



MINUTES

Audit and Risk Committee
17 December 2024





NOTICE OF MEETING

Dear Committee Members,

In accordance with the provisions of Section 5.5 of the Local Government Act, you are hereby notified that the Audit and Risk Committee Meeting has been convened for:

Date: Tuesday 17 December 2024
At: Shire Council Chambers
1 Longhurst Street, Narembeen
Commencing: 4.00pm

Rebecca McCall
Chief Executive Officer

11 December 2024

DISCLAIMER

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1. Official Opening and Welcome

The presiding person welcomed everyone to the meeting and declared the meeting open at 1.30pm.

2. Record of Attendance / Apologies / Leave of Absence

Councillors:

Cr SW Stirrat	President
Cr TW Cole	
Cr MJ Currie	
Cr HJ Bald	
Cr CD Bray	
Cr AM Hardham	

Staff:

Ms R McCall	Chief Executive Officer
Mr B Forbes	Executive Manager Corporate Services
Ms K Conopo	Senior Administration Officer

Member of Public:

Apologies:

Cr HA Cusack	Deputy President
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3. Disclosure of Interest

Nil

4. Public Question Time

Nil

5. Confirmation of Previous Meetings

Attachment 5.1A

Voting Requirements

Simple Majority Absolute Majority

Officers Recommendation – Item 5.1

That the minutes of the Shire of Narembreen Audit and Risk Committee Meeting held on Tuesday 17 September 2024, as presented, be confirmed as a true and correct record of proceedings.

MIN 7913/24

MOTION - Moved Cr. Bray

Seconded Cr. Hardham

CARRIED 6 / 0

For: Cr Stirrat, Cr Bray, Cr Hardham, Cr Cole, Cr Bald, Cr Currie. Against: Nil

6. Officer Reports

6.1 Risk Dashboard – Quarterly Report – November 2024

Date:	28 October 2024
Location:	Not Applicable
Responsible Officer:	Rebecca McCall, Chief Executive Officer
Author:	Rebecca McCall, Chief Executive Officer
File Reference	ADM588
Previous Meeting Reference	Nil
Disclosure of Interest:	Nil
Attachments:	6.1A Risk Dashboard Quarterly Report – November 2024

Purpose of Report

- Executive Decision Legislative Requirement

Summary

This item presents the Risk Dashboard – quarterly monitoring report for September 2024 to the Audit and Risk Committee for consideration and receipt.

Background

The Risk Management Framework for the Shire of Narembeen sets out the approach to the identification, assessment, management, reporting and monitoring of risks. The objective is to ensure that all areas of the Shire adopt the outlined procedures to ensure:

- strong corporate governance;
- compliance with relevant legislation, regulations and internal policies;
- integrated Planning and Reporting requirements are met; and
- uncertainty and its effects on objectives are understood.

The Shire 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, the council, management, and community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate, and operational plans.

The Shire qualified its risk appetite through the development of the Shire’s Risk Assessment and Acceptance Criteria.

There is a requirement to assess and manager the risk profiles on an ongoing basis to monitor risks and treatments.

Comment

The quarterly review of risk profiles assessed emerging risks, control effectiveness and key indicator performance. Assigned actions are reflective of current risks and control environment.

Key indicators tolerances to be determined:

Risk Theme – Provide Inaccurate Advice/Information
Key Indicator – number of registered complaints (unresolved or not deemed to be immaterial)
Risk Theme – Inadequate Engagement Practices
Key Indicator – Number of complaints registered
Key Indicator – Number of complaints not responded to
Key Indicator – Community Satisfaction Survey Results

The following risk themes are listed on the Risk Register as the overall control rating was 'inadequate':

- Errors, Omissions and Delays
- Inadequate Document Management Process

Consultation

Executive Manager Corporate Services

Statutory Implications

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

Policy Implications

Risk Management Framework

Strategic Implications

Strategic Community Plan

Strategic Priority: 4. Civic Leadership
 Objective: Well governed and efficiently managed Local Government
 Strategy: 4.2 Compliant and resourced Local Government

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Risk Implications

Risk Profiling Theme	Failure to Fulfill Statutory, Regulatory or Compliance Requirements
Risk Category	Compliance
Consequence Description	No noticeable regulatory or statutory impact
Consequence Rating	Insignificant (1)
Likelihood Rating	Rare (1)
Risk Matrix Rating	Low (1)
Key Controls in Place	Risk Management Framework
Action / Treatment	Nil
Risk Rating After Treatment	Adequate

Financial Implications

There are no financial implications to Council in relation to this item as the Risk Dashboard identifies and evaluates risk.

