



21 FEBRUARY 2024

**AUDIT & RISK COMMITTEE
MEETING**

AGENDA

CONTENTS

1. OPENING	4
2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE	4
2.1 Committee Members.....	4
2.2 Staff Members.....	4
2.3 Observers And Visitors	4
2.4 Apologies and Approved Leave of Absence	4
3. DECLARATIONS OF INTEREST	4
4. CONFIRMATION OF MINUTES	5
4.1 Minutes of the Audit and Risk Committee Meeting 31 October 2023.....	5
5. OFFICER REPORTS	6
5.1 Regulation 17 Review	6
5.2 2023/24 Budget Review	26
5.3 2023 Compliance Audit Return	30
6. NEW BUSINESS ARISING BY ORDER OF THE MEETING	39
7. CLOSURE	39

1. OPENING

The Chairperson to declare the meeting open.

2. ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE

2.1 Committee Members

Cr DC White	President & Chairperson
Cr DJ Ridgway	Deputy President
Cr JR Maxwell	

2.2 Staff Members

Mr SP Gollan	Chief Executive Officer
Mr SK Marshall	Deputy Chief Executive Officer
Mrs A Lewis	Executive Assistant

2.3 Observers And Visitors

2.4 Apologies and Approved Leave of Absence

Cr CJ Lawlor	Apologies
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3. DECLARATIONS OF INTEREST

4. CONFIRMATION OF MINUTES

4.1 Minutes of the Audit and Risk Committee Meeting 31 October 2023

OFFICER'S RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held Tuesday 31 October 2023 be confirmed.

5. OFFICER REPORTS

5.1 Regulation 17 Review

Submission To:	Audit & Risk Committee Meeting 21 February 2024
Report Date:	18 December 2023
Applicant:	N/A
File Reference:	ADM 0163
Author and Position:	Stephen Gollan, Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	2023 Risk Profile

SUMMARY

The Audit and Risk Committee to consider recommending that Council receive the Risk Management Regulation 17 Review.

BACKGROUND

Under regulation 17 of the *Local Government (Audit) Amendment Regulations 2013*, the Chief Executive Officer is to review the appropriateness and effectiveness of the Shire of Beverley's systems and procedures in relation to risk management, internal control and legislative compliance.

COMMENT

The Chief Executive Officer and HR/Payroll Officer have conducted a review using the Risk Management template provided by Council's Insurers, LGIS.

Attached is the summary of control results covering identified risk areas including:

- Misconduct;
- Business and Community disruption;
- Environmental management;
- Errors, omissions and delays;
- External theft and fraud;
- IT and Communication systems;
- Statutory compliance;
- Safety and security;
- Providing advice and information;
- Employment practices;
- Records management;
- Project/Change management;
- Engagement practices;
- Supplier management;
- Asset sustainability practices; and
- Facility management.

Each identified risk was considered individually with risk ratings being applied based on the following risk matrix:

Risk Matrix						
Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)

Following the risk determination, improvement initiatives were formulated and enacting timeframes set with the aim of improving overall future risk ratings.

Risk assessment worksheets for each risk category have been provided under separate cover.

STATUTORY ENVIRONMENT

Regulation 17 of the *Local Government (Audit) Amendment Regulations 2013* requires that:

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review at least once every 2 calendar years.
- (3) The CEO is to report to the audit committee the results of that review.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Strategic Pillar: 4. Civic Leadership
Strategic Priorities: 4.2 Continuous organisational improvement
4.3 Responsible planning

RISK IMPLICATIONS

Failure to review the appropriateness and effectiveness of a local government's systems and procedures would result in non-compliance *Local Government (Audit) Amendment Regulations 2013*. Approval of this item will mitigate the consequence.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

2.3 Risk Management

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommends to Council that the 2023 Regulation 17 review conducted by the Chief Executive Officer be received.

Shire of Beverley Risk Dashboard Report December 2023

Executive Summary

Being the Shire's third report under the introduced risk management framework, focus is on embedding and driving continual improvement. Future reports will continue to provide relevant insight and recommendations to assist governance activities for the Senior Management Team. It is supported by the attached documents that were produced through a workshop on the 18th December 2023.

1. Risk Profiles for the 16 themes discussed.
2. Risk Management Policy amendments and Procedures.

Recommendations

Embedding

1. Arrange for the attached Policy amendments and Procedures to be endorsed and adopted.

Risk Profiles

1. Discuss and review the attached Risk Profiles Review and approve all Risk Profiles (from a Risk & Control perspective).
2. Confirm Current Issues / Actions / Treatments (Responsibility & Due Date)

Misconduct		Risk	Control	Business & community disruption		Risk	Control
		Moderate	Adequate			High	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Carry out new employee Induction process	On Going	HR		Review Recovery Plans	Jun-24	CESM	
Follow up Performance Review process	On Going	CEO/MOW/DCEO		Seek Mitigation Works Funding and coordinate works	Jun-24	CESM	
Councillor training	On Going	CEO/Council		Ensure volunteers and staff are trained in line with WHS legislation requirements	On Going	CESM	
Inadequate environmental management		Risk	Control	Errors, omissions & delays		Risk	Control
		Moderate	Adequate			Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Review of Landfill Remaining Life	Jun-24	EHO/MOW		Review and expand documented procedures for main activities	On Going	DCEO	
Long Term Landfill Plan	Dec-24	EHO/MOW					
External theft & fraud (inc. Cyber Crime)		Risk	Control	Failure of IT &/or communication systems and infrastructure		Risk	Control
		High	Adequate			High	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Raise awareness of IT Security (eg. Opening emails)	On Going	DCEO		Review IT Disaster Recovery Plan and test data recovery	Jun-24	DCEO	
Review Depot Security	On Going	MOW		Test Generator Backup	Jun-24	DCEO	
Review IT Security	On Going	DCEO		Conduct Vulnerability Scan and fix where required	Jun-24	DCEO	
Review Admin Office Security	On Going	DCEO		Review ITC Operating Expenses	On Going	DCEO	
Failure to fulfil statutory, regulatory or compliance requirements		Risk	Control	Inadequate safety and security practices		Risk	Control
		Moderate	Adequate			High	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Review Corporate Business Plan and Long Term Financial Plan.	Jun-24	CEO		Prepare required training register and training plans	On Going	HR/OHS	
Investigate Internal Audit function	Jun-24	CEO		Implement Quarterly Workplace Safety Inspections	On Going	OHS	
				Maintain Contractor Inductions	On Going	OHS	
				Conduct evacuation roleplay	Jun-24	DCEO	
Providing inaccurate advice / information		Risk	Control	Ineffective employment practices		Risk	Control
		Moderate	Adequate			Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Implement a 'performance review' process for Executive Staff	Jun-24	CEO		Implement Performance Review Process	Jun-24	CEO	
Monitor complaint register	On Going	DCEO		Review Workforce Plan (Risks & Action Plans) for inclusion where relevant	Dec-24	CEO	
				Monthly Staff Meetings (Inside)	Jun-24	DCEO	
Inadequate document management processes		Risk	Control	Inadequate project / change management		Risk	Control
		Moderate	Adequate			High	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Explore implementation of Electronic Document Records Management System (EDRMS)	Jun-24	RO		Conduct fortnightly project management meetings (or more often as appropriate)	On Going	CEO	
Include shift to EDRMS in LTFP	Jun-24	DCEO		Monitor volume of projects to ensure available resources are not stretched	On Going	CEO	
				Comply with funding requirements where applicable	On Going	DCEO	
Inadequate engagement practices		Risk	Control	Inadequate supplier / contract management		Risk	Control
		Low	Adequate			Moderate	Effective
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Review Social Media Policies, Procedures & Feedback	On Going	Tourism		Explore implementing Contract Review process at large project (\$1M+) close out	On Going	DCEO	
Inadequate asset sustainability practices		Risk	Control	Ineffective management of facilities / venues / events		Risk	Control
		High	Adequate			Moderate	Adequate
Current Issues / Actions / Treatments	Due Date	Responsibility		Current Issues / Actions / Treatments	Due Date	Responsibility	
Review Asset Management Plans	Jun-24	DCEO		No actions required at this stage			
Review Residential Housing Policy	Jun-24	DCEO					
Develop Bridge Maintenance Program	Jun-24	MOW					
Deliver Footpath Replacement Program	On Going	MOW					

