Minutes
Audit Committee Meeting

Thursday 27 June 2024
At 5.00pm

Council Chambers, 39 Bannister Road, Boddington

A vibrant and connected community with excellent lifestyle and employment opportunities in a beautiful natural environment.

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1. DECLARATION OF OPENING

The Deputy Shire President, Eugene Smalberger declared the meeting open at 5.02pm

I would like to begin by acknowledging the Traditional Owners of the land on which we meet today. I would also like to pay my respects to Elders past and present and emerging.

Councilors, to ensure clarity and effective communication during this Council Meeting, I kindly remind you to switch on your microphones when called upon to speak. This meeting will be recorded.

2. ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE

2.1   Attendance

Cr Eugene Smalberger	Deputy Shire President
Cr Lee Lewis	Councillor
Cr Andrew Ryley	Councillor
Cr Paul Carrotts	Councillor
Cr Johan Van Heerden	Councillor
Cr Hans Prandl	Councillor
Mrs Julie Burton	Chief Executive Officer
Mrs Cara Ryan	Executive Manager Corporate Services
Mr James Wickens	Executive Manager Development and Community Services
Mr Fabian Houbrechts	Executive Manager Infrastructure Services
Mrs Thalia Douglas	Executive Assistant (minutes)

2.2   Apologies

Nil

2.3   Leave of Absence

Cr Garry Ventris

3. DISCLOSURES OF INTEREST

Nil

4. CONFIRMATION OF MINUTES

Officer Recommendation and Committee Decision

 RESOLUTION: 6/24

Moved: Cr P Carrotts   **Seconded: Cr L Lewis**

That the minutes of the Audit Committee Meeting held on Thursday 14 March 2024 be confirmed as a true record of proceedings.

Carried: 6-0

For: Cr E Smalberger, Cr L Lewis, Cr A Ryley, Cr P Carrotts, Cr J Van Heerden, Cr H Prandl

Against: Nil

5. REPORTS BY OFFICERS

5.1 Progress Report | Financial Management Systems Review and Regulation 17 Review

File Reference:	2.033
Applicant:	Not Applicable
Previous Item:	Nil
Author:	Chief Executive Officer
Disclosure of Interest:	Nil
Voting Requirements:	Simple Majority
Attachments:	5.1A Progress Report as at 14 June 2024

Summary

The purpose of this report is to provide an update on management actions resulting from the Financial Management Systems Review and the Regulation 17 (Risk Management) Review.

Background

In accordance with the Local Government (Financial Management) Regulations 1996 and Local Government (Audit) Regulations 1996, Local Government CEO's are required to undertake a review into the appropriateness and effectiveness of financial management systems, as well as a review of the appropriateness and effectiveness of a local government's systems and procedures in relation to risk management, internal control and legislative compliance, every three years. This requirement is in addition to the two financial audits that are undertaken each year.

Comment

In 2022, the Shire of Boddington engaged Moore Australia to undertake the requirements for both reviews, with the resulting report presented to the Audit Committee August 2022.

This report provides a progress update on actions arising from the Finance Management Systems and Risk Management Reviews, which has been requested by Council via the Audit Committee twice per year. The Progress Report (Attachment 5.1A) includes actions from both Reviews.

52 out of the 56 actions are now complete, with 3 actions in progress, and one on hold indefinitely, depending on resource allocation.

The remaining actions will continue to be addressed in accordance with priority and available resources. It is anticipated that the three actions that are currently in progress will be addressed prior to the due date for the next Reviews, being June 2025.

Consultation

Nil

Strategic Implications

Aspiration	Performance
Outcome 12	Visionary Leadership and Responsible Governance
Objective 12.1	Maintain a high standard of leadership, corporate governance and customer service

<u>Legislative Implications</u>

In accordance with the Local Government (Audit) Regulations 1996 – Regulation 17, the Chief Executive Officer is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:
   a. Risk management
   b. Internal control and
   c. Legislative compliance

Each of those matters is to be the subject of a review not less than once in every 3 financial years, with the results of that review to be reported to the Audit Committee.

