



# **MINUTES**

**Audit Committee Meeting held on  
Wednesday 7 February 2024,  
in Council Chambers, at  
Lot 66 Railway Street, Trayning  
Commencing at 5.30 pm**

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Signed



Leanne Parola  
Chief Executive Officer

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## 1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Chairperson, Cr MA Brown, welcomed all Members and Staff declaring the meeting open at 5.00 pm.

## 2 RECORD OF ATTENDANCE

### MEMBERS:

Cr Melanie Brown (Chairperson)  
Cr Peter Barnes  
Cr Corey Harken  
Cr Mark Leslie  
Cr Michelle McHugh  
Cr Dale Naughton

### STAFF:

Mrs Leanne Parola (Chief Executive Officer)

### APOLOGIES:

Cr Clayton Marchant (Deputy President)  
Ms Belinda Taylor (Manager Corporate Services)

## 3 MINUTES OF MEETINGS

### Background

The Audit Committee Minutes of the previous meeting held 13 December 2023, have been circulated to all Councillors.

### Officer Recommendation/Committee Decision

**Moved Cr McHugh**

**Seconded Cr Naughton**

That the minutes of the Audit Committee Meeting held on 13 December 2023 are a true and correct record of the proceedings.

**Carried 6/0**

## 4 BUSINESS AS NOTIFIED

### 4.1 Compliance Audit Return 2023

Date of Report:	23 January 2024
Proponent:	Chief Executive Officer
File Ref:	4.3.1.2 Compliance Audit Report
Officer's Disclosure of Interest:	Nil
Attachments:	4.1 Compliance Audit Return 2023
Voting Requirements:	Simple Majority

#### **Purpose of Report**

To review the Compliance Audit Return 2023 and to report to Council the results of that review.

#### **Background**

A copy of the 2023 Compliance Audit Return has been completed by staff and is presented as Attachment 4.1.

#### **Consultation**

Nil

#### **Statutory Environment**

Local Government (Audit) Regulations 1996:

14. Compliance audits by local governments – requires local governments to carry out a compliance audit for each calendar year for review by the Audit Committee before reporting to Council

15. Certified copy of compliance audit return and other documents to be given to Departmental CEO – a copy of the return signed by the President and Chief Executive Officer and an extract of the minutes of the Council Minutes have to be submitted to the Department of Local Government, Sport and Cultural Industries by 31 March

#### **Policy Implications**

Nil

#### **Financial Implications**

Nil

#### **Risk Implications**

The annual Compliance Audit Return is a tool to assist local governments in assessing whether they comply with the Local Government Act 1995 and associated Regulations.

#### **Officer's Comment**

The Shire complied with all legislative requirements included in the 2023 Compliance Audit Return.

**Officer's Recommendation/Committee Resolution**

**Moved Cr Harken**

**Seconded Cr Barnes**

That the Audit Committee receive the Compliance Audit Report 2023 as presented by the Chief Executive Officer and present the report to Council for adoption.

**Carried 6/0**

## 4.2 Review of Matters Raised in 2023 Audit

Date of Report:	23 January 2024
Proponent:	Chief Executive Officer
File Ref:	3.2.6.1 Annual Audit
Officer's Disclosure of Interest:	Nil
Attachments:	Nil
Voting Requirements:	Simple Majority

### **Purpose of Report**

To report to the Audit Committee the progress made on the matters raised in the Auditors Management Letter for the period ending 30 June 2023.

### **Background**

The 2023 Management Letter was referred to the Audit Committee at its meeting held 13 December 2023.

### **Consultation**

The Chief Executive Officer contacted the Chief Executive Officers of the other North Eastern Wheatbelt Regional Organisation of Councils to see if they received the same or similar findings in relation to information technology. The responses received indicated that they received the same findings.

Staff have contacted the Western Australian Local Government Association to see if they intend to prepare any templates to address the information technology related recommendations.