Business & community disruption

Return to

Dec-23

This Risk Theme is defined as:

Failure to adequately prepare and respond to events that cause disruption to the local community and / or normal Shire business activities. The event may result in damage to buildings, property, plant & equipment (all assets). This could be a natural disaster, weather event, or an act carried out by an external party (inc. vandalism). This includes;

- Lack of (or inadequate) emergency response / business continuity plans.
- Lack of training to specific individuals or availability of appropriate emergency response.
- Failure in command and control functions as a result of incorrect initial assessment or untimely awareness of incident.
- Inadequacies in environmental awareness and monitoring of fuel loads, curing rates etc

This does not include disruptions due to IT Systems or infrastructure related failures - refer "Failure of IT & communication systems and infrastructure".

Potential causes include:

- | | |
|---------------------------------------------|-------------------------|
| • Cyclone, Storm Surges, Fire, Earthquake | • Extended power outage |
| • Terrorism / Sabotage / Criminal Behaviour | • Economic Factors |
| • Epidemic / Pandemic | • Loss of Key Staff |

Key Controls	Type	Date	Shire Rating
<i>Business Continuity Framework</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Volunteer Management & Training</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>
<i>LEM Exercises</i>	<i>Detective</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Functional LEMC</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Current LEMA & Recovery Plans</i>	<i>Recovery</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Current Bushfire Risk Management Plan</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>

Overall Control Ratings: **Adequate**

Risk Ratings	Shire Rating
Consequence:	<i>Major</i>
Likelihood:	<i>Possible</i>
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Volunteer BFB training completed</i>	<i>90% VBFB Trained</i>		
<i>Mitigation works undertaken prior to fire season</i>	<i>100% works undertaken</i>		

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Review Recovery Plans</i>	<i>Jun-24</i>	<i>CESM</i>
<i>Seek Mitigation Works Funding and coordinate works</i>	<i>Jun-24</i>	<i>CESM</i>
<i>Ensure volunteers and staff are trained in line with WHS legislation requirements</i>	<i>On Going</i>	<i>CESM</i>

Failure of IT &/or communication systems and infrastructure

Dec-23

This Risk Theme is defined as;

Instability, degradation of performance, or other failure of IT Systems, Infrastructure, Communication or Utility causing the inability to continue business activities and provide services to the community. This may or may not result in IT Disaster Recovery Plans being invoked.

Examples include failures or disruptions caused by:

- Hardware &/or Software
- IT Network
- Failures of IT Vendors

This also includes where poor governance results in the breakdown of IT maintenance such as;

- Configuration management
- Performance Monitoring
- IT Incident, Problem Management & Disaster Recovery Processes

This does not include new system implementations - refer "Inadequate Project / Change Management".

Potential causes include;

- | | |
|----------------------------------------------------------|---------------------------------------------------------------------|
| • Weather impacts | • Power failure |
| • Power outage at service provider | • Infrastructure breakdown such as landlines, radio communications. |
| • Out dated / inefficient hardware | • Lack of training |
| • Incompatibility between operating system and Microsoft | • Software vulnerability (e.g. MS Access) |

Key Controls	Type	Date	Shire Rating
Data Back up Systems (Focus Networks)	Recovery	Dec-23	Effective
IT Vendor Support (Focus Networks)	Preventative / Recovery	Dec-23	Effective
UPS / Generator Entry Point	Preventative / Recovery	Dec-23	Effective
Disaster Recovery Plan	Detective	Dec-23	Adequate
IT Infrastructure Replacement / Refresh Program	Preventative	Dec-23	Effective
Annual Vulnerability scans and remedial work	Preventative	Dec-23	Effective

Overall Control Ratings: Effective

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Possible
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result
Extended lost time due to unforeseen IT issues	8 hours/1 day		No outages

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Review IT Disaster Recovery Plan and test data recovery	Jun-24	DCEO
Test Generator Backup	Jun-24	DCEO
Conduct Vulnerability Scan and fix where required	Jun-24	DCEO
Review ITC Operating Expenses	On Going	DCEO

External theft & fraud (inc. Cyber Crime) ^{Return} Dec-23

This Risk Theme is defined as:

Loss of funds, assets, data or unauthorised access, (whether attempts or successful) by external parties, through any means (including electronic), for the purposes of,

- Fraud – benefit or gain by deceit
- Malicious Damage – hacking, deleting, breaking or reducing the integrity or performance of systems
- Theft – stealing of data, assets or information (no deceit)

Examples include:

- Scam Invoices
- Cash or other valuables from 'Outstations'.

Potential causes include;

- Inadequate security of equipment / supplies / cash
- Robbery
- Scam Invoices
- Inadequate provision for patrons belongings
- Lack of Supervision

Key Controls	Type	Date	Shire Rating
Admin Building Security	Preventative	Dec-23	Adequate
Depot Security	Preventative	Dec-23	Adequate
IT Security Education, Firewall Systems and Antivirus	Preventative	Dec-23	Effective
CCTV Camera Network	Preventative	Dec-23	Adequate
Two Factor Authentication	Preventative	Dec-23	Effective

Overall Control Ratings:	Adequate
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Risk Ratings		Shire Rating
Consequence:		Major
Likelihood:		Possible
Overall Risk Ratings:		High

Key Indicators	Tolerance	Date	Overall Shire Result
# Security Breach Incidents i.e. unauthorised access	0 Breaches		
Test Phishing controls via Email	0 Failures		

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Raise awareness of IT Security (eg. Opening emails)	On Going	DCEO
Review Depot Security	On Going	MOW
Review IT Security	On Going	DCEO
Review Admin Office Security	On Going	DCEO

Misconduct

Return to

Dec-23

This Risk Theme is defined as;

Intentional activities in excess of authority granted to an employee, which circumvent endorsed policies, procedures or delegated authority. This would include instances of:

- Relevant authorisations not obtained.
- Distributing confidential information.
- Accessing systems and / or applications without correct authority to do so.
- Misrepresenting data in reports.
- Theft by an employee
- Collusion between Internal & External parties

This does not include instances where it was not an intentional breach - refer Errors, Omissions or delays in transaction processing, or Inaccurate Advice.

