



# **BUDGET REVIEW REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2023**

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SHIRE OF DANDARAGAN  
STATEMENT OF BUDGET REVIEW  
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	Budget v Actual		Predicted			
		Adopted Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Temporary (Carryover) (d)	Estimated Year End Amount (a)+(c)+(d)	
		\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>							
<b>Revenue from operating activities</b>							
General rates							
3.1.1		7,391,929	7,371,304	24,811		7,416,740	▲
Grants, subsidies and contributions							
3.1.2		933,246	533,347	133,295		1,066,541	▲
Fees and charges							
3.1.3		2,628,096	2,231,808	64,896		2,692,992	▲
Interest revenue							
3.1.4		34,930	42,216	174,500		209,430	▲
Other revenue							
3.1.5		130,167	97,171	17,505		147,672	▲
Profit on asset disposals							
3.1.6		837,073	19,900	(10,625)		826,448	▼
		11,955,441	10,275,846	404,382	0	12,359,823	
<b>Expenditure from operating activities</b>							
Employee costs							
3.2.1		(5,124,204)	(2,837,545)	(17,944)		(5,142,148)	▲
Materials and contracts							
3.2.2		(4,691,434)	(3,080,933)	(293,811)		(4,985,245)	▲
Utility charges							
3.2.3		(496,091)	(234,846)	90,000		(406,091)	▼
Depreciation							
		(8,136,024)	(4,262,602)	0		(8,136,024)	
Finance costs							
		(49,582)	(16,658)	0		(49,582)	
Insurance							
3.2.4		(365,324)	4,262,602	(4,281)		(369,605)	▲
Other expenditure							
3.2.5		(722,100)	(573,295)	(64,701)		(786,801)	▲
Loss on asset disposals							
		(7,931)	0	0		(7,931)	
		(19,592,690)	(6,743,277)	(290,737)	0	(19,883,427)	
Non-cash amounts excluded from operating activities	3.5.1	7,306,882	4,262,602	10,625		7,317,507	▲
<b>Amount attributable to operating activities</b>		(330,367)	7,795,171	124,270	0	(206,097)	
		<b>(20,253,424)</b>	<b>8,827,165</b>				
<b>INVESTING ACTIVITIES</b>							
<b>Inflows from investing activities</b>							
Capital grants, subsidies and contributions	3.3.1	9,216,200	1,751,380	0	(740,929)	8,475,271	▼
Proceeds from disposal of assets							
		1,633,860	87,273	0		1,633,860	
		10,850,060	1,838,653	0	(740,929)	10,109,131	
<b>Outflows from investing activities</b>							
Purchase of land and buildings	3.3.2	(2,370,456)	(185,714)	119,000	500,000	(1,751,456)	▼
Purchase of plant and equipment							
		(1,062,312)	(729,961)	0		(1,062,312)	
Purchase of furniture and equipment	3.3.3	(135,000)	(1,000)	0	50,000	(85,000)	▼
Purchase and construction of infrastructure-roads							
		(7,286,180)	(3,513,264)	0		(7,286,180)	
Purchase and construction of infrastructure-other	3.3.4	(950,540)	(52,810)	(35,750)	100,000	(886,290)	▼
		(11,804,488)	(4,482,749)	83,250	650,000	(11,071,238)	
<b>Amount attributable to investing activities</b>		(954,428)	(2,644,096)	83,250	(90,929)	(962,107)	
<b>FINANCING ACTIVITIES</b>							
<b>Inflows from financing activities</b>							
Proceeds from advances		20,938	20,914	0		20,938	
Proceeds from new borrowings		432,000	0	0		432,000	
Transfers from reserve accounts	3.4.1	922,101	0	50,750	(235,000)	737,851	▼
		1,375,039	20,914	50,750	(235,000)	1,190,789	
<b>Outflows from financing activities</b>							
Payments for principal portion of lease liabilities		(31,312)	(20,111)	0		(31,312)	
Repayment of borrowings		(166,294)	(82,733)	0		(166,294)	
Transfers to reserve accounts	3.4.2	(904,818)	(14,834)	(162,000)		(1,066,818)	▲
		(1,102,424)	(117,678)	(162,000)	0	(1,264,424)	
<b>Amount attributable to financing activities</b>		<b>272,615</b>	<b>(96,764)</b>	<b>(111,250)</b>	<b>(235,000)</b>	<b>(73,635)</b>	
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>							
<b>Surplus or deficit at the start of the financial year</b>	3.5.1	1,012,180	1,760,621	748,441		1,760,621	▲
Amount attributable to operating activities		(330,367)	7,795,171	124,270	0	(206,097)	
Amount attributable to investing activities		(954,428)	(2,644,096)	83,250	(90,929)	(962,107)	
Amount attributable to financing activities		272,615	(96,764)	(111,250)	(235,000)	(73,635)	
<b>Surplus or deficit after imposition of general rates</b>	2(c)	<b>0</b>	<b>6,814,932</b>	<b>844,711</b>	<b>(325,929)</b>	<b>518,782</b>	▲

## 1. BASIS OF PREPARATION

The budget review has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from *AASB 16 Leases* which would have required the Shire of Dandaragan to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this budget review have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget review has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Financial reporting disclosures in relation to assets and liabilities required by the Australian Accounting Standards have not been made unless considered important for the understanding of the budget review or required by legislation.

### **The local government reporting entity**

All funds through which the Shire of Dandaragan controls resources to carry on its functions have been included in the financial statements forming part of this budget review.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements.

### **Rounding off figures**

All figures shown in this budget review are rounded to the nearest dollar.

### **2023/24 actual balances**

Balances shown in this budget review report as YTD Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

### **Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in the budget review relate to the original budget estimate for the relevant item of disclosure.

### **Judgements, estimates and assumptions**

The preparation of the budget review in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- estimation of fair values of land and buildings and investment property
- impairment of financial assets
- estimation uncertainties and judgements made in relation to lease accounting
- estimated useful life of assets

SHIRE OF DANDARAGAN  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2023

2 NET CURRENT FUNDING POSTION  
EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

**Operating activities excluded from budgeted deficiency**

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(a) Operating activities excluded from budgeted deficiency	Actual - Used for Budget 30 June 2023	Audited Actual 30 June 2023	Budget 30 June 2024	Actual 31 December 2023
	\$	\$	\$	\$
The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	(62,447)	(62,447)	(837,073)	(19,900)
Less: Movement in liabilities associated with restricted cash	(913)	(920)		
Add: Loss on disposal of assets	123,766	123,766	7,931	0
Add: Depreciation on assets	7,326,560	8,036,041	8,136,024	4,262,602
Employee benefit provisions	(96,661)	29,130		
<b>Non-cash amounts excluded from operating activities</b>	<b>7,290,305</b>	<b>8,125,570</b>	<b>7,306,882</b>	<b>4,242,702</b>
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	(4,753,091)	(4,753,481)	(4,735,807)	(4,768,315)
Less: Financial assets at amortised cost - self supporting loans	(22,717)	(21,478)	(23,012)	(9,267)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	168,074	166,295	171,419	83,561
- Current portion of lease liabilities	38,116	31,335	10,782	16,087
- Employee benefit provisions	519,719	0	519,719	
<b>Total adjustments to net current assets</b>	<b>(4,049,899)</b>	<b>(4,577,329)</b>	<b>(4,056,899)</b>	<b>(4,677,934)</b>
<b>(c) Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7,104,058	8,937,592	4,802,253	10,409,358
Financial assets	22,717	21,478	23,012	9,267
Trade and other receivables	821,551	2,369,979	191,551	1,947,976
Inventories	54,961	54,945	54,961	22,185
	<b>8,003,288</b>	<b>11,383,994</b>	<b>5,071,777</b>	<b>12,388,786</b>
<b>Less: current liabilities</b>				
Trade and other payables	(316,358)	(603,345)	(216,358)	(780,723)
Contract liabilities	(1,898,942)	(3,572,360)	(96,600)	(2,710,074)
Lease liabilities	(38,116)	(31,335)	(10,782)	(16,087)
Borrowings	(168,074)	(166,295)	(171,419)	(83,561)
Employee related provisions	(519,719)	(672,709)	(519,719)	(433,538)
	<b>(2,941,209)</b>	<b>(5,046,044)</b>	<b>(1,014,878)</b>	<b>(4,023,983)</b>
<b>Net current assets used in the Statement of Financial Activity</b>				
Total current assets	8,003,288	11,383,994	5,071,777	12,388,786
Less: Total current liabilities	(2,941,209)	(5,046,044)	(1,014,878)	(4,023,983)
Less: Total adjustments to net current assets	(4,049,899)	(4,577,329)	(4,056,899)	(4,677,934)
<b>Surplus or deficit after imposition of general rates</b>	<b>1,012,180</b>	<b>1,760,621</b>	<b>0</b>	<b>3,686,869</b>

## 2 COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

### SIGNIFICANT ACCOUNTING POLICIES

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities.

#### FINANCIAL ASSETS AT AMORTISED COST

The Shire of Dandaragan classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

#### TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Trade receivables are held with the objective to collect the contractual cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire of Dandaragan applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

#### INVENTORIES

##### General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### CONTRACT ASSETS

Contract assets primarily relate to the Shire of Dandaragan's right to consideration for work completed but not billed at the end of the period.

#### CONTRACT LIABILITIES

Contract liabilities represent the Shire of Dandaragan's obligation to transfer goods or services to a customer for which the Shire of Dandaragan has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

#### PROVISIONS

Provisions are recognised when the Shire of Dandaragan has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Dandaragan's operational cycle. In the case of liabilities where the Shire of Dandaragan does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire of Dandaragan's intentions to release for sale.

#### TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of Dandaragan prior to the end of the financial year that are unpaid and arise when the Shire of Dandaragan becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

#### PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire of Dandaragan recognises revenue for the prepaid rates that have not been refunded.

#### EMPLOYEE BENEFITS

##### Short-Term Employee Benefits

Provision is made for the Shire of Dandaragan's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire of Dandaragan's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the net current funding position. Shire of Dandaragan's current obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the net current funding position.

##### Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire of Dandaragan's obligations for long-term employee benefits where the Shire of Dandaragan does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, are presented as current provisions in the net current funding position.

