



**CHIEF EXECUTIVE OFFICER ATTACHMENTS
ORDINARY MEETING OF COUNCIL
WEDNESDAY 20 MARCH 2024**

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CEO02 – 03/24	Undertaking of Proposed Amendment Local Laws 2024 Attachments 1. Shire of Chittering Dogs Amendment Local Law 2024 2. Shire of Chittering Keeping Control of Cats Amendment Local Law 2024 3. Shire of Chittering Local Government Property and Public Places Amendment Local Law 2024 4. Shire of Chittering Standing Orders Amendment Local Law 2024 5. Written correspondence to the Joint Standing Committee on Delegated Legislation	3 – 19
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WORK HEALTH SAFETY REPORTING – FEBRUARY 2024

COUNCIL KPI'S – MONTHLY REPORT – WORK, HEALTH AND SAFETY

Third Quarter – February 2024

Reporting month	Drug tests performed	Alcohol tests performed	Positive drug test and bac exceedance	Workers compensation claims	Current workers compensation claims	Near misses and incident	Medically treated injuries	Restricted work injuries	Lost time injuries
February	8	35	1	1	1	6	0	0	0

NEAR MISS, INCIDENT AND DAMAGE REPORT

Incident	Date	Department and Location	Type	Description	Outcome
186	07/02/2024	Muchea, Technical Services	Injury	Knocked knee on loader door when exiting loader	Medical care needed
188	12/12/2024	Bindoon, Technical Services	Hazard	Chemical Spill on hand and melted glove	Ordered new gloves and updating SDS Sheets
191	21/02/2024	Bindoon, Technical Services	Hazard	Loader and Backhoe seats bottom out	Quotes to replace both seats

WHS TRAINING AND DEVELOPMENT

Date	Training	Training Organisation
February	WHS Induction Training (3 New Staff Members)	WHS Officer

SITE INSPECITONS

Date	Areas

SAFETY OBSERVATIONS

Date	Areas
February	Safety Data Sheets are currently being updated for the Shire Administration Building and Outdoor Works area

HEALTH AND WELLBEING

Date	Areas
February	Skin Checks (36 Staff members) 33% being our outdoor workers

Draft 2**LOCAL GOVERNMENT ACT 1995****DOG ACT 1976**

SHIRE OF CHITTERING

DOGS AMENDMENT LOCAL LAW 2024

Under the powers conferred by the *Dog Act 1976*, the *Local Government Act 1995* and under all other powers enabling it, the Council of the Shire of Chittering resolved on ??? to make the following local law.

PART 1—PRELIMINARY

1. Citation

This local law may be cited as the *Shire of Chittering Dogs Amendment Local Law 2024*.

2. Commencement

The local law comes into operation on the fourteenth after the day it is published in the Government Gazette.

3. Principal local law

This local law amends the *Shire of Chittering Dogs Local Law 2023* as published in the *Government Gazette* on 6 June 2023.

PART 2—AMENDMENTS

4. Clause 3.3(1)(c)(v) Amended

In clause 3.3(1)(c)(v) delete the full stop after the words 'stock management' and replace it with a semi-colon.

5. Clause 3.3(1)(d) Amended

In clause 3.3(1)(d) insert a full stop at the end of the clause.

6. Clause 4.3 Amended

In clause 4.3 delete the references to clause '4.4(a)' and 'Schedule 1 clause 5(c)' and replace them with '4.4' and 'Schedule 1 clause (j)(c)' respectively.

Dated ????

The Common Seal of the Shire of Chittering was affixed by authority of a resolution of Council in the presence of -

Aaron King
Shire President

Melinda Prinsloo
Chief Executive Officer

LOCAL GOVERNMENT ACT 1995**CAT ACT 2011**

SHIRE OF CHITTERING

CATS AMENDMENT LOCAL LAW 2024

Under the powers conferred by the *Cat Act 2011*, the *Local Government Act 1995* and under all other powers enabling it, the Council of the Shire of Chittering resolved on **????** to make the following local law.

PART 1—PRELIMINARY

1. Citation

This local law may be cited as the *Shire of Chittering Cats Amendment Local Law 2024*.

2. Commencement

The local law comes into operation on the fourteenth after the day it is published in the Government Gazette.

3. Principal local law

This local law amends the *Shire of Chittering Cats Local Law 2023* as published in the *Government Gazette* on 6 June 2023.

PART 2—AMENDMENTS

4. Clause 1.4 Amended

In clause 1.4:

- a) delete the definition of 'cat prohibited areas'.
- b) in the definition of '*effective control*' change all the capital letters to lower case.
- c) In the definition of '*nuisance*' delete 'Interference' and replace with 'interference'

5. Clause 1.5 Amended

In clause 1.5 delete '*the*' and replace with 'the'.

6. Clause 2.1(5) Amended

At the end of clause 2.1(5) insert a 'full stop'.

7. Clause 2.2 Deleted

Delete the whole of clause 2.2.

8. Clause 3.4(2) Amended

- a) delete the word 'or' at the end of subclause (2)(a).
- b) insert the word 'or' at the end of subclause (2)(b).

9. Clause 3.9 Amended

In clause 3.9:

- a) delete clause '(1) (b)'.
- b) renumber subclauses '(c)' '(d)' and '(e)' as subclauses '(b)', '(c)' and '(d)'.

10. Schedule 3 Deleted

Delete the whole of 'Schedule 3'.

Dated ????

The Common Seal of the Shire of Chittering was affixed by authority of a resolution of Council in the presence of -

Aaron King
Shire President

Melinda Prinsloo
Chief Executive Officer

Draft 2**LOCAL GOVERNMENT ACT 1995**

SHIRE OF CHITTERING

LOCAL GOVERNMENT PROPERTY AND PUBLIC PLACES AMENDMENT LOCAL LAW 2024

Under the powers conferred by the *Local Government Act 1995* and under all other powers enabling it, the Council of the Shire of Chittering resolved on **????** to make the following local law.

PART 1—PRELIMINARY

1. Citation

This local law may be cited as the *Shire of Chittering Local Government Property and Public Places Amendment Local Law 2024*.

2. Commencement

The local law comes into operation on the fourteenth after the day it is published in the Government Gazette.

3. Principal local law

This local law amends the *Shire of Chittering Local Government Property and Public Places Local Law 2023* as published in the *Government Gazette* on 6 June 2023.

PART 2—AMENDMENTS

4. Clause 3.1(1) Amended

In clause 3.1(1) delete '14' and replace it with '12'.

5. Clause 8.2(3)(a) Amended

In clause 8.2(3)(a) delete '8.3(3)(b)' and replace it with '8.3(2)(b)'.

6. Clause 8.2(3)(d) Amended

In clause 8.2(3)(d) delete '8.3(3)(e)' and replace it with '8.3(2)(e)'.

7. Clause 8.3(1) Amended

In clause 8.3(1) delete '8.2' and replace it with '8.1'.

8. Clause 15.6(1) Amended

In clause 15.6(1)(b) move all the words 'an offence against this local law, demand from the person the person's name, place of residence and date of birth' and place them on a separate line.

Dated ????

The Common Seal of the Shire of Chittering was affixed by authority of a resolution of Council in the presence of -

Aaron King
Shire President

Melinda Prinsloo
Chief Executive Officer

Draft 2**LOCAL GOVERNMENT ACT 1995**

SHIRE OF CHITTERING

STANDING ORDERS AMENDMENT LOCAL LAW 2024

Under the powers conferred by the *Local Government Act 1995* and under all other powers enabling it, the Council of the Shire of Chittering resolved on **????** to make the following local law.

PART 1—PRELIMINARY

1. Citation

This local law may be cited as the *Shire of Chittering Standing Orders Amendment Local Law 2024*.

2. Commencement

The local law comes into operation on the fourteenth after the day it is published in the Government Gazette.

3. Principal local law

This local law amends the *Shire of Chittering Standing Orders Local Law 2023* as published in the *Government Gazette* on 6 June 2023.

PART 2—AMENDMENTS

4. Clause 1.2 Amended

Insert a full stop at the end of the clause.

5. Clause 1.6 Amended

In the definition of *committee* replace 'council' with 'Council'.

6. Clause 3.4 Amended

- (a) In clause 3.4(b) replace 'If' with 'if'.
- (b) In clause 3.4(c) replace 'In' with 'in'.

7. Clause 4.13 Amended

Delete the current wording in clause '4.13' and replace it with:

'At any meeting-
(a) at which there is not a quorum present; or
(b) which is adjourned for want of a quorum,
the names of the members then present are to be recorded in the minutes.'

8. Clause 5.5 Amended

In clause 5.5 delete the comma after the word 'notice'.

9. Clause 5.6(1) Amended

In clause 5.6(1) delete the comma after the word 'adopting'.

10. Clause 6.9 Amended

- (a) Renumber subclause '6.9(4)(c)' to 6.9(5)'.
(b) Renumber current subclauses '6.9(5)' and '6.9(6)' to '6.9(6)' and '6.9(7)' respectively.

11. Clause 6.15(2) Amended

In clause 6.15(2) delete the words 'is not to disclose any of that information to any person other than member employee to the extent necessary for the purpose of carrying out his or her functions' and replace the with 'is not to disclose any of that information to any person other than a member or employee to the extent necessary for the purpose of carrying out his or her functions.'

12. Clause 7.2(3)(a) Amended

In clause 7.2(3)(a) delete the semi-colon after the word 'Council'.

13. Clause 10.3 Amended

Delete current clause 10.3 and replace it with:

- '1. Any member who wishes to move a substantive motion or an amendment to a substantive motion-
 - (a) is to state the substance of the motion before speaking to it; and
 - (b) if required by the presiding member, is to put the motion or amendment in writing.
- 2. for complex amendments they must be in writing.'

14. Clause 11.5.5(3)(b) Amended

In clause 11.5.5(3)(b) delete '7.11' and replace it with '8.9'.

Dated ????

The Common Seal of the Shire of Chittering was affixed by authority of a resolution of Council in the presence of -

Aaron King
Shire President

Melinda Prinsloo
Chief Executive Officer



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OUR REF: 023144085
 YOUR REF: A1031781 AND 4147/12
 Enquiries to: Aaron King, President
 Telephone: (08) 9576 4600

27 September 2023

Joint Standing Committee on Delegated Legislation
 Parliament House
 4 Harvest Terrace
 WEST PERTH WA 6005

Dear Sir/Madam

SHIRE OF CHITTERING DOGS LOCAL LAW 2023

I refer to your correspondence dated 9 August 2023 regarding typographical errors in the above mentioned Local Law.

As instructed, these changes were taken to Council at their Ordinary Meeting held 20 September 2023 and the following was resolved:

OFFICER RECOMMENDATION / COUNCIL RESOLUTION 090923

Moved Cr Hughes, seconded Cr Angus

That Council, by an ABSOLUTE MAJORITY, resolves to undertake to the Joint Standing Committee on Delegated Legislation for Shire of Chittering Dogs Local Law that:

1. *Within 6 months:*
 - *Amend clause 3.3(1)(c)(v) to replace the full stop after the words 'stock management' with a semi-colon.*
 - *Amend clause 3.3(1)(d) to insert a full stop at the end of the clause.*
 - *Amend clause 4.3 to delete the reference to clause 4.4(a) and Schedule 1 clause 5(c).*
2. *Not enforce the Local Law to the contrary before it is amended in accordance with undertaking 1.*
3. *Ensure all consequential amendments arising from the undertakings will be made.*
4. *Where the Local Law is made publicly available by the Shire, whether in hard copy or electronic form, ensure that it is accompanied by a copy of the undertaking.*

Note:

- a. *The purpose of the proposed local law is to amend the principal local law to remove previous provisions not permitted; and*
- b. *The effect of the proposed local law is to meet the undertakings provided by Council to the Joint Standing Committee on Delegated Legislation.*

CARRIED BY EN BLOC 7 / 0

TIME: 7:33PM

Should you require any further information then please do not hesitate to contact me.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A. King', written in a cursive style.