Potential causes include;

- Lack of training
- Changing of job titles
- Delegated authority process inadequately implemented
- Disgruntled employees
- Lack of understanding
- Poor internal checks (PO's and delegated authority)
- Password sharing

Key Controls	Type	Date	Shire Rating
Delegation Register - Framework	Detective	Dec-23	Adequate
Staff Induction Process (Code of Conduct)	Preventative	Dec-23	Adequate
Segregation of Duties (Financial) & Procurement	Preventative	Dec-23	Effective
IT Security Access Framework (Profiles & Passwords)	Preventative	Dec-23	Effective
Staff Performance Reviews	Preventative	Dec-23	Adequate

Overall Control Ratings:	Adequate
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Risk Ratings	Shire Rating
Consequence:	Moderate
Likelihood:	Unlikely
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
Complaints received regarding Staff/Councillors	0 Complaints	Dec-23	Excellent

Comments
As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Carry out new employee Induction process	On Going	HR
Follow up Performance Review process	On Going	CEO/MOW/DCEO
Councillor training	On Going	CEO/Council

Return to

Inadequate safety and security practices

Dec-23

This Risk Theme is defined as;

Non-compliance with the Occupation Safety & Health Act, associated regulations and standards. It is also the inability to ensure the physical security requirements of staff, contractors and visitors. Other considerations are:

- Inadequate Policy, Frameworks, Systems and Structure to prevent the injury of visitors, staff, contractors and/or tenants.
- Inadequate Organisational Emergency Management requirements (evacuation diagrams, drills, wardens etc).
- Inadequate security protection measures in place for buildings, depots and other places of work (vehicle, community etc).
- Public Liability Claims, due to negligence or personal injury.
- Employee Liability Claims due to negligence or personal injury.
- Inadequate or unsafe modifications to plant & equipment

Potential causes include;

- | | |
|--------------------------------------------------|--------------------------------------------------------------------------|
| • Lack of appropriate PPE / Equipment | • Inadequate signage, barriers or other exclusion techniques |
| • Inadequate first aid supplies or trained staff | • Storage and use of Dangerous Goods |
| • Rubbish / Litter Control | • Ineffective / inadequate testing, sampling (similar) health based req' |
| • Inadequate security arrangements | • Lack of mandate and commitment from Senior Management |

Key Controls	Type	Date	Shire Rating
Workplace Inspections	Preventative	Dec-23	Adequate
Staff Individual Training Plans	Preventative	Dec-23	Adequate
Hazard Register	Detective	Dec-23	Adequate
OSH Management Framework	Preventative	Dec-23	Adequate
Contractor / Site Inductions	Preventative	Dec-23	Effective
Staff Inductions	Preventative	Dec-23	Effective
Organisational Emergency Preparedness (Wardens, evacs etc)	Preventative	Dec-23	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Possible
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Prepare required training register and training plans	On Going	HR/OHS
Implement Quarterly Workplace Safety Inspections	On Going	OHS
Maintain Contractor Inductions	On Going	OHS
Conduct evacuation roleplay	Jun-24	DCEO

Inadequate project / change management **Dec-23**

This Risk Theme is defined as:
 Inadequate analysis, design, delivery and / or status reporting of change initiatives, resulting in additional expenses, time requirements or scope changes. This includes:

- Inadequate Change Management Framework to manage and monitor change activities.
- Inadequate understanding of the impact of project change on the business.
- Failures in the transition of projects into standard operations.
- Failure to implement new systems
- Failures of IT Project Vendors/Contractors

This includes Directorate or Service Unit driven change initiatives except new Plant & Equipment purchases. Refer "Inadequate Asset Management"

- Potential causes include:**
- | | |
|--------------------------------------------------------|--------------------------------------------------------------------|
| • Lack of communication and consultation | • Shire growth (too many projects) |
| • Lack of investment | • Inadequate monitoring and review |
| • Ineffective management of expectations (scope creep) | • Project risks not managed effectively |
| • Inadequate project planning (resources/budget) | • Lack of Project methodology knowledge and reporting requirements |

Key Controls	Type	Date	Shire Rating
<i>Dedicated Project Management Team</i>	<i>Preventative</i>	<i>Dec-23</i>	Effective
<i>Fortnightly Project Meetings</i>	<i>Preventative</i>	<i>Dec-23</i>	Effective
<i>Contract Subject Matter Experts as appropriate</i>	<i>Preventative</i>	<i>Dec-23</i>	Effective

Overall Control Ratings: **Effective**

Risk Ratings	Shire Rating
Consequence:	<i>Major</i>
Likelihood:	<i>Possible</i>
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result

Comments
As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Conduct fortnightly project management meetings (or more often as appropriate)</i>	<i>On Going</i>	<i>CEO</i>
<i>Monitor volume of projects to ensure available resources are not stretched</i>	<i>On Going</i>	<i>CEO</i>
<i>Comply with funding requirements where applicable</i>	<i>On Going</i>	<i>DCEO</i>

Errors, omissions & delays

Return to

Dec-23

This Risk Theme is defined as:

Errors, omissions or delays in operational activities as a result of unintentional errors or failure to follow due process. This includes instances of;

- Human errors, incorrect or incomplete processing
- Inaccurate recording, maintenance, testing and / or reconciliation of data.
- Errors or inadequacies in model methodology, design, calculation or implementation of models.

This may result in incomplete or inaccurate information. Consequences include;

- Inaccurate data being used for management decision making and reporting.
- Delays in service to customers
- Inaccurate data provided to customers

This excludes process failures caused by inadequate / incomplete procedural documentation - refer "Inadequate Document Management Processes".

Potential causes include;

- | | |
|-------------------------------------|-------------------------|
| • Human Error | • Incorrect information |
| • Inadequate procedures or training | • Miscommunication |
| • Lack of Staff (or trained staff) | • |

Key Controls	Type	Date	Shire Rating
<i>Documented Procedures / Checklists</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Segregation of Duties (Financial Control)</i>	<i>Detective</i>	<i>Dec-23</i>	<i>Effective</i>

Overall Control Ratings: *Adequate*

Risk Ratings	Shire Rating
Consequence:	<i>Minor</i>
Likelihood:	<i>Possible</i>
Overall Risk Ratings:	<i>Moderate</i>

Key Indicators	Tolerance	Date	Overall Shire Result

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Review and expand documented procedures for main activities</i>	<i>On Going</i>	<i>DCEO</i>

Inadequate document management processes Return to Dec-23

This Risk Theme is defined as;

Failure to adequately capture, store, archive, retrieve, provision and / or disposal of documentation. This includes:

- Contact lists.
- Procedural documents.
- 'Application' proposals/documents.
- Contracts.
- Forms, requests or other documents.