The Local Government (Financial Management) Regulations 1996 Section 5(2)(c) require the CEO to 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.

<u>Policy Implications</u>

Nil

<u>Financial Implications</u>

Nil

<u>Economic Implications</u>

Nil

<u>Social Implications</u>

Nil

<u>Environmental Considerations</u>

Nil

<u>Risk Considerations</u>

Risk Statement and Consequence	The primary risk in relation to this item is the failure to action the stated items outlined in Reviews in a timely manner.
Risk Rating (prior to treatment or control)	Moderate
Principal Risk Theme	Compliance
Risk Action Plan (controls or treatment proposed)	Regular reporting of progress to achieve the stated actions will continue.

Officer Recommendation and Committee Decision

RESOLUTION: 07/24

Moved: Cr H Prandl   **Seconded: Cr L Lewis**

That the Audit Committee receives the Progress Report on the actions related to the Financial Management Systems Review and the Regulation 17 (Risk Management) Review.

Carried: 6-0

For: Cr E Smalberger, Cr L Lewis, Cr A Ryley, Cr P Carrotts, Cr J Van Heerden, Cr H Prandl

Against: Nil

Financial Management Systems and Regulation 17 Review | Progress report as at 14 June 2024

Risk Assessment 6.2.1 - 6.2.14

Name	Risk#	Risk Assessment Category	Mitigation and Management	Status	Action Taken
Policy - 5.16 Elected members continuing professional development policy	6.2.1	The policy was originally adopted by Council on 28 May 2020 and has not been reviewed since. Section 5.128(5) of the Local Government Act 1995 requires the policy to be reviewed after each local government ordinary election (most recent ordinary election was in October 2021).	Review and consider any policy updates, ensure the policy is adopted by an absolute majority to comply with section 5.128 of the Local Government Act 1995.	Done	Policy amended at March OCM.
Policy 9.2 - Depreciation rates	6.2.2	Formalisation of depreciation rates in a Council Policy may result in a conflict with the depreciation rates applied in preparing Annual Financial Statements, due to the accounting standard requirement to annually assess the remaining useful life of all assets. We noted the depreciation rates within the 2020 Annual Financial Statements differ from this policy.	Rescind the Policy or alternatively review and amend the policy, requiring depreciation rates and remaining useful life to be assessed annually in accordance with accounting standards.	Done	Policy deleted at March OCM.
Policy 9.3 - Long service leave	6.2.3	Formalisation of long service leave probability rates may result in conflicts with the Australian Accounting Standards as provisions are required to be measured using a 'best estimate' approach using the latest available information at the end of each reporting period. The policy requires leave entitlements to be 100% funded by a reserve. We noted in the 2020 Annual Financial Statements this did not occur and in the 2021-22 Annual Budget a reserve was not budgeted for.	Rescind the Policy or alternatively review and amend the policy, requiring probability rates to be assessed annually. Rescind the Policy or alternatively review and amend the policy, removing the requirement to hold funds or hold a certain percentage of funds.	Done	Policy deleted at March OCM.
Policy 9.17 - Issue and use of credit cards	6.2.4	The policy requires the Shire President to authorise and sign the CEO's credit card statement. Under the Local Government Act 1995 the Shire President has no administrative authority and as such no authority to authorise the CEO's credit card statement.	Review the Policy to amend the authorisation process of the CEO's credit card. In line with the Western Australian Auditor General's Report dated 7 May 2018 relating to Controls Over Corporate Credit Cards, periodically report credit card transactions to Council, clearly identifying them for noting. We note all credit card transactions are currently reported to Council along with the list of payment of accounts.	Done	Policy deleted at March OCM.
Policy 10.3 - Policy Manual	6.2.5	Policies are reviewed biennially by Council, with an annual administrative review, to help ensure they remain current. The 'history' section for each policy is only updated where the policy is adopted or amended. This level of record may be insufficient to address interrelated policy review requirements, as well as reviews required by legislation for some policies.	Following the biennial or any other Council review of Policies, update the history section within each Policy to provide an accurate record of the Policy review occurring.	Done	Policy deleted at March OCM.
Policy 11.1 - Appointment of Acting CEO policy	6.2.6	Limitations in relation to the remuneration for an Acting Chief Executive Officer is not addressed within the policy. This could present a risk of legislative non compliance should a payment to an Acting CEO not be within prescribed limitations.	Review the policy to detail considerations required to maintain legislative compliance with any remuneration for an Acting Chief Executive Officer.	Done	Policy amended at March OCM.
Policy - 11.6 Use of Shire Equipment - Staff	6.2.7	The current Policy allows for the use of Council equipment for employees residing in Shire owned housing. Private use of plant by employees should only in accordance with the same terms and conditions as the hire of plant by the general public.	Consider the Private use of plant by Shire employees and whether it should only be in accordance with the same terms and conditions as the hire of plant by the general public.	Done	Policy deleted at March OCM.

