# SHIRE OF LEONORA



# MINUTES OF AUDIT AND RISK COMMITTEE MEETING
# HELD IN COUNCIL CHAMBERS, LEONORA
# ON TUESDAY 17TH JUNE, 2025
# COMMENCING AT 9:32AM.

# SHIRE OF LEONORA
## ORDER OF BUSINESS FOR MEETING HELD
## TUESDAY 17TH JUNE, 2025.

## 1.0 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS / FINANCIAL INTEREST DISCLOSURES

**1.1** The Shire President, Cr PJ Craig declared the meeting open at 9:32am.

**1.2** **Visitors or members of the public in attendance**
At 9:32am Ms Tanya Browning (via Teams), Moore Australia.

**1.3** **Financial/Other Interest Disclosures**
Nil

## 2.0 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

**2.1** **Attendance**

| | |
|---|---|
| **President (Chairperson)** | PJ Craig |
| **Deputy President** | RA Norrie |
| **Councillors** | RM Cotterill |
| | F Harris |
| | LR Petersen (via Teams) |
| | AE Taylor |
| | TM Nardone |
| **Chief Executive Officer** | TD Matson |
| **Executive Assistant** | SC Watene |
| | |
| **Visitors** | T Browning |

**2.2** **Apologies**
Nil

**2.3** **Leave of Absence**
Nil

**2.4** **Applications for Leave of Absence**
Nil
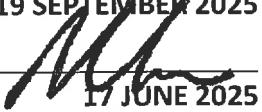
## 3.0 CONFIRMATION OF MINUTES FROM PREVIOUS MEETING

**COMMITTEE DECISION**

**Moved:** **Cr RA Norrie**
**Seconded: Cr AE Taylor**

That the minutes of the Audit and Risk Committee Meeting held on 18 March, 2025 be confirmed.

*CARRIED (7 VOTES TO 0)*

*For; Cr PJ Craig, Cr RA Norrie, Cr RM Cotterill, Cr AE Taylor, Cr LR Petersen, Cr TM Nardone, Cr F Harris*

*Shire President, Cr PJ Craig invited Tanya Browning from Moore Australia to present to Council via Teams regarding the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls that will be presented to the committee this morning.*

*The presentation concluded at 10:04am and Tanya Browning left the meeting.*

## 4.0 REPORTS

### 4.1 CHIEF EXECUTIVE OFFICER REPORTS

#### 4.1.(A) REVIEW OF FINANCIAL MANAGEMENT, RISK MANAGEMENT, LEGISLATIVE COMPLIANCE AND INTERNAL CONTROLS

| | |
|---|---|
| **SUBMISSION TO:** | Audit and Risk Committee Meeting |
| | Meeting Date: 17th June 2025 |
| **AGENDA REFERENCE:** | 4.1.(A) JUN 25 |
| **SUBJECT:** | Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls |
| **LOCATION/ADDRESS:** | Leonora |
| **NAME OF APPLICANT:** | Shire of Leonora |
| **FILE REFERENCE:** | 1.10 Audit – Reports & Minutes |

**AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

| | |
|---|---|
| **NAME:** | Ty Matson |
| **OFFICER:** | Chief Executive Officer |
| **INTEREST DISCLOSURE:** | Nil |
| **DATE:** | 13th June 2025 |
| **SUPPORTING DOCUMENTS:** | 1. Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls - Draft Report |

## BACKGROUND

During 2025, the Shire requested quotes for appropriate consultants to assist the CEO to perform reviews required by legislation relating to the appropriateness and effectiveness of financial management, risk management, legislative compliance systems and processes as required by legislation. Moore Australia (WA) were engaged to assist with this service and attended the Shire from 26-28 May 2025 to perform the required fieldwork and prepare a report to assist the CEO in reporting the results of the reviews performed. The review and associated consulting and advisory services were finalised in June 2025.

## COMMENT

The attached report includes details of matters noted during the review, as well as improvements to be considered by the Shire and comments from the executive team in response to some findings. A risk assessment working document, summarising the findings and improvements noted within the report has been prepared for internal use by the executive. This risk assessment working document may assist with future status reports for the Leonora as improvements are implemented and completed by responsible officers.

## STATUTORY ENVIRONMENT

The CEO is required by the *Local Government (Audit) Regulations 1996* regulation 17 to review the appropriateness and effectiveness of the Shire's risk management, internal controls and legislative compliance systems and procedures every three years. A review of financial management systems to assess the appropriateness and effectiveness of these systems and procedures, is also required by *Local Government (Financial Management) Regulations 1996*, regulation 5(2)(c) every three years.

The results of the risk management, legislative compliance and internal controls review are to be reported by the CEO to the Audit & Risk Committee. The Audit & Risk Committee is required to review the CEO's report and on-report to the Council. The report from the Audit & Risk Committee to the Council is required to have attached a copy of the CEO's initial report to the Audit & Risk Committee.

## POLICY IMPLICATIONS

Risk Management Policy A.2.10 outlines the Shires commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

## FINANCIAL IMPLICATIONS

Provision is included in the 2024/25 Adopted Budget for Moore Australia WA to assist the CEO with undertaking the required review appropriateness and effectiveness of financial management, risk management, legislative compliance systems and processes.

## STRATEGIC IMPLICATIONS

Strategic references within the Shire of Leonora's Plan for the Future 2021-2031 demonstrate connections between services and the desired outcomes and community vision for the Shire of Leonora, particularly in relation to Leadership objectives, outcomes and strategies such as 4.1.2.4 Provide appropriate governance and leadership to the Shire, 4.2.1.3 Seek high level of compliance in organisational practices.

## RISK MANAGEMENT

This item has been evaluated against the Shire's Risk Management Strategy, Risk Assessment Matrix. The perceived level of risk is high prior to treatment, receipt of the report by the committee (and subsequently Council) as well as the progression of risk management activities aligned with the Risk Management Strategy will reduce the risk to low.

**AUDIT AND RISK COMMITTEE MEETING MINUTES**

**COMMITTEE DECISION**

**Moved:** **Cr RA Norrie**
**Seconded: Cr TM Nardone**

That the Audit and Risk Committee:

1. Receive the attached report by the CEO detailing the results of the Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls; and

2. Report to the Council the results of the CEO's report by providing a copy of the finalised Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls.

*CARRIED (7 VOTES TO 0)*

*For; Cr PJ Craig, Cr RA Norrie, Cr RM Cotterill,*
*Cr AE Taylor, Cr LR Petersen, Cr TM Nardone, Cr F Harris*

**VOTING REQUIREMENT**

Simple Majority

**MOORE**

## COMMERCIAL IN CONFIDENCE

# Review of Financial Management, Risk Management, Legislative Compliance and Internal Controls

## Draft Report

## Shire of Leonora

## June 2025

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# 1.0 Engagement Overview

## 1.1 Scope of Services

The Shire of Leonora (the shire) engaged Moore Australia to provide consultancy and advisory services with a dual purpose, firstly to provide a report to assist the CEO to perform select reviews required by legislation. This engagement set out to assist the CEO to report to the Audit Committee on the appropriateness and effectiveness of the shire's risk management, internal controls and legislative compliance systems and procedures as required by the *Local Government (Audit) Regulations 1996* Regulation 17. Secondly, to examine financial management systems to highlight the appropriateness and effectiveness of these systems and procedures to assist the CEO in undertaking a review as required by *Local Government (Financial Management) Regulations 1996* Regulation 5(2)(c).

For efficiency, these services were undertaken simultaneously, and the results contained in this single report. Financial management systems and procedures are considered a subset of broader overall risk management, legislative compliance and internal controls. The matters examined in respect of financial management systems are detailed in Appendix A. Where opportunities for improvement were identified, they are reported within the relevant section of the risk management, legislative compliance and internal controls framework design, implementation and evaluation sections of this report.

The results of the examination of risk management, legislative compliance and internal controls review are to be reviewed by the CEO and reported by the CEO to the Audit Committee. The Audit Committee is required to review the CEO's report and on-report to Council. The report from the Audit Committee to Council is required to have attached a copy of the CEO's initial report to the Audit Committee.

### 1.1.1 Procedures – Financial Management Review

Our procedures for the Financial Management Review encompassed a review of the shire's financial systems including, but not necessarily limited to:

- Collection of money owed;
- Custody and security of money and investments held;
- Rates;
- Maintenance and security of financial records;
- Accounting and controls for revenue and expenses;
- Accounting and controls for assets and liabilities;
- Accounting and controls for trust transactions;
- Authorisation of purchases;
- Authorisation of payments;
- Borrowings;
- Maintenance and processing of payroll;
- Stock controls and costing records;
- Record keeping for financial records;
- Preparation of budgets and budget reviews; and
- Preparation of financial reports.

Our procedures and approach have been developed over a number of years, taking into account our extensive local government background and seeks to examine both financial systems and procedures in use.

The consulting services to assist the CEO to undertake the financial management review does not examine systems and procedures which are non-financial in nature and did not specifically test for legislative breaches. These were examined as part of the analysis of risk management, legislative compliance and internal control systems and processes.

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# 1.0 Engagement Overview (Continued)

## 1.1.2 Procedures – Risk Management, Legislative Compliance and Internal Controls Review

Our procedures to assist the CEO to perform their systems and procedures review, as required by Regulation 17 of the *Local Government (Audit) Regulations 1996*, encompassed the following services:

- A review of the risk management systems policies, procedures and plans in place at the shire;
- Evaluate the non-financial/operational internal control systems and procedures at the shire;
- Assess systems and procedures for maintaining legislative compliance; and
- Prepare a report of matters identified during our engagement to assist the CEO to assess the appropriateness and effectiveness of the relevant systems and procedures in accordance with Regulation 17 of the *Local Government (Audit) Regulations 1996*.

To undertake these procedures, we applied the following methodology:

- Conduct interviews with key personnel involved in risk management, financial management and the shire's adherence to legislative requirements;
- Identify the extent of commitment and mandate to risk management principles, using AS/NZS ISO 31000:2018 as the framework, within the overall risk management framework;
- Review each component of risk management, legislative compliance and internal controls after considering the overall risk environment, governance structure and internal control environment;
- Assess the gaps, if any, between the current processes and the expected risk management, internal controls and legislative compliance systems and procedures and recommend suggested improvements; and
- Report to the CEO to assist their assessment on the appropriateness and the effectiveness of current systems and procedures.

The service was undertaken through a high level analysis given the scale, variety and breadth of non-financial activities and considered, as a minimum, the issues identified by the Department of Local Government, Sport and Cultural Industries to Local Government Operational Guideline Number 09 – Audit in Local Government (listed in Appendix E).

## 1.2 Conflicts of Interest

We are currently engaged by the Shire of Leonora to provide services from July 2022 to June 2025 as listed below. Our work involved direct community engagement and subsequent reporting, compilation of information from the records of Shire of Leonora, and we did not process any entries within the shire's financial systems. Our services included:

- Compliance and governance services;
- Accounting support services for preparation of selected financial reports;
- Accounting support services for budget services; and
- Integrated Planning and reporting services.

We do not view this as conflicting with this consulting and advisory engagement for the Shire of Leonora given select financial reports are public documents subject to scrutiny by the Office of the Auditor General and their contract auditors. We are not privy to any additional confidential information as part of this work which would or could impact our independence.

We obtained approval from the shire to utilise information we have obtained as part of our engagement with the Shire of Leonora to state within our report we are examining reports or information we have assisted in compiling. We believe the transparent reporting of our involvement in the preparation of some information, our discussions with management on the matter and given the audit processes for local government, should be sufficient to mitigate any conflicts of interest.

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# 2.0 Review Context

## 2.1 Review Context - Shire of Leonora

Understanding the external and internal context in which the shire operates, relevant to financial management, risk, the internal control environment and its legislative compliance obligations, as it seeks to achieve its overall strategic objectives is important to the review of the related systems and procedures.