Potential causes include;

- | | |
|-------------------------------------------------------------|------------------------------------------------------------|
| • Spreadsheet/Database/Document corruption or loss | • Outdated record keeping practices / incompatible systems |
| • Inadequate access and / or security levels | • Lack of system/application knowledge |
| • Inadequate Storage facilities (including climate control) | • High workloads and time pressures |
| • High Staff turnover | • Incomplete authorisation trails |

Key Controls	Type	Date	Shire Rating
<i>Policy & Procedural Review Process</i>	<i>Detective</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Records Management Process (Hard Copy)</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Records Management Process (Soft Copy)</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>
<i>Records Management Policy</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>
<i>Off-site Archiving (Zirco)</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>

Overall Control Ratings: *Adequate*

Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Unlikely</i>
Overall Risk Ratings:	<i>Moderate</i>

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Number of Documents not stored electronically or archived off-site</i>			

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Explore implementation of Electronic Document Records Management System (EDRMS)</i>	<i>Jun-24</i>	<i>RO</i>
<i>Include shift to EDRMS in LTFP</i>	<i>Jun-24</i>	<i>DCEO</i>

Inadequate supplier / contract management **Dec-23**

This Risk Theme is defined as:

Inadequate management of External Suppliers, Contractors, IT Vendors or Consultants engaged for core operations. This includes issues that arise from the ongoing supply of services or failures in contract management & monitoring processes. This also includes:

- Concentration issues
- Vendor sustainability

It does not include failures in the tender process; refer "Inadequate Procurement, Disposal or Tender Practices".

Potential causes include:

• Funding	• Inadequate contract management practices
• Complexity and quantity of work	• Ineffective monitoring of deliverables
• Inadequate tendering process	• Lack of planning and clarity of requirements
• Geographical remoteness	• Historical contracts remaining

Key Controls	Type	Date	Shire Rating
<i>Purchasing Policy</i>	<i>Preventative</i>	<i>Dec-23</i>	Effective
<i>Purchase Order Procedure</i>	<i>Preventative</i>	<i>Dec-23</i>	Adequate
<i>Tender Register</i>	<i>Preventative</i>	<i>Dec-23</i>	Effective
<i>Contractor Inductions</i>	<i>Preventative</i>	<i>Dec-23</i>	Effective

Overall Control Ratings:	Effective
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Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Possible</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Explore implementing Contract Review process at large project (\$1M+) close out</i>	<i>On Going</i>	<i>DCEO</i>

Providing inaccurate advice / information Return to Dec-23

This Risk Theme is defined as;

Incomplete, inadequate or inaccuracies in advisory activities to customers or internal staff. This could be caused by using unqualified, or inexperienced staff, however it does not include instances relating to Misconduct.

Examples include;

- incorrect planning, development or building advice,
- incorrect health or environmental advice
- inconsistent messages or responses from Customer Service Staff
- any advice that is not consistent with legislative requirements or local laws.

Potential causes include;

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Lack of qualified staff • Long lead times for responses • Increasing workloads | <ul style="list-style-type: none"> • Lack of appropriate technical knowlegde relevant to the context • Poor working relationships between internal staff/departments |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Key Controls	Type	Date	Shire Rating
<i>Performance Review Meetings</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Qualified Contractors (Pool, Ranger, Building & Health)</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>
<i>Complaints</i>	<i>Detective</i>	<i>Dec-23</i>	<i>Adequate</i>

Overall Control Ratings:	Adequate
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Risk Ratings	Shire Rating
Consequence:	<i>Major</i>
Likelihood:	<i>Unlikely</i>

Overall Risk Ratings:	Moderate
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Key Indicators	Tolerance	Date	Overall Shire Result
<i># Complaints / issues regarding inaccurate advice / information</i>			

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Implement a 'performance review' process for Executive Staff</i>	<i>Jun-24</i>	<i>CEO</i>
<i>Implement a 'performance review' process for Health, Building & Planning</i>	<i>Jun-24</i>	<i>CEO</i>
<i>Monitor complaint register</i>	<i>On Going</i>	<i>DCEO</i>

Ineffective employment practices Return to **Dec-23**

This Risk Theme is defined as:

Failure to effectively manage and lead human resources (full/part time, casuals, temporary and volunteers). This includes not having an effective Human Resources Framework in addition to not having appropriately qualified or experienced people in the right roles or not having sufficient staff numbers to achieve objectives. Other areas in this risk theme to consider are;

- Breaching employee regulations (excluding OH&S).
- Discrimination, Harassment & Bullying in the workplace.
- Poor employee wellbeing (causing stress)
- Key person dependencies without effective succession planning in place.
- Induction issues.
- Terminations (including any tribunal issues).
- Industrial activity.

Care should be taken when considering insufficient staff numbers as the underlying issue could be a process inefficiency.

Potential causes include;

- | | |
|----------------------------------------------------------------|-----------------------------------------------------------------------------|
| • Leadership failures | • Ineffective performance management programs or procedures. |
| • Available staff / volunteers are generally highly transient. | • Ineffective training programs or procedures. |
| • Single Person Dependencies | • Limited staff availability - mining / private sectors (pay & conditions). |
| • Poor internal communications / relationships | • Inadequate Induction practices. |

Key Controls	Type	Date	Shire Rating
<i>Policy & Procedures</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Training Needs Analysis & Training Register</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Cross Skilling / Multi tasking</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>
<i>Internal Communication (Meetings / Newsletter)</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Staff Inductions (Code of Conduct Component)</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>
<i>Performance Review Process</i>	<i>Detective</i>	<i>Dec-23</i>	<i>Adequate</i>

Overall Control Ratings: *Adequate*

Risk Ratings		Shire Rating
Consequence:		<i>Moderate</i>
Likelihood:		<i>Possible</i>
Overall Risk Ratings:		<i>Moderate</i>

Key Indicators	Tolerance	Date	Overall Shire Result
<i>% Staff turnover rate</i>			
<i>Absenteeism</i>			
<i>Workers Compensation Claims (Stress Claims)</i>			
<i>Upcoming Retirements</i>			

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>Implement Performance Review Process</i>	<i>Jun-24</i>	<i>CEO</i>
<i>Review Workforce Plan (Risks & Action Plans) for inclusion where relevant</i>	<i>Dec-24</i>	<i>CEO</i>
<i>Monthly Staff Meetings (Inside)</i>	<i>Jun-24</i>	<i>DCEO</i>

Failure to fulfil statutory, regulatory or compliance requirements

Dec-23

This Risk Theme is defined as:

Failure to correctly identify, interpret, assess, respond and communicate laws and regulations as a result of an inadequate compliance framework. This could result in fines, penalties, litigation or increase scrutiny from regulators or agencies. This includes, new or proposed regulatory and legislative changes, in addition to the failure to maintain updated legal documentation (internal & public domain) to reflect changes.

