



# Attachments

## Audit Committee Meeting February 2023



*Audit  
Committee  
Meeting  
Minutes*

*21<sup>st</sup> July  
2022*

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## 1. DECLARATION OF OPENING

The Presiding member declared the meeting open at 2.30pm

## 2. ATTENDANCE

Cr W Della Bosca	Member	(Chair)
Cr B Close	Member	
Cr J Cobden	Member	
Mrs. J Della Bosca	Community Member	
Mr. N Warren	Chief Executive Officer	
Mr. C Watson	Executive Manager Corporate Services	
Mr. B Forbes	Manager of Finance	
Apologies:	Cr P Nolan	Member
Observers:	Cr L Granich	
Leave of Absence:	Nil	

## 3. RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

## 4. PUBLIC QUESTION TIME

Nil

## 5. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the Audit Committee Meeting, 17 February 2022

**AC5/2022**

***Moved Cr Cobden/Seconded Cr Della Bosca***

***That the minutes of the Audit Committee Meeting held on 17 February, 2022 be confirmed as a true and correct record of proceedings.***

**CARRIED (4/0)**

## 6. DECLARATIONS BY MEMBERS AND OFFICERS

Nil

## 7. STATUS OF ACTIONS PREVIOUSLY TABLED

All actions resulting from items previously tabled are complete.

## 8. RISK DEVELOPMENTS

The Office of the Auditor Generals recently published “Fraud Risk Management – Better Practice Guide” was included in the attachments for this meeting.

This document will be reviewed and a fraud risk management program will be developed and present to the Audit Committee at a subsequent meeting.

## 9. PRESENTATIONS

Nil

UNCONFIRMED

## 9.1 Officers Report – Executive Manager Corporate Services

### 9.1.1 2020/21 Audit & Management Report

<b>File Reference</b>	<b>8.2.3.3</b>
<b>Disclosure of Interest</b>	<b>Nil</b>
<b>Voting Requirements</b>	<b>Simple Majority</b>
<b>Attachments</b>	<b>Confidential Attachment 1 – Auditors Interim Management Report for Year Ending 30 June 2022.</b>

#### Purpose of Report

The Audit Committee is requested to receive the Interim Management Report relating to the year ending 30<sup>th</sup> June 2022.

#### Background

The purpose and responsibilities of the Audit Committee is outlined in Part 7 of the Local Government Act 1995.

One of the Audit Committee's responsibilities is to examine the reports of the auditor including the interim management report and note its contents.

#### Comment

Over the period 9<sup>th</sup> to the 13<sup>th</sup> of May, Councils auditors completed the interim audit for the financial year ended 30 June 2022.

#### Statutory Environment

Local Government Act 1995 –

##### 7.9. Audit to be conducted

- (1) An auditor is required to examine the accounts and annual financial report submitted for audit and, by the 31 December next following the financial year to which the accounts and report relate or such later date as may be prescribed, to prepare a report thereon and forward a copy of that report to —
  - (a) the mayor or president; and
  - (b) the CEO of the local government; and
  - (c) the Minister.
- (2) Without limiting the generality of subsection (1), where the auditor considers that—
  - (a) there is any error or deficiency in an account or financial report submitted for audit; or

- (b) any money paid from, or due to, any fund or account of a local government has been or may have been misapplied to purposes not authorised by law; or
  - (c) there is a matter arising from the examination of the accounts and annual financial report that needs to be addressed by the local government, details of that error, deficiency, misapplication or matter, are to be included in the report by the auditor.
- (3) The Minister may direct the auditor of a local government to examine a particular aspect of the accounts and the annual financial report submitted for audit by that local government and to —
  - (a) prepare a report thereon; and
  - (b) forward a copy of that report to the Minister, and that direction has effect according to its terms.
- (4) If the Minister considers it appropriate to do so, the Minister is to forward a copy of the report referred to in subsection (3), or part of that report, to the CEO of the local government to be dealt with under section 7.12A.

#### **7.12 A Duty 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 his or her 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 is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to —
  - (a) determine if any matters raised by the report, or reports, 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 is to —
  - (a) prepare a report on any actions under subsection (3) in respect of an audit conducted in respect of a financial year; and
  - (b) forward a copy of that report to the Minister, by the end of the next financial year, or 6 months after the last report prepared under section 7.9 is received by the local government, whichever is the latest in time.

Local Government (Financial Management) Regulations 1996 –

**51 Annual financial report to be signed etc. by CEO and given to Department**

- (1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.
- (2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

Local Government (Audit) Regulations 1996 –

**10. Report by auditor**

- (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 is to include —
  - (a) any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the local government; and
  - (b) any matters indicating non-compliance with Part 6 of the Act, the Local Government (Financial Management) Regulations 1996 or applicable financial controls in any other written law; and
  - (c) details of whether information and explanations were obtained by the auditor; and
  - (d) a report on the conduct of the audit; and
  - (e) the opinion of the auditor as to whether or not the following financial ratios included in the annual financial report are supported by verifiable information and reasonable assumptions —
    - (i) the asset consumption ratio; and
    - (ii) the asset renewal funding ratio.

(4A) In subregulation (3)(e) —

**asset consumption ratio** has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2);

**asset renewal funding ratio** has the meaning given in the Local Government (Financial Management) Regulations 1996 regulation 50(2).

- (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.



The recommendation that follows is consistent with the legislative requirements.

### Strategic Implications

There are no strategic implications as a result of this report.

### Policy Implications

There are no policy implications as a result of this report.

### Financial Implications

There are no financial implications as a result of this report.

### Officer Recommendation and Council Decision

*AC6/2022*

*Moved Cr Cobden/Seconded Cr Close*

*That the Audit Committee accepts the Interim Management Report provided by Councils auditors and endorses Managements comments as they relate to the two issues raised.*

**CARRIED (4/0)**

## 10. CLOSURE OF MEETING

With there being no further business to discuss the Presiding member declared the meeting closed at 2.41pm

**Cr Wayne Della Bosca**  
**PRESIDENT**

# Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls

Shire of Yilgarn

February 2023



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# 1.0 Engagement Overview

## 1.1 Scope of Services

The Shire of Yilgarn (Shire) engaged Moore Australia to undertake a review service with a dual purpose, firstly to provide the basis for a report by the CEO to the Audit Committee on the appropriateness and effectiveness of the Shire's risk management, internal controls and legislative compliance systems and procedures as required by the *Local Government (Audit) Regulations 1996* Regulation 17. Secondly, a review of financial management systems to assess the appropriateness and effectiveness of these systems and procedures, as required by *Local Government (Financial Management) Regulations 1996* Regulation 5(2)(c).

For efficiency, the reviews were undertaken simultaneously, and the results contained in this single report. Financial management systems and procedures are considered a subset of broader overall risk management, legislative compliance and internal controls. The matters examined in respect of financial management systems are detailed in Appendix A. Where opportunities for improvement were identified, they are reported within the relevant section of the risk management, legislative compliance and internal controls framework design, implementation and evaluation sections of this report.

The results of the risk management, legislative compliance and internal controls review are to be reported by the CEO to the Audit Committee. The Audit Committee is required to review the CEO's report and on-report to Council. The report from the Audit Committee to Council is required to have attached a copy of the CEO's initial report to the Audit Committee.

### 1.1.1 Procedures – Financial Management Review

Our procedures for the Financial Management Review encompassed a review of the Shire's financial systems including, but not necessarily limited to:

- Collection of money owed;
- Custody and security of money and investments held;
- Rates;
- Maintenance and security of financial records;
- Accounting and controls for revenue and expenses;
- Accounting and controls for assets and liabilities;
- Accounting and controls for trust transactions;
- Authorisation of purchases;
- Authorisation of payments;
- Borrowings;
- Maintenance and processing of payroll;
- Stock controls and costing records;
- Record keeping for financial records;
- Preparation of budgets and budget reviews; and
- Preparation of financial reports.

Our procedures and approach have been developed over a number of years taking into account our extensive local government background and seeks to examine both financial systems and procedures in use.

The financial management review does not examine systems and procedures which are non-financial in nature and did not specifically test for legislative breaches. These were examined as part of the risk management, legislative compliance and internal control review.

# 1.0 Engagement Overview

## 1.1.2 Procedures – Risk Management, Legislative Compliance and Internal Controls Review

Our procedures for the systems and procedures review, as required by regulation 17 of the *Local Government (Audit) Regulations 1996*, on behalf of the CEO encompassed the following services:

- A review of the risk management systems policies, procedures and plans in place at the Shire;
- Evaluate the non-financial/operational internal control systems and procedures at the Shire;
- Assess systems and procedures for maintaining legislative compliance; and
- Prepare a report of matters identified during the review to assist the CEO assess the appropriateness and effectiveness of the relevant systems and procedures in accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*.

To undertake these procedures, we applied the following methodology:

- Conduct interviews with key personnel involved in risk management, financial management and the Shire's adherence to legislative requirements;
- Identify the extent of commitment and mandate to risk management principles, using AS/NZS ISO 31000:2018 as the framework, within the overall risk management framework;
- Review each component of risk management, legislative compliance and internal controls after considering the overall risk environment, governance structure and internal control environment;
- Assess the gaps, if any, between the current processes and the expected risk management, internal controls and legislative compliance systems and procedures and recommend suggested improvements; and
- Report on the appropriateness and the effectiveness of current systems and procedures.

The review was a high-level review given the scale, variety and breadth of non-financial activities and considered, as a minimum, the issues identified by the Department of Local Government, Sport and Cultural Industries to Local Government Operational Guideline Number 09 – Audit in Local Government (listed in Appendix E).

## 2.0 Review Context

### 2.1 Review Context - Shire of Yilgarn

Understanding the external and internal context in which the Shire operates, relevant to financial management, risk, the internal control environment and its legislative compliance obligations, as it seeks to achieve its overall strategic objectives is important to the review of the related systems and procedures.

The external and internal environmental influences identified during the review are set out below:

External Influences	Internal Influences
Increasing community expectations in relation to service levels and delivery.	The objectives and strategies contained in the current Strategic Community Plan.
Rapid changes in information technology, changing the service delivery environment.	The timing and actions contained in the current Corporate Business Plan.
Increased compliance requirements due to government policy and legislation.	Organisational size, structure, activities and location.
Cost shifting by the Federal and State governments.	Human resourcing levels and staff retention.
Climate change and subsequent response.	The financial capacity of the Shire.
Reducing external funding for infrastructure and operations.	Maintenance of corporate records.
Increasing risk of cyber attack resulting in compromised or lost data.	Allocation of resources to achieve strategic outcomes.
Declining general population, and increasing aging population locally.	COVID 19 and impact on the internal environment
Changing regulatory requirements.	
COVID 19 and impact on the external environment	
Changing global economic environment.	