SHIRE OF DANDARAGAN  
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
 FOR THE PERIOD ENDED 31 DECEMBER 2023

3. PREDICTED VARIANCES

Comments/Reason for Variance	Predicted Variance \$		
	Permanent	Temporary	
<b>3.1 OPERATING REVENUE (EXCLUDING RATES)</b>			
<b>3.1.1 General rates</b>			
Increase in interim rates and decrease in discount allowed budget		24,811	
<b>3.1.2 Grants, subsidies and contributions</b>			
Increase in expected standpipe charges, Grants Commission income, Fire Mitigation grant funding and reduction in Community Stewardship grant		133,295	
<b>3.1.3 Fees and charges</b>			
Increase in ESL rates and development services fees		64,896	
<b>3.1.4 Interest revenue</b>			
Increase on Reserve fund interest and reduction in interest penalties on rates		174,500	
<b>3.1.5 Other revenue</b>			
Increase in Fuel Rebate		17,505	
<b>3.1.6 Profit on asset disposals</b>			
Reduced sale price of 4 light vehicles		(10,625)	
	Predicted Variances Carried Forward	<b>404,382</b>	<b>0</b>

SHIRE OF DANDARAGAN  
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
 FOR THE PERIOD ENDED 31 DECEMBER 2023

3. PREDICTED VARIANCES

Comments/Reason for Variance	Predicted Variance \$	
	Permanent	Temporary
	<b>404,382</b>	<b>0</b>
<b>3.2 OPERATING EXPENSES</b>		
<b>3.2.1 Employee costs</b>	(17,944)	
Increase in staff training costs and workers compensation premium, decrease in outsourced OH&S consultancy		
<b>3.2.2 Materials and contracts</b>	(293,811)	
Increase in election expenses, IT operations costs and infrastructure project costs		
<b>3.2.3 Utility charges</b>	90,000	
Reduction in street lighting costs		
<b>3.2.4 Insurance</b>	(4,281)	
Increase in insurance claim premiums		
<b>3.2.5 Other expenditure</b>		
Increase in Controlled waste costs, councillor travel costs, ESL costs and pound operating costs	(64,701)	
Predicted Variances Carried Forward	<b>113,645</b>	<b>0</b>

SHIRE OF DANDARAGAN  
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
 FOR THE PERIOD ENDED 31 DECEMBER 2023

3. PREDICTED VARIANCES

Comments/Reason for Variance	Predicted Variance \$	
	Permanent	Temporary
Predicted Variances Brought Forward	113,645	0
<b>3.3 INVESTING ACTIVITIES</b>		
<b>Inflows from investing activities</b>		
<b>3.3.1 Capital grants, subsidies and contributions</b>		
Postponing Lotterywest grant for park renovation and LRCI funding for office refurb		(740,929)
<b>Outflows from investing activities</b>		
<b>3.3.2 Purchase of land and buildings</b>	119,000	500,000
Postponing office refurb and cost savings on SC amenities, BG amenities		
<b>3.3.3 Purchase of furniture and equipment</b>		50,000
Postponing playground additions - Cervantes Rec Reserve		
<b>3.3.4 Purchase and construction of infrastructure-other</b>	(35,750)	100,000
Increase in project cost of Tip Cell, reduction in project cost of Niche wall and postponing of Pioneer park upgrade		
Predicted Variances Carried Forward	196,895	(90,929)

SHIRE OF DANDARAGAN  
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
 FOR THE PERIOD ENDED 31 DECEMBER 2023

3. PREDICTED VARIANCES

Comments/Reason for Variance	Predicted Variance \$	
	Permanent	Temporary
Predicted Variances Brought Forward	196,895	(90,929)
<b>3.4 FINANCING ACTIVITIES</b>		
<b>Cash inflows from financing activities</b>		
<b>3.4.1 Transfers from reserve accounts</b>		
Postponing office renovation and increase in Tip Cell project cost	50,750	(235,000)
<b>Cash outflows from financing activities</b>		
<b>3.4.2 Transfers to reserve accounts</b>		
Increase in interest received in reserve accounts	(162,000)	
Predicted Variances Carried Forward	85,645	(325,929)

SHIRE OF DANDARAGAN  
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
 FOR THE PERIOD ENDED 31 DECEMBER 2023

3. PREDICTED VARIANCES

Comments/Reason for Variance	Predicted Variance \$	
	Permanent	Temporary
Predicted Variances Brought Forward	85,645	(325,929)
<b>3.5 OTHER ITEMS</b>		
<b>3.5.1 Non-cash amounts excluded from operating activities</b>		
Profit on final asset disposals in FY23 lower than budgeted	10,625	
<b>3.5.1 Surplus or deficit at the start of the financial year</b>		
Difference between budgeted opening and audited financials	748,441	
<b>Total Predicted Variances as per Annual Budget Review</b>	<b>844,711</b>	<b>(325,929)</b>

**Attachment 1 - Shire of Dandaragan AR17 FMR Risk Assessment - Draft**

Context of assessment	Report Section	Component	Purpose/G Goal	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)
	6.2	IRM014 Risk Management	To document the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.	6.2.1	The current policy is based on a superseded risk management standard AS/ NZ ISO 31000:2009.				Possible	Moderate	Moderate	Medium	Planned action required	Update the risk management policy to align to Risk Management Standard ISO 31000:2018.
	6.2	IRM014 Risk Management	To document the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.	6.2.1	The policy requires review of all risk profiles to be undertaken every six months by the Audit Committee. We did not observe the review being presented for consideration by the Audit Committee as required by the policy.				Possible	Minor	Moderate	Medium	Planned action required	Review systems and processes to ensure reporting of risks is performed as required by the policy.
	6.2	C-PAT01 Purchasing and Tender	To deliver value for money using a best practice approach to the procurement of all goods and services.	6.2.2	We noted the following matters within the purchasing and tender policy: <ul style="list-style-type: none"> <li>The policy does not provide 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 for variations;</li> <li>Authorisation requirements where the required number of quotations for purchasing thresholds are unable to be obtained (such as where there are insufficient suppliers) is not defined by the policy;</li> <li>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. The policy should reflect the expectation and requirement for controls, regardless of whether the quotations are being sought from pre-qualified suppliers, exempt supplies provided by legislation, or other suppliers.</li> <li>Regulated tender exemptions are restated within the policy. To avoid conflict with interpretation, and legislative updates/changes, legislative requirements are best removed from policies.</li> </ul>				Possible	Minor	Moderate	Medium	Planned action required	Amend the policy to provide the following: <ul style="list-style-type: none"> <li>Review and update policy to remove restating of legislation to minimise conflict with compliance requirements.</li> <li>Amend policy to define required approval to permit non compliance with purchasing threshold requirements for the number of quotations to be obtained.</li> <li>Purchasing requirement for the issuing of contact variations and extensions for contracts not awarded by tender. Consideration should be given circumstances where the contract value increase over a policy threshold level, due to the variation or extension.</li> <li>Amend purchasing requirements for procurement of goods or services to be consistent regardless of where the quotations are being sought from, including those made under the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2).</li> <li>Amend advertising requirements for tenders to require compliance with Statewide advertising in accordance with statutory requirements.</li> </ul>
	6.2	C-PAT01 Purchasing and Tender	To deliver value for money using a best practice approach to the procurement of all goods and services.	6.2.2	The policy sets out procedures for advertising tenders which conflicts with legislation. The Local Government (Functions and General) Regulations 1996 requires Statewide public notice of the invitation to tender to be given in accordance with prescribed statutory requirements. The policy references advertising in the West, and placing notices on the public notice boards, though there is no reference to the other advertising options and requirements as required by the regulations.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Amend the policy to provide the following: <ul style="list-style-type: none"> <li>Review and update policy to remove restating of legislation to minimise conflict with compliance requirements.</li> <li>Amend policy to define required approval to permit non compliance with purchasing threshold requirements for the number of quotations to be obtained.</li> <li>Purchasing requirement for the issuing of contact variations and extensions for contracts not awarded by tender. Consideration should be given circumstances where the contract value increase over a policy threshold level, due to the variation or extension.</li> <li>Amend purchasing requirements for procurement of goods or services to be consistent regardless of where the quotations are being sought from, including those made under the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2).</li> <li>Amend advertising requirements for tenders to require compliance with Statewide advertising in accordance with statutory requirements.</li> </ul>
	6.2	C-RPP03 Regional Price Preference	To stimulate sustainable economic activity in the Shire by maximising the use of competitive local businesses in supplying goods, services and works purchased or contracted.	6.2.3	Evidence to support legislative compliance in establishing the regional price preference policy was not available for our review. The agenda report for the policy adopted at the 23 May 2019 OCM does not reference completion of legislative requirements such as the advertising period for the draft policy, submissions, or consultation etc.	Internal control or compliance breach			Possible	Moderate	Moderate	Medium	Planned action required	Ensure processes and systems are in place for the appropriate review and adoption of policies in line with legislation and policy requirements.
	6.2	1AACEO010 Appointment of Acting CEO	To provide for the proper appointment of an Acting CEO during limited periods of absence of the CEO in accordance with the requirements of the Local Government Act 1995.	6.2.4	The policy does not include parameters for the amount of remuneration to be paid to an Acting Chief Executive Officer. This may present a risk of legislative non-compliance should a payment to an acting CEO not align with the bands set by the Salaries and Allowances Tribunal (SAT).	Failure to identify risks or adequately treat risks, Invalid or Ineffective Policy			Possible	Minor	Moderate	Medium	Planned action required	Review the policy to consider parameters for the extent of the timeframe, and maximum remuneration to be paid, to an officer acting in the role of Chief Executive Officer.

Attachment 1 - Shire of Dandaragan AR17 FMR Risk Assessment - Draft

Context of assessment	Report Section	Component	Purpose/Goal	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)
	6.2	1AACEO010 Appointment of Acting CEO	To provide for the proper appointment of an Acting CEO during limited periods of absence of the CEO in accordance with the requirements of the Local Government Act 1995.	6.2.4	The policy was last reviewed and adopted by Council on 23 June 2022 with a simple majority voting requirement recorded in the agenda report to Council. Section 5.39C(1) and (2) of the Local Government Act 1995 requires the policy to be adopted or amended by absolute majority. Although the decision was effectively carried by an absolute majority, incorrect statutory compliance references have the potential to contribute to noncompliant decisions where reliance is based upon information stated in the agenda reports.				Possible	Moderate	Moderate	Medium	Planned action required	Review the policy to consider parameters for the extent of the timeframe, and maximum remuneration to be paid, to an officer acting in the role of Chief Executive Officer.
	6.2	1AACEO010 Appointment of Acting CEO	To provide for the proper appointment of an Acting CEO during limited periods of absence of the CEO in accordance with the requirements of the Local Government Act 1995.	6.2.4	Reference to the maximum timeframe as permitted by legislation regarding the term for an Acting CEO is not included in the policy.				Possible	Minor	Moderate	Medium	Planned action required	Review the policy to consider parameters for the extent of the timeframe, and maximum remuneration to be paid, to an officer acting in the role of Chief Executive Officer.
	6.2	1EMEPD013 Elected Members Entitlements and Professional Development	To provide a clear outline and guidance for the support and payment of all entitlements, including meeting/attendance fees, allowances, and conference and training expenses to elected members.	6.2.5	We noted the references within the policy may be outdated or superseded by changes to legislation, or other external references.				Possible	Moderate	Moderate	Medium	Planned action required	Update the policy to remove specific and / or detailed references to legislation and other external references to assist with appropriate alignment and consistency.
	6.2	1EMEPD013 Elected Members Entitlements and Professional Development	To provide a clear outline and guidance for the support and payment of all entitlements, including meeting/attendance fees, allowances, and conference and training expenses to elected members.	6.2.5	The policy was last reviewed and adopted by Council on 23 June 2022 with a simple majority voting requirement recorded in the agenda report to Council. Section 5.128 of the Local Government Act 1995 requires the policy to be adopted or amended by absolute majority. Although the decision was effectively carried by an absolute majority, incorrect statutory compliance references have the potential to contribute to noncompliant decisions where reliance is based upon information stated in the agenda reports.				Possible	Moderate	Moderate	Medium	Planned action required	Undertake a review of the policy as required after each ordinary election. Ensure where the policy is amended, it is by an absolute majority decision of Council to comply with section 5.128 of the Local Government Act 1995.
	6.2	1EMEPD013 Elected Members Entitlements and Professional Development	To provide a clear outline and guidance for the support and payment of all entitlements, including meeting/attendance fees, allowances, and conference and training expenses to elected members.	6.2.5	The policy provides a high level of detail regarding the provision of equipment and reimbursement of expenses for elected members and sets out the circumstances and some amounts for ICT allowances. The most recent determination published by the Salaries and Allowances Tribunal (SAT) sets limits for these allowances. The current policy provisions may provide for allowances to be made outside allowed limits.				Possible	Moderate	Moderate	Medium	Planned action required	Review and amend the policy to correctly reflect parameters for allowances and reimbursements for elected members to only be as permitted under current legislation / SAT determination.
	6.2	1AEP015 Attendance at Events	To provide transparency about the attendance at events of council members and the Chief executive officer.	6.2.6	The policy was last reviewed and adopted unanimously on 23 June 2022 with a simple majority voting requirement recorded in the agenda report to Council. Section 5.90A(2) and (3) of the Local Government Act 1995 require the policy to be adopted or amended by absolute majority. Although the decision was effectively carried by an absolute majority, incorrect statutory compliance references have the potential to contribute to noncompliant decisions where reliance is based upon information stated in the agenda reports.				Possible	Moderate	Moderate	Medium	Planned action required	Upon review and consideration of future policy updates, ensure voting requirements for the policy reflect an absolute majority to comply with section 5.90A of the Local Government Act 1995.
	6.2	3CCCD5 Corporate Credit Card	To ensure effective controls, policies and procedures are in place with respect to the issue and use of corporate credit cards.	6.2.7	The policy does not provide for transaction cards other than credit cards. Amendments to the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 came into effect on 1 September 2023, requiring reporting of transactions using credit, debit and other purchasing cards.				Possible	Minor	Moderate	Medium	Planned action required	Amend the policy to provide for the following considerations: <ul style="list-style-type: none"> <li>• Update the policy to ensure references relating to requirements of FM Regulation 13A are considered;</li> <li>• Consider updating the policy title to encompass a broader scope for corporate transaction cards (including credit cards, fuel cards etc.). Procedures should exist to support the policy, procurement systems and robust controls prior to payments being deducted from cards; and</li> <li>• Update references to policy within attached forms to ensure current and correct policy documents are referenced.</li> </ul>

