



SHIRE OF  
**DOWERIN**  
TIN DOG TERRITORY

# MINUTES

## Audit & Risk Committee Meeting

Held in Council Chambers  
13 Cottrell Street, Dowerin WA 6461  
17 July 2023

ABN: 35 939 977 194

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Shire of Dowerin  
Audit & Risk Committee Meeting  
17 July 2023



**1. Official Opening**

The Chair welcomed those in attendance and declared the Meeting open at 11.03am.

**2. Record of Attendance / Apologies / Leave of Absence**

**Committee Members:**

Cr RI Trepp	President & Chair
Cr BA Ward	
Cr NP McMorrان	
Mr D Armstrong	Via MS Teams

**Staff:**

Ms R McCall	Chief Executive Officer
Mr A Wooldridge	Deputy Chief Executive Officer, via MS Teams
Ms L Dreghorn	Executive & Governance Officer

**Apologies:** Mrs T Jones

**Approved Leave of Absence:** Nil

**Request for Attendance via MS Teams**

In accordance with Regulation 14A of the *Local Government (Administration) Regulations 1996* Mr D Armstrong and Mr A Wooldridge has requested attendance at this Audit & Risk Committee Meeting via MS Teams.

**Voting Requirements**

Simple Majority  Absolute Majority

**Officer's Recommendation/Resolution**

**Moved:** Cr Trepp **Seconded:** Cr McMorrان

**0803** That, pursuant to Regulation 14A of the *Local Government (Administration) Regulations 1996*, the Committee:

1. Approves Mr D Armstrong's and Mr A Wooldridge's attendance at the 17 July 2023 Audit & Risk Committee Meeting via MS Teams; and
2. Approves Mr D Armstrong's office and Mr A Wooldridge's home office as a suitable place for attendance.

**CARRIED 3/0**

11.04am – Mr D Armstrong joined the meeting via MS Teams.

**3. Public Question Time**

Nil

**4. Disclosure of Interest**

Nil

**5. Confirmation of Minutes of the Previous Meeting(s)**

5.1 Audit & Risk Committee Meeting held on 13 March 2023  
**Attachment 5.1A**

**Voting Requirements**



Simple Majority



Absolute Majority

**Officer's Recommendation/Resolution - 5.1**

**Moved:** Cr McMorran

**Seconded:** Cr Trepp

**0804** That, in accordance with Sections 3.18 and 5.22(2) of the *Local Government Act 1995*, the Minutes of the Audit & Risk Committee Meeting held on 13 March 2023, as presented in Attachment 5.1A, be confirmed as a true and correct record of proceedings.

**CARRIED 4/0**

**6. PRESENTATIONS**

Nil

11.19am - Mr A Wooldridge joined the meeting via MS Teams.

## 7. OFFICER'S REPORTS

### 7.1 Risk Dashboard Quarterly Report – June 2023

<h1>Governance &amp; Compliance</h1>		 SHIRE OF <b>DOWERIN</b> TIN DOG TERRITORY
<b>Date:</b>	10 July 2023	
<b>Location:</b>	Not Applicable	
<b>Responsible Officer:</b>	Rebecca McCall, Chief Executive Officer	
<b>Author:</b>	As Above	
<b>Legislation:</b>	<i>Local Government Act 1995</i>	
<b>Sharepoint Reference:</b>	Compliance/Risk Management/Reporting	
<b>Disclosure of Interest:</b>	Nil	
<b>Attachments:</b>	<a href="#">Attachment 7.1A</a> - Risk Dashboard Quarterly Report – June 2023	

#### Purpose of Report



Executive Decision



Legislative Requirement

#### Summary

This Item presents the Risk Dashboard Quarterly Review to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

#### Background

The Shire of Dowerin's Risk Management Policy, in conjunction with the Risk Management Framework, sets out the Shire's approach to the identification, assessment, management and monitoring of risks.

Appropriate governance of risk management within the Shire provides:

1. Transparency of decision making;
2. Clear identification of the roles and responsibilities of the risk management functions; and
3. An effective governance structure to support the Risk Management Framework.