## 3.0 Review Summary

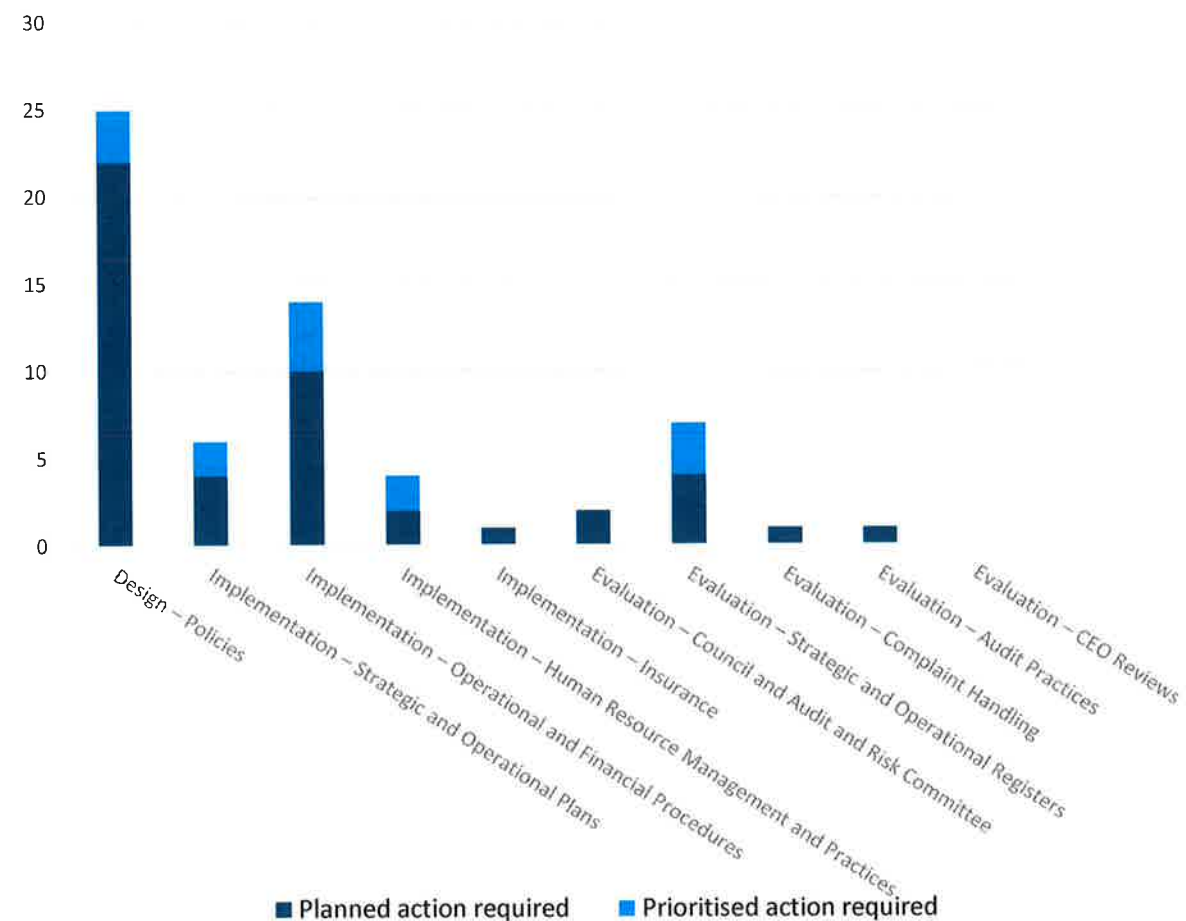
### 3.1 Overall

Operations of a regional local government are complex and involve a number of people making decisions across a large number of areas of operations. The Shire of Yilgarn is highly reliant on a small team of senior decision makers to govern its operations whilst trying to ensure sound financial and risk management through internal controls and aiming to achieve a high level of compliance.

This review was undertaken by first determining an appropriate framework for the Shire against which current policies, procedures and actions could be assessed this is described further in Section 5.0. A number of areas for improvement were identified during the review. As the Shire has limited resources the areas identified for improvement have been split between those requiring prioritised action and those requiring planned action as it will require resources and time to address a number of the matters raised.

The chart below reflects the number of improvements identified within each area of the framework examined.

**No of improvements identified by framework element**



Details of each improvement identified under each framework element are provided in Sections 6.0 through 8.0 of this report. Key improvements are provided under each of the review areas, financial management, risk management, internal control and legislative compliance on the following pages.

A summary of improvements listed by prioritised and planned action is provided at Appendix F.

## 3.0 Review Summary

### 3.2 Financial Management

The Shire has a number of financial management system controls to cover the wide variety of operations undertaken. Council has responsibility for the adoption of the annual budget and annual report, review of the monthly statement of financial activity and review of the monthly list of payments. Responsibility for the financial management of the Shire rests with the CEO, as detailed under *Financial Management Regulation 5(1)*.

#### 3.2.1 Appropriateness

Considering the size, resources, variety of operations and the context in which the Shire operates, documented internal control procedures relating to financial management systems, are considered largely appropriate as a means of maintaining a high level of control over the financial management of the Shire. Our assessment as to the appropriateness is subject to identified weaknesses being addressed, and provided internal control procedures are routinely and consistently applied.

Weaknesses were identified with current controls and procedures, these are explained within Section 6.0 Framework Design of this report.

#### 3.2.2 Effectiveness

Considering the results of other elements of financial management systems and processes where documented and routinely tested, the current practices undertaken by the Shire of Yilgarn may be considered generally effective. Our assessment as to effectiveness is subject to the implementation of the improvements highlighted within this report.

Whilst generally considered effective, weaknesses were identified where internal controls are not considered effective. These are explained within Section 7.0 Framework Implementation of this report.

#### 3.2.3 Improvements

Details of recommended improvements to the current financial management, procedures and systems for the Shire are set out within the framework design and implementation sections of this report. Key operational areas where opportunities for improvements to the appropriateness and effectiveness of these procedures and internal controls were identified are:

- IT general controls;
- Payroll controls;
- Record keeping practices;
- Register of financial interests;
- Trust fund controls;
- Procurement controls; and
- General journal controls.



## 3.0 Review Summary

### 3.3 Risk Management

Risk management activities in local government should aim to facilitate an integrated and organisation wide approach to risk management practices. These activities would generally include routine and consistent consideration of risks (existing, new and emerging), as well as mitigations available to minimise risk levels, from both a 'top down' perspective as well as 'bottom up' perspective. These activities should be consistently applied through operational systems, processes and controls.

The Shire has developed its formal risk management processes with the adoption of an updated Risk Management Policy. This policy was last reviewed in September 2021. The Policy refers to the latest Risk Management Standard ISO 31000:2018. The policy document forms the basis for risk management activities within the Shire.

#### 3.3.1 Appropriateness

Currently, a documented entity wide Risk Management Policy is in existence to guide the implementation of risk management throughout the Shire.

Considering the size, resources, operations and the context in which the Shire operates, a documented risk management policy and procedures aligned to ISO 31000:2018 is considered appropriate as a means of uniformly supporting decision making and documenting the organisation's response to risks.

#### 3.3.2 Effectiveness

The current risk management policy reflects the Shire's commitment to organisation wide risk management principles, systems and processes aimed at optimising the achievement of objectives, embedding controls to mitigate risk, improving corporate governance and planning for continuity of critical operations. Development and application of risk management systems and processes are required to be implemented throughout the organisation in order for risk management processes and procedures to be considered effective.

#### 3.3.3 Improvements

Improvements to risk management practices and policies are detailed within the framework design and implementation sections of this report, with key matters summarised as follows:

- Align risk management activities and practices throughout the organisation and apply these consistently in accordance with the Shire's policy;
- Review contractor insurance to ensure contractors have appropriate insurance;
- Develop and maintain an ICT strategic plan;
- Undertake a comprehensive ICT security review;
- Develop and apply risk management activities to existing practices in accordance with a suitable risk management framework; and
- Ensure appropriate management of operational risks for high risk areas.

## 3.0 Review Summary

### 3.4 Internal Control

The principles of internal controls are not limited to administrative and financial control activities as they extend to all facets of operations. While the CEO is generally responsible for developing and maintaining internal control frameworks, all levels of the organisation should be accountable for the documentation and implementation of systems, controls, processes and procedures in their own area of responsibility. They all perform a function in the internal control framework.

Internal controls are of critical importance to operations and should provide for appropriate segregation of duties, experienced and qualified staff, risk management, documented procedures and effective monitoring and adherence. However inherent limitations will always be present in internal control frameworks and mechanisms where routine review and regular updates occur may assist to ensure control environments are suitable.

We observed a number of improvements to internal controls have recently been, or are currently, being developed. These have the objective of improving the existing framework and reducing gaps where weaknesses have been identified.

#### 3.4.1 Appropriateness

Considering the size, resources, operations and the internal/external context in which the Shire operates, the internal control framework, procedures and systems as described to us are considered appropriate for most areas of operations, subject to the identified improvements being in place. A number of internal controls were identified where these controls are not considered appropriate, as described with section 7.0 Framework Implementation of this report.

#### 3.4.2 Effectiveness

Considering the overall results of monitoring and compliance practices undertaken by the Shire of Yilgarn, the current internal control framework, procedures and systems (where documented and routinely tested) may be considered effective. Our assessment as to effectiveness is subject to the implementation of the improvements detailed at Section 7.0 Framework Implementation of this report.

#### 3.4.3 Improvements

Recommended improvements to the current internal control framework, procedures and systems are detailed later within the framework design and implementation sections of this report with selected key improvements to internal controls summarised as follows:

- Development of a documented internal controls policy, promoting a risk-based approach to the further development and maintenance of documented internal controls and procedures should provide an appropriate internal control framework. Continual risk based assessment of appropriate controls throughout the organisation will assist to identify the need for new controls and identify existing outdated and unnecessary controls to be discontinued;
- Development and maintenance of a Business Continuity Disaster Recovery Plan;
- Key internal controls should be documented either as procedures, checklists or workflow diagrams;
- Develop and maintain a number of registers to improve existing internal controls as discussed at Section 8.2 of this report;
- Undertake appropriate training at induction and at regular intervals to ensure staff are fully aware of, and understand, relevant internal controls; and

Implement financial management control recommendations discussed at Section 3.1 of this report.

## 3.0 Review Summary

### 3.5 Legislative Compliance

General principles of good governance often refer to the application of appropriate policies and procedures to assist with ensuring appropriate measures are in place to uphold high levels of legislative compliance. The resources allocated to these structures will vary according to the context of individual local government operations. Formalised processes are designed to provide a consistent structure to guide the prioritisation of resources toward achieving compliance requirements and integration into the operations of the local government.

Legislative compliance at the Shire of Yilgarn is currently largely dependent upon the knowledge and experience of senior staff and their individual desire to achieve high levels of legislative and regulatory compliance.

#### 3.5.1 Appropriateness

Considering local governments generally maintain a low risk appetite for breaches of legislation, a documented legislative compliance policy would be considered appropriate and good governance. Reliance on experienced senior staff for legislative compliance while considered appropriate, carries high risk where the number of experienced senior staff is low.

#### 3.5.2 Effectiveness

Maintaining legislative compliance is heavily reliant on the knowledge, experience and commitment of senior staff, to identify and prevent breaches of legislation. As a consequence, staff turnover, competing priorities and variations in workloads may have a significant negative impact on legislative compliance. Therefore, one of the most effective controls in maintaining legislative compliance is a motivated, stable, experienced and knowledgeable senior management group.

Instances of non-compliance with legislative requirements were identified during our review. Apart from the identified breaches of legislation, and in the instances where the effectiveness was able to be assessed, the current legislative compliance framework is considered effective.

#### 3.5.3 Improvements

Improvements to the current legislative compliance framework, are set out later within this report and summarised as follows:

- Development of a legislative compliance policy may assist to communicate expectations of Council in relation to legislative and regulatory compliance, as well as management of compliance breaches;
- Maintain statutory registers as required by legislation;
- Ensure proceedings and information presented at Council and Committee meetings comply with legislative requirements;
- Ensure all items required by legislation to be on the website are maintained on the website with procedures to document when they are uploaded or modified.
- Further development and approval of authorised checklists for functions which require a high level of legislative compliance; and
- Update and maintain the existing staff training matrix and coordinate training across the Shire. A risk based training matrix should help ensure staff with the responsibility for preventing, identifying and reporting breaches of legislation, are offered relevant training to ensure their knowledge of legislative requirements is maintained and qualifications are maintained and up to date where required.

## 4.0 Methodology

### 4.1 Review Methodology – Financial Management Review

The objective of this review is to assist the CEO of the Shire of Yilgarn to discharge responsibilities in respect to regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* (as amended).