This does not include Occupational Safety & Health Act (refer "Inadequate employee and visitor safety and security") or any Employment Practices based legislation (refer "Ineffective Employment practices")

It does include the Local Government Act, Health Act, Building Act, Privacy Act and all other legislative based obligations for Local Government.

Potential causes include:

- Lack of training, awareness and knowledge
- Staff Turnover
- Inadequate record keeping
- Ineffective processes
- Lack of Legal Expertise
- Councillor Turnover
- Breakdowns in Tender process
- Ineffective monitoring of changes to legislation

Key Controls	Type	Date	Shire Rating
Compliance Return (DLG)	Detective	Dec-23	Adequate
Compliance Calendars	Preventative	Dec-23	Effective
External Auditor Reviews (Compliance)	Detective	Dec-23	Effective
Subscriptions (WALGA)	Preventative	Dec-23	Adequate
Induction Process - Councillors / Staff	Preventative	Dec-23	Adequate
Tender Process (eQuotes)	Preventative	Dec-23	Effective
IPRF Reviews and Updates	Preventative	Dec-23	Adequate
Overall Control Ratings:			Adequate

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Unlikely
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
IPRF Documents are up to date			

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Corporate Business Plan and Long Term Financial Plan.	Jun-24	CEO
Investigate Internal Audit function	Jun-24	CEO

Inadequate asset sustainability practices Return to Dec-23

This Risk Theme is defined as:

Failure or reduction in service of infrastructure assets, plant, equipment or machinery. These include fleet, buildings, roads, playgrounds, boat ramps and all other assets and their associated lifecycle from procurement to maintenance and ultimate disposal. Areas included in the scope are;

- Inadequate design (not fit for purpose)
- Ineffective usage (down time)
- Outputs not meeting expectations
- Inadequate maintenance activities.
- Inadequate financial management and planning.

It does not include issues with the inappropriate use of the Plant, Equipment or Machinery. Refer Misconduct.

Potential causes include:

- | | |
|----------------------------------------|------------------------------------------------------------------------|
| • Skill level & behaviour of operators | • Unavailability of parts |
| • Lack of trained staff | • Lack of formal or appropriate scheduling (maintenance / inspections) |
| • Outdated equipment | • Unexpected breakdowns |

Key Controls	Type	Date	Shire Rating
Asset Management System (Synergy Asset Register)	Preventative	Dec-23	Adequate
Asset Management Plan	Preventative	Dec-23	Adequate
Planned Building Maintenance	Detective	Dec-23	Adequate
Asset Replacement Program	Preventative	Dec-23	Adequate
Road Asset Management System (RAMM)	Preventative	Dec-23	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Possible
Overall Risk Ratings:	High

Key Indicators	Tolerance	Date	Overall Shire Result

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Asset Management Plans	Jun-24	DCEO
Review Residential Housing Policy	Jun-24	DCEO
Develop Bridge Maintenance Program	Jun-24	MOW
Deliver Footpath Replacement Program	On Going	MOW

Return to

Inadequate engagement practices

Dec-23

This Risk Theme is defined as:

Failure to maintain effective working relationships with the Community (including Local Media), Stakeholders, Key Private Sector Companies, Government Agencies and / or Elected Members. This invariably includes activities where communication, feedback and / or consultation is required and where it is in the best interests to do so. For example;

- Following up on any access & inclusion issues.
- Infrastructure Projects.
- Regional or District Committee attendance.
- Local Planning initiatives.
- Strategic Planning initiatives

This does not include instances whereby Community expectations have not been met for standard service provisions such as Community Events, Library Services and / or Bus/Transport services.

Potential causes include;

- | | |
|------------------------------------------|-------------------------------------------------|
| • Budget / funding issues | • Short lead times |
| • Media attention | • Miscommunication / Poor communication |
| • Inadequate documentation or procedures | • Relationship breakdowns with community groups |

Key Controls	Type	Date	Shire Rating
Open Council Meetings	Preventative	Dec-23	Adequate
Newsletter (Beverley Blamey)	Preventative	Dec-23	Adequate
Annual electors meeting	Detective	Dec-23	Adequate
Online Engagement (Website & Social Media)	Detective	Dec-23	Effective
Establish Working Groups for large Capital Project Planning	Detective	Dec-23	Effective
Overall Control Ratings:			Adequate

Risk Ratings		Shire Rating
Consequence:		Minor
Likelihood:		Unlikely
Overall Risk Ratings:		Low

Key Indicators	Tolerance	Date	Overall Shire Result
% community feeling they have opportunities to participate in planning			
% community satisfaction with the Shire's advocacy and community representation			

Comments

As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Review Social Media Policies, Procedures & Feedback	On Going	Tourism

[Return to](#) **Dec-23**

Ineffective management of facilities / venues / events

This Risk Theme is defined as:
 Failure to effectively manage the day to day operations of facilities, venues and / or events. This includes;

- Inadequate procedures in place to manage the quality or availability.
- Ineffective signage
- Booking issues
- Financial interactions with hirers / users
- Oversight / provision of peripheral services (eg. cleaning / maintenance)

Potential causes include;

<ul style="list-style-type: none"> • Double bookings • Illegal alcohol consumption • Managing bond payments 	<ul style="list-style-type: none"> • Animal contamination. • Failed chemical / health requirements. • Access to facilities / venues.
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Key Controls	Type	Date	Shire Rating
<i>Events Policy / Procedures</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Facility Booking System (Outlook Calendar)</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Maintenance Schedules</i>	<i>Detective</i>	<i>Dec-23</i>	<i>Adequate</i>
<i>Complaints Register</i>	<i>Detective</i>	<i>Dec-23</i>	<i>Effective</i>
<i>Caravan Park/Cabins Booking System</i>	<i>Preventative</i>	<i>Dec-23</i>	<i>Effective</i>

Overall Control Ratings:	Adequate
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Risk Ratings	Shire Rating
Consequence:	<i>Moderate</i>
Likelihood:	<i>Unlikely</i>
Overall Risk Ratings:	Moderate

Key Indicators	Tolerance	Date	Overall Shire Result
<i>Attendance at Arts & cultural activities</i>			
<i>% community satisfaction with with services and facilities</i>			
<i>% occupancy of Onsite Cabins</i>			

Comments
As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
<i>No actions required at this stage</i>		

Inadequate environmental management **Dec-23**

This Risk Theme is defined as:
Inadequate prevention, identification, enforcement and management of environmental issues. The scope includes;

- Lack of adequate planning and management of coastal erosion issues.
- Failure to identify and effectively manage contaminated sites (including groundwater usage).
- Waste facilities (landfill / transfer stations).
- Weed control.
- Ineffective management of water sources (reclaimed, potable)
- Illegal dumping.
- Illegal clearing / land use.