The Audit & Risk Committee has a role to play and its responsibilities include:

1. Regular review of the appropriate and effectiveness of the Risk Management Framework;
2. Support Council to provide effective corporate governance;
3. Oversight of all matters that relate to the conduct of external audits; and
4. Must be independent, objective and autonomous in deliberations.

It is essential to monitor and review the management of risks as changing circumstances may result in some risks increasing or decreasing in significance. By regularly reviewing the effectiveness and efficiency of controls and appropriateness of treatment/action options selected, it can be determined if the organisation's resources are being put to the best use possible. During the

quarterly reporting process, management are required to review any risks within their area and follow up controls and treatments/actions that are mitigating those risks.

### Comment

The reviewed Risk Dashboard is included as an Attachment for Council's perusal and comment. Due to no Audit and Risk Committee meeting schedule until June 2023 the Risk Dashboard will be presented at the next Audit and Risk Committee meeting for noting.

The following comments against current actions are noted:

#### **Asset Management**

Action: Update RAMM annually

Comment: Schedule to upload in July 2023.

KPI: Accidents/Damage to Property Result 7 for quarter, worsening.

#### **Business Disruption**

Action: Development of IT Disaster Recovery Plan

Comment: Deferred until DCEO has reviewed IT Systems and Controls

KPI: LEMC meetings 3, Improving

KPI: LEM annual exercise 1, Improving

#### **Compliance**

Action: Review of Information Management System

Comment: Commenced; Expected to be finalised September 2023

Action: Audit Finding 30 June 2022 – Action of Findings

Comment: Fair value of land & buildings & infrastructure assets to be assessed June 2023

Action: Review Human Resource Management Framework

Comment: Progressing; Extended completion to December 2023 due to other priorities

#### **Document Control**

Action: Review SharePoint System

Comment: Stage 1, completed.

KPI: Record Keeping Plan; Compliant

#### **Employment Practices**

Action: Review of Staff Induction process

Comment: Completed

Action: Develop Health & Wellbeing Plan

Comment: Implementing 2023/24 Plan

Action: Review Workforce Plan

Comment: Review underway, deferred to allow new CEO input.

KPI: Absenteeism Personal Leave (greater than 10 days per FTE)

Comment: Rated for the 2021/22 with a result of 32%; leave policy introduced to improve rating, KPI to be reviewed to consider tolerance and measure

KPI: Absenteeism Unpaid Leave (greater than 0 days per FTE)

Comment: Rated for the 2021/22 with a result of 41%; leave policy introduced to improve rating, KPI to be reviewed to consider tolerance and measure

KPI: Employee Turnover (% Turnover of Permanent Staff)

Comment: KPI to be reviewed to consider tolerance and measure

#### **Engagement Practices**

Action: Review Community Complaints, Feedback & Request Handling Process

Comment: Extended completion to December 2023 due to other priorities

Action: Review Process for Customer Response Requests

Comment: Extended completion to December 2023 due to other priorities .

### **Environmental Management**

Action: Address Compliance of Waste Water Re-Use

Comment: Recycled Water Quality Management Plan draft submitted to DoH for comment.

### **External Theft & Fraud**

Action: Review security and storage of records

Comment: Last reviewed August 2022; next due August 2023

Action: Document Financial Management System

Comment: Commenced, expected to finalise in December 2023

KPI: Number of Cyber Breaches

Comment: 0 breaches

KPI: Number of Incidents of Theft or Fraud

Comment: 0 incidents

KPI: Passwords Changed Quarterly

Comment: 100% compliant

### **Management of Facilities/Venues/Events**

Action: Develop Event Management Framework

Comment: EMP in place, framework ongoing, extended due date to December 2022

Action: Create Inspection and Maintenance Schedules for Event Equipment

Comment: Extend to October 2023 due to other priorities

Action: Undertake Community Facilities Review

Comment: Near completion

Action: Develop Wheatbelt Heritage Rail Management Plan

Comment: Not commenced

### **IT and Communication Systems**

Action: Document IT System Framework & Services

Comment: Deferred until December 2023

Action: Document IT Infrastructure Replacement Program

Comment: Linked with IT Framework & Services

### **Misconduct**

Action: Review Social Media Policy 7.11

Comment: Due for review

Action: Review Code of Conduct (Councillor)

Comment: Scheduled for July

### **Safety and Security Practices**

Action: Develop Isolated Worker Management Procedure

Comment: Policy signed off, yet to prepare procedure

Action: Review Managing Emergencies In Shire Facilities

Comment: Deferred; Scheduled to complete December 2023; contractor engaged

It is planned to consider strategic financial management risks and identify key controls and treatments for inclusion into the risk dashboard.

