



SHIRE OF CARNARVON
AGENDA
AUDIT AND RISK MANAGEMENT
COMMITTEE MEETING
TUESDAY 13 FEBRUARY 2024

Shire Council Chambers,
Stuart Street Carnarvon,
West Australia
Phone: (08) 9941 000
Fax: (08) 9941 1099
Website – 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 and Risk Management Committee Meeting
will be held
on Tuesday 13 February 2024
at the Shire Council Chambers, Stuart Street
Carnarvon,
commencing at 11.30am.



Andrea Selvey
CHIEF EXECUTIVE OFFICER

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.

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 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 and Risk Management Committee Meeting - 16 January 2024

5 REPORTS

5.1 COMPLIANCE AUDIT RETURN 2023

File No:	ADM0011
Location/Address:	N/A
Name of Applicant:	Shire of Carnarvon
Name of Owner:	N/A
Author(s):	Caroline Ballard, Governance & Information Coordinator
Authoriser:	Andrea Selvey, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirement:	Simple Majority
Previous Report:	N/A
Schedules:	1. Compliance Audit Return 2023

Authority/Discretion:

- | | | |
|-------------------------------------|-----------------------|--|
| <input type="checkbox"/> | Advocacy | When Council advocates on its own behalf or on behalf of its community to another level of government/body/agency. |
| <input checked="" type="checkbox"/> | 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 |
| <input type="checkbox"/> | Legislative | Includes adopting local laws, town planning schemes and policies. |
| <input type="checkbox"/> | Information | Includes items provided to Council for information purposes only that do not require a decision of Council (i.e. – for noting). |
| <input type="checkbox"/> | 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

The purpose of this report is to present to the Audit and Risk Committee (ARC) the 2023 Compliance Audit Return (CAR) for review and to request that the ARC recommend that Council adopt the 2023 CAR as presented in **Schedule 1** for submission to the Department of Local Government, Sport and Cultural Industries (DLGSC) by 31 March 2024. The 2023 CAR comprises of 94 questions over 11 categories, these questions require a response of YES, NO or N/A.

Yes – indicates compliance

NO – indicates non-compliance

N/A – indicates that this function was not required to be performed this year or is not a requirement for this Local Government.

Background

Local Governments are required to complete a Compliance Audit for the previous calendar year by the 31 March. The Compliance Audit is an in-house audit that is undertaken by the appropriate Responsible Officer using questions provided by DLGSC. In accordance with Regulation 14 of the Local Government (Audit) Regulations 1996 the ARC is to review the CAR and is to report to Council the results of that review.

The CAR is to be:

1. Presented to an Ordinary Meeting of Council

2. Adopted by Council; and
3. Recorded in the minutes of the meeting at which it is adopted.

Following the adoption of the CAR by Council a certified copy of the return, along with the relevant section of the minutes and any additional information detailing the contents of the return are to be submitted to the DLGSC by 31 March 2024. The return requires the Shire President and the Chief Executive Officer to certify that the statutory obligations of the Shire of Carnarvon are compliant.

Stakeholder and Public Consultation

Nil

Statutory Environment

Regulation 14, *Local Government (Audit) Regulations 1996*

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		
Health & Safety	N/A		
Reputation	There is a reputational risk should the CAR not be completed on time or if significant non-compliance are reported	D-2 Low	Pending the ARC decision, this item can be presented to Council in time to meet the deadline. The compliance % rate and comparison table demonstrate improvements have been made
Service disruption	N/A		
Compliance	Non-compliance should the CAR not be completed on time		Pending the ARC decision, this item can be presented to Council in time to meet the deadline.
Property	N/A		
Environment	N/A		
Fraud	The CAR response are fraudulent	D-3 Moderate	The responses are validated by the Governance & Information Coordinator

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 community is engaged, inclusive and supportive*

ADDITIONAL FOCUS AREAS:

- N/A

BIG IDEAS FOR THE FUTURE OF CARNARVON:

- N/A

Comments

The process for completing the 2023 CAR involved Officers from each area being delegated the relevant questions to answer. When the responses were received, they were checked and validated by the Governance & Information Coordinator for accuracy and to ensure a high quality, verified CAR was completed.

When comparing the 2023 CAR against the 2022 CAR the Shire of Carnarvon has increased its level of compliance by 5% to 99% overall.

Compliance Categories	Audit Return	2022 Audit Questions	Non Compliance	Compliance Rating	2023 Audit Questions	Non Compliance	Compliance Rating
Commercial Enterprises by Local Government		5		100%	5		100%
Delegation of Power/Duty		13		100%	13		100%
Disclosure of Interest		21		100%	21		100%
Disposal of Property		2		100%	2		100%
Elections		3		100%	3		100%
Finance		7	5	29%	7		100%
Integrated Planning and Reporting		3		100%	3		100%
Local Government Employees		6		100%	5		100%
Official Conduct		3		100%	4		100%
Optional Questions		9	1	89%	9		100%
Tenders for Providing Goods and Services		22		100%	22	1	95%
TOTAL		94.00	6.00	94%	94.00	1.00	99%

Tenders – the non-compliance in this area was a result of an oversight in respect of information provided to Tenderers following the award of a tender, this process has now been updated to ensure future compliance.

OFFICER'S RECOMMENDATION PART ONE

That the Audit and Risk Committee, pursuant to Regulation 14 and 15 of the Local Government (Audit) Regulations 1996, resolves to:

- 1. Review the Shire of Carnarvon's Compliance Audit Return for the period 1 January 2023 to 31 December 2023 and report the results to Council via the minutes of the Audit and Risk Committee meeting.*
- 2. Recommend to Council that Council, at its Ordinary Meeting on 27 February 2024:*
 - a. adopts the Shire of Carnarvon's Compliance Audit Return for the period 1 January 2023 to 31 December 2023;*
 - b. authorises the Shire President and Chief Executive Officer to certify the Shire of Carnarvon Compliance Audit Return and submit the certified copy to the Department of Local Government, Sport and Cultural Industries by 31 March 2024.*



Carnarvon – Compliance Audit Return

Commercial Enterprises by Local Governments				
No	Reference	Question	Response	Comments
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2023?	N/A	The Shire did not conduct any major trading or land transactions in 2023.
2	s3.59(2)(b) F&G Regs 7,8A, 8, 10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2023?	N/A	The Shire did not conduct any major trading or land transactions in 2023.
3	s3.59(2)(c) F&G Regs 7,8A, 8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2023?	N/A	The Shire did not conduct any major trading or land transactions in 2023.
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2023?	N/A	The Shire did not conduct any major trading or land transactions in 2023.
5	s3.59(5)	During 2022, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	N/A	The Shire did not conduct any major trading or land transactions in 2023.

Delegation of Power/Duty				
No	Reference	Question	Response	Comments
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority?	Yes	
2	s5.16 (2)	Were all delegations to committees in writing?	Yes	Reviewed FCM 23 May 2023
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the Local Government Act 1995?	Yes	
4	s5.18	Were all delegations to committees recorded in a register of delegations?	Yes	available on Shire of Carnarvon Website & Compliance Software - Attain
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year?	Yes	Reviewed FCM 23 May 2023



6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Local Government Act 1995?	Yes	
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes	Reviewed FCM 23 May 2023
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes	
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes	
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the Council to amend or revoke a delegation made by absolute majority?	N/A	No Delegations were revoked during his period
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes	Register available on the Shire of Carnarvon Website
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year?	Yes	Reviewed FCM 23 May 2023
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19?	Yes	Delegations Report submitted to FCM each month

Disclosure of Interest				
No	Reference	Question	Response	Comments
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the Local Government Act 1995, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	Yes	
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting?	Yes	Disclosures and any relevant actions noted in FCM minutes
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the Local Government Act 1995 recorded in the minutes of the meeting at which the disclosures were made?	Yes	Disclosures and any relevant actions noted in FCM minutes
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes	
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2022?	Yes	



6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return?	Yes	
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the Local Government Act 1995?	Yes	
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28?	Yes	
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the Local Government Act 1995, did the CEO remove from the register all returns relating to that person?	Yes	Once removed from the Register the information is placed on the person's personnel file
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the Local Government Act 1995 been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes	Once removed from the Register the information is placed on the person's personnel file and disposed of according to the Disposal Authority (GDALG)
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the Local Government Act 1995, in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A?	Yes	
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes	
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the Local Government Act 1995, did the CEO remove from the register all records relating to those people?	Yes	Once removed from the Register the information is placed on the person's personnel file
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the Local Government Act 1995 been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes	Once removed from the Register the information is placed on the person's personnel file and disposed of according to the Disposal Authority (GDALG)
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes	See FCM 2023