In carrying out our review, we examined documented policies / procedures, undertook walkthroughs of key systems and procedures and performed limited detailed testing procedures to identify weaknesses in the financial management system and report to the CEO on the appropriateness and effectiveness of the control environment within the Shire, as required by regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

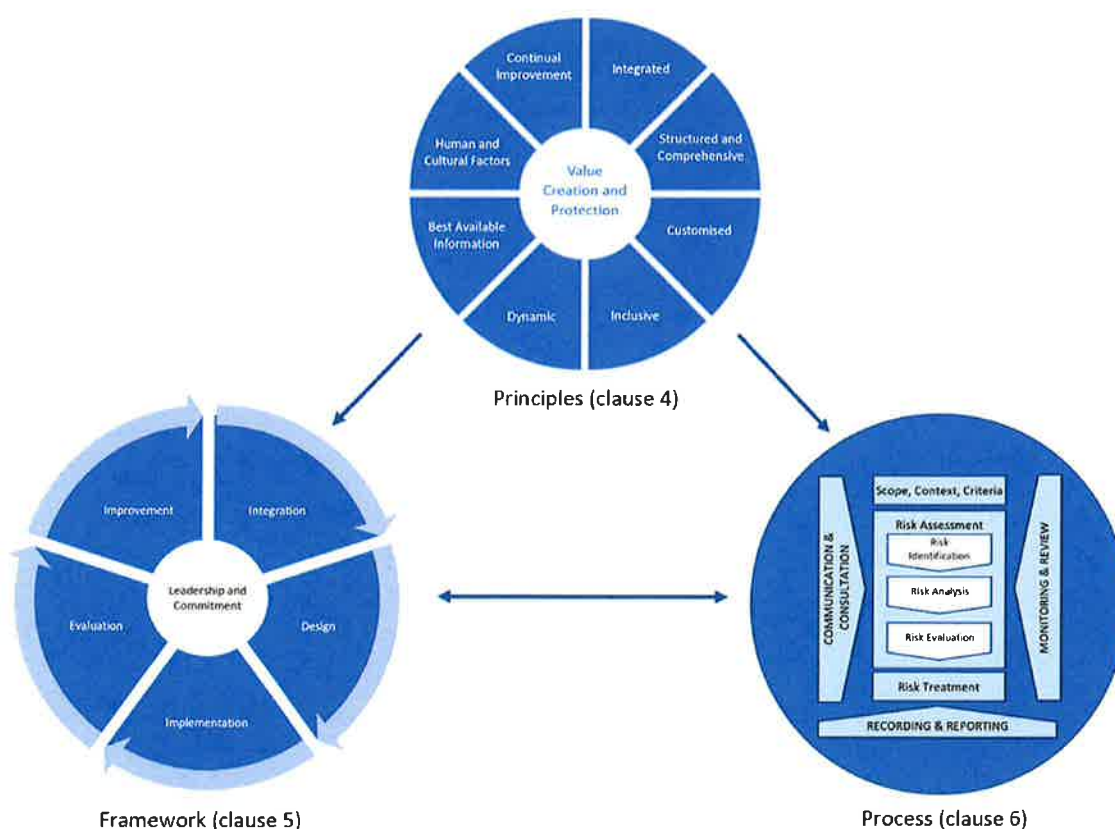
### 4.2 Review Methodology – Risk Management, Legislative Compliance and Internal Controls

The primary goal of this review is to assist the CEO to establish the appropriateness and effectiveness of the Shire systems and procedures in relation to risk management, legislative compliance and internal controls.

Internal controls are designed to treat risks and form part of the risk management process. Non-compliance with legislation is one of the risks that would usually be identified as a consequence of applying a risk management process.

The Australian Standard for Risk Management, ISO 31000:2018(E), identifies three components in the application of risk management, being *Principles*, *Framework* and *Process*, as set out in Diagram 1 below.

**Diagram 1. Risk Management Principles, Framework and Process**



Source: Australia/New Zealand Standard ISO 31000:2018

## 4.0 Methodology

### 4.2 Review Methodology – Risk Management, Legislative Compliance and Internal Controls (continued)

In undertaking our review, we have applied the three ISO 31000:2018 framework components, as set out on the previous page, to the review topics (risk management, internal controls and legislative compliance). This involves a process incorporating the five risk management framework components, *Integration, Design, Implementation, Evaluation and Improvement*, into the review of systems and processes:

- Identify the extent of leadership and commitment to the principles;
- Assess the extent of integration of risk management within the Shire;
- Assess the design of the current framework through an understanding of the Shire and the context within which it operates (risk management, legislative compliance and internal controls) after considering the overall context in which the review occurs;
- Assess the implementation of the current framework;
- Assess the extent of evaluation of the current framework and its effectiveness in supporting the Shire's objectives;
- Assess the current framework and improvements to the suitability, adequacy and effectiveness of the framework;
- Review the current process for the Shire's systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing context, assessing, treating, monitoring, reviewing, recording and reporting risk, internal controls and legislative compliance; and
- Report on the appropriateness and effectiveness of current systems and procedures.

This evaluation is based on interviews with key staff, review of requested documentation listed in the Appendices and reference to any external audit reports or reviews previously conducted.

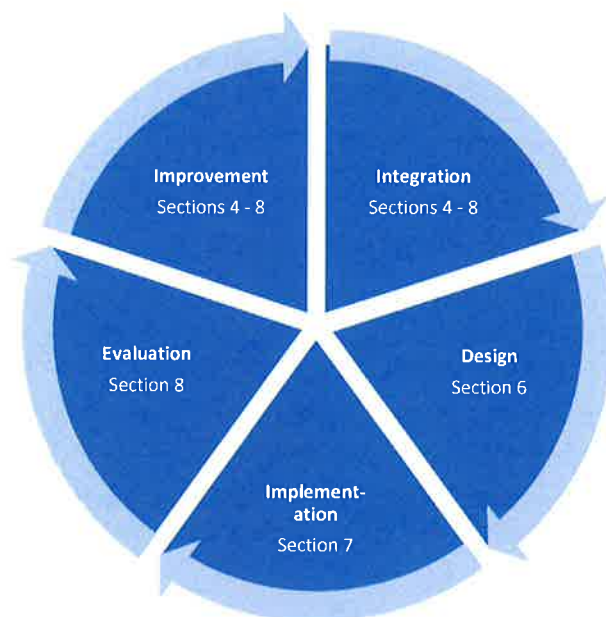


## 5.0 Appropriate Framework

### 5.1 Risk Management, Internal Control and Legislative Compliance

The following framework was identified as being appropriate for risk management, internal control and legislative compliance for the Shire of Yilgarn, after consideration of the current internal and external influences, detailed in Section 2.1.

**Diagram 2. Risk Management, Internal Control and Legislative Compliance Framework**



Source: Australia/New Zealand Standard ISO 31000:2018

A high-level review of risk management systems, internal controls and legislative compliance was undertaken which precluded detailed testing in all areas.

The results of our review, as detailed on the following pages, are set out with reference to the structure of the above framework. We assessed the following areas:

Design	Implementation	Evaluation
6.1 Strategic Plans	7.1 Strategic and Operational Plans	8.1 Council and Audit and Risk Committee
6.2 Council Policies	7.2 Operational and Financial Procedures	8.2 Strategic and Operational Registers
	7.3 Human Resource Management and Practices	8.3 Annual Compliance Audit Returns
	7.4 Insurance	8.4 Complaint Handling
		8.5 Audit Practices
		8.6 Reviews required by the CEO

Integration along with Leadership and Commitment were assessed within each of the elements of the framework.

## 6.0 Framework Design

### 6.1 Strategic Plans

The Shire has adopted two key strategic documents, the Strategic Community Plan 2020-2030 and the Corporate Business Plan 2022-2026. These plans identify the Council's organisational objectives and key outcomes, as the Shire progress on its stated mission *"The Shire of Yilgarn will deliver quality services, facilities and representation in order to achieve our Vision"*.

The Strategic Community Plan recognises the community's aspirations and values through the following key focus areas:

1. **Social:** An inclusive, secure and welcoming community that encourages families, youth and the aged to remain and contribute to our Shire in the long term;
2. **Economic:** A prosperous future for our community;
3. **Environmental:** Protecting, utilising and enhancing our beautiful natural heritage; and
4. **Civic Leadership:** Dynamic and visionary leadership guiding our community into the future.

In seeking to achieve its objectives, the Shire of Yilgarn faces both inherent and business risks. Whilst striving to fulfil expectations, it is also expected to meet compliance with numerous legislative requirements. To manage these risks, the Shire has established various processes, systems and controls.

The Strategic Community Plan references strategic challenges which might affect the Shire, and the community's aspirations / vision, and the projects and programs which will be implemented through the plan.

This review examines the appropriateness and effectiveness of the organisation's risk management systems, internal controls and legislative compliance in the context of the Shire striving to achieve its stated objectives.

## 6.0 Framework Design

### 6.2 Council Policies

Whilst the operations of the Shire are the responsibility of the CEO, the Council is responsible for setting the framework for operations via adopted Council policies. These policies represent an overarching framework for the establishment of procedures relevant to risk management, internal controls, legislative compliance and financial management and have been reviewed for appropriateness and effectiveness.

In general, Council policies are well formulated and provide clear guidance regarding Council's position on certain matters. A list of policies reviewed is provided in Appendix B - Council Policies Examined. The table below details matters identified and associated suggested improvements.

	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.1	Elected Members Entitlements Policy 1.5	Policy to outline the support that will be provided to council members through the provision of equipment, payment of allowances, reimbursement of expenses incurred.	<p>The policy provides a high level of detail relating to the provision of equipment and reimbursement of expenses for elected members. The current level of detail may conflict with the most recent Salaries and Allowances Tribunal (SAT) determination in that entitlements to allowances and / or reimbursements cannot be proscribed, limited or waived by a local government.</p> <p><b>Improvement:</b> Review and update the policy to align the provision of equipment and reimbursement of expenses for elected members with the most recent determination published by the SAT.</p>
6.2.2	Councillor Ipad/Tablet Policy 1.9	To provide guidelines for access to and usage of tablet electronic devices (iPads/Tablets) by elected members.	<p>Provisions relating to ICT usage (specifically iPads and tablets) is linked to Policy 1.5. The most recent determination published by the SAT details parameters applying to ICT allowances and the provision of ICT related equipment. The requirement to comply with the SAT determination may not be adequately addressed through the policy in its current format.</p> <p><b>Improvement:</b> Amend the policy to provide for compliance with determinations published by SAT, to improve controls for legislative compliance relating to ICT benefits provided to elected members.</p>
6.2.3	Continuing Professional Development of Council Members Policy 1.13	To enable council members to meet their obligations for training.	<p>The revision due date noted in the policy conflicts with legislative review requirement noted at section 8 of the policy, which may lead to non compliance with regulatory review requirements. Legislation requires the policy to be reviewed after each ordinary election of Council.</p> <p><b>Improvement:</b> Update the policy review dates to align with legislative requirements as per section 5.128 of the <i>Local Government Act 1995</i>.</p>



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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.4	Attendance at Events and Functions Policy 1.14	A policy to enable council to actively consider the purpose of and benefits to the community from attendance at events by elected members and the Chief Executive Officer.	<p>We noted the following within the policy:</p> <ul style="list-style-type: none"> <li>The approvals process within the policy sets out for event invitations to the Shire President to be approved by the Deputy Shire President, and for invitations for the Deputy Shire President to be approved by the Shire President;</li> <li>The policy also sets out for any fees incurred for event attendance through the approval process to be met by the Shire; and</li> <li>Disputes relating to the attendance at events are to be resolved by the Shire President.</li> </ul> <p>Under the <i>Local Government Act 1995</i> the Shire President or Deputy President has no administrative authority and as such no authority to approve events, authorise payments, or resolve disputes as defined within the policy.</p> <p><b>Improvement:</b></p> <p>Review and update the dispute resolution and approvals and authorisation processes within the policy to:</p> <ul style="list-style-type: none"> <li>Require approvals to be considered either by a Council resolution, or by the CEO; and</li> <li>Dispute resolution processes to appropriately consider compliance and authorisation limitations set by legislation.</li> </ul>
6.2.5	Asset Capitalisation and Depreciation Policy 3.1	Policy used to define limits for capitalisation and depreciation rates of fixed assets.	<p>Formalisation of depreciation rates and capitalisation thresholds in a Council Policy may result in a conflict with legislation and the depreciation rates applied in preparing Annual Financial Statements, due to the accounting standard requirement to annually assess depreciation rates and residual values of assets.</p> <p><b>Improvement:</b></p> <p>To avoid conflict with the standards and legislation the policy should not include legislative and standards requirements and should enhance these requirements or provide a policy decision where an accounting standard allows a policy choice. Consider rescinding the policy and adopt accounting policies annually within the Annual Statutory budget.</p> <p><b>Management Comment:</b></p> <p>Policy was a recommendation from prior Audit Reg 17 review. Proposed to be removed and included in procedures manual.</p>

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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.6	Disposal of Assets Policy 3.1A	To provide a consistent methodology and outline the principles applied for the disposal of surplus assets.	<p>Legislation provides for some of the actions described within the policy. In its current form, the policy may cause confusion with compliance obligations.</p> <p><b>Improvement:</b> Update the policy to remove actions where legislation provides.</p> <p><b>Management Comment:</b> Policy was a recommendation from prior Audit Reg 17 review. Proposed to be removed and included in procedures manual.</p>
6.2.7	Purchasing and Tendering Policy 3.5	<p>Policy providing a best practice approach and procedures for purchasing. Ensure consistency for all purchasing activities that integrates with all operational areas.</p> <p>Requires compliance with <i>the Local Government Act 1995</i> and <i>Local Government (Functions and General) Regulations 1996</i>.</p>	<p>Authorisation for a sole source of supply arrangement considered under the policy is not defined, and system requirements to evidence market testing are not sufficiently detailed in the policy.</p> <p>The policy provides limited direction regarding contract variations and extensions awarded or against a written specification not awarded by tender. Extension of contracts and associated price changes are also not covered by the policy. For contracts awarded by tender, legislation provides minimum requirements for variations.</p> <p><b>Improvements:</b> Amend the policy to provide the following:</p> <ul style="list-style-type: none"> <li>Amend policy to require CEO approval to only obtain a single quote under sole source of supply arrangements, and to reference the risks and control environment where considering these arrangements.</li> <li>Prohibit price variations to existing contracts awarded by tender other than those provided within the original contract, as required by <i>Local Government (Functions and General) Regulations 1996</i> Regulation 11(2) (j) (iv).</li> <li>Purchasing requirements for the issuing of contract variations and extensions for contracts not awarded by public tender. Consideration should be given to circumstances where the contract value increase over a policy threshold level, due to the variation or extension.</li> </ul>

