review.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

- Shire of Dardanup Risk Management Governance Framework (which incorporates AP023 Risk Management Policy and PR036 Risk Management Procedure).
- CnG CP304 – Fraud, Corruption and Misconduct.
- Delegation 1.3.9 Audit – CEO Review of Systems and Procedures.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.1) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.					
Risk Event	Regulation 17 Triennial Review – December 2024 Update Report				
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)				
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.				
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.				
Risk Category Assessed Against	<table border="0"> <tr> <td>Legal and Compliance</td> <td>Failure to fulfil obligations pursuant to the <i>Local Government (Audit) Regulations 1996</i>, Regulation 17.</td> </tr> <tr> <td>Reputational</td> <td>Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.</td> </tr> </table>	Legal and Compliance	Failure to fulfil obligations pursuant to the <i>Local Government (Audit) Regulations 1996</i> , Regulation 17.	Reputational	Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.
Legal and Compliance	Failure to fulfil obligations pursuant to the <i>Local Government (Audit) Regulations 1996</i> , Regulation 17.				
Reputational	Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.				

Officer Comment

The findings and status from the 2023/2024 Regulation 17 Review report are summarised in the table below:

Ref	Issue	Risk Rating	Responsible Officer	Proposed Completion Date	Status
2 Risk Management					
2.2.1	Testing of Disaster Recovery Plan	Moderate	Manager Information Services	31 December 2024	In Progress
2.2.2	Bushfire Management Plan	Low	Director Sustainable Development	31 December 2024	In Progress
3 Internal Controls					
3.2.1	Daily Banking Procedure	Low	Manager Governance	30 April 2024	Completed
3.2.2	Purchase Orders	Low	Manager Financial Services	30 April 2024	Completed
3.2.3	Grant – Contract Liabilities Register	Low	Manager Financial Services	30 April 2024	Completed
4 Legislative Compliance					
No findings to report in respect to the Shire’s legislative compliance.					

Management will continue to progress towards completing the outstanding actions (refer items 2.2.1 and 2.2.2) by the proposed completion dates.

In accordance with Council resolution 94-24, “an update of the actions required from the findings of the Regulation 17 Audit will be presented to each future Audit and Risk Committee meeting until resolved”.

10.2 Title: Confirmation of Completed Committee Responsibilities for 2024

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mrs Natalie Hopkins – Director Corporate & Governance</i>
Reporting Officers	<i>Mrs Donna Bailye – Manager Governance</i> <i>Ms Chantal Shorter – Acting Corporate Excellence and Compliance Officer</i>
Legislation	<i>Local Government Act 1995</i>
Council Role	<i>Legislative.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>AAR 10.2A – 2024 Annual Audit Work Plan</i> <i>AAR 10.2B– Risk Assessment</i>

Overview

To provide Council, through the Audit and Risk Committee, with annual confirmation of the responsibilities that have been completed in accordance with the Audit and Risk Committee Charter and subsequent 2024 Annual Audit Work Plan.

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee:

- 1. Receive this report providing an update on the Audit and Risk Committee’s responsibilities in accordance with the 2024 Annual Audit Work Plan.**
- 2. Recommends that Council grant an extension for the testing of the Business Continuity Plan to be completed by August 2025.**

Change to Officer Recommendation

No Change. **OR:**

As per *Local Government (Administration) Regulations 1996* 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Background

In June 2020, the Auditor General released the ‘Western Australian Public Sector Audit Committees - Better Practice Guide’ as a beneficial resource to state and local governments when further developing the role of audit committees. The Guide takes into consideration the relevant functions, responsibilities, and associated activities that a committee will undertake and has been a resourceful guide when reviewing the Charter of the Audit and Risk Committee of Council.

The Charter, which incorporates the Terms of Reference, Instrument of Appointment and Annual Audit Work Plan template, was endorsed by Council on 18th October 2023 [Res 253-23].

The 2024 Annual Audit Work Plan (Appendix: AAR 10.2A) that assists and guides the committee on the functions, roles and responsibilities that are undertaken throughout 2024, was endorsed by Council on 13 December 2023 [Res 310-23].

The following committee operation function is noted within the 2024 Annual Audit Work Plan:

AUDIT AND RISK COMMITTEE – 2024 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	13 Mar 24	* Apr/ May 24	12 Jun 24	18 Sep 24	11 Dec 24
1. Committee Operation					
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.					● <i>This meeting</i>

This report has been compiled in response to the above committee operation function and seeks a direct decision from the Council on the responsibilities that have been completed in accordance with the 2024 Annual Audit Work Plan.

Legal Implications

Local Government Act 1995

7.1A. Audit committee

- (1) *A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) *The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required.*

- (3) *A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) *An employee is not to be a member of an audit committee.*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

Council is required to confirm annually the Audit and Risk Committee responsibilities that have been completed. This function was previously considered at the 13th December 2023 Ordinary Council Meeting [310-23].

Budget Implications

This confirmation is administered through staff time which is supported by the salaries and wages budget specific to the Corporate and Governance directorate.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

- *Audit and Risk Committee Charter*
- *Western Australian Public Sector Audit Committees – Better Practice Guide*

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.2B) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Confirmation of Completed Committee Responsibilities for 2024
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance Not confirming the committee’s responsibilities that have been completed, would not be in line with the recommendations from the Auditor General’s publication (Better Practice Guide), or the Audit and Risk Committee Charter.
	Reputational Council’s reputation could be seen in a negative light for not adhering to the functions of the Charter or the Better Practice Guide.

Officer Comment

- *Committee Meetings 2024*

The committee have officially met on the following five (5) occasions throughout 2024:

13th March 2024

- 12th June 2024
- 18th September 2024
- 13th November 2024 (Audit Exit Meeting)
- 11th December 2024 (this Meeting)

In addition, the Audit Entrance Meeting was held on 17th April 2024 (via the Microsoft Teams application) with the Audit and Risk Committee Acting Chairperson, Audit and Risk Committee Proxy for the Deputy Chairperson, Moore Australia representative, OAG representative and Management.

- *Committee Members*

The following table demonstrates the members of the Audit and Risk Committee during 2024, together with their term and appointment details.