16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under section 5.71A(1) of the Local Government Act 1995 relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A	No application applied for
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under section 5.71B(6) of the Local Government Act 1995, recorded in the minutes of the council meeting at which the decision was considered?	N/A	No application applied for
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members candidates that incorporates the model code of conduct?	Yes	Reviewed FC 5/3/23
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the Local Government Act 1995?	N/A	No additional requirements
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website?	Yes	
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website?	Yes	Effective 05.12.2022

Disposal of Property				
No	Reference	Question	Response	Comments
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the Local Government Act 1995 (unless section 3.58(5) applies)?	Yes	
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the Local Government Act 1995, did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	Yes	A template for advertising is used to ensure the information complies with 3.58(4)



Elections				
No	Reference	Question	Response	Comments
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997?	N/A	Candidates did not disclose any gifts for the 2023 election
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997?	N/A	Candidates did not disclose any gifts for the 2023 election
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997?	N/A	Candidates did not disclose any gifts for the 2023 election

Finance				
No	Reference	Question	Response	Comments
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995?	Yes	New Audit Committee was appointed in November 2023. Refer to OCM minutes FC 5/11/23.
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Local Government Act 1995, did it do so by absolute majority?	Yes	Refer to OCM minutes FC 5/11/23
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023?	Yes	An exit meeting with auditors for 2023 was held on 18 December 2023. Auditor's report



				for the financial year ended 30 June 2023 received by the Shire of Carnarvon on 19 December 2023.
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the Local Government Act 1995 required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	Yes	Appropriate action has been undertaken with respect to addressing the findings identified in the auditor's report.
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government?	Yes	A report has been prepared that states what action the Shire of Carnarvon has taken or intends to take for each significant finding identified in the auditor's report. A copy of the report has been sent to the Minister within three months of receiving the audit report by the Shire of Carnarvon.
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the Local Government Act 1995, did the CEO publish a copy of the report on the local government's official website?	Yes	
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit?	Yes	The auditor's report was received by the Shire of Carnarvon within 30 days of completion of the audit.

Local Government Employees				
No	Reference	Question	Response	Comments
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A?	N/A	No recruitment for these positions took place in 2023
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A	No recruitment for these positions took place in 2023
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the Local Government Act 1995?	N/A	No recruitment for these positions took place in 2023



4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A	No recruitment for these positions took place in 2023
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A	No recruitment for these positions took place in 2023

Official Conduct				
No	Reference	Question	Response	Comments
1	s5.120	Has the local government designated an employee to be its complaints officer?	N/A	CEO is the Complaints Officer
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the Local Government Act 1995?	Yes	The register remains blank as no complaints have been received for this reporting period
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the Local Government Act 1995?	N/A	The register remains blank as no complaints have been received for this reporting period
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	Yes	The register remains blank as no complaints have been received for this reporting period

Tenders for Providing Goods and Services				
No	Reference	Question	Response	Comments
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes	Adhered to policy CF001
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations?	Yes	Adhered to policy CF001



3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)?	Yes	
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract?	Yes	
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents, or each acceptable tenderer notice of the variation?	Yes	An electronic portal (Tenderlink) is used for the administration and distribution of tender documents, addendums and submissions. Addendums uploaded to the system are sent to all Tenderers who have downloaded the tender document to ensure compliance with regulation requirements.
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16?	Yes	The electronic portal provides a Tender Key that is only generated after the closing time
7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	The Tender register is regularly updated and available on the Shire's website for public inspection
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	N/A	The electronic portal used by the Shire manages Tenders and maintains compliance with Public Tenders, therefore they cannot be submitted out of place nor out of time.
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes	
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	No	Each tenderer was not given notice in writing containing particulars of the successful tender - just that they were unsuccessful, the



				successful tenderer was given notice of the Council Resolution to award the tender
11	F&G Regs 21 & 22	Did the local government’s advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22?	N/A	No EOI's were processed during the reporting period
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	No EOI's were processed during the reporting period
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer?	N/A	No EOI's were processed during the reporting period
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24?	N/A	No EOI's were processed during the reporting period
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions & General) Regulations 1996 regulations 24AD(4) and 24AE?	N/A	The Shire did not progress a panel of pre-qualified suppliers
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	The Shire did not progress a panel of pre-qualified suppliers
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	The Shire did not progress a panel of pre-qualified suppliers
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG?	N/A	The Shire did not progress a panel of pre-qualified suppliers



19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	The Shire did not progress a panel of pre-qualified suppliers
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	The Shire did not progress a panel of pre-qualified suppliers
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	The Shire did not progress a panel of pre-qualified suppliers
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F?	Yes	A review of Tenders showed Regional Price preferences applied (where appropriate) and identified compliance

Integrated Planning and Reporting				
No	Reference	Question	Response	Comments
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	27/09/2022 Adopted 27/09/2022 by absolute majority
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	26/04/2023 Adopted 26/04/2023 by absolute majority
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)?	Yes	

Optional Questions				
No	Reference	Question	Response	Comments



1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? If yes, please provide the date of council's resolution to accept the report.	Yes	13/06/2023 The Shire engaged Moore Australia to do the Reg 5 Review in the 2022/2023 financial year. Report received by Audit and Risk Committee 13/06/2023.
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? If yes, please provide date of council's resolution to accept the report.	Yes	31/08/2021 Received and reviewed by the Audit and Risk Committee. 31/08/2021
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the Local Government Act 1995, were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act?	N/A	No disclosure of gifts over the reporting period
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events?	Yes	EME002 Attendance/tickets to events endorsed by Council FC 5/3/23
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the Local Government Act 1995?	Yes	
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes	EME003 Elected Members Induction, Professional Development and Conference Attendance Policy adopted FCM 28.11.23 by Absolute majority
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023?	Yes	The Shire retains a register on its website to show all training completed by Elected Members
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023?	Yes	



9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income?	Yes	
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Chief Executive Officer

Date

Mayor/President

Date

5.2 AUDIT AND FINANCIAL REVIEW STATUS REPORT

File No:	ADM031
Location/Address:	N/A
Name of Applicant:	Shire of Carnarvon
Name of Owner:	N/A
Author(s):	Alan Thornton, Deputy Chief Executive Officer
Authoriser:	Andrea Selvey, Chief Executive Officer
Declaration of Interest:	Nil
Voting Requirement:	Simple
Previous Report:	Nil
Schedules:	1. Audit and Financial Risk Status Report

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

To present to the Audit and Risk Committee (Committee) the Audit and Financial Review Status Report. The main purpose of the Audit and Financial Review Status Report is to monitor the progress of the annual financial audits and financial reviews.

Background

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

As part of the Council’s committee structure, the Audit and Risk Committee was established to review areas of an audit.

The Local Government (Financial Management) Regulations 1996 regulation 5(2)(c), requires the Chief Executive Officer to undertake financial management reviews regularly.

The main purpose of the annual financial audit and financial reviews is to examine the appropriateness and effectiveness of the financial management systems and procedures, risk management, internal control and legislative compliance of the Shire.

Stakeholder and Public Consultation

Nil

Statutory Environment

Local Government (Financial Management) Regulations 1996 5(1)
 Local Government (Financial Management) Regulations 1996 5(2)(c)
 Division 3, Section 7.9 Local Government Act 1995
 Local Government (Audit) Regulations 1996.

Relevant Plans and Policy

Nil

Financial Implications

There are no financial implications from this report.

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	The Committee needs to ensure the efficient and effective management of the Shire’s financial and accounting systems, risk management systems which is important to managing any reputational risk.		Monitoring Audit and Financial Review Status Reports will assist in managing any reputational risk regarding the Shire’s financial position and management.
Service disruption	N/A	N/A	N/A
Compliance	The Shire does not maintain a high standard of governance and accountability		Determine if matters raised in the reports require further action and ensure that appropriate action is implemented.
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:

- *Our community is engaged, inclusive and supportive*

ADDITIONAL FOCUS AREAS:

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

BIG IDEAS FOR THE FUTURE OF CARNARVON:

- *N/A*

Comments

The Audit and Financial Review Status Report provides the Committee with the status and progress information of audit and financial review findings and recommendations. The Audit and Financial Review Status Report will assist the Committee in ensuring the efficient and effective management of the Shire's financial and accounting systems, risk management systems, internal control and compliance with legislation by reviewing the allocation of Shire finances and resources and mitigating risk where possible.

A current Audit and Financial Review Status Report will be presented to the Committee at each Audit and Risk Committee meeting.

OFFICER'S RECOMMENDATION

That the Audit and Risk Management Committee Meeting, by Simple Majority pursuant to Section 3.18 of the Local Government Act, 1995, receive the Review Status Report – February 2024 as per Schedule 1.

