



SHIRE OF CARNARVON

# AGENDA

AUDIT, RISK & IMPROVEMENT COMMITTEE

Shire Council Chambers,  
Stuart Street Carnarvon,  
West Australia  
Phone: (08) 9941 000  
Fax: (08) 9941 1099  
Website – [www.carnarvon.wa.gov.au](http://www.carnarvon.wa.gov.au)

*The Shire of Carnarvon acknowledges and respects the Yinggarda (Carnarvon) and Baiyungu (Coral Bay) as the traditional custodians of the lands where we live and work. We pay our respects to Elders, past, present and emerging. The Shire of Carnarvon is committed to honouring the traditional custodians' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.*

## NOTICE OF MEETING

Notice is hereby given

Shire of Carnarvon  
Audit, Risk and Improvement Committee  
Meeting  
will be held  
on Tuesday 16 June 2026  
at the Shire Council Chambers, Stuart Street  
Carnarvon,  
commencing at 1.30pm.

Amanda Dexter  
CHIEF EXECUTIVE OFFICER

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### DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Carnarvon for any act, omission or statement or intimation occurring during Council/Committee Meetings or during formal/informal conversations with Staff or Councillors. The Shire of Carnarvon disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council/Committee Meetings or discussions. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Carnarvon during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Carnarvon. The Shire of Carnarvon warns that anyone who has an application lodged with the Shire of Carnarvon must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of Carnarvon in respect of the application.



# TERMS OF REFERENCE

OCTOBER 2025

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## **Objectives of the Audit and Risk Committee**

The primary objective of the Audit and Risk Committee (the Committee) is to accept responsibility for the annual external audit and liaise with the Shire's auditor and CEO so that Council can be satisfied with the performance of the Shire of Carnarvon (the Shire) in managing its financial affairs and risk matters.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Shire's affairs, determining the Shire's policies, overseeing the allocation of its finances and resources and mitigating risk where possible. The Committee will ensure openness in the Shire's financial reporting and will liaise with the CEO to ensure the efficient and effective management of the Shire's financial and accounting systems, risk management systems and compliance with legislation.

The Committee is to:

- facilitate the enhancement of the credibility and objectivity of internal and external financial reporting; effective management of financial and other risks and the protection of Council assets;
- oversee compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal controls, and legislative compliance;
- oversee the internal control functions in conjunction with the CEO;
- oversee the coordination of the internal audit (if required) and external audit and
- provide an effective means of communication between the external auditor, internal auditor, the CEO and Council.

## **Legislative Considerations**

The Committee has been established by Council according to Division 1A of the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.

The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility but does have delegated authority to meet with the external Auditor.

The Committee does not have any management functions and cannot involve itself in management processes or procedures.

## **Membership**

The Committee will consist of a minimum of five (5) members, including one independent person who will be the Chair of the Committee, plus four Elected Members of Council. All members shall have full voting rights.

Appointment of Elected Members will be reviewed biennially immediately following Local Government elections unless, by a decision of Council, an interim appointment is required.

Appointment of an Independent Chair shall be for a maximum of (2) two years endorsed by the Council following public advertisement, and recruitment. Council will take into consideration the recommendation of the Audit and Risk Committee regarding suitable candidates but will not be bound by any recommendation.

The term of the appointment of the Independent Chair should be arranged to ensure continuity of membership despite potential changes to the Council's elected representatives at each Local Government Election.

The Independent Chair will have advanced accounting, business, or financial management/reporting knowledge and experience and be conversant with the financial and other reporting requirements. The recruitment of the Independent Chair will be conducted by the Committee. The Committee will make a recommendation to Council for the appointment of the preferred candidate. Recommendations will take into consideration the candidate's work experience and their likely ability to apply appropriate analytical, strategic financial, and management skills.

The nature of independence regard to an Independent Chair is a person with no operating responsibilities or associations with the Shire. Associations refer to commitment and paid services to the Shire, directly or indirectly, for example, sporting clubs, regional committees, and participation on other Council committees. The exclusion does not include candidates who are associated only by virtue of being a ratepayer.

The Committee can seek advice from external sources when required.

The CEO and Deputy CEO or their nominees are to attend all meetings to provide advice and guidance to the Committee. Other Shire officers will attend where required. The CEO, Deputy CEO, and officers are not members of the Committee.

### **Meetings**

The Committee shall meet at least four times a year in accordance with a schedule adopted and published by the Council. The schedule will be developed to coincide with Council reporting deadlines. In addition, the Committee Chairperson (or presiding person) may call such additional meetings as may be necessary to address any matters referred to the Committee or in respect of matters that the Committee wishes to pursue.