Aaron King
PRESIDENT

CC: Melinda Prinsloo, Chief Executive Officer, Shire of Chittering



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 YOUR REF: A1033879 AND 4147/13
 Enquiries to: Aaron King, President
 Telephone: (08) 9576 4600

27 September 2023

Joint Standing Committee on Delegated Legislation
 Parliament House
 4 Harvest Terrace
 WEST PERTH WA 6005

Dear Sir/Madam

SHIRE OF CHITTERING KEEPING CONTROL OF CATS LOCAL LAW 2023

I refer to your correspondence dated 9 August 2023 regarding inconsistencies with *Cat Act 2011* in the above mentioned Local Law.

As instructed, these changes were taken to Council at their Ordinary Meeting held 20 September 2023 and the following was resolved:

OFFICER RECOMMENDATION / COUNCIL RESOLUTION 120923

Moved Cr Kylie Hughes, seconded Cr Mary Angus

That Council, by an ABSOLUTE MAJORITY, resolves to undertake to the Joint Standing Committee on Delegated Legislation for Shire of Chittering Keeping Control of Cats Local Law that:

1. *Within 6 months:*
 - *Delete clause 2.2, Schedule 3 and the definition of 'cat prohibited area' in clause 1.4.*
 - *Delete clause 3.9 (1)(b)*
 - *Correct the typographical errors in clause 1.4, 1.5, 2.1(5) and 3.4(2).*
2. *Not enforce the Local Law to the contrary before it is amended in accordance with undertaking 1.*
3. *Ensure all consequential amendments arising from the undertakings will be made.*
4. *Where the Local Law is made publicly available by the Shire, whether in hard copy or electronic form, ensure that it is accompanied by a copy of the undertaking.*

Note:

- a. *The purpose of the proposed local law is to amend the principal local law to remove previous provisions not permitted; and*
- b. *The effect of the proposed local law is to meet the undertakings provided by Council to the Joint Standing Committee on Delegated Legislation.*

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Aaron King
PRESIDENT

CC: Melinda Prinsloo, Chief Executive Officer, Shire of Chittering

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27 September 2023

Joint Standing Committee on Delegated Legislation
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005

Dear Sir/Madam

SHIRE OF CHITTERING LOCAL GOVERNMENT PROPERTY AND PUBLIC PLACES LOCAL LAW 2023

I refer to your correspondence dated 9 August 2023 regarding typographical errors in the above mentioned Local Law.

As instructed, these changes were taken to Council at their Ordinary Meeting held 20 September 2023 and the following was resolved:

OFFICER RECOMMENDATION / COUNCIL RESOLUTION 100923

Moved Cr Hughes, seconded Cr Angus

That Council, by an ABSOLUTE MAJORITY, resolves to undertake to the Joint Standing Committee on Delegated Legislation for Shire of Chittering Local Government Property and Public Places Local Law that:

- 1. Within 6 months correct the typographical errors in clause 3.1(1), 7.10, 8.2(3)(a) and (d), 8.3(1) and 15.6(1).*
- 2. Not enforce the Local Law to the contrary before it is amended in accordance with undertaking 1.*
- 3. Ensure all consequential amendments arising from the undertakings will be made.*
- 4. Where the Local Law is made publicly available by the Shire, whether in hard copy or electronic form, ensure that it is accompanied by a copy of the undertaking.*

Note:

- a. The purpose of the proposed local law is to amend the principal local law to remove previous provisions not permitted; and*
- b. The effect of the proposed local law is to meet the undertakings provided by Council to the Joint Standing Committee on Delegated Legislation.*

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Aaron King
PRESIDENT

CC: Melinda Prinsloo, Chief Executive Officer, Shire of Chittering



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 Telephone: (08) 9576 4600

27 September 2023

Joint Standing Committee on Delegated Legislation
 Parliament House
 4 Harvest Terrace
 WEST PERTH WA 6005

Dear Sir/Madam

SHIRE OF CHITTERING STANDING ORDERS LOCAL LAW 2023

I refer to your correspondence dated 9 August 2023 regarding typographical errors in the above mentioned Local Law.

As instructed, these changes were taken to Council at their Ordinary Meeting held 20 September 2023 and the following was resolved:

OFFICER RECOMMENDATION / COUNCIL RESOLUTION 110923

Moved Cr Hughes, seconded Cr Angus

That Council, by an ABSOLUTE MAJORITY, resolves to undertake to the Joint Standing Committee on Delegated Legislation for Shire of Chittering Standing Orders Local Law that:

- 1. Within 6 months amend the typographical errors in clauses 1.2, 1.6, 3.4, 4.13, 5.5, 5.6(1), 6.9(4)(c), 6.15(2), 7.2(3), 10.3 and 11.5.5(3)(b).*
- 2. Not enforce the Local Law to the contrary before it is amended in accordance with undertaking 1.*
- 3. Ensure all consequential amendments arising from the undertakings will be made.*
- 4. Where the Local Law is made publicly available by the Shire, whether in hard copy or electronic form, ensure that it is accompanied by a copy of the undertakings.*

Note:

- a. The purpose of the proposed local law is to amend the principal local law to remove previous provisions not permitted; and*
- b. The effect of the proposed local law is to meet the undertakings provided by Council to the Joint Standing Committee on Delegated Legislation.*

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Aaron King
PRESIDENT

CC: Melinda Prinsloo, Chief Executive Officer, Shire of Chittering



CEO03 - 03/24

Department of
Local Government, Sport
and Cultural Industries

Chittering – Compliance Audit Return 2023

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
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 2023?	N/A	
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 2023?	N/A	
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 2023?	N/A	
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 2023?	N/A	
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	

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	N/A	Committees have no delegated powers.
2	s5.16 (2)	Were all delegations to committees in writing?	N/A	Committees have no delegated powers.
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	N/A	Committees have no delegated powers.
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A	Committees have no delegated powers.
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	N/A	Committees have no delegated powers.



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 Local Government Act 1995?	Yes	All delegations to the CEO were within the scope of the Act. Council reviewed its delegations at its meeting held on 21 June 2023 (OCM).
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	All delegations to the CEO were made by Absolute Majority. Council reviewed its delegations at its meeting held on 21 June 2023 (OCM).
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	All delegations to the CEO were made in writing. Council reviewed its delegations at its meeting held on 21 June 2023 (OCM).
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	The CEO reviewed delegations to employees on 14 June 2023 (Agenda Forum). All delegations by the CEO to other employees were made in writing.
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	Council reviewed its delegations at its meeting held on 21 June 2023 (OCM). All delegations, including the annual review, amended/revoked delegations, were made by Absolute Majority.
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	A register of Delegation of Authority is kept and made publicly available on the Shire's website.
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	All delegations were reviewed by both Council and the CEO during the 2023/24 financial year. The CEO reviewed his delegations on 14 June 2023 (Agenda Forum). Council reviewed its delegations at its meeting held on 21 June 2023 (OCM).
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	All written record Retain on the corporate record keeping system.

Disclosure of Interest				
No	Reference	Question	Response	Comments
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 Local Government	Yes	All members who made a disclosure under section 5.65 did not remain in the room to participate in



CEO03 - 03/24

Department of
Local Government, Sport
and Cultural Industries

		Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?		any discussion or voting, not including participation approvals granted under s5.68.
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 by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	All disclosures and any decision to permit a member to participate and the extent of participation were recorded in the minutes of the relevant meeting.
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	All disclosures are recorded in the minutes of the relevant meeting.
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	All primary returns were lodged within three months of the relevant persons start date and registered on the Annual Returns Register 2022/23.
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	All annual returns were lodged by all relevant persons by 31 August 2023
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	The receipt of all primary and annual returns was formally acknowledged in writing.
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 Local Government Act 1995?	Yes	A Register of Financial Interests is maintained by the Shire.
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 Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	A Register of Financial Interests is maintained by the Shire.
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 Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	All returns of Elected Members and designated employees are removed from the Register when they cease to be a relevant 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	All returns removed from the Register are retained for a further five years.

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	Updated Gift Register is available on the Shire's website.
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	Updated Gift Register is available on the Shire's website.
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	All records relating to ceased people are removed from the register.
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the 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	Copies of all records of ceased people that have been removed from the register are being kept for a period of 5 years.
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	All disclosures of employees are recorded in the minutes of the relevant meeting.
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 section 5.71A(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	The Council did not apply to the Minister to allow the CEO to provide advice or a report to which a disclosure had been made.
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 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	The Council did not apply to the Minister to allow the CEO to provide advice or a report to which a disclosure had been made.
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 candidates that incorporates the model code of conduct?	Yes	The Code of Conduct for council members, committee members and candidates were adopted by Council on 16 June 2021.
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	No additional requirements to the model code of conduct were required.
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	An up-to-date code of conduct is available on the Shire's website.



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21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	The code of conduct for employees, volunteers and contractors was reviewed on 23 May 2023 and approved by the CEO at the Executive Meeting held on 14 June 2023.
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Disposal of Property

No	Reference	Question	Response	Comments
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)?	N/A	No properties or plants were disposed of either by a trade-in or auction house.
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), in the required local public notice for each disposal of property?	N/A	No properties or plants were disposed of either by a trade-in or auction house.

Elections

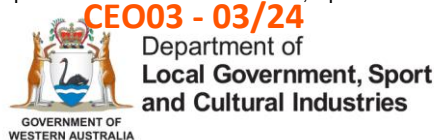
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by 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	No gifts were received during the election process.
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	N/A	No gifts were received during the election process.



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		period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?		
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	No gifts were received during the election process.

Finance				
No	Reference	Question	Response	Comments
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	The Audit & Risk Committee was established at its meeting held on 22 October 2019.
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	N/A	No delegations were made to the Audit & Risk Committee.
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	OAG audit opinion dated 13 December 2023.
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 Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	One matter of the annual audit (not significant finding) was identified and addressed. Detail can be found in the minutes of Exit Meeting prior to the annual report adoption in December 2023.
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?	N/A	No significant findings.
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 Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	Yes	The Shire's Annual Report was published within the legislative timeframe of 14 days after the report was submitted to the Department.



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7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	The auditor's report dated 7 December 2023 was submitted to Council on 13 December 2023.
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Local Government Employees

No	Reference	Question	Response	Comments
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	
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	Yes	
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 Local Government Act 1995?	Yes	
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	Yes	
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	

Official Conduct

No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	Yes	Complaints officer: Deputy Chief Financial Officer
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 Local Government Act 1995?	Yes	
3	s5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	Yes	
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	



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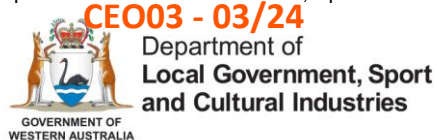
Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply 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	One tender - Full architectural for Lower Chittering Recreational Centre.
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 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?	Yes	
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	
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?	Yes	
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?	Yes	Response to all questions were distributed to all 12 registered parties.
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	
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	



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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?	Yes	
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	
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	
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	
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	
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	
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	
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 & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	
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	
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 a tender were a reference to a pre-qualified supplier panel application?	N/A	



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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	
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	
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	
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	
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	

Integrated Planning and Reporting

No	Reference	Question	Response	Comments
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	15/06/2022 The Strategic Community Plan was unanimously adopted by Council at its meeting on 15 June 2022. Minutes of OCM meeting held on 15 June 2022. The next review is due June 2024.
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	21/06/2023 The Shire's Corporate Business Plan 2023-2027 was adopted by Council at its meeting on 21 June 2023.
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	All legislative requirements aligned to the Corporate Business Plan (CBP) are addressed. The CBP can be viewed on the Shire's website.



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Optional Questions				
No	Reference	Question	Response	Comments
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 financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	20/03/2024 The review was completed on 30 June 2023 by Moore Australia but not submitted to Council.
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 2023? If yes, please provide date of council's resolution to accept the report.	Yes	20/03/2024 The review was completed on 30 June 2023 by Moore Australia but not submitted to Council.
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, 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?	Yes	yes, detail can be found on the gift register available on the Shire's website.
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	Minutes of OCM meeting held on 15 July 2020.
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 Local Government Act 1995?	Yes	All information is on the Shire's website that is required to be published.
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	The Shire's Elected Members' Entitlements and Training Policy (4.3) contains matters in relation to the continuing professional development of elected members. This policy was amended on 16 September 2020.
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	Report is incorporated into the Shire's Annual Report. The report is available on the Shire's website and was published before 31 July 2023.