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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.8	Use of Council Credit Card Policy 3.8	Policy to regulate the use of corporate credit cards issued to employees.	<p>The policy requires the Shire President to review and authorise the CEO's credit card statement. Under the <i>Local Government Act 1995</i> the Shire President has no administrative authority and as such no authority to authorise the CEO's credit card statement.</p> <hr/> <p><b>Improvement:</b></p> <p>Review the policy/procedure to amend the authorisation process of the CEO's credit card. Periodic reports to Council should be undertaken acknowledging transactions as having been made and authorised by the CEO. The practice of separately highlighting transactions made on the CEO's credit card for presentation to Council should continue. This is in line with the Western Australian Auditor General's Report dated 7 May 2018 relating to Controls Over Corporate Credit Cards.</p>
6.2.9	Rates and Charges Recovery Policy (Including Sewerage Rates Financial Hardship Policy ) 3.9	Policy to collect all rates, charges, fees and debts due to Council in an efficient and effective manner.	<p>The policy makes reference to the Shire of Yilgarn Financial Hardship Policy for Water Services March 2014, which was not available for our review, and also notes sewerage rates and hardship. The references to financial hardship may conflict with policy 3.12 Covid-19 Financial Hardship Policy, and could cause confusion with correct treatment of financial hardship considerations.</p> <hr/> <p><b>Improvement:</b></p> <p>Amend the policy to ensure consistent alignment for financial hardship considerations and treatments, and to remove any outdated policy references for clarity.</p>
6.2.10	Covid-19 Financial Hardship Policy 3.12	To provide fair, equitable, consistent and dignified support to ratepayers suffering hardship arising from the COVID 19 pandemic.	<p>The policy scope applies only to the 2020/21 financial year and only references financial hardship as a result of the COVID 19 pandemic. As the state of emergency provisions may soon be changing, the policy scope should consider the term and currency of the order as well as broader financial hardship considerations.</p> <hr/> <p><b>Improvement:</b></p> <p>Consider reviewing the policy to apply to financial hardship circumstances other than the COVID 19 pandemic and with no time limit if the intent of the policy is to consider more general circumstances of financial hardship.</p>

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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.11	Building on Residential Townsite Lots Policy 4.2	Policy to guide planning consent for townsite buildings.	<p>The policy duplicates legislation and external information and does not appear to provide additional direction to be followed where regulatory provisions do not.</p> <hr/> <p><b>Improvement:</b></p> <p>Amend to policy to provide direction and guidance to support regulatory requirements. Alternatively, consider rescinding the policy if it is not required.</p>
6.2.12	Council Housing – Bonds Policy 5.11	Policy to set out parameters for Shire provided housing.	<p>The policy sets out process for calculation of bonds, and a minimum bond to apply. Legislation sets out parameters for bonds and notice periods relating to tenancy arrangements, and the current level of detail in the policy may result in non compliance where conflicts between legislation and the policy may exist.</p> <hr/> <p><b>Improvement:</b></p> <p>Review and amend the policy to remove detail and references which may conflict with legislative requirements.</p>
6.2.13	Complaints Handling Policy 6.3	Policy to provide an efficient, effective and consistent approach to the management of complaints.	<p>Policy guidance permits any officer receiving a complaint to exercise their discretion as to whether or not they will act upon the complaint on behalf of the Shire. There is a risk with this practice occurring, particularly as officers who are deemed 'appropriate officers' to deal with complaints are not defined within the policy.</p> <hr/> <p><b>Improvement:</b></p> <p>Review and amend the policy to provide a mechanism for appropriate controls relating to the processing, management and review of complaints.</p>
6.2.14	Rural Landfills Policy 6.10	To manage the quantities and types of waste received at landfill sites in the Shire.	<p>To restrict non locals from utilising landfill sites, the policy makes a number of appointments in relation to appointed areas to general residents residing near each landfill site under the <i>Litter Act 1979</i>. Definitions in the <i>Litter Act 1979</i> do not appear to align with the definition and intended purpose of the policy.</p> <hr/> <p><b>Improvement:</b></p> <p>Rescind the policy and apply appropriate operational systems and procedures to manage waste acceptance at landfill sites.</p>

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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.15	Policy Review	Routine review of Policies to help ensure they remain current.	<p>Policies are reviewed periodically by Council to help ensure they remain current. The 'review' dates do not include any reference indicating where policies have been initially adopted, or reviewed and amended.</p> <hr/> <p><b>Improvement:</b></p> <p>Following review of policies by Council, update the latest document control history summary, or update the latest 'history' date on each individual policy, to provide an accurate record of when each policy was reviewed, amended and adopted.</p>
6.2.16	Legislative Compliance Policy	A policy to evidence Council's commitment to balancing the cost of legislative compliance with the extent of compliance requirements, and its importance to the organisation.	<p>Currently, no policy on internal legislative compliance has been adopted by Council.</p> <hr/> <p><b>Improvement:</b></p> <p>Development and adoption of a legislative compliance policy may help formalise Council's commitment and approach to legislative compliance.</p>
6.2.17	Internal Control Policy	A policy to evidence Council's commitment to balancing the cost of internal controls with the extent of the control environment and their importance to the organisation.	<p>Currently, no policy on internal controls has been adopted by Council.</p> <hr/> <p><b>Improvement:</b></p> <p>We suggest an internal control policy be formulated and adopted to formalise Council's commitment and approach to internal controls, based on a risk management process.</p>

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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.18	General Policy Actions	To set out parameters for the implementation of policies.	<p>We noted some council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur includes:</p> <ul style="list-style-type: none"> <li>• Use of Council Equipment Policy 2.1;</li> <li>• Brigade Membership Forms Policy 2.3;</li> <li>• Signing of Cheques Policy 3.6;</li> <li>• Timely Payment of Suppliers Policy 3.11;</li> <li>• Development of Heritage Precincts Policy 4.1;</li> <li>• Maintenance of Buildings Under Council Control Policy 4.4;</li> <li>• Swimming Pool Usage Policy 4.5;</li> <li>• Heavy Haulage on Local Roads Policy 5.2;</li> <li>• Stock on Council Road Reserves Policy 5.7;</li> <li>• Road Works on Council Roads Policy 5.8;</li> <li>• Plant Replacement Policy 5.9;</li> <li>• Road Crossings - Drainage Policy 5.10;</li> <li>• Reserves - Notification to Surrounding Landowners Policy 6.1;</li> <li>• Council Operated Standpipes / Mt Hampton Dam and Dulyalbin Tank Facilities;</li> <li>• Inward Correspondence Policy 6.5;</li> <li>• Funding Submissions Policy 6.6; and</li> <li>• Council Staff Policy Smoke Free Policy 7.8.</li> </ul> <p><b>Improvement:</b></p> <p>Review and update this policy to consider the appropriate separation of the roles of the council and the CEO. Consider review and update of policies to articulate the strategic direction of Council, particularly where legislation does not provide such direction.</p>



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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.19	Policy Reference to Legislation and External Information	To support the link between Council policy, legislation and other information sources.	<p>We noted several policies contain specific detail relating to legislation and other external references, including:</p> <ul style="list-style-type: none"> <li>• Disposal of Assets Policy 3.1A;</li> <li>• Outbuildings in Residential and Townsite Zoned Areas Policy 4.6; and</li> <li>• Stock on Council Road Reserves Policy 5.7.</li> </ul> <p>This practice may result in conflict between the policy and legislation or guidance in the instance of a change in legislation, guidance, or other external references.</p> <hr/> <p><b>Improvement:</b></p> <p>Update policies to remove specific and / or detailed references to legislation and other external references to assist with appropriate alignment and consistency in Council policies is maintained.</p>
6.2.20	Council Staff Policy Manual	Policies relating to practices, processes and management relating to staff.	<p>The Council staff policy manual was last reviewed in full and adopted by Council in September 2020 and contains a number of policies which may be operational in nature. Policies of relating to administrative management should be managed by the CEO, and intended to provide direction to staff in the delivery of day-to-day operational tasks, as well as guidance for expected processes, systems, and controls to be maintained.</p> <hr/> <p>We noted a number of Council staff policies, which should be included as policies of Council. These include:</p> <ul style="list-style-type: none"> <li>• Occupation Health and Safety Policy 7.1;</li> <li>• Gratuity Payments to Council Employees / Recognition of Long and Outstanding Service 7.4; and</li> <li>• Acting CEO Appointment and Senior Employees.</li> </ul> <hr/> <p><b>Improvements:</b></p> <p>Undertake a review of the Council Staff Policy Manual to develop as Administration Policies of the CEO and update to provide operational guidance aligned with adopted Council policies and legislation, as well as activities not necessarily covered by legislation to communicate expected standards to staff from the CEO, in the course of implementing strategic direction and decisions of Council.</p> <hr/> <p>Review and update Council staff policies to align with current legislative and internal control requirements, and present for review and adoption as policies of Council.</p>

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	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.21	Council Staff Policy 7.4 Gratuity Payments to Council Employees / Recognition of Long and Outstanding Service	To provide guidelines for gratuity payments to employees whose employment with the Shire is finishing.	<p>The policy wording provides limited parameters to guide application of the policy.</p> <p><b>Improvement:</b> Review and update the policy to provide guidance for application of the policy as required by section 5.50 of the <i>Local Government Act 1995</i>.</p>
6.2.22	Council Staff Policy 7.10 Media	Policy to provide a framework to manage communications and authorised spokespersons.	<p>This policy may conflict with Council Policy 1.6. Policies relating to media communications should be aligned and consolidated.</p> <p><b>Improvement:</b> Consolidate Policy 1.6 and Council Staff Policy 7.10 Media policy to provide clear and consistent guidance in relation to communication, processes and authorisations relating to engagement with the media.</p> <p><b>Management Comment:</b> To be removed and included in staff procedures manual.</p>
6.2.24	Council Staff Policy 7.15 CEO Performance Review	Framework to provide effective communication between an employee and employer to measure performance, identify training needs and improve effectiveness and efficiency in the workplace.	<p>Linkages between the policy and adopted model standards relating to CEO performance reviews are not clear. It is noted the model standards were adopted in March 2021, however the policy has not been updated to align with the adopted model standards.</p> <p><b>Improvement:</b> Review the policy to ensure alignment with adopted model standards. Alternatively, consider rescinding the policy if adopted model standards provide the guidance required by legislation.</p>
6.2.25	Council Staff Policy 7.21 Grievances, Investigations and Resolutions	Policy to provide guidance to the Shire's approach to managing complaints and grievances.	<p>The current Policy does not provide direction for dealing with complaints about the CEO.</p> <p><b>Improvement:</b> Review and amend the Policy to provide direction for the handling of complaints in cases where the matter relates to the CEO.</p>



## 7.0 Framework Implementation

### 7.1 Strategic and Operational Plans

The Council has several strategic and operational plans which form the basis of entity level controls and entity level risk assessments.

A list of plans reviewed is provided in Appendix C - Plans Examined. The table below details areas for possible improvement in relation to the plans examined.