The external and internal environmental influences identified during the review are set out below:

| External Influences | Internal Influences |
| --- | --- |
| Increasing community expectations in relation to service levels and delivery. | The objectives and strategies contained in the current Strategic Community Plan. |
| Rapid changes in information technology, changing the service delivery environment. | The timing and actions contained in the current Corporate Business Plan. |
| Increased compliance requirements due to government policy and legislation. | Organisational size, structure, activities and location. |
| Cost shifting by the Federal and State governments. | Human resourcing levels and staff retention. |
| Climate change and subsequent response. | The financial capacity of the shire. |
| Reducing external funding for infrastructure and operations. | Maintenance of corporate records. |
| Increasing risk of cyber attack resulting in compromised or lost data. | Allocation of resources to achieve strategic outcomes. |
| Changing regulatory requirements. | |
| Changing global economic environment. | |

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Signed: 19 SEPTEMBER 2025

President: _____
17 JUNE 2025

# 3.0 Review Summary

## 3.1 Overall

Operations of a regional local government are complex, providing numerous services across multiple business areas to deliver the objectives and aspirations of the community. This involves commitment and dedication from a number of people making decisions across a large number of areas of operations. The Shire of Leonora is highly reliant on a small team of senior decision makers to govern its operations whilst trying to ensure sound financial and risk management through internal controls whilst seeking to achieve a high level of compliance. These efforts were highlighted throughout our review with a number of staff noting planned action across a number of matters raised, and we observed a number of improvements to internal controls are already in development. Maintaining efforts toward improvements within the existing framework and reducing gaps where weaknesses have been identified is strongly encouraged to continue.

The onsite component of our services was performed in May 2025 by first determining an appropriate framework for the shire against which current policies, procedures and actions could be assessed this is described further in Section 5.0. A number of areas for improvement were identified during the review. To assist the shire, and with consideration to limited resources the areas identified for improvement have been split between those requiring prioritised action and those requiring planned action as it will require resources and time to address a number of the matters raised.

The chart below reflects the number of improvements identified within each area of the framework examined.

## 3.1.1 Number of Improvements Identified by Framework Element
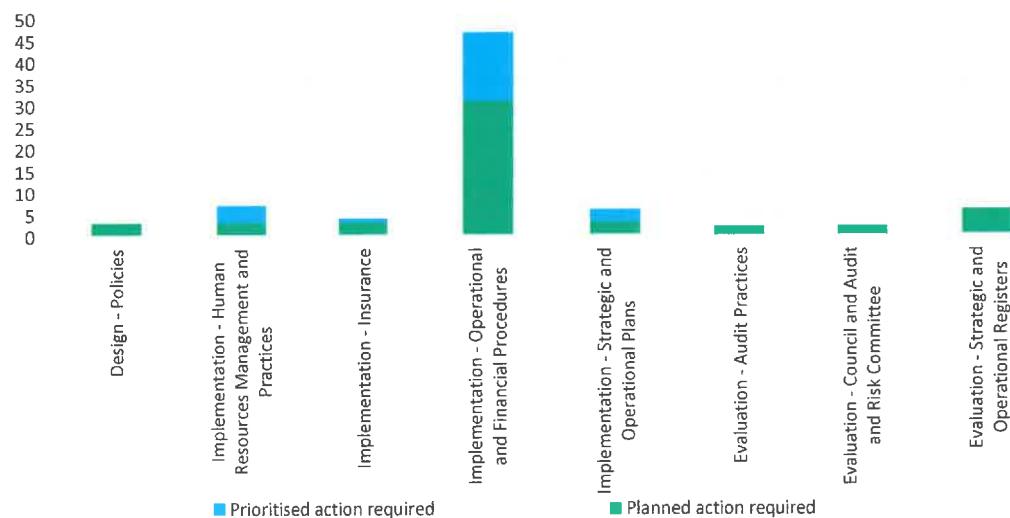


Details of each improvement identified under each framework element are provided in sections 6.0 through 8.0 of this report. Key improvements are provided under each of the examined areas, financial management, risk management, internal control and legislative compliance on the following pages.

A summary of improvements listed by prioritised and planned action is provided at Appendix F.

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# 3.0 Review Summary (Continued)

## 3.2 Financial Management

The shire has a number of financial management system controls to cover the wide variety of operations undertaken. Council has responsibility for the adoption of the annual budget and annual report, review of the monthly statement of financial activity and review of the monthly list of payments. Responsibility for the financial management of the shire rests with the CEO, as detailed under *Local Government (Financial Management) Regulations 1996* Regulation 5(1).

### 3.2.1 Appropriateness

Considering the size, resources, variety of operations and the context in which the shire operates, documented internal control procedures relating to financial management systems, are considered largely appropriate as a means of maintaining a high level of control over the financial management of the shire, subject to control weaknesses being addressed.

Weaknesses were identified with some current financial controls and procedures. These are explained within Sections 6.0 Framework Design and 7.0 Framework Implementation, of this report. Our assessment as to appropriateness is subject to identified weaknesses being addressed, and provided internal control procedures are routinely and consistently applied.

### 3.2.2 Effectiveness

Currently there are financial management systems and processes where controls are documented and routinely tested, however breakdowns in controls were noted to have occurred. Considering the results of other elements of financial management systems and processes where documented and routinely tested, the current practices undertaken by the Shire of Leonora may be considered generally effective. Our assessment as to effectiveness may be improved subject to the implementation of the improvements highlighted in Section 7.0 Framework Implementation of this report.

### 3.2.3 Improvements

Details of recommended improvements to the current financial management, procedures and systems for the shire are set out within the framework design and implementation sections of this report. Key improvements to the appropriateness and effectiveness of these procedures and internal controls include:

- IT general controls;
- General journal controls;
- Rating controls;
- Procurement controls;
- Cash handling procedures;
- Debtor management procedures;
- Receipting and banking controls;
- Change of banking and creditor master files;
- Stock control and inventory procedures; and
- Payroll controls.

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# 3.0 Review Summary (Continued)

## 3.3 Risk Management

Risk management activities in local government should aim to facilitate an integrated and organisation wide approach to risk management practices. These activities would generally include routine and consistent consideration of risks (existing, new and emerging), as well as mitigations available to minimise risk levels, from both a 'top down' perspective as well as 'bottom up' perspective. These activities should be consistently applied through operational systems, processes and controls.

The shire has a Risk Management Policy (A.2.10), which is supported by a Risk Management Strategy, aligned to ISO 31000:2018, to formalise its risk management processes. The Risk Management Strategy was most recently reviewed and updated in December 2024 to refer to the current Risk Management Standard ISO 31000:2018. The risk management policy and risk management strategy form the basis for risk management activities within the shire.

### 3.3.1 Appropriateness

Currently, a documented entity wide Risk Management Policy, Risk Management Strategy and supporting procedures exist to guide the implementation of risk management throughout the shire. These documents refer to the current Risk Management Standard, AS/NZ ISO 31000:2018. The Standard was updated in 2018 to highlight the leadership of top management and integration of risk management in organisations, along with the iterative nature of risk management.

Considering the size, resources, operations and the context in which the shire operates, a documented risk management policy and procedures aligned to ISO 31000:2018 is considered an appropriate means of uniformly supporting decision making and documenting the organisation's response to risks.

### 3.3.2 Effectiveness

The risk management strategy and policy have been developed to reflect the shire's commitment to organisation wide risk management principles, systems and processes aimed at optimising the achievement of objectives, embedding controls to mitigate risk, improving corporate governance and planning for continuity of critical operations. Risk management systems, processes and procedures which have been implemented throughout the organisation and are routinely activated, documented and monitored may be considered generally effective, subject to the improvements described throughout this report being implemented.

### 3.3.3 Improvements

Improvements to risk management practices and policies are detailed within the framework design and implementation sections of this report, with key matters summarised as follows:

- Review contractor insurance to ensure they have appropriate insurance and current licences;
- Update and maintain systems and controls related to insurance claims;
- Implement recommendations from the ICT strategic plan;
- Undertake a comprehensive ICT security review; and
- Ensure appropriate management of operational risks for high risk areas.

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# 3.0 Review Summary (Continued)

## 3.4 Internal Control

The principles of internal controls are not limited to administrative and financial control activities as they extend to all facets of operations. While the CEO is generally responsible for developing and maintaining internal control frameworks, officers at all levels of the organisation should be accountable for the documentation and implementation of systems, controls, processes and procedures in their own area of responsibility. They all perform a function in the internal control framework.

Internal controls are of critical importance to operations and should provide for appropriate segregation of duties, experienced and qualified staff, risk management, documented procedures and effective monitoring and adherence. However inherent limitations will always be present in internal control frameworks and mechanisms where routine review and regular updates occur and may assist to ensure control environments are suitable.

Internal control policy A.1.9 was adopted by the shire in November 2023, to evidence the commitment to appropriate and effective controls. We observed officers are aware a number of improvements to internal controls are required to be reviewed or developed, with the objective of improving the existing framework and reducing gaps where weaknesses have been identified. Management representations noted a number of these improvements have been initiated, this is encouraged to continue.

### 3.4.1 Appropriateness

Considering the size, resources, operations and the internal/external context in which the shire operates, the internal control framework, procedures and systems as described to us are considered appropriate for some areas of operations, subject to the identified improvements being in place. A number of internal controls were identified where these controls are not considered appropriate, as described with Section 7.0 Framework Implementation of this report.

### 3.4.2 Effectiveness

Considering the overall results of monitoring and compliance practices undertaken by the Shire of Leonora, the current internal control framework, procedures and systems (where documented and routinely tested) may be considered effective. Our assessment as to effectiveness is subject to the implementation of the improvements detailed at Section 7.0 Framework Implementation of this report addressing weaknesses where breakdowns in controls have contributed to non compliance matters and other risks.

### 3.4.3 Improvements

Recommended improvements to the current internal control framework, procedures and systems are detailed later within the framework design and implementation sections of this report with selected key improvements to internal controls summarised as follows:

- Maintain the risk based approach to the further development and maintenance of documented internal controls and procedures to provide an appropriate internal control framework. Continual risk based assessment of appropriate controls throughout the organisation will assist to identify the need for new controls and identify existing outdated and unnecessary controls to be discontinued;
- Ensure formally documented key internal controls (either as authorised procedures, checklists or workflow diagrams) undergo routine review to ensure they remain current and relevant to the shire;
- Develop and maintain a Business Continuity Plan and test it to ensure its validity;
- Develop and maintain registers to improve existing internal controls as discussed at Section 8.2 of this report; and
- Implement financial management control recommendations discussed at Section 3.2 of this report.

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# 3.0 Review Summary (Continued)

## 3.5 Legislative Compliance

General principles of good governance often refer to the application of appropriate policies and procedures to assist with ensuring appropriate measures are in place to uphold high levels of legislative compliance. The resources allocated to these structures will vary according to the context of individual local government operations. Formalised processes are designed to provide a consistent structure to guide the prioritisation of resources toward achieving compliance requirements and integration into the operations of the local government.

Legislative compliance policy A.1.8 exists to communicate expectations of Council in relation to legislative compliance and responsibilities. Reliance in this regard is also dependent upon the knowledge and experience of senior staff and their individual desire to achieve high levels of legislative and regulatory compliance.

### 3.5.1 Appropriateness

While reliance on experienced senior staff for legislative compliance may be considered appropriate in some instances, it also carries high risk where the number of experienced senior staff is low.

Considering local governments generally maintain a low risk appetite for breaches of legislation, the current legislative compliance policy provides for good governance and should be adhered to. A number of areas were noted where improvements for managing compliance may be made, as described in Section 7.0 Framework Implementation of this report.

### 3.5.2 Effectiveness

Maintaining legislative compliance is heavily reliant on the knowledge, experience and commitment of senior staff, to identify and prevent breaches of legislation. As a consequence, staff turnover, competing priorities and variations in workloads may have a significant negative impact on legislative compliance. Therefore, one of the most effective controls in maintaining legislative compliance is a motivated, stable, experienced and knowledgeable senior management group in addition to a compliance framework to ensure required compliance tasks are considered and actioned.

Some instances of non-compliance with legislative requirements were identified during our review. Apart from the identified breaches of legislation, and in the instances where effectiveness was able to be assessed, the current legislative compliance framework may be considered effective. Our assessment as to effectiveness is subject to the implementation of the improvements detailed at Section 7.0 Framework Implementation of this report.