Potential causes include;

- Inadequate management of landfill sites
- Inadequate reporting / oversight frameworks
- lack of understanding / knowledge
- Community apathy.
- Inadequate local laws / planning schemes

Key Controls	Type	Date	Shire Rating
Landfill Site Management Procedures	Detective	Dec-23	Effective
Security at Landfill Site	Preventative	Dec-23	Effective
Mosquito Control	Preventative	Dec-23	Adequate
Monitoring bores	Detective	Dec-23	Adequate

Overall Control Ratings: Adequate

Risk Ratings	Shire Rating
Consequence:	Major
Likelihood:	Unlikely

Overall Risk Ratings: Moderate

Key Indicators	Tolerance	Date	Overall Shire Result

Comments
As rated by Stephen Gollan (CEO) and Allison Bowman (HR/Payroll) on 18th December 2023.

Current Issues / Actions / Treatments	Due Date	Responsibility
Review of Landfill Remaining Life	Jun-24	EHO/MOW
Long Term Landfill Plan	Dec-24	EHO/MOW

5.2 2023/24 Budget Review

Submission To:	Audit & Risk Committee Meeting 21 February 2024
Report Date:	12 February 2024
Applicant:	N/A
File Reference:	ADM 0092
Author and Position:	Simon Marshall, Deputy Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	2023/24 Budget Review Statement of Financial Activity

SUMMARY

The Audit and Risk Committee to examine the 2023/24 Budget Review and consider recommending to Council that it be received.

BACKGROUND

A Budget Review is conducted annually by comparing actual revenue and expenditure as at 31 December to budget estimates and forecasting predicted revenue and expenditure to 30 June.

The budget review process is a statutory requirement, but also reflects good management practice.

COMMENT

A budget review has been undertaken by staff as per the requirements of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

Any savings realised or over expenditure incurred as at 31 December 2023 has been included in forward projections.

The detailed Budget Review is attached under separate cover.

In summary, it is forecast that a budget surplus of \$384,150.00 may be realised as at 30 June 2024.

See Budget Review financial report attached to this report for surplus components.

STATUTORY ENVIRONMENT

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* provides that:

- (1) Between 1 January and 31 March in each financial year a local government is to carry out a review of its annual budget for that year.
- (2A) The review of an annual budget for a financial year must —
 - (a) consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
 - (b) consider the local government’s financial position as at the date of the review; and
 - (c) review the outcomes for the end of that financial year that are forecast in the budget.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (3) A council is to consider a review submitted to it and is to determine* whether or not to adopt the review, any parts of the review or any recommendations made in the review.
*Absolute majority required.
- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Strategic Pillar: 4. Civic Leadership

Strategic Priorities: 4.2 Continuous organisational improvement

4.3 Responsible planning

RISK IMPLICATIONS

Failure to complete a Budget Review would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. Approval of this item will mitigate the consequence

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommend to Council that the 2023/24 Budget Review be received and forwarded to the Department of Local Government.

Attachment for Agenda Item 5.2

SHIRE OF BEVERLEY BUDGET REVIEW FOR THE YEAR ENDED 30TH JUNE 2024

	2023/24 Budget \$	2023/24 Actual \$	2023/24 Forecast \$	Variance \$	Comment
REVENUES					
Rates	3,241,771	3,251,353	3,255,859	14,088	Rates Discount expense lower than anticipated.
Grants, Subsidies and Contributions	569,235	334,249	784,428	215,193	General Financial Assistance and Road Grant funding received, unbudgeted.
Fees and Charges	798,854	548,233	816,592	17,738	Cabin and Caravan Park revenue expected to be higher than anticipated.
Interest Earnings	166,267	59,887	205,633	39,366	Interest earnings on free cash and Reserve funds higher than anticipated due to higher interest rates.
Other Revenue	592,112	122,862	631,578	39,466	58 John St storm damage insurance reimbursement \$25,611. Eligible fuel tax rebate expected to be higher \$15,000.
Profit On Asset Disposal	27,900	6,387	22,954	(4,946)	
	<u>5,396,139</u>	<u>4,322,971</u>	<u>5,717,044</u>	<u>320,905</u>	
EXPENSES					
Employee Costs	(2,448,524)	(1,204,536)	(2,584,133)	(135,609)	Workers comp payments higher due to multiple claims; offset by insurance reimbursement.
Materials and Contracts	(2,275,089)	(951,144)	(2,189,095)	85,994	Contribution to replacement fire tender carried over to 2024/25 \$136,364. Staff short term leave relief (\$10,000). Additional consultant fees for rPPP funding application development (\$55,000).
Utility Charges	(222,075)	(114,508)	(226,575)	(4,500)	
Depreciation	(2,455,402)	(1,347,544)	(2,455,402)	-	
Finance costs	(67,594)	(29,144)	(67,594)	-	
Insurance	(286,484)	(286,065)	(284,618)	1,866	
Other Expenditure	(84,001)	(49,161)	(75,494)	8,507	
Loss On Asset Disposal	(6,300)	-	(13,573)	(7,273)	
Loss on Revaluation of Non-Current Assets	-	-	-	-	
	<u>(7,845,469)</u>	<u>(3,982,101)</u>	<u>(7,896,484)</u>	<u>(51,015)</u>	
Net Operating Result	<u>(2,449,330)</u>	<u>340,870</u>	<u>(2,179,440)</u>	<u>269,890</u>	
Adjustments for Cash Budget Requirements:					
Non-Cash Expenditure and Revenue					
Movements in Non-Current to Current Items	-	1,785	-	-	
(Profit)/Loss on Asset Disposals	(21,600)	(6,387)	(9,381)	12,219	Vehicle Trade Values lower than anticipated.
Loss on Revaluation of Non Current Assets	-	-	-	-	
Depreciation on Assets	2,455,402	1,347,544	2,455,402	-	
Capital Expenditure and Revenue					
Purchase Land Held for Resale	-	-	-	-	
Purchase Land and Buildings	(3,343,000)	(46,894)	(1,239,779)	2,103,221	Swimming Pool project carried over to 2024/25.
Purchase Plant and Equipment	(637,500)	(220,932)	(627,706)	9,794	
Purchase Furniture and Equipment	(33,000)	(26,455)	(26,456)	6,544	
Purchase Infrastructure Assets - Roads	(5,382,773)	(573,772)	(2,582,773)	2,800,000	AGRN1061 Storm damage works expected to proceed in 2024/25.
Purchase Infrastructure Assets - Bridges	(1,929,430)	(45,293)	(1,929,430)	-	
Purchase Infrastructure Assets - Drainage	(12,425)	-	(12,425)	-	
Purchase Infrastructure Assets - Footpaths	(100,000)	(73,198)	(100,000)	-	
Purchase Infrastructure Assets - Parks	-	-	-	-	
Capital Grants, Subsidies and Contributions	6,597,684	303,240	3,353,083	(3,244,601)	CSRFF funding for Swimming Pool project carried over to 2024/25 (\$500,000) Third party capital contribution to Vincent St remediation works \$30,000.
Proceeds from Disposal of Assets	264,400	40,455	252,181	(12,219)	Vehicle Trade Values lower than anticipated.
Lease Payments	(6,837)	(6,837)	(6,837)	-	
Repayment of Debentures	(117,135)	(71,017)	(117,135)	-	
Proceeds from New Debentures	1,000,000	-	-	(1,000,000)	Swimming Pool project carried over to 2024/25.
Self-Supporting Loan Principal Income	-	-	-	-	
Transfers to Reserves (Restricted Assets)	(418,740)	(28,145)	(454,438)	(35,698)	Additional Caravan Park operating surplus expected.
Transfers from Reserves (Restricted Assets)	1,507,980	-	982,980	(525,000)	Swimming Pool project carried over to 2024/25.
Surplus/(Deficit) July 1 B/Fwd	2,626,304	2,626,304	2,626,304	-	
Estimated Surplus/(Deficit) June 30 C/Fwd	<u>-</u>	<u>3,561,269</u>	<u>384,150</u>	<u>384,150</u>	Forecast surplus at 30 June 2024.