In the setting of the Committee agenda, there will be an emphasis on the most significant risk and threats to Council and the ongoing evaluation of what is being done to mitigate such risks.

A quorum shall consist of at least three members.

As far as practicable, decisions of the Committee shall be regarded as its collective decision or advice. However, where there is material dissension to a decision, a minority view may be placed before Council.

### **Reporting**

Reports and recommendations of each Committee meeting shall be presented to the next Ordinary Meeting of the Council.

The Committee shall report annually to the Council summarising its activities during the previous financial year.

### **Duties and Responsibilities**

The duties and responsibilities of the Committee will be to:

- a) Provide guidance and assistance to Council as to the carrying out the functions of the local government in relation to audits and matters related to financial management;
- b) Meet with the auditor at least once each year and provide a report to Council on the matters discussed and the outcome of those discussions;

- c) Liaise with the CEO to ensure that the local government does everything in its power to
  - assist the auditor to conduct the audit and carry out his or her other duties under the Local Government Act 1995; and
  - ensure that audits are conducted successfully and expeditiously;
- d) Examine the reports of the auditor after receiving a report from the CEO on the matters to:
  - determine if any matters raised require action to be taken by the local government; and
  - ensure that appropriate action is taken in respect of those matters;
- e) Review the report prepared by the CEO on any actions taken in respect of any matters raised in the report of the auditor and present the report to the Council for adoption prior to the end of the next financial year or 6 months after the last report prepared by the auditors is received, whichever is the latest time;
- f) Review the appropriateness of any special internal audit assignments undertaken at the request of Council or CEO;
- g) Review the level of resources allocated to internal audit and the scope of its authority;
- h) Review reports of internal audits, oversee the implementation of recommendations made by the audit, and review the extent to which Council and management react to matters raised;
- i) Review the local government's draft annual financial report, focusing on:
  - accounting policies and practices;
  - changes to accounting policies and practices;
  - the process used in making significant accounting estimates;
  - significant adjustments to the financial report (if any) arising from the audit process;
  - compliance with accounting standards and other reporting requirements; and
  - significant variances from prior years;
- j) Consider and recommend the adoption of the annual financial report to Council. Review any significant changes that may arise subsequent to any such recommendation but before the annual financial report is signed;
- k) Review the annual Compliance Audit Return and report to Council the results of that review, and
- l) Consider the CEO's reviews of the appropriateness and effectiveness of the Shire's systems and procedures in regard to risk management, internal control, and legislative compliance (Regulation 17 Review), required to be provided to the committee, and report to the Council.
- m) Review the Shires Risk Management framework, policies, and processes and their fitness for purpose including, IT provisions, Business continuity, and Internal controls.

### **Code of Conduct and Ethical Practices**

Members of the Committee acknowledge that they are subject to the Shire of Carnarvon Code of Conduct for Elected Members, Committee Members and Candidates, and will in the discharge of their duties and responsibilities, exercise honesty, objectivity and probity and not engage knowingly in acts or activities that have the potential to bring discredit to Council.

### **Expiry and Review**

The Committee will operate as per these Terms of Reference for two years at which time the Committee's functions and Terms of Reference will be reviewed unless, by decision of Council, the Terms of Reference are amended prior to the expiry.

## INFORMATION ON PUBLIC QUESTION TIME

The following information is provided should you wish to ask a question of Council at the Ordinary Meetings held on a monthly basis.

Please note that questions that have not been filled out on the Submission Form will not be accepted.

- The Local Government Act 1995 allows members of the public to ask questions in regard to any issue relating to the Shire.
- A maximum of 15 minutes will be allowed for public question time and the Presiding Member will allow a maximum of three (3) verbal/written questions per person.
- Prior to asking a question, the speaker must state his/her name and address.
- Members of the public are discouraged from asking questions which contain defamatory remarks, offensive language or questioning the competency of staff or Council members.
- The Presiding Member may nominate a member or officer to answer the question and may also determine that any complex questions requiring research be taken on notice and answered in writing.
- No debate or discussion is allowed to take place on any question or answer.
- A summary of each question asked and the response given will be included in the minutes of the meeting –

*Local Government (Administration) Regulations 1996 – Pt 2, r.11 – (in part reads - )*

*11. Minutes, content of (Act s.5.25(1)(f))*

*The content of minutes of a meeting of a council or a committee is to include –*

*(e) a summary of each question raised by members of the public at the meeting and a summary of the response to the question.*

Responses to questions that are taken on notice will be responded to as soon as possible.

- If you wish to ask a question, please complete the Public Question Time Submission Form at the back of this information sheet. Alternatively, questions can be submitted in writing to the Shire of Carnarvon 3 days prior to the meeting.