## **Consultation**

Rebecca McCall, Chief Executive Officer

Aaron Wooldridge, Deputy Chief Executive Officer  
Linley Dreghorn, Executive & Governance Officer

### Policy Implications

Policy 2.2 - Risk Management Policy is applicable.

### Strategic Implications

#### Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.1

#### Asset Management Plan

Identified key controls and actions associated with asset management are factored into the Asset Management Plan.

#### Long Term Financial Plan

Identified key controls and actions associated with financial management are factored into the Long-Term Financial Plan.

### Statutory Implications

The *Local Government Act 1995* and Regulations 16 and 17 of the *Local Government (Audit) Regulations* are applicable.

### Risk Implications

The Shire of Dowerin has adopted a 'Three Lines of Defence' model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, Council, management and the community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate and operational plans.

### Financial Implications

Many of the actions required to manage the risks identified will require resourcing and are being progressed within the current budget allocations.

### Voting Requirements



Simple Majority



Absolute Majority

### Officer's Recommendation/Resolution - 7.1

**Moved:** Cr Ward

**Seconded:** Cr McMorran


**0805** That, by Simple Majority, in accordance with Regulations 16 and 17 of the *Local Government (Audit) Regulations 1996*, the Audit & Risk Committee receives the quarterly Risk Dashboard Quarterly Report - June 2023, as presented in Attachment 7.1A, on the progress of actions to identify risks and track treatments to manage risks at the Shire of Dowerin.

**CARRIED 4/0**



Please note that the Audit & Risk Committee does not have delegated authority to make decisions. All recommendations of the Audit & Risk Committee are presented to Council for ratification.

**7.2 Interim Audit Results for the Year Ending 30 June 2023**

<h1>Corporate &amp; Community Services</h1>		 SHIRE OF <b>DOWERIN</b> TIN DOG TERRITORY
<b>Date:</b>	10 July 2023	
<b>Location:</b>	Not applicable	
<b>Responsible Officer:</b>	Aaron Wooldridge, Deputy Chief Executive Officer	
<b>Author:</b>	Linley Dreghorn, Executive & Governance Officer	
<b>Legislation:</b>	<i>Local Government Act 1995; Local Government (Audit) Regulations 1996</i>	
<b>Sharepoint Reference:</b>	Organisation/Corporate Management/Reporting	
<b>Disclosure of Interest:</b>	Nil	
<b>Attachments:</b>	<a href="#">Attachment 7.2A</a> – Interim Audit Report <a href="#">Attachment 7.2B</a> – Interim Audit Findings	

11.20am – A Wooldridge joined the meeting via MS Teams.

**Purpose of Report**

- Executive Decision
  Legislative Requirement

**Summary**

This Item presents the results and findings of the Interim Audit for the year ending 30 June 2023 to the Audit & Risk Committee for consideration and, if satisfactory, recommendation to Council for adoption.

**Background**

The Office of the Auditor General (OAG) conducted its Interim Audit for the Shire of Dowerin on Monday 27 and 28 March 2023.

The Report on the results of the Audit has been received and is included as an Attachment for the Audit & Risk Committee’s information.

**Comment**

The Report identifies twelve areas which are considered deficient, being:

1. Payment based on Purchase Order;
2. Amendments to Supplier Masterfile;
3. System generated Annual Leave Balances;
4. Cyber Security Risks;
5. User Access Rights;
6. Monthly Debtor Reconciliations;
7. Debtor Requisition Forms;

Matters outstanding from prior years:

8. Bank Reconciliations;

- 9. Monthly Creditor Reconciliations;
- 10. Cancelled Receipts;
- 11. Asset Disposal Forms; and
- 12. General Journals

The rating given to all twelve deficiencies is Moderate, meaning the findings are of sufficient concern to warrant action being taken to rectify the deficiency as soon as practicable.