5.3 2023 Compliance Audit Return

Submission To:	Audit & Risk Committee Meeting 21 February 2024
Report Date:	24 January 2024
Applicant:	N/A
File Reference:	ADM 0237
Author and Position:	Stephen Gollan, Chief Executive Officer
Previously Before Council:	Annually
Disclosure(s) Of Interest:	Nil
Attachments:	2023 Compliance Audit Return

SUMMARY

The *Local Government Act 1995* requires all Western Australian Local Authorities to complete a Compliance Audit Return (CAR), distributed by the Department of Local Government, in relation to activities undertaken by the local authority in the preceding calendar year.

BACKGROUND

In 2006, participation in the program was made compulsory for all local authorities.

COMMENT

Attached is a copy of the CAR for Committee's consideration. The Audit and Risk Committee must review the document before it can recommend that Council adopt and forward to the Department of Local Government (no later than the 31st March each year). The CAR is reflective of the period 1 January 2023 – 31 December 2023.

This year DLGSC has not requested any other attachments, it is again using a portal so the CAR is presented differently from previous years.

The answers and any comments are in **Red** on the attachment.

STATUTORY ENVIRONMENT

Local Government Act 1995 and Regulation 13 of the *Local Government Audit Regulations*, Clauses 14 and 15

14. Compliance audit return to be prepared

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.
- (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.
- (3) A compliance audit return is to be
 - (a) presented to the council at a meeting of the council;
 - (b) adopted by the council; and
 - (c) recorded in the minutes of the meeting at which it is adopted.

15. Completion of compliance audit

(1) After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with:

- (a) a copy of the relevant section of the minutes referred to in regulation 14(3)(c) and
- (b) any additional information explaining or qualifying the compliance audit

is to be submitted to the Executive Director by 31 March next following the period to which the return relates.

(2) In this regulation:

Certified in relation to compliance audit return means signed by:

- (a) the mayor or president; and
- (b) The CEO

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Strategic Pillar: 4. Civic Leadership

Strategic Priorities: 4.2 Continuous organisational improvement

4.3 Responsible planning

RISK IMPLICATIONS

Failure to complete the Compliance Audit Return would result in non-compliance *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*. Approval of this item will mitigate the consequence.

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood					
Almost Certain	Medium	High	High	Severe	Severe
Likely	Low	Medium	High	High	Severe
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Low	Medium

Risk Rating	Action
Low	Monitor for ongoing improvement.
Medium	Comply with risk reduction measures to keep risk as low as reasonably practical.
High	Review the risk and take additional measures to ensure risk is low as reasonably achievable.
Severe	Unacceptable risk level, reduction measures must be introduced before proceeding.

POLICY IMPLICATIONS

Nil

VOTING REQUIREMENTS

Simple Majority

OFFICER'S RECOMMENDATION

That the Audit and Risk Committee recommends to Council that:

1. the Compliance Audit Return 2023 be adopted; and
2. the Chief Executive Officer and Shire President be authorised to sign and submit the 2023 Compliance Audit Return to the Department of Local Government.



Compliance Audit Return 2023

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

Delegation of Power/Duty		
No	Reference	Question
1	s5.16 (1)	Were all delegations to committees resolved by absolute majority? N/A
2	s5.16 (2)	Were all delegations to committees in writing? N/A
3	s5.17	Were all delegations to committees within the limits specified in section 5.17 of the <i>Local Government Act 1995</i> ? N/A
4	s5.18	Were all delegations to committees recorded in a register of delegations? N/A
5	s5.18	Has council reviewed delegations to its committees in the 2022/2023 financial year? YES
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the <i>Local Government Act 1995</i> ? NO
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority? YES
8	s5.42(2)	Were all delegations to the CEO in writing? YES
9	s5.44(2)	Were all delegations by the CEO to any employee in writing? YES
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority? N/A
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees? YES
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2022/2023 financial year? YES
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Local Government (Administration) Regulations 1996, regulation 19? YES

Disclosure of Interest		
No	Reference	Question
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69 of the <i>Local Government Act 1995</i> , did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter? YES
2	s5.68(2) & s5.69(5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by the Local



		Government (Administration) Regulations 1996 regulation 21A, recorded in the minutes of the relevant council or committee meeting? YES
3	s5.73	Were disclosures under sections 5.65, 5.70 or 5.71A(3) of the <i>Local Government Act 1995</i> recorded in the minutes of the meeting at which the disclosures were made? YES
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day? YES
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2023? YES
6	s5.77	On receipt of a primary or annual return, did the CEO, or the Mayor/President, give written acknowledgment of having received the return? YES
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> ? YES
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28? YES
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76 of the <i>Local Government Act 1995</i> , did the CEO remove from the register all returns relating to that person? YES
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return? YES
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B of the <i>Local Government Act 1995</i> , in the form prescribed in the Local Government (Administration) Regulations 1996, regulation 28A? YES
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website? YES
13	s5.89A(6)	When people cease to be a person who is required to make a disclosure under section 5.87A or 5.87B of the <i>Local Government Act 1995</i> , did the CEO remove from the register all records relating to those people? YES
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A(6) of the <i>Local Government Act 1995</i> been kept for a period of at least five years after the person ceases to be a person required to make a disclosure? YES
15	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report? YES
16	s5.71A & s5.71B(5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) of the <i>Local Government Act 1995</i> relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application? N/A
17	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) of the Local Government Act 1995 recorded in the minutes of the council meeting at which the decision was considered? N/A
18	s5.104(1)	Did the local government prepare and adopt, by absolute majority, a code of conduct to be observed by council members, committee members and candidates that incorporates the model code of conduct? YES
19	s5.104(3) & (4)	Did the local government adopt additional requirements in addition to the model code of conduct? If yes, does it comply with section 5.104(3) and (4) of the <i>Local Government Act 1995</i> ? NO
20	s5.104(7)	Has the CEO published an up-to-date version of the code of conduct for council members, committee members and candidates on the local government's website? YES
21	s5.51A(1) & (3)	Has the CEO prepared and implemented a code of conduct to be observed by employees of the local government? If yes, has the CEO published an up-to-date version of the code of conduct for employees on the local government's website? YES