Name	#	Finding	Recommendation	Status	Action Taken
11.11 Local Government Manager's Association (LGMA)	6.2.8	We noted this policy contains specific detail relating to external references. References within these policies may be outdated or superseded by changes to legislation, Australian Standards, the Town Planning Scheme or other external references.	Update policies to remove specific and / or detailed references to legislation and other external references to assist with maintaining appropriate alignment and consistency in Council policies.	Done	Policy deleted at March OCM.
Policy 11.34 - Risk Management	6.2.9	The current Policy is based on a superseded Risk Management Standard.	Review and update the Policy to align to the current Risk Management Standard ISO 31000:2018.	Done	Adopted in November 2022.
Policy 13.3 Purchasing of Goods and Services	6.2.10	The policy provides limited direction regarding contract variations and extensions awarded or against a written specification not awarded by tender. Extension of contracts and associated price changes are also not covered by the policy. For contracts awarded by tender, legislation provides minimum requirements.	"Amend the Policy to provide the following: Prohibit price variations to existing contracts awarded by tender other than those provided within the original contract, as required by Local Government (Functions and General) Regulations 1996 Regulation 11(2) (j) (iv). 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 increases over a policy threshold level, due to the variation or extension."	Done	Presented to Council in June 2024.
Internal Control Policy	6.2.11	Currently, no policy on internal controls has been adopted by Council.	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.	Done	Presented to Council June 2023.
Legislative Compliance Policy	6.2.12	Currently, no policy on internal legislative compliance has been adopted by Council.	Development and adoption of a legislative compliance policy may help formalise Council's commitment and approach to legislative compliance.	Done	Presented to Council June 2023.
Payments to employees in addition to contract or award	6.2.13	At the time of our review, a policy relating to payments to employees in addition to contract or award had not been adopted by Council.	Develop and adopt a policy to sufficiently address compliance with section 5.50 of the Local Government Act 1995 and align to the current organisational structure.	Done	Policy adopted in April 2022
General Policy Actions	6.2.14	"We noted some council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur includes: •5.11 Council chambers - use of; •9.5 Investment of surplus funds; •11.31 Use of Shire information technology (IT) facilities for staff; Policies are not necessarily intended to provide direction on how different functions are to be executed, except where legislation requires it."	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.	Done	Policy Review underway