Councillor Name	Role	Resolution	Term
Cr. E Lilly	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
	Chairperson	AAR 20-11-2023 Item 3.1	
Cr. M Hutchinson	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
	Deputy Chairperson	AAR 20-11-2023 Item 3.2	
Cr. T Gardiner	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
Cr. S Gillespie	Voting Member	SCM 25-10-2023 Res 263-23	October 2023 to October 2025
Cr. J Manoni	Voting Member	SCM 25-10-2023 Res 263-23 * AAR 20-11-2023 Res AAR 25-23 * correction to SCM Minutes	October 2023 to October 2025

Following on from the ordinary elections held in October 2023 and the subsequent appointment of incoming committee members, the Chairperson and Deputy Chairperson for the succeeding two-year term were appointed at the 20th November 2023 Audit and Risk Committee meeting.

- *Confirmation of completed committee responsibilities.*

The following table provides the 2024 Annual Audit Work Plan that was endorsed for the period January 2024 to December 2024, and also provides management's response on the completion of these functions.

AUDIT AND RISK COMMITTEE – 2024 ANNUAL AUDIT WORK PLAN							
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	13 Mar 24	Audit Entrance 17 Apr 24	12 Jun 24	18 Sep 24	Audit Exit 13 Nov 24	11 Dec 24	Management Response
1. Committee Operation							
Biennial review of the Charter (Terms of Reference). <i>Next Due 2025.</i>	Not applicable – next due 2025						
Agree on the 2025 annual audit work plan; and set priority areas for the coming year.						✓ Res: Pending	This function is occurring at this committee meeting
Annual confirmation that all						✓ Res: Pending	This function is

AUDIT AND RISK COMMITTEE – 2024 ANNUAL AUDIT WORK PLAN							
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	13 Mar 24	Audit Entrance 17 Apr 24	12 Jun 24	18 Sep 24	Audit Exit 13 Nov 24	11 Dec 24	Management Response
responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes delivered during the period.							occurring at this committee meeting
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2025.</i>	Not applicable – next due 2025						
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2025.</i>	Not applicable – next due 2025						
2. Risk Management							
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 28-06-2023 [Res 168-23]	Not applicable – next due 2026						
Receive the biannual dashboard report			✓ Res: AAR 08-24			✓ Res: Pending	Completed
3. Legislative Compliance							
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	✓ Res: AAR 04-24						Completed
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	✓ Res: AAR 04-24			✓ Res: AAR 17-24			Completed
4. Internal Audit							
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				✓ Res: AAR 16-24			Completed
5. Financial Reporting							
Consider and recommend adoption of the Annual Financial Report to Council.						✓ Res: Pending	This function is occurring at this committee meeting
6. External Audit (OAG)							
* Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		✓ Nil Minutes					Completed Microsoft Teams Meeting held 17-04-2024 with Proxy Chair, Deputy Chair, Moore Australia representative, OAG representative & Management
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with					✓ Res: AAR 22-24		Completed

AUDIT AND RISK COMMITTEE – 2024 ANNUAL AUDIT WORK PLAN							
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	13 Mar 24	Audit Entrance 17 Apr 24	12 Jun 24	18 Sep 24	Audit Exit 13 Nov 24	11 Dec 24	Management Response
management and adequacy of management responses.							
Examine the reports of the auditor to – i.) determine if any matters raised require action to be taken by the local government; and ii.) ensure that appropriate action is taken in respect of those matters.						✓ Res: Pending	This function is occurring at this committee meeting
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					✓ Res: AAR 22-24		Completed
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	✓ Res: AAR 03-24		✓ Res: AAR 07-24	✓ Res: AAR 14-24		✓ Res: Pending	Completed
7. Regulation 17 Triennial Review (report next Due: March 2024)							
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	✓ Res: AAR 02-24						Completed
Set the action plan arising from auditor recommendations from the Regulation 17 review.	✓ Res: AAR 02-24						Completed
Receive an update on the action plan arising from auditor recommendations from the 2023-2024 Regulation 17 review (until all action items are completed).			✓ Res: AAR 09-24	✓ Res: AAR 13-24		✓ Res: Pending	Completed
8. Financial Management Systems Triennial Review (report next Due: March 2025)							
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	Not Applicable – next due 2025						
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2025						
Receive an update on the action plan arising from auditor recommendations from the Financial Management Systems Review.	Not Applicable – next due 2025						
9. Governance Health & Financial Sustainability Review							
To consider the Governance Health and Financial Sustainability Review, and report to the Council the results of that review when undertaken.	Discretionary item – next due for consideration 2027-2028						
Set the action plan arising	Discretionary item – next due for consideration 2027-2028						

AUDIT AND RISK COMMITTEE – 2024 ANNUAL AUDIT WORK PLAN							
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	13 Mar 24	Audit Entrance 17 Apr 24	12 Jun 24	18 Sep 24	Audit Exit 13 Nov 24	11 Dec 24	Management Response
from the recommendations from the review.							
Receive an update on the action plan arising from the recommendations from the review.							Discretionary item – next due for consideration 2027-2028
Undertake an independent external assessment of the Committee. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.							Discretionary item – next due for consideration 2027-2028
10. Information Systems Security Audit							
Receive the audit report arising from the 2 yearly Information Systems Security Audit. <i>Report Next Due: 31-12-2024</i>						✓ Res: Pending	This function is occurring at this committee meeting
Set the action plan arising from the recommendations from the Information Systems Security Audit. <i>Report Next Due: 31-12-2024</i>						✓ Res: Pending	This function is occurring at this committee meeting
Receive an update on the action plan arising from the recommendations from the 2024 Information Systems Security Audit.							Not Applicable – next due 2025
11. Business Continuity Plan (report next Due: September-2024)							
To consider the Business Continuity Plan (including disaster recovery) review every 2 years (or after a major event or incident). Current Plan reviewed: EMT 27-09-2022						✓ Res: Pending	This function is occurring at this committee meeting
Receive a summary report on the testing of the Business Continuity Plan after each test exercise.						✓ Deferred to 30-08-25	Deferred to 30-08-25

* A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2025 that serves as an audit entrance meeting with Council's appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.

END REPORT

10.3 Title: 2025 Annual Audit Work Plan

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mrs Natalie Hopkins – Director Corporate & Governance</i>
Reporting Officers	<i>Mrs Donna Bailye – Manager Governance</i> <i>Ms Chantal Shorter – Acting Corporate Excellence and Compliance Officer</i>
Legislation	<i>Local Government Act 1995</i>
Council Role	<i>Executive/Strategic.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>AAR 10.3 Risk Assessment</i>

Overview

This report to the Audit and Risk Committee provides members with the Annual Audit Work Plan for 2025 for their consideration and subsequent recommendation to Council.