Attachment 1 - Shire of Dandaragan AR17 FMR Risk Assessment - Draft

Context of assessment	Report Section	Component	Purpose/G Goal	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)
	6.2	3CC05 Corporate Credit Card	To ensure effective controls, policies and procedures are in place with respect to the issue and use of corporate credit cards.	6.2.7	The cardholder acknowledgement within the policy refers to an outdated policy number, Shire Policy "S-FIN 01 – Corporate Credit Card". Accurate referencing should be included.				Possible	Moderate	Moderate	Medium	Planned action required	Amend the policy to provide for the following considerations: •Update the policy to ensure references relating to requirements of FM Regulation 13A are considered; •Consider updating the policy title to encompass a broader scope for corporate transaction cards (including credit cards, fuel cards etc.). Procedures should exist to support the policy, procurement systems and robust controls prior to payments being deducted for cards; and •Update references to policy within attached forms to ensure current and correct policy documents are referenced.
	6.2	3SAPO2 Significant Accounting Policy	To detail the accounting policies that form the basis of Significant Accounting Policies published in the notes to the Annual Financial Report and Annual Budget.	6.2.8	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.				Possible	Minor	Moderate	Medium	Planned action required	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 or reviewing and amending the policy accordingly.
	6.2	7ARM01 Acquisition of Road Making Material	To provide a framework and clear guidelines for the Shire of Dandaragan's (Shire) for the acquisition of gravel and sand for construction and maintenance purposes.	6.2.9	The policy provides for gravel to be provided to the Shire in exchange for private works. Procedures do not appear to be defined to support the accounting treatment and authorisation if an exchange is requested.				Possible	Moderate	Moderate	Medium	Planned action required	Review systems, processes and controls relating to the process for acquisition of road making materials if any private works assessment is required for an exchange to ensure the accounting treatment is compliant and private works is undertaken equitably and in line with the fees and charges set within the Shire's Budget.
	6.2	2WH502 Work Health and Safety	To set out guidance for the Shire of Dandaragan (Shire) to comply with the legislative requirements of the Work Health and Safety Act 2020.	6.2.10	At the time of our review, evidence of a Safety Management Program which is referenced within the policy was not available for our review.				Possible	Moderate	Moderate	Medium	Planned action required	Ensure implementation of programs, procedures and training as set out in the policy are completed in accordance with requirements of the policy.
	6.2	5PMCC04 Provision, Management and Maintenance of Community Centres	To provide a framework and guidance for the provision, management and maintenance of Community Centres within the Shire of Dandaragan (Shire).	6.2.11	There is reference within the policy to a Council adopted Information Resource Manual for Community Centre Management Committees and Council. We did not observe the Shire's Information Resource Manual for Community Centre Management Committees and Council document being reviewed since adoption in 2014.				Possible	Moderate	Moderate	Medium	Planned action required	Consider reviewing the policy to ensure it reflects the context of the organisation and current practices. Systems and processes should provide for regular document review to occur.
	6.2	7PE02 Plant and Equipment	N/A	6.2.12	The policy number is included within the policy manual with no content.				Possible	Minor	Minor	Medium	Planned action required	Review policy manual and remove reference to any non current policies.
	6.2	8BFAACM02 Bush Fire Control Officer Appointments	N/A	6.2.13	The policy number is included within the policy manual with no content.				Possible	Minor	Minor	Medium	Planned action required	Review policy manual and remove reference to any non current policies.
	6.2	Legislative Compliance	A policy to evidence Council's commitment to legislative compliance and its importance to the organisation.	6.2.14	Currently, no policy on internal legislative compliance has been adopted by Council.				Possible	Moderate	Moderate	Medium	Planned action required	Development and adoption of a legislative compliance policy may help formalise Council's commitment and approach to legislative compliance.
	6.2	Internal Control	A policy to evidence Council's commitment to internal controls and their importance to the organisation.	6.2.15	Currently, no policy on internal controls has been adopted by Council.				Possible	Moderate	Moderate	Medium	Planned action required	We suggest an internal control policy be formulated and adopted to formalise Council's commitment and approach to internal controls, based on a risk management process.
	6.2	Policy Review	Routine review of Policies to help ensure they remain current.	6.2.16	We noted, while the specifics of the Economic Services and Development (Planning) policies were not reviewed in detail, most have not been reviewed for some time. While there is no legislative requirement for regular review, it is important to ensure policies provide direction for the Shire's intended strategic position.				Possible	Moderate	Moderate	Medium	Planned action required	Ensure policies are periodically reviewed for currency and ensure the document control history summary is updated to provide an accurate record of when each policy was reviewed, amended and adopted.

Attachment 1 - Shire of Dandaragan AR17 FMR Risk Assessment - Draft

Context of assessment	Report Section	Component	Purpose/Gol	Risk Number	Risk Assessment Category Risk Issue and Failure Modes	Risk Identified	Existing Controls	Date of initial risk identification	Likelihood	Strategic Consequences	Operational Consequences	Risk Category	Action Required	Mitigation and Management Strategy (Possible Future Controls)
	6.2	General Policy Actions – Operational references	To set out parameters for the implementation of policies	6.2.17	We noted the content of several council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur includes: <ul style="list-style-type: none"> <li>•BPAT01 Purchasing and Tender</li> <li>•BPSR02 Pre-Qualified Panels of Suppliers</li> <li>•BCH012 Complaints Handling</li> <li>•BEAAR01 Employee Achievement Award and Recognition</li> <li>•BSPDCST03 Staff Professional Development, Conference and Study Tours</li> <li>•BSHO04 Staff Housing</li> <li>•BSHOV05 Staff Use of Vehicles and Sundry Equipment</li> <li>•BME06 Equal Employment Opportunity</li> <li>•BOSDES08 Organisational Structure and Designation of 'Senior Employees'</li> <li>•BDWM01 Domestic Waste Management</li> <li>•BPMCC04 Provision, Management and Maintenance of Community Centres</li> <li>•BEDRR06 Exploratory Drilling on Road Reserves</li> <li>•BHHRCR10 Heavy Haulage Cost Recovery</li> </ul>				Possible	Moderate	Moderate	Medium	Planned action required	Review and update policies to consider the appropriate separation of the role of the Council and the CEO.
	6.2	General Policy Actions – Operational references	To set out parameters for the implementation of policies	6.2.17	We noted the content of several council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur includes: <ul style="list-style-type: none"> <li>•BPAT01 Purchasing and Tender</li> <li>•BPSR02 Pre-Qualified Panels of Suppliers</li> <li>•BCH012 Complaints Handling</li> <li>•BEAAR01 Employee Achievement Award and Recognition</li> <li>•BSPDCST03 Staff Professional Development, Conference and Study Tours</li> <li>•BSHO04 Staff Housing</li> <li>•BSHOV05 Staff Use of Vehicles and Sundry Equipment</li> <li>•BME06 Equal Employment Opportunity</li> <li>•BOSDES08 Organisational Structure and Designation of 'Senior Employees'</li> <li>•BDWM01 Domestic Waste Management</li> <li>•BPMCC04 Provision, Management and Maintenance of Community Centres</li> <li>•BEDRR06 Exploratory Drilling on Road Reserves</li> <li>•BHHRCR10 Heavy Haulage Cost Recovery</li> </ul>				Possible	Moderate	Moderate	Medium	Planned action required	Consider review and update of policies to articulate the strategic direction of Council and set out a high level position to follow at an operational level, particularly where legislation does not provide such guidance.
	6.2	Policy Reference to Legislation and External Information	To support the link between Council policy, legislation and other public information	6.2.18	We noted some policies contain detail relating to legislation and other external references including: <ul style="list-style-type: none"> <li>•BPAT01 Purchasing and Tender</li> <li>•BSPR03 Regional Price Preference</li> <li>•BEMEPD013 Elected Members Entitlements and Professional Development</li> <li>•BCE02 Community Engagement</li> </ul> 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.				Possible	Moderate	Moderate	Medium	Planned action required	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.
	7.1	Incident Management / Business Continuity Response Plan	To offer guidance in restoring the Shire to an acceptable level of operations and ensure continuity of time critical business activities following disruption.	7.1.1	An Incident Management / Business Continuity Plan Business Continuity Response Plan has been drafted (Version 1.0 December 2018), noting the next review due in March 2020. Evidence of the Incident Management / Business Continuity Response Plan having been finalised, tested or reviewed was not available. The current plan includes references to personnel no longer employed by the Shire.				Possible	Moderate	Moderate	Medium	Planned action required	Progress the review, update and finalisation of the Incident Management / Business Continuity Response Plan and test it to ensure its validity, including validity of the documented key business continuity risks along with the treatments.
	7.1	Incident Management / Business Continuity Response Plan	To offer guidance in restoring the Shire to an acceptable level of operations and ensure continuity of time critical business activities following disruption.	7.1.1	An Incident Management / Business Continuity Plan Business Continuity Response Plan has been drafted (Version 1.0 December 2018), noting the next review due in March 2020. Evidence of the Incident Management / Business Continuity Response Plan having been finalised, tested or reviewed was not available. The current plan includes references to personnel no longer employed by the Shire.				Possible	Moderate	Moderate	Medium	Planned action required	Ensure content of the plan is relevant and current to the Shire, and risk treatments are consolidated with overarching risk management activities.
	7.1	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery	7.1.2	An ICT Strategic Plan was not available for our review. An Information Security Internal Policy has been established by the Shire. While the Information Security Internal Policy considers some aspects of ICT relevant to the Shire, it may not adequately address key ICT risks and improvements.				Possible	Moderate	Major	High	Prioritised action required	Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. Consider independent review of identified ICT risks where appropriate.
	7.1	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery	7.1.2	Presently, an external provider is engaged to provide IT support services and advice regarding security and hardware. A contract is currently in place with external providers.				Possible	Moderate	Major	High	Prioritised action required	Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers.
	7.1	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery	7.1.2	Presently a single consultant is engaged to provide IT support services and advice regarding security etc. A high level of risk could be assumed by engaging a single entity to provide all IT services.				Possible	Moderate	Major	High	Prioritised action required	Careful development of an ICT strategy will assist in considering the risks of utilising a single IT provider and may assist in developing a scope to articulate service level agreements for a range of IT services to be potentially issued to different providers.