Disposal of Property		
No	Reference	Question
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) of the <i>Local Government Act 1995</i> (unless section 3.58(5) applies)? N/A
2	s3.58(4)	Where the local government disposed of property under section 3.58(3) of the <i>Local Government Act 1995</i> , did it provide details, as prescribed by section 3.58(4) in the required local public notice for each disposal of property? N/A

Elections		
No	Reference	Question
1	Elect Regs 30G(1) & (2)	Did the CEO establish and maintain an electoral gift register and ensure that all disclosure of gifts forms completed by candidates and donors and received by the CEO were placed on the electoral gift register at the time of receipt by the CEO and in a manner that clearly identifies and distinguishes the forms relating to each candidate in accordance with regulations 30G(1) and 30G(2) of the Local Government (Elections) Regulations 1997? YES
2	Elect Regs 30G(3) & (4)	Did the CEO remove any disclosure of gifts forms relating to an unsuccessful candidate, or a successful candidate that completed their term of office, from the electoral gift register, and retain those forms separately for a period of at least two years in accordance with regulation 30G(4) of the Local Government (Elections) Regulations 1997? N/A (No disclosures received)
3	Elect Regs 30G(5) & (6)	Did the CEO publish an up-to-date version of the electoral gift register on the local government's official website in accordance with regulation 30G(5) of the Local Government (Elections) Regulations 1997? YES

Finance		
No	Reference	Question
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Local Government Act 1995? YES
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the <i>Local Government Act 1995</i> , did it do so by absolute majority? N/A
3	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2023 received by the local government by 31 December 2023? YES
4	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under section 7.9(1) of the <i>Local Government Act 1995</i> required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters? YES
5	s7.12A(4)(a) & (4)(b)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters? Was a copy of the report given to the Minister within three months of the audit report being received by the local government? N/A
6	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under section 7.12A(4)(b) of the <i>Local Government Act 1995</i> , did the CEO publish a copy of the report on the local government's official website? YES
7	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June 2023 received by the local government within 30 days of completion of the audit? YES



Integrated Planning and Reporting		
No	Reference	Question
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? YES - 28/11/2023
2	Admin Reg 19DA(1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section? YES - 24/02/2014
3	Admin Reg 19DA(2) & (3)	Does the corporate business plan comply with the requirements of Local Government (Administration) Regulations 1996 19DA(2) & (3)? NO
Local Government Employees		
No	Reference	Question
1	s5.36(4) & s5.37(3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Local Government (Administration) Regulations 1996, regulation 18A? N/A
2	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate? N/A
3	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4) of the <i>Local Government Act 1995</i> ? N/A
4	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee? N/A
5	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so? N/A
Official Conduct		
No	Reference	Question
1	s5.120	Has the local government designated an employee to be its complaints officer? YES
2	s5.121(1) & (2)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a) of the <i>Local Government Act 1995</i> ? YES
3	S5.121(2)	Does the complaints register include all information required by section 5.121(2) of the <i>Local Government Act 1995</i> ? YES
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website? YES



Optional Questions		
No	Reference	Question
1	Financial Management Reg 5(2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with the Local Government (Financial Management) Regulations 1996 regulations 5(2)(c) within the three financial years prior to 31 December 2023? YES If yes, please provide the date of council's resolution to accept the report. 25/7/2023
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Local Government (Audit) Regulations 1996 regulation 17 within the three financial years prior to 31 December 2023? YES If yes, please provide date of council's resolution to accept the report. 28/2/2023
3	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B of the <i>Local Government Act 1995</i> , were the disclosures made within 10 days after receipt of the gift? Did the disclosure include the information required by section 5.87C of the Act? N/A
4	s5.90A(2) & (5)	Did the local government prepare, adopt by absolute majority and publish an up-to-date version on the local government's website, a policy dealing with the attendance of council members and the CEO at events? YES
5	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4) of the <i>Local Government Act 1995</i> ? YES
6	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members? YES
7	s5.127	Did the local government prepare a report on the training completed by council members in the 2022/2023 financial year and publish it on the local government's official website by 31 July 2023? YES
8	s6.4(3)	By 30 September 2023, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2023? YES
9	s.6.2(3)	When adopting the annual budget, did the local government take into account all its expenditure, revenue and income? YES

Tenders for Providing Goods and Services		
No	Reference	Question
1	F&G Reg 11A(1) & (3)	Did the local government comply with its current purchasing policy, adopted under the Local Government (Functions and General) Regulations 1996, regulations 11A(1) and (3) in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less? YES
2	s3.57 F&G Reg 11	Subject to Local Government (Functions and General) Regulations 1996, regulation 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in regulation 11(1) of the Regulations? YES
3	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 of the Local Government Functions and General) Regulations 1996, required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with Regulation 14(3) and (4)? YES
4	F&G Reg 12	Did the local government comply with Local Government (Functions and General) Regulations 1996, Regulation 12 when deciding to enter into multiple contracts rather than a single contract? N/A
5	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation? YES
6	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 15 and 16? YES

7	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulation 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website? YES
8	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender? NO
9	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept? YES
10	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted? YES
11	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of the Local Government (Functions and General) Regulations 1996, Regulations 21 and 22? N/A (No EOIs called)
12	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice? N/A
13	F&G Reg 23(3) & (4)	Were all expressions of interest that were not rejected under the Local Government (Functions and General) Regulations 1996, Regulation 23(1) & (2) assessed by the local government? Did the CEO list each person as an acceptable tenderer? N/A
14	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with Local Government (Functions and General) Regulations 1996, Regulation 24? N/A
15	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with Local Government (Functions and General) Regulations 1996, Regulations 24AD(4) and 24AE? NO
16	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation? N/A
17	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application? N/A
18	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24AG? N/A
19	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications? N/A
20	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept? N/A
21	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application? YES
22	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of Local Government (Functions and General) Regulations 1996, Regulation 24E and 24F? N/A

6. NEW BUSINESS ARISING BY ORDER OF THE MEETING

New Business of an urgent matter only arising by order of the meeting.

7. CLOSURE

The Chairman to declare the meeting closed.