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee recommends that Council receive and endorse the 2025 Annual Audit Work Plan.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Background

In accordance with section 7.1A of the *Local Government Act 1995* Council has established an Audit and Risk Committee. The Audit and Risk Committee operates in accordance with all relevant provisions of the Act and the *Local Government (Audit) Regulations 1996* and the *Local Government (Administration) Regulations 1996*.

Since the emergence of Regulation 17 of the *Local Government (Audit) Regulations 1996*, the operation of the Audit and Risk Committee has been expanded to not only support the local government in effective financial management but also to provide effective corporate governance. This is achieved through the review of systems and procedures in place relating to risk management, internal control, and legislative compliance.

To assist and guide the Audit and Risk Committee on the functions, roles and responsibilities that are undertaken in a calendar year, and in accordance with the committee Charter, an Annual Audit Work Plan has been developed.

This report presents to the committee the proposed 2025 Annual Audit Work Plan. The Reporting Officer is seeking the committee's endorsement of this plan.

Legal Implications

Local Government Act 1995

7.1A. Audit committee

- (1) A local government is to establish an audit committee of 3 or more persons to exercise the powers and discharge the duties conferred on it.*
- (2) The members of the audit committee of a local government are to be appointed* by the local government and at least 3 of the members, and the majority of the members, are to be council members.*

** Absolute majority required.*

- (3) A CEO is not to be a member of an audit committee and may not nominate a person to be a member of an audit committee or have a person to represent the CEO as a member of an audit committee.*
- (4) An employee is not to be a member of an audit committee.*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

This is the fifth Annual Audit Work Plan to be considered by the Audit and Risk Committee.

Budget Implications

Setting the Annual Audit Work Plan for the Audit and Risk Committee is administered through staff time which is supported by the salaries and wages budget specific to the Corporate and Governance directorate.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance - None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.3) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	2025 Annual Audit Work Plan.
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance Not considering the Annual Work Plan would not be in line with the Audit and Risk Committee Charter.</p> <p>Reputational Council’s reputation could be seen in a negative light for not adhering to the Audit and Risk Committee Charter.</p>

Officer Comment -

The following Terms of Reference within the Audit and Risk Committee Charter instructs that:

“A forward annual work plan will be agreed by the Committee each year. The forward annual work plan will cover all Committee responsibilities as detailed in this ToR”.

The Charter provides a template to assist and guide the committee on the functions and roles and responsibilities that may be undertaken in a calendar year. Staff have used this template as a guideline and the proposed ‘Annual Audit Work Plan’ for the calendar year January 2025 to December 2025 is presented as follows:

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
1. Committee Operation					
Biennial review of the Charter (Terms of Reference). <i>Next Due 2025.</i>	This will be considered at OCM pre-election date.				
Agree on the annual audit work plan; and set priority areas for the coming year.					●
Annual confirmation that all responsibilities outlined in the Charter have been carried out. The annual confirmation will be reported through to Council and will include information about the Committee and the outcomes					●

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
delivered during the period.					
New members are briefed on their appointment to assist them to meet their Committee responsibilities. <i>Next Due 2025.</i>					●
Appointment of Presiding Member and Deputy Presiding Member. <i>Next Due 2025.</i>					●
2. Risk Management					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 28-06-2023 [Res 168-23]	Not applicable – next due 2026				
Receive the biannual dashboard report			●		●
3. Legislative Compliance					
Review the annual Compliance Audit Return (CAR) and report to the Council the results of that review.	●				
Receive the biannual compliance report resulting from the Compliance Manual (incorporating the annual calendar).	●			●	
4. Internal Audit					
Review annually the internal audit annual work plan, including any reports produced as part of special assignments undertaken by internal audit.				●	
5. Financial Reporting					
Consider and recommend adoption of the Annual Financial Report to Council.					●
6. External Audit (OAG)					
Audit Entrance Meeting with Chair and Deputy Chair as representatives of the Audit and Risk Committee, Management and Council Auditors.		*			

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
To meet with the auditor, at least once per year without management present (closed door session). The Committee will discuss matters relating to the conduct of the audit, including any difficulties encountered, restrictions on scope of activities or access to information, significant disagreements with management and adequacy of management responses.					●
Examine the reports of the auditor to – iii.) determine if any matters raised require action to be taken by the local government; and iv.) ensure that appropriate action is taken in respect of those matters.					●
Audit Exit Meeting with Audit and Risk Committee, Management and Council Auditors. To meet with the auditor, once in each year and provide a report to Council on the matters discussed and the outcome of those discussions.					●
To consider that relevant mechanisms are in place to review and implement, where appropriate, issues raised in OAG better practice guides and performance audits of other State and local government entities.	●		●	●	●
7. Regulation 17 Triennial Review (report next Due: March 2027)					
To consider the CEO's triennial review on risk management, internal control and legislative compliance.	Not applicable – next due 2027				
Set the action plan arising from auditor recommendations from the Regulation 17 review.	Not applicable – next due 2027				
Receive an update on the action plan arising from auditor recommendations from the 2024 Regulation 17 review (until all action items are completed).	●		●	●	●

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
Receive an update on the action plan arising from auditor recommendations from the 2027 Regulation 17 review (until all action items are completed).	Not applicable – next due 2027				
8. Financial Management Systems Triennial Review (report next Due: March 2025)					
To consider the Financial Management Systems Review required every three years under Regulation 5 of the Local Government (Financial Management) Regulations 1996, and report to Council the results of that review.	●				
Set the action plan arising from auditor recommendations from the Financial Management Systems Review.	●				
Receive an update on the action plan arising from auditor recommendations from the 2025 Financial Management Systems Review.			●	●	●
9. Governance Health & Financial Sustainability Review					
To consider the Governance Health and Financial Sustainability Review, and report to the Council the results of that review when undertaken.	Discretionary item – next due for consideration 2027-2028				
Set the action plan arising from the recommendations from the review.	Discretionary item – next due for consideration 2027-2028				
Receive an update on the action plan arising from the recommendations from the review.	Discretionary item – next due for consideration 2027-2028				
Undertake an independent external assessment of the Committee. This assessment may be included in the scope of the Governance Health and Financial Sustainability Review.	Discretionary item – next due for consideration 2027-2028				
10. Information Systems Security Audit (report next Due: December 2026)					
Receive the audit report arising from the 2 yearly Information Systems Security Audit. <i>Report Next Due: 31-12-2026</i>	Not Applicable – next due 2026				
Set the action plan arising from the recommendations from the Information Systems Security	Not Applicable – next due 2026				