### Probability of Occurrence or Likelihood.

Likelihood	Definition	Frequency of noted occurrences	Score
Almost Certain	Expected to occur in most circumstances or occurs regularly, A clear opportunity already apparent, which can easily be achieved	More than once per year	5
Likely	Occurrence is noticeable or is likely to occur, An opportunity that has been explored and may be achievable	At least once per year	4
Possible	Occurs occasionally or may occur, Possible opportunity identified	At least once in 5 years	3
Unlikely	Occurs infrequently or is not likely to occur, Opportunity that is fairly unlikely to happen	At least once in 10 years	2
Rare	Only occurs in exceptional circumstances, Opportunity that is very unlikely to happen	Less than once in 20 years	1

	Area Impacted	Impact	OPERATIONAL CONSEQUENCE				
			Catastrophic	Major	Moderate	Minor	Insignificant
OPERATIONAL IMPACTS	Service Delivery/ Business Disruption	loss of service,	Major including several important areas of service and/or a protracted period,	Complete loss of an important service area for a short period,	Major effect to an important service area for a short period, brief impact on multiple areas	Brief disruption of important service area, Noticeable effect to non-crucial service area,	Negligible impact on the effectiveness of the organisation's processes
		Improvement to service(s)	Exceptional	Major	Moderate	Minor	Negligible
		Disruption in business processes	Ongoing loss of business systems	Major	Moderate	Minor	Negligible
	Financial	Loss of assets,	>15% of asset value	5%-15% of asset value,	2%-5% of asset value	< 2 of asset value	Insignificant
		Impact on annual revenues or costs (Adverse or positive)	> 15% deviation from budget	5%→15% deviation from budget	2%→5% deviation from budget	<2% deviation from budget,	Negligible income and/or savings
	Physical	Level of Incident	Extreme effecting organisation's survival	Significant affecting multiple locations	Localised significant effect on operations	Localised no effect on operations	Not notifiable or reportable.
	Legislative/Regulatory/ Policy/ OSH	Regulatory non-compliance	Criminal	Major Revenue or cost implications. Individuals at risk of harm.	Minor Revenue or cost implications		
		Code of Conduct	Extreme	Significant	Breach	Minor breach	Little or no impact
		Personal details compromised/ revealed	All	Many	Some	Isolated	An individual's
		Level of Injury	Death	Multiple serious injuries	Serious injury and /or illness	First aid or minor lost time injury	Incident with or without minor injury

STRATEGIC IMPACTS

Area Impacted	Impact	STRATEGIC CONSEQUENCE				
		Catastrophic	Major	Moderate	Minor	Insignificant
Performance	Ability to achieve key objectives	Unable to achieve	Major impact	Moderate impact	Minor impact	Negligible impact
	Improvement on the delivery of key strategic objectives	Exceptional improvement	Major improvement	Moderate improvement	Minor improvement	Negligible improvement
	Ability to be managed with the current resources	External resources required	Impact cannot be managed	Significant adjustment to resource allocation	Additional internal management efforts required	Impact can be managed through routine activities
	Loss of Infrastructure	Ongoing loss of critical infrastructure	Long-term loss of critical infrastructure	Loss of support infrastructure	Interruption to support infrastructure	Negligible interruption to support infrastructure
Financial	Loss of assets,	>15% of asset value	5%-15% of asset value	2%-5% of asset value	< 2 of asset value	Insignificant loss
	Impact on annual revenues or costs	Adverse >15% deviation from budget	Adverse 5%→15% deviation from budget	Adverse 2%→5% deviation from budget	Adverse impact on revenues and costs <2% deviation from budget	Insignificant adverse impact on annual revenue or costs
	External Audit issues	Audit unable to be completed.	Audit qualification on the report and accounts	Management letter contains significant issues	Management letter contains minor issues	Matters discussed with management not reported.
Environmental	Environmental harm,	Catastrophic long term environmental harm,	Significant long-term environmental harm,	Significant short-term environmental harm,	Minor transient environmental harm,	Negligible transient environmental harm,
	Improvement to environment	Exceptional improvement and/or national environment	Major improvement	Moderate improvement	Minor improvement	Negligible improvement
Reputation	Adverse Publicity	Significant damage to public confidence leading to sustained compromise in the achievement of strategic objectives,	Local publicity of a major and persistent nature, affecting the perception/ standing within the community,	Damage to reputation to a specific audience, may not have significant long-term or community effects,	Minor damage to reputation to an small audience, complaint from a large group of people,	Minor unsubstantiated publicity or damage to reputation to a small audience, complaint from individual/small group.
	Positive Publicity	Extensive positive coverage in local and/or national press	Positive coverage in local press (e.g. extensive or front page)	Positive coverage in local press	Minimal positive coverage in local press	Negligible positive coverage in local press

Matrix Assessment

Likelihood	Score	CONSEQUENCE					
		0	Insignificant	Minor	Major	Critical	Extreme
		1	2	3	4	5	
<b>Almost Certain</b>	<b>5</b>	<b>Nil</b>	Medium	High	High	Extreme/Exceptional	Extreme/Exceptional
<b>Likely</b>	<b>4</b>	<b>Nil</b>	Medium	Medium	High	High	Extreme/Exceptional
<b>Possible</b>	<b>3</b>	<b>Nil</b>	Low	Medium	Medium	High	High
<b>Unlikely</b>	<b>2</b>	<b>Nil</b>	Low	Low	Medium	Medium	High
<b>Rare</b>	<b>1</b>	<b>Nil</b>	Very low	Low	Low	Medium	Medium

**Consequence Rating**

Catastrophic	5	1	Insignificant
Insignificant	1	2	Minor
Major	4	3	Moderate
Minor	2	4	Major
Moderate	3	5	Catastrophic

**Likelihood rating**

	0		
Almost Certain	5	5	Almost Certain
Likely	4	4	Likely
Possible	3	3	Possible
Rare	1	2	Unlikely
Unlikely	2	1	Rare

Risk	Action Required
Extreme/Exceptional	Immediate corrective action
High	Prioritised action required
Medium	Planned action required
Low	Planned action required
Very low	Manage by routine procedures

Framework Design	6.2 Council Policy
Framework Implementation	7.1 Strategic and Operational Plans
Framework Implementation	7.2 Operational and Financial Procedures
Framework Implementation	7.3 Human Resources Management and Practices
Framework Implementation	7.4 Insurance
Framework Evaluation	8.1 Council and Audit and Risk Committee
Framework Evaluation	8.2 Strategic and Operational Registers
Framework Evaluation	8.3 Annual Compliance Audit Returns (CAR)
Framework Evaluation	8.4 Complaint Handling
Framework Evaluation	8.5 Audit Practices
Framework Evaluation	8.6 Review Required to be undertaken by the CEO

**ITEM 4.2 - ATTACHMENT 2**

Report Section	Component	Purpose/Goal	Risk Number	Audit Findings / Risk Issue and Failure Modes	Risk Category	Action Required	Action Type	CEO Response	CEO Priority	Moore Australia Recommended Mitigation and Management Strategy (Possible Future Controls)
6.2	1RM014 Risk Management	To document the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.	6.2.1	The current policy is based on a superseded risk management standard AS/ NZ ISO 31000:2009.	Medium	Planned action required	Business / Policy / System Improvement	Risk Management Policy to be updated.	High	Update the risk management policy to align to Risk Management Standard ISO 31000:2018.
6.2	1RM014 Risk Management	To document the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives.	6.2.1	The policy requires review of all risk profiles to be undertaken every six months by the Audit Committee. We did not observe the review being presented for consideration by the Audit Committee as required by the policy.	Medium	Planned action required	Policy Adherence	Risk Management Policy to be updated and Audit Committee reporting framework to be reviewed.	High	Review systems and processes to ensure reporting of risks is performed as required by the policy.
6.2	C-PAT01 Purchasing and Tender	To deliver value for money using a best practice approach to the procurement of all goods and services.	6.2.2	We noted the following matters within the purchasing and tender policy: <ul style="list-style-type: none"> <li>The policy does not provide 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 for variations;</li> <li>Authorisation requirements where the required number of quotations for purchasing thresholds are unable to be obtained (such as where there are insufficient suppliers) is not defined by the policy;</li> <li>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. The policy should reflect the expectation and requirement for controls, regardless of whether the quotations are being sought from pre-qualified suppliers, exempt supplies provided by legislation, or other suppliers.</li> <li>Legislated tender exemptions are restated within the policy. To avoid conflict with interpretation, and legislative updates/changes, legislative requirements are best removed from policies.</li> </ul>	Medium	Planned action required	Business / Policy / System Improvement	Purchasing Policy to be updated.	Medium	Amend the policy to provide the following: <ul style="list-style-type: none"> <li>Review and update policy to remove restating of legislation to minimise conflict with compliance requirements.</li> <li>Amend policy to define required approval to permit non compliance with purchasing threshold requirements for the number of quotations to be obtained.</li> <li>Purchasing requirement for the issuing of contact variations and extensions for contracts not awarded by tender. Consideration should be given circumstances where the contract value increase over a policy threshold level, due to the variation or extension.</li> <li>Amend purchasing requirements for procurement of goods or services to be consistent regardless of where the quotations are being sought from, including those made under the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2).</li> <li>Amend advertising requirements for tenders to require compliance with Statewide advertising in accordance with statutory requirements.</li> </ul>
6.2	C-PAT01 Purchasing and Tender	To deliver value for money using a best practice approach to the procurement of all goods and services.	6.2.2	The policy sets out procedures for advertising tenders which conflicts with legislation. The Local Government (Functions and General) Regulations 1996 requires Statewide public notice of the invitation to tender to be given in accordance with prescribed statutory requirements. The policy references advertising in the West, and placing notices on the public notice boards, though there is no reference to the other advertising options and requirements as required by the regulations.	Medium	Planned action required	Business / Policy / System Improvement	Purchasing Policy to be updated.	Medium	Amend the policy to provide the following: <ul style="list-style-type: none"> <li>Review and update policy to remove restating of legislation to minimise conflict with compliance requirements.</li> <li>Amend policy to define required approval to permit non compliance with purchasing threshold requirements for the number of quotations to be obtained.</li> <li>Purchasing requirement for the issuing of contact variations and extensions for contracts not awarded by tender. Consideration should be given circumstances where the contract value increase over a policy threshold level, due to the variation or extension.</li> <li>Amend purchasing requirements for procurement of goods or services to be consistent regardless of where the quotations are being sought from, including those made under the exemptions under Local Government (Functions and General) Regulations 1996 Regulation 11(2).</li> <li>Amend advertising requirements for tenders to require compliance with Statewide advertising in accordance with statutory requirements.</li> </ul>