Voting Requirements

- Simple Majority Absolute Majority

Officers Recommendation – Item 6.1

That Audit and Risk Committee receives the Risk Dashboard Quarterly Report – November 2024 as presented in Attachment 6.1A.

MIN 7914/24

MOTION - Moved Cr. Currie

Seconded Cr. Bald

CARRIED 6 / 0

For: Cr Stirrat, Cr Bray, Cr Hardham, Cr Cole, Cr Bald, Cr Currie. Against: Nil

6.2 Annual Report for the Year Ended 30 June 2024

Date:	28 October 2024	
Location:	Not applicable	
Responsible Officer:	Ben Forbes, Executive Manager Corporate Services	
Author:	Ben Forbes, Executive Manager Corporate Services	
File Reference	FINANCIAL MANAGEMENT\ACCOUNTING\EOFY\2024 annual	
Previous Meeting Reference	Nil	
Disclosure of Interest:	Nil	
Attachments:	6.2A	2024 Annual Report
	6.2B	2024 Financial Management Letter
	6.2C	2024 Independent Auditor's Report

Purpose of Report

- Executive Decision Legislative Requirement

Summary

For the Audit and Risk Committee to review and receive the 2024 Annual Report and accompanying documentation from the Shire's independent auditor, the Office of the Auditor General (OAG), and recommend the endorsement of these reports and the proposed date for the annual Elector's Meeting to Council.

Background

A Local Government is to prepare an annual report each financial year containing such information as prescribed by the Local Government Act 1995 Section 5.53(2) and Regulation 19 of the Local Government (Administration) Regulations 1996 and in compliance with all current and applicable Australian Accounting Standards. This report, in addition to all associated accounting practices and records, is to be audited by an external party each year.

The audit of the financial statements is split into two components due to the quantity of work. Prior to 30 June an 'interim audit' is conducted to review profit and loss accounts and directly associated balance sheet accounts. After 30 June the 'annual audit' is conducted to review balance sheet accounts, associated methodologies and controls and general compliance with laws, regulations and accounting standards.

Comment

The OAG has issued an unqualified audit opinion for the annual financial statements for the year ended 30 June 2024. This means that the OAG found no material misstatement in the financial statements or areas of non-compliance in the Shire's procedures and controls.

Management is confident in its ability to implement additional procedures and controls to correct areas of non-compliance.

Council should note that the Annual Elector's Meeting must be held within 56 days from the day the annual report is adopted.

Consultation

Chief Executive Officer

Statutory Implications

Local Government Act 1995.

Part 5, Section 5.53

- (1) The local government is to prepare an annual report for each financial year.
- (2) The annual report is to contain —
 - a) a report from the mayor or president; and
 - b) a report from the CEO; and
 - e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
 - f) the financial report for the financial year; and
 - g) such information as may be prescribed in relation to the payments made to employees; and
 - h) the auditor's report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
 - ha) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993; and
 - hb) details of entries made under section 5.121 during the financial year in the register of complaints, including —
 - i. the number of complaints recorded in the register of complaints; and
 - ii. how the recorded complaints were dealt with; and
 - iii. any other details that the regulations may require; and
 - iv. and such other information as may be prescribed.

7.12A. Duties of local government with respect to audits

- (1) A local government is to do everything in its power to —
 - (a) assist the auditor of the local government to conduct an audit and carry out the auditor's other duties under this Act in respect of the local government; and
 - (b) ensure that audits are conducted successfully and expeditiously.
- (2) Without limiting the generality of subsection (1), a local government is to meet with the auditor of the local government at least once in every year.
- (3) A local government must —
 - (aa) examine an audit report received by the local government; and
 - (a) determine if any matters raised by the audit report, require action to be taken by the local government; and
 - (b) ensure that appropriate action is taken in respect of those Matters
- (4) A local government must —
 - (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
 - (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

- (5) Within 14 days after a local government gives a report to the Minister under subsection (4)(b), the CEO must publish a copy of the report on the local government's official website.