The Report details the Finding against each deficiency, indicates the Implications the deficiency may have on the organisation, and makes Recommendations on how the organisation can best rectify the deficiency. Management was made aware of the identified deficiencies at the conclusion of the Audit and were afforded the opportunity to provide comment and context to the deficiency.

While the matters are fully detailed in the Report, they have been summarised in the table below:

Finding	Recommendation	Management Comment
Payments based on Purchase Order	The Shire should review current payment process to ensure that payments to suppliers should be based on the value of supplier invoices having checked its accuracy against the relevant purchase order.	As this was an oversight at the time of payment, the matter has been rectified since with staff contacting the contractor to amend the overpayment by agreeing to future invoice adjustments. This will be fixed and finalised by 30 June 2023.
Amendments to Supplier Masterfile	Changes to the Supplier Masterfile should be independently reviewed and evidence of review should be retained.	As part of the End of Month process, staff provides documentation and reconciliation for each area of responsibility to the Deputy CEO as the independent approver. This is done repeatedly and was introduced after the first quarter of the year, however, proper checks are in place, hence, no discrepancies.
System generated Annual Leave Balances	The Shire should review system generated annual leave balances regularly or seek the service of IT service provider to conduct the review to ensure the accuracy of the annual leave reports generated by the system.	This finding has been reported to ITVision support as part of the initial migration fix when the Shire purchased the Altus-Definitiv system. However, currently ITVision is unable to give us a completion date for the fix to occur due to STP2 version being rolled out in the Altus-Definitiv payroll system for all shires.  This will be followed regularly as part of our outstanding item action list and End of Month processes.
Cyber Security Risks	The Shire should use a structured approach in consultations with its IT consultants (if required) to establish a cyber security plan and implement related policies to mitigate cyber security risks.	As this finding was not part of previous year audits, management has already discussed this issue outside the audit and was discussed in conjunction with our insurers to best approach the issue.

	We suggest management refers to OAG's Report #19 dated 29 March 2023 on Information Systems Audit - Local Government 2021-22 to seek further guidance on enhancement to their general computer controls.	Management has been in discussions with the current IT provider and has worked with them to put together an initial overall ICT redundancy and continuity plan for the shire will incorporate the risk of cyber security.
User Access Rights	The Shire should establish a formal process to review user access rights periodically to ensure they are in line with individual staff roles and responsibilities.	This will be part of the overall ICT redundancy and continuity plan review in conjunction with the current IT Policy for update.
Monthly Debtor Reconciliations	The monthly debtor reconciliations should be reviewed by an independent officer promptly and the date of review should be indicated.	The related months have been redone as the original end of month documentation was unable to be found, therefore, both months are filed and signed with relevant documentation.
Debtor Requisition Forms	The Debtor Requisition Form should be reviewed and approved by an independent senior officer before an invoice is raised.	The Debtor Requisition form was introduced part way through the year as part of previous audit findings, however, old forms may have been used during the transition period.  This process has been continuing with all staff ensuring relevant forms are used and completed with approval given.
<b>Matters outstanding from Prior years</b>		
Bank Reconciliations	The monthly bank reconciliations should be prepared timely and reviewed by an independent senior officer promptly. The review should be evidenced in writing.	Since last year audit findings, management has discovered the bank reconciliation process was not done to a standard expected by management. This meant that unrepresented or outstanding transactions were not being followed up and corrected at the time of reconciliation where it becomes outstanding for a longer period than required.  Management has engaged with an external consultant firm, LG Best Practice to undertake a comprehensive audit of the finance area in recommending and implementing processes and procedures for the finance team. This includes bringing up to date and reconciling of the outstanding bank reconciliation items correctly from past periods into the