6.2	C-RPP03 Regional Price Preference	To stimulate sustainable economic activity in the Shire by maximising the use of competitive local businesses in supplying goods, services and works purchased or contracted.	6.2.3	Evidence to support legislative compliance in establishing the regional price preference policy was not available for our review. The agenda report for the policy adopted at the 23 May 2019 OCM does not reference completion of legislative requirements such as the advertising period for the draft policy, submissions, or consultation etc.	Medium	Planned action required	Business / Policy / System Improvement	Regional Price Preference Policy to be reviewed.	Medium	Ensure processes and systems are in place for the appropriate review and adoption of policies in line with legislation and policy requirements.
6.2	1AACE0010 Appointment of Acting CEO	To provide for the proper appointment of an Acting CEO during limited periods of absence of the CEO in accordance with the requirements of the Local Government Act 1995.	6.2.4	The policy does not include parameters for the amount of remuneration to be paid to an Acting Chief Executive Officer. This may present a risk of legislative non-compliance should a payment to an acting CEO not align with the bands set by the Salaries and Allowances Tribunal (SAT).	Medium	Planned action required	Compliance Risk	Very unlikely to occur. Policy to be updated to reference SAT band.	Low	Review the policy to consider parameters for the extent of the timeframe, and maximum remuneration to be paid, to an officer acting in the role of Chief Executive Officer.
6.2	1AACE0010 Appointment of Acting CEO	To provide for the proper appointment of an Acting CEO during limited periods of absence of the CEO in accordance with the requirements of the Local Government Act 1995.	6.2.4	The policy was last reviewed and adopted by Council on 23 June 2022 with a simple majority voting requirement recorded in the agenda report to Council. Section 5.39C(1) and (2) of the Local Government Act 1995 requires the policy to be adopted or amended by absolute majority. Although the decision was effectively carried by an absolute majority, incorrect statutory compliance references have the potential to contribute to noncompliant decisions where reliance is based upon information stated in the agenda reports.	Medium	Planned action required	Compliance Risk	Noted - Absolutd Majority to be clearly stated on next review.	Low	Review the policy to consider parameters for the extent of the timeframe, and maximum remuneration to be paid, to an officer acting in the role of Chief Executive Officer.
6.2	1AACE0010 Appointment of Acting CEO	To provide for the proper appointment of an Acting CEO during limited periods of absence of the CEO in accordance with the requirements of the Local Government Act 1995.	6.2.4	Reference to the maximum timeframe as permitted by legislation regarding the term for an Acting CEO is not included in the policy.	Medium	Planned action required	Business / Policy / System Improvement	Noted - Maximum timeframe to be included at next policy manual review.	Low	Review the policy to consider parameters for the extent of the timeframe, and maximum remuneration to be paid, to an officer acting in the role of Chief Executive Officer.
6.2	1EMEPD013 Elected Members Entitlements and Professional Development	To provide a clear outline and guidance for the support and payment of all entitlements, including meeting/attendance fees, allowances, and conference and training expenses to elected members.	6.2.5	We noted the references within the policy may be outdated or superseded by changes to legislation, or other external references.	Medium	Planned action required	Business / Policy / System Improvement	Noted - policy to be reviewed.	Medium	Update the policy to remove specific and / or detailed references to legislation and other external references to assist with appropriate alignment and consistency.
6.2	1EMEPD013 Elected Members Entitlements and Professional Development	To provide a clear outline and guidance for the support and payment of all entitlements, including meeting/attendance fees, allowances, and conference and training expenses to elected members.	6.2.5	The policy was last reviewed and adopted by Council on 23 June 2022 with a simple majority voting requirement recorded in the agenda report to Council. Section 5.128 of the Local Government Act 1995 requires the policy to be adopted or amended by absolute majority. Although the decision was effectively carried by an absolute majority, incorrect statutory compliance references have the potential to contribute to noncompliant decisions where reliance is based upon information stated in the agenda reports.	Medium	Planned action required	Compliance Risk	Noted - Absolutd Majority to be clearly stated on next review.	Low	Undertake a review of the policy as required after each ordinary election. Ensure where the policy is amended, it is by an absolute majority decision of Council to comply with section 5.128 of the Local Government Act 1995.

6.2	1EMEPD013 Elected Members Entitlements and Professional Development	To provide a clear outline and guidance for the support and payment of all entitlements, including meeting/attendance fees, allowances, and conference and training expenses to elected members.	6.2.5	The policy provides a high level of detail regarding the provision of equipment and reimbursement of expenses for elected members and sets out the circumstances and some amounts for ICT allowances. The most recent determination published by the Salaries and Allowances Tribunal (SAT) sets limits for these allowances. The current policy provisions may provide for allowances to be made outside allowed limits.	Medium	Planned action required	Business / Policy / System Improvement	Noted - Policy to be reviewed and reference maximum thresholds.	Low	Review and amend the policy to correctly reflect parameters for allowances and reimbursements for elected members to only be as permitted under current legislation / SAT determination.
6.2	1AEP015 Attendance at Events	To provide transparency about the attendance at events of council members and the Chief executive officer.	6.2.6	The policy was last reviewed and adopted unanimously on 23 June 2022 with a simple majority voting requirement recorded in the agenda report to Council. Section 5.90A(2) and (3) of the Local Government Act 1995 require the policy to be adopted or amended by absolute majority. Although the decision was effectively carried by an absolute majority, incorrect statutory compliance references have the potential to contribute to noncompliant decisions where reliance is based upon information stated in the agenda reports.	Medium	Planned action required	Compliance Risk	Noted - Absolutd Majority to be clearly stated on next review.	Low	Upon review and consideration of future policy updates, ensure voting requirements for the policy reflect an absolute majority to comply with section 5.90A of the Local Government Act 1995.
6.2	3CCC05 Corporate Credit Card	To ensure effective controls, policies and procedures are in place with respect to the issue and use of corporate credit cards.	6.2.7	The policy does not provide for transaction cards other than credit cards. Amendments to the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 came into effect on 1 September 2023, requiring reporting of transactions using credit, debit and other purchasing cards.	Medium	Planned action required	Compliance Risk	Noted - Policy review to be undertaken to include Fuel Cards.	Medium	Amend the policy to provide for the following considerations: <ul style="list-style-type: none"> <li>• Update the policy to ensure references relating to requirements of FM Regulation 13A are considered;</li> <li>• Consider updating the policy title to encompass a broader scope for corporate transaction cards (including credit cards, fuel cards etc.). Procedures should exist to support the policy, procurement systems and robust controls prior to payments being deducted for cards; and</li> <li>• Update references to policy within attached forms to ensure current and correct policy documents are referenced.</li> </ul>
6.2	3CCC05 Corporate Credit Card	To ensure effective controls, policies and procedures are in place with respect to the issue and use of corporate credit cards.	6.2.7	The cardholder acknowledgement within the policy refers to an outdated policy number, Shire Policy "S-FIN 01 – Corporate Credit Card". Accurate referencing should be included.	Medium	Planned action required	Business / Policy / System Improvement	Noted - Internal acknowledgement template to be updated.	Medium	Amend the policy to provide for the following considerations: <ul style="list-style-type: none"> <li>• Update the policy to ensure references relating to requirements of FM Regulation 13A are considered;</li> <li>• Consider updating the policy title to encompass a broader scope for corporate transaction cards (including credit cards, fuel cards etc.). Procedures should exist to support the policy, procurement systems and robust controls prior to payments being deducted for cards; and</li> <li>• Update references to policy within attached forms to ensure current and correct policy documents are referenced.</li> </ul>
6.2	3SAP02 Significant Accounting Policy	To detail the accounting policies that form the basis of Significant Accounting Policies published in the notes to the Annual Financial Report and Annual Budget.	6.2.8	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.	Medium	Planned action required	Business / Policy / System Improvement	Noted - Policy to be withdrawn and accounting policies to be endorsed via budget process.	Medium	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 or reviewing and amending the policy accordingly.
6.2	7ARMM01 Acquisition of Road Making Material	To provide a framework and clear guidelines for the Shire of Dandaragan's (Shire) for the acquisition of gravel and sand for construction and maintenance purposes.	6.2.9	The policy provides for gravel to be provided to the Shire in exchange for private works. Procedures do not appear to be defined to support the accounting treatment and authorisation if an exchange is requested.	Medium	Planned action required	Business / Policy / System Improvement	Noted - very limited application as suppliers generally only request financial payment. Policy to be reviewed.	Low	Review systems, processes and controls relating to the process for acquisition of road making materials if any private works assessment is required for an exchange to ensure the accounting treatment is compliant and private works is undertaken equitably and in line with the fees and charges set within the Shire's Budget.

6.2	2WHS02 Work Health and Safety	To set out guidance for the Shire of Dandaragan (Shire) to comply with the legislative requirements of the Work Health and Safety Act 2020.	6.2.10	At the time of our review, evidence of a Safety Management Program which is referenced within the policy was not available for our review.	Medium	Planned action required	Audit Gap	The Shire has a range of low safety management systems and processes already in place. In addition a OHS staff member has recently been appointed to further develop systems.	Low	Ensure implementation of programs, procedures and training as set out in the policy are completed in accordance with requirements of the policy.
6.2	5PMMCC04 Provision, Management and Maintenance of Community Centres	To provide a framework and guidance for the provision, management and maintenance of Community Centres within the Shire of Dandaragan (Shire).	6.2.11	There is reference within the policy to a Council adopted Information Resource Manual for Community Centre Management Committees and Council. We did not observe the Shire's Information Resource Manual for Community Centre Management Committees and Council document being reviewed since adoption in 2014.	Medium	Planned action required	Business / Policy / System Improvement	Noted - Information Resource Manual requires review and update.	High	Consider reviewing the policy to ensure it reflects the context of the organisation and current practices. Systems and processes should provide for regular document review to occur.
6.2	7PE02 Plant and Equipment	N/A	6.2.12	The policy number is included within the policy manual with no content.	Medium	Planned action required	Business / Policy / System Improvement	Noted - inconsequential impact and will be removed at future policy manual review.	Low	Review policy manual and remove reference to any non current policies.
6.2	8BFAACM02 Bush Fire Control Officer Appointments	N/A	6.2.13	The policy number is included within the policy manual with no content.	Medium	Planned action required	Business / Policy / System Improvement	Noted - inconsequential impact and will be removed at future policy manual review.	Low	Review policy manual and remove reference to any non current policies.
6.2	Legislative Compliance	A policy to evidence Council's commitment to legislative compliance and its importance to the organisation.	6.2.14	Currently, no policy on internal legislative compliance has been adopted by Council.	Medium	Planned action required	Best Practice	Noted - however limited resources to undertake this relative to the outcome of the policy implementation.	Low	Development and adoption of a legislative compliance policy may help formalise Council's commitment and approach to legislative compliance.
6.2	Internal Control	A policy to evidence Council's commitment to internal controls and their importance to the organisation.	6.2.15	Currently, no policy on internal controls has been adopted by Council.	Medium	Planned action required	Best Practice	Noted - however limited resources to undertake this relative to the outcome of the policy implementation.	Low	We suggest an internal control policy be formulated and adopted to formalise Council's commitment and approach to internal controls, based on a risk management process.
6.2	Policy Review	Routine review of Policies to help ensure they remain current.	6.2.16	We noted, while the specifics of the Economic Services and Development (Planning) policies were not reviewed in detail, most have not been reviewed for some time. While there is no legislative requirement for regular review, it is important to ensure policies provide direction for the Shire's intended strategic position.	Medium	Planned action required	Business / Policy / System Improvement	Noted - policies are generally reviewed as they are used or implemented. Routine review may overinvest limited staff resources in inconsequential updates.	Low	Ensure policies are periodically reviewed for currency and ensure the document control history summary is updated to provide an accurate record of when each policy was reviewed, amended and adopted.
6.2	General Policy Actions – Operational references	To set out parameters for the implementation of policies	6.2.17	We noted the content of several council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur includes: <ul style="list-style-type: none"> <li>•1PAT01 Purchasing and Tender</li> <li>•1PSR02 Pre-Qualified Panels of Suppliers</li> <li>•1CH012 Complaints Handling</li> <li>•2EAAR01 Employee Achievement Award and Recognition</li> <li>•2SPDCST03 Staff Professional Development, Conference and Study Tours</li> <li>•2SH04 Staff Housing</li> <li>•2SHOV05 Staff Use of Vehicles and Sundry Equipment</li> <li>•2ME06 Equal Employment Opportunity</li> <li>•2OSDES08 Organisational Structure and Designation of 'Senior Employees'</li> <li>•4DWM01 Domestic Waste Management</li> <li>•8PMMCC04 Provision, Management and Maintenance of Community Centres</li> <li>•7EDRR06 Exploratory Drilling on Road Reserves</li> <li>•7HHRCR10 Heavy Haulage Cost Recovery</li> </ul>	Medium	Planned action required	Business / Policy / System Improvement	Noted - CEO's view is that these policies are a good fit for the Shire of Dandaragan in terms of transparency and operational effectiveness.	Low	Review and update policies to consider the appropriate separation of the role of the Council and the CEO.

