



15 August 2024

## **NOTICE OF MEETING**

Dear Committee Member,

The next Audit and Risk Committee meeting will be held at 4.45pm on Tuesday, 27 August 2024 in the Committee Room, 7000 Great Eastern Highway, Mundaring.

The attached agenda is presented for your consideration.

Yours sincerely

**Jason Whiteaker**  
**CHIEF EXECUTIVE OFFICER**

### **Please Note**

If a Council Member has a query regarding a report item or requires additional information in relation to a report item, please contact the senior employee (noted in the report) prior to the meeting.



**AGENDA**  
**AUDIT AND RISK COMMITTEE MEETING**  
**27 AUGUST 2024**

**ATTENTION/DISCLAIMER**

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or Employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or Employee, or the content of any discussion occurring during the course of the Committee Meeting.

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**AUDIT AND RISK COMMITTEE MEETING  
COMMITTEE ROOM, 7000 GREAT EASTERN HIGHWAY, MUNDARING – 4.45PM**

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**1.0 OPENING PROCEDURES**

Acknowledgement of Country

Shire of Mundaring respectfully acknowledges the Whadjuk people of the Noongar Nation, who are the traditional custodians of this land. We acknowledge Elders past, present and emerging and respect their continuing culture and the contribution they make to the region.

**1.1 Announcement of Visitors**

**1.2 Attendance/Apologies**

<b>Members</b>	Mr Tony Wittcomb (Presiding Member)	External Member
	Cr Trish Cook (Deputy Presiding Member)	South Ward
	Cr Prapti Mehta	Central Ward
	Cr Doug Jeans	Central Ward
	Cr Karen Beale	West Ward
	Ms Shona Zulsdorf	External Member
<b>Staff</b>	Jason Whiteaker	Chief Executive Officer
	Garry Bird	Director Corporate Services
	Stan Kocian	Manager Finance and Governance
	Elizabeth Nicholls	Governance Coordinator
	Andrea Douglas	Minute Secretary
<b>Apologies</b>	Pres Paige McNeil	President

**Guests**

**2.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION**

**3.0 DECLARATION OF INTEREST**

**3.1 Declaration of Financial Interest and Proximity Interests**

Council Members must disclose the nature of their interest in matters to be discussed at the meeting (*Part 5 Division 6 of the Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

**3.2 Declaration of Interest Affecting Impartiality**

A Council Member or an employee who has an interest in a matter to be discussed at the meeting must disclose that interest (*Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C*).

#### **4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

#### **5.0 PUBLIC QUESTION TIME**

Procedures for asking and responding to questions are determined by the Presiding Member and in accordance with the Shire's Meeting Procedures Local Law 2015. Questions must relate to a function of the Committee.

#### **6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

<b>RECOMMENDATION</b>
That the Minutes of the Audit and Risk Committee Meeting held 25 June 2024 be confirmed.

## 7.0 REPORTS OF EMPLOYEES

### 7.1 Interim Audit Results for the year ending 30 June 2024

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<b>File Code</b>	FI.AUD 2324
<b>Author</b>	Stan Kocian, Manager Finance and Governance
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil.
<b>Attachments</b>	1. Interim Audit Management Letter 2024 <a href="#">↓</a> 2. Interim Audit Management Letter 2024 - attachment <a href="#">↓</a>

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#### SUMMARY

This report present the results of the interim audit undertaken by the Office of the Auditor General (the OAG).

The OAG highlighted one finding raised as a result of the interim audit. This finding was discussed with the Shire and the comments provided by management have been included in the OAG's letter and associated findings report (**Attachment 1 and 2**).

It is recommended the Committee notes the result of the interim audit and the management comment regarding the matter raised.

#### BACKGROUND

The OAG, through its appointed contractor Dry Kirkness, has completed the interim audit for the year ending 30 June 2024 in accordance with its audit plan. The focus of the OAG's interim audit was the Shire's overall internal control environment to obtain an understanding of the Shire's key business processes, risks and internal controls relevant to the audit of the Shire's annual financial report.

#### STATUTORY / LEGAL IMPLICATIONS

Part 7 of the *Local Government Act 1995* sets out the requirements for external audits of local governments.

#### POLICY IMPLICATIONS

Nil

#### FINANCIAL IMPLICATIONS

Nil

#### STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

#### SUSTAINABILITY IMPLICATIONS

Nil

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## RISK IMPLICATIONS

<b>Risk:</b> The Shire's financial processes and controls are assessed as inadequate to the extent that there is a risk that the Shire's annual financial report contains material mis-statements.		
<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
Possible	Moderate	Moderate
<b>Action / Strategy</b>		
An audit of the Shire's financial processes and controls has been undertaken by the OAG.		

## EXTERNAL CONSULTATION

Nil

## COMMENT

The OAG has provided a letter which identifies and highlights one finding raised as a result of the interim audit. This finding was discussed with Shire management and the comments provided by management have been included in the OAG's letter.

The table below provides a summary of the finding raised by the OAG and management's comments in relation to the finding.