	Plan	Purpose / Goal	Matters Identified / Improvements
7.1.1	Asset Management Plan	Plan prepared to assist the Shire to improve the way it delivers services through its infrastructure assets such as roads, drainage, footpaths, public open space and buildings.	<p>The Shire formed a draft infrastructure asset management plan in October 2018. The risk assessments within this plan in their current format identify several high level risks. It is not evident from the plans what risk management framework was utilised for the assessment of the risks. Risk treatment plans to reduce risk levels are included in the plan, however there is no evidence to indicate that these actions have been undertaken or progressed further. The plan is in draft, and has not been reviewed since it was prepared in 2018.</p> <p><b>Management Comment:</b> Currently under review in house.</p> <hr/> <p><b>Improvement:</b> Review and update the Asset Management Plan to maintain effective alignment with IPR documents, and to include all required data and information as published within the DLGSC Integrated Planning and Reporting Advisory Standard (September 2016). The plan should also align with the Shire's adopted risk management policy.</p>
7.1.2	Long Term Financial Plan	Financial report to achieve the strategies set out in the Council's Strategic Community Plan.	<p>A Long Term Financial Plan document has been prepared in a spreadsheet format. We note the plan does not contain all information recommended within the DLGSC Integrated Planning and Reporting Advisory Standard (September 2016).</p> <hr/> <p><b>Improvement:</b> To help ensure the robustness of the plan we suggest the plan include all required data and information as published within the DLGSC Integrated Planning and Reporting Advisory Standard (September 2016).</p>

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	Plan	Purpose / Goal	Matters Identified / Improvements
7.1.3	Workforce Plan	Document to enable appropriate planning of the workforce to deliver the Corporate Business Plan, and consider workforce implications of the Strategic Community Plan.	<p>The Workforce Plan 2020-2030 has not yet been reviewed since it was prepared in May 2020. Although there is no statutory obligation to adopt the plan, it is required by the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016), and to be aligned to the Corporate Business Plan and annual budget.</p> <hr/> <p><b>Improvement:</b> Review and update the Workforce Plan to maintain effective alignment with IPR documents, and to include all required data and information as published within the Department Local Government, Sport and Cultural Industries Integrated Planning and Reporting Advisory Standard (September 2016).</p> <p><b>Management Comment:</b> Currently under review in house.</p>
7.1.4	Staff Code of Conduct	To provide guidance to employees, of enforceable rules and requirements as prescribed in relevant legislation.	<p>Contractors and volunteers are not bound by the Code of Conduct when performing functions on behalf of the Shire.</p> <hr/> <p><b>Improvement:</b> Expand the scope of the Code of Conduct to include actions by volunteers and contractors. Alternatively, a separate Code of Conduct to be developed for volunteers and contractors.</p>
7.1.5	Business Continuity Disaster Recovery Plan	Plan to facilitate organised decision-making in the event of a major incident impacting the Shire's ability to continue normal operations.	<p>A Business Continuity Plan was not available for our review.</p> <hr/> <p><b>Improvement:</b> Develop a Business Continuity Plan and test it to ensure its validity, including validity of any documented key business continuity risks along with the treatments. Ensure risk treatments are consolidated with overarching risk management activities.</p> <p><b>Management Comment:</b> Plan currently being developed.</p>
7.1.6	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery.	<p>An ICT Plan highlighting and addressing ICT risks and how they are to be addressed was not available for inspection.</p> <hr/> <p><b>Improvement:</b> Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level.</p> <p><b>Management Comment:</b> Plan currently being developed.</p>

## 7.0 Framework Implementation

### 7.2 Operational and Financial Procedures

In seeking to achieve its stated vision, the Shire delivers a number of services to the community. Meetings were undertaken with key staff in each of the areas of service responsibility, as well as examination of documented processes, to determine the practices applied to issues of risk management, internal controls and legislative compliance. A summary of the reviews undertaken to evaluate the controls is included at Appendix C.

We observed a number of practices and procedures in place, however their application was not always consistent. Considering the number of services provided and current staff resourcing, a risk based approach to the prioritisation of the review and development of new procedures is recommended. The table below details areas of suggested improvement in relation to policies and procedures examined.

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.1	Risk Management Procedures	Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.	<p>Risk management activities currently undertaken are largely undocumented and are sometimes performed independently within individual departments. Some of these activities may not align with the Shire's Risk Management Policy and Framework, including periodic reporting to the Audit and Risk Committee.</p> <p><b>Improvement:</b></p> <p>Communicate throughout the organisation, current risk management procedures and processes to assist with routine and consistent applications in accordance with Council policy. A key function of the Audit and Risk Committee should be to review updates to risk reports, as well as to monitor and evaluate risks, particularly where changes occur. Risk reports and updates should be routinely reported and reviewed by the Audit and Risk Committee.</p>
7.2.2	Operational Procedures	To provide direction to staff in the delivery of day-to-day operational tasks, as well as guidance for expected processes, systems, and controls to be maintained.	<p>Procedures are not formalised for some key operational functions throughout the Shire. Workflow process diagrams, checklists and may assist to create a visual representation of a process, clearly identifying key points of control and responsibility to be evidenced and independently reviewed. Where appropriate, these may be complemented by clearly articulated descriptive documented procedures.</p> <p><b>Improvement:</b></p> <p>Undertake a review of existing operational procedures, and where required develop and implement additional procedures, to provide operational guidance aligned with adopted Council policies and legislation. Procedures should provide for activities not necessarily covered by legislation to communicate expected standards to staff from management. Development of documented procedures and checklists, and / or workflow process diagrams may assist in clearly identifying controls and processes to be followed.</p>

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	Component	Purpose / Goal	Matters Identified / Improvements
7.2.3	Information Required to be Published on Official Local Government Website	Ensure information is published for public information as required by legislation.	<p>At the time of our review, we noted the following information (in addition to other matters noted throughout this report) has not been published on the Shire's official website as required by legislation:</p> <ul style="list-style-type: none"> <li>All local and statewide public notices.</li> </ul> <p><b>Improvement:</b> Ensure information is published on the Shire's official website as required by section 5.96A of the <i>Local Government Act 1995</i> and any other relevant section of the Act.</p>
7.2.4	ICT Security	Procedures and practices to ensure the security of IT information, systems and data.	<p>We noted limited controls in relation to the access to IT systems including physical access to hardware. Some levels of permissions have been established to control network access to software and data, however this is largely undocumented.</p> <p><b>Improvement:</b> Undertake a comprehensive independent IT security review, document current policies and practices, and implement findings of the review. This review should be undertaken by those with the appropriate expertise, skills, qualifications and credentials. Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers.</p>
7.2.5	Annual Report	Ensure the annual report contains all information required by legislation, is accepted by Council and published to the local government website as required.	<p>The 2020-21 annual report adopted on 17 February 2022 has omitted some information required by legislation. The <i>State Records Act 2000</i> requires the annual report to provide information relating to:</p> <ul style="list-style-type: none"> <li>The efficiency and effectiveness of the organisation's record keeping systems is evaluated not less than once every 5 years;</li> <li>The organisation conducts a record keeping training program;</li> <li>The efficiency and effectiveness of the record keeping training program is reviewed from time to time; and</li> <li>The organisation induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.</li> </ul> <p><b>Improvement:</b> Ensure future annual reports include all information required by legislation.</p> <p><b>Management Comment:</b> Annual report requirements to be expanded.</p>

## 7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.6	Record Keeping Practices	To demonstrate compliance of record keeping systems and practices with legislative requirements.	<p>The Shire's Record Keeping Plan as required by the <i>State Records Act 2000</i>, was last reviewed / updated in 2015. The extension to review the plan (required to be reviewed at least once every five years) expired on 30 June 2022, and at the time of our review an updated / reviewed plan had not yet been prepared.</p> <p>Based on our enquiries with staff, no regular refresher training for the use of the records system currently in place to support and direct staff to the appropriate procedures to save records in accordance with the Shire's record keeping plans and policies. This may increase risks associated with compliance with required record keeping controls. Where compliance with required controls is low, information may become compromised in that deletions, loss and compromised security or confidentiality of records may occur.</p> <p><b>Improvements:</b></p> <p>Review systems and processes to ensure currency of the Record Keeping Plan including reviews required to be submitted to the State Records Office, as well as implementation of any improvements noted within the plan, including self evaluated improvements and any actions noted by the State Records Office.</p> <p>Review, update and communicate procedures for the record keeping practices and enforce individual accountability for compliance with established procedures.</p> <p><b>Management Comment:</b> Record keeping plan currently under review.</p>
7.2.7	Outstanding Purchase Orders	Process to ensure invoices are being processed in a timely manner and in accordance with the purchasing policy.	<p>We did not observe any formal procedures relating to the routine monitoring of and clearance of outstanding purchase orders. Regular review of outstanding purchase orders should be undertaken to assist with monitoring the value of and status of associated liabilities.</p> <p><b>Improvement:</b></p> <p>Update procedures to include review of the status of outstanding purchase orders as part of end of month processes. Ensure any controls developed are routinely and consistently applied.</p>

## 7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.8	Electronic Banking Transactions	Process to reduce opportunity for fraudulent activity with electronic banking.	<p>We noted access to the ABA file from the time of generation to the time of upload to the bank is not adequately restricted. We acknowledge the use of EFT Sure to improve security in relation to payments however there is no verification process undertaken to ensure the ABA file is unmodified when uploaded to the bank. The risk of fraudulent manipulation of the ABA file remains despite the use of EFT Sure all be it a fraudulent payment would be required to go to an entity or person registered with EFT Sure.</p> <p><b>Improvement:</b> Improve controls to minimise the risk of electronic banking details being fraudulently manipulated through secure storage of ABA banking files. Controls should exist to restrict access to these files, and to detect and prevent any unauthorised changes being made.</p>
7.2.9	Trust Fund	Controls to ensure no errors exist in the transactions for the trust fund account.	<p>The trust fund currently includes contributions, bonds and other transactions.</p> <p><b>Improvement:</b> Remove all funds which are not required by law to be held in the Trust Fund, and transfer to the Municipal Fund, in line with the Office of the Auditor General (OAG) position paper on Accounting for Work Bonds, Building Bonds and Hire Bonds released in July 2019.</p> <p><b>Management Comment:</b> Currently being actioned.</p>
7.2.10	General Journals	Processed general journals are independently reviewed and approved.	<p>Instances were noted whereby general journals debit expense and credited income which results in an overestimate of both in the financial reporting.</p> <p><b>Improvement:</b> Develop processes to ensure journals are properly supported, valid and comply with legislation or Australian Accounting Standards before being processed.</p> <p><b>Management Comment:</b> Whilst management do not disagree with the matter identified with the offsetting of income and expenditure, it does disagree the practice is not allowable by the Australian Accounting Standards.</p>
7.2.11	Rates	Rates are correctly imposed and rate system is properly maintained.	<p>Limited reviews are undertaken of routine annual rating functions performed. Although established procedures guide this process, we did not observe evidence of independent review and verification of rating matrices for accuracy for annual rating processes.</p> <p><b>Improvement:</b> Update existing systems and procedures to demonstrate appropriate controls and authorisations exist for routine rating functions including interim rating processes and annual rates billing.</p>



## 7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.12	Overhead & Administration Allocations	To allocate indirect costs in a practical and efficient manner.	<p>A documented process to determine the allocation of indirect costs was not available for our review. From staff representations, current plant allocation rates are currently based on historical estimates. We noted management are currently undertaking a full review of these rates, intended to be finalised before the next annual budget.</p> <hr/> <p><b>Improvement:</b> Finalise the review of activity based costings to support calculation of overhead and administration allocations.</p>
7.2.13	Operation of Shire Programs & Service Delivery	Systems and procedures to set out guidance for expected processes, systems, and controls to be maintained at Shire facilities.	<p>Limited documented procedures are in place to ensure appropriate controls are applied in the operation of some Shire services, resulting in unilateral unauthorised changes to procedures and a breakdown in key controls. Although the facility is subject to a documented arrangement, the Shire still assumes a high level of risk through employment of staff, acquisition of assets and management of funds under the current arrangement.</p> <hr/> <p><b>Improvement:</b> Update systems and controls to ensure staff are aware of and understand the control environment required to be adhered to, to assist with legislative compliance etc. and alignment to adopted risk management policy and procedures. Consider alternative arrangements for services where limitations to controls may exist and impede on the Shire in managing these risks.</p> <hr/> <p><b>Management Comment:</b> As of 26/10/2022 the program relating to this finding has ceased, resulting in removal of this particular risk. Management procedures are intended to be implemented with appropriate authorisations etc, to assist with treating future risks.</p>

## 7.0 Framework Implementation

### 7.3 Human Resource Management and Practices

A number of components constitute the Shire's human resource management practices and form an essential element of risk management, internal control and legislative compliance. Each of these elements is examined in the table below.

