



## NOTICE OF MEETING

Councillors: Please be advised that the next meeting of the

### **KULIN SHIRE COUNCIL**

Audit & Risk Committee Meeting

**will be held on  
Wednesday 18 September 2024  
commencing at 3:15pm**

A handwritten signature in black ink, appearing to be 'Alan Leeson', written over a circular stamp or seal.

Alan Leeson  
Chief Executive Officer  
13 September 2024

#### **DISCLAIMER**

The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

Please note this agenda contains recommendations, which have not yet been adopted by Council.

# ORDER OF BUSINESS

- 1 **DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS**
- 2 **RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE**
- 3 **CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**
  - 3.1 Audit & Risk Committee Meeting Minutes – 19 June 2024
- 4 **MATTERS REQUIRING DECISION**
  - 4.1 Letter to Department of Local Government regarding Significant Findings in 2022- 23 Audit Management Letter Attachment 1
- 5 **NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING**
- 6 **DATE AND TIME OF NEXT MEETING**
- 7 **CLOSURE OF MEETING**

#### **4.1 Letter to Department of Local Government regarding Significant Findings in 2022- 23 Audit Management Letter**

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**RESPONSIBLE OFFICER:** CEO  
**FILE REFERENCE:** 12.03  
**AUTHOR:** EMFS  
**STRATEGIC REFERENCE/S:**  
**DISCLOSURE OF INTEREST:** Nil

**SUMMARY:**

Management is seeking the Audit and Risk Committee's approval to send the attached draft letter responding to the Minister for Local Government outlining the Shire's action plans in relation to significant items identified in the 2022-23 Information Systems Audit and seeking clarification regarding reporting on significant items in Audit Management letters.

**BACKGROUND & COMMENT:**

The Shire of Kulin had two Information Systems related significant findings in our 2022-23 Interim & Final Audit Management Letters being:

- Lack of Disposal of IT policy (Interim Management Letter only)
- Lack of Disaster Recovery Plan

Both items have since been addressed by management with the new Disposal of IT policy being adopted by Council in August 2023 and the Draft Disaster Recovery Plan received by Council and tested in April 2024.

The OAG presented a report on the *Information Systems Audit Results – Local Government 2022-23* (Report) to Parliament on 27 May 2024. The Report does not explicitly mention the Shire of Kulin or the significant findings from our Audit Management Letter listed above.

The Shire received the attached letter from the Department of Local Government on 30 August 2024 asking why the Shire has not reported to the Minister of Local Government regarding the significant items by 27 August 2024 deadline.

The Shire received and responded to a similar letter from the Department in August 2023. A response from the Minister was received on 18 October 2023 stating that the Department was "*currently engaging with the Office of the Auditor General regarding audit management letters and the requirement to report to the Minister for Local Government under section 7.12A of the Local Government Act 1995, and further guidance in this respect will be provided in due course.*" The Shire has not received further guidance on this matter.

Management has drafted the attached letter to the Minister for Local Government outlining the Shire's action plans in relation to significant items identified in the 2022-23 Information Systems Audit and seeking clarification regarding reporting on significant items in Audit Management letters. Management is seeking the Audit and Risk Committee's approval to send this letter.

**STATUTORY ENVIRONMENT:**

Local Government Act 1995; Local Government (Audit) Regulations 1996

**POLICY IMPLICATIONS:**

Nil

**FINANCIAL IMPLICATIONS:**

Nil

**COMMUNITY CONSULTATION:**

Nil

**WORKFORCE IMPLICATIONS:**

Nil

**AUDIT & RISK COMMITTEE RECOMMENDATION:**

That the Audit & Risk Committee approve the letter drafted to the Minister regarding Information Systems related findings in the 2022-23 Audit Management Letters and to seek clarification regarding future reporting on significant items in Audit Management Letters.

**VOTING REQUIREMENTS:**

Simple Majority.

Attachment 1



Department of  
**Local Government, Sport  
and Cultural Industries**



Our Ref M24002175  
Enquiries Tom Griffiths  
Phone (08) 6552 1421  
Email [tom.griffiths@dlgsc.wa.gov.au](mailto:tom.griffiths@dlgsc.wa.gov.au)

Mr Alan Leeson  
Chief Executive Officer  
Shire of Kulin  
PO Box 125  
Kulin WA 6365

Dear Mr Leeson

### **SIGNIFICANT ITEMS IN REPORT TABLED IN PARLIAMENT**

On 27 May 2024, the Auditor General tabled a report in Parliament on the *Information Systems Audit Results – Local Government 2022-23* (Report). This Report states:

*“In accordance with section 7.12A of the Local Government Act 1995, local government entities should prepare a report on any matters identified as significant in the local government’s audit report<sup>9</sup>. The report should be given to the Minister for Local Government within three months of the local government receiving the audit report and published on the local government’s website.”*

The Department of Local Government, Sport and Cultural Industries (DLGSC) has been advised by the Office of the Auditor General that the Shire of Kulin (the Shire) is one of the audited entities.