Audit Comments 2022

Ref#	Finding	Significant	Moderate	Minor	Assessment	Implication	Recommendation	Management Comment	Follow-up comments
1	Fair value of infrastructure assets, land and buildings – frequency of valuations	✓			The Shire has performed a high-level assessment to determine whether its infrastructure assets, land and buildings represent fair value at 30 June 2022. This review indicated there were no significant movements or impacts on its infrastructure assets, land and buildings. However, this assessment relied on the internal assessment by management of current market conditions and did not specifically identify the market indicators that were assessed. The Shire completed an independent valuation of land and buildings in 2020 and infrastructure assets in 2018.	Without a robust assessment of fair value of Shire's infrastructure assets, land and buildings, there is a risk that the fair value of these assets may not have been assessed adequately and in compliance with AASB 13 Fair Value Measurement, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).	We recommend that the Shire consider implementing as part of the preparation of financial statements, a formal robust process to determine whether indicators exist that would trigger a requirement to perform a formal revaluation of the infrastructure assets, land and buildings. Where indicators exist, a robust fair value assessment should be performed in accordance with AASB 13 Fair Value Measurement and the Regulations. This process is to ensure that the Shire's assets are recorded at fair value in compliance with AASB 13 Fair Value Measurement and the Regulations. This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets is likely to have been impacted to any significant / material extent from the prior year. Where a fair value assessment has been performed internally, the Shire may consider having this assessment to be peer-reviewed by an independent valuer to obtain assurance over the valuation methodology applied, inputs and the reasonableness of the valuation model applied.	The Shire will review processes and consider the suggestions above during FY23.	Refer comments in 2023 audit.
2	Unreconciled GST balance		✓		Based on our review of the Shire's GST reconciliation, we noted that there is an unreconciled GST related balance of \$89.5k that relates to FY 2019 and/or FY 2020. The error stems from the untimely preparation of the Business Activity Statement (BAS) in the previous financial years. The Shire has advised that they will be correcting this error in FY 2023.	There is a risk that GST amounts reported to the Australian Tax Office (ATO) are incorrect and GST balances are under/overstated in the financial statements.	We recommend that the Shire reconciles the BAS in a timely manner and that an independent Senior Finance Officer reviews the GST reconciliation prior to submitting the BAS to the ATO.	Management is aware of this balance which relates back to prior years. We expect the reconciliation of PY data to be completed and re-reported to the ATO by the end of April 2023. Some of the error (which related to back posted during audit of grant funding GST treatment) has already been corrected.	Resolved in 2023
3	Corporate credit card statements were not all reviewed/ verified			✓	We noted from our review of the Shire's credit card transactions, that the credit card statements for Dannielle Hill for the period 26/4/2022 to 22/5/2022 had no indication of verification by an independent finance officer.	There is a risk that credit card transactions are paid without proper review and verification by an independent finance officer.	We recommend that the Shire verifies all corporate credit card statements prior to settling the credit card dues for the period.	Shire Corporate credit card statements are reconciled using form F056 - Corporate credit card Reconciliation. Details of credit card transactions are listed on the form with associated supporting documentation attached (receipts, invoices etc). Once reconciled the card holder signs the completed form and then forwards the form to Finance for second sign-off and verification. Management will ensure that Finance staff verifies all corporate credit card statements prior to settling the credit card dues for the period as part of the monthly financial reconciliation process.	Resolved in 2023
Matters Outstanding from Prior Year									
4	General Journals not independently reviewed	✓			We noted that most general journals were prepared and posted by the same officer. They were also not always independently reviewed and authorised by a senior officer. In addition, there was no evidence that rates journals in the Billing Verification Register were independently reviewed and authorised by the Finance Manager.	General journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved. If general journals are not independently reviewed and approved, there is an increased risk that unauthorised journals could result in errors in financial reports or fraud and can be processed and may pass undetected.	Whilst we did not note any matters of audit significance, to help ensure that general journals are bona-fide and correct, all general and rates journals should be reviewed and approved by a senior officer independent of preparation. Evidence of this review should be retained.	We recognise this matter and acknowledge that this is likely to have also occurred in 2021/22 and at the commencement of the 2022/23 financial year. However, management practices have been reviewed and general journals are now independently reviewed.	This has been looked into in the financial year 23/24 whereby all journals are reviewed by the Senior Finance Officer and signed off by the management.

5	Bank reconciliations		✓		Our review of the Municipal bank reconciliation for the month of February 2019 noted there are a number of unrepresented cheques which have been outstanding since 2009.	Untimely preparation of bank reconciliations increases the risk of errors and omissions remaining undetected, which in turn could lead to misstatements in the Shire's financial reports. There is a further risk of non-compliance with Regulation 5(1) of the Local Government (Financial Management) Regulations 1996.	Bank reconciliations are a key control and catalyst for many transactions in other general ledger accounts. To help ensure that accounting records are properly maintained, management should ensure that: ☐ Monthly bank reconciliations are prepared in a timely manner and reviewed by an independent senior officer. Evidence of the review should be retained. ☐ long outstanding reconciling items are cleared in a timely manner. Cheques remaining unrepresented for periods exceeding 1 year may either be reissued or transferred to unclaimed monies and ☐ all accounting entries posted to the bank account are reviewed to ensure that they are valid and appropriate.	Management recognises that Bank reconciliations during 2022 were not carried out in a timely manner. Processes in FY 2023 have been streamlined to reduce the number of bank accounts and transfers between accounts due to receiving and banking inter transactions. While at this point in time (Jan 2023) the Municipal bank reconciliations are still lagging, the reserve, trust and Muni online accounts are being reconciled in a timely manner. Staff are reviewing and transacting daily Muni bank statement data and our finance consultant is still assisting with these matters. We believe reconciliation processes are improving.	Resolved in 2023
6	Unclaimed Monies		✓		We noted that the payable balance (general ledger account 163910) holds excess monies owed to ratepayers following the forfeiture and sale of their properties due to the cumulative non-payment of rates. The outstanding balance at 30 June 2021 was \$20,200. This includes \$6,982.89 that has been held for more than 6 years and should have been transferred to the Department of Treasury under the Unclaimed Money Act 1990 (the Act). Management represented that they have attempted but were unable to locate the relevant ratepayers.	There is a risk that trade and other payables may be misstated and the Shire may be in breach of the Unclaimed Money Act 1990.	We recommend that the Shire actively reconciles their unclaimed monies balance and management transfer any unclaimed monies held by the Shire for 6 years or more to the Department of Treasury, where they have been unable to contact the relevant ratepayers.	Management is aware of this balance which relates back to prior years. We expect the reconciliation of PY data to be completed by 30th June 2023	Senior Finance Officers has started with the reconciliation of unclaimed monies. Will be resolved in 23/24
7	Information Technology Framework		✓		Management has advised that the implementation of the treatment action plans to address the 'Extreme' and 'High' risks identified in the IT Framework is still underway. Further, the Shire's IT Strategy and Framework has not yet been formally approved by Council, pending a further review by an ICT provider who was engaged in October 2022.	Without a current IT Framework, Disaster Recovery Policy and Business Continuity Plan, there is an increased risk that the Shire may not have identified and assessed all its information and cybersecurity risks. Further weaknesses in the disaster recovery and business continuity processes may result in a delay in restoring services as well as financial and reputational damage.	We recommend that management reviews the Shire's IT Framework on a regular basis, to ensure that it reflects the current IT environment and risks and includes appropriate plans to address the IT risks. The Framework should be formally adopted by the Council. Further, action plans should be implemented to address the risks identified in the IT Framework.	The Council has since received the IT Framework – See Council resolution 18/10/2022 below. It is noted that the framework will be reviewed every 6 months and is planned to be presented to Council at its the April 2023 meeting. The High Risk noted in 2021 are addressed within a Risk assessment table. Specific matters from FY21 were addressed as follows: a) Off-Site Data Backup >> Daily Backups are completed. SharePoint Migration planned however will need separate Backup plan to be implemented: Cloud Backup completed and Disaster Recovery Plan and data to be implemented with Budget adoption. Cloud back up is occurring and is confirmed to be working by reports from ICT. A weekly report is generated that shows the success rate of daily and hourly backups. b) Disaster Recovery implementation with Recovery Time & Point Objectives >> Review Point to Point Links and qualify dedicated links where possible applying VPN Capabilities to access Shire Networks. This is expected to be reviewed in FY23/24 c) Full Multi-Factor Authentication for increased Security Measures >> Multi factor authentication has been implemented across the organisation & consultants. d) Workstation Lifecycle Management >> 2022/2023 Budget has been created with consideration to asset renewal (replacing servers/computers etc). e) System Information and Event Management>> Security as a Service Offering from ICT offers System event management. Web Filtering rules to be defined for application on Firewall to limit inappropriate use of Shire internet. f) Internal Wi-Fi Restructure for increased performance and Security>> Wi-Fi Infrastructure has been upgraded in FY23 to strengthen wireless connectivity throughout Shire building.	Resolved in 2023