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8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	End of financial year draft report was submitted on 15 September 2023 to its auditors.
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	Annual budget was adopted on 21 June 2023 at OCM.

Chief Executive Officer

Date

Mayor/President

Date



Audit and Risk Committee Meeting

Wednesday 13 March 2024
Commencing at 5.30pm

Held at the Council Chambers, 6177 Great Northern Highway, Bindoon

PREFACE

When the Chief Executive Officer approves these minutes for distribution they are in essence "Unconfirmed" until the following Chattering Audit & Risk Committee meeting, where the minutes will be confirmed subject to any amendments.

The "Confirmed" minutes are then signed off by the Presiding Member.

Attachments that formed part of the agenda, in addition to those tabled at the Chattering Audit & Risk Committee meeting are put together as an addendum to these Minutes.

UNCONFIRMED MINUTES

These Audit Committee minutes were approved for distribution on 15 March 2024.



Melinda Prinsloo
Chief Executive Officer

CONFIRMED MINUTES

These Audit Committee minutes were confirmed at the Audit and Risk Committee meeting held on _____

Signed _____

NOTE: the Chairperson at the meeting at which these minutes are confirmed is the person who signs above.

OBJECTIVES

The primary objective of the Chattering Audit & Risk Committee is to accept responsibility for the annual external audit and liaise with the local government's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

Reports from the committee will assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources. The committee will ensure openness in the local government's financial reporting and will liaise with the Chief Executive Officer to ensure the effective and efficient management of local government's financial accounting systems and compliance with legislation.

The committee is to facilitate:

- (a) the enhancement of the credibility of external financial reporting
- (b) compliance with laws and regulations as well as use of best practise guidelines relative to auditing
- (c) the provision of an effective means of communication between the external auditor, the Chief Executive Officer and the Council.



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Good evening ladies and gentlemen, we wish to acknowledge the traditional custodians of the land within the Shire of Chittering, the Yued and Whadjuk peoples. We would like to pay respect to the Elders of the Nyoongar nation, past and present, who have walked and cared for the land, we acknowledge and respect their continuing culture, and the contributions made to this region.

1. DECLARATION OF OPENING OF MEETING

The Chief Executive Officer declared the meeting open at 5.34pm.

2. RECORD OF ATTENDANCE / APOLOGIES / APPROVED LEAVE OF ABSENCE / ANNOUNCEMENTS

2.1 Attendance

Cr Mary Angus	Presiding Member
Cr Aaron King	Deputy Presiding Member
Cr Kylie Hughes	
Cr David Dewar	
Cr John Curtis	
Melinda Prinsloo	Chief Executive Officer
Scott Clayton	Deputy Chief Executive Officer
Jake Whistler	Executive Manager Development Services

2.2 Apologies

Cr Carmel Ross

2.3 Approved leave of absence

Cr Mark Campbell

3. DISCLOSURE OF INTEREST

Nil



4. PUBLIC QUESTION TIME

4.1 Response to previous public questions taken on notice

Nil

4.2 Public question time

Nil

5. CONFIRMATION OF MINUTES: 13 DECEMBER 2023

OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Moved Cr King, Seconded Cr Dewar

That the minutes of the Audit and Risk Committee Meeting held on Wednesday 13 December 2023 be confirmed as a true and correct record of proceedings.

CARRIED 5 / 0

6. PURPOSE OF MEETING



6.1 Local Government Compliance Audit Return for 2023

Applicant	Shire of Chittering
File ref	SOCR-1845402348-23722
Author	Manager Governance and Corporate Performance
Authorising Officer	Chief Executive Officer
Disclosure of interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure
Voting requirements	Simple Majority
Attachments	1. Compliance Audit Return for 2023

	Authority / Discretion	Definition
<input type="checkbox"/>	Advocacy	<i>When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>When Council initiates or adopts a policy position, or a local law</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include development applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal</i>
<input type="checkbox"/>	Information	<i>Includes items for information purposes only and do not require a decision of Council (to 'note' only)</i>

Executive Summary

To present the response to the 2023 Compliance Audit Return (CAR) for review by the Audit and Risk Committee and Council endorsement at meeting scheduled for 20 March 2024, and to submit the Shire's responses to the Department of Local Government, Sport and Cultural Industries (Department) by the legislative deadline of 31 March 2024.

Background

1. In accordance with Regulation 14 of the Audit Regulations, the Shire is required to carry out an annual audit of statutory compliance in the form determined by the Department.
2. The 2023 CAR deals with the period 1 January 2023 to 31 December 2023 and focuses on those areas considered high risk in accordance with the Local Government Act 1995 (Act) and associated regulations.
3. The Audit Regulations require that the CAR be presented to Council for adoption following review by its Audit and Risk Committee. Once adopted, the CAR is to be certified by both the President and Chief Executive Officer before it is submitted to the Department by 31 March 2024 through SmartHub.
4. The CAR covers a range of matters that require actions to be completed by local governments in performing their functions to maintain legislative compliance with the Act and associated regulations.
5. The CAR requires that responsible officers respond to the audit questions, whether the Shire was compliant of required actions, by answering yes, no or N/A.



6. Local governments are required to provide feedback or comments on areas of non-compliance. This assists the Department in better understanding any problems or issues that have resulted in a local government's inability to achieve full compliance in a particular area.

A copy of the completed CAR is included as **Attachment 1**.

Consultation Summary

Local

Chief Executive Officer
Deputy Chief Executive Officer
Executive Manager Technical Services
Executive Manager Development Services
Financial Manager
Manager Governance and Corporate Performance
Executive Assistant

State

Nil

Legislative Implications

State

Regulation 14 of the *Local Government (Audit) Regulations 1996* (Audit Regulations) requires that a CAR be completed and submitted to the Department by 31 March annually.

Regulation 15 of the Audit Regulations requires a joint certification to be completed by the President and Chief Executive Officer. The document is to be forwarded to the Department via its online portal by 31 March annually.

Local

Nil

Policy Implications

State

Nil

Local

Nil

Financial Implications

Nil

Strategic Assessment / Implications

- *Strategic Community Plan 2022-2032*

Focus area:	Administration and Governance
Objective:	A responsive and empowering Council which values consultation, accountability and consistency
Strategy:	Become a leader in the areas of transparency, disclosure and public accountability

Site Inspection

Not applicable



Risk Assessment / Implications

Risk	Likelihood	Consequences	Risk Analysis	Mitigation
Compliance: Failure to fulfil Compliance requirements (statutory, regulatory)	Unlikely	Insignificant	Low	By bring the CAR to the Audit and Risk Committee and subsequent Council meeting prior to 31 March, compliance will be met.
Opportunity: Nil				

Officer Comment/Details

The following table summarises the Shire's performance in each of the compliance categories for 2023 CARs.

The Shire is 100% compliant for the 2023 CAR.

Category	2023 CAR	
	Audit questions	% Compliant
Commercial Enterprises by Local Governments	5	5 – n/a
Delegation of Power/Duty	13	8 – yes 3 – n/a
Disclosure of Interest	22	19 – yes 3 – n/a
Disposal of Property	2	2 – n/a
Elections	3	2 – yes 1 – n/a
Finance	7	5 – yes 2 – n/a
Integrated Planning and Reporting	3	3 – yes
Local Government Employees	5	4 – yes 1 – n/a
Official Conduct	4	4 – yes
Optional Questions (Other)	9	9 – yes
Tenders for Providing Goods and Services	22	11 – yes 11 – n/a
TOTAL	95	95/95 = 100%

OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Moved Cr Hughes, seconded Cr King

That the Audit and Risk Committee reviews the Local Government Compliance Audit Return for the period 1 January 2023 to 31 December 2023 and presents to Council for adoption at the Ordinary Meeting of Council on 20 March 2024.

CARRIED 5 / 0



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

Applicant	N/A
File ref	SOCR-1845402348-25603
Author	Chief Executive Officer
Disclosure of interest	Neither the Author nor Authorising Officer have any Impartiality, Financial or Proximity Interests that requires disclosure
Voting requirements	Simple Majority
Attachments	1. Regulation 17 & Internal Controls Review (SOCR-1845402348-25609)

	Authority / Discretion	Definition
<input type="checkbox"/>	Advocacy	<i>When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.</i>
<input checked="" type="checkbox"/>	Executive	<i>The substantial direction setting and oversight role of Council. e.g. adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.</i>
<input type="checkbox"/>	Legislative	<i>When Council initiates or adopts a policy position, or a local law</i>
<input type="checkbox"/>	Quasi-Judicial	<i>When Council determines an application/matter that directly affects a person's rights and interests. The judicial character arises from the obligation to abide by the principles of natural justice. Examples of Quasi-Judicial authority include development applications, building licences, applications for other permits/licences (e.g. under Health Act, Dog Act or Local Laws) and other decisions that may be appealable to the State Administrative Tribunal</i>
<input type="checkbox"/>	Information	<i>Includes items for information purposes only and do not require a decision of Council (to 'note' only)</i>

Executive Summary

The Audit Committee is requested to receive the Chief Executive Officer's "Review of Financial Management, Legislative Compliance and Internal Controls" Report (report), and to recommend that the report be received by Council.

Background

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulation 1996* states;

5. CEO's duties as to financial management

(2) The CEO is to —

(c) undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

Further, regulation 17 of the Local Government (Audit) Regulations 1996 states;

17. CEO to review certain systems and procedures

(1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —



- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

(2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.

(3) The CEO is to report to the audit committee the results of that review.

The Shire engaged Moore Australia to undertake a review on behalf of the Chief Executive Officer 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 a 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 of the attached report. 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.

Consultation Summary

Local

Nil

State

Nil

Legislative Implications

State

- Regulation 5(2)(c) of the *Local Government (Financial Management) Regulation 1996*
- Regulation 17 of the *Local Government (Audit) Regulations 1996*

Local

Nil

Policy Implications

State

Nil

Local

Nil

Financial Implications

Nil

Strategic Assessment / Implications



Nil

Risk Assessment / Implications

Risk	Likelihood	Consequences	Risk Analysis	Mitigation
Financial Impact: Poor internal controls lead to fraudulent activity	Unlikely	Major	Moderate	The review of internal controls as undertaken in this report, highlight shortfalls in those controls and recommends strategies to improve them.
Compliance: Policies and delegations not compliant with legislation	Possible	Minor	Moderate	The review conducted assists in identifying areas of non-compliance and provides details to be used to rectify these areas when the next review is completed

Officer Comment/Details

The report contains the following overall summary;