### 3.5.3 Improvements

Improvements to the current legislative compliance framework, including ongoing development of processes to monitor and report on legislative compliance are set out at Section 7.0 Framework Implementation of this report and summarised as follows:

- Maintain record keeping in accordance with approved plans and implement improvements advised by the State Records Office;
- Maintain the tender and other statutory registers as required by legislation;
- Further development and approval of authorised checklists for functions which require a high level of legislative compliance; and
- Update and maintain a staff training matrix and coordinate training across the shire. A risk based training matrix should help ensure staff with the responsibility for preventing, identifying and reporting breaches of legislation, are offered relevant training to ensure their knowledge of legislative requirements is maintained and qualifications are maintained and up to date where required.

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# 4.0 Methodology

## 4.1 Review Methodology – Financial Management Review

The objective of this review is to assist the CEO of the Shire of Leonora to discharge responsibilities in respect to Regulation 5(2)(c) of *the Local Government (Financial Management) Regulations 1996* (as amended).

In performing this consulting service, we examined documented policies / procedures, undertook walkthroughs of key systems and procedures and performed limited detailed testing procedures to identify weaknesses and identify opportunities for improvement in the financial management system and report to the CEO on the appropriateness and effectiveness of the control environment within the shire, as required by Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*.

## 4.2 Review Methodology – Risk Management, Legislative Compliance and Internal Controls

The primary goal of this service is to assist the CEO in their assessment as to the appropriateness and effectiveness of the shire systems and procedures in relation to risk management, legislative compliance and internal controls.

Internal controls are designed to treat risks and form part of the risk management process. Non-compliance with legislation is one of the risks that would usually be identified as a consequence of applying a risk management process.

The Australian Standard for Risk Management, ISO 31000:2018(E), identifies three components in the application of risk management, being Principles, Framework and Process, as set out in Diagram 1 below.

Diagram 1 Risk Management Principles, Framework and Process
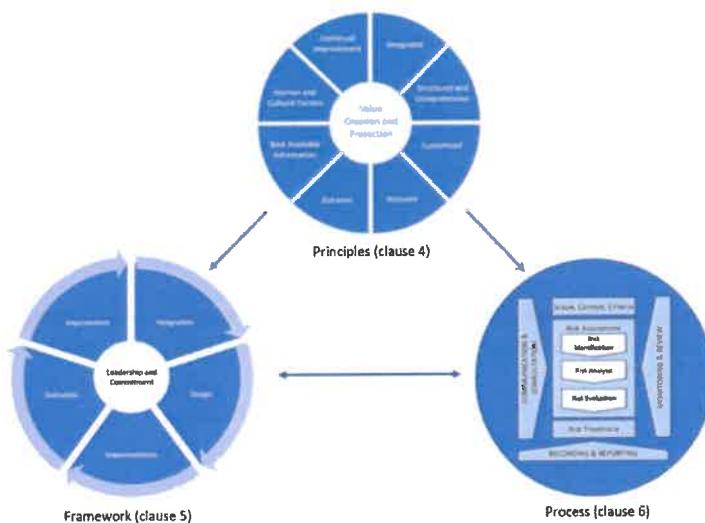


Principles (clause 4)

Framework (clause 5)

Process (clause 6)

Source: Australia/New Zealand Standard ISO 31000:2018

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# 4.0 Methodology (Continued)

## 4.2 Review Methodology – Risk Management, Legislative Compliance and Internal Controls (continued)

In undertaking this consulting engagement, we have applied the three ISO 31000:2018 framework components, as set out on the previous page, to the review topics (risk management, internal controls and legislative compliance). This involves a process incorporating the five risk management framework components, *Integration, Design, Implementation, Evaluation and Improvement*, into the review of systems and processes:

- Identify the extent of leadership and commitment to the principles;
- Assess the extent of integration of risk management within the shire;
- Assess the design of the current framework through an understanding of the shire and the context within which it operates (risk management, legislative compliance and internal controls) after considering the overall context in which the review occurs;
- Assess the implementation of the current framework;
- Assess the extent of evaluation of the current framework and its effectiveness in supporting the shire's objectives;
- Assess the current framework and improvements to the suitability, adequacy and effectiveness of the framework;
- Examine the current process for the shire's systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing context, assessing, treating, monitoring, reviewing, recording and reporting risk, internal controls and legislative compliance; and
- Report to the CEO to assist their assessment on the appropriateness and effectiveness of current systems and procedures.

This evaluation is based on interviews with key staff, examination of requested documentation listed in the Appendices and reference to any external audit reports or reviews previously conducted.

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# 5.0 Appropriate Framework

## 5.1 Risk Management, Internal Control and Legislative Compliance

The following framework was identified as being appropriate for risk management, internal control and legislative compliance for the Shire of Leonora, after consideration of the current internal and external influences, detailed in Section 2.1.

Diagram 2 Risk Management, Internal Control and Legislative Compliance Framework
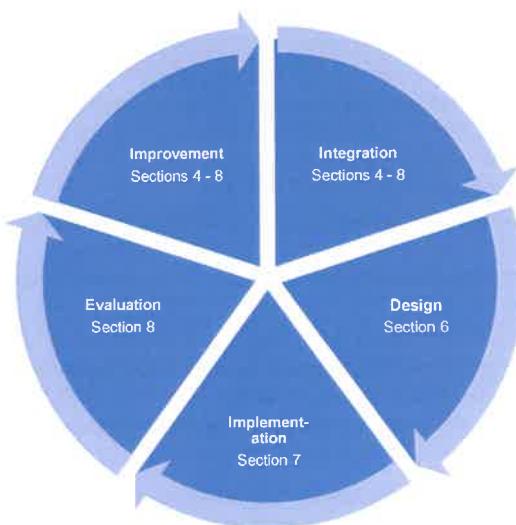


Source: Australia/New Zealand Standard ISO 31000:2018

A high-level analysis of risk management systems, internal controls and legislative compliance was undertaken which precluded detailed testing in all areas.

The results of our service, as detailed on the following pages, are set out with reference to the structure of the above framework. We assessed the following areas:

| Design | Implementation | Evaluation |
|---|---|---|
| 6.1 Strategic Plans | 7.1 Strategic and Operational Plans | 8.1 Council and Audit and Risk Committee |
| 6.2 Council Policies | 7.2 Operational and Financial Procedures | 8.2 Strategic and Operational Registers |
| | 7.3 Human Resource Management and Practices | 8.3 Annual Compliance Audit Returns |
| | 7.4 Insurance | 8.4 Complaint Handling |
| | | 8.5 Audit Practices |
| | | 8.6 Reviews required by the CEO |
| | | 8.1 Council and Audit and Risk Committee |

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# 6.0 Framework Design

## 6.1 Strategic Plans

The shire has adopted the key strategic document Plan for the Future 2021 to 2031, combining the Strategic Community Plan and Corporate Business Plan. These plans identify the Council's organisational objectives and key outcomes, as the shire progress on its stated vision "a proactive, sustainable, safe and friendly place to be".

The Plan for the Future recognises the community's aspirations and values through the following core performance areas:

- Social: an empowered and spirited community;
- Economic: the economic hub of the northern goldfields;
- Environment: forward thinking management of the built and natural environment; and
- Leadership: an innovative and proactive local government.

In seeking to achieve its set outcomes, the Shire of Leonora faces both inherent and business risks. Whilst striving to fulfil expectations, it is also expected to meet compliance with numerous legislative requirements. To manage these risks, the shire has established various processes, systems and controls.

The Plan for the Future references strategic challenges which might affect the shire, and the community's aspirations / vision, and the projects and programs which will be implemented through the plan.

This review examines the appropriateness and effectiveness of the organisation's risk management systems, internal controls and legislative compliance in the context of the shire striving to achieve its stated objectives.

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# 6.0 Framework Design (Continued)

## 6.2 Council Policies

Whilst the operations of the shire are the responsibility of the CEO, the Council is responsible for setting the framework for operations via adopted Council policies. These policies represent an overarching framework relevant to risk management, internal controls and legislative compliance and have been reviewed for appropriateness and effectiveness.

Council policies are well formulated to provide clear guidance regarding Council's position on certain matters. A list of policies reviewed is provided in Appendix B - Council Policies Examined. The table below details matters identified and associated suggested improvements.

| | Policy | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 6.2.1 | A.2.6 Corporate Transaction Cards | Policy to regulate the use of corporate credit cards issued to employees. | The cardholder limit stated within the policy does not align with the card limit noted during our testing. |
| | | | **Improvement:** Amend the policy to ensure alignment with current practices. When reviewing the policy, consider the required level of detail to be specified within the policy to address relevant identified risks. |
| 6.2.2 | C.4.2 Ageing in Place Village | Policy to guide the assessment and management of applications for tenancy at the Ageing in Place Village. | We noted the policy incorporates procedures intended as a guide to staff and other policy content 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. |
| | | | **Improvement:** Consider review and update of the policy to articulate the strategic direction of Council and set out a high-level position to follow at an operational level. |

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# 6.0 Framework Design (Continued)

| | Policy | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 6.2.3 | General Policy Actions | To set out parameters for the implementation of policies. | In the course of our review, we noted several references to 'policy' documents which are not included in the Council policy manual. We understand these are not policies of Council but operational/management procedures required by the statutory framework of this operational facility, required by and defined by legislation as a 'policy'. |
| | | | Improvement: |
| | | | To avoid confusion between the appropriate separation of the roles of the council and the CEO, consider defining the parameters within the policy manual for impacted facilities where authorised management procedures may be referred to to as operational 'policies'. This should convey and highlight the responsibility of the CEO to manage the currency and appropriateness of these policies for legislative compliance of operational facilities. |

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# 7.0 Framework Implementation

## 7.1 Strategic and Operational Plans

The Council has several strategic and operational plans which form the basis of entity level controls and entity level risk assessments.

A list of plans inspected is provided in Appendix C - Plans Examined. The table below details areas for possible improvement in relation to the plans examined.

| | Plan | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.1.1 | Business Continuity / Disaster Recovery Plan | Plan to facilitate organised decision-making in the event of a major incident impacting the Shire's ability to continue normal operations. | A Business Continuity/Disaster Recovery Plan was not available for our review. |
| | | | **Improvement:** Develop a Business Continuity and Disaster Recovery Plan and test it to ensure its validity. The plan should facilitate organised decision making in the event of any major disruption impacting the Shire's ability to continue normal operations, with testing involving relevant and key personnel to ensure validity of the identified risks and treatments within the plan. |
| 7.1.2 | Evacuation Plans | To ensure emergency evacuation plans and procedures are current. | We noted through our review a number of evacuation plans and procedures which have not undergone regular review at various Shire facilities. |
| | | | **Improvement:** Review systems and procedures to ensure regular update of evacuation plans and procedures in alignment with risk management processes. |
| 7.1.3 | ICT Disaster Recovery Plan | Plan to address the handling of ICT disaster recovery. | An ICT Disaster Recovery Plan was not available for inspection. |
| | | | **Improvement:** Develop an ICT Disaster Recovery Plan. Review the plan regularly to update content and ensure currency of information. Routinely test the ICT Disaster Recovery Plan to ensure validity and effectiveness. |

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# 7.0 Framework Implementation (Continued)

| | Plan | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.1.4 | ICT Strategic Plan | Plan to guide the future development and delivery of ICT services and address the handling of ICT disaster recovery. | An ICT Strategic Plan was recently prepared summarising ICT infrastructure and future considerations for improvements. A number of ICT risks and how they may be addressed were included in the document, however prioritised actions have not yet been fully implemented. |
| | | | Presently a single consultant is engaged to provide IT support services and advice regarding security etc on ad hoc basis. A high level of risk could be assumed by engaging a single entity to provide all IT services, particularly where there is limited independent oversight and review of activities. |
| | | | Improvements:<br>Progress the implementation of the ICT Strategic Plan considering key ICT risks and treatments to reduce identified risks to an acceptable level. |
| | | | The recent ICT strategy may 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. |
| | | | Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers. |

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# 7.0 Framework Implementation (Continued)

## 7.2 Operational and Financial Procedures

In seeking to achieve its stated vision, the shire delivers a number of services to the community. Meetings were undertaken with key staff in each of the areas of service responsibility, as well as examination of documented processes, to determine the practices applied to issues of risk management, internal controls and legislative compliance. A summary of the assessments undertaken to evaluate the controls is included in the appendices to this report.

We observed a number of practices and procedures in place, however their application was not always consistent. Considering the number of services provided and current staff resourcing, a risk based approach to the prioritisation of the review and development of new and existing procedures is recommended. The table below details areas of suggested improvement in relation to policies and procedures examined.