### **Statutory Environment**

None of the issues raised were as a result of non-compliance with statutory requirements.

### **Policy Implications**

There are no direct policy implications.

### **Financial Implications**

Addressing a number of the recommendations will require unbudgeted expenditure through the use of consultants and increasing employee costs to cover additional staff.

A quotation has been sought from the Shire's ITC contractor to address the IT related items however it has yet to be received. It is likely there will be increased ITC costs in future budgets to comply with the recommendations.

### **Strategic Implications**

Nil

### **Officer's Comment**

The following matters were raised by the Office of the Auditor General following the 2023 Audit:

<b>Issue</b>	<b>OAG Recommendation</b>	<b>Status</b>
Fair Valuation of Land and Buildings	Consider independent valuer review fair values each year	Staff do not intend to change current practice
Excessive Superuser Access	Carry out access review	Review completed, Systems Administrator rights have been removed from one user
Procurement Practices	Remind staff about procurement policy	Done at staff meeting held 18 December 2023
Excessive Annual Leave Balance	Clear excessive leave balances	Staff encouraged to take leave. Item to February OCM to offer to pay out excessive leave balances. Budget review item includes an increase in contractor budgets
IT Governance	Develop a suite of policies and an IT strategic plan	Shire ITC contractor has been asked for a quotation
No Business Continuity Plan and Disaster Recovery Plan	Establish these plans	A draft Business Continuity and Disaster Recovery Plan has been prepared for the February OCM
No IT Change Management Process in Place	Establish formal change management process	Shire ITC contractor has been asked for a quotation
Lack of IT Risk Register and Period meetings for managing cyber security risks	Develop and maintain IT risk register and hold regular cybersecurity risk management meetings	Shire ITC contractor has been asked for a quotation
Supplier Masterfile Amendments	Record evidence of ABN checks	Implemented
IT security control environment	Develop Cyber Security Response Plan	Shire ITC contractor has been asked for a quotation
Credit Card Limits	Reduce CEO credit limit as per credit card policy	Form has been lodged with bank
Workforce Plan not been updated	Council approve a Workforce Plan	Draft plan from 2023 yet to be revisited by staff

The items relating to IT governance, security and risk have also been raised with a number of other local governments. Staff have approached the Western Australian Local Government Association to ask if they are likely to develop some basic templates which would be suitable to use by local governments.

We have been advised that the Western Australian Local Government Association is working with the Office of Digital Government WA to see if it would be possible to leverage the work they are doing for the State Government Agencies.



In the meantime they have recommended that the Shire conduct a risk assessment of the findings to determine the most urgent to address, and consider them against what is known as the 'Essential Eight'.

The Essential Eight have been designed to protect an organisation's internet-connected information technology networks. The eight mitigation strategies are:

- patch applications
- patch operating systems
- multi-factor authentication
- restrict administrative privileges
- application control
- restrict Microsoft Office macros
- user application hardening
- regular backups

The Shire is currently utilising an number of these strategies.

The biggest risks the Shire would have in the event of a data breach is:

- release of private information held on employees including tax file numbers, superannuation, date of birth, home addresses and phone numbers
- release of private information held on ratepayers, animal owners and debtors including addresses and phone numbers
- loss of productivity
- damage to reputation

Staff have contacted our ITC Contractors to ask them for a quotation to prepare a report and a costed action plan to address the audit findings.

#### **Officer Recommendation/Committee Resolution**

**Moved Cr Naughton**

**Seconded Cr Leslie**

That the progress made on the matters raised in the Auditors Management Letter for the period ending 30 June 2023 be noted.

**Carried 6/0**

**5 URGENT BUSINESS BY DECISION OF MEETING**

**6 MATTERS FOR WHICH THE MEETING MAY BE CLOSED**

**7 NEXT MEETING**

As required.

**8 CLOSURE**

There being no further business, the Chairperson Cr M A Brown closed the meeting at 5.36 pm.