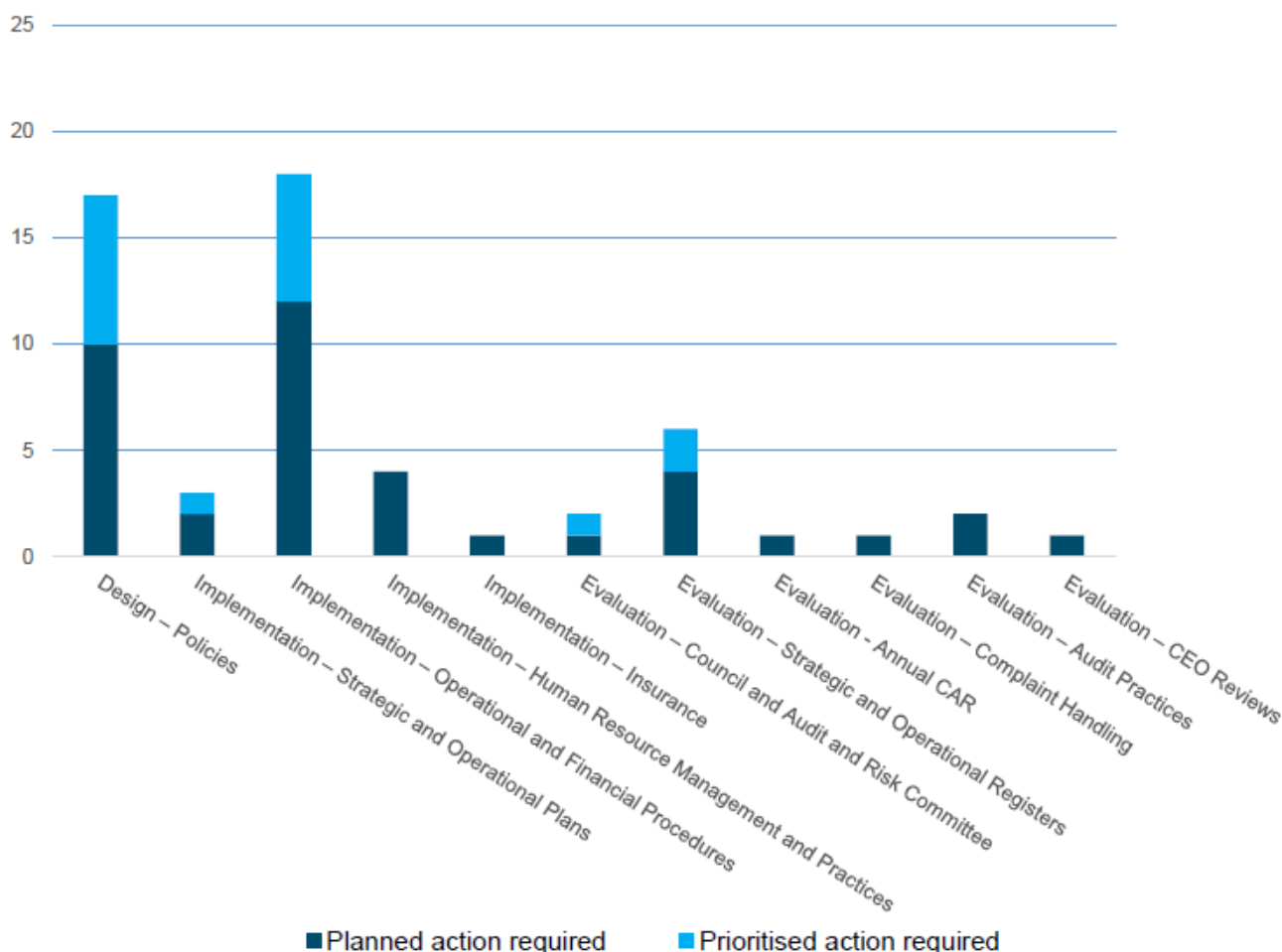
“Operations of a regional local government are complex and involve a number of people making decisions across a large number of areas of operations. The Shire of Chittering is highly reliant on a small team of senior decision makers to govern its operations whilst trying to ensure sound financial and risk management through internal controls whilst seeking to achieve a high level of compliance. These efforts were highlighted throughout our review with management implementing prompt action across a number of matters raised. The maintenance of continued and sustained efforts toward improvements, high levels of compliance and effective controls is to be commended and encouraged into the future.

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.”



3.1.1 Number of Improvements Identified by Framework Element



The improvements identified in the report fall within one of the following framework elements:

- Design – Policies
- Implementation – Strategic and Operational Plans
- Implementation – Operational and Financial Procedures
- Implementation – Human Resource Management and Practices
- Implementation – Insurance
- Evaluation – Council and Audit and Risk Committee
- Evaluation – Strategic and Operational Registers
- Evaluation – Annual CAR
- Evaluation – Complaint Handling
- Evaluation – Audit Practices
- Evaluation – CEO Reviews

Each of these elements are either undertaken on a regular basis or are reviewed regularly. The recommendations contained in this report will feature as a key part of these undertakings and where it is deemed beneficial and financially viable to implement they will be incorporated into each of these elements.



The legislation is clear that it is the CEO's duty to implement appropriate and effective systems and procedures for the Local Government. However, implementation of all improvements recommended must be weighed against the capacity and financial resources of the Shire of Chittering.

The report is presented to the audit committee for information and acknowledgement.

OFFICER RECOMMENDATION / COMMITTEE RESOLUTION

Moved Cr Hughes, seconded Cr Dewar

That the Audit and Risk Committee, in accordance with Regulation 5(2)(c) of the Local Government (Financial Management) Regulation 1996 and Regulation 17 of the Local Government (Audit) Regulations 1996:

1. Receive the attached report titled "Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls"; and
2. Forward the report to Council for receiving.

CARRIED 5 / 0



7. CLOSURE

The Presiding Member closed the meeting at 5.39pm.



Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls Draft Report

Shire of Chittering

June 2023



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1.0 Engagement Overview

1.1 Scope of Services

The Shire of Chittering (the 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 Chittering

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.
Changing regulatory requirements.	COVID 19 and impact on the internal environment.
COVID 19 and impact on the external environment.	
Changing global economic environment.	

3.0 Review Summary

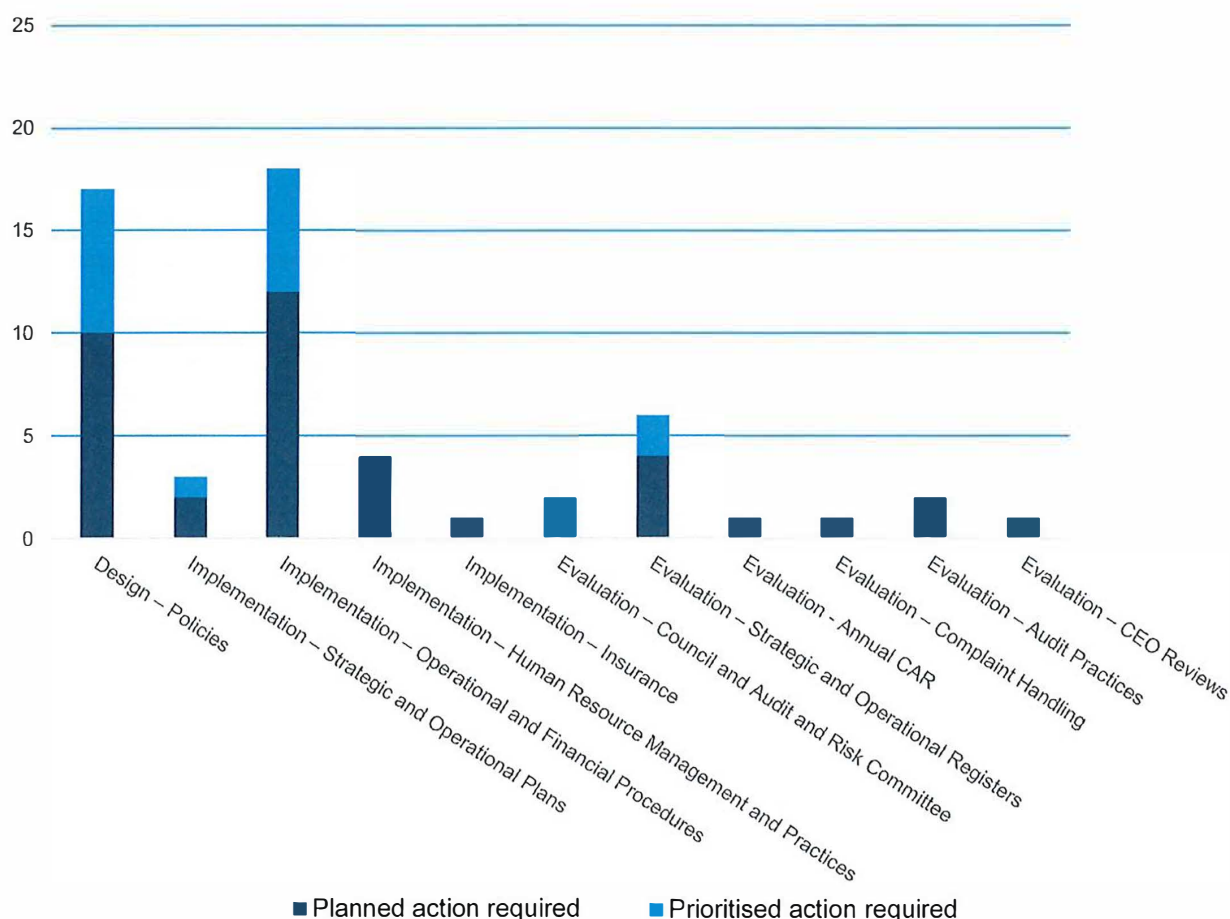
3.1 Overall

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 Chittering 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 whilst seeking to achieve a high level of compliance. These efforts were highlighted throughout our review with management implementing prompt action across a number of matters raised. The maintenance of continued and sustained efforts toward improvements, high levels of compliance and effective controls is to be commended and encouraged into the future.

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.

3.1.1 Number 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 *Local Government (Financial Management) Regulations 1996 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 some 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 Chittering may be considered generally effective. Our assessment as to effectiveness is subject to the implementation of the improvements highlighted in Section 7.0 Framework Implementation of 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 improvements to the appropriateness and effectiveness of these procedures and internal controls include:

- IT general controls;
- General journal controls;
- Rating controls;
- Register of financial interests;
- Electronic banking transactions;
- Procurement controls; and
- Receipting and banking 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 initially developed its formal risk management processes with the adoption of an updated Risk Management Policy in June 2014. This policy was last reviewed in July 2022. The policy refers to the Risk Management Standard ISO 31000:2009. The policy document and supporting procedures 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. The current policy is based on the previous Risk Management Standard, AS/NZ ISO 31000:2009, which was updated in February 2018 to AS/NZ ISO 31000: 2018. The updates to the Standard were to highlight the leadership of top management and integration of risk management in organisations, along with the iterative nature of risk management. Update of the Shire's policy and development of a framework or strategy to align to the new standard is encouraged to help ensure the appropriateness of risk management practices.

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:

- Review and amend the current risk management policy to align to the Risk Management Standard, ISO 31000:2018;
- Develop and implement a risk management framework / strategy aligned to the current Risk Management Standard, ISO 31000:2018;
- 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

A formal internal control policy is yet to be developed and adopted by the Shire. A policy to guide the Shire may assist to ensure an iterative risk based approach to evaluating the internal controls, systems and procedures, as well as providing a mechanism whereby regular review and updates occur.

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 Chittering, 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

The knowledge and experience of senior staff has contributed to a number of preventative controls being implemented throughout the Shire. Further enhancement to these controls may be considered through the implementation of detective controls, as noted within Section 7.0 of this report.

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;
- Testing and maintenance of an IT Disaster Recovery and Business Continuity Plan;
- Development and maintenance of an entity wide Business Continuity Plan;
- Key internal controls should be formally documented either as procedures, checklists or workflow diagrams;
- Define procedures to manage changes to internal controls;
- Develop and maintain registers to improve existing internal controls as discussed at Section 8.2 of this report; 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.

Currently, no legislative compliance policy exists to communicate expectations of Council in relation to legislative breaches and regulatory compliance. Reliance in this regard is 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.

Some minor 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 dealing with legislative compliance;
- Maintain financial interest and tender registers as required by legislation;
- 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
- Develop and maintain a 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 Chittering 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*.