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.1 | Operational Procedures | Procedures to set out guidance for expected processes, systems and controls to be maintained at Shire facilities. | Documented procedures have recently been developed in some areas of the organisation, however they do not appear to always be assessed by senior staff for compliance and appropriateness with expected controls. We noted from staff representations, intentions are to further develop procedures and formalisation of controls. |
|  |  |  | **Improvement:** Procedures should provide for activities not necessarily covered by legislation to communicate expected standards to staff from management. Once developed and implemented, they require constant monitoring for adherence and to ensure effectiveness. Systems and processes should be updated to provide for routine monitoring of compliance requirements for existing operational procedures. Progressing the further development and implementation of additional procedures is encouraged. |
| 7.2.2 | Checklists & Workflow Diagrams | Checklists document the completion of multiple steps within an overall process, while workflow process diagrams create a visual representation of a process, clearly identifying key points of control and responsibility. | Checklists of key functions and workflow diagrams are maintained for selected functions. Checklists were not maintained and evidenced for all standard routine functions such as end of month reconciliations and reporting across the organisation. It was noted staff have commenced with the creation of workflow diagrams, checklists to support authorised operational procedures. |
|  |  |  | **Improvement:** Creation and maintenance of standard checklists to support authorised procedures may assist in evidencing key points of control. Checklists assist in ensuring compliance with repetitive legislative compliance tasks. Staff are encouraged to continue with the development of checklists and procedures for routine functions, including evidencing independent review. In conjunction with, or as an alternative to, the development of documented procedures and checklists, development of additional workflow process diagrams may assist in clearly identifying controls and processes to be followed. |

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.3 | 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. | 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. |
| | | | 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 uniform or consistent. This may result in weaknesses in their application and the control environment. |
| | | | Improvements: 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. |
| | | | 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. |
| 7.2.4 | Segregation of Duties and Internal Controls | Controls to minimise opportunities for collusion or fraud to occur, reduce the risk of errors and improve oversight and compliance with adopted policies and procedures. | We note segregation of duties occurs for a number of key roles, however through our testing we observed instances where resource or system constraints prevented these controls being consistently applied. Where a single individual or closely related parties is responsible for or involved in multiple stages of various processes, there is an increased risk and opportunity for error or misconduct. |
| | | | Improvement: Interventions should be available at various stages for a number of operational functions, including routine independent reviews of controls to ensure they are being observed and maintained as required. Where resourcing constraints exist, other considerations should be applied such as training and engaging officers within the organisation who may not normally be involved in these processes, to assist with checks and controls, or engaging independent parties to provide sufficient levels of oversight. These controls should also be reflected in adopted policies and authorised procedures. |

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.5 | Access to Shire Facilities | Ensure access to Shire is restricted to only personnel who are authorised. | We noted some physical access security measures to some Shire facilities may not be adequate. The risk associated with this is not documented, measured or recorded appropriately to verify whether treatment plans have reduced the perceived level of risk to the Shire. |
| | | | Improvement:<br>Ensure adequate physical access security measures to prevent unauthorised individuals from accessing facilities are appropriately documented. Risks and their treatment plans should be recorded in a risk register to communicate the risk, aligned to the Shire's adopted risk management policy and framework. |
| 7.2.6 | ICT User Access | Regular review of ICT accounts to reduce the risk of unauthorised use. | User access reconciliations or monitoring of ICT accounts (including ERP accounts) does not appear to be routinely monitored. |
| | | | Improvement:<br>Update systems and procedures to ensure regular reviews are undertaken of the ICT accounts and access level to ensure access is only available to current and authorised staff and users. |
| 7.2.7 | ICT Security | Procedures and practices to ensure the security of IT information, systems and data. | We noted limited controls in relation to the access to IT systems including physical access to hardware. Some levels of permissions have been established to network access to software and data, however this is largely undocumented. |
| | | | We noted limited controls in relation to the access to IT systems including physical access to hardware. Some levels of permissions have been established to network access to software and data, however this is largely undocumented. |
| | | | Improvements:<br>Undertake a comprehensive IT general security review, articulate current practices and implement findings of the review. |
| | | | Undertake a comprehensive independent IT security review, document current policies, procedures and practices, and implement findings of the review. This review should be undertaken by those with the appropriate expertise, skills, qualifications and credentials. Consider implementation of routine review and verification of skills, competencies, qualifications and experience for IT service providers. |

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Signed:  **19 SEPTEMBER 2025**

President:

17 JUNE 2025

# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.8 | Balance Sheet Reconciliations | Process for the control of balance sheet accounts. | We noted recent improvements in relation to routine reconciliations for some balance sheet accounts. Historically, these were not always conducted in a timely and consistent manner from samples selected for our review, including some subsidiary ledger reconciliations. We also noted evidence of review by an independent and more senior officer had not been consistently maintained or was not available. Reconciliations are a key control and any untimely, non-reconciled accounts are considered a high risk to an organisation. |
|  |  |  | Improvement: |
|  |  |  | Progress the update of review system processes to ensure regular and timely review of balance sheet reconciliations and ensure controls provide for them to be routinely maintained. Reconciliations should be reviewed for accuracy and completion by an independent, more senior officer. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.9 | General Journals | Controls to provide for the independent review and authorisation of general journals being processed. | Instances were noted whereby general journals debit expense and credited income which results in an overestimate of both in the financial reporting. |
|  |  |  | 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. |
|  |  |  | Improvements:<br>Develop processes to ensure journals are properly supported, valid and comply with legislation or Australian Accounting Standards before being processed. |
|  |  |  | While there appeared to be some informal controls in place at the time of our review for journals to only be processed by authorised officers, including independent review and approval by an authorised officer for posting of journals, there are limited documented IT and internal control procedures for general journals. No general journal audit trail is currently produced to ensure any unauthorised journals have not been posted. |
|  |  |  | 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. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.10 | Changes to Banking Details | Controls to validate banking change requests. | The current controls to restrict changes to bank details are considered inadequate. 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 payment system are essential. Formal procedures relating to changes to banking details for employees should be developed to ensure sufficient controls exist in both substantiating the change request and the changes performed within the Shire's ERP system. |

Improvement:

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. Formal procedures relating to changes to banking details for employees and creditors should be updated to ensure sufficient controls exist in both substantiating the change request and the changes performed within the Shire's ERP system. Review and update procedures to ensure appropriate segregation of duties and the following matters are appropriately considered, documented and controls are adequate to:

- Validate the change request and its origin;
- Authority exists for the change request; and
- Validate and control the changes once completed.

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.11 | Electronic Banking Transactions | Process to reduce opportunity for fraudulent activity with electronic banking. | We noted access to the ABA file from the time of generation to the time of upload to the bank is not adequately restricted. We acknowledge the use of EFT Sure to improve security in relation to payments however there is no verification process undertaken to ensure the ABA file is unmodified when uploaded to the bank. The risk of fraudulent manipulation of the ABA file remains despite the use of EFT Sure albeit a fraudulent payment would be required to go to an entity or person registered with EFT Sure. Staff representations noted more robust system controls are being implemented to address this, which is strongly encouraged. |
| | | | Improvement: Progress the improvement of controls to minimise the risk of electronic banking details being fraudulently manipulated through secure storage of ABA banking files. Controls should exist to restrict access to these files, and to detect and prevent any unauthorised changes being made. |
| 7.2.12 | Bank Account Authorisations | Ensure only current and appropriate personnel are signatories on bank accounts. | Several council members are listed as signatories to Shire bank accounts. Accounts should be reviewed regularly to ensure they are current and only appropriate personnel should be listed as signatories. |
| | | | Improvement: Council members have no administrative authority and therefore should not be listed as signatories on Shire bank accounts. Signatories for council members should be removed from these accounts. |
| 7.2.13 | Stock Control | Process to ensure stock is correctly allocated and monitored as to reduce the potential for theft or misappropriation. | Historically the reconciliation of physical stock to the general ledger has been performed annually, resulting in manual corrections being required for the last annual financial reporting period. While improvements to physical controls have been recently implemented for some stock items, there are limited formal processes to monitor potential erroneous allocations or misuse of stock. |
| | | | Improvement: A risk based approach should be undertaken to determine the frequency of required stocktakes and reconciliations for stock on hand. Reconciliation and monitoring of stock (such as monitoring of fuel used per vehicle) is an important control to help minimise shrinkage, security issues or potential misuse in a timely manner. Develop and implement procedures for the monitoring of stock on hand in an effort to improve opportunities to detect any issues or potential misuse with fuel allocations or other stock in a timely manner. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.14 | Revenue Controls at Shire Facilities | Procedures and systems for the collection of revenue and handling of cash at Shire facilities. | Weaknesses in revenue controls at some Shire facilities were noted during our review. We noted some systems and processes are heavily reliant on manual systems and the comprehension of required actions by staff, with limited monitoring and review of records from facilities to reconcile transactions performed through the administration office. We noted the following: |

Weaknesses in revenue controls at some Shire facilities were noted during our review. We noted some systems and processes are heavily reliant on manual systems and the comprehension of required actions by staff, with limited monitoring and review of records from facilities to reconcile transactions performed through the administration office. We noted the following:

- Discounts being provided for some items where it was not clear the appropriate level of authority existed for these discounts to be applied. There was no oversight or reporting to the executive to record the discounts for reporting in the annual financial report as required by legislation;
- Breakdowns in controls where receipts, invoices and/or banking were not executed in a timely manner;
- Incomplete fuel allocation worksheets resulting in potentially erroneous claims of fuel tax credits;
- Insufficient support documentation to adequately identify and validate some transactions selected for testing; and
- No consistent reporting to management or routine processes relating to outstanding balances.

Improvement:

Progress the review and development of authorised management procedures to determine practical systems, documentation and controls for the receipt and reconciliation of revenue across all facilities. Procedures should ensure compliance with legislation and associated regulatory requirements under the *Local Government Act 1995*.

| 7.2.15 | Receipting and Banking | Processes for the accurate receipting of payments made to the Shire. | Evidence of independent review of end of day receipting reports selected for testing was not always recorded. |
|---|---|---|---|

Improvement:

Update procedures and controls to ensure an appropriate and regular review process has been undertaken for all end of day receipting activities processed for banking for all Shire facilities. Procedures should include outpost locations to ensure cash collection is monitored, reconciled to receipts and independently reviewed.

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.16 | Security Controls for Cash Handling | Procedures and systems for the handling of cash at Shire facilities. | Security controls for cash held at various facilities are considered inadequate. We acknowledge the levels of cash being handled were generally low for the periods reviewed during our testing, however some weaknesses in cash handling controls were identified. Controls are not consistently documented to ensure appropriate review and authorisation processes occur in relation to the management and handling of cash by staff for all facilities. |
| | | | **Improvement:** Continue to 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 including processing of cash receipting. If circumstances exist where large volumes of cash are received, processes should also include reference to insured level of cash to ensure adequate insurance levels are maintained relating to cash. |
| 7.2.17 | Petty Cash | Systems and processes to ensure controls are maintained around petty cash. | We did not observe any formal procedures relating to petty cash systems and controls. Controls are not routinely documented to ensure appropriate review and authorisation processes occur in relation to the storage, management and handling of cash by staff. |
| | | | Our testing of petty cash noted breakdowns within the systems and controls described to us:<br>• The balance of petty cash reviewed did not reconcile with the recorded transactions at the time of our site visit; and<br>• Evidence of independent review and recording of petty cash being issued was not available for all receipts tested. |
| | | | **Improvement:** 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. |