6.2	General Policy Actions – Operational references	To set out parameters for the implementation of policies	6.2.17	We noted the content of several council policies which may be operational in nature. Council policies are not necessarily intended to provide direction on how different operational functions are to be executed as these are the responsibility of the CEO. Some policies where this may occur includes: <ul style="list-style-type: none"> <li>•1PAT01 Purchasing and Tender</li> <li>•1PSR02 Pre-Qualified Panels of Suppliers</li> <li>•1CH012 Complaints Handling</li> <li>•2EAAR01 Employee Achievement Award and Recognition</li> <li>•2SPDCST03 Staff Professional Development, Conference and Study Tours</li> <li>•2SH04 Staff Housing</li> <li>•2SHOV05 Staff Use of Vehicles and Sundry Equipment</li> <li>•2ME06 Equal Employment Opportunity</li> <li>•2OSDES08 Organisational Structure and Designation of ‘Senior Employees’</li> <li>•4DWM01 Domestic Waste Management</li> <li>•8PMMCC04 Provision, Management and Maintenance of Community Centres</li> <li>•7EDRR06 Exploratory Drilling on Road Reserves</li> <li>•7HHRCR10 Heavy Haulage Cost Recovery</li> </ul>	Medium	Planned action required	Business / Policy / System Improvement	Noted - CEO's view is that these policies are a good fit for the Shire of Dandaragan in terms of transparency and operational effectiveness.	Low	Consider review and update of policies to articulate the strategic direction of Council and set out a high level position to follow at an operational level, particularly where legislation does not provide such guidance.
6.2	Policy Reference to Legislation and External Information	To support the link between Council policy, legislation and other public information	6.2.18	We noted some policies contain detail relating to legislation and other external references including: <ul style="list-style-type: none"> <li>•1PAT01 Purchasing and Tender</li> <li>•1RPP03 Regional Price Preference</li> <li>•1EMEPD013 Elected Members Entitlements and Professional Development</li> <li>•5CE02 Community Engagement</li> </ul> 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.	Medium	Planned action required	Business / Policy / System Improvement	Noted - limited adverse impact expected due to these references that would warrant high priority review.	Medium	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.
7.1	Incident Management / Business Continuity Response Plan	To offer guidance in restoring the Shire to an acceptable level of operations and ensure continuity of time critical business activities following disruption.	7.1.1	An Incident Management / Business Continuity Plan Business Continuity Response Plan has been drafted (Version 1.0 December 2018), noting the next review due in March 2020. Evidence of the Incident Management / Business Continuity Response Plan having been finalised, tested or reviewed was not available. The current plan includes references to personnel no longer employed by the Shire.	Medium	Planned action required	Business / Policy / System Improvement	Noted - Updates to be progressed.	High	Progress the review, update and finalisation of the Incident Management / Business Continuity Response Plan and test it to ensure its validity, including validity of the documented key business continuity risks along with the treatments.
7.1	Incident Management / Business Continuity Response Plan	To offer guidance in restoring the Shire to an acceptable level of operations and ensure continuity of time critical business activities following disruption.	7.1.1	An Incident Management / Business Continuity Plan Business Continuity Response Plan has been drafted (Version 1.0 December 2018), noting the next review due in March 2020. Evidence of the Incident Management / Business Continuity Response Plan having been finalised, tested or reviewed was not available. The current plan includes references to personnel no longer employed by the Shire.	Medium	Planned action required	Nominated Timeframe Adherence	Noted - Updates to be progressed.	High	Ensure content of the plan is relevant and current to the Shire, and risk treatments are consolidated with overarching risk management activities.
7.1	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery	7.1.2	An ICT Strategic Plan was not available for our review. An Information Security Internal Policy has been established by the Shire. While the Information Security Internal Policy considers some aspects of ICT relevant to the Shire, it may not adequately address key ICT risks and improvements.	High	Prioritised action required	Business / Policy / System Improvement	Noted - currently the Shire is not resourced sufficiently to deliver this plan and cts on the guidance of our IT providers.	Medium	Develop an ICT Strategic Plan identifying and documenting key ICT risks along with the treatments to reduce the risk to an acceptable level. Consider independent review of identified ICT risks where appropriate.
7.1	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery	7.1.2	Presently, an external provider is engaged to provide IT support services and advice regarding security and hardware. A contract is currently in place with external providers.	High	Prioritised action required	IT Risk	Noted - risk is mitigated by engaging preferred supplier or both WALGA and Telstra. Additional parties involved in IT management is likely to incur additional costs. Major IT spends are scrutinised by Executive Management.	Low	Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers.

7.1	ICT Strategic Plan	Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery	7.1.2	Presently a single consultant is engaged to provide IT support services and advice regarding security etc. A high level of risk could be assumed by engaging a single entity to provide all IT services.	High	Prioritised action required	IT Risk	Noted - risk is mitigated by engaging preferred supplier or both WALGA and Telstra. Additional parties involved in IT management is likely to incur additional costs. Major IT spends are scrutinised by Executive Management.	Low	Careful development of an ICT strategy will assist in considering the risks of utilising a single IT provider and may assist in developing a scope to articulate service level agreements for a range of IT services to be potentially issued to different providers.
7.1	Local Emergency Management Arrangements	To detail emergency management arrangements and ensure understanding between agencies and stakeholders involved in managing emergencies within the Shire.	7.1.3	A Local Emergency Management Arrangements document is available and was endorsed in 2021. The current plan references personnel no longer employed by the Shire.	Medium	Planned action required	Business / Policy / System Improvement	Noted - LEMA is currently under review and update.	High	Ensure regular exercises, review and update of the Local Emergency Management Arrangements document as included in the 'Exercising, Reviewing and Reporting' section to ensure the content of the plan is relevant and current to the Shire.
7.1	Asset Management Plan	Plans prepared to assist the Shire to improve community informed asset service levels, future demand, long term sustainability and risk management.	7.1.4	Policy C-3AM04 Asset Management requires the Shire to develop, adopt and implement a Vision, a Strategy and Management Plans. During our review these were not made available.	Medium	Planned action required	Business / Policy / System Improvement	Noted	Medium	Ensure Asset Management Plans are developed, adopted and reviewed in accordance with policy requirements and to support the Integrated Planning and Reporting Framework.
7.2	Evidencing Routine Reviews, Authorisations and Approvals	Systems and controls to allow for appropriate review of the completion of tasks and evidencing key points of control.	7.2.1	We noted procedures and controls for recording and evidencing the routine review, approval and authorisation processes for a number of key operational functions are not formalised. Whilst these processes may occur in some instances, we observed the implementation is not always uniform or consistent. This may result in weaknesses in their application and the control environment.	High	Prioritised action required	Internal Control	Noted - internal restructure and finance team will address this.	High	Review systems and processes to establish approved and consistent application of controls within operational activities and functions. Controls should be maintained to evidence and demonstrate the appropriate segregation of duties and independent review being undertaken.
7.2	Evidencing Routine Reviews, Authorisations and Approvals	Systems and controls to allow for appropriate review of the completion of tasks and evidencing key points of control.	7.2.1	In the course of our review, we noted instances where the security for electronic signatures to authorise or review various processes was considered inadequate which may present a risk to intended controls.	High	Prioritised action required	Internal Control	Noted - no resources currently available to procure higher security E-Sign software. Document amendment tracking is still available if fraud or internal control breach is suspected.	Medium	Review and update systems and procedures for the application of electronic signatures to ensure appropriate controls exist to support security, authenticity and authorisation when they are utilised.
7.2	Operational Procedures	Systems and procedures to set out guidance for expected processes, systems, and controls to be maintained.	7.2.2	Procedures are not formalised for some key operational functions to ensure appropriate controls are applied in the operation of some Shire services, resulting in unilateral unauthorised changes to procedures and a breakdown in key controls. Workflow process diagrams, checklists and documented procedures may assist to create a visual representation of a process, clearly identifying key points of control and responsibility to be evidenced and independently reviewed.	High	Prioritised action required	Internal Control	Noted - internal restructure and finance team will address this.	High	Update systems and controls to ensure staff are aware of and understand the control environment required to be adhered to, to assist with legislative compliance etc. and alignment to adopted risk management policy and procedures. Procedures should provide for activities not necessarily covered by legislation to communicate expected standards to staff from management. Development of documented procedures and checklists, and / or workflow process diagrams may assist in clearly identifying controls and processes to be followed.
7.2	Document Control	Process to ensure routine review of key strategic and operational documents.	7.2.3	It was noted through our review several key documents were marked as draft, unsigned or without document control or history information. Where history information was available, some documents also appeared to be overdue for review. This may result in instances where there is a breakdown in key controls.	Medium	Planned action required	Business / Policy / System Improvement	Noted - Document control systems require enhancement to manage multiple version history.	Medium	Review and update systems and processes relating to key operational documents to ensure routine review for currency, and appropriate endorsement or approval occurs as required.
7.2	Risk Management Procedures	Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.	7.2.4	Some risk management activities currently undertaken are not formally documented and are sometimes performed independently within individual departments. These existing procedures are based on a superseded risk management framework. Some of these activities may not align with the Shire's Risk Management Policy and Framework, including periodic reporting to the Audit Committee.	Medium	Planned action required	Business / Policy / System Improvement	Risk Management Policy to be updated and Audit Committee reporting framework to be reviewed.	High	Risk management framework and policy to be updated to align with the latest risk management standard (ISO 31000:2018).

7.2	Risk Management Procedures	Procedures and practices to set out a uniform approach to the identification, assessment, management, reporting and monitoring of risks.	7.2.4	Some risk management activities currently undertaken are not formally documented and are sometimes performed independently within individual departments. These existing procedures are based on a superseded risk management framework. Some of these activities may not align with the Shire's Risk Management Policy and Framework, including periodic reporting to the Audit Committee.	Medium	Planned action required	Business / Policy / System Improvement	Risk Management Policy to be updated and Audit Committee reporting framework to be reviewed.	High	Communicate throughout the organisation, current risk management procedures and processes to assist with routine and consistent applications in accordance with Council policy. Risks are to be routinely reported and reviewed by the Audit Committee as required by the Risk Management Policy.
7.2	Security Controls for Cash Handling	Procedures and systems for the handling of cash at Shire facilities.	7.2.5	Security controls for cash held at some facilities are considered inadequate. Through discussion with staff, a review of the collection of cash from other Shire facilities is being undertaken to ensure appropriate review and authorisation processes occur in relation to the management and handling of cash by staff and contractors.	High	Prioritised action required	Internal Control	Noted - Cash Management Policy is being implemented and investment is being made in electronic payment systems for services which attract large volumes of cash.	High	Ensure access to any cash held is restricted only to authorised personnel through secure storage. Implement appropriate documented procedures and controls for cash maintained by staff and / or third parties (such as contractors). Processes should also include reference to insured amounts of cash, to ensure adequate insurance levels are maintained relating to cash.
7.2	Debtors	Controls for raising of invoices and timely collection and recovery of outstanding revenue.	7.2.6	Formal processes and routine reporting to management, or to monitor and recover overdue debtor payments are not currently in place. Our testing noted several small overdue balances.	Medium	Planned action required	Business / Policy / System Improvement	Noted - revised systems and processes to be implemented.	High	Implement and maintain documented procedures to ensure a transparent and consistent approach is applied to overdue debtors including monitoring for all stages of debt collection.
7.2	Petty Cash	Systems and processes to ensure controls are maintained around petty cash.	7.2.7	Our testing of petty cash noted a breakdown within the systems and controls described to us. Evidence of independent review and recording of petty cash being issued was not available for all receipts tested.	Medium	Planned action required	Business / Policy / System Improvement	Noted - overall risk is low given the total volume of cash held, however system improvement is being implemented.	High	Undertake a review of systems and processes relating to petty cash, to ensure adequate controls exist relating to security of cash held, as well as maintaining and processing of petty cash transactions.
7.2	Rates	Rates are correctly imposed and rate system is properly maintained.	7.2.8	Although established procedures guide the routine rating functions and annual rates billing, we did not observe evidence of independent review and verification of rating matrices and other amendments to rating records for accuracy of annual rating processes.	Medium	Planned action required	Business / Policy / System Improvement	Improvement noted, however current rates billing processes are reviewed by EMCCS and Rates Officer. Additional verification and sign-off is unlikely to have any material impact on accuracy.	Low	Update existing systems and procedures to demonstrate appropriate controls and authorisations exist for routine rating functions including interim rating processes and annual rates billing.
7.2	Rates	Rates are correctly imposed and rate system is properly maintained.	7.2.8	Through our limited testing we noted the due date on an interim rate notice provided for the interim rates to become due and payable 35 days from the date of the interim notice being issued. Legislation requires more than 35 days before the payment is due.	Medium	Planned action required	Compliance Risk	Noted - this is a system function. Actual practice ensures that 35 day period is adhered to by providing grace period around due date.	Low	Ensure due dates for interim rates notices comply with time frames prescribed by legislation.
7.2	General Journals	Controls to provide for the independent review and authorisation of general journals being processed.	7.2.9	There are limited documented internal control procedures for general journals. We noted review and evidence of review of journals after posting has not been consistently maintained.	Medium	Planned action required	Internal Control	Noted - audit trail report to be investigated with software provider.	Low	Document internal controls to ensure journal requests initiated are reviewed and approved/authorised prior to posting by an appropriate officer, the practice of independent review is consistently maintained, and evidence of review is routinely applied. A monthly journal audit trail report should be produced and independently reviewed and confirmed to previously approved journals, prior to preparation of the monthly statement of financial activity.
7.2	Overhead and Administration Allocations	To allocate indirect costs in a practical and efficient manner.	7.2.10	A documented process to determine the allocation of indirect costs was not available for our review. From staff representations, activity based costing allocation rates are currently based on historical estimates. We noted management are currently periodically monitoring unallocated indirect costs to undertake corrective adjustments where required, with a review of these rates intended to be undertaken in the near future.	Medium	Planned action required	Business / Policy / System Improvement	Noted - to be completed during new budget cycle.	Medium	Undertake a review of activity based costings to support calculation of overhead and administration allocations. Routine review and monitoring of indirect costs should be maintained for accuracy and compliance in financial reporting of works programs.
7.2	Procurement	Procedures for the procurement of goods or services.	7.2.11	Our limited testing of payments noted an instance of non-compliance between procurement thresholds and purchasing requirements in accordance with Council policy. Evidence to support the required number of quotations were sought, or appropriate documentation maintained to support the absence of quotations was not available for our review.	High	Prioritised action required	Business / Policy / System Improvement	Noted - Electronic Purchase order system has improved this.	High	Examine systems, processes and training to ensure those with delegated purchasing authority comply with the provisions of the purchasing policy, legislation and record keeping requirements.
7.2	Procurement	Procedures for the procurement of goods or services.	7.2.11	Through limited testing of payments, instances were also noted where: <ul style="list-style-type: none"> <li>• Unsigned purchase orders were included to support payments for authorisation issued; and</li> <li>• An instance where there was no purchase order was available to support the payment being made.</li> </ul>	High	Prioritised action required	Compliance Risk	Noted - Electronic Purchase order system has improved this.	High	Where purchasing activities have not complied with the purchasing policy, such as where a purchase pre-dates a purchase order or where a purchase order was not issued prior to receiving goods, these instances should be documented, reviewed and authorised to demonstrate controls have been developed to comply and ensure the purchasing policy has been adhered to.