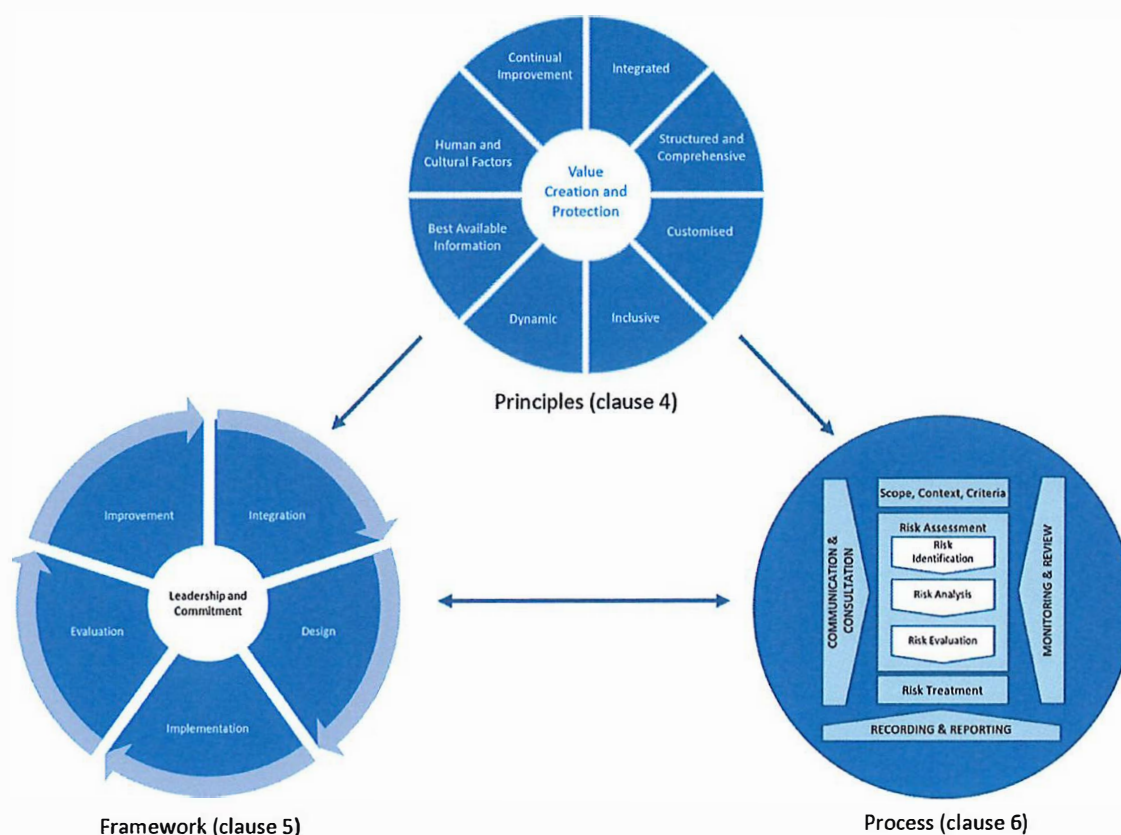
4.2 Review Methodology – Risk Management, Legislative Compliance and Internal Controls

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:

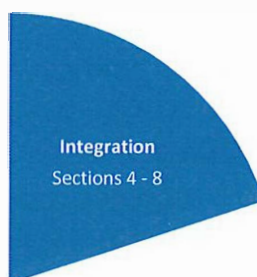
- Identify the extent of leadership and commitment to the principles;
- Assess the extent of integration of risk management within the Shire;
- Assess the design of the current framework through an understanding of the Shire and the context within which it operates (risk management, legislative compliance 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 Chittering, after consideration of the current internal and external influences, detailed in Section 2.1.



Source: Australia/New Zealand Standard ISO 31000:2018

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

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 2022-2032 and the Corporate Business Plan 2022/23 – 2026/27. These plans identify the Council's organisational objectives and key outcomes, as the Shire progress on its stated vision "Prosperous and diverse rural communities living in harmony with nature".

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

- Community: *A connected, safe and healthy community;*
- Natural Environment: *Sustainable living in a protected environment;*
- Built Environment: *Improving infrastructure while retaining the rural amenity;*
- Economy: *Support new and local business, with a focus on agriculture and tourism; and*
- Administration and Governance: *An engaged shire with transparent and efficient governance.*

In seeking to achieve its objectives, the Shire of Chittering 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 Corporate Business 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 relevant to risk management, internal controls and legislative compliance and have been reviewed for appropriateness and effectiveness.

In general, Council policies are well formulated, however we observed a number of Council policies do not always provide clear guidance regarding Council's position on certain matters. Staff representations during our review noted the policy manual is currently under review to update policy content and format. 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	1.3 Service Level Complaints Handling	Policy to provide guidance to the Shire's approach to managing complaints and grievances.	<p>The policy guidelines include complaints relating to services, staff, complaint handling processes etc, however provides limited direction to ensure complaints are dealt with and resolved in a timely manner. It also does not adequately provide for the handling of complaints against the CEO.</p> <p>Improvement: Review and update the policy to provide a mechanism for the handling and resolution of complaints regarding the CEO. Ensure procedures are easily accessible and available to facilitate a structured approach, management and timely response to complaints and grievances.</p>
6.2.2	1.5 Record Keeping	To provide a high quality service to all stakeholders in the Shire of Chittering for all communications regarding Council business.	<p>The policy provides for the either the Shire President or the CEO to delegate authority to an appropriate executive manager to make a statement on behalf of the Shire. Under the <i>Local Government Act 1995</i>, while the Shire President may authorise the CEO to liaise with the media, they do not have individual administrative authority to delegate to staff.</p> <p>Reference to communication between elected members and staff is referenced within the policy. This process should be provided within the Code of Conduct, and restating the provision within the policy document may result in conflicting references between the two documents.</p> <p>The policy sets out a number of publications which will be made available to residents and ratepayers. In its current form, the policy may contradict legislation which sets out the information to be made publicly available. The policy also sets out advertising requirements (also prescribed by legislation).</p> <p>Improvements: Review and update the policy to require any delegations or policy actions to staff to appropriately delegated to the CEO and then subdelegated by the CEO where required by legislation.</p> <p>Amend the policy to avoid restating information from external sources which may result in confusion with compliance and policy requirements.</p> <p>Review and update the policy content to minimise opportunity for conflict and maintain alignment with legislative requirements.</p>

6.0 Framework Design

	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.3	1.9 Asset Management – Infrastructure Assets	To ensure that the Shire of Chittering has systems and processes in place to maximise its ability to continue to deliver services on a sustainable basis.	<p>A number of reporting requirements are required by the policy including asset management plans for specified asset classes, and development of review reports prior to considering new assets or renewal works. These documents were not available for inspection at the time of our review.</p> <p>Improvement: Review the policy to consider practicalities of current policy requirements, ensuring they align with current strategic objectives. Update the policy to reflect current organisational requirements.</p>
6.2.4	1.11 Risk Management Policy	Policy to set out the Shire's approach to articulate its commitment to risk management.	<p>The current policy is based on a superseded risk management standard AS/ NZ ISO 31000:2009.</p> <p>Improvement: Develop and adopt a risk management policy to align to Risk Management Standard ISO 31000:2018. A risk management framework/strategy aligned to the current risk management standard should also be developed to support the implementation of policy updates.</p>
6.2.5	1.15 General Compliance and Enforcement	To assist the Shire in utilising compliance and enforcement strategies as a method to achieve legislated objectives and encourage compliance by implementing a cooperative and collaborative approach to enforcement action.	<p>Included within the policy is a detailed complaints process. Ideally, processes relating to complaints for various functions etc should align with the overarching complaints management policy.</p> <p>Improvement: Review the policy to ensure any conflicts within documented complaints management policy and processes are removed.</p>
6.2.6	2.2 Investment of Funds	To adopt a prudent approach to investments, in full compliance with all statutory requirements.	<p>While the controls relating to investments as described to us during our site visit appear to be routinely applied and maintained, an investment register as required by the policy (and required to support control procedures required by Regulation 19 of the Local Government (Financial Management) Regulations 1996 was not available for our review.</p> <p>Improvement: Establish and maintain an investment register as required by the policy and to support required regulatory control procedures.</p>
6.2.7	2.3 Capitalisation	To establish minimum threshold values for capitalisation.	<p>Formalisation of capitalisation thresholds in a Council Policy may result in a conflict with the thresholds applied in preparing Annual Financial Statements, due to legislative and Accounting Standards requirements.</p> <p>Improvement: Rescind the policy to avoid conflict with the standards and legislation. Policies should not include legislative and standards requirements, rather should enhance these requirements or provide a policy decision where an accounting standard allows a policy choice.</p>

6.0 Framework Design

	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.8	2.5 Charitable Organisations	To ensure that organisations claiming exemption from rates, particularly under the <i>Local Government Act 1995</i> , Section 6.26(2)(g) are eligible.	<p>Applications for rating exemptions are noted to be determined by Council through monthly meeting processes. The policy in its current format may conflict with Policy 2.6 Rating, which sets out the CEO may determine and approve rating exemptions.</p> <p>Improvement: Rescind the policy to remove conflicts with Policy 2.6.</p>
6.2.9	2.7 Requests for Assistance and/or Donation	To provide guidelines for assistance and/or donations to the community.	<p>Policy allows for the President to approve donations up to a value of \$500. Under the <i>Local Government Act 1995</i> the Shire President does not have any administrative authority and as such no authority to approve donations as defined within the policy.</p> <p>Improvements: Review and update the approvals process within the policy to require approvals to be considered either by a Council resolution, or by the CEO under delegation.</p>
6.2.10	2.10 Credit Cards	Policy to regulate the use of corporate credit cards issued to employees.	<p>The policy makes reference to potential deductions through an authorised cardholder's salary for unauthorised transactions or transactions where discrepancies exist. Matters relating to employees are the responsibility of the CEO and in this instance, Council do not have any administrative authority to impose such a condition.</p> <p>Improvement: Update the policy to provide for the CEO to implement and maintain appropriate financial management controls relating to credit card transactions and to minimise the risk of unauthorised and erroneous purchases etc.</p>
6.2.11	2.11 Purchasing and Procurement	Policy providing a best practice approach and procedures for purchasing. Ensure consistency for all purchasing activities that integrates with all operational areas. Requires compliance with the <i>Local Government Act 1995</i> and <i>Local Government (Functions and General) Regulations 1996</i> .	<p>Purchasing requirements for procurement of goods or services in accordance with the exemptions under <i>Local Government (Functions and General) Regulations 1996</i> Regulation 11(2), are not consistent within the policy. The CEO is required to ensure controls exist for all purchases including those made using these exemptions. It is noted the practice of testing the market through sourcing multiple quotations when using the exemptions is often occurring, and the policy should be updated to reflect the expectation and requirement, regardless of whether the quotations are being sought from pre-qualified suppliers, WALGA Preferred Supply Contracts or other suppliers.</p> <p>The policy allows for purchases to be approved without complying with the purchasing practices of the policy or issuing a purchase order. There is no requirement to report or monitor these activities when the policy provision is exercised.</p>

6.0 Framework Design

	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.11	2.11 Purchasing and Procurement (continued)		<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> <hr/> <p>The policy provides limited direction regarding contract variations and extensions awarded or against a written specification. Extension of contracts and associated price changes are referred to, but only to the extent of purchasing authorisation limits referred to within the policy. For contracts awarded by tender, legislation provides minimum requirements for variations.</p> <hr/> <p>Improvements:</p> <p>Amend the policy to provide for the following considerations:</p> <ul style="list-style-type: none"> • Amend purchasing requirements for procurement of goods or services to be consistent regardless of whether the purchase is made under the exemptions provided by <i>Local Government (Functions and General) Regulations 1996</i> Regulation 11(2); • Reporting mechanism where compliance with standard purchasing practices is permitted to be circumvented. This should aim to assist with accountable processes and transparent decision making with purchasing activities to report the circumstances, occasions and purchasing values where the policy provision is exercised; • Amend policy to require CEO approval for purchases to be based on a single quote under sole source of supply exemptions, and to reference the risks and control environment when considering these purchases; • 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); and • Define 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.