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.18 | Fees and Charges | Procedures to ensure fees and charges are raised in accordance with adopted schedule of rates and legislation. | Through our limited testing and review of the schedule of fees and charges, we identified new fees and charges approved by Council after adopting the 2024-25 annual budget. The public notice provided for these new fees to be imposed did not align with legislative requirements, in that it was not advertised prior to the introduction of the new fees and charges. |
| | | | Improvement: |
| | | | Review systems and processes to ensure any proposed fees and charges to be imposed during a financial year after the budget has been adopted, are adopted by absolute majority and advertised via local public notice in accordance with section 6.19 of the *Local Government Act 1995*, prior to the fees and charges being imposed. |
| 7.2.19 | Debtors Processes | Controls for raising of invoices and timely collection and recovery of outstanding revenue. | We observed limited formalised processes to controls in relation to the raising of credit notes for sundry debtors. Where limited IT controls exist or where a single individual is responsible for or involved in multiple stages of various processes, there is an increased risk and opportunity for error or misconduct. |
| | | | Limited independent review of invoice batches is undertaken once raised to check for accuracy. We noted limited controls to ensure appropriate segregation of duties or the timely processing of debtor invoices. |
| | | | Improvements: |
| | | | Appropriate segregation of duties relating to processes sundry debtors credit notes should exist and controls documented. If circumstances prevent the full segregation of duties, then procedures and conditions should exist to demonstrate alternate controls in place to reduce associated risks. |
| | | | Review, update and maintain systems and processes for accounts receivable functions to provide system-based controls to assist to minimise the risks of erroneous and/or unauthorised transactions being processed. Procedures should minimally provide for review, verification and authorisation controls. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.20 | Overdue Debtors | Timely collection and recovery of outstanding revenue. | We did not observe formalised procedures for the consistent and timely collection of outstanding debtors. Staff representations noted reminders are issued for some debtors, though we did not evidence any further action to follow up and collect monies owed after this task was completed. This could lead to breakdowns in internal controls and may present risks to cash flow management and timely recovery of income. |
|  |  |  | Improvements:<br>Create and document authorised procedures to ensure a transparent and consistent approach is applied to overdue debtors and ensure appropriate resources are available to undertake these procedures. |
| 7.2.21 | Rates | Rates are correctly imposed and rate system is properly maintained. | Routine reviews of rate exempt properties as defined by section 6.26(2)(g) of the Local Government Act 1995 appear to be undertaken informally during the annual rates run, however no formal controls exist to guide and evidence the review process. |
|  |  |  | Weaknesses were identified in relation to revenue control procedures to communicate required changes to rates property information and valuations. While the number of approvals per annum are currently low, systems should be in place where development or building approvals occur to rateable properties, to ensure timely application of updated rates valuations are obtained to ensure the rate book is current and rates are being correctly received. |
|  |  |  | Through our limited testing of rates, we noted a variance between the rate levy shown on the 2024-25 rate notice and the adopted levy as disclosed in the adopted 2024-25 statutory budget for some rate notices within our sample selection. |
|  |  |  | Improvements:<br>Develop and maintain systems and processes whereby routine reviews are undertaken of rate exempt properties within the Shire, confirming these properties are used exclusively for rate exempt purpose. |
|  |  |  | Review and update systems and processes to ensure updated valuations are obtained where development, building or demolition applications are approved, to assist with ensuring accuracy of the rate book and rates revenue. |
|  |  |  | Update existing systems and procedures to demonstrate appropriate controls and authorisations exist for compliant routine and accurate rating functions, including annual rates billing. Ensure future rates imposed align with the adopted annual budget and comply with legislation. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.22 | Outstanding Purchase Orders | Process to ensure invoices are being processed in a timely manner and in accordance with the purchasing policy. | We did not observe any formal procedures relating to the routine monitoring of and clearance of outstanding purchase orders. Reports are produced but are limited with their information to document the status of purchase order. Regular review of outstanding purchase orders should be undertaken to assist with monitoring the value of and status of associated liabilities. |
|  |  |  | Improvement:<br>Regular review of outstanding purchase orders should be undertaken to assist with monitoring the value of and status of associated liabilities. Establish procedures to include routine review of the status of outstanding purchase orders. Ensure any controls developed are routinely and consistently applied. |
| 7.2.23 | Procurement | Procedures for the procurement of goods or services. | Through our limited testing of payments, instances were noted where:<br>• The purchase orders did not pre-date the invoice to which they were assigned;<br>• Purchase orders did not include an assigned amount;<br>• Purchase orders were not certified by both the preparer and authoriser; and<br>• The required number of quotations were not always sought, or appropriate documentation maintained to support the absence of quotations required. |
|  |  |  | Improvements:<br>Where purchasing activities have not complied with the purchasing policy, such as where a purchase pre-dates a purchase order, 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. |
|  |  |  | Values should be assigned to all purchase orders to ensure purchasing authorisations and policy requirements have been adhered to and controls developed to prevent unauthorised changes being applied after purchase orders have been approved. |
|  |  |  | Appropriate segregation of duties relating to the requisitioning, approval and authorisation of procurement related activities should exist. If circumstances prevent the full segregation of duties then procedures should exist to demonstrate alternate controls in place to reduce associated risks. |
|  |  |  | All procurement of goods or services should be undertaken in accordance with legislative requirements, the purchasing policy and authorised CEO procedures. |

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.24 | Corporate Transaction Cards | Systems and processes to control use of Corporate Transaction Cards held. | Signed agreements for all corporate transaction cards were not available for our review as required by policy A.2.6. |
| | | | Our limited testing noted instances where tax invoices and support documentation for some credit card transactions were not available for review. |
| | | | We also noted instances where corporate transaction card reconciliations were not fully completed by the card holder and/or reviewed by an independent more senior member of staff. |
| | | | Improvements:<br>Ensure agreements are signed by all corporate transaction card holders to comply with Policy A.2.6 Corporate Transaction Cards. |
| | | | Update procedures to require cardholders to review and certify expenses incurred on their credit cards each month. Maintain and regularly review these controls and ensure staff responsible for processing of credit card transactions are appropriately educated with approved systems and processes. |
| | | | Robust control and review processes should exist to minimise the risk of unauthorised purchases occurring and for compliance with taxation requirements and legislation etc. Procedures should provide to ensure all payments made by transaction cards are accompanied by appropriate tax invoices or other documentation. |
| 7.2.25 | Contract Management | To provide clear documentation of key contract / agreement information entered into with third parties by the Shire. | Our testing and staff representations noted formalised and duly executed contracts detailing agreed service levels were not always prepared at the time of engaging contractors. Whilst we noted management detection of control weaknesses with some contract arrangements, the absence of formal documentation has the potential to limit controls relating to cost or performance management, as well as minimum service levels for works and/or services performed. |
| | | | Improvement:<br>Formalise and maintain systems and processes to provide for higher level controls and oversight of contracts entered into with third parties by the Shire. Agreements should be dually executed to ensure contract obligations are understood and met by both parties. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.26 | Grants Management | Controls for the effective management of grants, compliance with conditions imposed by funding bodies and compliance with AASB standards. | We noted some documented procedures exist to support processes and controls in respect to:<br>• Application of grants;<br>• Acquittal of grants;<br>• Compliance with grant conditions; and<br>• Grant governance and administration arrangements.<br>Where grants are not effectively managed, there is a risk funds may be returned due to poor performance or missed opportunities in the future. In circumstances where controls are not effective for grant application processes, unbudgeted and unauthorised financial commitments may be undertaken on behalf of the Shire. Staff representations indicate existing systems are being developed further and formalised. Progression of this initiative is encouraged.<br><br>Improvement:<br>Progress the update of, and maintain, procedures to consider the need for grant programs, whether relevant factors and risks are thoroughly analysed and assessed and appropriate options for delivery are considered prior to applying for grants to ensure grant objectives are clearly defined. Systems should include controls for the monitoring of grants with funding conditions, acquittal processes and recording of liabilities in line with the AASB standards. Incomplete consideration of these factors may result in non-compliance with accounting standards and effective delivery of the Shire's grant programs. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.27 | Record Keeping Practices | To demonstrate compliance of record keeping systems and practices with legislative requirements. | Based on our enquiries with staff, electronic records are stored in various locations such as shared drives, rather than the Shire's electronic document and records management system (EDRMS). Where compliance with required record keeping controls is low, this may increase risks where information may become compromised where deletions, loss and compromised security or confidentiality of records may occur. |
|  |  |  | Upon inspection of record storage areas for hard copy records held by the Shire, measures to consider risks such as fire suppression were not evident. Although the overall impact of a record loss as documented in the Shire's approved Record Keeping Plan is listed as low, additional risk assessments may assist with demonstrating risks are being appropriately managed. |
|  |  |  | Regular refresher training for the use of the records system is not 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. It was noted improvements to this process are being implemented through updated HR procedures, this is encouraged to progress. |
|  |  |  | Improvements: |
|  |  |  | Review, update and communicate procedures for the record keeping practices and enforce individual accountability for compliance with established procedures. |
|  |  |  | Review systems and processes through a risk based approach when undertaking review of the Record Keeping Plan. This should include planned implementation of any improvements noted within the plan, self-evaluated improvements and any actions noted by the State Records Office. |
|  |  |  | Develop regular training to be undertaken by all staff with financial record keeping responsibilities to ensure a consistent and appropriate usage across the organisation. |

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# 7.0 Framework Implementation (Continued)

|        | Component | Purpose / Goal | Matters Identified / Improvements |
|--------|-----------|----------------|-----------------------------------|
| 7.2.28 | Overhead & Administration Allocations | To allocate indirect costs in a practical and efficient manner. | A formal process to determine the allocation of indirect costs for plant or public works overheads was not available for our review. From staff representations and examination of accounts, current allocation rates appear to be based on historical estimates, and a calculation method to support the allocation is yet to be developed. Management periodically monitor unallocated indirect costs to undertake corrective adjustments where required. These are performed May 2025. |
|        |           |                | We note administration overheads are allocated into public works overheads. Whilst this is generally acceptable, the on allocation of the public works overheads to capital projects results in the capitalisation of administration overheads. AASB 116 Property, plant and equipment does not allow for the inclusion of administration costs as part of the cost of property, plant or equipment. |
|        |           |                | Improvements: 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. |
|        |           |                | Routine reviews of cost reallocations should be undertaken to ensure cost reallocations are appropriate and administrations costs are not being indirectly capitalised as property, plant and equipment. |
| 7.2.29 | Annual Report | Ensure the annual report contains all information required by legislation, is accepted by Council and published to the local government website as required. | The 2023-24 annual report did not include all information required by legislation, in that remuneration paid or provided to the CEO during the financial year was not separately disclosed to other required employee remuneration information. |
|        |           |                | Improvement: Ensure future annual reports include all information required by legislation. |

# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.2.30 | Report on Council Member Training | Report detailing training completely by council members each financial year as required by *Local Government Act 1995.* | The Shire's report on training completed by council members during the 2023-24 financial year was published within statutory timeframes on the official local government website as required. The information contained within the report indicates some council members may not have completed mandatory training within required timeframes. |
|  |  |  | Improvement: |
|  |  |  | Review and update systems and processes to facilitate and maintain the completion of mandatory training by council members as required by Section 5.127 of the *Local Government Act 1995.* |

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# 7.0 Framework Implementation (Continued)

## 7.3 Human Resource Management and Practices

A number of components constitute the shire's human resource management practices and form an essential element of risk management, internal control and legislative compliance. Each of these elements is examined in the table below.

|  | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.3.1 | Employee Appointment Procedures | Procedures to ensure appointment of staff are appropriately authorised, and onboarding processes are consistently and routinely applied. | Recent improvements to documented procedures described to us, to support onboarding processes for new staff appear appropriate. Staff representations in the course of our review noted conflicts of interest are considered in recruitment processes, though a declaration is not required to be undertaken by interviewers on an interview panel. |
|  |  |  | **Improvement:** Include the requirement to complete conflict of interest declarations by all members of an interview panel to promote fair and unbiased processes being undertaken in recruitment processes. These declarations may assist with appropriate risk management considerations being applied where an actual or perceived conflict of interest may exist through human resource management practices. |
| 7.3.2 | Staff Contracts and Employee Files | To provide a documented record of the terms and conditions of each employee's contract of employment. | Our testing noted a breakdown in controls where an employee file had not been created / maintained for an employee. Documentation and signed paperwork had not been supplied for recording and processing as required by onboarding procedures. This may limit the effectiveness of intended controls. |
|  |  |  | **Improvement:** Review and update systems and procedures to ensure personnel files are reconciled with appropriate documentation relating to conditions of employment, remuneration, roles and responsibilities (including duly executed contracts). We observed this process had commenced at the time of our review, and we strongly encourage the continuation and completion of this process. |