7.2	Procurement Assessment	Procedures to provide probity for the assessment of procurement options received.	7.2.12	We did not observe documented procedures in place to require declarations of interest and confidentiality to be signed prior to assessments being undertaken for high value purchases.	Medium	Planned action required	Business / Policy / System Improvement	Noted - systems and templates are in place but were not detailed during audit.	Low	Persons assessing any significant procurement should be required to declare any matters which may impact or be perceived to impact on their independence. Procedures for the declaration of interests prior to procurement assessments being undertaken should also be documented for high value purchases and tenders.
7.2	Credit Cards	Systems and processes to control use of Corporate Credit Cards held.	7.2.13	Through our testing we noted: <ul style="list-style-type: none"> <li>• An official tax invoice was not available for a credit card purchase as required by Council policy; and</li> <li>• Agreements signed by credit card holders setting out cardholder responsibilities and legal obligations when using Shire credit cards were not available for our inspection.</li> </ul>	Medium	Planned action required	Business / Policy / System Improvement	Noted - sometimes an invoice / receipt is lost and generally is evidenced by Stat Dec or email detailing the purchase.	Medium	Update and maintain procedures to ensure all payments made by credit cards are accompanied by appropriate tax invoices or other documentation as required by Council policy.
7.2	Credit Cards	Systems and processes to control use of Corporate Credit Cards held.	7.2.13	Through our testing we noted: <ul style="list-style-type: none"> <li>• An official tax invoice was not available for a credit card purchase as required by Council policy; and</li> <li>• Agreements signed by credit card holders setting out cardholder responsibilities and legal obligations when using Shire credit cards were not available for our inspection.</li> </ul>	Medium	Planned action required	Business / Policy / System Improvement	Noted - cardholder agreement template is in place. Currently signed by all card holders.	Low	Review systems and procedures to ensure all credit card holders have acknowledged and signed documentation setting out cardholder responsibilities and legal obligations when using Shire credit cards. Ensure credit cards are issued only after this has occurred and documentation has been appropriately filed as required.
7.2	Changes to Banking Details	Controls to validate banking change requests.	7.2.14	The Shire's current process of changing supplier banking details is inadequate, with no formal documented procedures in place. We are aware of many incidents of payment scams/frauds within the local government industry in recent years. As a consequence of this activity, controls around the changes to supplier details within the EFT payment system are essential.	High	Prioritised action required	Fraud Risk	Noted - additional internal controls now in place to ensure Accountant validates all changes to banking files by Creditors Officer. Additional checks carried out by Executive Staff during payment runs.	Low	The process to verify changes of supplier details should be documented and provided to officers responsible for preparation and entry of creditors invoices for approval for payment. This should be supported with training/direction to remind staff of the need to be ever vigilant, to exercise a level of scepticism for all requests presented and, most importantly, to raise a concern if there is any doubt about the authenticity of a request for change of EFT payment details.
7.2	Grants Management	Controls for the effective management of grants and compliance with conditions imposed by funding bodies.	7.2.15	Individual positions actively seek funding opportunities and a register of grants awarded is kept for financial records, though no formal procedures exist to support processes and controls in respect to: <ul style="list-style-type: none"> <li>• Application of grants;</li> <li>• Receiving grant revenue;</li> <li>• Acquittal of grants;</li> <li>• Compliance with grant conditions; and</li> <li>• Governance and administration arrangements.</li> </ul>	Medium	Planned action required	Business / Policy / System Improvement	Noted - given the size of the organisation and level of communication between finance, executive and project staff, additional procedures are unlikely to deliver material returns.	Low	Document and implement procedures to consider the need for grant programs, if objectives are clearly defined, whether relevant factors and risks are thoroughly analysed and assessed (needs analysis, cost/benefit, risk analysis etc) and appropriate options for delivery are considered prior to applying for grants. Systems should include controls for the monitoring of grants with funding conditions and acquittal processes. Incomplete consideration of these factors may contribute to the Shire's ability to effectively deliver grant programs.
7.2	Asset Disposal	Procedures for the disposition of property in accordance with the requirements of section 3.58 of the Local Government Act 1995 and regulation 30 of the Local Government (Functions and General) Regulations 1996.	7.2.16	Our testing noted an instance where an asset does not appear to have been disposed of in accordance with section 3.58 of the Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996. This was noted to be the result of a plant item being traded at the same time of purchasing a new plant item. Although the purchasing policy and legislative requirements allowed for the new plant item to be purchased without going to tender, the disposition of the traded plant item is not captured by these same exclusions.	Medium	Planned action required	Compliance Risk	Noted - trade in value, while exceeding the value provided for in regulations, was greater than that expected from auction or public tender which is our other option in disposal.	Medium	Ensure future asset disposals are in accordance with the requirements of section 3.58 of the Local Government Act 1995 and the Local Government (Functions and General) Regulations 1996.
7.2	Information Required to be Published on Official Local Government Website	Ensure information is published for public information as required by legislation.	7.2.17	At the time of our review, we noted the following information (in addition to other matters noted elsewhere in this report) has not been published on the Shire's official website as required by legislation: <ul style="list-style-type: none"> <li>• Name of each council member who lodged a primary return or annual return for the financial year beginning on or after 1 July 2020;</li> <li>• Complaints register in the prescribed format;</li> <li>• Tender Register;</li> <li>• Minutes of Audit Committee Meetings;</li> <li>• Minutes of Annual Electors' Meetings;</li> <li>• Position of each employee who lodged a primary or annual return for the financial year beginning on or after 1 July 2020.</li> </ul>	Medium	Planned action required	Compliance Risk	Noted - items have been rectified.	High	Ensure information is published on the Shire's official website as required by Section 5.96A of the Local Government Act 1995 and any other relevant section of the Act.
7.2	Stock Control	Process to ensure stock is correctly allocated, as well as to reduce the potential for theft or misappropriation.	7.2.18	Historically the reconciliation of physical stock to the general ledger was performed annually, resulting in manual corrections being required for the last annual financial reporting period. During our review, we noted more frequent stocktakes being performed to improve early detection where stock may be allocated inappropriately or erroneously. These practices are strongly encouraged to continue in the future.	Medium	Planned action required	Business / Policy / System Improvement	Noted - this recommendation supports current practices.	N/A	A risk based approach should be undertaken to determine the frequency of required stocktakes and reconciliations for stock on hand. Time reconciliation and monitoring of stock (such as monitoring of fuel used per vehicle) is an important control to help minimise shrinkage any security issues or potential misuse in a timely manner.

7.2	Stock Control	Process to ensure stock is correctly allocated, as well as to reduce the potential for theft or misappropriation.	7.2.18	Improvements to stocktakes were noted to have been recently implemented for some Shire facilities to monitor inventory items, however the controls and level of independence for the stocktake and verification may not be considered adequate. Staff representations indicated routine stocktakes and reconciliations are now being performed. This is strongly encouraged.	Medium	Planned action required	Business / Policy / System Improvement	Noted - this recommendation supports current practices.	N/A	Review and update systems and procedures relating to stock controls at Shire facilities. 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.
7.2	Record Keeping Practices	To demonstrate compliance of record keeping systems and practices with legislative requirements.	7.2.19	Based on our enquiries with staff, no regular refresher training for the use of the records system is currently in place to support and direct staff 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.	Medium	Planned action required	Business / Policy / System Improvement	Noted - records training is scheduled.	High	Develop regular training to be undertaken by all staff with financial record keeping responsibilities to ensure a consistent and appropriate usage across the organisation.
7.2	Record Keeping Practices	To demonstrate compliance of record keeping systems and practices with legislative requirements.	7.2.19	We noted there was no formal procedure to manage the disposal of hard copy records. Disposal of electronic records is managed with the assistance of an external provider to assess disposal requirements. Officers noted there is a process underway to label records and introduce a formal disposal program.	Medium	Planned action required	Compliance Risk	Disposal is addressed as part of current records keeping plan, and also uses guidance from external records advisor.	Low	Develop a formal record disposal procedure and program for regular and managed disposal of hard copy records.
7.3	Employee Termination Procedures	Procedures to ensure staff physical and IT access is removed and Shire assets returned at the time of departure.	7.3.1	A formal process / procedure was described to us to manage tasks associated with the termination of employees. The process intends to ensure Shire assets are recovered, restriction of security and IT access has been completed etc. Improvements to this process may be applied to consider independent review of actions required have been performed.	Medium	Planned action required	Business / Policy / System Improvement	Noted - finding describes current practice, although not sufficiently detailed via flow chart or procedure.	Low	Regularly review and update systems, procedures and/or checklists to manage and document actions required for the termination of employees, ensuring access to IT systems, etc. is appropriately restricted and all allocated Shire assets are recovered in a timely manner and has been reviewed independently.
7.3	Staff Training	To ensure staff have access to ongoing and appropriate training.	7.3.2	Planned and required staff training needs for employees are currently identified and recorded in a central training matrix for some operational areas/departments. Further value from this initiative can be added through refining the current matrix toward a more formal required staff training structure, applied throughout the organisation.	Medium	Planned action required	Business / Policy / System Improvement	Noted - current matrix is still deemed fit for purpose.	Low	Refine the current staff training matrix to identify staff training needs relevant to their role, ensuring it is co-ordinated across the organisation and monitors currency of required licences and qualifications.
7.3	Employee Identity and Credentials	Systems and controls for screening of new employees and monitoring existing employees for changes in their circumstances which may impact their employment.	7.3.3	Formalised practices and procedures for verifying employee identity, right to work in Australia, verification of employment history and qualifications are not consistently applied or documented.	Medium	Planned action required	Business / Policy / System Improvement	Noted.	Medium	Develop, implement and maintain appropriate processes and procedures to reduce the risk of unqualified or unsuitable staff being employed by the Shire, in line with the Western Australian Auditor General's Report in June 2019 relating to Verifying Employee Identity and Credentials.
7.3	Payroll Audit Trails	Procedure to allow for appropriate review and approval of changes made within the payroll system.	7.3.4	Limited review of changes made to employee details and parameters is currently undertaken when each payroll is processed.	High	Prioritised action required	Fraud Risk	Noted - system improvement is underway.	High	Procedures to minimise risk of unauthorised changes to employee details should be implemented. A regular review of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where employees responsible for processing payroll transactions are unable to make changes to employee banking details.
7.3	Staff Contracts and Employee Files	To provide a documented record of the terms and conditions of each employee's contract of employment.	7.3.5	Our limited testing noted: <ul style="list-style-type: none"> <li>An instance where evidence of correspondence on an employee file to support the current rate of pay applied through the payroll was not available;</li> <li>Where testing the calculation of an employee's pay, evidence to support the rate of pay applied through the payroll did not agree with the employment agreement on file;</li> <li>Instances where incorrect payrates were applied through fortnightly payroll. Although processes detected these occurrences and they were corrected in a timely manner, systems should provide for independent review of entries to minimise error occurring; and</li> <li>Instances where some timesheets were not reviewed / authorised prior to being entered.</li> </ul>	Medium	Planned action required	Internal Control	Noted - system improvement is underway.	High	Update systems and procedures to evidence controls for the application and review of employee conditions within the payroll master file. Interventions should be available at various stages for a number of operational functions, including routine independent reviews of controls to ensure they are being maintained as required.