Risk Assessment 7.1.1 - 7.1.4

Name	Risk#	Risk Assessment Category	Mitigation and Management	Status	Action Taken
Business Continuity Plan	7.1.1	A Business Continuity Plan was prepared in 2020 however there was no evidence of the plan being updated to reflect current staffing or tested to ensure its validity.	Progress the review, update of the Business Continuity Plan and test it to ensure its validity, including validity of the documented key business continuity risks along with the treatments. Ensure content of the plan is relevant and current to the Shire, and risk treatments are consolidated with overarching risk management activities.	Done	Business Continuity Plan review completed in November 2022.
ICT Strategic Plan	7.1.2	An ICT Plan highlighting and addressing ICT risks and how they are to be addressed was not available for inspection.	Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level.	Done	ICT Strategic Plan completed in July 2022.
ICT Disaster Recovery Plan	7.1.3	An ICT Disaster Recovery Plan was not available for inspection.	Develop an ICT Disaster Recovery Plan. Identify and document key ICT risks, along with the treatments to reduce the risk to an acceptable level. Maintain, review and test the plan to ensure validity.	Done	A basic ICT Disaster Recovery Plan was drafted and refined in 2023/24. Wallis ICT were engaged to review and undertake a test of the Plan. This was finalised in June 2024.

Workforce Plan	7.1.4	A Workforce Plan was not available for our inspection. Although there is no statutory obligation for Council to adopt the plan, the plan is required by the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016), and to be aligned to the Corporate Business Plan and annual budget.	Prepare a Workforce Plan to maintain effective alignment with IPR documents, and to include all required data and information as published within the DLGSCI Integrated Planning and Reporting Advisory Standard (September 2016).	Done	Integrated in to Strategic Resource Plan

Risk Assessment 7.2.1 - 7.2.18

Name	Risk#	Risk Assessment Category	Mitigation and Management	Status	Action Taken
Operational Procedures at Shire Facilities	7.2.1	Controls in relation to the use of some Shire facilities are considered inadequate. Documented procedures and controls are required to ensure appropriate controls and reconciliations are applied to minimise risks of misuse and breakdowns in key controls occurring. We noted operational procedures starting to be developed.	Update systems and controls to ensure staff at Shire facilities are aware of and understand the control environment required to be adhered to.	Done	A full review of the hiring of Shire facilities has been undertaken. Changes in processes have been implemented.
Risk Management Procedures	7.2.2	The Risk Management framework is based on activities superseded Risk Management Standard with any risk management activities currently undertaken are largely undocumented.	Risk management procedures and process to be developed in accordance with the latest risk management standard (ISO 31000:2018). Implement risk management procedures and processes throughout the organisation.	Done	Risk Management Procedures developed and finalised in October 2022.
Asset Management Condition Ratings	7.2.3	Staff representations noted asset data for the condition of roads and buildings is not current or fit for purpose.	Ensure regular data collection is undertaken to develop key data to be used for the asset management decisions of Council. They should include the maintenance of systems allow and support the process in an efficient manner.	Done	Road and Building condition inspections are now complete.
Contractor Inductions	7.2.4	Procedures for the induction of contractors are not currently in place.	Develop procedures to enable the induction of all contractors prior to work being undertaken by the Contractor for the Shire.	Done	Processes are now developed and active.
Caravan Park Management	7.2.5	A formal agreement for the management of the Caravan Park is not currently in place, which may lead to a lack of protection for the Shire or manager should an issue arise.	Formalise an agreement for the management of the Caravan Park, outlining the expectations of the performance of the role and consideration to be given for the performance of duties.	Done	The arrangement no longer exists due to the Shire managing the day to day operations of the Park.
Accounts Payable	7.2.6	Our testing noted multiple instances where creditors invoices were approved by only one officer. We noted instances where purchase orders and invoices were authorised by the same officer, without independent reviews.	Invoices signed by only one employee increase the risk of an improper invoice being paid. A second signature verifying the payment of an invoice will assist in providing independent review.	Done	The creditor stamp has been modified and now includes requirement for 2 signatures
Creditors Audit Trails	7.2.7	Limited review of changes made to creditor master file details is currently undertaken when each payment run is processed.	Procedures to minimise risk of unauthorised changes to creditor details should be implemented. Independent regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where employees responsible for processing creditors transactions are unable to make changes to creditor master file details.	Done	An Audit trail report is printed each pay run which details all access and changes to creditor master file. This is independently check by Finance Co-ordinator.
Rates	7.2.8	Limited reviews are undertaken of routine rating functions performed, including amendments to rating records, rolling reconciliation of revaluations processed and set up of associated property charges.	Establish policies and procedures to demonstrate appropriate controls and authorisations exist for routine rating functions including interim rating processes and annual rates billing.	Done	The finance co-ordinator signs off on all batch related rating changes as well as independently checks of the revaluation reconciliation.
Fixed Assets Register	7.2.9	Limited controls exist to record the acquisition, disposal and adjustment of assets into the fixed asset register.	Improve procedures and controls for updating the fixed assets register including evidencing review and authorisation by an independent officer.	Done	Fixed Asset Reconciliation is actioned monthly.
Overhead & Administration Allocations	7.2.10	No process is currently in place to determine the allocation of indirect costs. From staff representations, current plant allocation rates are based on historical estimates. We noted management intend to review these rates before the next annual budget.	Finalise the review of activity based costings to support calculation of overhead and administration allocations.	Done	Review of method of calculation is complete.