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.3.3 | 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. | Through our limited testing, we noted breakdowns in systems and controls relating to payroll processing, authorisation and the setup of employee details. We noted the following matters in particular:<br><br>• The officers responsible for processing and reviewing payroll are tasked with review and capture of employee entitlements, allowances, deductions, etc. Reliance is placed on these officers to remember individual details and identify any errors when reviewing payroll reports for authorisation for payment;<br>• While testing the calculation of selected employee final / termination pays, evidence and appropriate documentation to support the calculation, review and authorisation of the final payment was not available for all samples selected; and<br>• Payments to an employee did not agree to employment contract and other authorised correspondence on the employee's file. |
| | | | Improvement:<br>Update, review and implement procedures and controls for the accurate processing, and authorisation, 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. All required reports should be presented for review and authorisation each fortnight to minimise the risk of fraud, errors and omissions not being detected. |
| 7.3.4 | Time Records | To provide a record of hours worked by staff. | Through review of payroll processes, we identified instances where timesheets had not been prepared or signed by an employee and where an employee's timesheet had not been reviewed and authorised by a more senior officer prior to the time the payroll was processed. No supporting documentation was available to explain why the timesheet had not been reviewed and authorised. This limits intended controls, as the absence of time records may present difficulties to support the resolution of any future queries (audit, employee pay disputes etc). |
| | | | Improvement:<br>Time records should be completed by all staff, authorised by a more senior officer, and maintained with payroll reports for future reference where required. Payroll should be processed against the timesheets in accordance with the employees' contract of employment. |

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# 7.0 Framework Implementation (Continued)

| | Component | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 7.3.5 | Payroll Audit Trails | Procedure to allow for appropriate review and approval of changes made within the payroll system. | Limited review of changes made to employee master file and parameters is currently undertaken when each payroll is processed. Audit trail reports are produced monthly, however independent reviews are not undertaken with each payroll to ensure bank account details have not been altered or manipulated without prior verification and authorisation. |
| | | | **Improvement:**<br>Procedures to minimise risk of erroneous or unauthorised changes to employee details should be implemented. Regular reviews of software audit trails is one form of control and should be undertaken as a minimum. Where possible, segregation of duties should exist where those responsible for processing payroll transactions are unable to make changes to employee master file. Payroll exception reporting and review of audit trails should be undertaken to capture anomalies or unauthorised changes. |
| 7.3.6 | Staff Training | To ensure staff have access to ongoing and appropriate training. | Planned and required staff training needs for employees are currently identified and recorded in a training matrix for some operational areas/departments. Further value from current practices can be added through refining these systems toward a more formal required staff training structure, in the form of a central training matrix, applied throughout the organisation. |
| | | | **Improvement:**<br>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. |
| 7.3.7 | Performance Reviews | Framework to provide effective communication between an employee and employer to measure performance, identify training needs and improve effectiveness and efficiency in the workplace. | Through staff representations, we noted inconsistent practices for employee performance reviews, with limited evidence to support periodic reviews occurring for all employees. |
| | | | **Improvement:**<br>Implement processes and procedures to facilitate annual reviews for performance of all employees, as required by legislation, with appropriate evidence of these reviews consistently recorded. |

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# 7.0 Framework Implementation (Continued)

## 7.4 Insurance

At present, the Manager Business Services annually reviews the completeness of insurance, which is presented to the Chief Executive Officer for final review. Discussions are also held with relevant departmental personnel and the insurers annually and adjustments to policies and insurance levels made as considered appropriate. The insurance values of buildings, plant and equipment are based on the three to five yearly valuations of building assets undertaken by registered valuers.

|  | Component | Purpose / Goal | Matters Noted / Improvements |
|---|---|---|---|
| 7.4.1 | Contractor Insurance | Insurance cover maintained by contractors for damage caused when undertaking works for the Shire. | Contractors' insurances are not always assessed prior to award of contracts in all cases. Reliance is placed on contract managers to ensure copies of insurance are provided. We noted updates to systems to record this information has commenced. |
|  |  |  | Improvement: To help ensure all contractors have the relevant licences and have adequate insurance cover for the works they undertake for the Shire, procedures should be developed, and records maintained to ensure copies of contractor's insurance are obtained and held on file prior to award of contracts and they remain current. |
| 7.4.2 | Events Insurance | Insurance cover maintained by community groups for when holding events on Shire property. | Community groups' insurances are not always assessed prior to events being held on Shire property. Reliance is placed on event organisers to ensure copies of insurances are provided. |
|  |  |  | Improvement: To help ensure all events held on Shire property have relevant and adequate insurance cover, procedures should be developed, and records maintained to ensure current insurances are in place. |

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# 7.0 Framework Implementation (Continued)

|  | Component | Purpose / Goal | Matters Noted / Improvements |
|---|---|---|---|
| 7.4.3 | Insurance Claims | Systems and processes to provide high level monitoring of risks and to ensure controls are maintained prior to lodging insurance claims. | Processes to report potential insurance claims are not formalised and may have resulted in an unreported / unsubmitted claim to insurers. |
|  |  |  | We noted in the course of our review, there is currently no formal requirement to report on the status/ action of insurance claims made by and against and by the Shire. The staff member tasked with preparing initial paperwork for claims may benefit from a recording system to assist with monitoring and tracking pending claims, as insurers will generally manage many components of the claims process. This may assist with monitoring and evaluation of pending insurance claims periodically by the executive leadership team. |
|  |  |  | Improvements:<br>Review systems and processes relating to insurance claims to ensure they are appropriately reported, reviewed and authorised prior to being lodged with insurers for processing. |
|  |  |  | Review systems and processes relating to insurance claims to formalise and maintain an insurance claims register to provide for high level monitoring and management of insurance claims. |

Signed: 19 SEPTEMBER 2025
President:
17 JUNE 2025

# 8.0 Framework Evaluation

Developing and implementing systems and procedures for risk management, legislative compliance and internal controls within a local government can be a time consuming and expensive exercise with the potential to divert resources away from direct services. Considering the level of investment necessary to establish these systems, actions to monitor their effectiveness are an essential practice.

Over time, the relevancy of established controls may change, their purpose may be forgotten, or technology may offer a more efficient or effective way to achieve the initial goal. For these reasons, formal review procedures are required to ensure the resources applied to maintaining these systems, practices and controls are done so in the most efficient way.

Evidence of the monitoring of risk management, internal controls and legislative compliance is sourced from Minutes of Meetings, Registers of Disclosures and reports reviewed.

## 8.1 Council and Audit and Risk Committee

Regular monthly financial statements and lists of payments, made in the intervening period between each meeting, have been presented to the Council for review, as required by legislation. This provides the basis for high level oversight of the expenditure transactions of the organisation.

|  | Component | Purpose / Goal | Matters Noted / Improvements |
|---|---|---|---|
| 8.1.1 | Council and Committee Minutes | Official record of proceedings and decisions. | Some officer reports presented for consideration at Council meetings noted incorrect statutory compliance references within the agenda reports. Although the instances we noted were effectively carried by an absolute majority of Council, incorrect references have the potential to contribute to non-compliant decisions where reliance is based upon the information stated. |
|  |  |  | Improvement: |
|  |  |  | Update systems and controls for agenda items to ensure correct statutory voting requirements are included to allow council members to understand the legislative environment relating to the item being considered and minimise potential occurrences where non compliant decisions may occur. |
| 8.1.2 | List of Payments | List of payments presented to Council at each meeting in accordance with legislative requirements. | The list of payments discloses a high level of detail of invoices being paid, rather than just the information required by legislation. Public provisions of this level of detail increases the risk of IT related fraud and may result in disclosure of confidential commercial information. |
|  |  |  | Improvement: |
|  |  |  | The list of payments made by the CEO under delegated authority should be presented to Council with only the minimum information required by legislation. |

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# 8.0 Framework Evaluation (Continued)

## 8.2 Strategic and Operational Registers

A number of registers are maintained by the shire. The table below details areas for possible improvement in relation to these registers.

|  | Register | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 8.2.1 | Tender Register | Statutory register of tenders called. | At the time of our review, the tender register had not published on the official local government website details of all tenders called as required by Regulation 17 of the *Local Government (Functions and General) Regulations 1996.* |
|  |  |  | Improvement: Review and update controls relating to maintenance of the tender register, ensuring it contains information required to comply with regulation 16 & 17 of the *Local Government (Functions and General) Regulations 1996* and is published on the official local government website as required by legislation. |
| 8.2.2 | Contracts Register | Provide a record of contracts entered into by the Shire. | While contracts are generally managed through the record keeping system, a formal contract register has not yet been established to provide consistent information detailing the status of all contracts held by the Shire. |
|  |  |  | Improvement: 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. |
| 8.2.3 | Grants Register | Register of grants to provide high level monitoring of compliance with grant conditions. | A register of grants being managed by the Shire was not available for our review, however we noted this is currently being developed. 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. |
|  |  |  | Improvement: Progress the development of a register of grants to include controls for the monitoring of grants with funding conditions and acquittal processes, as well as to evidence the routine review of status, compliance and performance of grants being managed by the Shire. |

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# 8.0 Framework Evaluation (Continued)

| | Register | Purpose / Goal | Matters Identified / Improvements |
|---|---|---|---|
| 8.2.4 | Swimming Pool Register | Register of inspections undertaken. | A listing of inspections of private swimming pools within the district has been recently developed, although it was noted some routine inspections are currently overdue. We noted management have allocated additional resources to undertake the required inspections. |
| | | | Improvement:<br>Update systems and processes to ensure routine monitoring and review of the register occurs for future private swimming pool inspections to be undertaken within required timeframes. |
| 8.2.5 | Regulatory Health Inspection Register | Register of regulatory inspections undertaken. | A register of health inspections undertaken was not available for our review. Staff representations noted this is currently under development. |
| | | | Improvement:<br>Maintain a register to detail a central record of health inspections undertaken, registered premises within the district, and to ensure inspections are undertaken within required timeframes. |
| 8.2.6 | Portable and Attractive Items Register | Register to maintain listing of portable / desirable assets as required by *Local Government (Financial Management) Regulations 1996*. | A listing of portable and attractive items is kept as required by the *Local Government (Financial Management) Regulations 1996*, however we noted updates to the register have not been routinely applied. |
| | | | Improvement:<br>Update systems and processes to update the portable and attractive asset register when items are purchased and to perform a full stocktake to update the register. Any removals should be appropriately authorised. Consider increasing the frequency of stocktakes to be in line with the Shire's risk appetite for all non-consumable assets susceptible to theft or loss to improve controls of portable and attractive items. |

## 8.3 Annual Compliance Audit Returns (CAR)

Returns have been completed on a self-assessment basis and approved by Council each year. The CAR was completed by independent consultants for the 2022, 2023 and 2024 return periods. Non compliances noted in the returns were commented on within the returns to explain to the Audit Committee and to Council actions to address matters identified.

## 8.4 Complaint Handling

Community complaints are received by administration staff, recorded in shire's records management system and assigned to the relevant department to address. Responsibility for the routine follow up of complaints to ensure they have been adequately addressed is to be monitored through routine monthly reporting to the CEO on the status of complaints received.

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# 8.0 Framework Evaluation (Continued)

## 8.5 Audit Practices

The 2021/22, 2022/23 and 2023/24 reporting periods were audited by the Office of the Auditor General (OAG) using third party auditors.

The table below details areas for possible improvement in relation to audit practices.

|  | Component | Purpose / Goal | Matters Noted / Improvements |
|---|---|---|---|
| 8.5.1 | Internal Audit | Internal audit monitors the level of compliance with internal procedures and process along with assessing the appropriateness of these procedures. | Currently, no internal auditors have been appointed, and limited internal audit functions have been undertaken. |
|  |  |  | Improvement:<br>We suggest as the level of documented procedures increase, 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 - Local Government 2023-24 Financial Audit Results. |
| 8.5.2 | Work Health Safety (WHS) Audit | Review of work health and safety procedures. | An WHS audit was performed in 2023 by an independent party, resulting in a number of recommendations. The report notes a further review was to be undertaken in twelve months. At the time of our review, the WHS systems had not yet undergone further review. Staff representations noted consultants had been engaged to be perform the review prior to the end of 2024-25. |
|  |  |  | Improvement:<br>Progress the implementation of previously identified WHS matter and the scheduled WHS audit, ensuring subsequent actions and matters identified through the audit are adequately addressed. |

## 8.6 Review required to be undertaken by the CEO

The CEO is required to undertake reviews of systems and procedures of the local government. We noted not all recommendations from the prior review have not yet been fully implemented. These recommendations have been included within this report.