7.3	Staff Contracts and Employee Files	To provide a documented record of the terms and conditions of each employee's contract of employment.	7.3.5	Our limited testing noted: <ul style="list-style-type: none"> <li>An instance where evidence of correspondence on an employee file to support the current rate of pay applied through the payroll was not available;</li> <li>Where testing the calculation of an employee's pay, evidence to support the rate of pay applied through the payroll did not agree with the employment agreement on file;</li> <li>Instances where incorrect payrates were applied through fortnightly payroll. Although processes detected these occurrences and they were corrected in a timely manner, systems should provide for independent review of entries to minimise error occurring; and</li> <li>Instances where some timesheets were not reviewed / authorised prior to being entered.</li> </ul>	Medium	Planned action required	Internal Control	Noted - system improvement is underway.	High	Undertake a review of all personnel files to reconcile documentation relating to conditions of employment, remuneration, roles and responsibilities with payments being made.
7.3	Payroll Processing, Exception Reporting, Authorisation and Employee Masterfile Setup	Systems and controls to allow for appropriate review of fortnightly payroll and approval of changes to employee details.	7.3.6	The officers responsible for processing and reviewing payroll are tasked with review and capture of employee entitlements, allowances, deductions, etc. Staff have advised more formal documentation / checklists are intended to be re-implemented to assist with payroll processing, review and authorisation.	Medium	Planned action required	Business / Policy / System Improvement	Noted - system improvement is underway. Additional finance staff will assist with periodic and sample reviews.	High	Review procedures and controls to define systems documentation and controls for the accurate processing of payroll each fortnight. Details for each employee should be reviewed against individual employment contracts to capture allowances, deductions, entitlements etc, into a master list, with appropriate review and authorisation for changes. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes.
8.1	Council and Audit Committee	Monitoring and consideration of risks when making strategic decisions.	8.1.1	We noted documented risk management activities are being undertaken in some areas, but not consistently reported to the Audit Committee as required by Council policy.	Medium	Planned action required	Business / Policy / System Improvement	Risk Management Policy to be updated and Audit Committee reporting framework to be reviewed.	High	A key function of the Audit Committee should be to review updates to risk reports, as well as to monitor and evaluate high risks, particularly where changes occur. Risk reports and updates should be routinely reported and reviewed by the Audit Committee. Implement and maintain documented risk management procedures and processes throughout the Shire, aligned to adopted risk management policy and supporting procedures.
8.1	Council and Audit Committee	Monitoring and consideration of risks when making strategic decisions.	8.1.1	Identified risks are not routinely included within agenda items for elected member consideration.	Medium	Planned action required	Business / Policy / System Improvement	Risk Management Policy to be updated and Audit Committee reporting framework to be reviewed.	High	Identified risks relating to a Council and / or Committee decision should be consistently communicated within the agenda item, to enable elected members to be fully informed of the identified risks when making decisions. Risks should also be appropriately recorded in a risk register aligned to endorsed risk management activities.
8.1	Council and Committee Minutes	Official record of proceedings and decisions.	8.1.2	Attachments (i.e. monthly statement of financial activity, accounts for payment list etc) are not published in the minutes on the official local government website to support the decisions made, including where the decision refers to the officer report or an attachment.	Medium	Planned action required	Compliance Risk	Although agendas, attachments and Minutes are displayed alongside each other on the Shire website, attachments will now be consolidated into minutes to meet this requirement.	High	Ensure all documents supporting Council / Committee decisions are included in the official minutes, and all minutes are also published on the official local government website as required by legislation.
8.1	Council and Committee Minutes	Official record of proceedings and decisions.	8.1.2	The monthly statement of financial activity and list of payments are presented to Council for adoption. Council is not required to adopt or accept the statements or list of payments, but Council is required to resolve to receive or accept the statements and list of payments and record them in the minutes.	Medium	Planned action required	Business / Policy / System Improvement	Noted - inconsequential however change of terminology now implemented.	High	Update systems and controls for agenda items to ensure correct statutory references are included to allow council members to understand the legislative environment relating to the item being considered.
8.1	Council and Committee Minutes	Official record of proceedings and decisions.	8.1.2	Through review of the Council Minutes, instances were noted where: <ul style="list-style-type: none"> <li>No reference was included recording how many members of the public, or which employees departed, remained or returned to the Chamber during the discussion of the confidential items (i.e. OCM 23 June 2022).</li> <li>A councillor was listed as attending and also as a leave of absence (OCM 24 May 2023).</li> </ul>	Medium	Planned action required	Compliance Risk	Noted - minutes to be corrected.	High	Review procedures for recording of official minutes to ensure all detail, decisions and proceedings required to be recorded by legislation and Standing Orders are correctly captured.
8.1	Council and Committee Minutes	Official record of proceedings and decisions.	8.1.2	Through review of the Council Minutes, instances were noted where: <ul style="list-style-type: none"> <li>Minutes record the Shire President as opening the meeting, where the Deputy President presided over the meeting (OCM 24 May 2023).</li> <li>The copy of the minutes available on the website is incomplete (OCM 23 June 2023)</li> </ul>	Medium	Planned action required	Compliance Risk	Noted - minutes to be corrected.	High	Ensure the minutes published on the Shire website reflect the official minutes as required by the Local Government Act 1995 5.96A (f).

8.1	Audit Committee	To assist Council in discharging its legislative responsibilities of controlling the local government's affairs, determining the local government's policies and overseeing the allocation of the local government's finances and resources.	8.1.3	Minutes of all Audit Committee meetings were not available on the official local government website at the time of our review.	Medium	Planned action required	Compliance Risk	Noted - minutes now uploaded.	High	Ensure all Committee minutes are published on the official local government website as required by legislation.
8.1	Monthly Financial Report	Monthly financial report, including statements of financial activity, prepared in accordance with legislative requirements.	8.1.4	Our selected sample of monthly statements of financial activity prepared and presented for consideration by Council were not always prepared in accordance with regulation 34 and 35 of the Local Government (Financial Management) Regulations 1996. Through our limited testing, we noted instances where prescribed requirements relating to monthly financial reports had not always been included. Material variances were not always included in the Statement of Financial Activity (SFA). The format of the SFA (previously Rate Setting Statement) also requires update to comply with the Local Government (Financial Management) Regulations 1996, Regulations 34 and 35, which were amended 30 June 2023.	High	Prioritised action required	Compliance Risk	Noted - monthly financial statement templates have been completely re-written by Accountant to meet this requirement.	High	Ensure the monthly statement of financial activity is completed accurately and contains all items required by legislation. Systems and procedures should provide for the timely and correct entry of accounting transactions to enable accurate preparation of the monthly statement of financial activity for consideration by Council.
8.2	Grants Register	Register of grants to provide high level monitoring of compliance with grant conditions.	8.2.1	A register of grants being managed by the Shire contains financial information for grants though did not appear to have been updated to contain current information. Understanding the current status of grants (as well as the number of grants currently being managed by the Shire) may assist in assessing the risks of undertaking additional programs, performance with current programs (e.g. where programs are not efficiently delivered) and detecting any issues or non compliance in a timely manner for appropriate action.	Medium	Planned action required	Business / Policy / System Improvement	Noted - grants register has now been reviewed and improved.	High	Maintain a register of grants to evidence the routine review of status, compliance and performance of grants being managed by the Shire.
8.2	Contracts Register	Provide a record of contracts entered into by the Shire.	8.2.2	A contracts register has been established, however it does not provide consistent information detailing the status of contracts held, or regular review of contracts by the Shire.	Medium	Planned action required	Business / Policy / System Improvement	Noted - contracts register has been updated.	High	Update and maintain a register to record details of all contracts (current and expired) and their status in a form to assist with ensuring contracts are monitored and actioned as required and reflecting the value of the contracts.
8.2	Register of Hazardous Materials	Provide a record of properties under the Shire's control containing hazardous materials.	8.2.3	A register of hazardous materials was available for our inspection for a number of properties under the control of the Shire. The information does not appear to have undergone routine review to consider if associated risks have been treated.	Medium	Planned action required	Business / Policy / System Improvement	Noted - information is held at each site which is seen as more effective than a centralised register.	Low	Update and maintain a register to record details of any other hazardous materials for properties under the control of the Shire.
8.2	Financial Interest Register	Records details required under the Act relating to financial circumstances of relevant persons.	8.2.4	A primary return for a relevant person was not available for inspection upon examination of the Financial Interest Register. From staff representations, it was conveyed the officer had been promoted and may not have completed a primary return.	High	Prioritised action required	Compliance Risk	Noted - primary return location has been resolved.	High	Undertake a thorough examination of records to locate the primary return and file within the register as required within the provisions of section 5.88 of the Local Government Act 1995, or take action to rectify and report this matter as required.
8.2	Tender Register	Statutory register of tenders called.	8.2.5	At the time of our review a tender register was not available for our inspection to test compliance with the Local Government (Functions and General) Regulations 1996.	Medium	Planned action required	Compliance Risk	Tender register is available.	Low	Review and update controls relating to maintenance of the tender register, ensuring it contains information required to evidence compliance with regulation 16 & 17 of the Local Government (Functions and General) Regulations 1996. Publish the tender register on the official local government website as required by legislation.
8.5	Internal Audit	Internal audit monitors the level of compliance with internal procedures and process along with assessing the appropriateness of these procedures.	8.5.1	Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken.	Medium	Planned action required	Business / Policy / System Improvement	Limited staff resources impacts this capacity.	Low	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.
8.5	WHS Audit	Review of work health and safety procedures.	8.5.2	During our review, there was no evidence of a recent WHS audit available for our review.	Medium	Planned action required	OHS Risk	WHS Audit was provided post audit. New audit is scheduled for 2024.	Low	Undertake a WHS audit, ensuring subsequent actions and matters identified through the audit are adequately addressed.