Name	Risk#	Risk Assessment Category	Mitigation and Management	Status	Action Taken
Procurement	7.2.11	Through our limited testing of payments, we noted one instance where a purchase order did not pre-date the invoice.	All procurement of goods or services should be undertaken in accordance with legislative requirements and the Purchasing Policy. Any instances where a purchase pre-dates a purchase order should be documented, reviewed and authorised to demonstrate controls have been developed to comply and ensure the purchasing policy has been adhered to.	Done	Staff reminded of the requirement and training provided to key staff involved in procurement activities.
Overdue Debtors	7.2.12	No consistent reporting to management, or processes to monitor and recover overdue debtor payments currently exist, and our testing noted several small overdue balances.	Create and document procedures to ensure a transparent and consistent approach is applied to overdue debtors.	Done	A action register is being developed to accompany the monthly debtors reconciliation.
Asset Disposals	7.2.13	"Our limited testing noted an instance where assets have not been disposed of in accordance with section 3.58 of the Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996. This was a result of plant items being traded at the same time of purchasing a new plant item. Although the purchasing policy and legislative requirements allowed for the new plant item to be purchased without going to tender, the disposition of the traded plant item is not captured by these same exclusions. It is not apparent how the disposal was compliant with legislative requirements. "	Ensure future asset disposals are in accordance with the requirements of section 3.58 of the Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996.	Done	Future disposal of assets, to be in-accordance with section 3.54 of LG Act 1995.
ICT User Access	7.2.14	No evidence of regular user access reconciliations or monitoring was available. Testing noted multiple ex staff and councillors on the Shire's active directory.	Ensure regular reviews are undertaken of the ICT accounts and access level to ensure access is only available to current and authorised staff and users.	Done	This forms part of the Exit process and off boarding is processed via the Wallis portal
Cyber Security	7.2.15	Staff representations noted no Cyber Security training is undertaken by the Shire.	Ensure regular training is undertaken by staff equipping them with the knowledge to understand and identify cyber security threats.	Done	Training at staff meeting October 2022. Additional information added to intranet for cybersecurity month. This will be included in the annual training program for Office Staff.
General Journals	7.2.16	We noted one instance whereby evidence of an independent review was not available.	Document internal controls to ensure any journals are reviewed and approved/authorised.	Done	All general journals are co-signed. There were no instances of this not occurring at the final audit.
Asset Register	7.2.17	Reconciliations for the asset register were not available to review for periods prior to March 2022. We noted asset classes did not reconcile in the reconciliations available to review.	Review system processes to ensure regular and timely review of asset reconciliations.	Done	Monthly Asset Reconciliations commenced in March 2022 and is signed off independently
Records	7.2.18	No process is in place to monitor record keeping is being appropriately undertaken and amend any errors which may occur.	Develop systems and process to monitor the practice of record keeping within the organisation and identify any misuse and correct appropriately.	Done	Process was in place at the time of audit.