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# 9.0 Other Matters

## Disclaimer

Since the service provided in terms of this engagement comprise an advisory engagement and is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management in undertaking the consulting engagement. Accordingly, we do not express an audit opinion or a review conclusion to convey assurance for the service/s performed within our report.

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# Appendix A Financial Management Systems Review

The following assessments were undertaken to evaluate the appropriateness and effectiveness of financial management system controls. Where we were unable to examine systems and procedures, comment has been provided throughout our report.

| System | Description |
|---|---|
| Bank reconciliation and petty cash management | Examination of procedures and review of maintenance and management practices undertaken by staff. |
| Trust funds | Examination of trust funds to determine proper accountability in the shire's financial management system and compliance with regulatory requirements. |
| Receipts and receivables | Examination of end of day banking procedures to determine if they were adequate in ensuring cash collection is being recorded and allocated properly to the general ledger. The receivables system including raising of invoices was also reviewed with limited testing in respect to allocation/posting. |
| Rates | The shire's rating procedures were examined to determine if they were adequate in ensuring rates were being imposed or raised correctly. This also included inspection of the rate record, rate notices, instalment notices, valuation reconciliations and general ledger. We randomly selected and tested rate notices which included: |
| | • sighting the notices; |
| | • re-performing the calculations; |
| | • ascertaining whether the valuations applied agree to Landgate's valuation roll/report and rates per dollar imposed are as per adopted budget; |
| | • ensuring the rate system is properly updated; and |
| | • checking proper posting to the general ledger. |
| Purchases, payments and payables (including purchase orders) | Random selection of payment transactions to determine whether purchases were authorised/budgeted and payments were supported, certified/authorised and correctly allocated. The shire's purchases, payments and payables system was also examined to determine if adequate controls were in place in ensuring liabilities are properly recorded and payments are properly controlled. |
| Payroll | A sample of employees were randomly selected from pay runs during the reporting period and detailed testing of each employee's pay was performed to help ensure: |
| | • the employee existed; |
| | • the correct rate of pay was used; |
| | • non-statutory deduction authorities are on hand; |
| | • time sheets were properly completed and authorised; |
| | • hours worked were properly authorised; and |
| | • allocations were reasonable and correctly posted. |
| | • The shire's payroll system was also reviewed to determine if adequate controls were in place to help ensure wages and salaries are properly processed and payments are properly controlled. |

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# Appendix A Financial Management Systems Review (Continued)

| System | Description |
|---|---|
| Transaction card procedures | A review of the shire's transaction card procedures was performed to determine if adequate controls were in place. We randomly selected and tested credit card transactions to determine whether they are legitimate and usual in the context of the shire's operations. This included: |
| Fixed assets (including depreciation, acquisition, and disposal of property) | The fixed assets system including controls over acquisition and disposal of assets, updating of the fixed assets register, depreciation of fixed assets and reconciliation of the fixed assets register to the general ledger was examined. A sample of asset additions and disposals were judgmentally selected, and testing performed to ensure:<br><br>• the tax invoices existed;<br>• correct posting to the general ledger;<br>• fixed assets register was promptly updated; and<br>• classification of assets was correct.<br>• In addition, a sample of assets were judgmentally selected and testing performed to ensure the depreciation rates used are in line with the shire's policy. |
| Cost and administration allocation | The shire's cost and administration allocation system was examined to determine if indirect costs have been properly reallocated to various jobs/programs. This included review of the allocation basis and rates used to ensure they are appropriate and regularly reviewed. |
| Financial reports controls | The format of the annual report, annual financial report and monthly financial reports were reviewed for compliance with legislative requirements. |
| Budget and budget review | The 2024-25 budget document and documents surrounding budget adoption were reviewed to ensure compliance with regulatory requirements. |
| Borrowings | Reconciliation of borrowings to the WATC loan schedules were examined (where applicable). |
| Inventory | Inventory reconciliations and stock take procedures were examined. |

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# Appendix B Council Policies Examined

The Council Policies examined as part of the review were as follows:

## Policy Topic

| (A) ADMINISTRATION |
| --- |
| **GENERAL ADMINISTRATION** |
| A.1.1 Chambers |
| A.1.2 Legal Representation |
| A.1.3 Meetings of Council – Guest Speakers |
| A.1.4 Execution of Documents |
| A.1.5 External Complaints Management |
| A.1.6 Citizenship Ceremony |
| A.1.7 Recordkeeping Policy |
| A.1.8 Legislative Compliance |
| A.1.9 Internal Control |
| A.1.10 Approvals at Short Notice |
| **FINANCE** |
| A.2.1 Financial Governance |
| A.2.2 Borrowing Management |
| A.2.3 Rating |
| A.2.4 Rating Exemption |
| A.2.5 Investments |
| A.2.6 Corporate Transaction Cards |
| A.2.7 Purchasing Policy |
| A.2.8 Rates Recovery |
| A.2.9 Asset Management Policy |
| A.2.10 Risk Management Policy |
| A.2.11 Regional Price Preference/ Buy Local Policy |
| A.2.12 Financial Hardship |
| A.2.13 Community Grant Policy |
| **HUMAN RESOURCES** |
| A.3.1 Gratuity Payments |
| A.3.2 Information and Communication Technology |
| A.3.3 Strategic Work, Health and Safety (WHS) |
| A.3.4 Temporary Employment or Appointment of a CEO |
| A.3.5 Superannuation |
| A.3.6 Public Interest Disclosure |
| A.3.7 Standards for CEO Recruitment, Performance and Termination |

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# Appendix B Council Policies Examined (Continued)

## (C) COMMUNITY SERVICES

C.4.1 Museum Collections Policy

C.4.2 Ageing in Place Village

## (M) MEMBERS

M.5.1 Events – Council Members' and CEO Attendance and Rep.

M.5.2 Conferences – Members' Travel and Accommodation Expenses

M.5.3 Public Question Time

M.5.4 Elected Member Mandatory and Ongoing Professional Development

## (T) TECHNICAL SERVICES

T.6.1 Building Control – Relocated Dwellings

T.6.2 Conditions for Surface Clearing and Drilling Activities within the Leonora Townsite

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# Appendix C Plans Examined

The Plans examined as part of the review were as follows:

| Plan | Status |
|------|--------|
| Code of Conduct - Elected Members, Committees and Candidates | Reviewed February 2021 |
| Code of Conduct - Staff, Volunteers | Reviewed June 2024 |
| Leonora Local Emergency Management Arrangements | Reviewed 30 January 2023 |
| Leonora Aerodrome Emergency Plan | Reviewed 16 October 2024 |
| Annual Report | 2023-24 |
| Strategic Community Plan & Corporate Business Plan (Plan for the Future) | Reviewed 16 April 2024 |
| Strategic Resource Plan | 2022-2037 |
| Shire of Leonora – ICT Strategic Plan | 4 August 2024 |
| Recordkeeping Plan 2018027/1 | Reviewed by SRO 7 June 2024 |

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# Appendix D Strategic and Operational Registers Examined

The registers examined as part of the review were as follows:

| Register |
|---|
| Delegation Register |
| Tender Register |
| Cemeteries Register |
| Financial Interest Register |
| Gifts Register |
| Notifiable Gift Register |
| Complaints Register |
| Risk Register |
| Elected Member Training Register |
| Portable and Attractive Items Register |

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# Appendix E Operational Guidelines

## Risk Management

*The internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:*

- *Reviewing whether the local government has an effective risk management system and material operating risks to the local government are appropriately considered;*
- *Reviewing whether the local government has a current and effective Business Continuity Plan (including disaster recovery) which is tested from time to time;*
- *Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:*
    - *potential non-compliance with legislation, regulations and standards and local government's policies*
    - *important accounting judgements or estimates prove to be wrong*
    - *litigation and claims*
    - *misconduct, fraud and theft*
    - *significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government*
- *Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure identified risks are monitored and new risks are identified, mitigated and reported;*
- *Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;*
- *Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;*
- *Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;*
- *Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;*
- *Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment; and*
- *Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.*

## Legislative Compliance

*'The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:*

- a) *Monitoring compliance with legislation and regulations*
- b) *Reviewing the annual Compliance Audit Return and reporting to Council the results of that review*

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Signed: 19 SEPTEMBER 2025
President: 27 JUNE 2025

# Appendix E Operational Guidelines (Continued)

## Legislative Compliance (continued)

c) *Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary*

d) *Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints*

e) *Obtaining assurance that adverse trends are identified and review management's Plans to deal with these*

f) *Reviewing management disclosures in financial reports of the effect of significant compliance issues*

g) *Reviewing whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their Audit Plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee*

h) *Considering the internal auditor's role in assessing compliance and ethics risks in their Plan;*

i) *Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements*

j) *Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest*

## Internal Controls

*'Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government.*

*An effective and transparent internal control environment is built on the following key areas:*

a) *integrity and ethics;*

b) *policies and delegated authority;*

c) *levels of responsibilities and authorities;*

d) *audit practices;*

e) *information system access and security;*

f) *management operating style; and*

g) *human resource management and practices.*

*Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government.*

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# Appendix E Operational Guidelines (Continued)

## Internal Controls (continued)

*Aspects of an effective control framework will include:*

    a)  *delegation of authority;*
    b)  *documented policies and procedures;*
    c)  *trained and qualified employees;*
    d)  *system controls;*
    e)  *effective Policy and process review;*
    f)  *regular internal audits*
    g)  *documentation of risk identification and assessment; and*
    h)  *regular liaison with auditor and legal advisors.*

*The following are examples of controls that are typically reviewed:*

    a)  *separation of roles and functions, processing and authorisation;*
    b)  *control of approval of documents, letters and financial records;*
    c)  *comparison of internal data with other or external sources of information;*
    d)  *limit of direct physical access to assets and records;*
    e)  *control of computer applications and information system standards;*
    f)  *limit access to make changes in data files and systems;*
    g)  *regular maintenance and review of financial control accounts and trial balances;*
    h)  *comparison and analysis of financial results with budgeted amounts;*
    i)  *the arithmetical accuracy and content of records;*
    j)  *report, review and approval of financial payments and reconciliations; and*
    k)  *comparison of the result of physical cash and inventory counts with accounting records.*

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# Appendix F Improvements Identified

| Risk Area | Prioritised Action Required |
|---|---|
| Implementation – Strategic and Operational Plans | 7.1.3 ICT Disaster Recovery Plan |
| | 7.1.4 ICT Strategic Plan |
| Implementation – Operational and Financial Procedures | 7.2.3 Evidencing Routine Reviews, Authorisations and Approvals |
| | 7.2.7 ICT Security |
| | 7.2.9 General Journals |
| | 7.2.10 Changes to Banking Details |
| | 7.2.11 Electronic Banking Transactions |
| | 7.2.12 Bank Account Authorisations |
| | 7.2.14 Revenue Controls at Shire Facilities |
| | 7.2.15 Security Controls for Cash Handling |
| | 7.2.20 Rates |
| | 7.2.22 Procurement |
| Implementation – Human Resource Management and Practices | 7.3.2 Staff Contracts and Employee Files |
| | 7.3.3 Payroll Processing, Exception Reporting, Authorisation and Employee Masterfile Setup |
| | 7.3.4 Time Records |
| | 7.3.5 Payroll Audit Trails |
| Implementation – Insurance | 7.4.2 Insurance Claims |