8	suspend account not cleared at the end of the financial year			✓	The balance in the suspense account remains unadjusted at 30 June 2022.	Lack of regular and timely review of transactions in the suspense account increases the risk that transactions may not be correctly classified and that balances could be misstated. Suspense accounts are temporary accounts that must be closed at the end of the financial year.	We recommend that transactions in the suspense accounts are reviewed on a regular basis and posted to the appropriate accounts. Suspense accounts should be reconciled at year end.	Noted. Management will resolve this in 2022/2023 by improvements to internal processes and by training staff in processes.	
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Audit Comments 2023

Ref#	Finding	Significant	Moderate	Minor	Assessment	Implication	Recommendation	Management Comment	Follow-up comments
1	Inadequate physical inspection of infrastructure assets	✓			We noted that desktop valuations of various infrastructure assets (roads, drainage, pathways, urban drainage, culverts, stock grid, signs and bridges) at 30 June 2023 were completed by Greenfield Technical Services. However there was no comprehensive inspection and condition assessment of individual assets within this asset class, either by management or the independent valuer.	A comprehensive inspection and condition assessment of all assets that are subject to a formal valuation is essential to ensure that impaired or non-existent assets are identified and that the asset records used for the valuations are updated accordingly.	We recommend that when non-financial asset classes are subject to a formal valuation as required by Regulation 17A of the Local Government (Financial Management) Regulations 1996, a comprehensive inspection and condition assessment of these assets should also be undertaken to ensure that asset impairments and updated asset useful lives are considered in the asset valuations.	Greenfield Technical Services prepared a comprehensive inspection and condition assessment of these assets in 2020 and are due to do another in 2024. Since 2020 any new works have been documented into RAMM and any defects noted. As such the Shire is confident that the data in RAMM is sound. The Shire is committed to do every 4 years comprehensive inspection and condition assessment in the future. The Shire will consider the results of the 2024 pickup and may revalue these assets again at that time if deemed necessary.	As per management comments.
2	Super/privileged user access on Synergy Soft	✓			During our review of Synergy Soft system users at 30 June 2023, we noted that 19 staff were classified as super/privileged users (users with full access to Synergy Soft). This includes 5 staff who have Finance roles in the Shire. In addition, the Shire advised that changes made by super users in Synergy Soft were not independently reviewed as at 30 June 2023.	There is a risk of fraudulent transactions being processed in Synergy Soft.	Management should review users who have super/privileged access to Synergy Soft on a regular basis and ensure that their roles and user access rights are not inconsistent. An audit report showing the trail of changes made by super users should also be independently reviewed as part of the Shire's month-end reporting process. Evidence of the review should be retained.	The number of Super users has been reduced. Changes made to the COA maintenance commencing October 2024 are reviewed by the Finance Team, DCEO and CEO monthly basis. The number of Super users will be reviewed monthly along with EDM Finance procedures from December 2023.	Resolved in Financial year 23/24
3	General Journals not independently reviewed	✓			Most general and rates journals were prepared and posted by the same officer and were not always independently authorised by a senior officer.	General Journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved. If general Journals are not independently reviewed and approved, there is an increased risk that unauthorised journals could result in errors in financial reports or fraud and can be processed and may pass undetected.	Whilst we did not note any matters of audit significance, to help ensure that general journals are bona-fide and correct, all general and rates journals should be reviewed and approved by a senior officer independent of preparation. Evidence of this review should be retained.	General Journals are, in most cases loaded by an Officer or consultant, and updated/reviewed by another officer or the consultant. On very rare occasions both upload and update are done by the same person. If this occurs it is normally the consultant as processes occur out of business hours and are urgent. In all cases the journal print outs are referred to Staff for review as soon as possible. We do note that this process was implement in 2023 and there may be some earlier in the year that are being referred to in this finding. Monthly processes have been implemented to include General Journal review and processing.	This has already commenced and all journals are signed off on monthly basis.
4	Unclaimed Monies		✓		We noted that the payable balances in general ledger accounts 163910 and 161900, that hold excess monies owed to ratepayers, had a net outstanding balance of \$7,401 at 30 June 2023 which remains consistent with last year's balance, only decreasing by \$23. Management is unable to quantify the unclaimed monies held for over 6 years that should be transferred to the Department of Treasury under the Act. We understand that a reconciliation of these balances will be completed in FY 2024. This finding was first reported in 2021 and remains unresolved.	There is a risk that trade and other payables may be misstated and the Shire may be in breach of the Unclaimed Money Act 1990.	We recommend that the Shire actively reconciles their unclaimed monies balance and management transfer any unclaimed monies held by the Shire for 6 years or more to the Department of Treasury, where they have been unable to contact the relevant ratepayers.	Over the past 9 months the Shire staff have been reconciling old accounts – we recognise that there are funds held in Balance sheet accounts that are in the process of being re-reconciled for possible return to the payee or to post to revenue. This has in some cases proved to be a demanding exercise where the funds have been returned but posted to another expense account, or the funds were deposited to the Shire's Bank account and it is not known why. The status of these accounts will form part of the monthly reconciliation processes commencing 31st December 2023	In progress for the month of December Reconciliations.
5	Accounts Payable Suspense Accounts			✓	We noted that the trade and other payables balance reported in the annual financial report at 30 June 2023 included suspense accounts (general ledger account 163810 and 16180) with a balance of \$11,300, a slight increase as compared to the prior year. This finding was first reported in 2021 and remains unresolved.	Lack of regular and timely review of transactions in the suspense account increases the risk that transactions may not be correctly classified and that balances could be misstated. Suspense accounts are temporary accounts that must be closed at the end of the financial year.	We recommend that transactions in the suspense accounts are reviewed on a regular basis and posted to the appropriate accounts. Suspense accounts should be reconciled at year end.	Same comment as per finding 4 The status of these accounts will form part of the monthly reconciliation processes commencing 31st December 2023	In progress for the month of December Reconciliations.
6	Inadequate records of signed agreements			✓	We noted that the Shire's Road Access - Upgrade & Maintenance Deed agreement with Yangibana Pty Ltd dated 25 August 2022 was only signed by the Shire. The Shire could not provide us with a copy of the agreement that was countersigned by Yangibana Pty Ltd.	There is a risk that the contract is not legally binding.	Management should ensure that there are adequate records of all contracts that are entered into by the Shire, and that copies of contract that are signed by all parties to the agreement are retained on file.	The Shire will seek to source a copy of the agreement signed by Yangibana Pty Ltd. Yangibana have paid the Shire a bond of \$100,000 as per the agreement, so we believe the contract is legally binding.	This has already commenced and all agreements are kept in a folder on s-drive

