



AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

MINUTES

Held on

Tuesday 30 May 2023

Commenced at 4.00pm

Shire of Donnybrook Balingup Council Chamber, Donnybrook

A handwritten signature in black ink, appearing to read 'Ben Rose'.

Ben Rose
Chief Executive Officer

1 June 2023

TABLE OF CONTENTS

1	DECLARATION OF OPENING	3
2	ATTENDANCE.....	3
	2.1 APOLOGIES.....	3
	2.2 APPROVED LEAVE OF ABSENCE.....	3
3	ANNOUNCEMENTS FROM CHAIRPERSON	4
4	DECLARATIONS OF INTEREST	4
5	CONFIRMATION OF MINUTES.....	4
6	REPORTS OF OFFICERS	5
	6.1 ANNUAL FINANCIAL AUDIT YEAR ENDING 30 JUNE 2023	5
	6.2 IT SYSTEMS REVIEW	8
7	CLOSURE.....	10

SHIRE OF DONNYBROOK BALINGUP
AUDIT AND RISK MANAGEMENT COMMITTEE MINUTES

Held at the Council Chamber
30 May 2023 at 4.00pm

The Chairperson declared the meeting open at 4:01pm and welcomed the members of the Committee.

The Chairperson requested that a declaration be read aloud by Commissioner Gail McGowan who has been authorised to attend the meeting via electronic means (Microsoft Teams).

“Pursuant to Section 14CA(5) of the Local Government (Administration) Regulations 1996, I Gail McGowan declare that I am situated in a location where I can maintain confidentiality throughout the duration of the meeting.”

1 DECLARATION OF OPENING

Chairperson – Acknowledgment of Country

The Chairperson acknowledged the traditional custodians of the land, the Wardandi People of the Noongar Nation, paying respects to Elders, past and present and emerging.

2 ATTENDANCE

MEMBERS PRESENT

COMMISSIONER	STAFF
Gail McGowan (Microsoft Teams)	Ben Rose – Chief Executive Officer Kim Dolzadelli – Director Corporate and Community Loren Clifford – Acting Manager Executive Services Samantha Farquhar – Administration Officer – Executive Services Belinda Richards – Manager Finance & Corporate
EXTERNAL MEMBERS	GUESTS
Ian Telfer – Chairperson Vivienne MacCarthy	Nil.

2.1 APOLOGIES

Nil.

2.2 APPROVED LEAVE OF ABSENCE

Nil.

3 ANNOUNCEMENTS FROM CHAIRPERSON

Nil.

4 DECLARATIONS OF INTEREST

Division 6: Sub-Division 1 of the *Local Government Act 1995*. Care should be taken by all Committee Members to ensure that a financial/impartiality interest is declared and that they refrain from voting on any matter, which is considered to come within the ambit of the *Act*.

Nil.

5 CONFIRMATION OF MINUTES

Minutes of the Audit and Risk Management Committee meeting held 8 March 2023 are attached (Attachment 5(1)).

EXECUTIVE RECOMMENDATION

That the Minutes of the Audit and Risk Management Committee Meeting held 8 March 2023 be confirmed as a true and correct record.

COMMITTEE RESOLUTION : ARM1/23

That the Minutes of the Audit and Risk Management Committee Meeting held 8 March 2023 be confirmed as a true and correct record.

CARRIED:3/0

The Chairperson called for a vote and the resolution was carried.

6 REPORTS OF OFFICERS

6.1 ANNUAL FINANCIAL AUDIT YEAR ENDING 30 JUNE 2023

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli - Director Corporate and Community
Responsible Manager	Kim Dolzadelli - Director Corporate and Community
Attachments	6.1(1) - 2023 Audit Strategy Memorandum (ASM) Confidential Attachment
Voting Requirements	Simple Majority

Executive Recommendation

That the Audit and Risk Management Committee receive the confidential attachment “2023 Audit Strategy Memorandum for the year ending 30 June 2023”.

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan relate to this proposal:

- Outcome 12 A well respected, professionally run organisation.
- Objective 12.1 Deliver effective and efficient operations and service provision.

EXECUTIVE SUMMARY

Moore Australia has been engaged by the Office of the Auditor General (OAG) for Western Australia to perform the annual audit of the Shire of Donnybrook Balingup (the Shire) annual financial report for the year ended 30 June 2023. Moore Australia have been sub-contracted by the OAG to undertake the audit, including the interim audit, and an Audit Entrance Meeting was held in May 2023 to review the audit scope and approach.