AUDIT AND RISK COMMITTEE – 2025 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	12 Mar 25	* Apr/ May 25	11 Jun 25	10 Sep 25	10 Dec 25
Audit. <i>Report Next Due: 31-12-2026</i>					
Receive an update on the action plan arising from the recommendations from the 2024 Information Systems Security Audit.	●				
Receive an update on the action plan arising from the recommendations from the 2026 Information Systems Security Audit.	Not Applicable – next due 2026				
11. Business Continuity Plan (report next Due: December 2026)					
To consider the Business Continuity Plan (including disaster recovery) review every 2 years (or after a major event or incident). Current Plan reviewed: Audit and Risk Committee December 2024 Res Pending	Not Applicable – next due 2026				
Receive a summary report on the testing of the 2024 Business Continuity Plan after each test exercise.				●	
Receive a summary report on the testing of the 2026 Business Continuity Plan after each test exercise.	Not Applicable – next due 2026				

** A minimum of four meetings per annum is required, however an additional meeting may be scheduled for April/May 2025 that serves as an audit entrance meeting with Council’s appointed Auditors, Chair and Deputy Chair as representatives of the Audit and Risk Committee and management.*

END REPORT

10.4 Title: Biannual Risk Management Dashboard Report

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mrs Natalie Hopkins – Director Corporate & Governance</i>
Reporting Officers	<i>Mrs Donna Bailye – Manager Governance Ms Chantal Shorter – Acting Corporate Excellence & Compliance Officer</i>
Legislation	<i>Local Government Act 1995 and Local Government (Audit) Regulations 1996, Regulation 17</i>
Council Role	<i>Legislative.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>Confidential Attachment B – Under Separate Cover – Biannual Risk Dashboard Report AAR: 10.4 – Risk Assessment</i>

Overview

The purpose of this report is to present the biannual Risk Management Dashboard Report (Confidential Attachment (B) – Under Separate Cover) to the Audit and Risk Committee for consideration.

OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee recommend that Council receive the biannual Risk Management Dashboard Report for this reporting period, and as provided for in the Confidential Attachment (B) provided Under Separate Cover.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Background

In March 2023 Council, through the Audit and Risk Committee, adopted the revised Risk Management Governance Framework (the Framework) for the Council. The Framework has been developed to connect all of the risk management processes and methodologies and to clearly articulate the appetite for risk. This ensures Council's commitment to meeting its compliance obligations pursuant to the *Local Government (Audit) Regulations 1996*, Regulation 17.

A reporting requirement of the Framework specifies that every six (6) months, the Audit and Risk Committee is to receive a Risk Dashboard Report. The Dashboard summarises the risks of Council and provides the treatment plans (actions) that have been identified by management to improve certain key control ratings.

This requirement is further prescribed as a committee objective in the Terms of Reference, together with the committee's 2024 Annual Audit Work Plan, as shown below:

- Terms of Reference
 - 5.8 *To consider the Shire of Dardanup Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness and progress on the relevant action plans biannually.*
- 2024 Annual Audit Work Plan

AUDIT AND RISK COMMITTEE – 2024 ANNUAL AUDIT WORK PLAN					
FUNCTIONS, RESPONSIBILITIES & ASSOCIATED ACTIVITIES	13 Mar 24	* Apr/ May 24	12 Jun 24	11 Sep 24	11 Dec 24
2. Risk Management					
To consider the Risk Management Governance Framework (once in every 3 years) for appropriateness and effectiveness. Current Framework adopted: OCM 28-06-2023 [Res 168-23]	Not applicable – next due 2026				
Receive the biannual dashboard report			● Completed		● This meeting

This report has been compiled in direct response to the Framework reporting requirements, Terms of Reference for the committee, and the 2024 Annual Audit Work Plan for the committee.

The Reporting Officer is seeking Council's endorsement, through the Audit and Risk Committee, of the biannual Risk Management Dashboard Report.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, Regulation 17:

17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

Council Plan

13.1 - Adopt best practice governance.

13.2 - Manage the Shire's resources responsibly.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

The Audit and Risk Committee have been presented with Risk Management Dashboard Report's at the following meetings:

Committee Meeting Date	AAR Resolution Number
4 th December 2019	AAR 05-19
3 rd June 2020	AAR 14-20
7 th December 2020	AAR 26-20
16 th June 2021	AAR 08-21
1 st December 2021	AAR 31-21
8 th June 2022	AAR 09-22
7 th December 2022	AAR 27-22
14 th June 2023	AAR 10-23
6 th December 2023	AAR 33-23
12 th June 2024	AAR 08-24

Budget Implications

As part of the Corporate Excellence and Compliance Officer role, regular reporting of the Risk Management Governance Framework is essential. Therefore, the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost - None.

Council Policy Compliance

Risk Management Governance Framework

- *Administration Policy AP023*
- *Procedure PR036*
- *Australian Standard AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines*

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR 10.4) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Biannual Risk Management Dashboard Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	<p>Legal and Compliance Failure to fulfil compliance obligations pursuant to the Local Government (Audit) Regulations 1996, Regulation 17.</p> <p>Reputational Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.</p>

Officer Comment

It is essential to monitor and review the management of risks, as changing circumstances may result in some risks increasing or decreasing in significance.

The Risk Management Dashboard Report for this reporting period (Confidential Attachment B – Under Separate Cover) summarises the risks of Council and provides the treatment plans (actions) that have been identified by management to improve certain key control ratings. Typically, these control ratings have been identified as inadequate and a treatment plan (action) has been determined to improve the control effectiveness to at least adequate.

The Dashboard focuses on both the inherent risk and the residual risk, together with a spider graph that highlights the impact of the controls against the residual risk.

To provide a comparison between reporting periods, table 1 below indicates that there are currently 19 treatments/action plans in place/proposed, compared to 19 last reporting period. 2 new treatments have been added, with 3 being completed in the last 5 months. As treatments are cleared or completed, they are removed from the Dashboard.

Table 1 – Treatment Plan Summary

(Last reporting period)			(This reporting period)		
Total	Completed	In Progress	Total	New	In Progress
19	3	16	17	2	19

The Dashboard also provides an indication of the value of the combined controls in mitigating levels of risk. This is summarised by the overall control rating (how effective the controls in place are operating) and the overall risk rating (the determined level of risk). From the last reporting period, there remains no change to the Overall Control Rating or the Overall Risk Rating. In summary, the Dashboard demonstrates that 10 combined controls are rated as ‘Adequate’ and 6 are rated as ‘Effective’.