6.0 Framework Design

	Policy	Purpose / Goal	Matters Identified / Improvements
6.2.12	3.13 Use of Council Vehicles	To ensure the use of Shire plant and equipment is transparent.	<p>Council Resolution 231119 sets out the Chief Executive Officer no longer has the ability to offer Private and/or Commuter Usage of Motor Vehicles as part of a staff member's remuneration package, and the policy details a number of operational requirements and controls to be applied. This conflicts with responsibilities of the CEO set by legislation as the policy sets out specific direction to staff and day to day operational instructions. Much of the policy content is considered operational in nature.</p> <p>Improvement: Amend the policy to separate operational duties and requirements to remove conflicts between responsibilities of the CEO and Council. Alternatively, rescind the policy.</p>
6.2.13	6.5 Financial assistance for residents involved in a state/national sporting events	To provide financial assistance to Shire of Chittering residents participating in a state/national sporting event.	<p>Policy allows for the President to approve requests for assistance up to a value of \$500. Under the <i>Local Government Act 1995</i> the Shire President does not have any administrative authority and as such no authority to approve donations as defined within the policy.</p> <p>Improvement: Review and update the approvals process within the policy to require approvals to be considered either by a Council resolution, or by the CEO under delegation.</p>
6.2.14	General Policy Actions	To set out parameters for the implementation of policies.	<p>We noted the content of the following 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"> • 1.5 Record Keeping • 1.6 Prosecutions by Council against Offenders • 1.8 Security Cameras and CCTV • 1.12 Integrated Workforce Planning and Management Policy • 1.13 Reimbursement of Volunteers for Damaged Personal Equipment • 2.1 Budget Preparation • 2.4 Rating of Council Property • 2.6 Rating • 2.8 Funding Submissions • 2.9 Cheque Signatory/EFT Requirements • 2.11 Purchasing & Procurement • 3.2 Defence Forces Active Reservists • 3.5 Staff Housing

6.0 Framework Design

Policy	Purpose / Goal	Matters Identified / Improvements
General Policy Actions (continued)		<ul style="list-style-type: none"> • 3.8 Voluntary Service • 3.9 Gratuities and Redundancy Payments • 3.12 Retirement/Resignation of Employees – Council gift/functions • 3.15 Attraction and Retention • 3.16 Loss of Driver's Licence • 3.17 Secondary Employment • 3.18 Public Service Holidays In-Lieu • 7.4 Road Maintenance • 8.2 Establishment and Maintenance of Playground Equipment
		<p>Improvement:</p> <p>Review and update these policies 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>
6.2.15 Policy Reference to Legislation and External Information	To support the link between Council policy, legislation and other information sources.	<p>We noted the following policies contain specific detail relating to legislation and other external references, including:</p> <ul style="list-style-type: none"> • 1.4 Political Electioneering Posters • 1.5 Record Keeping • 1.7 Contribution to the cost of dividing fences • 2.2 Investment of Funds • 2.6 Rating • 2.11 Purchasing & Procurement • 3.9 Gratuities and Redundancy Payments • 4.3 Elected Members' – Entitlements and Training • 10.2 Bush Fire Control <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>
		<p>Improvement:</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>

6.0 Framework Design

	Policy	Purpose / Goal	Matters Identified / Improvements
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>Improvement: 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>Improvement: 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>

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	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>An ICT Disaster Recovery and Business Continuity Plan was prepared in May 2020, and most recently reviewed in 2021. We noted the plan was tested in 2020, however subsequent annual testing (as required by the plan) to ensure its validity has not occurred since that time.</p> <p>The plan is limited to ICT system considerations. Although ICT systems are an important element to business recovery in the event of a major business disruption, it is only one element to be considered within business continuity planning.</p> <p>Improvements: Test and then review and update the plan to ensure its validity, including validity of any documented key business continuity & disaster recovery risks along with the treatments. Ensure risk treatments are consolidated with overarching risk management activities.</p> <p>Expand the current plan to include business continuity considerations other than ICT systems. The plan should facilitate organised decision making in the event of any major disruption impacting the Shire's ability to continue normal operations, with testing involving relevant and key personnel to ensure validity of the identified risks and treatments within the plan.</p>
7.1.2	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 Strategic Plan was not available for our review.</p> <p>Presently a single consultant is engaged to provide IT support services and advice regarding security etc. A high level of risk could be assumed by engaging a single entity to provide all IT services.</p>

7.0 Framework Implementation

	Plan	Purpose / Goal	Matters Identified / Improvements
	ICT Strategic Plan (continued)		<p>Improvements: Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. Consider independent review of identified ICT risks.</p> <hr/> <p>Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers.</p> <hr/> <p>Careful development of a strategy will assist in considering the risks of utilising a single IT provider, and may assist in developing a scope to articulate service level agreements for a range of IT services to be potentially issued to different providers.</p>
7.1.3	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>Policy 1.9 'Asset Management – Infrastructure Assets' requires asset management plans to be developed and maintained for the following asset classes:</p> <ul style="list-style-type: none"> • Roads; • Drainage; • Buildings; and • Parks and Reserves. <p>Asset management plans as required by the policy were not available for our review.</p> <hr/> <p>Improvement: Review and update asset management plans as required to maintain effective alignment with Integrated Planning and Reporting documents and Council policy and changes in asset information.</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	Evidencing Routine Reviews, Authorisations and Approvals	Systems and controls to allow for appropriate review of the completion of tasks and evidencing key points of control.	<p>We noted procedures and controls for recording and evidencing the routine review, approval and authorisation processes for a number of key operational functions are not formalised. Whilst these processes appear to occur. We observed their implementation is not uniform or consistent, which may result in weaknesses in their application and the control environment.</p> <p>Improvement: Review systems and processes to establish approved and consistent application of controls within operational activities and functions. Controls should be maintained to evidence and demonstrate the appropriate segregation of duties and independent processes being undertaken.</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 and checklists 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>Improvement: 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>

7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.3	Procedure Changes	Process to control and manage change to procedures.	<p>Process for amending or changing procedures are not formalised. We noted this has resulted in several instances of unilateral unauthorised changes to procedures and a breakdown in key controls within internal and financial controls.</p> <p>Improvement: Establish a process for the development, review, amendment and authorisation of procedures, checklists and other internal control documentation, throughout the Shire to assist with managing changes to procedures.</p>
7.2.4	Risk Management Procedures	Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.	<p>Some risk management activities currently undertaken are not formally documented and are sometimes performed independently within individual departments. These existing procedures are based on a superseded risk management standard. 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>Improvements: Risk management procedures be updated, and a process developed in accordance with any update to the risk management policy to ensure procedures align to the policy.</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>
7.2.5	ICT Risk Evaluation	The evaluation of risk in the overall security policy, general ICT and applications.	<p>No formal evaluation process of the risks associated with the overall security procedures, general ICT and application controls is in place. We also noted formal risk treatment plans do not appear to be in place in relation to risks associated with changes to the IT systems.</p> <p>Improvement: Develop evaluation systems and registers to evaluate, monitor and resolve risks related to the Shire's ICT environment. Controls should appropriately manage changes to the ICT system to ensure continuous and uninterrupted functionality of the ICT environment.</p>

7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.6	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 with minimal verification process undertaken to ensure the ABA file is unmodified when uploaded to the bank. This may present risk of fraudulent manipulation of the ABA file.</p> <hr/> <p>Improvement: 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 prevent any unauthorised changes being made. Detective controls may also be required to ensure the uploaded file agrees to the original generated file.</p>
7.2.7	Receipting and Banking	Processes for the accurate receipting of payments made to the Shire.	<p>Evidence of an independent review of end of day receipting reports selected for testing was not always recorded.</p> <hr/> <p>Improvement: Update procedures and controls to ensure an appropriate review process has been undertaken for all end of day receipting activities processed for banking.</p>
7.2.8	Rate notices and information accompanying rate notices	Compliance with statutory requirements when issuing rates notices.	<p>The 2022/23 rate notice and the 2022/23 information accompanying the rate notice did not:</p> <ul style="list-style-type: none"> • Contain a brief statement that rebates to pensioners and seniors under <i>the Rates and Charges (Rebates and Deferments) Act 1992</i> are funded by the Government of Western Australia; • The rate of interest to be imposed to overdue rates and charges; and • Advice that instalments are not available for rates or service charges amounting to less than \$200. <hr/> <p>Improvement: Ensure all information required by the <i>Local Government Act 1995</i> and associated regulations to be contained within rates notices is included in annual rates notices or information accompanying the rates notice.</p>

7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.9	Rates	Rates are correctly imposed and rate system is properly maintained.	<p>Procedures to evidence the approval and authorisation of routine reviews of rate exempt properties as defined by Section 6.26(2)(g) of the <i>Local Government Act 1995</i> were not available for our inspection.</p> <hr/> <p>Improvement: Develop and maintain systems and processes whereby routine reviews are undertaken of rate exempt properties within the Shire, confirming these properties are used exclusively for rate exempt purpose.</p>
7.2.10	General Journals	Controls to provide for the independent review and authorisation of general journals being processed.	<p>Although we noted some informal controls in place, there are limited documented internal control procedures for general journals. No general journal audit trail is currently produced to ensure no unauthorised journals have been posted.</p> <hr/> <p>Improvement: Document internal controls to ensure journal requests initiated are reviewed and approved/authorised prior to posting by an appropriate officer, the practice of independent review is consistently maintained, and evidence of review is routinely applied. A monthly journal audit trail report should be produced and independently reviewed and confirmed to previously approved journals, prior to preparation of the monthly statement of financial activity.</p>
7.2.11	Overhead and Administration Allocations	To allocate indirect costs in a practical and efficient manner.	<p>A formal process to determine the allocation of indirect costs for plant or public works overheads was not available for our review. From staff representations and examination of accounts, current allocation rates appear to be based on historical estimates, a calculation method to support the allocation is to be developed.</p> <hr/> <p>Improvement: Undertake a review of activity based costings to support calculation of overhead and administration allocations. Routine review and monitoring of indirect costs should be maintained for accuracy and compliance in financial reporting of works programs.</p>

7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.12	Procurement	Procedures for the procurement of goods or services.	<p>Through our limited testing of payments and staff representations, we noted instances where variations to purchase orders and overrides to purchasing requirements were applied with limited formalised reporting required to note these variations and overrides being utilised and approved.</p> <p>Improvements: Appropriate segregation of duties relating to the requisitioning, receipting goods and services, approval and authorisation of procurement related activities should exist. If circumstances prevent the full segregation of duties, then procedures should exist to demonstrate alternate controls in place to reduce associated risks.</p> <p>All procurement of goods or services should be undertaken in accordance with legislative requirements and the purchasing policy. A review of the purchasing policy and supporting procedures may be required to ensure they are practical, and address identified procurement risks.</p>
7.2.13	Procurement Assessment	Procedures to provide probity for the assessment of procurement options received.	<p>We did not observe documented procedures in place to require declarations of interest and confidentiality to be signed prior to assessments being undertaken for high value purchases.</p> <p>Improvements: Persons assessing any significant procurement should be required to declare any matters which may impact or be perceived to impact on their independence. Procedures for the declaration of interests prior to procurement assessments being undertaken should also be documented for high value purchases and tenders.</p>

7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.14	Asset Disposals	Procedures for the disposition of property in accordance with the requirements of section 3.58 of the <i>Local Government Act 1995</i> and Regulation 30 of the <i>Local Government (Functions and General) Regulations 1996</i> .	<p>Our limited testing noted an instance where assets had not been disposed of in accordance with Section 3.58 of the <i>Local Government Act 1995</i> and the <i>Local Government (Functions and General) Regulations 1996</i>. This appeared to be the result of a plant item being traded at the same time of purchasing a new plant item. The purchase of the new plant item exceeded the statutory threshold exempting the asset disposal.</p> <p>Improvement: Ensure future asset disposals are in accordance with the requirements of Section 3.58 of the <i>Local Government Act 1995</i> and the <i>Local Government (Functions and General) Regulations 1996</i>.</p>
7.2.15	Elected Member Training	Report detailing training completed by elected members each financial year as required by <i>Local Government Act 1995</i> .	<p>The Shire's report on training completed by elected members during the 2021-22 financial year as published on the official local government website as required. The information contained within the report indicates some elected members may not have completed mandatory training within required timeframes.</p> <p>Improvement: Review and update systems and processes to facilitate and maintain the completion of mandatory training by elected members as required by Section 5.127 of the <i>Local Government Act 1995</i>.</p>
7.2.16	Regulatory Reporting	To submit financial reports and budget reviews to the Department of Local Government, Sport and Cultural Industries (DLGSC) within regulatory timeframes.	<p>Evidence to support submission of the 2021-22 annual financial report to DLGSC within 30 days of receipt of the audit report by the CEO, as required by the <i>Local Government Act (Financial Management) 1996 Regulations</i>, Regulation 51 (2), was not available for our review.</p> <p>Improvement: Review systems and procedures to ensure future regulatory compliance and timeframes are able to be met.</p>