OAG Finding	Management Comments
<p><b>1. No termination acceptance letter in relation to employee.</b></p> <p><b>Finding</b></p> <p>During our sample testing of 4 terminated employees, we noted that a termination letter acceptance had not been prepared for 1 employee who had left employment.</p> <p><b>Recommendation</b></p> <p>We recommend that a termination acceptance letter with the details of the termination is prepared and signed by management before being sent to the departing employee and placed on the employee file as a record to support the payroll records.</p>	<p>The recommendation is accepted. It is the Shire's requirement that employee termination letters are issued and signed by the CEO. This instance related to the period where there was a change in the CEO. In the instance that this does occur, the responsible officer is reminded of this requirement.</p> <p><b>Responsible person:</b> Manager Finance and Governance</p> <p><b>Completion date:</b> ongoing</p>

## VOTING REQUIREMENT

Simple Majority

RECOMMENDATION
That the Committee notes the results of the Office of the Auditor General's interim audit and the management comments regarding the matter raised.



Our Ref: 8348

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Chief Executive Officer  
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Dear Mr Whiteaker

**ANNUAL FINANCIAL REPORT  
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2024**

We have completed the interim audit for the year ending 30 June 2024. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to primarily evaluate your financial control environment, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

**Management control issues**

We would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7543 if you would like to discuss these matters further.

Yours faithfully

A handwritten signature in blue ink that reads 'Indika'.

Indika Dias  
Assistant Director  
Financial Audit  
26 July 2024

Attach



**NAME OF ENTITY: SHIRE OF MUNDARING**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024**  
**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

Index of findings	Potential impact on audit opinion	Rating			Prior year finding
		Significant	Moderate	Minor	
1. No termination acceptance letter	No		✓		

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team’s assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However even if the issue is not likely to impact the audit opinion, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

**NAME OF ENTITY: SHIRE OF MUNDARING**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2024**  
**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

**1. No termination acceptance letter**

**Finding:**

During our sample testing of 4 terminated employees, we noted that a termination letter acceptance had not been prepared for 1 employee who had left employment.

**Rating: Moderate**

**Implication**

Without a confirmation of the termination, incorrect pay details may be processed to the payroll system resulting in incorrect termination pay to employees and financial loss to the Council.

**Recommendation**

We recommend that a termination acceptance letter with all details of the termination is prepared and signed by management before being sent to the departing employee and placed on the employee file as a record to support the payroll records.

**Management's comments**

*The recommendation is accepted. It is the Shire's requirement that employee termination letters are issued and signed by the CEO. This instance related to the period where there was a change in CEO. In the instances that this does not occur the responsible officer is reminded of this requirement.*

**Responsible person:** Manager Finance and Governance

**Completion date:** ongoing

## 7.2 Audit and Risk Committee Action Items - Status Report

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<b>File Code</b>	GV.MTG 6.1
<b>Author</b>	Stan Kocian, Manager Finance and Governance
<b>Senior Employee</b>	Garry Bird, Director Corporate Services
<b>Disclosure of Any Interest</b>	Nil
<b>Attachments</b>	Nil

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### **PURPOSE**

To provide an update on the status of outstanding Audit and Risk Committee action items for the information of committee members.

### **BACKGROUND**

A number of matters have previously been considered by the Audit and Risk Committee which required follow up actions by staff.

### **STATUTORY / LEGAL IMPLICATIONS**

There are statutory or legal implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

### **POLICY IMPLICATIONS**

There are policy implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

### **FINANCIAL IMPLICATIONS**

There may be financial implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

### **STRATEGIC IMPLICATIONS**

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

### **SUSTAINABILITY IMPLICATIONS**

There are sustainability implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

### **RISK IMPLICATIONS**

<b>Risk:</b> That action items from the Committee are not completed and expose Council to the risks being addressed by the item.
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<b>Likelihood</b>	<b>Consequence</b>	<b>Rating</b>
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Possible	Moderate	Moderate
<b>Action / Strategy</b>		
That staff update the Committee regularly on progress towards completing the required actions.		

**EXTERNAL CONSULTATION**

Nil

**COMMENT**

The following matters have previously been considered by the Audit and Risk Committee, with follow up actions required.

<b>25.10.2022 Item 8.1;</b> and <b>7.03.2023 Item 7.1</b> WHS Management Plan and Action Plan.	Director Corporate Services	Provide regular updates to the Committee on progress of these plans	Due date: December 2024
<b>Comment</b> Six monthly update have been requested by the Committee as follows; <ul style="list-style-type: none"> <li>• September 2023 (completed December 2023)</li> <li>• June 2024 (completed June 2024)</li> <li>• December 2024</li> <li>• June 2025</li> <li>• December 2025</li> </ul>			
<b>28.02.2023 Item 9.1</b> General Computer Controls – Capability Maturity Framework	Director Corporate Services	Provide an update to the Committee by June 2023 (six monthly update).	Due date: December 2024
<b>Comment</b> Six monthly updates have been requested by the Committee as follows; <ul style="list-style-type: none"> <li>• June 2023 (completed)</li> <li>• January 2024 (completed December 2023)</li> <li>• June 2024 (completed June 2024)</li> <li>• December 2024</li> <li>• June 2025</li> </ul>			

**VOTING REQUIREMENT**

Simple Majority

<b>RECOMMENDATION</b>
That the Committee notes the Action Items Status Report as at 14 August 2024.

## **8.0 URGENT BUSINESS (LATE REPORTS)**

## **9.0 CLOSING PROCEDURES**

### **9.1 Date, Time and Place of the Next Meeting**

The next Audit and Risk Committee meeting will be held on Tuesday, 22 October 2024 at 4.00pm in the Committee Room.

### **9.2 Closure of the Meeting**