I understand the basis and contents of the Report tabled in Parliament was gathered through the Auditor General’s financial audit of the Shire. Specifically, the Auditor General made the following significant findings with respect to the Shire:

Disaster recovery plan  
Disposal of IT – policy

In terms of section 7.12A of the Local Government Act 1995, the Shire must have given a report to the Minister of Local Government regarding the above-mentioned significant findings by 27 August 2024. This report should have detailed the actions the Shire has taken or intend to take in respect of each of these significant findings. If such report is still outstanding, please send it to the Minister for Local Government at [Minister.Beazley@dpc.wa.gov.au](mailto:Minister.Beazley@dpc.wa.gov.au).

246 Vincent Street Leederville WA 6007  
Gordon Stephenson House, 140 William Street Perth WA 6000  
PO Box 8349 Perth Business Centre WA 6849  
Telephone (08) 9492 9800  
Email [odg@dlgsc.wa.gov.au](mailto:odg@dlgsc.wa.gov.au)  
Web [www.dlgsc.wa.gov.au](http://www.dlgsc.wa.gov.au)

Please provide the DLGSC with a copy of the report the Shire has provided to the Minister for Local Government via the [LG.accounting@dlgsc.wa.gov.au](mailto:LG.accounting@dlgsc.wa.gov.au) inbox.

If you have any questions relating to the reporting requirements, please do not hesitate to contact Anton Prinsloo, A/Senior Project Officer via [LG.accounting@dlgsc.wa.gov.au](mailto:LG.accounting@dlgsc.wa.gov.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tom Griffiths', with a stylized flourish at the end.

Tom Griffiths  
A/EXECUTIVE DIRECTOR LOCAL GOVERNMENT

30 August 2024



All correspondence to be addressed to:  
Chief Executive Officer  
PO Box 125 KULIN WA 6365  
p: 08 9880 1204 f: 08 9880 1221  
e: enquiries@kulin.wa.gov.au  
www.kulin.wa.gov.au

XX September 2024

Hon. Hannah Beazley MLA  
Minister for Local Government  
7th Floor Dumas House  
2 Havelock Street  
West Perth WA 6005

Dear Minister Beazley

**RE: Significant findings in OAG Local Government 2022-23 Information Systems Audit**

I am writing to address two significant findings identified in the Shire of Kulin's 2022-23 Interim Audit Management Letter relating to the Shire's information systems. It has been brought to our attention that these issues formed part of the Office of Auditor General's 2022-23 Local Government Information Systems Audit report (the report) tabled in Parliament on 27 May 2024. This report required the Shire to prepare an action plan to address these significant matters for submission to you within three months of the report being tabled (in accordance with section 7.12A of the *Local Government Act 1995*).

An extract of the Shires 2022-23 Interim & Final Management Letters along with the Shire's action plan to address these issues is as follows:

**1. Disaster recovery plan (Final Management Letter)**

**Finding**

Our inquiries indicated that the Shire of Kulin still has no formal disaster recovery plan in place in respect to information technology systems and overall Shire operations. It was noted that limited progress has been made by the Shire in preparing the disaster recovery plan at the time of our interim audit.

The same finding was raised in the 2020-21 and 2021-22 financial years.

**Rating: Significant**

**Implication**

Increased risks of significant interruption to business and operations in the event of unforeseen circumstances.

**Recommendation**

We recommend that a disaster recovery plan be developed, documented and tested to ensure that in the event of a disaster, appropriate and effective recovery actions can be taken promptly.



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## Updated Management Comment

The Shire developed a Disaster Recovery Plan in collaboration with its IT Consultants, Sapio Pty Ltd. This Plan was presented to Council on 17 April 2024. Testing of the plan was conducted in April 2024 with no major issues noted. Annual testing of the plan has been added to the Shire's compliance calendar and will be conducted in April each year.

## 2. Disposal of IT – policy (Interim management letter)

### Finding

We noted that there is no formal policy in place in relation to the disposal of Shire IT equipment, including the erasing and subsequent disposal of portable devices.

Similar findings were raised in the 2021-22 and the 2020-21 financial years.

**Rating: Significant (2022: Significant, 2021: Moderate)**

### Implication

The absence of a formal policy increases the risk IT assets are disposed of inappropriately, additionally without defining data destruction requirements of IT assets being disposed, there is risk of inadvertent public disclosure of the Shire's information.

### Recommendation

We recommend a policy be developed and endorsed by Council as a priority, outlining the appropriate steps required when disposing of Shire's IT equipment, including the disposal of portable devices.

### Management Comment

The Shire adopted a Disposal of IT policy which was adopted by Council in August 2023. This matter did not appear on our 2022-23 Final Audit Management Letter and therefore we are disappointed that this matter was included in the Office of Auditor General's 2022-23 Local Government Information Systems Audit report.

As per our letter written on 16 August 2023, the Shire of Kulin does not believe that reporting of significant items in Audit Management Letters is required under section 7.12A. Our understanding is that this section relates to significant items in the **Audit Opinion attached to the Financial Statements**, not significant items in Management Letters. Historically we have only reported to the Department on significant items in the Audit Opinion. We sought clarity on this matter.

The Shire received a response from Hon David Michael MLA, Minister for Local Government on 18 October 2023 stating "the DLGSC is currently engaging with the Office of the Auditor General regarding audit management letters and the requirement to report to the Minister for Local Government under section 7.12A of the Local Government Act 1995, and further





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guidance in this respect will be provided in due course". We have not received any further guidance in relation to this matter. We request this clarification so that we can report on a timelier basis in the future.

Yours sincerely

**Alan Leeson**  
Chief Executive Officer

DRAFT