	Component	Purpose / Goal	Matters Identified / Improvements
7.3.1	Employee Identity and Credentials	Systems and controls for screening of new employee and monitoring existing employees for changes in their circumstances which may impact their employment.	<p>Practices and procedures for verifying employee identity, right to work in Australia, verification of employment history and qualifications are not consistently applied or documented.</p> <p><b>Improvement:</b> Develop, implement and maintain appropriate policies and procedures to reduce the risk of unqualified or unsuitable staff being employed by the Shire, in line with the Western Australian Auditor General's Report in June 2019 relating to Verifying Employee Identity and Credentials.</p>
7.3.2	Payroll Exception Reporting	Procedures to assist with accurate processing of employee entitlements.	<p>The officers responsible for processing and reviewing payroll are tasked with review and capture of employee entitlements, allowances, deductions, etc. Staff have advised more formal documentation / checklists are intended to be created to assist with payroll processing, review and authorisation.</p> <p><b>Improvement:</b> Review procedures and controls to define systems documentation and controls for the accurate processing of payroll each fortnight. Details for each employee should be reviewed against individual employment contracts to capture allowances, deductions, entitlements etc, into a master list, with appropriate review and authorisation for changes. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes.</p>



## 7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.3.3	Leave Entitlements	Procedures to ensure proper recording of leave accruals and entitlements.	<p>We noted some employees with annual leave balances in excess of 200 hours at the time of our review. Employees not taking regular leave may result in increased risk to the Shire, through reduced effectiveness of some internal controls and impact on employee performance where sufficient recreational breaks are not undertaken.</p> <p>Arrangements have been entered into with some employees where annual leave has been permitted to be taken in advance. Procedures to support these arrangements are not adequately formalised or documented.</p> <p><b>Improvements:</b></p> <p>Ensure controls exist for the adequate management, planning and monitoring of leave entitlements for employees to reduce current leave balances where required, and to minimise opportunities for future excessive leave entitlements from accruing.</p> <p>To help ensure probity and fairness with considering any applications for leave to be taken advance, procedures should be documented to ensure:</p> <ul style="list-style-type: none"> <li>Parameters to guide the circumstances where applications will be considered;</li> <li>Appropriate authorisations are required prior to employees entering into negative leave balances; and</li> <li>In the event employment is terminated with negative leave balances, arrangements are in place to ensure any funds owing to the Shire are recovered.</li> </ul> <p><b>Management Comment:</b></p> <p>Three hundred hours has been considered by management as an appropriate measure to manage excessive leave for the Shire. More formalised procedures to be developed to support future controls and approval processes.</p>
7.3.4	Staff Training	To ensure staff have access to ongoing and appropriate training.	<p>Planned and required staff training needs for employees are currently identified and recorded in a central training register. Further value from this initiative can be added through refining the current matrix toward a more formal required staff training structure, applied throughout the organisation.</p> <p><b>Improvement:</b></p> <p>Refine the current staff training register to identify staff training needs relevant to each role, ensuring it is co-ordinated across the organisation and monitors currency of required licences and qualifications.</p>

## 7.0 Framework Implementation

### 7.4 Insurance

At present, the Executive Manager Corporate Services annually reviews the completeness of insurance, which is presented to the Chief Executive Officer for final review. Discussions are also held with the insurers annually and adjustments to policies and insurance levels made as considered appropriate. The insurance values of buildings, plant and equipment are based on the three to five yearly valuations of building assets undertaken by registered valuers.

	Component	Purpose / Goal	Matters Noted / Improvements
7.4.1	Contractor Insurance	Insurance cover maintained by contractors for damage caused when undertaking works for the Shire.	<p>Contractors' insurances are not always assessed prior to award of contracts in all cases. Reliance is placed on contract managers to ensure copies of insurances are provided.</p> <hr/> <p><b>Improvement:</b> To help ensure all contractors have the relevant licences and have adequate insurance cover for the works they undertake for the Shire, procedures should be developed, and records maintained to ensure copies of contractor's insurances are obtained and held on file prior to award of contracts.</p>

## 8.0 Framework Evaluation

Developing and implementing systems and procedures for risk management, legislative compliance and internal controls within a Shire can be a time consuming and expensive exercise with the potential to divert resources away from direct services. Considering the level of investment necessary to establish these systems, actions to monitor their effectiveness are an essential practice.

Over time, the relevancy of established controls may change, their purpose may be forgotten, or technology may offer a more efficient or effective way to achieve the initial goal. For these reasons, formal review procedures are required to ensure the resources applied to maintaining these systems, practices and controls are done so in the most efficient way.

Evidence of the monitoring of risk management, internal controls and legislative compliance is sourced from Minutes of Meetings, Registers of Disclosures and reports reviewed.

### 8.1 Council and Audit and Risk Committee

Regular monthly financial statements and lists of payments, made in the intervening period between each meeting, have been presented to the Council for review, as required by legislation. This provides the basis for high level oversight of the expenditure transactions of the organisation.

	Component	Purpose / Goal	Matters Noted / Improvements
8.1.1	Council and Committee Minutes	Official record of proceedings and decisions.	<p>An officer report presented for consideration at a Council meeting noted an incorrect voting requirement in the agenda report noting a simple majority decision was required rather than an absolute majority. Although the decision was carried unanimously (and effectively by an absolute majority) in this instance, incorrect statutory compliance references in agenda reports may contribute to non-compliant decisions where reliance is based upon the information stated.</p> <p>Our review of minutes highlighted agenda reports relating to several tenders contained information which could identify the value of the consideration being sought by all tenderers. This information is not required to be recorded in the public tender register, and disclosing it in public agenda items may disclose commercially sensitive information submitted by tenderers.</p> <p><b>Improvements:</b></p> <p>Update systems and controls for agenda items to ensure correct statutory references are included to allow elected members to understand the legislative environment relating to the item being considered.</p> <p>Review systems and processes to consider information being recorded in public documents does not disclose commercially confident information.</p>

## 8.0 Framework Evaluation

	Component	Purpose / Goal	Matters Noted / Improvements
8.1.1	Council and Committee Minutes	Official record of proceedings and decisions.	<p>In our limited testing and review of minutes of Council meetings, we noted the following:</p> <ul style="list-style-type: none"> <li>• An instance where some elected members declared an interest in an item to be considered and left the meeting, resulting in an insufficient number of elected members to maintain a quorum. A decision was made by the remaining members to allow members to participate in the consideration of the item, however this was not carried by a simple majority;</li> <li>• A motion was recorded in the minutes (ordinary meeting held 17 March 2022) as being lost, however the vote recorded indicates the motion was carried unanimously;</li> <li>• The minutes of the ordinary meeting held 21 April 2022 records an individual leaving later in the meeting. Regulations require for times for entry/departure during the course of meetings to be recorded in the chronological sequences of the business of the meeting;</li> <li>• Not all attachments to agenda items considered by Council are published in the minutes on the official local government website; and</li> <li>• A decision previously made by Council was reversed (ordinary meeting held 15 July 2021). The notice did not record the motion being supported as required by regulation 10 of the <i>Local Government (Administration) Regulations 1996</i>.</li> </ul> <hr/> <p><b>Improvements:</b></p> <p>Ensure voting at Council and Committee meetings is performed to comply with section 5.20 of the <i>Local Government Act 1995</i>.</p> <hr/> <p>Ensure minutes of Council meetings are correctly recorded and contain all information required under regulation 11 of the <i>Local Government (Administration) Regulations 1996</i>.</p> <hr/> <p>Review procedures to ensure all attachments supporting the minutes are included in the official minutes, and the minutes are published on the official local government website.</p> <hr/> <p>Update and maintain systems and processes for changes or revocations to previous decisions of Council to be correctly considered and treated as required by legislation.</p>

## 8.0 Framework Evaluation

	Component	Purpose / Goal	Matters Noted / Improvements
8.1.2	Annual Electors' Meetings	To consider decisions made at electors' meetings.	<p>The minutes of the annual meeting of electors' held in March 2022 were confirmed by Council as a true and correct record at the Council meeting held in April 2022. Minutes of this meeting should only be received by Council, as well as considering any motions carried at electors meetings, and then confirmed as a true and correct record at the next meeting of electors.</p> <hr/> <p><b>Improvement:</b> Update systems and controls to ensure minutes are received by Council and any decisions made at electors' meetings are considered in accordance with section 5.33 of the <i>Local Government Act 1995</i>.</p>

## 8.0 Framework Evaluation

### 8.2 Strategic and Operational Registers

A number of registers are maintained by the Shire. The table below details areas for possible improvement in relation to these registers.

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.1	Risk Register	Provide a record of risk breaches and remedial action taken.	<p>A risk register was not available for our inspection to reflect identified risks, and if they have been adequately treated.</p> <p><b>Improvement:</b> Maintaining risk registers for all identified risks is important to help ensure appropriate recording and communication of high rated risks, along with providing a record to enable the verification of whether treatment plans have appropriately reduced the risk. Routine (at least quarterly) review of the risk register is required to assist in ensuring identified risks are adequately treated.</p>
8.2.2	Tender Register	Statutory register of tenders called.	<p>Inspection of the register noted the inclusion of some procurement activities which were not tenders, but rather requests for quotations. Procurement processes which are not tenders should be maintained separate to the tender register.</p> <p><b>Improvement:</b> Ensure the tender register contains only the information required to comply with Regulation 16 &amp; 17 of the <i>Local Government (Functions and General) Regulations 1996</i> for future tenders called.</p>
8.2.3	Financial Interest Register	Records details required under the Act relating to financial circumstances of relevant persons.	<p>We noted a primary return was completed for a relevant person, which was completed more than three months after the documented start date.</p> <p>Inspection of the register of financial interests noted some returns incomplete or incorrect information. This included:</p> <ul style="list-style-type: none"> <li>• An incorrect start date on a primary return;</li> <li>• Blank fields / incomplete return date on an annual return; and</li> <li>• Blank start date on a primary return.</li> </ul> <p>These returns were acknowledged and filed as required by legislation.</p> <p><b>Improvements:</b> Ensure systems and procedures are in place to obtain all returns required under the <i>Local Government Act 1995</i>. Undertake necessary actions to rectify and report this matter as required.</p> <p>Establish procedures to ensure all primary and annual returns are properly completed at the time of providing acknowledgement of receipt of the returns.</p>

## 8.0 Framework Evaluation

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.4	Delegation Register	Statutory register of delegations of authority.	<p>A review/amendment history is not currently recorded within the delegations register.</p> <hr/> <p>Our testing identified a number of issues with several delegations. We noted common occurrences where:</p> <ul style="list-style-type: none"> <li>• The delegation replicates relevant legislation;</li> <li>• The delegation is not a decision or power of Council; and</li> <li>• The delegation contains information not aligned with relevant current legislation.</li> </ul> <hr/> <p>Our testing noted a delegation made in writing which was not recorded in the register of delegations as required by legislation.</p> <hr/> <p><b>Improvements:</b></p> <p>Following review of Delegations by Council, update the latest 'history' date on each delegation to provide an accurate record of when the delegation was reviewed, amended and adopted.</p> <hr/> <p>Review and update the delegations register to ensure delegations are appropriate and are consistent with relevant legislation.</p> <hr/> <p>Review the register of delegations to ensure all delegations made to the CEO and employees are correctly recorded as required by section 5.46(1) of the <i>Local Government Act 1995</i>.</p>
8.2.5	Contracts Register	Provide a record of contracts entered into by the Shire.	<p>A contracts register has been established, however it does not provide information detailing the status of contracts held by the Shire.</p> <hr/> <p><b>Improvement:</b></p> <p>Maintain a register to record details of all contracts (current and expired) and their status in a form to assist with ensuring contracts are monitored and actioned as required and reflecting the value of the contracts.</p>
8.2.6	Register of Hazardous Materials	Provide a record of properties under the Shire's control containing hazardous materials.	<p>A register of hazardous materials was not available for our inspection, to reflect properties under the control of the Shire which may contain hazardous materials such as asbestos, and if associated risks have been adequately treated.</p> <hr/> <p><b>Improvement:</b></p> <p>Develop and maintain a register to record details of hazardous materials, such as asbestos, for properties under the control of the Shire.</p>



## 8.0 Framework Evaluation

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.7	Grants Register	Register of grants to provide high level monitoring of compliance with grant conditions.	<p>A register of grants being managed by the Shire was not available for our review. Understanding the current status of grants (as well as the number of grants currently being managed by the Shire) may assist in assessing the risks of undertaking additional programs, performance with current programs (e.g. where programs are not efficiently delivered) and detecting any issues or non compliance in a timely manner for appropriate action.</p> <p><b>Improvement:</b></p> <p>Maintain a register of grants register of grants to evidence the routine review of status, compliance and performance of grants being managed by the Shire.</p>

### 8.3 Annual Compliance Audit Returns (CAR)

Returns have been completed on a self-assessment basis and approved by the Audit Committee and Council each year. The CAR was completed in house by staff for the 2019, 2020 and 2021 return periods. Non compliance was noted in the 2019 return in relation to integrated planning and reporting. In 2021 non compliance was noted relating to receipt and consideration of the audit report, as the report was not received prior to the December 2021 ordinary meeting of Council. These matters were reported to the Audit Committee and to Council, with improvements noted within the agenda report attachment to address matters identified.