The Audit and Risk Committee can expect the next Risk Dashboard Biannual Report at the committee meeting scheduled for June 2025.

10.5 Title: Western Australian Auditor General – Schedule of Reports

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mrs Natalie Hopkins – Director Corporate and Governance</i>
Reporting Officer	<i>Mrs Donna Bailye – Manager Governance</i>
Legislation	<i>Local Government Act 1995 Local Government (Audit) Regulations 1996</i>
Council Role	<i>Executive/Strategic.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>AAR: 10.5A – Risk Assessment AAR: 10.5B – Report 07 WA Student Assistance Payments – Controls Review</i>

Overview

This report provides the Audit and Risk Committee with a schedule of Western Australian Auditor General Reports that have been released since the June 2024 committee meeting.

AUDIT & RISK COMMITTEE - OFFICER RECOMMENDED RESOLUTION

THAT the Audit and Risk Committee recommend that Council receive the December 2024 report on the Western Australian Auditor General – Schedule of Reports.

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Background

The *Local Government Amendment (Auditing) Act 2017* was proclaimed on the 28th of October 2017. The purpose of the Act was to make legislative changes to the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General.

The Act also provides for a category of audits known as ‘performance audit reports’ which examine the economy, efficiency, and effectiveness of any aspect of a local government’s operations. The findings of these audits are likely representative of issues in other local government entities that were not part of the sample. In addition, the Auditor General releases ‘guides’ to help support good governance within a local government’s operations.

The Auditor General encourages all entities, not just those audited, to periodically assess themselves against the risks and controls noted in each of the performance audit reports and guides when published. Testing our performance against the Auditor General findings and reporting the outcomes to the Audit and Risk Committee can be viewed as a vital component of managing compliance reporting under Regulation 17.

Legal Implications

Local Government Act 1995

Local Government (Audit) Regulations 1996, r17

Reg 17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government’s systems and procedures in relation to —*
 - (a) risk management; and*
 - (b) internal control; and*
 - (c) legislative compliance.*
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.*
- (3) The CEO is to report to the audit committee the results of that review.*

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

The Audit and Risk Committee previously received a report at the September 2024 meeting that responded to the reports released by the OAG from the end of May 2024 to August 2024.

Budget Implications

As part of the Corporate Excellence & Compliance Officer role, regular monitoring and assessment of reports released by the OAG is deemed a matter of good governance and a vital component of managing compliance under Regulation 17. Therefore, the cost to Council is through staff time and the usage of IT/Software systems where applicable.

Budget – Whole of Life Cost

As no assets/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.5A) for full assessment document.

Tier 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Western Australian Auditor General – Schedule of Reports
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance Not considering the risks, controls and recommendations arising from the Auditor General’s report could have an impact on Council not meeting its compliance requirements.
	Reputational Council’s reputation could be seen in a negative light for not adhering to its requirement to fulfil duties and functions that are prescribed in legislation.

Officer Comment

Council staff take an active approach by reviewing each ‘Issue’, ‘Finding’ and ‘Recommendation’ as contained in any report released by the OAG to benchmark against Council’s own internal controls and processes working towards an industry ‘best practice standard’. Identifying relevant messages and opportunities from these reports leads to continuous improvement and informed decision making.

Since the last committee meeting, there has been one (1) report released by the OAG that is of interest to the local government sector. The report is reflected in the table below together with officer comment:

DATE	REPORT NO	REPORT	APPENDIX
27 November 2024	07	Financial Report <i>WA Student Assistance Payments – Controls Review</i>	AAR: 10.5B

- *Report 7-2024: WA Student Assistance Payment – Controls Review*

The State Government announced in March 2024 the Western Australia Student Assistance Payment (WASAP) scheme. The grant payment involved a rapid roll-out, within one month of the State Government announcement and within 5 months of the Department of Education initially commencing preparing for it. The Department of Education was the lead agency responsible for administering the payment.

The OAG Financial Audit report focused on the management and control systems associated with the WASAP, specifically evaluating its processes, controls, and data integrity. Whilst the Audit was centred on a specific state funded program, there are lessons and best practices that the Shire of Dardanup can learn from the report.

One of the key learnings from the report was the Departments oversight and monitoring – which resulted in the establishment of governance structures with clear responsibilities to drive accountability and delivery.

Whilst the Shire payments to individuals and organisations through its current Community Grants is not at the volume of the State WASAP scheme, the Shire currently has policies in place (SDev CP033 – Educational Donations & Personal Development Grants and SDev CP044 – Community & Events Grants) and the report highlights the need to ensure that these are regularly reviewed and align with Councils objectives. *For transparency and fairness, and in accordance with Council Policy SDev CP033, the Community Grants Scheme (Level 2 and 3) are presented to Council for endorsement; Level 1 grants are assessed by the Manager Community Development and Director Sustainable Development and referred to the Chief Executive Officer for determination under the delegation of Council.*

Approval for Council payments is in accordance with purchasing limits set through the adopted Delegations Register, as delegated by Council to the Chief Executive Officer. The Shire ensures compliance to Council Policy CP034 Procurement Policy, and CP035 Payment of Accounts Policy to effectively manage its systems and procedures by regularly reviewing its compliance environment and having proper authorisation controls and separation of duties in making payment to third parties. The effectiveness of Council's systems, compliance and internal controls was evident in the recent 2024 Audit Regulation 17 Review outcomes, presented to the Audit & Risk Committee in March 2024, that showed a positive result for the review.

Conclusion

The OAG report review process will continue to be applied to future reports and guides released by the Auditor General. The analysis of these reports provides Council with a greater level of confidence in internal control practices and processes throughout Council operations.

END REPORT

10.6 Title: 2023-24 Annual Financial Report

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mrs Natalie Hopkins – Director Corporate and Governance</i>
Reporting Officer	<i>Mrs Natalie Hopkins – Director Corporate and Governance</i>
Legislation	<i>Local Government Act 1995</i>
Council Role	<i>Executive/Strategic.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>AAR 10.6A – 2023/24 Annual Financial Report AAR 10.6B – Risk Assessment</i>

Overview

This report presents the Annual Financial Report for the 2023/24 financial year to the Audit and Risk Committee and Council for consideration and adoption.

OFFICER RECOMMENDED RESOLUTION

THAT the Audit & Risk Committee recommends that Council receive the Shire of Dardanup 2023/24 audited Annual Financial Statements for the financial year ended 30th of June 2024 (Appendix AAR: 10.6A).