Risk Assessment 7.3.1 - 7.3.10

Name	Risk#	Risk Assessment Category	Mitigation and Management	Status	Action Taken
Employee Termination Procedures	7.3.1	During testing it was noted no authorised documentation was available to support the termination of employees	Ensure termination procedures include the correct documentation to notify and record the termination date and reasoning for all employees.	Done	An exit checklist is in place
Staff Contract and Employee Files	7.3.2	Our testing noted instances where employee files had not been consistently maintained for some employees. Documentation and signed paperwork from employees (normally completed upon commencement) was not available for review.	Undertake a review of all personnel files to reconcile documentation relating to conditions of employment, remuneration, roles and responsibilities.	Done	Recruitment and on boarding process in development, including checklists for key documentation.

Name	Risk#	Risk Assessment Category	Mitigation and Management	Status	Action Taken
Payroll Audit Trails	7.3.3	Limited review of changes made to employee master file and parameters was evidenced when each payroll is processed. We noted changes in the audit trail report did not include details of the staff member making the change in all instances.	Procedures to minimise risk of erroneous or unauthorised changes to employee details should be implemented. Regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where those responsible for processing payroll transactions are unable to make changes to employee master file. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes.	Done	An audit trail report is run from Definitive each pay and is independently signed of by EMCS.
Changes to Banking Details	7.3.4	We noted deficiencies in the procedure to change employee banking details, as change requests were not independently confirmed.	Review and update procedures to ensure the following matters are appropriately considered and controls are adequate to: •Validate the change request and its origin; •Change requests are appropriately authorised; and; •Validate and control the changes once completed.	Done	Changes to banking details is always completed online, with appropriate authorisation through banking software.
Interview panels conflict of interest	7.3.5	Staff representations noted a conflict of interest declaration is not undertaken by interviewers on an interview panel.	Require conflict of interest declarations are completed for all members of an interview panel to ensure a fair and unbiased process is undertaken.	Done	Included in interview templates.
Letter of Offer	7.3.6	It was noted information required for the employment of prospective staff was only required to be submitted to the Shire subsequent to a full letter of offer being received by the prospective employee.	Ensure any offer of employment is only given to a prospective employee after the prospective employee submits documentation required for their position. Alternatively, the offer of employment letter can be altered to be subject to the requirements being fulfilled.	Done	Complete
Employee Code of Conduct	7.3.7	During testing, we noted instances where employees did not have a signed statement acknowledging they have read the Code of Conduct on their file. Staff representations noted the Code of Conduct was given to all new employees but no requirement to sign and agree to the code was included as part of the employment process.	Undertake a review of all personnel files to ensure the current code of conduct is read, understood and signed by all employees.	Done	Confirmed with HR Officer that this practice is now standard.
Payroll	7.3.8	Payroll testing noted multiple instances whereby no evidence was available to confirm the current rate of pay of employees.	Ensure all changes to an employee rate of pay are documented and authorised by an appropriate person.	Done	
Staff Training	7.3.9	Planned and required staff training needs for employees are not currently identified and recorded in a central training matrix.	Develop and maintain a 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.	In Progress	First draft of training matrix developed. Procedures being implemented to ensure regular updating of this matrix.
Payroll reconciliations	7.3.10	We noted no reconciliations of Payroll had occurred since August 2021. We noted these was due to issues following the implementation of the new payroll software, which had only been fixed by the software provider.	Review system processes to ensure regular and timely review of payroll reconciliations.	Done	Payroll reconciliations commenced May 2022 and are completed each month