### 8.4 Complaint Handling

Community complaints are received by administration staff and allocated to the relevant manager to address. Responsibility for the routine follow up of complaints to ensure they have been adequately addressed remain with the manager who has been allocated the complaint.

	Component	Purpose / Goal	Matters Noted / Improvements
8.4.1	Community Complaints Procedures	Procedures for the recording handling and resolution of community complaints.	<p>A customer complaints register is not currently maintained to follow up and ensure all complaints are adequately addressed. This type of register may assist with alignment to the requirements of the complaints handling policy.</p> <p><b>Improvement:</b></p> <p>To help ensure all complaints are adequately monitored, reported and resolved, a register of customer complaints received should be maintained and systems and processes should ensure staff are aware of their obligations in accordance with adopted policies.</p>

## 8.0 Framework Evaluation

### 8.5 Audit Practices

The 2018-19 and 2019-20 reporting periods were audited by an independent external auditor, with the 2020-21 period audited by the Office of the Auditor General (OAG). The 2018-19 and 2019-20 audit reports noted the operating surplus and asset sustainability ratios had been below the benchmark set by the Department of Local Government, Sport and Cultural Industries (DLGSC) standard for three years and indicated a significant adverse trend to the financial position of the Shire. A significant adverse trend was also noted in 2019-20 for the asset renewal funding ratio, as well as the Asset Sustainability Ratio having been below the benchmark set by DLGSC for three years. Reports on actions to be taken to improve these significant matters raised were prepared and considered as required by legislation.

The table below details areas for possible improvement in relation to audit practices.

Component		Purpose / Goal	Matters Noted / Improvements
8.5.1	Internal Audit	Internal audit monitors the level of compliance with internal procedures and process along with assessing the appropriateness of these procedures.	<p>Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken.</p> <hr/> <p><b>Improvement:</b></p> <p>We suggest as the level of documented procedures increases, an expanded internal audit function to confirm adherence to documented policies and procedures may be required as recommended by the OAG in their report to Parliament on the Audit Results Report – Annual 2017-18 Financial Audits of Local Government Entities.</p>

## 8.0 Framework Evaluation

### 8.6 Review required to be undertaken by the CEO

The CEO is required to undertake reviews of systems and procedures of the local government. We noted not all recommendations from the prior reviews have been full implemented. These recommendations have been included within this report.

## 9.0 Other Matters

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## Appendix A – Financial Management Systems Review

The following reviews were undertaken to evaluate the appropriateness and effectiveness of financial management system controls:

System	Description
Bank reconciliation and petty cash management	Examination of procedures and review of maintenance and management practices undertaken by staff
Trust funds	Examination of trust funds to determine proper accountability in the Shire's financial management system and compliance with regulatory requirements
Receipts and receivables	Examination of end of day banking procedures to determine if they were adequate in ensuring cash collection is being recorded and allocated properly to the general ledger. The receivables system including raising of invoices was also reviewed with limited testing in respect to allocation/posting
Rates	<p>The Shire's rating procedures were examined to determine if they were adequate in ensuring rates were being imposed or raised correctly. This also included inspection of the rate record, rate notices, instalment notices, valuation reconciliations and general ledger. We randomly selected and tested rate notices which included:</p> <ul style="list-style-type: none"> <li>• sighting the notices;</li> <li>• re-performing the calculations;</li> <li>• ascertaining whether the valuations applied agree to Landgate's valuation roll/report and rates per dollar imposed are as per adopted budget;</li> <li>• ensuring the rate system is properly updated; and</li> <li>• checking proper posting to the general ledger</li> </ul>
Purchases, payments and payables (including purchase orders)	<p>Random selection of payment transactions to determine whether purchases were authorised/budgeted and payments were supported, certified/authorised and correctly allocated. The Shire's purchases, payments and payables system was also examined to determine if adequate controls were in place in ensuring liabilities are properly recorded and payments are properly controlled.</p> <p>We are aware of many incidents of payment scams/frauds within the local government industry during recent years. As a consequence of this activity, we have had a specific focus on the controls around the changes to supplier details within the EFT payment system</p>
Payroll	<p>A sample of eight employees were randomly selected from four pay runs and detailed testing of each employee's pay was performed to help ensure:</p> <ul style="list-style-type: none"> <li>• the employee existed;</li> <li>• the correct rate of pay was used;</li> <li>• non-statutory deduction authorities are on hand;</li> <li>• time sheets were properly completed and authorised;</li> <li>• hours worked were properly authorised; and</li> <li>• allocations were reasonable and correctly posted</li> </ul> <p>The Shire's payroll system was also reviewed to determine if adequate controls were in place to help ensure wages and salaries are properly processed and payments are properly controlled</p>
Credit card procedures	<p>A review of the Shire's credit card procedures was performed to determine if adequate controls were in place. We randomly selected and tested credit card transactions to determine whether they are legitimate and usual in the context of the Shire's operations. This included:</p> <ul style="list-style-type: none"> <li>• sighting tax invoices;</li> <li>• ascertaining whether the transaction is for bona fide Shire business; and</li> <li>• determining whether transactions are in line with the Shire's policy.</li> </ul>

## Appendix A – Financial Management Systems Review

System	Description
Fixed assets (including depreciation, acquisition, and disposal of property)	<p>The fixed assets system including controls over acquisition and disposal of assets, updating of the fixed assets register, depreciation of fixed assets and reconciliation of the fixed assets register to the general ledger was examined. A sample of asset additions and disposals were judgmentally selected, and testing performed to ensure:</p> <ul style="list-style-type: none"> <li>• the tax invoices existed;</li> <li>• correct posting to the general ledger;</li> <li>• fixed assets register was promptly updated; and</li> <li>• classification of assets was correct.</li> </ul> <p>In addition, a sample of four assets were judgmentally selected and testing performed to ensure the depreciation rates used are in line with the Shire's policy</p>
Cost and administration allocation	The Shire's cost and administration allocation system was examined to determine if indirect costs have been properly reallocated to various jobs/programs. This included review of the allocation basis and rates used to ensure they are appropriate and regularly reviewed
Financial reports controls	The format of the annual report, annual financial report and monthly financial reports were reviewed for compliance with legislative requirements
Budget and budget review	The 2021-22 budget document and documents surrounding budget adoption were reviewed to ensure compliance with regulatory requirements
Borrowings	Reconciliation of borrowings to the WATC loan schedules were examined
Inventory	Inventory reconciliations and stocktake procedures were examined

## Appendix B – Council Policies Examined

The Council Policies examined as part of the review were as follows:

**Policy Topic (manual dated 17 September 2021, supplied for review July 2022)**

1. MEMBERS OF COUNCIL	
1.1	Deputations of Council
1.2	Delegates Moving Motions at Association Conferences
1.3	WALGA – Nominations to Boards and Committees
1.4	Use of Councils Common Seal
1.5	Elected Member Entitlement
1.6	Media Policy
1.8	Disruptive Behaviour at Council Meetings
1.9	Councillor iPad Policy
1.10	Related Party Disclosures
1.11	Council Forum/Briefing Session
1.12	Induction of Councillors
1.13	Continuing Professional Development of Council Members
1.14	Attendance at Events and Functions
1.15	Risk Management Policy
2. BUSHFIRE	
2.1	Use of Council Equipment
2.2	Harvest & Vehicle Movement Bans
2.3	Brigade Membership Forms
2.4	Bush Fire Committee Advisory Committee Policy
3. FINANCE	
3.1	Asset Capitalisation and Depreciation
3.1A	Disposal of Assets
3.2	Surplus Funds Investment
3.3	Resourcing Employee Entitlements
3.4	Reserve Portfolio Rationale
3.5	Purchasing and Tendering Policy
3.5A	Regional Price Preference
3.6	Signing of Cheques
3.7	Recovery of Fines and Costs from Sundry Debtors
3.8	Se of Council Credit Card
3.9	Rates and Charges Recovery Policy (Including Sewerage Charges Financial Hardship Policy)
3.10	Use of Shire Facilities by Service Providers
3.11	Timely Payment of Supplier
3.12	COVID-19 Financial Hardship
3.13	Discretionary Capital Expenditure – Business Case Requirements



## Appendix B – Council Policies Examined

### 4. LAW, ORDER AND PUBLIC SAFETY

- 4.1 Development of Heritage Precincts
- 4.2 Buildings on Residential Town Blocks
- 4.3 Advertising and Directional Signs
- 4.4 Maintenance of Buildings under Council Control
- 4.5 Swimming Pool Usage
- 4.6 Outbuildings in Residential and Townsite Zoned Areas
- 4.7 Sea Containers and Other Similar Storage Structures
- 4.8 Mining Tenements
- 4.9 Transportable Dwellings and Additional Rural/Mining Dwellings

### 5. ENGINEERING

- 5.1 Crossovers
- 5.2 Heavy Haulage on Local Roads
- 5.3 Private Works
- 5.4 Road Building Material Gravel
- 5.5 Traffic Intersection Management Plan (Private Haul Roads Intersecting With Roads under Council Control)
- 5.6 Roadside Memorials
- 5.7 Stock on Council Road Reserves
- 5.8 Road Works on Council Roads
- 5.9 Plant Replacement
- 5.10 Road Crossings-Drainage
- 5.11 Council Housing-Bonds

### 6. GENERAL ADMINISTRATION

- 6.1 Reserves- Notifications to Surrounding Landowners
- 6.2 Council Operated Standpipes / Mt Hampton Dam and Dulyalbin Tank Facility
- 6.3 Complaints Handling
- 6.4 Assistance to State Representatives
- 6.5 Inward Correspondence
- 6.6 Funding Submissions
- 6.7 Community Engagement Policy
- 6.8 Asset Management Policy
- 6.9 Community Funding Program
- 6.10 Rural Landfills

## Appendix B – Council Policies Examined

### 7. STAFF POLICY MANUAL (adopted 17 September 2020, supplied for review July 2022)

- 7.1 Occupational Health & Safety
- 7.2 Employee Benefits
- 7.3 Gratuity Payments to Council Employees / Recognition of Long and Outstanding Service
- 7.4 Acting Chief Executive Officer and Senior Employees
- 7.5 Awards - Salaries & Wages Representation
- 7.6 Harassment in the Workplace
- 7.7 Smoke Free
- 7.8 Equal Employment Opportunity
- 7.9 Media Policy 18-21
- 7.10 Use of Local Government Equipment
- 7.11 Motor Vehicle Use
- 7.12 Council Staff Christmas Function
- 7.13 Duty of Confidentiality
- 7.14 CEO Performance Review
- 7.15 Emergency Services Leave
- 7.16 Drug and Alcohol Testing
- 7.17 Employee Training and Development
- 7.18 Electronic Information and Security
- 7.19 Employee iPad Policy
- 7.20 Grievances, Investigations & Resolutions
- 7.21 Disciplinary Action Policy

## Appendix C – Plans Examined

The Plans examined as part of the review were as follows:

Plan	Status
Strategic Community Plan	2020-2030
Corporate Business Plan	2022-2026
Asset Management Plan	2018
Workforce Plan	2020-2030
Yilgarn Emergency Plan	2022
Workforce Plan	2020-2030
Code of Conduct – Elected Members	February 2021
Code of Conduct – Employees (draft)	August 2021
Record Keeping Plan	Approved by State Records Office 20 March 2015
Yilgarn OHS Safety Manual	2021
Annual Report	2018-19, 2019-20 & 2020-21

## Appendix D – Strategic and Operational Registers Examined

The registers examined as part of the review were as follows:

Register
Gifts Register
Delegation Register (adopted April 2022)
Financial Interests Register
Official Complaints Register
Food Registration / Eating Houses Register
Regulatory Inspections Register
Cemeteries Register
Employee Licences and Certifications Register
Swimming Pool Inspection Register

# Appendix E – Operational Guidelines

## Risk Management

*The internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:*

*Reviewing whether the local government has an effective risk management system and material operating risks to the local government are appropriately considered;*

*Reviewing whether the local government has a current and effective Business Continuity Plan (including disaster recovery) which is tested from time to time;*

*Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:*

- potential non-compliance with legislation, regulations and standards and local government's policies*
- important accounting judgements or estimates prove to be wrong*
- litigation and claims*
- misconduct, fraud and theft*
- significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government*

*Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure identified risks are monitored and new risks are identified, mitigated and reported;*

*Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;*

*Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;*

*Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;*

*Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;*

*Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment; and*

*Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.*

## Legislative Compliance

*'The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:*

- a) Monitoring compliance with legislation and regulations*
- b) Reviewing the annual Compliance Audit Return and reporting to Council the results of that review*
- c) Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary*

## Appendix E – Operational Guidelines

### Legislative Compliance (continued)

- d) *Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints*
- e) *Obtaining assurance that adverse trends are identified and review management's Plans to deal with these*
- f) *Reviewing management disclosures in financial reports of the effect of significant compliance issues*
- g) *Reviewing whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their Audit Plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee*
- h) *Considering the internal auditor's role in assessing compliance and ethics risks in their Plan;*
- i) *Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements*
- j) *Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest*

### Internal Controls

*Internal controls are systems of policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations.*

*These systems not only relate to accounting and reporting but also include communication processes both internally and externally, staff management and error handling.*

*Operational Guidelines prepared by the Department of Local Government and Communities (Audit in Local Government number 09 September 2013) provide the background to Internal Controls in the context of this review as follows:*

*'Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.*

*An effective and transparent internal control environment is built on the following key areas:*

- a) *integrity and ethics;*
- b) *policies and delegated authority;*
- c) *levels of responsibilities and authorities;*
- d) *audit practices;*
- e) *information system access and security;*
- f) *management operating style; and*
- g) *human resource management and practices.*

*Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.*

# Appendix E – Operational Guidelines

## Internal Controls (continued)

*Aspects of an effective control framework will include:*

- a) delegation of authority;*
- b) documented policies and procedures;*
- c) trained and qualified employees;*
- d) system controls;*
- e) effective Policy and process review;*
- f) regular internal audits*
- g) documentation of risk identification and assessment; and*
- h) regular liaison with auditor and legal advisors.*

*The following are examples of controls that are typically reviewed:*

- a) separation of roles and functions, processing and authorisation;*
- b) control of approval of documents, letters and financial records;*
- c) comparison of internal data with other or external sources of information;*
- d) limit of direct physical access to assets and records;*
- e) control of computer applications and information system standards;*
- f) limit access to make changes in data files and systems;*
- g) regular maintenance and review of financial control accounts and trial balances;*
- h) comparison and analysis of financial results with budgeted amounts;*
- i) the arithmetical accuracy and content of records;*
- j) report, review and approval of financial payments and reconciliations; and*
- k) comparison of the result of physical cash and inventory counts with accounting records.*



## Appendix F – Improvements Identified

Risk Area	Prioritised action required
Design – Policies	6.2.7 Purchasing and Tendering Policy 3.5 6.2.20 Council Staff Policy Manual 6.2.25 Council Staff Policy 7.21 Grievances, Investigations and Resolutions
Implementation – Strategic and Operational Plans	7.1.5 Business Continuity Disaster Recovery Plan 7.1.2 ICT Strategic Plan
Implementation – Operational and Financial Procedures	7.2.1 Risk Management Procedures 7.2.6 Record Keeping Practices 7.2.8 Electronic Banking Transactions 7.2.13 Operation of Shire Programs & Service Delivery
Implementation – Human Resource Management and Practices	7.3.1 Employee Identity and Credentials 7.3.3 Leave Entitlements
Implementation – Insurance	None
Evaluation – Council and Audit and Risk Committee	None
Evaluation – Strategic and Operational Registers	8.2.3 Financial Interest Register 8.2.4 Delegation Register 8.2.5 Contracts Register
Evaluation – Complaint Handling	None
Evaluation – CEO Reviews	None
Evaluation – Audit Practices	None

## Appendix F – Improvements Identified

Risk Area	Planned action required
Design – Policies	<p>6.2.1 Elected Members Entitlements Policy 1.5</p> <p>6.2.2 Councillor Ipad/Tablet Policy 1.9</p> <p>6.2.3 Continuing Professional Development of Council Members Policy 1.13</p> <p>6.2.4 Attendance at Events and Functions Policy 1.14</p> <p>6.2.5 Asset Capitalisation and Depreciation Policy 3.1</p> <p>6.2.6 Disposal of Assets Policy 3.1A</p> <p>6.2.8 Use of Council Credit Card Policy 3.8</p> <p>6.2.9 Rates and Charges Recovery Policy (Including Sewerage Rates Financial Hardship Policy ) 3.9</p> <p>6.2.10 Covid-19 Financial Hardship Policy 3.12</p> <p>6.2.11 Building on Residential Townsite Lots Policy 4.2</p> <p>6.2.12 Council Housing – Bonds Policy 5.11</p> <p>6.2.13 Complaints Handling Policy 6.3</p> <p>6.2.14 Rural Landfills Policy 6.10</p> <p>6.2.15 Policy Review</p> <p>6.2.16 Legislative Compliance Policy</p> <p>6.2.17 Internal Control Policy</p> <p>6.2.18 General Policy Actions</p> <p>6.2.19 Policy Reference to Legislation and External Information</p> <p>6.2.20 Council Staff Policy Manual</p> <p>6.2.22 Council Staff Policy 7.4 Gratuity Payments to Council Employees / Recognition of Long and Outstanding Service</p> <p>6.2.23 Council Staff Policy 7.10 Media</p> <p>6.2.24 Council Staff Policy 7.15 CEO Performance Review</p>
Implementation – Strategic and Operational Plans	<p>7.1.1 Asset Management Plan</p> <p>7.1.2 Long Term Financial Plan</p> <p>7.1.3 Workforce Plan</p> <p>7.1.4 Code of Conduct for Employees</p>
Implementation – Operational and Financial Procedures	<p>7.2.2 Operational Procedures</p> <p>7.2.3 Information Required to be Published on Official Local Government Website</p> <p>7.2.4 ICT Security</p> <p>7.2.5 Annual Report</p> <p>7.2.6 Record Keeping Practices</p> <p>7.2.7 Outstanding Purchase Orders</p> <p>7.2.10 Trust Fund</p> <p>7.2.11 General Journals</p> <p>7.2.12 Rates</p> <p>7.2.13 Overhead &amp; Administration Allocations</p> <p>7.2.15 Contract Management</p>
Implementation – Human Resource Management and Practices	<p>7.3.2 Payroll Exception Reporting</p> <p>7.3.4 Staff Training</p>
Implementation – Insurance	<p>7.4.1 Contractor Insurance</p>

## Appendix F – Improvements Identified

Risk Area	Planned action required
Evaluation – Council and Audit and Risk Committee	8.1.1 Council and Committee Minutes 8.1.2 Annual Electors' Meetings
Evaluation – Strategic and Operational Registers	8.2.1 Risk Register 8.2.2 Tender Register 8.2.6 Register of Hazardous Materials Register 8.2.7 Grants Register
Evaluation – Complaint Handling	8.4.1 Community Complaints Procedures
Evaluation – CEO Reviews	None
Evaluation – Audit Practices	8.5.1 Internal Audit

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**MOORE**

## Compliance Audit Return 2022

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2022?	N/A		Nicholas Warren
2	s3.59(2)(b) ) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2022?	N/A		Nicholas Warren
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2022?	N/A		Nicholas Warren
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2022?	N/A		Nicholas Warren
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A		Nicholas Warren

Delegation of Power/Duty					
No	Reference	Question	Response	Comments	Respondent
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Nicholas Warren
2	s5.16	Were all delegations to committees in writing?	N/A		Nicholas Warren
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ?	N/A		Nicholas Warren

4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Nicholas Warren
5	s5.18	Has council reviewed delegations to its committees in the 2021/2022 financial year?	N/A		Nicholas Warren
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ?	Yes		Nicholas Warren
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	No	Minutes lists voting requirements as "Simple Majority", however resolution was carried 7/0. Officer oversight, noted for future delegation decisions	Nicholas Warren
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Nicholas Warren
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Nicholas Warren
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	Yes		Nicholas Warren
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Nicholas Warren
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2021/2022 financial year?	Yes		Nicholas Warren
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes		Nicholas Warren

Disclosure of Interest					
No	Reference	Question	Response	Comments	Respondent
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	N/A	No occurrences	Nicholas Warren
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required the Local	N/A		Nicholas Warren
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made?	Yes		Nicholas Warren
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Nicholas Warren
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes		Nicholas Warren
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Nicholas Warren
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ?	Yes		Nicholas Warren
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes		Nicholas Warren
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove	Yes		Nicholas Warren



		from the register all returns relating to that person?			
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Nicholas Warren
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes		Nicholas Warren
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Nicholas Warren
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes		Nicholas Warren
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Nicholas Warren
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Nicholas Warren
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Nicholas Warren

17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered?	N/A		Nicholas Warren
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates within 3 months of the prescribed model code of conduct coming into operation (3 February 2021)?	Yes	Adopted 18 February 2021, Resolution 32/2021 carried by Absolute Majority 7/0	Nicholas Warren
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	N/A		Nicholas Warren
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes		Nicholas Warren
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government in accordance with section 5.51A(1) of the Local Government Act 1995?	Yes		Nicholas Warren

Disposal of Property					
No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Yes	Disposed of land to agent of the Crown, Dept of Communities and Main Road (acquisition)	Nicholas Warren
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4) of the Act, in the required local public notice for each disposal of property?	N/A		Nicholas Warren

Elections					
No	Reference	Question	Response	Comments	Respondent
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	Yes		Nicholas Warren
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A		Nicholas Warren
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	Yes		Nicholas Warren

Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	Carried by Absolute Majority, October 2021	Nicholas Warren
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority?	N/A		Nicholas Warren

3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2022 received by the local government by 31 December 2022?	No	Auditor General has yet to complete the audit process	Cameron Watson
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Pending	Auditor General has yet to complete the audit process	Cameron Watson
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Pending	Auditor General has yet to complete the audit process	Cameron Watson
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website?	Pending	Auditor General has yet to complete the audit process	Cameron Watson
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2022 received by the local government within 30 days of completion of the audit?	Pending	Auditor General has yet to complete the audit process	Cameron Watson

### Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 18/06/2020  Reviewed 15/09/2022	Nicholas Warren

2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 17/03/2022	Cameron Watson
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes		Cameron Watson

### Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	Yes		Nicholas Warren
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Nicholas Warren
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ?	N/A		Nicholas Warren
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes		Nicholas Warren
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Nicholas Warren

### Official Conduct

No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	CEO appointed at Ordinary Council Meeting February 2021	Nicholas Warren

2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ?	Yes		Nicholas Warren
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ?	Yes		Nicholas Warren
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes		Nicholas Warren

### Optional Questions

No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three years prior to 31 December 2022? If yes, please provide the date of council's resolution to accept the report.	Pending	Review undertaken by Moore Australia in July 2022. Endorsement by Audit Committee to be combined with annual audit, though delays with Auditors and OAG have pushed back meeting to Feb 2023 at the earliest.	Nicholas Warren
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2022? If yes, please provide date of council's resolution to accept the report.	Pending	Review undertaken by Moore Australia in July 2022. Endorsement by Audit Committee to be combined with annual audit, though delays with Auditors and OAG have pushed back meeting to Feb 2023 at the earliest.	Nicholas Warren
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A		Nicholas Warren

4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	Adopted at Ordinary Meeting on 17 September 2020	Nicholas Warren
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ?	Yes		Nicholas Warren
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	Adopted at Ordinary Meeting on 17 September 2020	Nicholas Warren
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2021/2022 financial year and publish it on the local government's official website by 31 July 2022?	Yes		Nicholas Warren
8	s6.4(3)	By 30 September 2022, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2022?	Yes		Cameron Watson
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes		Cameron Watson

Tenders for Providing Goods and Services					
No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Nicholas Warren
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts	Yes		Nicholas Warren



		for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?			
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes		Nicholas Warren
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	N/A		Nicholas Warren
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	N/A		Nicholas Warren
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes		Nicholas Warren
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes		Nicholas Warren
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A		Nicholas Warren
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes		Nicholas Warren

10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Nicholas Warren
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	No expressions of interest sought.	Nicholas Warren
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A		Nicholas Warren
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A		Nicholas Warren
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A		Nicholas Warren
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE?	N/A	No panel of pre-qualified suppliers called.	Nicholas Warren
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A		Nicholas Warren
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to	N/A		Nicholas Warren

		a tender were a reference to a pre-qualified supplier panel application?			
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A		Nicholas Warren
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A		Nicholas Warren
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A		Nicholas Warren
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A		Nicholas Warren
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes		Nicholas Warren