### SPECIAL MEETINGS OF COUNCIL

Members of the public are welcome to attend a Special Meeting of Council if open, and ask questions of the Council within the allotted public question time *subject to the questions being asked only relating to the purpose of the Special Meeting (s.23 of the Act and regulation 12 (4) of the Local Government (Administration) Regulations 1996, the Department of Local Government and Communities Guide to Meetings and Governance Bulletin April 2014 and Guideline No. 3 Managing Public Question Time.)*

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**1 ATTENDANCE AND APOLOGIES**

(The Local Government Act 1995 Section 2.25 provides that a Council may, by resolution, grant leave of absence to a member for Ordinary Council Meetings. The leave cannot be granted retrospectively and an apology for non-attendance at a meeting is not an application for leave of absence.)

**2 PUBLIC QUESTION TIME**

(In accordance with Section 5.24 of the Local Government Act 1995, a 15 minute public question time is made available to allow members of the public the opportunity of questioning Council on matters concerning them. All questions are to be provided on the Public Question Time Submission Form.)

**3 DECLARATIONS OF INTEREST**

(Elected Members and Officers are reminded of the requirements of Section 5.65 of the Local Government Act 1995, to disclose any interest during the meeting or when the matter is to be discussed.)

**4 CONFIRMATION OF MINUTES**

4.1 Minutes of the Audit, Risk and Improvement Committee Meeting - 21 April 2026

## 5 REPORTS

### 5.1 GOVERNANCE AND COMPLIANCE - INTERNAL CONTROLS

File No:	ADM0011
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	Shire of Carnarvon
Author(s):	Caroline Ballard, Governance & Information Coordinator
Authoriser:	Amanda Leighton, Executive Manager, Corporate Strategy & Performance
Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Previous Report:	ARIC 17.02.2026
Schedules:	<ol style="list-style-type: none"> <li>1. SoC Compliance tasks completed January to June 2026</li> <li>2. SoC Compliance tasks outstanding FY to June 2026</li> </ol>

#### Authority/Discretion:

<input type="checkbox"/>	<b>Advocacy</b>	When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
<input type="checkbox"/>	<b>Executive</b>	The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets
<input type="checkbox"/>	<b>Legislative</b>	Includes adopting local laws, town planning schemes and policies.
<input checked="" type="checkbox"/>	<b>Information</b>	Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).
<input type="checkbox"/>	<b>Quasi-judicial</b>	When Council determines an application / matter that directly affects a person’s right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses

#### Summary of Report

This report provides an update to the Audit and Risk Improvement Committee on the Shire’s internal control framework and compliance monitoring to June 2026 (for ease of reporting) (**Schedules 1 & 2**), in accordance with Regulation 16 of the Local Government (Audit) Regulations 1996.

The report supports the Committee’s oversight responsibilities in relation to legislative compliance, internal controls and governance assurance.

#### Background

Regulation 16 of the *Local Government (Audit) Regulations 1996*, outlines the functions of Audit Committee. At its meeting of 28 November 2023, Council confirmed that the Audit & Risk Improvement Committee (ARIC) is responsible for:

- Oversight of compliance with legislation and regulatory obligations
- Oversight of risk management and internal control systems
- Monitoring governance frameworks and audit processes
- Supporting the CEO in strengthening internal assurance mechanisms

Internal control effectiveness remains a key governance focus across WA local government. A structured compliance monitoring framework reduces exposure to regulatory breach, audit findings, reputational risk and service disruption.

Internal audit and compliance monitoring deliver the following governance benefits:

- Improved organisational performance and accountability
- Reduced person-dependency through system-based controls
- Early identification of compliance gaps
- Strengthened evidentiary basis for external audit and Compliance Audit Return (CAR)
- Increased transparency and governance assurance

### **Compliance Monitoring Framework**

The Shire utilises ATTAIN compliance software as its central statutory monitoring system.

The Compliance Calendar:

- Identifies legislated and high-risk operational obligations
- Allocates responsibility for completion
- Schedules due dates
- Provides oversight of status and completion
- Maintains evidence records for audit verification

This system forms the primary governance control for managing cyclical statutory obligations, including:

- Legislative reporting requirements
- Annual returns and regulatory lodgements
- Policy review timeframes
- Governance and risk reporting
- Operational compliance functions

Records maintained within ATTAIN provide the evidentiary foundation for preparation of the annual Compliance Audit Return (CAR).

