SHIRE OF CARNARVON

AUDIT, RISK & IMPROVEMENT COMMITTEE

MINUTES

TUESDAY 16 JUNE 2026

CONFIRMATION OF MINUTES
These minutes were confirmed by the Council on
Type date here
as a true and accurate record

Chairman

Shire Council Chambers
Stuart Street
Carnarvon, West
Australia
Phone: (08) 9941 0000
Fax: (08) 9941 1099
Website –
www.carnarvon.wa.gov.au

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.

To be noted that, in accordance with Regulation 11 of the Local Government (Administration) Regulations 1996, the minutes of the Council Meeting are a record of the decisions of the Council, any additional officers' advice, and explanatory notes as required. The minutes contain a **summary** of questions asked by members of the public and the answers given. The minutes **are not** a transcript of the proceedings of the meetings.

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** (s5.23 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 Bulleting April 2014 and Guideline No. 3 Managing Public Question Time.)

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1 ATTENDANCES AND APOLOGIES

The Presiding Member declared the meeting open at 01.30pm

Ms Leah Horton .... Independent Chair
Mr Stephen Brown .... Deputy Chair/Independent Member
Mr Martin Aldridge .... Commissioner

Mrs Amanda Dexter .... Chief Executive Officer
Mrs Amanda Leighton .... Executive Manager, Corporate Strategy & Performance
Mr Jamie Bone .... Executive Business Manager
Mrs Caroline Ballard .... Coordinator Governance & Information
Miss Racheal King .... Governance, Risk & Compliance Manager
Miss Billie O'Sullivan .... Executive Services Officer, Corporate Strategy & Performance
Mr Jasper Benthien .... Executive Services Coordinator

Apologies
Nil

Leave of Absence
Nil

Press .... Nil
Observers .... Nil

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.)

Note to the minutes: As no members of public were in attendance public question time did not commence.

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.)

Nil

4 CONFIRMATION OF MINUTES

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

COMMITTEE RESOLUTION ARIC 01/06/26

Moved: Mr Stephen Brown
Seconded: Ms Leah Horton

That the minutes of Audit, Risk and Improvement Committee Meeting held on 21 April 2026 be confirmed as a true record of proceedings.

FOR: Ms Leah Horton, Mr Stephen Brown and Cmm Martin Aldridge
AGAINST: Nil

CARRIED 3/0

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:	1. SoC Compliance tasks completed January to June 2026 2. SoC Compliance tasks outstanding FY to June 2026

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 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*:

<u>OBJECTIVES</u>

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.***

COMMITTEE RESOLUTION ARIC 02/06/26

Moved: **Mr Stephen Brown**
Seconded: **Cmm Martin Aldridge**

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.***

FOR: Ms Leah Horton, Mr Stephen Brown and Cmm Martin Aldridge
AGAINST: Nil

CARRIED 3/0

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:	1. Carnarvon Policy Audit Review Matrix 2. Current Policy - Risk Management Policy 3. Proposed Policy - Risk Management Policy With Markups 4. Proposed Policy - Risk Management Policy No Markups

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 (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	C2 Moderate	The Risk Management Policy supports proactive identification and

	increase exposure to asset failures, infrastructure risks and property-related losses.		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.***

ALTERNATIVE OFFICER 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, amended to formally adopt the Model Code of Conduct for Council Members in accordance with legislative requirements, noting that this version supersedes the draft distributed to members on 11 June 2026.***
3. ***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.***

Note to the minutes: The Officer's Recommendation as published in the agenda was lost in favour of an Alternative Officer Recommendation circulated prior to the meeting. The alternative recommendation was carried as per resolution ARIC 03/06/26.

COMMITTEE RESOLUTION ARIC 03/06/26

Moved: Ms Leah Horton
Seconded: Mr Stephen Brown

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, amended to formally adopt the Model Code of Conduct for Council Members in accordance with legislative requirements, noting that this version supersedes the draft distributed to members on 11 June 2026.***
3. ***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.***

FOR: Ms Leah Horton, Mr Stephen Brown and Cmm Martin Aldridge
AGAINST: Nil

CARRIED 3/0

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

Consequence → / Likelihood ↓		STEP 3 – Risk Tolerance Chart Used to Determine Risk				
		Insignificant 1	Minor 2	Major 3	Critical 4	Extreme 5
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.***

COMMITTEE RESOLUTION ARIC 04/06/26

Moved: Ms Leah Horton
Seconded: Mr Stephen Brown

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.***

FOR: Ms Leah Horton, Mr Stephen Brown and Cmm Martin Aldridge
AGAINST: Nil

CARRIED 3/0

6 DATE OF NEXT MEETING

The next meeting will be held on Tuesday 18 August 2026 at Shire Council Chambers, Stuart Street Carnarvon commencing at 1.30pm

7 CLOSE

The Presiding Member declared the meeting closed at 02.13pm.