Change to Officer Recommendation

No Change. **OR:**

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Background

Section 6.4 of the *Local Government Act 1995* requires a Local Government to prepare an Annual Financial Report each financial year. This report has been audited and is provided as (Appendix AAR: 10.6A).

The Annual Financial Report has been prepared in accordance with the *Local Government (Financial Management) Regulations 1996* and includes the following:

- Statement by the Chief Executive Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Statement of Financial Activity;
- Notes to and forming Part of the Financial Statements; and
- Independent Auditor's Report.

In accordance with section 5.53 of the *Local Government Act 1995*, the 2023/24 Annual Financial Report forms part of the Annual Report.

The adoption of the Annual Financial Report by Council allows for the adoption of the Annual Report and the holding of the Annual Electors Meeting which is proposed to be held on Wednesday 29th of January 2025, commencing at 6.00pm in the Eaton Council Chambers, following the completion of the monthly Council meeting.

Legal Implications

Local Government Act 1995

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 —*
 - (f) *the financial report for the financial year; and*

6.4. *Financial Report*

- (1) *A local government is to prepare an annual financial report for the preceding financial year and such other financial reports as are prescribed.*
- (2) *The financial report is to —*
 - (a) *be prepared and presented in the manner and form prescribed; and*
 - (b) *contain the prescribed information.*
- (3) *By 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor —*
 - (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.*

Local Government (Financial Management) Regulations 1996

4. *AAS, effect of*

- (1) *These regulations are in addition to and not in derogation of the requirements of the AAS.*
- (2) *If a provision of the AAS is inconsistent with a provision of these regulations, the provision of these regulations prevails to the extent of the inconsistency.*

- (3) *All words in the Act or these regulations that import revenue or expenditure are to be interpreted to permit compliance with the requirements of the AAS.*

5A. Local governments to comply with AAS

Subject to regulation 4, 17A and 36A, the annual budget, annual financial report and other financial reports of a local government must comply with the AAS.

R36. Content of annual financial report

- (1) *The annual financial report must—*
- (a) *include a statement setting out all movements of money to and from reserve accounts that has not been included in the income statement but that has been included in the statement of financial activity; and*
 - (b) *include the net current assets carried forward from the previous financial year for the purpose of the budget of the financial year to which the report relates; and*
 - (c) *include the net current assets shown in the audited annual financial report for the previous financial year; and*
 - (d) *include, or be accompanied by a note containing, a summary explaining the composition of the net current assets referred to in paragraphs (b) and (c); and*
 - (e) *include, if the net current assets referred to in paragraph (b) is different from the net current assets referred to in paragraph (c), the amount of that difference; and*
 - (f) *include notes or statements containing the information set out in regulations 37 to 48.*
- (2) *The detail included under subregulation (1)(b), (c) and (d) must be structured in the same way as the detail included in the annual budget under regulation 31(1) and (3)(a).*
- (3) *The annual financial report must include the following —*
- (a) *the statement of financial activity included under regulation 22(1)(d) in the annual budget for the year to which the report relates;*
 - (b) *adjacent to each item in that statement of financial activity that states an amount, the end-of-year amount for the item;*
 - (c) *adjacent to each item in the income statement that states an end-of-year amount, the original budget estimate for the item;*
 - (d) *adjacent to each item, required by a provision of these regulations listed in the Table, that states an end-of-year amount, the original budget estimate for the item.*

Table

<i>r. 36(1)(a)</i>	<i>r. 38(1)(b), (c) and (e)</i>
<i>r. 39(a), (b)(v), (d)(iv) and (e)(v)</i>	<i>r. 42(a) to (d)</i>
<i>r. 43(a), (b) and (c)(i) and (ii)</i>	<i>r. 44(a) to (c)</i>
<i>r. 48(d)(i) and (vii) and (f)(ii) to (v)</i>	

- (4) *Any information relating to exclusions from the calculation of a budget deficiency that is included in the annual financial report must be structured in the same way as the corresponding information included in the annual budget.*

R36A. *Class 3 or 4 local governments do not need to comply with certain AAS in annual financial report*

R37. *Trust fund, information about in annual financial report*

R38. *Information about reserve accounts in annual financial report*

- R39. Information about rates in annual financial report
[40, 41. Deleted: SL 2023/106 r. 23.]
- R42. Information about discounts, incentive schemes and concessions in annual financial report
- R43. Information about interest in annual financial report
- R44. Information about fees, expenses and allowances in annual financial report
[45-47. Deleted: SL 2023/106 r. 23.]
- R48. Information about borrowings in annual financial report
[49. Deleted: SL 2023/106 r. 25.]
[50. Deleted: SL 2022/88 r. 10.]
- R51. Annual financial report declaration to be signed by CEO

Council Plan

13.1 - Adopt best practice governance.

14.2 - Ensure equitable, inclusive and transparent engagement and decision- making.

Environment - None.

Precedents

Each year the Council is required to receive the audited Annual Financial Report.

Budget Implications

The Annual Financial Report is produced internally, and the preparation and printing costs are incorporated within the staffing, printing and stationery budgets. The Annual Financial Report presents the financial performance for the past financial year and is scrutinised by an independent auditor to ensure compliance with legislation and accounting standards. The financial impact upon the current financial year is that the audited net current assets position becomes the actual brought forward surplus/(deficit) for the Statement of Financial Activity.

Budget – Whole of Life Cost

As no asset/infrastructure is being created, there are no whole of life costs relevant to this item.

Council Policy Compliance

Compliance to Administration Policy AP008 Material Accounting Policy (*previously known as 'AP008 Significant Accounting Policy'*).

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.6B) for full assessment document.

TIER Choose an item.	
Risk Event	2023-2024 Annual Financial Report
Inherent Risk Rating (prior to treatment or control)	Low (1 - 4)
Risk Action Plan (treatment or controls proposed)	As the Inherent Risk Rating is below 12, this is not applicable.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Legal and Compliance Legal and Compliance - Risk of Council breaching the Local Government Act 1995

TIER Choose an item.	
	– Risk that the audited 2023/24 Annual Financial Report is not received by Council.

Officer Comment

The 2023/24 Annual Financial Report has been produced in accordance with the *Local Government Act 1995, Local Government (Financial Management) Regulations 1996*, and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Annual Financial Statements for the year ended 30th of June 2024 have been completed and have been audited by the Office of the Auditor General (OAG) appointed auditors, Moore Australia (WA). The Auditor General have issued an unqualified Audit Report (Appendix AAR: 10.6A). The Independent Auditor's Report is shown following page 42 of the Annual Financial Report and will form part of the Annual Report scheduled to be adopted at the Ordinary Council meeting on 18th December 2024.