### **Stakeholder and Public Consultation**

Nil

### **Statutory Environment**

#### Local Government Act 1995 – Section 2.7 (Role of Council)

*This section sets out the role of council as the governing body responsible for the performance of the local government's functions. It confirms Council's responsibilities for strategic planning, policy setting, determining services and facilities, allocating resources, and appointing and reviewing the CEO. It also requires Council to make evidence based and lawful decisions, respect the separation between governance and administration, and foster a respectful organisational culture.*

#### Local Government Act 1995 – Section 5.41 (Functions of CEO)

*This section defines the role of the CEO as the head of the local governments administration, responsible for managing day-to-day operations, implementing Council decisions, and overseeing service delivery. The CEO is tasked with establishing administrative systems and procedures, managing employees, maintaining records and providing timely and informed advice to Council to support decision making.*

#### Local Government Act 1995 – Section 7.1A (Audit Committee)

*This section requires the establishment of an Audit Committee with at least three members, the majority being Council members. It specifies that the CEO and employees cannot be members or representatives on*

the Committee. The Audit Committee is to carry out the functions and responsibilities prescribed under the Act in relation to audit, risk and governance oversight.

**Relevant Plans and Policy**

Nil

**Financial Implications**

Nil

**Risk Assessment**

STEP 3 – Risk Tolerance Chart Used to Determine Risk						
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating	Mitigating Action/s
Financial	N/A	N/A	N/A
Health & Safety	N/A	N/A	N/A
Reputation	Adverse media and lack of community confidence	C2-Moderate	Continue to build and monitor internal procedures and to train/manage staff on the importance of legislative compliance
Service disruption	N/A	N/A	N/A
Compliance	Non-compliance with Legislation	C-2-Moderate	Continue to build and monitor internal procedures and to train/manage staff on the importance of legislative compliance
Property	N/A	N/A	N/A
Environment	N/A	N/A	N/A
Fraud	N/A	N/A	N/A

**Community and Strategic Objectives**

The proposal aligns with the following desired objectives as expressed in the *Community Strategic Plan 2022-2032*:

**OBJECTIVES**

In 2040 Carnarvon is a place where:

- N/A

**ADDITIONAL FOCUS AREAS:**

- N/A

**BIG IDEAS FOR THE FUTURE OF CARNARVON:**

- N/A

**Comments**

Failure to maintain effective compliance controls exposes the Shire to regulatory breach, audit findings, reputational damage and potential service disruption. The structured use of ATTAIN and ARIC oversight materially reduces this risk through documented monitoring, assigned accountability and timely remediation of issues.

This report demonstrates active management of statutory obligations and reinforces the Shire's commitment to system-based compliance rather than person-dependent processes. Regular ARIC oversight strengthens governance maturity, supports clean audit outcomes and enhances organisational resilience.

**OFFICER'S RECOMMENDATION**

***That the Audit and Risk Improvement Committee:***

- 1. Recommends that Council note the Shire of Carnarvon Internal Controls – June 2026 report (Schedules 1 & 2); and***
- 2. Confirms that the Committee is satisfied that appropriate compliance monitoring and internal control mechanisms are in place to support legislative and governance obligations.***

**5.2 POLICY REVIEW - RISK MANAGEMENT & CODE OF CONDUCT**

File No:	ADM0124
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	N/A
Author(s):	Racheal King, Corporate Assurance and Finance Advisor
Authoriser:	Amanda Leighton, Executive Manager, Corporate Strategy & Performance
Declaration of Interest:	Nil
Voting Requirement:	Absolute Majority
Previous Report:	ARIC 21 April 2026
Schedules:	<ol style="list-style-type: none"> <li>1. Carnarvon Policy Audit Review Matrix</li> <li>2. Current Policy - Risk Management Policy</li> <li>3. Proposed Policy - Risk Management Policy With Markups</li> <li>4. Proposed Policy - Risk Management Policy No Markups</li> <li>5. Current Policy - Code of Conduct Policy</li> <li>6. Proposed Policy - Code of Conduct Policy with Markups</li> <li>7. Proposed Policy - Code of Conduct Policy with No Markups</li> </ol>

**Authority/Discretion:**

- Advocacy** When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive** The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets
- Legislative** Includes adopting local laws, town planning schemes and policies.
- Information** Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).
- Quasi-judicial** When Council determines an application / matter that directly affects a person’s right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses

**Summary of Report**

This report presents two governance policies for Council consideration and adoption:

1. Revised Risk Management Policy; and
2. Revised Council Member Code of Conduct.

The policies have been reviewed as part of the Shire's ongoing Policy Review Program and form part of Council's broader governance and risk management framework.

The review has been undertaken to ensure both policies remain contemporary, aligned with legislative requirements, reflect current best practice and support the effective management of organisational risks.

The revised policies strengthen the Shire's governance framework by reinforcing Council's commitment to sound decision-making, accountability, ethical conduct, risk awareness and continuous improvement.