7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
7.2.17	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 elsewhere in this report) has not been published on the Shire's official website as required by legislation:</p> <ul style="list-style-type: none"> • Name of each council member who lodged a primary return or annual return for the financial year beginning on or after 1 July 2020; • Position of each employee who lodged a primary or annual return for the financial year beginning on or after 1 July 2020; and • The type, amount or value of any fees, expenses or allowances paid to each elected member during the financial year beginning on or after 1 July 2020.
			<p>Improvement: 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>
7.2.18	Record Keeping Practices	To demonstrate compliance of record keeping systems and practices with legislative requirements.	<p>Upon inspection of record storage areas for hard copy records held by the Shire, measures to consider risks such as vermin control, temperature control and fire suppression were not evident. Although the overall impact of a record loss as documented in the Shire's approved Record Keeping Plan is listed as low, additional risk assessments may assist with demonstrating risks are being appropriately managed.</p> <p>Based on our inquiries with staff, electronic records are stored in various locations such as shared drives, rather than the Shire's electronic document and records management system (EDRMS). Reliance is placed on individual officers to notify the Records Officer if action is required to store documents on the EDRMS. This may increase risks associated with compliance with required record keeping controls. Where compliance in this regard is low, information may become compromised where deletions, loss and compromised security or confidentiality of records may occur.</p> <p>Improvement: Review systems and processes through a risk based approach when undertaking review of the Record Keeping Plan. This should include planned implementation of any improvements noted within the plan, self-evaluated improvements and any actions noted by the State Records Office.</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 Appointment Procedures	Procedures to ensure appointment of staff are appropriately authorised, and onboarding processes are consistently and routinely applied.	<p>Documented procedures to support onboarding processes for new staff appear appropriate. Staff representations in the course of our review noted a conflict of interest declaration is not required to be undertaken by interviewers on an interview panel.</p> <p>Improvement: Include the requirement to complete conflict of interest declarations by all members of an interview panel to promote fair and unbiased processes being undertaken in recruitment processes. These declarations may assist with appropriate risk management considerations being applied where an actual or perceived conflict of interest may exist through human resource management practices.</p>
7.3.2 Employee Termination Procedures	Procedures to ensure staff physical and IT access is removed and Shire assets returned at the time of departure.	<p>A formal process / procedure is currently in place to manage tasks associated with the termination of employees. This process prompts for ensuring Shire assets are recovered, however there is no formal checklist, procedure, or practice in place to ensure the recovery of assets, restriction of security and IT access has been completed prior to the employee finishing with the Shire.</p> <p>Improvement: Review and update systems, procedures and/or checklists to manage and document actions on the termination of employees, ensuring access to IT systems, etc. is appropriately restricted and all allocated Shire assets are recovered in a timely manner.</p>
7.3.3 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>While some procedures for verifying employee identity, right to work in Australia, verification of employment history and qualifications appear to be undertaken, weaknesses may exist in validating these checks prior to employee commencement.</p> <p>Improvement: 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>

7.0 Framework Implementation

	Component	Purpose / Goal	Matters Identified / Improvements
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 matrix for some operational areas/departments. 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><u>Improvement:</u> Refine the current staff training matrix to identify staff training needs relevant to their 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 Senior Finance Officer annually reviews the completeness of insurance, which is presented to the Executive Manager Corporate Services for final review. Discussions are also held with relevant departmental personnel and 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	Insurance Claims	Systems and processes to provide high level monitoring of risks and to ensure controls are maintained prior to lodging insurance claims.	<p>We noted in the course of our review, there is no formal requirement to report on the status/action of insurance claims made against and by the Shire. The staff member tasked with processing claims has developed a recording system to assist with monitoring and tracking pending claims, as insurers will generally manage many components of the claims process. Formalisation of this initiative may assist with monitoring and evaluation of pending insurance claims by the executive leadership team.</p> <p>Improvement: Review systems and processes relating to insurance claims to formalise and maintain an insurance claims register to provide for high level monitoring and management insurance claims.</p>

8.0 Framework Evaluation

Developing and implementing systems and procedures for risk management, legislative compliance and internal controls within a local government 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 Audit Risk Committee	Monitoring and consideration of risks when making strategic decisions.	<p>Identified risks are routinely included within agenda items for elected member consideration, however these risk assessments do not appear to be consistent in terms of measurement and reporting.</p> <hr/> <p>Improvement: Identified risks relating to a Council decision should continue to be communicated within agenda items, to enable elected members to be fully informed of the identified risks when making decisions. Risks should be appropriately measured and assessed through alignment with adopted risk management policy and accompanying risk management procedures.</p>
8.1.2	Council and Committee Minutes	Official record of proceedings and decisions.	<p>Monthly statements of financial activity are not published in the minutes as required by regulation 34(4)(b) of the <i>Local Government (Financial Management) Regulations 1996</i>. Although these attachments are published separately on the Shire's website, legislation requires these reports to be included in the minutes.</p> <hr/> <p>Certain agenda papers and minutes of committee meetings were not available for inspection on the official local government website as required by legislation.</p> <hr/> <p>A motion was recorded in the minutes (ordinary meeting held 15 March 2023) as being carried unanimously, however the vote recorded indicates the motion was carried 6/1.</p> <hr/> <p>Our limited testing noted several decisions at Council meetings which varied from the officer's written recommendation, yet the minutes did not state a reason for the changes.</p>

8.0 Framework Evaluation

Component	Purpose / Goal	Matters Noted / Improvements
<p>Council and Committee Minutes (continued)</p>		<p>Our review of minutes highlighted an agenda report relating to a tender which 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> <hr/> <p>Some officer reports presented for consideration at Council meetings noted an incorrect voting requirement in the agenda reports, highlighting a simple majority decision was required rather than an absolute majority. Although the decisions were effectively carried by an absolute majority in these instances, incorrect statutory compliance references in agenda reports have the potential to contribute to non-compliant decisions where reliance is based upon the information stated.</p> <hr/> <p>Improvements: 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>Review procedures for recording of official minutes to ensure all detail, decisions and proceedings required to be recorded by legislation are correctly captured.</p> <hr/> <p>Review systems and processes to consider information being recorded in public documents does not disclose commercially confident information.</p> <hr/> <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>

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 strategic risk register was available for inspection. The register contains identified risk profiles for the Shire, however does not appear to be widely available to staff. Staff representations indicate risk management activities and reporting have recommenced in the last twelve months, and more routine maintenance, monitoring and reporting is being implemented.</p> <p>Improvement: Maintaining risk registers for all identified key risks is important to help ensure appropriate identification, recording and communication of high rated risks, along with providing a record to enable the verification of whether treatment plans have appropriately mitigated to within accepted risk appetite. Routine (at least quarterly) review of the risk register is required for sound risk management.</p>
8.2.2	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>Improvement: Maintain a register of grants to evidence the routine review of status, compliance and performance of grants being managed by the Shire.</p>
8.2.3	Contracts Register	Provide a record of contracts entered into by the Shire.	<p>A contracts register has been established, however it does not provide consistent information detailing the status of contracts held by the Shire.</p> <p>Improvement: 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>

8.0 Framework Evaluation

	Register	Purpose / Goal	Matters Identified / Improvements
8.2.4	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>Improvement: Develop and maintain a register to record details of hazardous materials, such as asbestos, for properties under the control of the Shire.</p>
8.2.5	Financial Interest Register	Records details required under the Act relating to financial circumstances of relevant persons.	<p>At the time of our review, maintenance of register of financial interests was not in accordance with legislative requirements, in that some recent primary and annual returns were being maintained electronically, with older returns being maintained in hard copy. Section 5.88 of the <i>Local Government Act 1995</i> requires the financial interest register to contain:</p> <ul style="list-style-type: none"> • Primary and annual returns; and • A record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A. <hr/> <p>Improvement: Update the Financial Interest Register to include all disclosures as required by legislation. Ensure procedures are in place to capture and record information in the prescribed format and as declarations are received.</p>
8.2.6	Tender Register	Statutory register of tenders called.	<p>Inspection of the register noted it was not compliant with some requirements of the <i>Local Government (Functions and General) Regulations 1996</i>. The value of the consideration being sought by all tenderers is recorded within the register rather than just the successful tenderer, contrary to Regulation 16(3)(c) of the <i>Local Government (Functions and General) Regulations 1996</i>.</p> <hr/> <p>At the time of our review, the tender register had not been published on the official local government website as required by Regulation 17 of the <i>Local Government (Functions and General) Regulations 1996</i>.</p> <hr/> <p>Improvements: Ensure the tender register contains only the information required to comply with Regulation 16 and 17 of the <i>Local Government (Functions and General) Regulations 1996</i> for future tenders called.</p> <hr/> <p>Publish the tender register on the official local government website as required by legislation.</p>

8.0 Framework Evaluation

8.3 Annual Compliance Audit Returns (CAR)

Returns have been completed on a self-assessment basis and approved by Council each year. The CAR was completed in house by staff for the 2020, 2021 and 2022 return periods. Non compliances noted in the returns were commented on within the returns to explain to the Audit Committee and to Council actions to address matters identified. Improvements are noted within the table below relating to CAR processes.

Component	Purpose / Goal	Matters Noted / Improvements
8.3.1 Compliance Audit Return	Checklist concentrating on areas of compliance considered "high risk" of a local government's compliance with the requirements of the Act and its Regulations.	Some responses in the CARs reviewed were inconsistent with findings and documentation examined during our overall review. Improvement: Review procedures and controls for the accurate completion of CARs and reporting to the Audit Committee and Council, including independent review of responses by an appropriate officer.

8.4 Complaint Handling

Community complaints are received by administration staff, recorded in Shire's records management system and assigned to the relevant department to address. Responsibility for the routine follow up of complaints to ensure they have been adequately addressed remain with the manager or department who has been assigned the complaint.

Component	Purpose / Goal	Matters Noted / Improvements
8.4.1 Community Complaints Procedures	Procedures for the recording handling and resolution of community complaints.	Currently, customer complaints are entered and managed through the records management system. Updates to this process such as establishing a community complaints register to provide more routine monitoring to follow up improve the management of complaints to ensure they are adequately addressed. Improvement: 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.

8.0 Framework Evaluation

8.5 Audit Practices

The 2019-20, 2020-21 and 2021-22 reporting periods were audited by the Office of the Auditor General (OAG). The 2019-20 and 2020-21 audit reports noted the asset sustainability ratio and operating surplus ratio 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. Other significant audit matters were also noted in 2020-21.

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

	Component	Purpose / Goal	Matters Noted / Improvements
8.5.1	Significant Adverse Trend and Significant Audit Matters Report	To ensure action is taken to improve significant matters raised by auditors.	<p>A significant adverse trend was identified during the 2019-20 and 2020-21 audits, as well as some material matters of non compliance in 2020-21. Legislation requires:</p> <ul style="list-style-type: none"> • A report to be prepared stating actions intended to be taken in relation to any adverse trend/s or significant audit matters noted; • The report is required to be submitted to the Minister; and • The report is required to be published on the official local government website. <p>These reports were not available for our review or identified on the local government website.</p> <p>Improvement: Ensure any future reports are prepared and published within required time frames as required by Section 7.12A of the <i>Local Government Act 1995</i>.</p>
8.5.2	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> <p>Improvement: We suggest as the level of documented procedures increase, 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. The table below presents matters noted in relation to these reviews.