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# Appendix F Improvements Identified (Continued)

| Risk Area | Planned Action Required |
| --- | --- |
| Design – Policies | 6.2.1 A.2.6 Corporate Transaction Cards |
| | 6.2.2 C.4.2 Ageing in Place Village |
| | 6.2.3 General Policy Actions |
| Implementation – Strategic and Operational Plans | 7.1.1 Business Continuity / Disaster Recovery Plan |
| | 7.1.2 Evacuation Plans |
| | 7.1.4 ICT Strategic Plan |
| Implementation – Operational and Financial Procedures | 7.2.1 Operational Procedures |
| | 7.2.2 Checklists & Workflow Diagrams |
| | 7.2.4 Segregation of Duties and Internal Controls |
| | 7.2.5 Access to Shire Facilities |
| | 7.2.6 ICT User Access |
| | 7.2.8 Balance Sheet Reconciliations |
| | 7.2.9 General Journals |
| | 7.2.13 Stock Control |
| | 7.2.15 Receipting and Banking |
| | 7.2.16 Petty Cash |
| | 7.2.17 Fees and Charges |
| | 7.2.18 Debtors Processes |
| | 7.2.19 Overdue Debtors |
| | 7.2.20 Rates |
| | 7.2.21 Outstanding Purchase Orders |
| | 7.2.23 Corporate Transaction Cards |
| | 7.2.24 Contract Management |
| | 7.2.25 Grants Management |
| | 7.2.26 Record Keeping Practices |
| | 7.2.27 Overhead & Administration Allocations |
| | 7.2.28 Annual Report |
| | 7.2.29 Report on Council Member Training |
| Implementation – Human Resource Management and Practices | 7.3.1 Employee Appointment Procedures |
| | 7.3.6 Staff Training |
| | 7.3.7 Performance Reviews |
| Implementation – Insurance | 7.4.1 Contractor Insurance |
| | 7.4.2 Insurance Claims |
| | 7.4.3 Events Insurance |

# Appendix F Improvements Identified (Continued)

| Risk Area | Planned Action Required |
|---|---|
| Evaluation – Council and Audit and Risk Committee | 8.1.1 Council and Committee Minutes |
| | 8.1.2 List of Payments |
| Evaluation – Strategic and Operational Registers | 8.2.1 Tender Register |
| | 8.2.3 Contracts Register |
| | 8.2.4 Grants Register |
| | 8.2.5 Swimming Pool Register |
| | 8.2.6 Regulatory Health Inspection Register |
| | 8.2.7 Portable and Attractive Items Register |
| Evaluation – Audit Practices | 8.5.1 Internal Audit |
| | 8.5.2 Work Health Safety (WHS) Audit |

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## 4.0    REPORTS
### 4.1    CHIEF EXECUTIVE OFFICER REPORTS
#### 4.1.(B)    QUARTERLY RISK MANAGEMENT REPORTS TO JUNE 2025

**SUBMISSION TO:**              Audit and Risk Committee Meeting

                               Meeting Date: 17th June 2025

**AGENDA REFERENCE:**          4.1. (B) JUN 25

**SUBJECT:**                   Quarterly Risk Management Reports to June 2025

**LOCATION/ADDRESS:**          Leonora

**NAME OF APPLICANT:**         Shire of Leonora

**FILE REFERENCE:**            1.10 Audit - Reports & Minutes

**AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:**                      Ty Matson

**OFFICER:**                   Chief Executive Officer

**INTEREST DISCLOSURE:**       Nil

**DATE:**                      16th June 2025

**SUPPORTING DOCUMENTS:**      1.    June 2025 Risk Updates Summary


**SUMMARY**

Summary of risk management activities to June 2025, including, summary report updates.


**BACKGROUND**

From 1 July 2022, the Shire of Leonora sought proposals through Vendor Panel from external consultants for compliance and governance services, which included risk management support services. Moore Australia (WA) were successful with their proposal and have been engaged to provide compliance and risk management support services for 2022/23, 2023/24 & 2024/25.

The Shire's Risk Management Strategy, as previously reviewed by the Audit and Risk Committee, and the Shire's risk management policy (previously adopted by Council) align to *AS/NZS ISO 31000:2018 Risk Management Guidelines*. The Risk Management Strategy is prepared utilising the Principles, Framework and Process as defined within the standard, considers the context of the Shire and conforms to the requirements of the standard by providing the necessary guidance and direction to be followed by the Shire in its risk management activities, aligned to the risk management policy.

The guidance and direction within the Risk Management Strategy includes the assessment, prioritisation and communication of risk. This includes the reporting of risks through the Audit and Risk Committee. The reporting of risk management activities historically occurred through quarterly 'dash board reports', bi-annual 'summary reports' and an annual 'risk control assurance workshop', which will continue through the Shire's current engagement with Moore Australia.

To date, workshops have been held onsite with on 13 March 2023, 1 June 2023 and 20 May 2024 to review risk profiles, controls, consider emerging or new risks as well as to set out planned control

assurance activities for the year. Desktop reviews of the risk profiles are carried out as required, last performed on 6 September 2024. The desktop review incorporates observations and updates to current controls and risk treatments, records these updates within the current risk profiles, and to the risk register. Further site visits by Moore Australia WA have been undertaken in August 2023, November 2023, February 2024, December 2024, February 2025 and May 2025 as part of risk management activities and other engaged services. Following these workshops and desktop reviews, updates to the risk profiles have been made, and the risk register populated with updated information to be reported to the Audit and Risk Committee. Updates and improvements to the Risk Management Strategy have also occurred as a result of these workshops.

These activities continue to form the foundation for risk management activities to be reported and monitored through the Audit and Risk Committee.

**COMMENT**

The most recent risk updates from the site visit on 28 May 2025 have been undertaken with consideration to the impact of changes in operations and organisational structure in the last twelve months.

The risk summary report is to be provided bi-annually to the committee. This report enables analysis of what has changed for the organisation, and whether these changes result in new or emerging risks against each risk profile. This subsequently allows for the risk register to be updated, and to summarise new risks or changes to existing risks for the committee. The risk summary report highlighting risk changes identified against each profile since the last review, including actions and treatments in place for high level risks, is attached.

A quarterly dashboard report is essentially a progress report informing the committee with a summary of the current number of risks, unaddressed high level risks, total new risks etc. The table below demonstrates the format of quarterly reports to the committee communicating risk movements.

| Risk Category | No. of High or Extreme Rated Risks Identified | No. of High or Extreme Rated Risks after Treatment (Residual Risk) | No. of New Risks Identified (June 2025) | No. of Risks Closed (June 2025) |
|---|---|---|---|---|
| Performance | 2 | 1 | 0 | 0 |
| Environmental | 3 | 2 | 0 | 0 |
| Reputational Damage | 2 | 1 | 0 | 0 |
| Financial | 5 | 3 | 0 | 0 |
| Service Delivery / Business Interruption | 5 | 3 | 0 | 0 |
| Legislative / Regulatory / Policy/ Work, Health & Safety | 6 | 1 | 0 | 0 |

Discussions with Moore Australia as well as future site visits will be undertaken to further update risk profiles, actions and treatments for the next reporting period. These reports will be updated for the next meeting for committee information.

**CONSULTATION:**

Moore Australia (Consultants)

**STATUTORY ENVIRONMENT**

Regulation 17(1) of the *Local Government (Audit) Regulations 1996* requires the CEO to monitor the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance.

**POLICY IMPLICATIONS**

The Risk Management Policy outlines the Shire's commitment and approach to managing risks impacting on day-to-day operations and the delivery of strategic objectives.

**FINANCIAL IMPLICATIONS**

Provision is included in the 2024/25 Adopted Budget for Moore Australia to deliver compliance and governance services, including risk management support, in line with the awarded Vendor Panel RFQ.

**STRATEGIC IMPLICATIONS**

One of Council's responsibilities in risk management is to be satisfied risks are identified, managed and controlled appropriately, to achieve the Shire's strategic objectives, as well as to support the allocation of funds / resources to treat risks as required.

The Chief Executive Officer and executive team play a key role in the establishment and development of an effective risk management framework. To ensure the successful delivery of the strategic planning objectives, the strategy requires ongoing monitoring and revision for alignment to the Plan for the Future.

One role of the audit committee is to monitor identified strategic high level risks and their treatment solutions to ensure the community receives the services delivered effectively, as outlined within the Plan for the Future.

Monitoring and reviewing activities will continue to provide evidence of the appropriateness and effectiveness of systems and procedures in regard to risk management, internal control and legislative compliance, as required by the *Local Government (Audit) Regulations 1996*. The Risk Management Strategy also provides direction for the implementation of risk management activities.

Strategic references within the Shire of Leonora's Plan for the Future 2021-2031 demonstrate connections between services and the desired outcomes and community vision for the Shire of Leonora, particularly in relation to Leadership objective, outcomes and strategies such as 4.1.2.4 Provide appropriate governance and leadership to the Shire, 4.2.1.3 Seek high level of compliance in organisational practices.

## RISK MANAGEMENT

This item has been evaluated against the Shire's Risk Management Strategy, Risk Assessment Matrix. The perceived level of risk is high prior to treatment. The progression of risk management activities aligned with the Risk Management Strategy may reduce the risk to medium.

## RECOMMENDATIONS

That the Audit and Risk Committee:

1. Receive the summary of updates to the risk profiles, the risk register and risk profiles up to June 2025, and the above report updating risk management activities undertaken to date.

## VOTING REQUIREMENT

Simple Majority

## COMMITTEE DECISION

**Moved:      Cr RM Cotterill**
**Seconded: Cr F Harris**

That the Audit and Risk Committee:

1. Receive the summary of updates to the risk profiles, the risk register and risk profiles up to June 2025, and the above report updating risk management activities undertaken to date.

*CARRIED (7 VOTES TO 0)*
*For; Cr PJ Craig, Cr RA Norrie, Cr RM Cotterill,*
*Cr AE Taylor, Cr LR Petersen, Cr TM Nardone, Cr F Harris*

*Anna Matson entered the chambers at 9:49am*

*Matt Reddingius entered the chambers at 9:49am*

*Anna Matson left the chambers at 9:49am*

## Shire of Leonora – June 2025 Risk Updates Summary

| Risk Category | Risk Profile Update | Risk Register Update |
|---|---|---|
| All risk categories/general | • Updates to due dates for risk treatments as developed through discussions with staff during site visit 26-29 May 2025. | • Risk re-assessment dates updated.<br>• Risk ratings for all categories may require further updates, additional changes to be advised through future risk management reports. |
| Performance | No significant updates identified / required. | • Risk 13 actions updated to planned training during 2025/26 following implementation of new ERP, relating to procurement controls, assessment etc. Status of contract register development remains.<br>• Risk 14 new actions updated to review of Strategic Resource Plan (SRP), incorporating asset management, long term financial and workforce plans is underway and scheduled to be completed in June 2025. Status of establishing asset maintenance systems, remains. |
| Environmental Risk | No significant updates identified / required. | • Risk 4 actions relating to formalised end of month procedures to monitor liquid waste tracking forms and volumes updated to note progression of this task.<br>• Risk 24 actions note ongoing application of risk based treatments to planned remaining treatments for properties under care and control of the Shire defined in asbestos register. |
| Reputational Damage | No significant updates identified / required. | • Risk 19 new actions note ongoing development of staff training matrix across the organisation.<br>• Risk 20 controls updated to consider monitoring/compliance of implementation of several recently developed documented procedures. Engagement of consultants for professional and compliance advice for select services concludes 30/6/2025. |
| Financial | No significant updates identified / required. | • Risk 10, 11 and 12 controls remain relating to the drafting of approved management procedures relating to financial processes to be developed following implementation of new ERP in 2025/2026.<br>• Risk 21 new actions updated to note implementation of improvements included in IT Strategic Plan to be considered for 2025/2026 and for budget consideration. Future actions remain and updated to include implementation of recommendations from security review. |

## Shire of Leonora – June 2025 Risk Updates Summary

| Risk Category | Risk Profile Update | Risk Register Update |
|---|---|---|
| Service Delivery/Business Interruption | No significant updates identified / required. | • Risk 2 actions updated to note routine testing of data backup restorations being performed. Implementation of recommendations from IT Strategic Plan and security review to be included with 2025/26 budget considerations.<br>• Risk 16 actions updated to also note implementation of recommendations from IT Strategic Plan and security review to be included with 2025/26 budget considerations. |
| Legislative/Regulatory /Policy/ Work Health & Safety | No significant updates identified / required. | • Risk number 1 action notes the drafting of approved management procedures relating to financial processes to be developed following implementation of new ERP in 2025/2026.<br>• Risk number 8 updated to reference WHS audit scheduled early June 2025.<br>• Risk number 9 actions highlights development of HR workflow to guide and monitor HR practices/activities (to be authorised and approved).<br>• Risk 18 reflects drafting of approved management procedures relating to financial processes are to be developed following implementation of new ERP in 2025/2026. |

## 5.0   NEXT MEETING

Tuesday 19th September 2025

## 6.0   CLOSURE OF MEETING

There being no further business, the Chairperson, Cr PJ Craig declared the meeting closed at 10:08am.