The financial statements include the Index of Notes to the Finance Report, which can be found on page 8 of the Annual Financial Report. Other changes relating to reduced Disclosure elements are summarised below.

- *Initial Application of Accounting Standards*

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- *AASB 2021-2 Amendments to Australian Accounting Standards
Disclosure of Accounting Policies or Definition of Accounting Estimates*

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

The adoption of these standards had no material impact on the financial report.

- *New Accounting Standards for Application in Future Years*

The following new accounting standards will have application to local government in future years:

- *AASB 2014-10 Amendments to Australian Accounting Standards
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards
Classification of Liabilities as Current or Non-Current*
- *AASB 2021-7c Amendments to Australian Accounting Standards
Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred
AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- *AASB 2022-5 Amendments to Australian Accounting Standards
Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards
Non-current Liabilities with Covenants*

It is not expected these standards will have an impact on the financial report.

- *AASB 2022-10 Amendments to Australian Accounting Standards
Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- *AASB 2023-1 Amendments to Australian Accounting Standards
Supplier Finance Arrangements*

These amendments may result in additional disclosures in the case of applicable finance arrangements.

Prior year AASB changes continue to impact Council's financial resources significantly and are summarised below.

- *AASB 15 Revenue from Contracts with Customers*
AASB 15 Revenue from Contracts with Customers required Council to assess grant and other revenue for which there is a future contract performance obligation.
- *AASB 16 Leases*
Recognition of Council's Lease Liability has meant the vast majority of existing leases now require Council to capitalise each lease from the date of adopting the new standard, or on commencement of a new lease. The accounting treatment requires Council to measure and record the lease liability of all Leases at the present value of the future lease payments (using a discount rate) and recognise a corresponding right-of-use (ROU) asset which is depreciated over the life of the ROU asset (i.e. 'over the life of the lease').
- *AASB 1058 Income of Not-for-Profit Entities*
Similar to *AASB 15*, *AASB 1058 Income of Not-for-Profit Entities* is about deciding which accounting period various items of revenue belong to. As per prior audited financial statements, Council has continued to recognise rates received in advance as 'Prepaid Rates' and revenue received in advance 'Prepaid Revenue' in the Statement of Financial Position.

- *Local Government Reform*

The Local Government Reform Bill 2023, passed through Parliament in early 2023, delivering the 'first tranche' of changes - one of the most significant changes to the local government sector across Western Australia in 25 years. The reforms were aimed at ensuring local governments better serve residents and ratepayers and were crafted in consultation with the local government sector.

Clear and accurate financial management and reporting is critical for public confidence in local government. As a result of the 'first tranche' reforms, changes have been made to the *Local Government (Financial Management) Regulations 1996* and the *Local Government (Audit) Regulations*. These amendments were incorporated into the 2022/23 financial statements and were welcomed particularly by smaller local governments as they reduced financial reporting obligations, and standardised annual financial statements for Bands 3 and 4.

The 2023/24 financial statements reflect the Departments model incorporating updated definitions and terminology as used in the Australian Accounting Standards, and reporting by Nature. Figures presented in the in the annual financial report are rounded to the nearest dollar (except for the rate in the dollar).

Another significant change from the 'first tranche' of reform includes the changes to the *Local Government (Administration) Regulations 1996* meant that information regarding trading undertakings, major land transactions and completed major land transactions be provided in the annual report.

The 'second tranche' of legislation reform will focus on the establishment of the new Local Government Inspectors and Monitors to handle complaints, manage investigations and coordinate proactive resolutions of significant problems, identified within local governments. Early intervention and oversight reforms will also be supported in the 'second tranche', including new transparency and decision-making reforms.

- Local Government Financial Index Ratios

The DLGSC has been working with stakeholders and local government experts since 2019 with an aim to update the financial metrics reporting on the MyCouncil website. Recently, the Department has designed a new Local Government Financial Index (LGFI) which will provide insights about local government financial positions, based on annual financial year reporting. The LGFI will consist of four ratios:

- Debt Services Cover Ratio;
- Current Ratio;
- Operating Surplus Ratio; and
- Net Financial Liability Ratio.

The updated point-in-time reporting of liquidity, solvency and financial flexibility for the LGFI will be released shortly by the Department, and a 2-year trial of the LGFI has been endorsed by the Minister for Local Government.

To commence this trial, the Western Australian Treasury Corporation (WATC) and DLGSC have compiled 5 years of financial reporting data to create LGFI workbooks for each local government, with an LGFI result for each financial year from 2018/19 to 2022/23.

- Financial Summary

As at 30th of June 2024, Council's Equity (Total Assets *minus* Total Liabilities) decreased by \$1,318,288 from \$282,482,106 to \$281,163,818. The decrease in Total Equity is primarily due to a higher retained surplus and higher net reserve transfers in 2023/24 than the previous financial year. Reserve balances were lower in 2023/24 primarily due to the draw down from the Building Maintenance Reserve for the Library, Administration and Community Building Project.

There was no asset revaluation carried out in 2023/24, noting that Councils assets are required to be revalued no more than every 5 years in accordance with the *Local Government (Financial Management) Regulations 1996*.

Council's carry forward surplus at 30th of June 2024 is \$684,593. This was against the forecast budgeted carry forward surplus in the 2024/25 annual budget of \$652,816. The favourable variance of \$31,777 has been updated in the current end of year forecast. The total carry forward surplus amount equates to approximately 1.3% of total adopted budgeted expenditure for 2023/24.

In summary, the Shire of Dardanup is in a sound financial position.

This result is directly attributed to:

1. Comprehensive integrated financial planning model;
2. Commitment to investment in infrastructure asset renewal;
3. Cash backed funding model for future asset obligations; and
4. Structured planning for all borrowings.

I would like to take the opportunity to thank all Corporate & Governance staff for their efforts and high service standard during the year under review.

Council is requested to consider and receive the audited Annual Financial Statements for the 2023/24 financial year.

END REPORT

10.7 Title: Review of Business Continuity Plan

Reporting Department	<i>Sustainable Development Directorate</i>
Responsible Officer	<i>Mr Ashwin Nair - Director Sustainable Development</i>
Reporting Officer	<i>Mr Stephen Loiterton – Coordinator Health, Emergency and Ranger Services</i>
Legislation	<i>Local Government Act 1995</i>
Council Role	<i>Executive/Strategic.</i>
Voting Requirement	<i>Simple Majority.</i>
Attachments	<i>AAR 10.7A – Draft Business Continuity Plan AAR 10.7B – Risk Assessment</i>

Overview

The current Business Continuity Plan was put in place in September 2020, with a planned review date of October 2022. A review was conducted recently and is ready for approval.