Risk Assessment 8.1.1 - 8.5.1

Name	Risk#	Risk Assessment Category	Mitigation and Management	Status	Action Taken
Council and Committee Minutes	8.1.1	In our limited testing and review of minutes of Council meetings, we noted the following: •The list of accounts paid was not recorded within the minutes; •We noted multiple instances whereby minutes of a meeting which did not detail a Council decision which was confidential in nature and held behind closed doors. Regulation 11 (d) of the Local Government (Administration) Regulations 1996 requires details of each decision made at Council and committee meetings to be recorded in the minutes	Ensure all attachments supporting the minutes are included in the official minutes, and the minutes are published on the official local government website.	Done	In previous years, the list of accounts was incorrectly excluded from the publicly available content. This was corrected in 2021. Confidential resolutions are published in accordance with the legislative requirements.
ICT Register	8.2.1	A register for the ICT Hardware and Software in use was not available.	Develop a register listing the current ICT Hardware and Software and include information required for the effective monitoring and management for this equipment and systems.	In Progress	Draft ICT Register in development.
Delegation Register	8.2.2	Our testing identified a number of issues with several delegations. We noted common occurrences where: •The delegation does not match relevant legislation; •Delegation does not include a delegate; •The delegation is suitable for acting through; •The delegation includes powers which has been deleted from legislation.	Review and update the delegations register to ensure delegations are appropriate and are consistent with relevant legislation.	Done	Delegation Register reviewed in November 2022.

				Status	
Risk Register	8.2.3	A strategic risk register was available for inspection. The register contains identified risk profiles for the Shire, however there is no evidence of recent updates to the register being undertaken, or evidence the register is in regular use.	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.	Done	Review of Strategic and Operational Risk Registers complete in October 2022.
Contracts Register	8.2.4	The contracts register available for our inspection detailing the status of contracts held by the Shire was considered inadequate. We noted multiple instances whereby details to support the management of contracts was not available within the register.	Maintain a register to record details of contracts and their status to assist with ensuring contracts are monitored and actioned as required.	In Progress	Being developed in line with upcoming State Legislation proposal.
Tender Register	8.2.5	Inspection of the register noted it was not compliant with all requirements of the Local Government (Functions and General) Regulations 1996. We noted the following non-compliance: •The register only included details of the successful tenderer and did not include a list of all tenders received as required; •The name of the successful tenderer was not available for some tenders; •Advertising for a tender selected for testing did not meet statutory statewide public notice requirements; •The Register did not evidence whether authorised officers were present.	Ensure the tender register complies with Regulation 16 & 17 of the Local Government (Functions and General) Regulations 1996 for any future tenders called.	Done	Processes are now in place for the tender register to be completed and maintained correctly. No non-compliance since 2020/21.
Financial Interest Register	8.2.6	Upon inspection of the register, we noted several acknowledgements for primary returns and/or annual returns contained incomplete information, and several returns did not include an acknowledgement of receipt of the return as required by legislation.	Review systems and procedures to ensure the acknowledgement of receipts of all returns occurs and are appropriately filed in the register of financial interests as required by legislation.	Done	Process reviewed, and training of the responsible officer undertaken.
Grants Register	8.2.7	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.	Maintain a register of grants register of grants to evidence the routine review of status, compliance and performance of grants being managed by the Shire.	Done	Grants register developed. Internal processes to maintain and review this register have been finalised.
Insurance Claims Register	8.2.8	An insurance claims register detailing claims made against and by the Shire was not available for review.	Develop and maintain an insurance claims register or alternatively develop systems within the risk register to monitor and manage insurance claims.	Done	Underway
Internal Audit	8.5.1	Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken. We accept the high level of review undertaken by the financial consultant and probity auditor achieves many of the outcomes of an internal audit though this is not formalised and they do not report to the audit committee.	We suggest the level of documentation in relation to the external review procedures undertaken increases. This may help to confirm adherence to documented policies and procedures in relation to high-risk areas as recommended by the OAG in their report to Parliament on the Audit Results Report – Annual 2017-18 Financial Audits of Local Government Entities.	On Hold	No current resources exist for an internal auditor, and this action is not proposed to be implemented in the short term.

6.   <u>CLOSURE OF MEETING</u>

There being no further business, Cr Eugene Smalberger, Deputy Shire President, declared the meeting closed at 5.05pm.

<table>
<tr><td colspan="3">These minutes were confirmed by the Committee as a true and accurate record at the Ordinary Council Meeting on [date, month, year].

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Chairperson Full Name   Chairperson Signature   Date</td></tr>
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