The Risk Management Policy establishes Council's commitment to identifying, assessing and managing risks that may impact the achievement of strategic and operational objectives. The Council Member Code of

Conduct establishes clear behavioural expectations for Council Members, Committee Members and Candidates and promotes integrity, accountability, respectful conduct and community confidence in local government.

Adoption of the revised policies will support good governance, strengthen organisational resilience and ensure the Shire's governance framework remains aligned with contemporary local government standards.

### **Background**

The Shire last undertook a comprehensive review of its policy framework in June 2024. Since that time, a number of legislative amendments, governance developments, regulatory updates and internal operational refinements have occurred. These changes create potential compliance, governance, operational and reputational risks if not appropriately reflected within Council's policy framework.

In response, a structured Policy Review Program is currently underway to ensure policies remain contemporary, compliant with applicable legislation, aligned with current operational practice, and consistent with best-practice local government governance standards. The review is being undertaken in a staged and risk-prioritised manner, with governance, compliance and legislatively sensitive policies being reviewed as a priority.

As part of the current review cycle, Administration has reviewed the Risk Management Policy and Council Member Code of Conduct.

The Risk Management Policy has been reviewed to ensure alignment with contemporary risk management principles, ISO 31000:2018 Risk Management Guidelines, the Shire's Strategic Risk Register and Operational Risk Register, and Council's commitment to informed decision-making and effective governance. It will also form the basis of the Risk Management Framework and Fraud & Corruption Plan.

The Council Member Code of Conduct has been reviewed following amendments to the Local Government (Model Code of Conduct) Regulations 2021 which came into effect on 1 January 2026. The amendments introduce changes relating to behavioural complaint management processes, decision-making responsibilities and the role of the Local Government Inspector. The review has also provided an opportunity to strengthen guidance regarding integrity, accountability, respectful conduct, relationships with employees, social media use, confidentiality and conflicts of interest.

The review identified the need to update associated governance documents, including behavioural complaint management processes and complaint forms, to ensure consistency with the amended legislative framework and any authorisations required under the Model Code of Conduct.

Each policy has been subject to governance review, version control and documented assessment prior to being presented to Council for determination.

The proposed policies strengthen the Shire's governance framework, support compliance with legislative requirements, promote ethical conduct and accountability, and contribute to the effective management of organisational risk.

### **Stakeholder and Public Consultation**

The following stakeholders were consulted as part of the policy review process:

#### **Western Australian Local Government Association (WALGA)**

- WALGA policy guidance, model documents and governance resources were reviewed to ensure alignment with contemporary local government governance practices and risk management principles.

**Internal Management**

- Feedback was incorporated to ensure the policies remain practical, relevant and consistent with organisational objectives.

No external community consultation was undertaken as the proposed amendments relate to internal governance and administrative matters and do not materially alter service delivery to the community.

**Statutory Environment**

The review and adoption of these policies is supported by the following legislation and governance frameworks:

**Risk Management Policy**

- Local Government Act 1995
- Local Government (Audit) Regulations 1996
- International Standard ISO 31000:2018 Risk Management – Guidelines
- Department of Local Government, Industry Regulation and Safety (DLGSC) guidance relating to integrated planning, reporting and organisational risk management

**Council Member Code of Conduct**

- Local Government Act 1995
- Local Government (Model Code of Conduct) Regulations 2021
- Local Government (Rules of Conduct) Regulations 2007
- Local Government (Administration) Regulations 1996
- Work Health and Safety Act 2020
- Work Health and Safety (General) Regulations 2022

The proposed policies support Council's obligations to maintain sound governance practices, promote ethical conduct, manage organisational risk and provide a safe and respectful working environment.

**Relevant Plans and Policy**

Code of Conduct Behaviour Complaints Management Policy

Risk Management Framework

**Financial Implications**

There are no direct financial implications associated with the adoption of the revised Risk Management Policy and Council Member Code of Conduct.

The policies form part of the Shire's governance framework and are intended to support effective decision-making, legislative compliance, ethical conduct and organisational risk management.

While implementation of the policies may result in minor administrative costs associated with staff time, training, policy maintenance and the review of associated procedures and governance documents, these costs are expected to be met within existing operational budgets.

The adoption of the policies is expected to contribute to the reduction of compliance, governance and reputational risks, thereby supporting the Shire's long-term financial sustainability and organisational resilience.