FMR - Regulation 5

Priority	Ref#	Finding	Significant	Moderate	Minor	Assessment	Implication	Recommendation	Management Comment	Follow-up comments
Regulation Findings for the year ended 30/06/2023										
1	3	5.2.3 CF013 Significant Accounting Policies				Policy to guide the Shire's financial framework in addition to the Australian Accounting Standards (AAS).	Formalisation of accounting policies may result in a conflict with information prepared in annual financial reports required to be prepared in accordance with AAS and the Local Government Financial Management Regulations 1996, given accounting policies with the budget and annual financial report may differ when prepared at the same time but relate to different financial years.	To avoid conflict with the standards and legislation the policy should not include legislative and standards requirements and should enhance these requirements or provide a policy decision where an accounting standard allows a policy choice. Consider rescinding the policy and adopt accounting policies annually within the Annual Statutory budget.	Adopt accounting policies annually within the Annual Statutory budget.	To be actioned
1	5	6.1.2 ICT Disaster Recovery Plan				Plan to address the handling of ICT disaster recovery.	Staff advised an Information and Communication Technology Disaster Recovery Plan has been prepared, however evidence of the plan being tested to ensure its validity was not available for review.	Maintain, review and test the ICT Disaster Recovery Plan to ensure its validity. Identify and document key ICT risks, along with the treatments to reduce the risk to an acceptable level.	ICT Department to run a demonstration on the plan, on quarterly basis and provide report to the Council.	ICT Department developing ICT Disaster Recovery Plan.
1	14	6.2.6 Corporate Transaction Cards				Systems and processes to control use of Corporate Credit / Transaction Cards held.	<ul style="list-style-type: none"> We noted two instances through our testing where credit card expenses were not reviewed and approved by an independent more senior member of staff. Staff representations indicate procedures have been updated to ensure future reviews are performed and evidenced. Our limited testing noted an instance where the tax invoice and support documentation for a credit card transaction did not reconcile with the charge incurred. Signed agreements for corporate credit and transaction cards were not available for our review. As well as credit cards, Policy CF010 Corporate Credit Cards encompasses broader corporate transaction cards including fuel cards, for which user agreements have not been established. We noted limited compliance with policy CF010 in relation to fuel cards, including: <ul style="list-style-type: none"> Documentation to support transactions being routinely maintained or acquitted; and Inadequate processes and controls for lost cards. Formal process to monitor fuel stock purchased and allocated were not available. It was also observed the practice of sharing fuel cards routinely occurs. Allowing the practice of using cards to refuel vehicles other than the card assigned to a Council vehicle will hinder the detection of potential misuse. Fuel is recorded as it is allocated through creditors processes and reviewed for reasonableness periodically, however controls to reconcile fuel usage against purchases are considered inadequate. 	<ul style="list-style-type: none"> Review, update and maintain procedures to require cardholders to review and certify expenses incurred on their credit cards each month, which are subsequently reviewed by an independent more senior member of staff. Maintain updated systems and processes relating to credit cards, to ensure adequate controls exist relating to compliance with adopted policy and approved procedure requirements. These should also provide for robust control and review processes prior to payments being deducted through automated bank payments. Ensure agreements are signed by all corporate transaction card holders to comply with Policy CF010 Corporate Credit Cards. Review systems and procedures to ensure all credit card holders have acknowledged and signed the documentation setting out cardholder responsibilities and legal obligations when using Shire corporate transaction cards. Ensure corporate transaction cards are issued only after this has occurred and documentation has been appropriately filed as required. Develop and implement procedures for the monitoring of fuel purchased in an effort to detect any issue or potential misuse with cards. Procedures should provide for standard procurement systems and controls to be maintained when purchasing fuel. 	<ul style="list-style-type: none"> Senior Finance Officer Operations to report on the current process and procedures used. Reconciliation will form part of end of monthly reporting and reconciliation. 	Reconciliations are performed and presented to Council on monthly basis
1	17	6.2.9 Changes to Banking Details				Controls to validate banking change requests.	We identified weaknesses in the formal procedure to change supplier banking details.	Formal procedures relating to changes to banking details should be updated to ensure sufficient controls exist in both substantiating the change request and the changes performed within the Shire's ERP system. Review and update procedures to ensure the following matters are appropriately considered, documented and controls are adequate to: <ul style="list-style-type: none"> validate the change request and its origin; Authority exists for the change request; and Validate and control the changes once completed. 	<ul style="list-style-type: none"> Senior Finance Officer Reporting to report on the current process and procedures used. Reconciliation will form part of end of monthly reporting and reconciliation. 	Creditors audit trial report is presented and verified with each EFT payments. This shows any changes to the Creditor details.
1	18	6.2.10 Electronic Banking Transactions				Process to reduce opportunity for fraudulent activity with electronic banking.	We noted access to the ABA file from the time of generation to the time of upload to the bank is not adequately restricted with minimal verification process undertaken to ensure the ABA file is unmodified when uploaded to the bank. This may present risk of fraudulent manipulation of the ABA file.	Improve controls to minimise the risk of electronic banking details being fraudulently manipulated through secure storage of ABA banking files. Controls should exist to restrict access to these files, and to detect and prevent any unauthorised changes being made.	<ul style="list-style-type: none"> Senior Finance Officer Operations to report on the current process and procedures used. Reconciliation will form part of end of monthly reporting and reconciliation. 	Creditors audit trial report is presented and verified with each EFT payments. This shows any changes to the Creditor details.
1	21	6.2.13 Interest on Rates Instalments				To determine the interest rate to be imposed where payment of a rate or service charge is made by instalments	Notes to the 2021/22 & 2022/23 statutory budget state interest rates to be imposed on rate instalments is set at 6%. The adopted schedule of fees and charges also sets out the instalment interest rate be set at 6%. The maximum interest rate permitted by regulation 58 of the Local Government (Financial Management) Regulations 1996 is 5.5%.	Ensure future adopted interest rates applied to rates instalments do not exceed regulatory or legislative provisions.	This shall be adopted in every budget and followed through Local Government Act.	Rates parameters have been amended to 5.5%. Staff will ensure percentages are correct for the 24/25 Budget.

1	23	6.2.15 General Journal Entries			Journals are initiated processed which are independently reviewed and approved.	There are limited documented internal control procedures for general journals and limited controls relating to the posting of journals through the Shire's ERP. We noted review and evidence of journals after posting has not been consistently maintained.	Document internal controls to ensure journals requests initiated are reviewed and approved/authorised prior to posting by an appropriate officer, the practice of independent review is consistently maintained, and evidence of review is routinely applied. A monthly journal audit trail report should be produced and independently reviewed and confirmed to previously approved journals prior to preparation of the monthly statement of financial activity.	Senior Finance Officer Reporting to implement.	<i>This has been implemented, general journals are reviewed and authorised prior to update. End of month processes include a full review of all general journals.</i>
1	26	6.2.18 Trust Fund			Controls to ensure no errors exist in the transactions for the trust fund account.	<ul style="list-style-type: none"> The trust fund currently includes bonds, deposits and other transactions. These other transactions include unclaimed monies and suspense account transactions. It is understood from staff representations, the Trust Fund has been undergoing examination to correctly allocate bonds and deposits. Limited processes were noted to monitor transactions in the trust fund to ensure only amounts required to be in the trust fund are maintained within the fund. 	<ul style="list-style-type: none"> Remove all funds which are not required by law to be held in the trust fund, and transfer to the Municipal Fund, in line with the Office of the Auditor General (OAG) position paper on Accounting for Work Bonds, Building Bonds and Hire Bonds released in July 2019. Develop a process to monitor the trust fund to ensure only required funds are kept in the fund. 	Resolved in FY22	Resolved in FY22
1	27	6.2.19 Bank Reconciliations			Processes for the control of the Shire's cash at bank.	Reconciliations for the bank were not always conducted in a timely manner from samples selected for our review. Staff representations detail this was being due to the unavailability of key staff to perform the task. Bank reconciliations are a key control and any untimely, non-reconciled bank accounts are considered a high risk to an organisation.	Progress completion of bank reconciliations for the 2022/23 period as a matter of urgency. Review systems and processes to ensure staff capacity for the regular and timely completion and review of bank reconciliations.	Senior Finance Officer Operations to report on the status of the ledger accounts.	<i>Bank Reconciliations for all bank accounts are completed on a monthly basis, in a timely manner. These are reviewed by the CEO and CFO.</i>
1	33	6.3.3 Payroll			Procedures and practices to allow for appropriate review, processing and approval of fortnightly payroll.	<ul style="list-style-type: none"> In the course of our review, we noted instances where evidence of preparation, review and authorisation of fortnightly payroll reports was not recorded. Payments to third parties processed through payroll deductions were not always processed in a timely manner. Through our limited testing, we noted instances where evidence of correspondence on employee files to support the current rate of pay applied through the payroll was not available, or documentation to support pay rate increases does not contain sufficient detail to support the current pay rate. We observed more recent documentation notifying employees of any changes to their agreed remuneration entitlements contains more clarity and detail to communicate the changes being made and this practice is encouraged to continue. 	<ul style="list-style-type: none"> Implement documented procedures to ensure adequate controls are consistently followed with regard to preparation, review and authorisation of fortnightly payroll reports, with appropriate evidence of these reviews consistently recorded. Review and update systems and controls to ensure payments to third parties from employee payroll deductions are processed in a timely manner following each payroll. Ensure contracts of employment, defining roles, responsibilities and remuneration, are signed by both parties prior to employment commencing for all staff. Where a change to employee conditions takes effect, such as award increases, consider a mechanism to communicate the change to employees. The practice of updating employment agreements where a change in roles and responsibilities should also continue. 	People and Culture Manager to provide update on this.	To be actioned
1	38	7.2.3 Investment Register			Register of investments held to evidence the nature and location of all investments and all transactions in relation to investments.	An investment register was not available for our inspection detailing the nature and location of all investments and all related transactions.	Recording the nature and location of all investments and related transactions is required by Regulation 19 (2) of the Local Government (Financial Management) Regulations 1996. Tracing of funds on maturity of investments is essential and record of where funds are transferred and who authorised the transfer should be maintained within the register. Maintaining printed copies of the investment register, reviewed and authorised by a senior manager, independent of the control of the investments, prevents subsequent amendment to the register.	Senior Finance Officer Operations to provide a report on this.	<i>Prior to 23/24 the Shire did not invest funds. Staff have recently invested funds in Term deposits and are developing documented procedures.</i>
2	1	5.2.1 Policy Reference to Legislation and External Information	✓		To support the link between Council policy, legislation and other information sources.	We noted some policies contain specific detail relating to legislation and other external references, including: <ul style="list-style-type: none"> CF006 Financial Hardship CF012 Rates Changes This practice may result in conflict between the policy and legislation or guidance in the instance of a change in legislation, guidance, or other external references.	Update policies to remove specific and / or detailed references to legislation and other external references to assist with maintaining appropriate alignment and consistency in Council policies.	Council adopted the policy register in July 2023, policies are reviewed annually, as such the matters identified will be reviewed. Staff believe that policies should refer to legislation if applicable.	To be actioned

