SHIRE OF LEONORA

AUDIT AND RISK COMMITTEE MEETING
AGENDA

TO BE HELD TUESDAY, 19TH DECEMBER, 2023 AT THE CONCLUSION OF THE
ORDINARY COUNCIL MEETING

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TY MATSON
CHIEF EXECUTIVE OFFICER

SHIRE OF LEONORA
ORDER OF BUSINESS FOR MEETING TO BE HELD
TUESDAY 19TH DECEMBER, 2023.

1   DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS / FINANCIAL INTEREST DISCLOSURES

2   RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

     2.1   ATTENDANCE

     2.2   APOLOGIES

     2.3   LEAVE OF ABSENCE

     2.4   APPLICATIONS FOR LEAVE OF ABSENCE

3   CONFIRMATION OF MINUTES FROM PREVIOUS MEETING

(Sent out previously)

Draft motion: That the Minutes of the Audit and Risk Committee Meeting held on 26 September, 2023 be confirmed as a true and accurate record.

4.0 REPORTS
   4.1 CHIEF EXECUTIVE OFFICER REPORTS
      4.1.(A) RELATED PARTY TRANSACTIONS AND DISCLOSURES

SUBMISSION TO: Audit and Risk Committee Meeting
Meeting Date: 19th December 2023

AGENDA REFERENCE: 4.1.(A) DEC 23

SUBJECT: Related Party Transactions and Disclosures

LOCATION/ADDRESS: Leonora

NAME OF APPLICANT: N/A

FILE REFERENCE: 1.8

AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT

NAME: Kiara Lord

OFFICER: Projects Officer

INTEREST DISCLOSURE: Nil

DATE: 15th December 2023

SUPPORTING DOCUMENTS: Nil

BACKGROUND

In accordance with AASB 124 *Related Party Disclosures*, local governments must disclose in the annual financial statements related party relationships, transactions, and outstanding balances (including commitments) from 1 July 2016. Related parties include Key Management Personnel (KMP), which in the Shire of Leonora's case will include all elected members and executive staff, their close family members and any entities that they control or jointly control. The disclosure requires any transactions with these parties, whether monetary or not, to be identified and assessed whether disclosure is required or not. A disclosure may be in aggregate and will only occur where a transaction has occurred.

Regarding the disclosures, the following approach was developed in a workshop held at the June 2017 Audit and Risk Committee Meeting to ensure that management can properly address the requirements of the accounting standard:

- A procedure / guide for related party disclosures to be established, which includes the updating of returns quarterly through the Audit and Risk Committee Meetings
- Establishment of a system to identify and record related parties of KMPs
- Establishment of a system to identify and record related party relationships of KMPs
- Establishment of a system to identify and record related party transactions
- Identify 'Ordinary Citizen Transactions' (OCTs) that will not be disclosed by Council
- Create declaration forms to be completed by KMPs
- Set a materiality threshold for management to apply when assessing transactions for inclusion in the financial statements
- Identified the need for a separate workshop to be scheduled for newly elected members and
- For the Audit and Risk Committee to recommend any changes required to the above processes

STATUTORY ENVIRONMENT

Disclosures were required from Local Government entities from 1 July 2016 in accordance with AASB 124 *Related Party Disclosures*, with the first disclosures made in the Financial Statements for the year ended 30 June 2017.

POLICY IMPLICATIONS

There are no policy implications resulting from the recommendation of this report.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from the recommendation of this report that will have any detrimental effect on the Shire's finances.

STRATEGIC IMPLICATIONS

Strategic References within the Shire of Leonora Strategic Community Plan 2017-2027 demonstrate connections between services and the desired outcomes and community vision for the Shire of Leonora, particularly in relation to Governance services in this instance such as 4.1 Efficient service offerings to the community, 4.2 Effective and open engagement with all sections of the community, 4.5 Strong leadership and planning.

RECOMMENDATIONS

That the Audit and Risk Committee note the approach taken and the systems established by management with regard to addressing the requirements of *AASB 124 Related Party Disclosures*.