BACKGROUND

The primary scope and objective of the annual financial audit is to express an opinion as to whether the Shire’s general purpose financial report, as a whole, is free from material mis-statements (whether due to fraud or error) and is prepared (in all material respects) in accordance with applicable Australian Accounting Standards, the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

The audit will also report on whether all audit procedures were satisfactorily completed in conducting the audit in accordance with Regulation 10(3) of the *Local Government (Audit)*

Regulations 1996. Guiding the audit process is an Audit Strategy Memorandum, which generally sets out:

- the audit scope and approach;
- key audit risk areas for focus; and
- effective communication between the auditor and those responsible for governance.

FINANCIAL IMPLICATIONS

Nil.

POLICY COMPLIANCE

Nil.

STATUTORY COMPLIANCE

Australian Accounting Standards, the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

The audit will also report on whether all audit procedures were satisfactorily completed in conducting the audit in accordance with Regulation 10(3) of the *Local Government (Audit) Regulations 1996*.

CONSULTATION

On 15 May 2023 an Audit Entrance Meeting was held with respect to the Audit Strategy Memorandum for the year ended 30 June 2023 and was attended by the following representatives:

Organisation	Name	Position
Shire of Donnybrook Balingup	Mr Ben Rose	Chief Executive Officer
Shire of Donnybrook Balingup	Ms Gail McGowan	Commissioner
Shire of Donnybrook Balingup	Mr Kim Dolzadelli	Director Corporate and Community
Shire of Donnybrook Balingup	Ms Belinda Richards	Manager Finance and Corporate
Moore Australia	Mr Gregg Goodwin	Director
Moore Australia	Mr James Arthur	Senior Manager

The OAG nominated representative was unavailable to attend the Audit Entrance Meeting in this instance.

The Audit Strategy Memorandum for the year ended 30 June 2023 in part states the following:

“This document is strictly confidential and although it has been made available to management and those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Shire arising under our audit contract with OAG.

The contents of this document should not be disclosed to third parties without our prior written consent.”

In the interests of transparency, consent to table the document was sought and response received to the effect that the memorandum can only be a confidential attachment, it cannot be included in the public agenda.

OFFICER COMMENT

The Audit and Risk Management Committee is recommended to receive the confidential attachment “2023 Audit Strategy Memorandum for the year ending 30 June 2023”.

COMMITTEE RESOLUTION: ARM 2/23

That the Audit and Risk Management Committee receive the confidential attachment “2023 Audit Strategy Memorandum for the year ending 30 June 2023”.

CARRIED: 3/0

The Chairperson called for a vote and the resolution was carried.

6.2 IT SYSTEMS REVIEW

Location	Shire of Donnybrook Balingup
Applicant	Shire of Donnybrook Balingup
File Reference	FNC 02A
Author	Kim Dolzadelli - Director Corporate and Community
Responsible Manager	Kim Dolzadelli - Director Corporate and Community
Attachments	6.2.1 - IT Review
Voting Requirements	Simple Majority

Executive Recommendation

That the Audit and Risk Management Committee receive the IT Systems review and actions as contained within this report.

STRATEGIC ALIGNMENT

The following outcomes from the Council Plan relate to this proposal:

- Outcome 12 A well respected, professionally run organisation.
- Objective 12.1 Deliver effective and efficient operations and service provision.

EXECUTIVE SUMMARY

A review has been undertaken with respect to the Shire's IT systems and is presented to the Audit and Risk Management Committee for noting.

BACKGROUND

Harmonic IT, the Shire's external IT consultants, undertook a review of IT systems in place at the Shire. Details of the review, the findings and actions implemented are included in the confidential attachment. The attachment is maintained as confidential as it contains detailed information on the Shire's IT systems, firewalls, backup systems. Public release of this information presents a cyber-security risk to the Shire.

FINANCIAL IMPLICATIONS

No impact on allocated Budget.

POLICY COMPLIANCE

N/A

STATUTORY COMPLIANCE

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 sub regulation (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.*

CONSULTATION

N/A.

OFFICER COMMENT

That the report, and confidential attachment, be received.

COMMITTEE RESOLUTION: ARM 3/23

That the Audit and Risk Management Committee receive the IT Systems review and actions as contained within this report.

CARRIED: 3/0

The Chairperson called for a vote and the resolution was carried.

With the permission of the Chair, the Director Corporate and Community presented an overview of the 2023/2024 Draft Budget Outline document and tabled the document..

COMMITTEE RESOLUTION: ARM 4/23

That the Audit and Risk Management Committee received the 2023/2024 Draft Budget Outline document tabled at the meeting.

CARRIED: 3/0

7 CLOSURES

The Chairperson declared the meeting closed at 4:35pm.