OFFICER RECOMMENDED RESOLUTION

THAT the Audit & Risk Committee recommends that Council receive the draft Shire of Dardanup Business Continuity Plan (Appendix AAR: 10.7A).

Change to Officer Recommendation

No Change. OR:

As per Local Government (Administration) Regulations 1996 11(da) Council records the following reasons for amending the Officer Recommended Resolution:

Background

The current plan was original adopted by Council at the Ordinary Council Meeting held 1st November 2017 (Council Resolution 286-17). Subsequent reviews were conducted in 2018, 2019 and 2021. The plan was exercised in October 2022.

Legal Implications

There is no legislative requirement for the Shire to have a Business Continuity Plan, however, it is seen to be best practice to ensure the ongoing delivery of critical services and activities while impacted by an incident.

Council Plan

7.1 - Minimise risks and impacts from fires, floods, heat waves, and other natural disasters.

Environment - None.

Precedents

The current Business Continuity Plan was initially put in place per resolution 286-17 and updated several times.

Budget Implications

The plan has been reviewed in-house, as it has previously, and is expected to be the case in the future.

Budget – Whole of Life Cost - None.

Council Policy Compliance – None.

Risk Assessment

The Risk Management Governance Framework has been considered in arriving at the officer recommendation. Please refer to (Appendix AAR: 10.7B) for full assessment document.

TIER 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
Risk Event	Review of Business Continuity Plan
Inherent Risk Rating (prior to treatment or control)	Moderate (5 - 11)
Risk Action Plan (treatment or controls proposed)	The highest risk is high. Putting in place the revised plan will reduce the risk to acceptable levels.
Residual Risk Rating (after treatment or controls)	As the Inherent Risk Rating is below 12, this is not applicable.
Risk Category Assessed Against	Service Interruption Retaining the old plan poses an unacceptable risk
	Legal and Compliance Not updating the plan presents a moderate risk.
	Legal and Compliance Not updating the plan presents a moderate risk
	Reputational Not updating the plan presents a moderate risk

TIER 2 – ‘Low’ or ‘Moderate’ Inherent Risk.	
	Property Not updating the plan presents a moderate risk

Officer Comment

The plan has been customised to reflect the Shire’s priorities, stakeholder expectations and existing capabilities. Senior Shire staff were involved in the review of the plan.

In substance the plan has changed little. There has been rationalisation of content, and update of information to reflect the current situation (most notably the contact lists).

The current plan is written in such a way as to provide checklists and prompts, with space to write key information has the events unfold as the organisation copes with an interruption caused by a significant incident. This was a notable strength of the plan. The review kept this feature of the plan.

END REPORT

11. ELECTED MEMBER MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

None.

12. NEW BUSINESS OF AN URGENT NATURE

[Please Note: This is Not General Business – This is for Urgent Business Approved By the Person Presiding or by Decision. In cases of extreme urgency or other special circumstance, matters may, with the consent of the person presiding, or by decision of the members present, be raised without notice and decided by the meeting.]

13. MATTERS BEHIND CLOSED DOORS
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It is recommended that the following item be heard behind closed doors.

Shire of Dardanup Standing Orders & Local Government Act 1995 Section 5.23 - Matters for Which Meeting May Be Closed:

Standing Order and the Local Government Act 1995 provides for Council to resolve to close the meeting to the public and proceed behind closed doors for matters:

- | |
|---|
| <p><i>S 5.23 (1) Subject to subsection (2), the following are to be open to members of the public-</i></p> <ul style="list-style-type: none"> <i>(a) all Council meetings; and</i> <i>(b) all meetings of any committee to which a local government power or duty has been delegated.</i> <p><i>(2) If a meeting is being held by a Council or by a committee referred to in subsection (1) (b), the Council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following -</i></p> <ul style="list-style-type: none"> <i>(a) a matter affecting an employee or employees;</i> <i>(b) the personal affairs of any person;</i> <i>(c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;</i> <i>(d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;</i> <i>(e) a matter that if disclosed, would reveal -</i> <ul style="list-style-type: none"> <i>(i) a trade secret;</i> <i>(ii) information that has a commercial value to a person; or</i> <i>(iii) information about the business, professional, commercial or financial affairs of a person,</i>
<i>where the trade secret or information is held by, or is about, a person other than the local government;</i> <i>(f) a matter that if disclosed, could be reasonably expected to -</i> <ul style="list-style-type: none"> <i>(i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;</i> <i>(ii) endanger the security of the local government's property; or</i> <i>(iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety;</i> <i>(g) information which is the subject of a direction given under section 23 (1a) of the Parliamentary Commissioner Act 1971; and</i> <i>(h) such other matters as may be prescribed.</i> <p><i>(3) A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.</i></p> |
|---|

OFFICER RECOMMENDED RESOLUTION

THAT in accordance with the Local Government Act 1995, S 5.23, section (2)(e)(iii) the Audit and Risk Committee goes Behind Closed Doors [time] to discuss a matter that if disclosed, a matter that if disclosed, could be reasonably expected to endanger the security of the local government's property.

13.1 Title: Information Systems Security Report

Reporting Department	<i>Corporate & Governance Directorate</i>
Responsible Officer	<i>Mrs Natalie Hopkins – Director Corporate & Governance</i>
Reporting Officer	<i>Mr Chris Murray - Manager Information Services</i>
Legislation	<i>Local Government Act 1995</i>
Council Role	<i>Executive/Strategic.</i>
Voting Requirement	<i>Simple Majority.</i>

REPORT UNDER SEPARATE COVER

Note: In accordance with the Local Government Act 1995 5.23 (2) this report is not available to the public. The Chairperson tables the confidential report on this matter and provides copies to each elected member. The report will be located in the Records Management System of the Council.

OFFICER RECOMMENDED RESOLUTION

THAT the Audit & Risk Committee return from Behind Closed Doors [time].

Note: *In accordance with Standing Order 5.2(6) the Presiding Officer, may cause the motion passed by the Audit & Risk Committee whilst behind closed doors to be read out.*

14. CLOSURE OF MEETING

The date of the next Audit & Risk Committee Meeting will be Wednesday, 12th of March 2025.

There being no further business the Chairperson to declare the meeting closed.