VOTING REQUIREMENT

Simple Majority

SIGNATURE

Chief Executive Officer

4.0   REPORTS

4.1   CHIEF EXECUTIVE OFFICER REPORTS

4.1.(B)   RISK MANAGEMENT UPDATES - DECEMBER, 2023

SUBMISSION TO:	Audit and Risk Committee Meeting
	Meeting Date: 19th December 2023
AGENDA REFERENCE:	4.1.(B) DEC 23
SUBJECT:	Risk Management Updates - December, 2023
LOCATION/ADDRESS:	Leonora
NAME OF APPLICANT:	Leonora
FILE REFERENCE:	1.10 - Audits - Reports & Minutes

AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT

NAME:	Kiara Lord
OFFICER:	Projects Officer
INTEREST DISCLOSURE:	Nil
DATE:	15th December 2023
SUPPORTING DOCUMENTS:	1. Risk Updates Summary December 2023 ⇩

BACKGROUND

From 1 July 2022, the Shire of Leonora sought proposals through Vendor Panel from external consultants for compliance and governance services, which included risk management support services. Moore Australia (WA) were successful with their proposal and have been engaged to provide compliance and risk management support services for 2022, 2023 & 2024.

The Shire's Risk Management Strategy, as previously reviewed by the Audit and Risk Committee, and the Shire's risk management policy (previously adopted by Council) align to *AS/NZS ISO 31000:2018 Risk Management Guidelines*. The Risk Management Strategy is prepared utilising the Principles, Framework and Process as defined within the standard, considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, aligned to the risk management policy.

The guidance and direction within the Risk Management Strategy includes the assessment, prioritisation, and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The reporting of risk management activities historically occurred through quarterly 'dashboard reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop', which will continue through the Shire's current engagement with Moore Australia.

A workshop was held onsite with the Deputy CEO and Executive Officer on 13 March 2023 to review risk profiles, controls, consider emerging or new risks as well as to set out planned control assurance activities for the year. A further workshop was held 1 June 2023 with the Deputy CEO and Manager Governance to review profiles and progress risk management review reports. Following these workshops, updates to the risk profiles were made, and the risk register populated with updated information to be reported to the Audit and Risk Committee.

Further site visits by Moore Australia consultants have been undertaken in August 2023 and November 2023, where changes were noted and other discussions relating to risks issues have been considered.

These activities continue to form the foundation for risk management activities to be reported and monitored through the Audit and Risk Committee.

COMMENT:

A further desktop review of the risk profiles was carried out with the Projects Officer on 4 December 2023. The desktop review incorporated observations and updates to current controls and risk treatments, recorded these updates within the current risk profiles, and to the risk register for December 2023. This review was undertaken with consideration to the change to the Council structure following the elections in October 2023 and the changes occurring in the organisational structure of the Executive.

The risk summary report is to be provided bi-annually to the committee. This report enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for the committee. The risk summary report highlighting risk changes identified against each profile since the last review, including actions and treatments in place for high level risks, was provided at an information session for the committee.

A quarterly dashboard report is essentially a progress report informing the committee with a summary of the current number of risks, unaddressed high-level risks, total new risks etc. The table below demonstrates the format of quarterly reports to the committee communicating risk movements.

Risk Category	No. of High or Extreme Rated Risks Identified	No. of High or Extreme Rated Risks after Treatment (Residual Risk)	No. of New Risks Identified (December 2023)	No. of Risks Closed (December 2023)
Performance	2	1	0	0
Environmental	2	1	0	0
Reputational Damage	2	1	0	0
Financial	5	2	0	0
Service Delivery / Business Interruption	5	3	0	0
Legislative / Regulatory / Policy/ Work, Health & Safety	5	2	0	0

Discussions with Moore Australia as well as future site visits will be undertaken to further update risk profiles, actions and treatments for the next reporting period. These reports will be updated for the next meeting for committee information.

STATUTORY ENVIRONMENT

Moore Australia (Consultants)

STATUTORY ENVIRONMENT

Regulation 17.1 of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal controls and legislative compliance.

POLICY IMPLICATIONS

The Risk Management Policy outlines the Shire's commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

FINANCIAL IMPLICATIONS

Provision is included in the 2022/23 Adopted Budget for Moore Australia to deliver compliance and governance services, including risk management support, in line with the awarded Vendor Panel RFQ.

RISK ASSESSMENT

This item has been evaluated against the Shire's Risk Management Strategy, Risk Assessment Matrix. The perceived level of risk is high prior to treatment. The progression of risk management activities aligned with the Risk Management Strategy will reduce the risk to medium.