Risk Assessment

STEP 3 – Risk Tolerance Chart Used to Determine Risk						
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating	Mitigating Action/s
Financial	Poor governance practices or ineffective risk management may contribute to financial losses, poor resource allocation, ineffective decision-making or increased organisational costs.	C2 Moderate	Policies establish governance expectations, risk management principles and decision-making frameworks to support informed financial management.
Health & Safety	Inappropriate conduct, bullying, harassment or failure to appropriately manage organisational risks may contribute to psychosocial hazards and an unsafe workplace environment.	C3 High	The Code of Conduct establishes expectations for respectful behaviour and professional interactions, while the Risk Management Policy supports the identification and management of workplace risks.
Reputation	Unethical conduct, poor governance practices or ineffective risk management may reduce public confidence in Council and damage the reputation of the Shire.	C3 High	Policies strengthen accountability, transparency, ethical conduct and governance oversight, supporting public trust and confidence in Council decision-making.
Service disruption	Failure to identify and manage strategic or operational risks may result in service interruptions, project delays or reduced organisational effectiveness.	C2 Moderate	The Risk Management Policy supports systematic risk identification, assessment, treatment and monitoring across the organisation.
Compliance	Failure to comply with legislative requirements relating to governance, conduct and risk management may result in audit findings, regulatory action or adverse compliance outcomes.	C3 High	Policies have been updated to reflect current legislative requirements, governance obligations and contemporary local government best practice.

Property	Inadequate risk management practices may increase exposure to asset failures, infrastructure risks and property-related losses.	C2 Moderate	The Risk Management Policy supports proactive identification and management of asset and infrastructure risks through established risk management processes.
Environment	Failure to appropriately identify and manage environmental risks may result in adverse environmental impacts or regulatory non-compliance.	C2 Moderate	Environmental risks are incorporated within the Shire's broader risk management framework and subject to ongoing monitoring and treatment.
Fraud	Weak governance frameworks, poor oversight or unethical conduct may increase exposure to fraud, corruption or misuse of resources.	C3 High	The policies strengthen governance controls, accountability, ethical standards and oversight mechanisms, reducing opportunities for misconduct and fraud.

**Community and Strategic Objectives**

The proposal aligns with the following desired objectives as expressed in the *Community Strategic Plan 2022-2032*:

OBJECTIVES

In 2040 Carnarvon is a place where:

- *Our economy fosters investment and productivity in industries befitting Carnarvon’s physical and natural environment and that grows our horizons*

**ADDITIONAL FOCUS AREAS:**

- *Improve the trust between citizens and the Shire of Carnarvon*

**BIG IDEAS FOR THE FUTURE OF CARNARVON:**

- *N/A*

## Comments

### Risk Management Policy

The amendments to the Risk Management Policy are considered administrative and governance-focused in nature and do not materially alter Council's existing risk management responsibilities.

The amendments primarily strengthen alignment with contemporary risk management principles and current organisational practices.

Key amendments include:

- Updated references to ISO 31000:2018 Risk Management Guidelines.
- Clarification of Council, Chief Executive Officer, Executive Management and employee risk management responsibilities.
- Improved alignment with the Shire's Strategic Risk Register and Operational Risk Register.
- Reinforcement of risk management as an integral component of decision-making, planning and service delivery.
- Updated governance, monitoring and reporting requirements.
- Administrative updates to improve clarity, accountability, consistency and policy usability.

The amendments are not considered material in nature and do not significantly alter the intent of the existing Policy.

### Council Member Code of Conduct

The amendments to the Council Member Code of Conduct are considered material due to legislative changes to the Local Government (Model Code of Conduct) Regulations 2021, changes effective from 1 January 2026, and the adoption of a revised governance approach which focuses on providing practical guidance regarding the application of the Model Code of Conduct within the Shire of Carnarvon.

The previous Policy largely reproduced legislative requirements contained within the Local Government (Model Code of Conduct) Regulations 2021. The revised Policy adopts these legislative requirements by reference and instead focuses on the Shire's governance expectations, standards of behaviour and the practical application of the Model Code within the local government environment. This approach improves legislative alignment, reduces duplication, minimises future policy maintenance requirements and reduces the risk of inconsistencies arising from future legislative amendments.

Key amendments include:

- Incorporation of amendments to the Local Government (Model Code of Conduct) Regulations 2021 effective from 1 January 2026.
- Adoption of legislative conduct requirements by reference rather than reproducing legislative provisions within the Policy.
- Updated references relating to behavioural complaints and complaint management processes.
- Recognition of the role of the Local Government Inspector in relation to behavioural complaints.
- Clarification of Council's responsibilities regarding complaint determination and authorisation requirements under clause 14B of the Model Code of Conduct.
- Inclusion of guidance regarding the practical application of the Model Code of Conduct within the Shire's governance framework.
- Strengthened guidance regarding leadership, integrity, accountability and ethical decision-making.
- Expanded expectations relating to respectful conduct and professional behaviour.
- Additional guidance regarding relationships between Council Members and employees.
- Inclusion of governance expectations relating to social media use and public communications.
- Enhanced guidance relating to confidentiality and management of conflicts of interest.
- Alignment with the Shire's organisational values and broader governance framework.