2	2	5.2.2 CF001 Purchasing and Procurement			Policy providing a best practice approach and procedures for purchasing. Ensure consistency for all purchasing activities which integrate with all operational areas. Requires compliance with the Local Government Act 1995 and Functions and General Regulations 1996.	<ul style="list-style-type: none"> The policy provides limited direction regarding contract variations and extensions awarded or against a written specification not awarded by tender. Extension of contracts and associated price changes are also not covered by the policy. For contracts awarded by tender, legislation provides minimum requirements. Purchasing requirements for procurement of goods or services in accordance with the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2), are not consistent within the policy. The CEO is required to ensure controls exist for all purchases including those made using these exemptions. Testing the market through sourcing multiple quotations when applying policy exemptions is one mechanism available to demonstrate such controls are in place, regardless of whether the quotations are being sought from pre-qualified suppliers, WALGA Preferred Supply Contracts or other suppliers. Authorisation for a sole source of supply arrangement considered under the policy is able to be approved by an authorising officer with the required level of purchasing authority. Requirements to evidence market testing when applying the exemption are not considered sufficiently detailed in the policy or associated procedures. 	<ul style="list-style-type: none"> Purchasing requirements for the issuing of contract variations and extensions for contracts not awarded by public tender. Consideration should be given to circumstances where the contract value increases over a policy threshold level, due to the variation or extension; Insert purchasing requirements for procurement of goods or services made under the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2). Require CEO approval to only obtain a single quote under sole source of supply exemptions and implement procedures to define requirements for exercising the exemption. Procedures should aim to assist with accountable processes and transparent decision making with purchasing activities to report the circumstances, occasions and purchasing values where the sole supplier policy provision is exercised. 	<ul style="list-style-type: none"> Finance Officer Procurement and Senior Finance Officer to review the Policy for Procurement and Tenders with the annual policy review and amend and implement reporting templates for any contracts awarded as required. 	In progress - procedures to be developed by the Finance team to ensure this is followed.
2	4	6.1.1 Information Communications Technology (ICT) Strategic Plan			Plan to guide the future development and delivery of ICT services	An ICT Strategic Plan highlighting and addressing ICT risks and how they are to be addressed was not available for our review.	Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level.	ICT Department to be advised to look into a Strategic Plan on ICT of the Council.	In progress
2	6	6.1.3 Business Continuity Plan			Plan to facilitate organised decision-making in the event of a major incident impacting the Shire's ability to continue normal operations.	Business Continuity Plan was not available for our review.	Develop a Business Continuity Plan and test it to ensure its validity. The plan should facilitate organised decision making in the event of any major disruption impacting the Shire's ability to continue normal operations, with testing involving relevant and key personnel to ensure validity of the identified risks and treatments within the plan.	Deputy Chief Executive to lead a team to develop the Business Continuity Plan. Team leaders of all departments to be part of it.	To be actioned
2	7	6.1.4 Long Term Financial Plan			Financial report to achieve the strategies set out in the Council's Strategic Community Plan.	A current Long Term Financial Plan was not available for review. Although there is no documented requirement for timing of reviews, it is a key tool (aligned to the Corporate Business Plan and annual budget) for ensuring long term financial health.	Review the Long Term Financial Plan to monitor financial health and maintain effective alignment with Integrated Planning and Reporting documents.	Senior Finance Officers to develop the plan and discuss with Deputy CEO.	In progress - Accwest
2	8	6.1.5 Asset Management Plan			Plan prepared to assist the Shire to improve the way it delivers services through its infrastructure assets such as roads, drainage, footpaths, public open space and buildings.	A current Asset Management Plan was not available for review. Although there is no documented requirement for timing of reviews, it is a key tool (aligned to the Corporate Business Plan and annual budget) for ensuring financial sustainability.	Review and update the Asset Management Plan to maintain effective alignment with Integrated Planning and Reporting documents.	AMP document was presented to Council in February 2023. Executive Manager Infrastructure to provide update.	To be actioned
2	9	6.2.1 Operational Procedures			To provide direction to staff in the delivery of day-to-day operational tasks, as well as guidance for expected processes, systems, and controls to be maintained.	A number of formalised procedures for some key financial operational functions were noted during our review, however many of these procedures have not been formally reviewed and updated in recent years. Documenting and maintaining financial functions through checklists, flow diagrams or documented procedures are key elements in establishing, understanding and enforcing financial controls.	Undertake a review of existing operational procedures, and where required develop and implement additional procedures, to provide operational guidance aligned with adopted Council policies and legislation. Procedures should provide for activities not necessarily covered by legislation to communicate expected standards to staff from the CEO, in the course of implementing strategic direction and decisions of Council. Consistent maintenance of documented procedures and checklists, and / or workflow process diagrams may assist in clearly identifying controls and processes to be followed.	Senior Finance Officer Operations to look into the current policies and recommend suggestions for improvement to ensure a robust system is developed.	To be actioned

2	10	6.2.2 Procedure Changes			Process to control and manage change to procedures.	Process for amending or changing procedures has not been formalised. This creates opportunities for unilateral unauthorised changes to procedures and a breakdown in key controls.	Establish a process for the development, review, amendment and authorisation of procedures, checklists and other internal control documentation, throughout the Shire to assist with managing changes to procedures.	Senior Finance Officers to review recommendation.	To be actioned
2	11	6.2.3 Risk Management Procedures			Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.	Some risk management activities currently undertaken are largely undocumented.	*Risk management should underpin the financial management of the Shire as such implementation of risk management procedures is considered important. *Risk management procedures and processes are to be developed in accordance with the latest risk management standard (ISO 31000:2018). *Implement risk management procedures and processes throughout the whole organisation.	Deputy Chief Executive to review and recommend to Council via agenda item.	To be actioned
2	12	6.2.4 ICT Security			Procedures and practices to ensure the security of ICT information, systems and data.	The Shire is reliant on the advice of ICT consultants to maintain the security of the ICT system, with no independent oversight or review. From staff representation and our understanding of ICT controls we noted no formal process was in place to review, monitor and control access to financial records.	Undertake a comprehensive independent ICT security review, document current policies and practices, and implement findings of the review. This review should be undertaken by those with the appropriate expertise, skills, qualifications and credentials and independent of current ICT providers.	ICT Department to draft the policies and procedures on this.	To be actioned
2	13	6.2.5 Records			Procedures and practices to ensure the appropriate maintenance and recording keeping of physical and digital financial records.	Based on our enquiries with staff, regular refresher training for the use of the records system is not currently in place to support and direct staff and contractors to the appropriate procedures to save records in accordance with the Shire's record keeping plans and policies. This may increase risks associated with compliance with required record keeping controls. Where compliance with required controls is low, information may become compromised in that deletions, loss and compromised security or confidentiality of records may occur.	Review systems and processes to monitor the practice of financial record keeping within the organisation and identify any misuse and correct appropriately. Ensure currency of the Record Keeping Plan and implementation of any improvements noted within the plan, including self evaluated improvements, ongoing training and any actions noted by the State Records Office.	Senior Finance Officers to review with Co-ordinator Governance and information executive to develop appropriate practices.	To be actioned
2	15	6.2.7 Procurement			Procedures for the procurement of goods or services.	Through our limited testing, we noted the following: • An instance where items were added to a purchase order after it had been authorised; and • An invoice did not pre-date the purchase order.	All procurement of goods or services should be undertaken in accordance with the purchasing policy and associated procedures. A review of the purchasing procedures may be required to ensure controls are practical and addresses identified procurement risks, including prevention of changes to authorised purchase orders. Any instances where a purchase pre-dates a purchase order should be documented, reviewed and authorised to demonstrate controls have been developed to comply with and ensure the purchasing policy has been adhered to.	Finance Officer Procurement and Senior Finance Officer Reporting to review current policy and procedure	To be actioned
2	16	6.2.8 Outstanding Purchase Orders			Process to ensure invoices are being processed in a timely manner and in accordance with the purchasing policy.	We did not observe any formal procedures relating to the routine monitoring of and clearance of outstanding purchase orders. Regular review of outstanding purchase orders should be undertaken to assist with monitoring the value of and status of associated liabilities.	Regular review of outstanding purchase orders should be undertaken to assist with monitoring the value of and status of associated liabilities. Establish procedures to include routine review of the status of outstanding purchase orders. Ensure any controls developed are routinely and consistently applied.	Finance Officer Procurement and Senior Finance Officer Reporting to review.	At the end of each month an outstanding purchase order report is printed and reviewed.
2	19	6.2.11 Revenue Controls at Shire Facilities			Procedures and systems for the collection of revenue and handling of cash at Shire facilities.	Weaknesses in revenue controls for the collection of fees and charges, sale of goods and provision of services at some Shire facilities were noted during our review. We noted some systems and processes are heavily reliant on manual systems and the comprehension of required actions by staff, with limited monitoring and review of records from facilities to reconcile transactions performed through the administration office. We noted the following: • Erroneous invoices being issued, requiring credit notes to be raised and in some instances recommendations for write off of receivables; and • Breakdowns in controls where invoices were not raised in a timely manner. - Security controls for cash held for some business units are considered inadequate. Controls are not consistently documented to ensure appropriate review and authorisation processes occur in relation to the management and handling of cash by staff and contractors.	*Review and update systems and processes to determine practical procedures, documentation and controls for the sale of goods and provision of services at Shire facilities. Procedures should ensure routine compliance with regulatory requirements, include appropriate controls to monitor, review and reconcile reports and demonstrate greater transparency and control between the administration office facilities. *Ensure access to any cash held is restricted only to authorised personnel through secure storage and where possible, significantly reduce the potential amount of cash received through alternate means. Implement appropriate documented procedures and controls for cash maintained including processing of cash receipting. Processes should also include reference to insured amounts relating to cash, to ensure adequate insurance levels are maintained.	Senior Finance Officers to review recommendation.	