	Component	Purpose / Goal	Matters Noted / Improvements
8.6.1	Audit Regulation 17 Review	CEO's review of the appropriateness and effectiveness of systems and procedures for Risk Management, Internal Controls and Legislative Compliance in accordance with Regulation 17 of <i>Local Government (Audit) Regulations 1996</i> .	A review was last undertaken in July 2020, within the time period as required by Regulation 17 of <i>Local Government (Audit) Regulations 1996</i> , however the previous review made no recommendations in relation to the appropriateness and effectiveness of risk management, legislative compliance and internal controls. <u>Improvement:</u> Ensure future reviews identifies operational and financial risk, control weaknesses and compliance weaknesses.

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"> • sighting the notices; • re-performing the calculations; • ascertaining whether the valuations applied agree to Landgate's valuation roll/report and rates per dollar imposed are as per adopted budget; • ensuring the rate system is properly updated; and • checking proper posting to the general ledger.
Purchases, payments and payables (including purchase orders)	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.
Payroll	<p>A sample of employees were randomly selected from pay runs during the reporting period and detailed testing of each employee's pay was performed to help ensure:</p> <ul style="list-style-type: none"> • the employee existed; • the correct rate of pay was used; • non-statutory deduction authorities are on hand; • time sheets were properly completed and authorised; • hours worked were properly authorised; and • allocations were reasonable and correctly posted. <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>

Appendix A – Financial Management Systems Review

System	Description
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"> • sighting tax invoices; • ascertaining whether the transaction is for bona fide Shire business; and • determining whether transactions are in line with the Shire's policy.
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"> • the tax invoices existed; • correct posting to the general ledger; • fixed assets register was promptly updated; and • classification of assets was correct. <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	<p>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.</p>
Financial reports controls	<p>The format of the annual report, annual financial report and monthly financial reports were reviewed for compliance with legislative requirements.</p>
Budget and budget review	<p>The 2022-23 budget document and documents surrounding budget adoption were reviewed to ensure compliance with regulatory requirements.</p>
Borrowings	<p>Reconciliation of borrowings to the WATC loan schedules were examined.</p>
Inventory	<p>Inventory reconciliations and stock take procedures were examined.</p>

Appendix B – Council Policies Examined

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

Policy Topic (manual dated 21 August 2019, supplied for review April 2023)

ADMINISTRATIVE POLICIES

- 1.1 Policy Register
- 1.2 Australian Citizenship Ceremonies
- 1.3 Service Level Complaints Handling
- 1.4 Political Electioneering Posters
- 1.5 Record Keeping
- 1.6 Prosecutions by Council against Offenders
- 1.7 Contribution to the cost of dividing fences
- 1.8 Security Cameras and CCTV
- 1.9 Asset Management Infrastructure Assets
- 1.10 Honorary Freeman of the Shire of Chittering
- 1.11 Risk Management Policy
- 1.12 Integrated Workforce Planning and Management Policy
- 1.13 Reimbursement of Volunteers for Damaged Personal Equipment
- 1.14 Recording and Access to Recordings of Council Meetings
- 1.15 General Compliance and Enforcement
- 1.16 Execution of Documents and Use of the Common Seal

FINANCE POLICIES

- 2.1 Budget Preparation
- 2.2 Investment of Funds
- 2.3 Capitalisation
- 2.4 Rating of Council Property
- 2.5 Charitable Organisations
- 2.6 Rating
- 2.7 Requests for Assistance and/or Donation
- 2.8 Funding Submissions
- 2.9 Cheque Signatory/EFT Requirements
- 2.10 Credit Cards
- 2.11 Purchasing & Procurement
- 2.12 Rating Policy Relating to Change in Predominant Use of Rural Land
- 2.13 Related Party Disclosures
- 2.14 Financial Hardship Collection of Rates and Service Charges Policy

Appendix B – Council Policies Examined (Continued)

STAFF POLICIES

- 3.1 Bereavement Recognition
- 3.2 Defence Forces Active Reservists
- 3.3 Council Contribution to Staff Functions
- 3.4 Senior Employees
- 3.5 Staff Housing
- 3.6 Equal Employment Opportunity
- 3.7 Work Health and Safety (WHS)
- 3.8 Voluntary Service
- 3.9 Gratuities and Redundancy Payments
- 3.10 Appointment of an Acting Chief Executive Officer
- 3.11 Christmas / New Year Closure of Council Facilities
- 3.12 Retirement/Resignation of Employees Council gift/functions
- 3.13 Use of Council Vehicles
- 3.14 Staff Superannuation
- 3.15 Attraction and Retention
- 3.16 Loss of Driver's Licence
- 3.17 Secondary Employment
- 3.18 Public Service Holidays In-Lieu
- 3.19 Standards for Recruitment of CEOs
- 3.20 Standards for Review of Performance of CEOs
- 3.21 Standards for Termination of the Employment of CEOs

ELECTED MEMBERS POLICIES

- 4.1 Code of Conduct - Elected Members, Committee Members and Candidates
- 4.2 Informal Petitions to Council
- 4.3 Elected Members – Entitlements and Training
- 4.4 Certificate of Recognition
- 4.5 Legal representation and Costs Indemnification
- 4.6 Council Forums, Workshops and Information Sessions
- 4.7 Gifts, Benefits, Hospitality and Attendance at Events Policy
- 4.8 Notices of Motion
- 4.9 Code of Conduct Behaviour Complaints Management
- 4.10 Transparency & Accountability
- 4.11 Council Positions

Appendix B – Council Policies Examined (Continued)

COMMUNITY FACILITIES AND RECREATION POLICIES

- 5.1 Advertising on public open space
- 5.2 Concerts, Events and Organised Gatherings
- 5.3 Container Deposit Scheme Community Groups Donation Points

COMMUNITY DEVELOPMENT POLICIES

- 6.1 Australia Day Awards
- 6.2 Education Scholarship Award
- 6.3 Use of Chittering Community Bus
- 6.4 Community Assistance Grant Scheme
- 6.5 Financial assistance for residents involved in state/national sporting events
- 6.6 Community Bus Transport Service
- 6.7 Community Assisted Transport Service Policy (CATS)

ENGINEERING, CONSTRUCTION AND MAINTENANCE POLICIES

- 7.1 Nature Strip Treatments Protective Devices
- 7.2 Crossovers Subsidy
- 7.3 Naming of Shire Facilities
- 7.4 Road Maintenance
- 7.5 Road Formation Widths / Clearing Widths for new construction works

PARKS AND LANDSCAPING POLICIES

- 8.1 Landscaping Policy for Industrial and Commercial Areas
- 8.2 Establishment and Maintenance of Playground Equipment
- 8.3 Verge Maintenance

TOWN PLANNING POLICIES

- 9.1 Battleaxe Access
- 9.2 Rural Numbering
- 9.3 Valuation of Land
- 9.4 Road Names
- 9.5 Public Guidance of Signage in Road Reserves
- 9.6 Storm Water Management

ENVIRONMENT AND HEALTH POLICIES

- 10.1 Environment - Council Recognition
- 10.2 Bush Fire Control
- 10.3 Nuclear Waste
- 10.4 Deep Drainage
- 10.5 Multiple Dogs
- 10.6 Trading in Thoroughfares and Public Places
- 10.7 Temporary Accommodation During Construction of a Dwelling
- 10.8 Nutrient Removal Effluent Disposal Systems
- 10.1 Environment - Council Recognition
- 10.2 Bush Fire Control

Appendix C – Plans Examined

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

Plan	Status
Code of Conduct for Council Members, Committee Members and Candidates	Adopted 21 April 2021
Code of Conduct for Employees, Volunteers and Contractors	2021
Local Emergency Management Arrangements	December 2022
IT Disaster Recovery and Business Continuity Plan	Reviewed July 2022
Annual Report	2020-2021, 2021-2022
Corporate Business Plan	2022-23 to 2026-27
Strategic Community Plan	2022-2032
Long Term Financial Plan	2021-2031
Workforce Plan	2020-2030
Record Keeping Plan	Approved by State Records Office 16 November 2021

Appendix D – Strategic and Operational Registers Examined

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

Registers
Delegation Register
Tender Register
Cemeteries Register
Financial Interest Register
Gifts Register
Complaints Register
Swimming Pool Inspection Register
Portable and Attractive Items Register
Key Register
Legal Documents Register
Development Applications Register
Register of Food Premises
Register of Lodging Houses
Regulatory Inspections Register
Hazardous Substances 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*

Appendix E – Operational Guidelines (Continued)

Legislative Compliance (continued)

- c) *Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary*
- 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 (Continued)

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	6.2.1 Service Level Complaints Handling 1.3
	6.2.2 Record Keeping 1.5
	6.2.9 Requests for Assistance and/or Donation 2.7
	6.2.10 Credit Cards 2.10
	6.2.11 Purchasing & Procurement 2.11
	6.2.12 Use of Council Vehicles 3.13
	6.2.13 Financial assistance for residents involved in state/national sporting Events 6.5
Implementation – Strategic and Operational Plans	7.1.2 ICT Strategic Plan
Implementation – Operational and Financial Procedures	7.2.4 Risk Management Procedures
	7.2.5 ICT Risk Evaluation
	7.2.6 Electronic Banking Transactions
	7.2.8 Rate notices and information accompanying rate notices
	7.2.14 Asset Disposals
7.2.15 Elected Member Training	
Implementation – Human Resource Management and Practices	None
Implementation – Insurance	None
Evaluation – Council and Audit and Risk Committee	8.1.2 Council and Committee Minutes
Evaluation – Strategic and Operational Registers	8.2.5 Financial Interest Register
	8.2.6 Tender Register
Evaluation – Annual Compliance Audit Returns	None
Evaluation – Complaint Handling	None
Evaluation – Audit Practices	None
Evaluation – CEO Reviews	None

Appendix F – Improvements Identified (Continued)

Risk Area	Planned Action Required
Design – Policies	6.2.3 Asset Management – Infrastructure Assets 1.9
	6.2.4 Risk Management Policy 1.11
	6.2.5 General Compliance and Enforcement 1.15
	6.2.6 Investment of Funds 2.2
	6.2.7 Capitalisation 2.3
	6.2.8 Charitable Organisations 2.5
	6.2.14 General Policy Actions
	6.2.15 Policy Reference to Legislation and External Information
	6.2.16 Legislative Compliance Policy
	6.2.17 Internal Control Policy
Implementation – Strategic and Operational Plans	7.1.1 Business Continuity Disaster Recovery Plan
	7.1.3 Asset Management Plan
Implementation – Operational and Financial Procedures	7.2.1 Evidencing Routine Reviews, Authorisations and Approvals
	7.2.2 Operational Procedures
	7.2.3 Procedure Changes
	7.2.7 Receipting and Banking
	7.2.9 Rates
	7.2.10 General Journals
	7.2.11 Overhead and Administration Allocations
	7.2.12 Procurement
	7.2.13 Procurement Assessment
	7.2.14 Regulatory Reporting
	7.2.17 Information Required to be Published on Official Local Government Website
	7.2.18 Record Keeping Practices

Appendix F – Improvements Identified (Continued)

Risk Area	Planned Action Required
Implementation – Human Resource Management and Practices	7.3.1 Employee Appointment Procedures
	7.3.2 Employee Termination Procedures
	7.3.3 Employee Identity and Credentials
	7.3.4 Staff Training
Implementation – Insurance	7.4.1 Insurance Claims
Evaluation – Council and Audit and Risk Committee	8.1.1 Council and Audit Risk Committee
Evaluation – Strategic and Operational Registers	8.2.1 Risk Register
	8.2.2 Grants Register
	8.2.3 Contracts Register
	8.2.4 Register of Hazardous Materials
Evaluation – Annual Compliance Audit Returns	8.3.1 Compliance Audit Return
Evaluation – Complaint Handling	8.4.1 Community Complaints Procedures
Evaluation – Audit Practices	8.5.1 Significant Adverse Trend and Significant Audit Matters Report
	8.5.2 Internal Audit
Evaluation – CEO Reviews	8.6.1 Audit Regulation 17 Review

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