While the amendments do not alter the legislative obligations imposed upon Council Members, Committee Members or Candidates, they are considered material as they incorporate recent legislative changes, introduce a revised policy structure and provide greater clarity regarding the behavioural and governance expectations expected within the Shire of Carnarvon.

Administration considers the proposed amendments appropriate and recommends adoption of both revised policies.

**OFFICER'S RECOMMENDATION**

***That the Audit, Risk and Improvement Committee recommends that Council:***

- 1. Endorse the revised CF008 Risk Management Policy as attached.***
- 2. Endorse the revised EME001 Code of Conduct for Council Members, Committee Members and Candidates as attached.***
- 3. Notes that the revised Code of Conduct adopts the legislative requirements contained within the Local Government Act 1995, Local Government (Model Code of Conduct) Regulations 2021 and Local Government (Rules of Conduct) Regulations 2007 by reference, while providing additional guidance regarding the Shire's governance expectations and standards of conduct.***
- 4. Notes that associated procedures and complaint management documentation will be reviewed and updated as required to ensure alignment with the amended legislative framework and adopted policies.***

**5.3 ASSET REGISTER & INSURANCE REVIEW**

File No:	ADM1661
Location/Address:	N/A
Name of Applicant:	N/A
Name of Owner:	N/A
Author(s):	Racheal King, Corporate Assurance and Finance Advisor
Authoriser:	Amanda Leighton, Executive Manager, Corporate Strategy & Performance
Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Previous Report:	N/A
Schedules:	1. Management Report - Asset & Insurance Review

**Authority/Discretion:**

- Advocacy** When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency.
- Executive** The substantial direction setting and oversight role of the Council. E.g., adopting plans and reports, accepting tenders, directing operations, setting and amending budgets
- Legislative** Includes adopting local laws, town planning schemes and policies.
- Information** Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting).
- Quasi-judicial** When Council determines an application / matter that directly affects a person’s right and interest. The judicial character arises from the obligations to abide by the principles of natural justice. Examples of Quasi-Judicial authority include town planning applications, building licenses, applications for other permits / licenses

**Summary of Report**

This report provides the Audit and Risk Improvement Committee with the outcomes of a comprehensive review of the Shire's asset register and insurance schedules.

The review was undertaken as part of the Shire's broader governance, risk management and internal control program to provide assurance that Shire-owned assets are appropriately recorded, adequately insured and supported by effective governance controls.

The review identified a number of historical discrepancies between asset records and insurance schedules, including omitted property assets, missing plant and fleet assets, disposal reconciliation issues and valuation matters. Corrective action has been undertaken to address identified gaps and strengthen the Shire's asset and insurance management processes.

The report also outlines process improvements implemented to improve future asset identification, insurance administration and reconciliation activities.

**Background**

As part of ongoing governance, risk management and financial control activities, Management undertook a detailed review of the Shire's asset register and insurance schedules maintained with Local Government Insurance Scheme.

The review was initiated to provide assurance that:

- Shire-owned assets are appropriately recorded;
- Insurable assets are included within insurance schedules;
- Asset values align with insurance values where appropriate;
- Disposed assets are removed from insurance schedules;
- Newly acquired assets are identified and recorded appropriately; and
- Financial exposure associated with uninsured assets is minimised.

The review included reconciliation of the fixed asset register, property register, plant and fleet records, insurance schedules, valuation records, disposal records and historical acquisition information. Operational consultation and creditor transaction reviews were also undertaken to identify assets that may not have been captured through existing processes.

The review was prioritised due to cyclone risk exposure and the need to ensure critical assets were appropriately insured prior to the Tropical Cyclone Narelle season.

### **Stakeholder and Public Consultation**

The following stakeholders were consulted during the review:

- Executive Management Team;
- Finance Team;
- Governance, Risk and Compliance;
- Operational Staff;
- Local Government Insurance Scheme;
- Moore Australia (accounting advice relating to historical asset recognition matters).

### **Statutory Environment**

The review supports compliance with:

- Local Government Act 1995;
- Local Government (Financial Management) Regulations 1996;
- Local Government (Audit) Regulations 1996;
- Australian Accounting Standards;
- Local Government Insurance Scheme requirements;
- The Shire's Internal Control Framework.

The review also supports Council's obligations to maintain effective financial management, asset stewardship and risk management practices.

### **Relevant Plans and Policy**

The review supports and aligns with the following plans, policies and governance frameworks:

- Strategic Community Plan
- Corporate Business Plan
- Long Term Financial Plan
- Risk Management Policy
- Insurance Administration Procedures
- Annual Financial Statements
- Asset Register
- Property Register
- Risk Register

The review outcomes contribute to improved governance, asset stewardship, financial sustainability, risk management and internal control practices across the organisation.