2	20	6.2.12 Rates			Rates are correctly imposed and rate system is properly maintained.	Routine reviews of rate exempt properties as defined by section 6.26(2)(g) of the Local Government Act 1995 appear to be undertaken informally. Staff representations indicate formal controls to guide and evidence the review process are under development.	Progress the development of and maintain systems and processes whereby routine reviews are undertaken of rate exempt properties within the Shire, confirming these properties are used exclusively for rate exempt purpose.	Finance Officer Rates to include in End of year processes.	In progress
2	22	6.2.14 Fixed Assets			Fixed Assets are properly accounted for and controls are operating effectively	•Entries and reconciliations of fixed asset acquisition, disposal and adjustment of assets into the fixed assets register for the 2022-23 financial period had not been processed until the December 2022 reporting period, due to delays with completion of the 2022-23 audit. •Support documentation for some asset additions selected for testing were not available for our review and unable to be tested.	Review system processes to ensure regular and timely preparation of asset reconciliations, including review and authorisation by an independent officer.	Senior Finance Officer Reporting to review.	This will be discussed with Accwest
2	24	6.2.16 Stock Control			Process to ensure stock is correctly allocated and monitored as to reduce the potential for theft or misappropriation.	•Stocktakes were noted to have been undertaken at some Shire facilities for certain inventory items, however the level of independence for the stocktake and verification is not considered adequate. Inventory working papers note stock being recommended to be written off to balance the stock on hand value to the stocktake performed with no explanatory detail to support the write offs. •Processes to monitor some fuel stock allocated through bulk fuel stores are considered inadequate. Fuel is recorded as it is allocated and reviewed for reasonableness by management each month.	•Review and update systems and procedures relating to stock controls at Shire facilities, including permission/authorisation requirements for stock write offs. Routine / periodic stocktakes should minimally include reconciliation of stock movements against sales and independent review of data etc. Ensure appropriate controls exist to evidence independent review of data as required. •Develop and implement procedures for the monitoring of fuel stores in an effort to improve opportunities to detect any issues or potential misuse with fuel allocations.	Senior Finance Officer Reporting to review. Stock is limited to Fuel and Visitor Centre.	In progress
2	25	6.2.17 Overhead & Administration Allocations			To allocate indirect costs in a practical and efficient manner.	No process is currently in place to determine the allocation of indirect costs for plant or public works overheads. From staff representations, current allocation rates are based on historical estimates and no calculation method to support the allocations was available for review.	Undertake a review of activity-based costings to support calculation of overheads.	Senior Finance Officer Reporting to work together with Accwest to implement a structured processes with the 24/25 budget.	In progress
2	28	6.2.20 Monthly Statement of Financial Activity			Monthly statements of financial activity prepared in accordance with legislative requirements.	We noted some information was not included in the documents supporting the statement of financial activity as required by regulation 34 of the Local Government (Financial Management) Regulations 1996: • Annual budget estimates; • Year to date budget estimates; and • Explanation of material variances. This occurred for the monthly statement of financial activity for the period ended 31 July 2022, and was a result of the 2022/23 budget having not been adopted at the time the statements were prepared.	Ensure future monthly statements of financial activity are completed to contain all items required by legislation.	Not applicable	Complete
2	29	6.2.21 Annual Report			Ensure the annual report contains all information required by legislation, is accepted by Council and published to the local government website as required.	The 2020-21 annual report did not include all information required by legislation, namely: • Remuneration paid or provided to the CEO during the financial year; and • Information on payment to employees entitled to an annual salary of \$130,000 or more is required to be reported by each band of \$10,000 over \$130,000. Although information relating to payments made to employees is included in the annual report, the table references the 2019-20 period and previous reporting bands.	Ensure future annual reports include all information required by legislation.	Checklist to be task in Attain. Governance Officer to arrange.	In progress
2	30	6.2.22 Regulatory Reporting			To submit financial reports and budget reviews to the Department of Local Government, Sport and Cultural Industries (DLGSC) within regulatory timeframes.	Evidence to support submission of the following to DLGSC was not available for our review: •2021-22 mid year budget review to the Department within 30 days of council making a determination as required by the Local Government (Financial Management) 1996 Regulations regulation 33A (4); • 2022-23 adopted annual budget within 30 days of adoption by Council as required by the Local Government Act (Financial Management) 1996 Regulations regulation 33. • 2021-22 annual financial report within 30 days of the receipt of the audit report by the CEO as required by the Local Government Act (Financial Management) 1996 Regulations regulation 51 (2).	Review systems and procedures to ensure future regulatory compliance and timeframes are able to be met.	Checklist to be task in Attain. Governance Officer to arrange.	In progress

2	31	6.3.1 Leave Entitlements			Procedures to ensure proper recording of leave accruals and entitlements.	<ul style="list-style-type: none"> Parameters within the payroll system may allow for leave applications for employees with insufficient leave entitlements to be approved with no notification leave will enter a negative balance. This was noted to have occurred for some employees following implementation of a new payroll system. Staff representations noted parameters to control leave approvals may not be sufficient, in that leave applications can be approved on mass rather than by individual employee. This is not captured in audit trails and an occurrence of this nature would result in onerous and labour intensive corrective actions. 	Given current controls are highly reliant on the awareness, intervention and knowledge of current personnel, a full review of procedures and controls is required to determine practical procedures, documentation and controls for the authorisation of leave entitlements. Routine monitoring and review of payroll and leave reports should be undertaken to capture anomalies to assist timely identification and remedy of errors.	People & Culture Manager to review.	In progress
2	32	6.3.2 Payroll Audit Trails			Procedure to allow for appropriate review and approval of changes made within the payroll system.	While reviews of changes made to employee master file and parameters appears to be occurring when each payroll is processed, limitations to the effectiveness of payroll audit trails currently exists. This appears to be the result of inadequate reporting parameters which may result in omissions and errors in generated reports. We noted changes captured in the audit trail report did not include details of the staff member making the change in all instances.	Procedures to minimise the risk of erroneous or unauthorised changes to employee details should be implemented. Regular reviews of software audit trails should be undertaken as a minimum. Where possible, segregation of those responsible for processing payroll transactions to staff able to make changes to the employee master file. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes. Where effectiveness of audit trails is limited, alternate programs or controls to provide appropriate level of review to effectively detect fraud, errors or omissions should be developed.	People & Culture Manager to review.	In progress
2	34	6.4.1 Insurance Claims Register			Register of insurance claims to provide high level monitoring of risks	An insurance claims register detailing claims made against and by the Shire was not available for review.	Develop and maintain an insurance claims register or alternatively develop systems within the risk register to monitor and manage insurance claims.	Senior Finance Officer Reporting to review.	In progress
2	35	7.1.1 Council and Committee Minutes			Official record of proceedings and decisions.	We noted instances where details of two decisions made at the ordinary meeting of Council held 24 January 2023 relating to tenders were not recorded in the minutes. The decisions both refer to a 'schedule of rates' which were included as a confidential attachment to the agenda item, and not published in the minutes of the meeting. Regulation 11 of the Local Government (Administration) Regulations 1996 requires details of each decision made at Council and committee meetings to be recorded in the minutes, and also requires documents attached to an agenda to be attached to the minutes unless the meeting or that part of the meeting to which the document refers is closed to members of the public.	Review procedures for recording of official minutes to ensure all detail, decisions and documents / attachments required to be recorded by legislation are captured.	The Governance Officer to see that the meetings by laws to be adhered to always. Discuss with CEO.	In progress
2	36	7.2.1 Financial Interest Register			Records details required under the Act relating to financial circumstances of relevant persons.	Some primary and annual returns recorded in the register are not in the prescribed form required by legislation. At the time of our review, a new system was being implemented to manage future returns in the correct format. At the time of our review, maintenance of register of financial interests was not in accordance with legislative requirements, in that some recent primary and annual returns were being maintained electronically, with older returns being maintained in hard copy. Section 5.88 of the Local Government Act 1995 requires the financial interest register to contain: <ul style="list-style-type: none"> Primary and annual returns; and A record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A. 	Update the Financial Interest Register to include all disclosures as required by legislation. Ensure procedures are in place to capture and record information in the prescribed format and as declarations are received.	Councillors and staff receive a task from Attain to completed the declarations when due.	Complete
2	37	7.2.2 Tender Register			Statutory register of tenders called.	On inspection of the tender register we noted two instances where the summary value of the successful tender was not recorded in the tender register or available through the minute record awarding the tender.	Ensure the tender register complies with Regulation 17 of the Local Government (Functions and General) Regulations 1996 for any future tenders called.	Finance Officer Procurement to ensure register is compliant.	SFO -Reporting to review register annually