STRATEGIC IMPLICATIONS

One of Council's responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve the Shire's strategic objectives, as well as to support the allocation of funds / resources to treat risks as required.

The Chief Executive Officer and executive team play a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the strategic planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the audit committee is to monitor identified strategic high level risks and their treatment solutions to ensure the community receives the services delivered effectively, as outlined within the Plan for the Future.

Monitoring and reviewing activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance, as required by the *Local Government (Audit) Regulations 1996*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

Strategic references within the Shire of Leonora's Plan for the Future 2021-2031 demonstrate connections between services and the desired outcomes and community vision for the Shire of Leonora, particularly in relation to Leadership objective, outcomes and strategies such as 4.1.2.4 Provide appropriate governance and leadership to the Shire, 4.2.1.3 Seek high level of compliance in organisational practices.
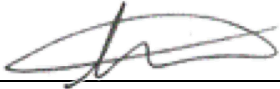
RECOMMENDATIONS

That the Audit and Risk Committee receive the summary of updates to the risk profiles, the risk register and risk profiles up to December 2023, and the above report updating risk management activities undertaken to date.

VOTING REQUIREMENT

Simple Majority

SIGNATURE

Chief Executive Officer

Shire of Leonora – December 2023 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
All risk categories/general	• Minor updates to dates required as a detailed review occurred in June 2023.	• Risk re-assessment dates updated. • Responsible officer updates applied to reflect current positions occupied within organisational structure. • Risk ratings for all categories may require further updates, additional changes to be advised through future risk management reports.
Performance	Risk treatment/actions/updates amended: • Updates to due dates for ongoing tasks. • Updated to remove RFQ document review requirement as this has been completed.	• Risk 13 updated to reflect policy review completion. Supporting procedures may need to be developed. Future actions noted to include communication to staff of policy updates and implications.
Environmental Risk	Risk treatment/actions/updates amended: • Updates to due dates for ongoing tasks.	• Risk 3 updated to reflect continual review of procedures for control and management of reclaimed water.
Reputational Damage	Risk treatment/actions/updates amended: • Updates to the controls to reference social media procedures managed by the CEO, as the Council policy has been rescinded.	• Risk 20 updated to note policy review is now complete and additional procedural controls being developed. Future actions noted to include communication to staff of policy updates and implications.
Financial	Risk treatment/actions/updates amended: • Updates to due dates for ongoing tasks applied.	• Risk 10 updated to note progressive implementation of improvements from AR17/FMR review report. Future actions remain to note ongoing adherence to established procedures and controls. Independent review of the HR activities currently occurring, and risk rating reviewed to reflect potential risks until outcomes of assessments and review are available. • Risk 11 action to reflect completion of policy review. Future actions noted to include communication to staff of policy updates and implications. • Risk 12 updated to note policy review now completed. Supporting procedures may be required to support future actions. Future actions noted to include communication to staff of policy updates and implications. • Risk 21 updated to note the review and update of security access for administration buildings being completed and a review of security access for the JG Epis centre being carried out.

Shire of Leonora – December 2023 Risk Updates Summary

Risk Category	Risk Profile Update	Risk Register Update
Service Delivery/Business Interruption	Updates to due dates for ongoing tasks applied.	• No significant updates to risk register identified. Risk 15 future actions remain to 'maintain professional advice and external assistance from consultants in high risk areas' (e.g. airport, finance, heritage etc). • Risk 16 actions remain to note engagement of external consultants to assist with implementation plan for recommendations resulting from IT Strategic Plan.
Legislative/Regulatory /Policy/ Work Health & Safety	Risk treatment/actions/updates amended: • Updates to due dates for ongoing tasks.	• Risk number 1 updated to note policy review has been completed, and supporting procedures are to be developed now the policy review finalised. Future actions noted to include communication to staff of policy updates and implications. • Risk number 9 updated to note completion of policy review and supporting procedures may be required. Future actions noted to include communication to staff of policy updates and implications. • Risk 18 updated to note procurement training being included in staff onboarding and some procurement training being carried out. Also noted the Delegations Register review in November 2023.

4.0 REPORTS

    4.2 DEPUTY CHIEF EXECUTIVE OFFICER REPORTS

        Nil

5.0 NEXT MEETING

Tuesday 19th March 2024

6.0 CLOSURE OF MEETING