**Financial Implications**

The review identified assets that were not previously included within insurance schedules and assets that should have been removed following disposal.

While some additional insurance premium costs may arise due to the inclusion of previously uninsured assets, these costs are considered necessary to reduce the Shire's exposure to uninsured losses.

Formal valuations are being arranged for several assets and future insurance premium impacts are not yet known.

**Risk Assessment**

STEP 3 – Risk Tolerance Chart Used to Determine Risk						
Consequence		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
Likelihood						
Almost certain	A	High	High	Extreme	Extreme	Extreme
Likely	B	Moderate	High	High	Extreme	Extreme
Possible	C	Low	Moderate	High	Extreme	Extreme
Unlikely	D	Low	Low	Moderate	High	Extreme
Rare	E	Low	Low	Moderate	High	High

Risk Category	Description	Rating	Mitigating Action/s
Financial	Assets may not be adequately insured, exposing the Shire to significant financial loss following damage or destruction.	C3 High	Missing assets have been identified and added to insurance schedules. Ongoing reconciliation processes have been established.
Financial	Historical asset recognition issues may result in incomplete financial records and reporting inaccuracies.	C2 Moderate	Accounting advice has been sought and formal valuations are being arranged.
Health & Safety	Inadequate insurance coverage or incomplete asset records may delay replacement or repair of critical facilities, plant or infrastructure following an incident, potentially impacting employee and public safety.	C2 Moderate	Missing assets have been identified and added to insurance schedules. Improved asset identification and annual reconciliation processes have been implemented.
Reputation	Uninsured or incorrectly recorded assets may reduce stakeholder confidence in governance and asset management practices.	C2 Moderate	Reviewing outcomes demonstrate proactive management and corrective action.
Service disruption	Loss of uninsured assets may impact service delivery and operational capability.	C3 High	Insurance schedules have been updated and critical assets reviewed.

Compliance	Inaccurate asset and insurance records may result in audit findings or non-compliance with governance requirements.	C3 High	Asset and insurance reconciliations have been completed and ongoing review processes implemented.
Property	Incomplete asset records may affect long-term asset management and valuation processes.	C3 High	Asset register reviews and valuation programs have commenced.
Environment	Inadequate identification, valuation or insurance coverage of environmental or flood mitigation infrastructure may increase environmental and community exposure following a significant event.	C2 Moderate	Critical infrastructure has been reviewed. Deliberate exclusions have been subject to risk assessment, supported by maintenance programs, disaster recovery arrangements and ongoing monitoring.
Fraud	Weak asset controls may increase the risk of asset misappropriation or inaccurate reporting.	C2 Moderate	Improved reconciliation processes and governance controls have been implemented.

### Community and Strategic Objectives

The proposal aligns with the following desired objectives as expressed in the *Community Strategic Plan 2022-2032*:

#### OBJECTIVES

In 2040 Carnarvon is a place where:

- *Our economy fosters investment and productivity in industries befitting Carnarvon's physical and natural environment and that grows our horizons*

#### ADDITIONAL FOCUS AREAS:

- *Improve the trust between citizens and the Shire of Carnarvon*

#### BIG IDEAS FOR THE FUTURE OF CARNARVON:

- *N/A*

#### Comments

The review identified a number of historical control weaknesses and process gaps which contributed to inconsistencies between asset records and insurance schedules.

#### Key findings included:

- Five Shire-owned properties were identified as missing from insurance schedules.
- Historical asset recognition issues were identified requiring further accounting advice.
- Plant and fleet assets were identified as missing from insurance schedules.
- Disposed assets remained on insurance schedules in several instances.
- Several assets require updated valuations.
- No formal insurance notification process existed for new asset acquisitions.
- Insurance reconciliation processes relied heavily on informal reviews.

Management has undertaken corrective actions including:

- Adding omitted assets to insurance schedules.
- Removing disposed assets from insurance schedules.
- Referring historical accounting matters for specialist advice.
- Commencing valuation reviews.
- Formalising capital purchase review processes.
- Implementing annual insurance reconciliation processes.
- Strengthening governance and oversight arrangements.

Management considers residual risk to be moderate and believes no material uninsured asset exposure is currently known.

The findings from this review will inform future improvements to the Asset Management Framework, insurance administration procedures and internal control program.

**OFFICER'S RECOMMENDATION**

***That the Audit, Risk and Improvement Committee:***

- 1. Receives the Asset Register and Insurance Review Report.***
- 2. Notes the findings and corrective actions undertaken by Management.***

**6 DATE OF NEXT MEETING**

Tuesday 18 August 2026, 1:30pm

**7 CLOSE**