2	39	7.4.1 Internal Audit			Internal audit monitors the level of compliance with internal procedures and process along with assessing the appropriateness of these procedures.	Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken.	We suggest as the level of documented procedures increases, an expanded internal audit function to confirm adherence to documented policies and procedures may be required as recommended by the OAG in their report to Parliament on the Audit Results Report – Annual 2017-18 Financial Audits of Local Government Entities.	Senior Finance Officers to review.	
2	40	7.4.2 Significant Audit Matters			To ensure action is taken to improve significant matters raised by auditors in the audit report.	A significant adverse trend was identified during the 2018-19, 2019-20 and 2020-21 audits, as well as significant audit matters in 2020-21. We noted: <ul style="list-style-type: none"> • A report was not prepared stating actions intended to be taken in relation to the adverse trend noted or significant matters noted; • The report is required to be submitted to the Minister; and • The report is required to be published on the official local government website. as required by legislation.	Ensure any future reports are prepared and published in accordance with legislation and within required time frames as required by section 7.12A of the Local Government Act 1995.	Ratios are no longer reported at this stage	Complete
2	41	7.5.1 Financial Management Review			Review of the appropriateness and effectiveness of the Financial Management systems and procedures of the local government required to be undertaken every three years by Regulation 5(2) of Local Government (Financial Management) Regulations 1996.	A financial management review was last undertaken in May 2019, which is outside the time period required by Regulation 5(2) of Local Government (Financial Management) Regulations 1996.	Ensure the next review is undertaken within the next three years as required by legislation.	Senior Finance Officers to ensure Attain in up to date with Compliance task deadlines.	

Financial Department Review

Ref#	Finding	Significant	Moderate	Minor	Assessment	Implication	Recommendation	Management Comment	Follow-up comments
Final Audit Findings for the year ended 30/06/2021									
1	Implement task lists for the following: a. Monthly processes for each position. b. Preparation of the monthly financial statements c. Preparation of the annual financial statements d. Preparation of the annual budget	✓			To ensure the monthly financial statements (MFS) are produced in a timely manner, with the highest level of accuracy, it is imperative that an End of Month task list is completed. This task list should reference the pathway to the supportive evidence which will prove the final figures used to compile the statements. Compiling and recording the supportive evidence at month end, will result in all the evidence being readily available for both the interim audit and annual audit.	Implementing changes to procedures can result in tasks taking longer to perform initially, however the changes will result in a reduction of errors and increased efficiency. End of Month task list will have the added benefit of uncovering any errors on a month-by-month basis and will result in the annual financial statements (AFS) being produced by the due date	Each staff member is accountable for the end of month tasks required to be performed in their job role. They should complete the relevant note in the monthly financial statements so they are aware of the relevance to the overall good governance of the local government. The task list will be signed by the responsible staff member and countersigned by their manager. A task list should also be used to prepare the annual budget and the annual financial statements	Monthly task list has been developed and implemented.	Complete
2	Develop & implement a Finance Compliance Calendar				Establish an automatic reminder process to ensure staff can achieve deadlines. The tools within Office 365 should be utilised to set reminders well in advance to ensure deadlines are met.	Without a Finance Compliance Calendar Compliance requirements not completed. Compliance deadlines may be missed.	The Deputy CEO should be accountable for ensuring the finance compliance calendar is reviewed on a fortnightly basis.	Compliance Calendar reviewed each fortnight via Attain software package.	
3	Conduct regular meetings to review both individual and team workload and/or assistance.				It is suggested that individual meetings and team meetings are held on alternate fortnights to address any concerns regarding workload and achievement of deadlines.	Lack of communication can lead to work place issues not being addressed. Deadlines not being met.	The senior finance officers should act as the team leads in this instance.	Regular meetings to review both individual and team workload and/or assistance have been taken place.	On-going
4	Staff training				Currently, some tasks performed by the finance department can only be completed by one team member.	No back-filling of finance staff when absent from the office can cause delays in tasks being completed. Knowledge and skills loss when staff leave the Shire	All staff should be trained to provide relief to at least one additional position so they can assist each other during peak periods. They will also learn skills that may prove valuable in their career progression	Staff training has occurred. Staff trained to provide relief to at least one additional position.	On-going
5	Continuous improvement initiatives				Emphasis should be placed continuous improvement initiatives	Processes and improvement in efficiencies not achieved	Establish a training program to foster continuous improvement within the department.	Staff training has been provided in order to provide relief during peak periods. Staff focused on identifying and implementing continuous improvement initiatives.	On-going
6	Career progression				Knowledge of career advancement/opportunities not being identified in finance department	Staff not motivated in current due to perceived lack of future opportunities	Develop a succession planning strategy to offer opportunities for growth and career advancement.	Succession planning is part of the overall Shire People & Culture Strategy. Opportunities are available to finance staff for career advancement.	
7	Review Finance Department structure				Change the Manager of Finance position to a Senior Finance Officer position.	Revision of Finance Department structure needs to reflect current needs of the finance function	Review the structure of the finance department annually during the budget preparation process.	Structure of finance department reviewed for 2023/2024 budget. Structure will be reviewed annually.	

8	Staffing levels				Support to assist the DCEO and provide relief hours to the finance department is required		Create a new position of Executive Assistant/Finance Officer	Position has been created.	<i>EA/FO has been training new staff in Customer Service role.</i>
9	Maintain Hybrid Model				Hybrid Model involves engaging a financial consultant/contractor	Current skill level and capability of finance staff to perform top end compliance work needs to be developed.	Engage a contractor to provide the "top end" financial services such as a monthly financial statements, annual financial statements and annual budget	Contractor has been engaged. Providing financial services and building internal capacity to perform financial reporting and budgeting role.	
10	Creditors				Time taken to process creditor payments is above benchmark comparisons.	Creditors function is at full capacity processing 230 creditor payments on average each month. The time taken to process these transactions is approximately 39 minutes which is above the average of 28 minutes. This equates to approx. 40 hours per month above benchmark.	Efficiencies will be gained with the implementation of Altus Procurement and introducing electronic processing of invoices.	Altus Procurement implementation is being reviewed. Implementation is a time-consuming exercise.	<i>On-going</i>
11	Bank Reconciliations				Formal reconciliations not being performed and approved.	Monthly financial statements were produced without formal reconciliations being performed and approved.	Implementation of Altus Bank Reconciliation module. This new modules will result in significant savings in time, will increase efficiency and accuracy and enforce compliance.	Altus Bank Reconciliation module is being reviewed. Shire banking structure needed changed to allow for Altus Bank Reconciliation module. First, bank reconciliations need to be completed.	<i>On-going</i>

6 DATE OF NEXT MEETING

7 CLOSE