Local Government (Financial Management) Regulations 1996, Part 4 Financial Reports

Regulations 36 to 49 prescribe the contents and disclosures required in the financial statements and accompanying notes.

Regulation 51 prescribes that the Local Government's CEO provide a copy of the audited financial report to the CEO of the Department of Local Government Sport and Cultural Industries within 30 days of the receipt of the audit report.

Local Government (Audit) Regulations 1996, Regulation 10

- (1) An auditor's report is to be forwarded to the persons specified in section 7.9(1) within 30 days of completing the audit.
- (2) The report is to give the auditor's opinion on —
 - a. the financial position of the local government; and
 - b. the results of the operations of the local government.
- (3) The report must include a report on the conduct of the audit.
- (4) Where it is considered by the auditor to be appropriate to do so, the auditor is to prepare a management report to accompany the auditor's report and to forward a copy of the management report to the persons specified in section 7.9(1) with the auditor's report.

Local Government (Administration) Regulations 1996, Regulation 10

19B. Information to be included in annual report

(2) For the purposes of section 5.53(2)(g) and (i), the annual report for a financial year beginning on or after 1 July 2020 must contain the following —

- (a) the number of employees of the local government entitled to an annual salary of \$130,000 or more;
- (b) the number of employees of the local government entitled to an annual salary that falls within each band of \$10 000 over \$130 000;
- (c) any remuneration and allowances paid by the local government under Schedule 5.1 clause 9 during the financial year;
- (d) any amount ordered under section 5.110(6)(b)(iv) to be paid by a person against whom a complaint was made under section 5.107(1), 5.109(1) or 5.114(1) to the local government during the financial year;
- (e) the remuneration paid or provided to the CEO during the financial year;
- (f) the number of council and committee meetings attended by each council member during the financial year;
- (g) if available, the gender, linguistic background and country of birth of council members;
- (h) if available, the number of council members who are aged —
 - (i) between 18 years and 24 years; and
 - (ii) between 25 years and 34 years; and
 - (iii) between 35 years and 44 years; and
 - (iv) between 45 years and 54 years; and
 - (v) between 55 years and 64 years; and
 - (vi) over the age of 64 years;
- (i) if available, the number of council members who identify as Aboriginal or Torres Strait Islander;
- (j) details of any modification made to a local government's strategic community plan during the financial year;

(k) details of any significant modification made to a local government's corporate business plan during the financial year.

Policy Implications

Risk Management Policy

Strategic Implications

Strategic Community Plan

Strategic Priority: 4. Civic Leadership
Objective: Well governed and efficiently managed Local Government
Strategy: 4.2 Compliant and resourced Local Government

Asset Management Plan

Nil

Long Term Financial Plan

Nil

Risk Implications

Risk Profiling Theme	Failure to Fulfill Statutory, Regulatory or Compliance Requirements
Risk Category	Compliance
Consequence Description	No noticeable regulatory or statutory impact
Consequence Rating	Minor (2)
Likelihood Rating	Likely (4)
Risk Matrix Rating	Moderate (8)
Key Controls in Place	Governance Calendar, Risk Management Policy
Action / Treatment	Nil
Risk Rating After Treatment	Adequate

Financial Implications

Nil

Voting Requirements

Simple Majority Absolute Majority

Officers Recommendation – 6.2

That the Audit and Risk Committee recommend that Council:

1. Endorse the Independent Auditor's Report for the year ended 30 June 2024
2. Endorse the Financial Management Letter for the year ended 30 June 2024
3. Endorse the 2024 Annual Report
4. Schedule the Shire of Narembeen Annual Elector's Meeting for 5:30pm on Monday 10th February 2025 in Council Chambers.

MIN 7915/24

MOTION - Moved Cr. Hardham

Seconded Cr. Cole

CARRIED 6 / 0

For: Cr Stirrat, Cr Bray, Cr Hardham, Cr Cole, Cr Bald, Cr Currie. Against: Nil

7. Other Business

7.1 Local Government Financial Index - Workshop

Attachment 7.1A

7.2 Reform to Governance Committees

Attachment 7.2.A (refer to Audit, risk and improvement committees)

8. Closure of Meeting

Details of the next meeting will be advised.

There being no further business, the chair declared the meeting closed at 1.56pm

UNCONFERMED