		synergy accounting system and develop procedures for staff to be trained in delivering the processes correctly and accurately.
Monthly Creditor Reconciliations	The monthly creditor reconciliations should be prepared timely and reviewed by an independent officer promptly and the date of review should be indicated.	Management has discussed with the finance team to ensure proper end of month collating of reconciliation and documentation are signed off and filed accordingly. This has been fixed since recent audit and will continue monthly.
Cancelled Receipts	The Cancelled Receipts Requisition Form should be reviewed and authorised by an independent officer in a timely manner.	Management has investigated and found majority of forms did not have the approval section included when the form was developed prior to audit.  Management has provided instructions to the staff to have all relevant forms updated to ensure approval sections are included where needed and the process to be undertaken each time the form is used. This is now in place.
No Asset Disposal Forms	The Asset Disposal Form should be reviewed and authorised by a senior finance officer when disposing of assets to ensure that all asset disposals are in accordance with management decisions.	Management has identified this process was not continued since the outgoing Works Manager left in April 22 but is captured since the recent audit and is improved by also developing and establishing an asset acquisition form as well.
General Journals	All general journals should independently be reviewed by an appropriate officer and evidence of preparation and review should be retained.	This was identified from prior audit findings and has been improved and implemented since then, however, where certain journals are completed by one officer at the time will be usually the case of no other officer around (limited staff at the time) and the particular issue had to be corrected by journal due to time restraint and demand for reporting, however, follow up will still need to be done for an approval officer signing the journal off. Staff have been informed where any journal will require supporting documentation at all times unless standard journals (recoveries) are an exception.

Staff will provide additional comment on the Findings and an update of actioning recommendations at the meeting.

### Consultation

OAG / Auditors

Rebecca McCall, Chief Executive Officer

Aaron Wooldridge, Deputy Chief Executive Officer

### Policy Implications

Nil

### Strategic Implications

#### Strategic Community Plan

Community Priority: Our Organisation

Objective: We are recognised as a transparent, well governed, and effectively managed Local Government

Outcome: 5.3

Reference: 5.3.2

#### Asset Management Plan

Nil

#### Long Term Financial Plan

Nil

### Statutory Implications

The *Local Government (Audit) Regulations 1996* provides the legislative framework for the conduct of audits in local government, and the role of the Audit & Risk Committee in considering the results of those audits.

### Risk Implications

<b>Risk Profiling Theme</b>	Failure to fulfil statutory regulations or compliance requirements
<b>Risk Category</b>	Compliance
<b>Risk Description</b>	No noticeable regulatory or statutory impact
<b>Consequence Rating</b>	Minor (2)
<b>Likelihood Rating</b>	Unlikely (2)
<b>Risk Matrix Rating</b>	Low (4)
<b>Key Controls (in place)</b>	Governance Management Framework; Governance Calendar
<b>Action (Treatment)</b>	Document Governance Framework
<b>Risk Rating (after treatment)</b>	Adequate

### Financial Implications

Nil

### Voting Requirements



Simple Majority



Absolute Majority

### Officer's Recommendation/Resolution - 7.2

**Moved:** Cr Trepp

**Seconded:** Cr Ward

**0806** That, in accordance with the *Local Government (Audit) Regulations 1996*, the Audit and Risk Committee:

1. Receives the Auditor's Interim Audit Management Report, as presented in Attachment 7.2A, from Macri Partners Chartered Accountants for the 2022/23 financial year;
2. Notes the Management Comment and Actions taken to address the Findings contained in the Auditor's Interim Audit Management Report; and
3. Recommends to Council that it receives the Auditor's Interim Audit Management Report, as presented in Attachment 7.2A, from Macri Partners Chartered Accountants for the 2022/23 Interim Audit.

**CARRIED 4/0**

<b>8.</b>	<b>Questions from Members</b>
	Nil
<b>9.</b>	<b>Urgent Business Approved by the Person Presiding or by Decision</b>
	Nil
<b>10.</b>	<b>Date of the Next Meeting</b>
	TBA -October
<b>11.</b>	<b>Closure</b>
	The Chair thanked those in attendance and declared the Meeting closed at 11.49am.